

PIERER

Mobility AG

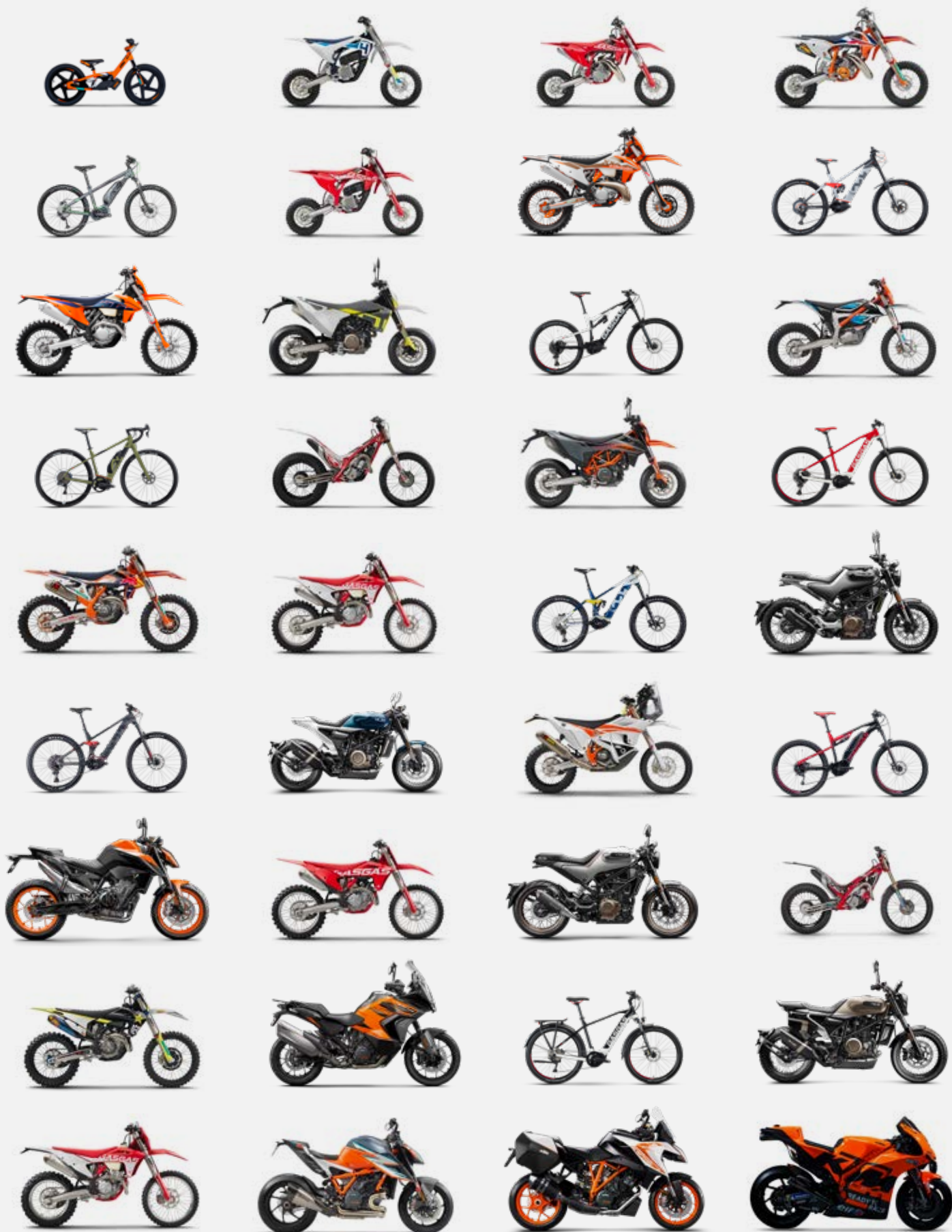
KTM



Husqvarna
MOTORCYCLES



GASGAS



GROUP FIGURES

KEY FINANCIAL PERFORMANCE INDICATORS:

EARNINGS RATIOS ¹⁾		2016	2017	2018	2019	2020
Revenue	in m€	1,343.0	1,533.0	1,559.6	1,520.1	1,530.4
EBITDA	in m€	198.4	218.9	252.5	240.8	233.5
EBIT	in m€	122.3	132.5	161.2	131.7	107.2
EBITDA margin	in per cent	14.8%	14.3%	16.2%	15.8%	15.3%
EBIT margin	in per cent	9.1%	8.6%	10.3%	8.7%	7.0%

OTHER FINANCIAL FIGURES:

EARNINGS RATIOS ¹⁾		2016	2017	2018	2019	2020
Earnings after taxes	in m€	89.0	83.9	114.2	95.7	69.5
Earnings after minorities	in m€	52.1	44.7	67.5	54.5	34.9

BALANCE SHEET RATIOS		12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Balance sheet total	in m€	1,423.8	1,465.2	1,353.9	1,613.9	1,686.0
Equity	in m€	454.9	528.6	550.8	618.6	654.1
Equity ratio	in per cent	32.0%	36.1%	40.7%	38.3%	38.8%
Working capital employed ²⁾	in m€	245.2	238.4	245.3	274.2	181.5
Net debt ³⁾	in m€	364.6	375.0	323.3	395.8	312.4
Gearing ⁴⁾	in per cent	80.1%	70.9%	58.7%	64.0%	47.8%

CASH-FLOW AND CAPEX		2016	2017	2018	2019	2020
Cash flow from operating activities	in m€	167.8	161.3	85.5	257.4	312.8
Cash flow from investing activities	in m€	-158.8	-154.0	-102.1	-165.7	-147.0
Free cash flow ⁵⁾	in m€	9.0	7.3	-16.7	91.6	165.8
Cash flow from financing activities	in m€	139.2	-118.0	-63.3	-20.6	-104.7
Capital expenditure ^{1) 6)}	in m€	143.1	176.3	165.1	148.9	150.2

VALUE CREATION		12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
ROCE (Return on capital employed) ⁷⁾	in per cent	13.9%	13.9%	16.6%	12.7%	9.7%
ROE (Return on equity) ⁸⁾	in per cent	21.2%	17.1%	21.2%	16.4%	10.9%
ROIC (Return on invested capital) ⁹⁾	in per cent	11.7%	10.4%	13.6%	10.6%	7.7%

STOCK EXCHANGE RATIOS ¹⁰⁾		12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Share price as of December 31; SIX Swiss Exchange ¹¹⁾	in CHF	5.35	7.39	60.60	54.00	71.10
Number of shares ¹¹⁾	in m shares	225.39	225.39	22.54	22.54	22.54
Market capitalization ¹²⁾	in m CHF	1,205.82	1,665.61	1,365.84	1,217.09	1,602.50
Earnings per share ¹³⁾	in €	2.31	1.98	2.99	2.42	1.56
Book value per share ^{13) 14)}	in €	20.18	23.45	24.44	27.45	29.02

NON-FINANCIAL KEY PERFORMANCE INDICATORS:

		2016	2017	2018	2019	2020
Employees ¹⁵⁾	Headcount	5,069	5,887	4,303	4,368	4,586
Unit sales total ¹⁶⁾	Number of units	203,340	238,334	261,454	280,099	326,471
Unit sales motorcycles ¹⁷⁾	Number of units	203,340	238,334	261,454	280,099	270,407
Unit sales e-bikes	Number of units	-	-	-	-	56,064

OTHER NON-FINANCIAL FIGURES:

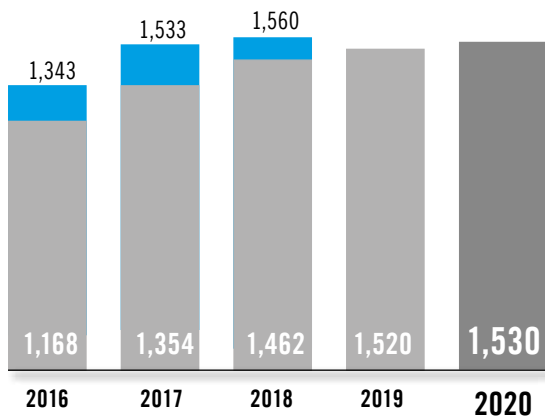
		2016	2017	2018	2019	2020
Production motorcycles worldwide ¹⁸⁾	Number of units	199,068	243,442	259,051	260,564	265,321
Production motorcycles in Mattighofen ¹⁹⁾	Number of units	134,584	151,645	171,297	160,098	140,252
t CO ₂ -e per vehicle sold (Scope 1-3)	in t CO ₂ -e	-	-	3.84	3.82	3.68
Fleet emissions	Ø in g/km	-	-	81.82	79.09	78.44
Fleet consumption	Ø in l/100 km	-	-	3.52	3.41	3.40
Employees in R&D as % of total employees	in per cent	15.10	14.50	15.80	18.10	17.60
R&D expenses from revenue	in per cent	7.90	8.30	8.70	9.10	9.00
Proportion of female employees	in per cent	-	-	22.96	22.59	22.37

- 1) Previous years 2016 to 2018 also include the discontinued operation (Pankl-Group)
- 2) Working capital employed = inventories + trade receivables - trade payables
- 3) Net debt = financial liabilities (current, non-current) - cash
- 4) Gearing = net debt / equity
- 5) Free cash flow = cash flow from operating activities + cash flow from investing activities
- 6) Additions to property, plant and equipment and intangible assets according to the schedule of investments, excluding lease additions (IFRS 16)
- 7) ROCE = EBIT / average capital employed; Capital employed = Property, plant and equipment + goodwill + intangible assets + working capital employed
- 8) ROE = earnings after taxes / average equity
- 9) ROIC = NOPAT / average capital employed; NOPAT = EBIT - taxes
- 10) Since November 14th, 2016 listing on SIX Swiss Exchange
- 11) Reverse stock split in a ratio 10:1 in April 2018
- 12) Calculation also includes 193,340 numbers of treasury shares as of December 31st, 2020 (previous year December 31st, 2019: 108,015 numbers)
- 13) Calculation in 2016 and 2017 adjusted to the new number of shares after reverse stock split in a ratio 10:1
- 14) Equity / number of shares
- 15) Number of employees on the reporting day (including temporary staff); Previous years 2016 to 2018 also include the discontinued operation (Pankl-Group)
- 16) Including motorcycles sold by partner Bajaj; excluding non e-bikes
- 17) Including motorcycles sold by partner Bajaj
- 18) Including small-engine KTM and Husqvarna models produced by partner Bajaj in India; from 2020 including the number of units produced in Spain (3,092)
- 19) Annual production units at the headquarter in Austria

Revenue

(in m€)

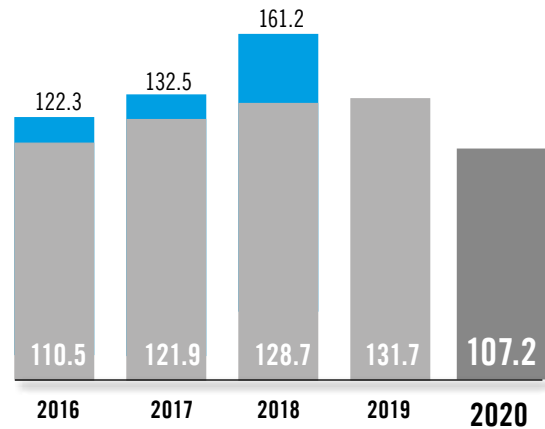
■ PIERER Mobility (continued operation)
■ Pankl (discontinued operation)



EBIT

(in m€)

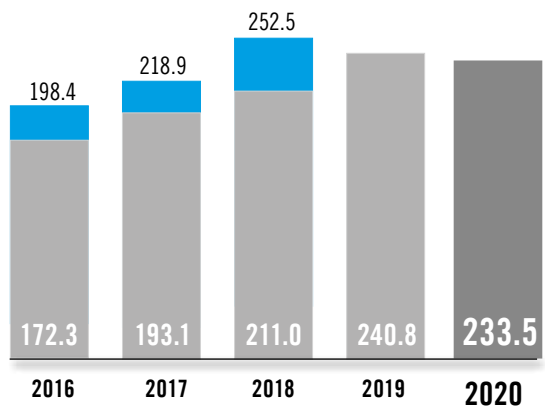
■ PIERER Mobility (continued operation)
■ Pankl (discontinued operation)



EBITDA

(in m€)

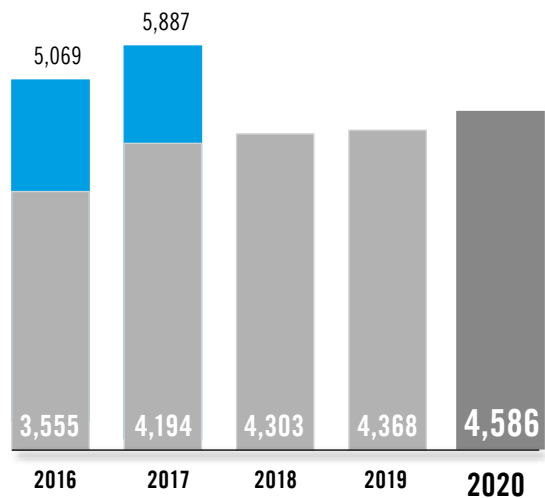
■ PIERER Mobility (continued operation)
■ Pankl (discontinued operation)



Employees

(number as of the reporting date)

■ PIERER Mobility (continued operation)
■ Pankl (discontinued operation)

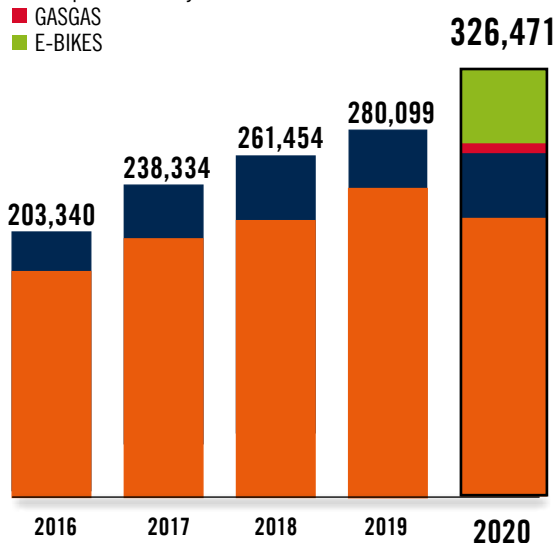




SALES Motorcycles & E-Bikes

(units)

- KTM
- Husqvarna Motorcycles
- GASGAS
- E-BIKES



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HIGHLIGHTS 2020

ACTIVE MANAGEMENT OF COVID-19 CRISIS

Tenth record year in a row!

Unit sales in the Business Year 2020:

326,471 Motorcycles and E-Bikes

(previous year: 322,092)*

- 270,407 motorcycles sold of the KTM, HUSQVARNA and GASGAS brands (previous year: 280,099)
- 56,064 e-bikes sold of the HUSQVARNA E-Bicycles and R RAYMON brands

Strong market share gains in North America and Australia

+12.7% Market share in established markets (+170 bsp)

Registrations: Europe +15%, North America +31%, Australia/New Zealand +43%

Market share: Europe 13.3% (+130 bps), North America 11.9 (+200 bps), Australia/New Zealand 19.3% (+350 bps)

Full integration of e-bike business (PEXCO) —

Booming e-bike business: increase unit sales +33.5%

100% take over of

GASGAS Motorcycles

GASGAS complements its product portfolio with a sporty range in the highend e-mountain bike sector

Outstanding success in MotoGP strengthens brand awareness worldwide

COVID-19 crisis is changing mobility behavior towards „Powered Two-Wheelers“ (PTW)

Production capacity ramp up allowed to hire

+218 additional employees, bringing the total number of employees to 4,586

* including non-consolidated e-bikes in the previous year amounting to 41,993 units



KTM 890 DUKE MY21 © R. Schedl

DNA

PIERER MOBILITY

CONTINUED GROWTH

~15% sales unit CAGR since 1992
resulting in EUR 1,530 million
revenue in 2020

PREMIUM BRANDS

strong brands secure sustainable
profitability and cash flows

HIGH INNOVATION RATE

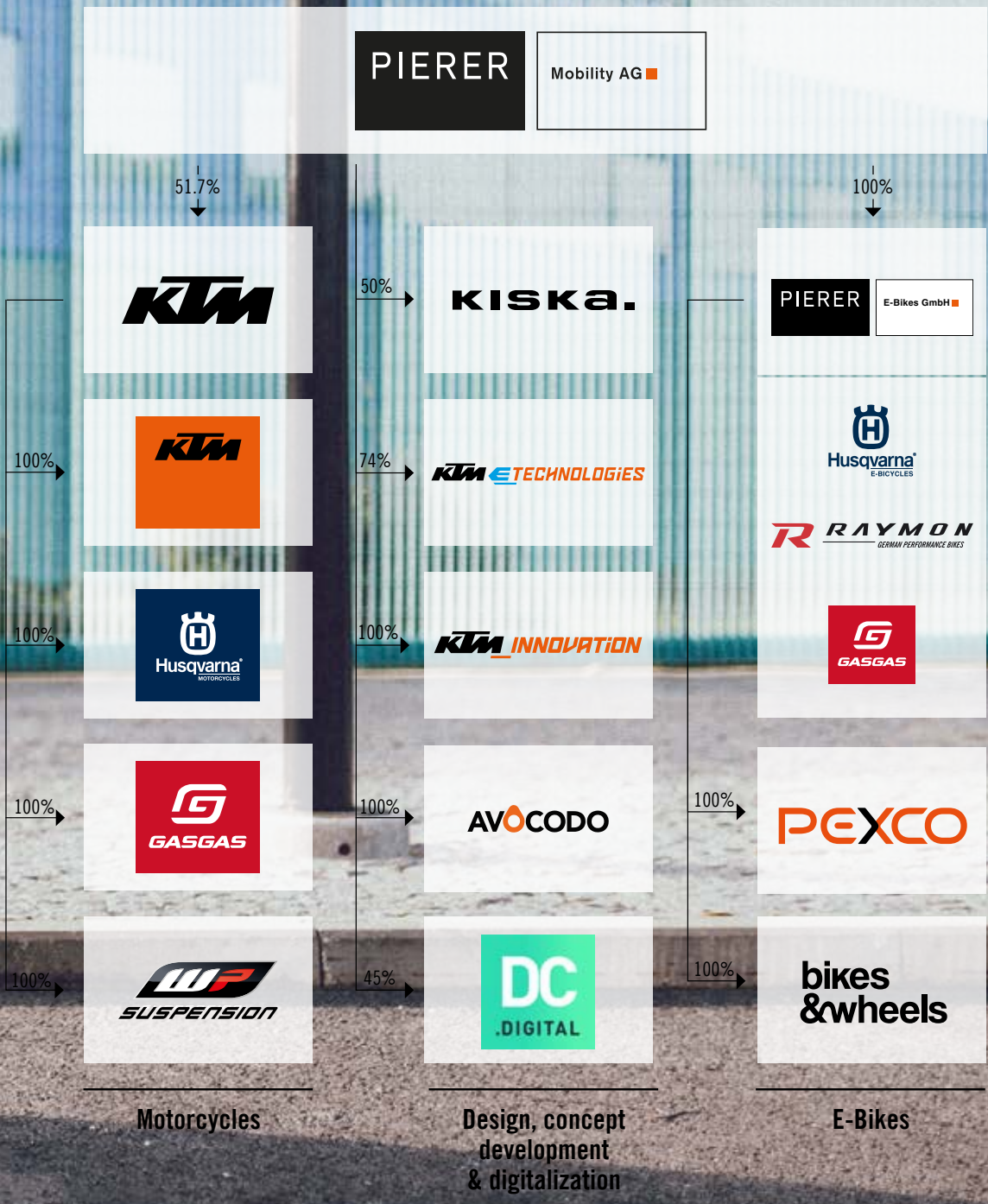
Research and Development expenses
are around 9% of revenues

PIONEER IN POWERED TWO-WHEELER (PTW) ELECTRIFICATION



GROUP STRUCTURE

SIMPLIFIED PRESENTATION AS OF 12/31/2020



INTRODUCTION BY THE EXECUTIVE BOARD

The PIERER Mobility Group can look back on a challenging yet very successful financial year in 2020. The biggest challenge was to minimize the risks arising from the COVID-19 pandemic for employees and at the same time to safeguard production capacities. By actively managing the COVID crisis and with the high level of demand for Powered Two-Wheelers (PTWs), we were able, particularly in the second half of the year, to make up for a significant part of the lost production and sales volumes from the spring lockdown.

Taking into account the motorcycles sold by our partner Bajaj in India and Indonesia, more than 270,000 motorcycles of the KTM, Husqvarna Motorcycles, and GASGAS brands were sold worldwide and the market position in the major motorcycle sales markets (> 120cc) was further consolidated. In addition, the e-bike division delivered extraordinary sales growth of more than 33% by selling around 56,000 e-bikes of the HUSQVARNA and R Raymon brands.

As the largest European manufacturer, with a broad product range of offroad and street motorcycle models, the very high demand for powered two-wheelers, both in the leisure and sports segments as well as in urban traffic in particular, was well covered. This was made possible primarily thanks to the sufficient levels of stock that dealers had available which acted as a buffer despite the production shutdown. The pandemic and the social distancing associated with it further strengthened the consistent trend toward PTWs.

An equally important step on the path to growth was the full acquisition of the shares in GASGAS Motorcycles in July 2020, which was positioned as the third Group brand in the offroad segment (trial segment).

Another highlight of the past year was the complete integration and realignment of the e-bike business model. The structure was reorganized in order to establish the foundations for meeting the growth targets as part of the global expansion. PIERER E-Bikes GmbH, which was founded in the first half of 2020, acts as the central parent company in the e-bike business. In terms of the product range, the focus in this segment is on further technical development and quality enhancement for the products of the Husqvarna E-Bicycles and R Raymon brands. In order to complete the product range, a third brand, GASGAS, is being established.

The sensational successes in motorsport should also be highlighted. With three MotoGP™ victories and a further five podium finishes, 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 are therefore leading to a further increase in awareness of the brand worldwide.

COURSE OF BUSINESS

In the past 2020 financial year, the Group further expanded its presence in the key motorcycle sales markets with its three motorcycle brands. In a growing environment, this entailed an increase in market share to 12.7% (previous year: 11.0%). In Europe, despite the tough national lockdown measures in some regions, the motorcycle market grew above the already high level of the previous year, and was up 4%. In the same period, new registrations of KTM, Husqvarna and GASGAS increased by around 15%. This means an increase in market share to 13.3% (previous year 12.0%). Although the overall market (+30.2%) as well as the PIERER Mobility Group (+33.0%) grew in Germany, further gains in market share were made in Spain (11.9%), Italy (10.1%), Great Britain (11.9%) and France (9.1%), despite a slight decline in the overall trend. In the USA and Canada, interest in our products exceeded overall demand, resulting in a significant increase in market share to 11.6% in the US market (previous year 9.4%). In Australia, the motorcycle market is also growing strongly and generated a market share of around 20% (previous year 15.8%). India, our most important future market, was hit hardest by the COVID-19 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 2020 financial year was characterized by a large number of motorcycle models successfully making the transition to series production: the presentation of the naked bike street motorcycle models KTM 890 DUKE R, KTM 1290 SUPER DUKE R and the KTM 790 ADVENTURE R RALLY, available in limited numbers, as well as the new KTM 1290 SUPER ADVENTURE R/S. The start of production of the first GASGAS offroad models is particularly noteworthy.

Another focal point was the start of production of the revised Vitpilen / Svartpilen models. After the initial ramp-up in Austria, their industrialization was also realized at the production site in India. While Mattighofen has so far exclusively produced the 401 models of the naked bike in the entry-level segment, the relocation of production and the simultaneous broadening of the model portfolio with a 250 cm³/125 cm³ version aims to deliver a strategically important expansion of our customer base, especially in the emerging markets of India and South America.

In the e-bike segment, activities focused on establishing the Husqvarna E-Bicycles and R Raymon brands and further developing the product range. In addition, 2020 was a key turning point for the world's oldest bicycle brand. Husqvarna E-Bicycles advanced to the forefront of the industry together with Shimano by jointly launching a new generation of motors (EP 8) on the market.

In the 2020 financial year, the PIERER Mobility Group achieved record revenue of €1,530.4 million (+0.7%). This was achieved despite a two-month interruption to motorcycle production caused by bottlenecks in the supply chain. With a total of 326,471 motorcycles and e-bikes sold in the 2020 financial year, the PIERER Mobility Group delivered its tenth record year in a row. Despite the challenging financial year, an operating result of €107.2 million was achieved (previous year: € 131.7 million). The net result after tax was €69.5 million, 27.4% lower than the previous year. The balance sheet total increased by +4.5% to €1,686.0 million as of December 31, with an equity ratio of 38.8%, compared to €1,613.9 million in the previous year.

EMPLOYEES

At the end of the financial year, the PIERER Mobility Group employed 4,586 people, 3,822 of them in Austria (around 83%). Approximately 18% of the total workforce work in research & development. Within the framework of the KTM_academy, the group is improving its dual training program with the aim of increasing the 170 apprentices currently undergoing training to 185, as well as improving employee training.

INVESTMENTS

The company's R&D strategy has intentionally always been very strong and led to a research budget of around 9% in 2020. As a result of the lockdown in the second quarter, there were temporary delays in investment and development projects. These were made up for in the second half of the year. Over the year as a whole, the COVID-19 crisis had no impact on R&D activities. Despite the pandemic, investments in the (further) development of existing and new models as well as in electric mobility have top priority. Expenditure on investments in research and development will therefore remain at the already high level of previous years.

Thanks to the high levels of investment in capacities and infrastructure in recent years, and the relocation of the small-engine Husqvarna Motorcycles street models to the strategic partner Bajaj, the required production capacities in Austria are secured for the next few years. The largest single investments for 2021 include, in particular, the expansion of the existing logistics center and the construction of a coating facility at the component plant in Munderfing, where series production is scheduled to start in the first quarter of 2022.

STRATEGIC PARTNERSHIPS

In 2020, the development project for PTW electric vehicles in the power range between 4 and 11 kW (48 volts) was launched together with our Indian partner Bajaj. The platform will support various product variants - scooters, mopeds, small mopeds - under the brands of both partners and series production will start by 2022 at the production site in Pune/ India.

The cooperation with CFMOTO will also be stepped up. The 790cc twin-cylinder platform will be used to create a model family for new affordable mid-range Duke and Adventure models. An additional local production facility and supply chain will therefore be established in China. The construction of the production facility in Hangzhou by the joint venture has been completed. The first mid-range motorcycles will be assembled in 2021.

OUTLOOK

The objective of the PIERER Mobility Group is to continue to sustainably expand its market share in the global motorcycle markets in 2021, despite the COVID-19 crisis, and to achieve market leadership in Europe. This will be supported, among other things, by the full integration of GASGAS as a third brand and the further development of the network of dealers. The integration of the e-bike activities was successfully implemented in 2020. In the medium term, it intends to develop into a major global player in this sector as well. In addition to the core markets in the DACH region, expansion into other European markets and the addition of motorcycle dealers to the network of dealers are targeted for 2021.

In addition to the e-bike segment, a stronger focus will be placed on electric mobility in the scooter segment in the coming years. In addition to the joint electric two-wheeler platform with Bajaj, investments were made in an electric mobility center in Anif near Salzburg. In the future, up to 300 employees will work on electric mobility there.

The coronavirus crisis is continuing to have a negative impact in 2021. Negative impacts on business operations are constantly responded to with targeted measures. In addition to safeguarding production capacities, the focus will continue to be on securing the supply chain as well as on increasing efficiency and productivity. For the first half of the year, challenges are expected in international supply chains, as capacity and delivery bottlenecks at individual suppliers and in international transport logistics could result in delays to deliveries. To protect the health and safety of employees, precautionary measures are taken on an ongoing basis, and they are constantly evolving and being integrated into the work process. In addition to the testing capacities set up across the board, work is underway to establish a vaccination line within the company.

For the 2021 financial year, the Executive Board expects revenues of between EUR 1,800 - 1,900 million, an EBIT margin of between 8 - 9% and an EBITDA margin of over 15%.

For the 2022 financial year, PIERER Mobility AG confirms that, despite the challenging environment, it is leaving its sales target of 400,000 motorcycles unchanged. In addition, KTM has set itself the goal of developing Husqvarna Motorcycles into the third largest European motorcycle manufacturer.

Wels, March 2021



Stefan Pierer
Chairman of the Executive Board



BODIES OF THE COMPANY

EXECUTIVE BOARD



Stefan Pierer CEO
Appointed until December 31, 2023



Friedrich Roithner CFO
Appointed until December 31, 2023



Hubert Trunkenpolz
Appointed until December 31, 2023



Viktor Sigl
Appointed until December 31, 2023

SUPERVISORY BOARD

Josef Blazicek
Chairman of the Supervisory Board

Elected until the end of the Annual General Meeting deciding on the ratification of the 2020 financial year

Ernst Chalupsky
Deputy Chairman of the Supervisory Board

Elected until the end of the Annual General Meeting deciding on the ratification of the 2020 financial year

Alfred Hörtenhuber
Member of the Supervisory Board

Elected until the end of the Annual General Meeting deciding on the ratification of the 2022 financial year

Klaus Rinnerberger
Member of the Supervisory Board

Elected until the end of the Annual General Meeting deciding on the ratification of the 2024 financial year

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



READY TO RACE RIGHT FROM THE START

KTM is Europe's leading high-performance manufacturer of premium powered two-wheelers for street and offroad use based in Mattighofen, Austria.

To describe KTM's brand philosophy in one phrase is simple: READY TO RACE. Long before any thought of producing competition motorcycles, KTM founder Hans Trunkenpolz and his son Erich were heavily involved in motorsports themselves. Originally running an automotive repair and spare parts fabrication workshop in Mattighofen, Austria, the family business soon expanded to include the sale of motorcycles. By the 1950s they had developed their own motorcycle design, with the first production models released in 1953 under the KTM name, competing successfully in local races from the very start. The KTM name stands for Kronreif, Trunkenpolz, (the two original founders) Mattighofen (the town in which it all started and in which it continues to this day) and has been synonymous with the distinct READY TO RACE mentality since day one.

Over the years KTM has built a reputation as a fierce competitor on racetracks around the world. READY TO RACE is the brand's main identifying feature and hundreds of World Championship titles are the ultimate proof of KTM's irrefutable racing attitude. The brand's remarkable success on the world stage is reflected in every product it creates and each direction it takes. With an established unrivaled presence in the offroad segments, KTM has progressed to become one of the world's most innovative manufacturers of street motorcycles, and now aims to be the world's biggest manufacturer of sport motorcycles while further expanding its position in the two-wheeled electric vehicles market.

GLOBAL BRAND DEVELOPMENT

Besides its superb products and the distinct and bold READY TO RACE philosophy, the foundation of the brand's success is rooted in its brand values. PURITY, PERFORMANCE, ADVENTURE, and EXTREME lie at the heart of all of KTM's endeavors and every product and activity is rigorously measured against them. A distinct brand positioning and consistent brand communication epitomize the phenomenal alacrity and motivation with which KTM identifies the expansion opportunities that are present all over the world – and takes advantage of them immediately through a series of targeted actions.

The growing global KTM brand presence, along with the brand's continued focus on racing and impressive gains in the street segment, are all part of its steady expansion worldwide. The successful launch of the new KTM 890 ADVENTURE, KTM 890 ADVENTURE R and the KTM 390 ADVENTURE alongside the KTM SX-E 5 model enabled KTM to take a decisive step forward towards the cultivation of new target groups.

MOTORSPORTS AS A CENTRAL COMMUNICATION INSTRUMENT

In addition to its continued dominance of international offroad championships as demonstrated by Tom Vialle's authoritative FIM MX2 Motocross World Championship title, KTM has meanwhile become a highly respected brand in the road racing sector. The 2020 FIM Moto3™ World Championship title and eight podiums including three wins in the extremely hard-fought and highly prestigious MotoGP™ class exemplify KTM's strenuous efforts in 2020 and stake a serious claim to be a winning brand even in the most prestigious and fiercely contested racing series.

The ambitious objectives of the group will in future therefore go hand-in-hand with the motorsports strategy, as this has a direct impact on KTM's global sales activities. Motorsports is and remains the central medium for communicating the brand and increasing public awareness.



READY TO RACE

PURITY
PERFORMANCE





R&D AS DRIVING FORCE FOR INNOVATION

Equally central to KTM's success is taking field-proven racing technologies and directly incorporating them into serial products. The brand's winning culture flows into the products and everything else done at KTM. An essential element of KTM's long-term growth strategy is to further extend the product range and open up new niches and markets. The constant focus on research and development therefore ensures that KTM is well equipped to compete in the international technology race. Leading-edge suppliers in the advanced technologies sector as well as KTM both benefit by collaborating in pre-series development. KTM has acquired a foremost position as a development partner for high-performance rider assistance systems. In addition, the efforts to reflect the quality of the company across the entire sales network are increasing every year. The strengthening of regional trading structures through intensive training activities has long been an important element of KTM's business. Geared for the future, KTM successfully markets products that were developed with a great deal of craftsmanship. With its long history and unique motorsports program, the benefits of which can also be seen in its products, KTM is continually striving to employ the highest development standards, improve its competitiveness, and make further inroads into global markets. Innovation is the decisive factor that will spur KTM on to realizing this vision.

Models like the extremely successful Naked bikes KTM 125 DUKE, KTM 200 DUKE and KTM 390 DUKE and the Supersports bikes KTM RC 125, KTM RC 200 and KTM RC 390 inspire young motorcyclists. Thanks to innovative design and technology solutions, KTM's steadily growing ADVENTURE family sets the new benchmark in the Travel Enduro segment. The same applies to the KTM 1290 SUPER DUKE GT which is the first Sports Tourer to manage the balancing act between travel and racetrack pleasure. Underlining its leading role in the offroad segment once again, KTM presented a refined enduro line-up as well as an extensively updated motocross range and introduced the myKTM app for wireless track-side bike tuning. A number of highlights entered the stage on the street end, for instance the KTM 390 ADVENTURE, the KTM 890 DUKE R or the KTM 890 ADVENTURE model range. Additionally, the highly anticipated KTM 450 SMR made a welcomed return to the range flanked by the KTM 690 ENDURO R and the KTM 690 SMC R.

ELECTRIC MOBILITY

KTM has been leading the charge from the get-go with the KTM Freeride E-XC being the first commercially successful e-powered model. Building up on its success, KTM has been further expanding its e-mobility portfolio. True to its brand values and in line with the distinct READY TO RACE mentality, KTM has developed key products to encourage new entrants to motorcycling and develop the next generation of racers. The extremely well-received KTM SX-E 5, an innovative e-powered junior machine developed to be comparable with the KTM 50 SX, ignited AMA Supercross' first all-electric class with the KTM Junior Racing Program. The program is embedded within the Supercross series allowing young and aspiring riders to take their first steps in competitive racing whilst showcasing the KTM SX-5 on the biggest platform in motocross racing.

KTM continues to follow its successful e-mobility strategy with the aim of being the world's leading provider of electric-powered two-wheelers. KTM E-Technologies GmbH's in-house e-mobility expertise at the highest level and new product launches will allow KTM to comprehensively exploit innovation and develop potentials in order to shape and helm the growing market.

With unabated power in the offroad segment, a consequently extended street range, its irrevocable commitment to motorsports and the leading position in the e-mobility market, KTM can confidently look ahead and follow its vision: "becoming the world's leading provider of high-performance powered two-wheelers."



MOTORSPORT

READY TO RACE is a motto and mantra for KTM. The phrase and the concept define KTM's passion for innovation through competition and the desire to excel. This company-wide philosophy has been present through eighty years of history striving to make the most rewarding motorcycling experiences for customers, riders and race fans.

Through Enduro, Motocross, Rally, Road Racing and Supercross, KTM have amassed no less than 314 FIM World Championships and have increased their prolificacy in the last ten years thanks to six core principles: leadership, the best staff in the right positions, optimum innovation and performance-technology for the track, key technical associations, collective belief and character, and investment in athletes. KTM race teams, frequently supported with excellent partners like Red Bull, WP Suspension, Pankl, Motorex and Akrapovič are infused with a thirst for glory and a hunger for excellence. This demand has established the company as one of the most proactive and unbeatable motorcycle sport brands in the world today.

MOTOCROSS

The initial bright shoots of KTM's competitive success lie in Motocross. Russian Gennadij Moiseev was the company's first world champion while Heinz Kinigadner's two titles in the 1980s contributed an important racing chapter for the firm. The first American winner was Trampas Parker and by the time Shayne King and Joel Smets were adding regular trophies to the cupboard at Mattighofen during the turn of the century, KTM were cemented as a major player in the FIM Motocross World Championship, AMA Motocross and other national series around the globe. In the last two decades KTM have coated FIM Grand Prix in orange. They claimed victory in the inaugural year of the MX2 class in 2004 with the KTM 250 SX-F and have won every season except for 2005-2007 and 2015 thanks to nine riders. When Tony Cairoli joined the Red Bull KTM Factory Racing team in 2010 he would bring the premier class crown – MXGP – to the factory for the first time. The legendary Sicilian managed to triumph both with the KTM 350 SX-F and the KTM 450 SX-F. Both Cairoli, teammate Jeffrey Herlings and 19 year old starlet Jorge Prado continue to build a legacy for KTM at the sharp end of FIM MXGP World Championship competition. Cairoli and Herlings decimated the 2018 MXGP term; allowing only one Grand Prix to escape their grasp from 20 rounds while the graduation of Prado in

2020 meant that Red Bull KTM were the only team in MXGP to celebrate Grand Prix victory with all of their athletes. KTM's continuing blend of brilliance and emerging youth can be seen in the six-rider spread of the 2021 Red Bull KTM Factory Racing line-up. Alongside Cairoli, Herlings and Prado and their joint combination of 15 titles is the latest MX2 #1 Tom Vialle. Austrian hopeful Rene Hofer and new rookie and former European and Junior World Champion Mattia Guadagnini are the other MX2 runners.

SUPERCROSS

KTM reorganized their efforts in the AMA Supercross at the beginning of the decade and the decision to create a structure at Murrieta in southern California was inspirational. Ryan Dungey delivered KTM's first 450 Supercross victory in Phoenix, Arizona in 2012 and would rule the division for three years as the KTM 450 SX-F became a class-leading motorcycle. The team would fight for the crown with Marvin Musquin and then witness Cooper Webb clinch the title in his first season in 2019. Webb pushed hard to defend his crown in the 'interrupted' 2020 campaign and classified a close second.

ENDURO | OFFROAD | RALLY

Other spoils have followed suit in the worlds of Enduro, Offroad and Rally; names like Blazusiak, Coma, Cervantes, Despres, Garcia, Knight, Lettenbichler, Salminen, Sunderland, Walker, Walkner and many more have made an impact on the results sheets but also the development arch of Austrian machinery to remain at the top of the disciplines. KTM's speed and reliability in arguably the hardest offroad race of them all – the Dakar Rally – has led to a record 18 consecutive victories between 2001 and 2019 thanks to eight different individuals. In a complicated year for competition in 2020 KTM still enjoyed success with Red Bull KTM Factory Racing's Manuel Lettenbichler taking victory at the notoriously difficult Red Bull Romaniacs hard enduro. Teammate Josep Garcia, also took a domestic victory in the Spanish E2 Championship. In 2021 the Dakar rally was back in the Middle East for the second consecutive year and entered by Red Bull KTM Factory Racing's three rider line-up of Toby Price, Sam Sunderland and Matthias Walkner, along with rookie Daniel Sanders who joined the KTM Factory Racing team as part of KTM's junior rally program.

ROAD RACING

In the golden age of motorcycling and when technology surged on through the 1950s and '60s KTM were using their first road models to shine in the epic continental endurance races of the era. Speeding forwards, the RC8 permitted presence and spoils in national Superbike series such as the precursor to AMA MotoAmerica and the popular IDM German championship but when KTM became serious about attacking the highest level of motorcycle Road Racing and Grand Prix then they were typically quick away from the line.

Their two-stroke technology permitted a total of 22 wins in 125 and 250cc championships between 2004-2008. KTM re-entered the small cylinder classes with the advent of Moto3™ in 2012 and won at the outset with Sandro Cortese. They have remained in Moto3™ title contention ever since with the RC4 and lifted their fourth accolade in 2020 thanks to Spaniard Albert Arenas. Achievement in Moto2™ came with nine victories in 2017 and 2018. In 2019 Brad Binder overcame a difficult start to the season to take five checkered flags and was runner-up in the series before moving to the premier class. In 2020 both Jorge Martin and Tetsuta Nagashima stood on top of the podium. The long-term association with the Red Bull KTM Ajo team means the Moto2 class continues to be a fundamental part of the KTM GP Academy; a scheme that nurtures burgeoning racing.

2020 was a milestone year for KTM in MotoGP™ for what was only their fourth year on the grid with the KTM RC16. Just 18 months after Pol Espargaro logged the factory's first podium finish at the Gran Premio de la Comunitat Valenciana in Spain, Red Bull KTM won for the first time at the Automotodrom Brno in the Czech Republic with rookie Brad Binder making history for the brand. In just the second season of collaboration with Red Bull KTM Tech3 – ensuring four KTM RC16s in action and in development – Miguel Oliveira would triumph twice; once on 'home' turf at the Red Bull Ring in Austria and then comprehensively at the Algarve International Circuit in Portugal. KTM ended a brilliant 2020 with three wins, eight podiums, three Pole Positions, four fastest laps and 27 top ten finishes from all four riders in just 14 rounds. Espargaro completed his four-year story with Red Bull KTM with 5th place in the riders' championship. For 2021 Binder is joined by Oliveira in the Red Bull KTM Factory Racing squad while Danilo Petrucci enters Red Bull KTM Tech3 alongside Iker Lecuona.



5th Rnd. MotoGP 2020 - Red Bull Ring - Spielberg (AUT) © Polarity Photo



4th Rnd. MotoGP 2020 - Automotodrom Brno (CZE) © Polarity Photo



4th Rnd. MotoGP 2020 - Automotodrom Brno (CZE) © Polarity Photo



BROADENING THE HORIZONS OF THE BRAND'S RICH HERITAGE



With a history going back well over one hundred years, the Husqvarna brand is rooted in an extraordinarily rich tradition, with motorcycles shaped by their unique and distinct origins, where only the purest and smartest solutions could endure the rugged Scandinavian landscape. Husqvarna Motorcycles is a brand that has never given up on its brand promise and remains committed to fulfilling its progressive vision of street and offroad motorcycling.

Leading the way when it comes to forward-thinking innovation, today the European premium manufacturer offers motorcycles that set the benchmark for quality, aesthetics and high performance. The ongoing expansion of the product range with completely new models for both road and offroad, sees the premium European manufacturer reach record sales growth year after year. Ever since Husqvarna Motorcycles joined forces with KTM AG in 2013, it has achieved impressive annual growth and exceptional success in a very short time. 2021 will see further expansion into new segments and markets, with a clear objective of increasing market share and overall unit sales to new heights.

SIMPLE AND PROGRESSIVE

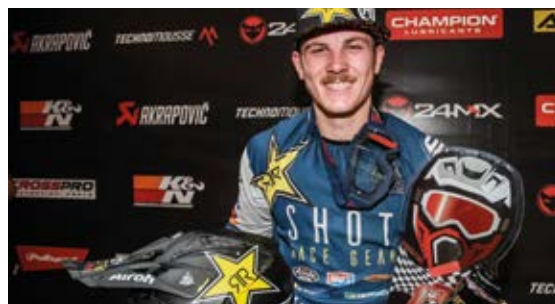
Husqvarna motorcycles are excitingly dynamic in their performance, but delivered in a way that makes them appealing, easy-to-use and accessible to most riders, without sacrificing the serious performance-oriented elements that ensure a dynamic ride. Every motorcycle in the range is trimmed to the bare essence of the necessary functionality, yet still attractive, sophisticated and smart enough to appeal to discerning riders. A modern, innovative and fresh approach, without needing to prove the advancement and sophistication through any complicated or flamboyant embellishment. Riding a Husqvarna means recognising and enjoying a unique and dynamic motorcycle that was simply built for those who measure the bike by the ride itself.

The broadening of the model range and the expansion into new markets, matched to the strengthening of brand awareness and continuous expansion of the dealer network, results in a systematic increase in global sales and market share, allowing Husqvarna Motorcycles to realise the full potential of the brand.

A SUCCESSFUL RETURN TO ROAD RACING SUPPORTED BY CONTINUING OFFROAD SUCCESS

The rich heritage of the brand is deeply rooted in motorsport success. Showcasing the ongoing commitment to consolidate the brand in the street segment, the return to the Moto3™ World Championship in 2020 was marked by an exceptional victory by Romano Fenati at the 8th round of the World Championship, the brand's first ever success in top level racing in the modern era. Excellence in offroad racing was consolidated in 2020 with Billy Bolt claiming the FIM SuperEnduro World Championship as well as Zach Osborne's overall victory in the AMA 450 Pro Motocross Championship in the United States.

Husqvarna Motorcycles demonstrates that traditional values and competition are not mutually exclusive thanks to the continuing collaboration in all top-level offroad racing disciplines with the Rockstar Energy Husqvarna Factory Racing team: from rally and extreme enduro, to supercross, cross-country and motocross.



Billy Bolt, SuperEnduro Round 4 Hungary, Budapest © Future7Media

TOP-CLASS, INNOVATIVE PRODUCT RANGE

Husqvarna Motorcycles remains committed to fulfilling a progressive vision of street motorcycling. From returning to the street segment with the 701 Supermoto and 701 Enduro in 2015 to the introduction and subsequent expansion of the exciting Vitpilen and Svartpilen family, Husqvarna Motorcycles is now broadening their thrilling street line-up with the Norden 901, a unique travel motorcycle that features a twin-cylinder engine, advanced rider ergonomics and high performance based on years of rally experience, in a distinct modern design.

The explicit focus on product development is a consequence of the clear commitment to establish the Husqvarna Motorcycles brand across the world as a feisty and serious manufacturer in the road motorcycle segment. The brand strategy has been refined to better focus on street-oriented customers, considering its potentially huge sales prospects. At the same time, the commitment and the presence of the brand in the offroad sector is consolidated and strengthened by further innovations, such as 2-stroke fuel injection technology and advanced connectivity that allows riders to tailor the performance of their motocross motorcycles according to their riding skills and track conditions.

ELECTRIC MOBILITY

The company also introduced yet another striking product innovation to emphasise the immense importance of encouraging the riders of tomorrow in the offroad segment. Notwithstanding its lightweight design, the Husqvarna EE 5 mini motocross has a serious role to play as an entry-level motorcycle for children. With a purely electric powertrain system developed by Husqvarna Motorcycles' R&D, plus the very latest in control electronics, the EE 5 underpins the brand's promise to deliver ground-breaking technology and performance to the world of motorcycling.

Husqvarna Motorcycles' forward-thinking approach matched to innovative, cutting-edge technology will form the foundation with which the brand will tackle electric mobility and sustainability challenges in 2021 and beyond. Extensive R&D and design efforts will be concentrated in developing urban e-mobility solutions for the near future, stimulating the imagination of the global community, and offering a tantalising insight into the dynamic future activities of a brand that is constantly at the forefront of innovation.

SIMPLE YET DISTINCT MOTORCYCLES,
UNIQUELY PACKAGED FOR AN
ACCESSIBLE DYNAMIC RIDE



SIMPLE PROGRESSIVE
SWEDISH ROOTS
URBAN MOBILITY





Zach Osborne Husqvarna FC 450 Pala MX 2020
© Simon Cudby

MOTORSPORT

Motorsport is an integral part of the Husqvarna brand's 118-year history and a driving factor in the continued development of its class-leading production motorcycles. Husqvarna Motorcycles remain resolute about achieving success at the highest levels of two-wheeled motorsport.

FACTORY RACING

Introducing the global Rockstar Energy Husqvarna Factory Racing team in 2015, Husqvarna Motorcycles solidified its position as a dominant force in all offroad racing activities. World Championship titles, race victories and success across the globe have all contributed to unforgettable motorsport triumphs.

SUPERCROSS | MOTOCROSS

Following a historic 2018 season in which Jason Anderson claimed the AMA 450SX Championship title, Jason, together with teammates Dean Wilson and Zach Osborne, enjoyed a podium sweep at the final round of the 2020 season. Encouraged by his first 450SX victory, Zach went on to dominate the AMA Pro Motocross 450 class to capture his, and Husqvarna Motorcycles', first ever 450MX title.

The 2020 FIM Motocross World Championship saw a career-best season for FC 250 mounted Jed Beaton. Consistent results and a moto win placed him fourth overall in the final MX2 championship standings. 2019 MX2 runner-up Thomas Kjer Olsen overcame injury to win two MX2 Grands Prix and climbed onto the podium a further four times. In the MXGP class, injuries for both Pauls Jonass and Arminas Jasikonis saw their seasons brought to a premature end.

ENDURO | OFFROAD | RALLY

Beginning 2020 with the Dakar Rally, two-time FIM Cross-Country Rallies World Champion Pablo Quintanilla secured a personal-best second place overall result. Quintanilla's impressive performance also marked the highest-ever finish for Husqvarna Motorcycles at the world's toughest rally.

Husqvarna Motorcycles saw Billy Bolt make history by becoming the first ever World Enduro Super Series champion in 2018. In 2020, bouncing back from injury in the best possible way, Billy showed what he is capable of and secured the FIM SuperEnduro World Championship title for Rockstar Energy Husqvarna Factory Racing. Facing a reduced calendar of races in 2020, Graham Jarvis topped the Sea To Sky event in Turkey before he and his teammate Alfredo Gomez both claimed podium results at the Romaniacs Hard Enduro Rallye.

Establishing himself as one of the most celebrated EnduroCross racers, Colton Haaker successfully defended his AMA EnduroCross title with a repeat series victory in 2020, making it his fourth career championship win.

ROAD RACING

Successfully returning to international road racing in 2020, Husqvarna Motorcycles claimed their maiden FIM Moto3™ World Championship race victory with Romano Fenati. Making history in their first season, the Sterilgarda Max Racing Team look forward to more success in 2021.



8th Rnd. Moto3 2020 -
Misano World Circuit
Marco Simoncelli (ITA)
© Polarity Photo



PERFORMANCE OFFROAD MOTORCYCLES THAT PUT THE FUN BACK INTO RIDING!

Within the offroad motorcycle segment, GASGAS are known world over for their high-level successes in trial and enduro, and as a brand that thrives on passion and fun. Growing quickly to become a central player in the trial scene during the 1980s, GASGAS' technical expertise and commitment to competition saw them rewarded with numerous FIM trial and enduro world titles. Acquired and re-activated by PIERER Mobility AG in July 2020, and by using the group's high-performance technical platform, GASGAS Motorcycles successfully launched 23 new performance offroad models across the trial, enduro and motocross segments. Expecting to sell 12,500 units in their first year of business, GASGAS are focused on producing motorcycles that are exciting and inclusive, allowing riders to GET ON THE GAS!

A PROUD SPANISH HERITAGE

GASGAS celebrate their Spanish heritage, embracing a daring and expressive character while applauding those who share a passion for motorcycling. This positive attitude and love of having fun is reflected in the brand's robust product line-up, built to provide riders with the utmost enjoyment without any fuss.

OFFROAD SPECIALISTS WITH FRESH ENERGY

While all trial, enduro and motocross bikes deliver proven performance for serious offroad fun, GASGAS prefer to celebrate and encourage the riders, the real offroad heroes as they see it! The 'enabler' brand within PIERER Mobility AG, GASGAS encourage all riders to get involved in all offroad disciplines, to join their friends and GET ON THE GAS! Well-known within the trial and enduro worlds, GASGAS bring fresh energy to the motocross scene, welcoming everyone to join in the action.

A COMPREHENSIVE OFFROAD MODEL LINE-UP

GASGAS are positioned to be very different to the two other motorcycle brands within PIERER Mobility AG - KTM and Husqvarna Motorcycles. Utilizing the group's shared-platform technology, GASGAS bikes deliver proven performance, which together with their no-nonsense approach means all bikes deliver vibrant styling and an overall simplicity. With complete trial, enduro, cross country and motocross line-ups, they offer a truly comprehensive model range, from fun-filled, entry-level 50cc minis to awesome 450cc 4-strokes.

A CLEAR FOCUS ON THE FUTURE

What follows the re-launch of GASGAS Motorcycles is a clear focus on further establishing the brand, expanding the global dealer network and pursuing new motorsport goals. Successfully competing in the TrialGP World Championship, MXGP World Championship and international enduro events in 2020, GASGAS will officially step into the high-profile AMA Supercross Championship and the AMA Pro Motocross Championship in the United States in 2021. In addition, GASGAS will take the exciting step into international road racing for the first time ever. Competing in the thrilling Moto3™ World Championship, GASGAS will partner with the Spanish Aspar Team, with Spanish riders, creating a meaningful and powerful connection with the brand's Spanish heritage and underlining GASGAS' clear plans for the future.



Whole Lineup GASGAS Launch



GET ON THE GAS!

**VIBRANT & INVITING
SPANISH ROOTS**



PERFORMANCE & INNOVATION FOR PREMIUM SUSPENSION COMPONENTS

WP Suspension GmbH is one of the world's leading manufacturers of premium suspension components in the powered two-wheeler and sports car sector. Due to the closeness to motor sports and the influence of the feedback of the latest motor sports stars, WP Suspension presents itself as a constantly growing and innovation-driving force behind numerous successful series in professional motor sports as well as in amateur sports.

The WP Suspension brand, with its worldwide recognition as a specialist in motor sports with a strong development potential, relies on the close networking within the group, which has enabled WP Suspension to benefit from a wide range of synergies in recent years and to significantly increase its efficiency in the last financial year. Through the intensified and sustainable expansion of the basis of the globally active company, WP Suspension has been able to secure a pioneering position in the market and, by means of innovative development work, to stabilize this position.

INNOVATIVE PRODUCT DEVELOPMENT

Motorsport in all its facets is characterized by rapid change. Through direct contact with numerous successful teams in motorsport, WP Suspension has the ability to incorporate the latest experiences from the racetrack into product development and to address the fast-moving demands with innovative ideas. Due to intensive efforts in research and development, WP Suspension dominates in a highly competitive market. The course has also been set for the 2021 fiscal year to maintain the global pioneering position and to significantly strengthen the resources for the development of the latest technologies. This ensures that the brand will live up to its claim PERFORMANCE&INNOVATION in both the "Offroad" and "Street" sectors and will support professional racers as well as hobby-motorcyclists worldwide with premium suspension systems.

SUCCESSES IN MOTORSPORTS

Thanks to the tireless development work and high quality-standards, WP Suspension has been able to establish itself clearly as a successful brand in offroad motorsport, and hardly any racing series is dominated without the participation and support of WP Suspension. Several titles won with WP components, such as Tom Viale's world championship title in the 2020 FIM MX2 or Courtney Duncan's world championship title on Kawasaki in the 2020 FIM WMX convince of the technical superiority in motorsport.

Since entering the MotoGP™ 2012, riders in the road segment have also been able to write their own success story with products from WP Suspension. In 2020, WP Suspension became part of Brad Binder's MotoGP™ debut victory in the Red Bull KTM Factory Racing team and Miguel Oliveira secured another first place in MotoGP™ shortly afterwards with suspension components developed by WP. The crowning glory of WP Suspension 2020 in the street segment, however, came with Albert Arenas (Gaviota Aspar Team Moto3) winning the Moto3™ World Championship.

EXPANSION AND DEVELOPMENT OF SALES AND MARKETING

In 2020, the sales department continued to focus on expanding and developing the global WP Suspension dealer network. Despite the less than optimal conditions for many sectors of the economy, the sales structures of WP Suspension GmbH 2020 succeeded in acquiring additional sales partners and increasing the number of WP Authorized Centers to over 140 worldwide.

In 2020 the foundation was also laid to optimize the sales structures not only quantitatively but also qualitatively. The restructured marketing and the resources gained in this respect enable the company to support the dealer network with brand and product-specific marketing campaigns and to assist them with newly defined standards for brand communication. For 2021, this development paves the way for WP Suspension to strengthen its pioneering position in the market and to open up the brand to additional potential customer groups.



WP SUSPENSION

KTM 1290 SUPER DUKE R 2020 + APEX PRO 7746 SHOCK © R. Schedl

BUSINESS TARGET & PREVIEW

WP Suspension has several significant unique selling points due to the structure of the company and its position within the group, which enable it to serve the entire market for premium suspension components in both amateur and professional sports with forward-looking technology and the latest product development. The solidly grown company structures and the consequently led product management in the previous years give the ability to react even faster and more efficiently to spontaneous market developments and to adapt the product portfolio to given circumstances in the following years.

The interests of the customer, regardless of specific motorcycle makes or a certain degree of driving skills, are the absolute focus of all efforts. In 2021, WP Suspension will continue to maintain and strengthen this identity as the link between the entire motorsport community. In 2021, the company's sales and marketing structure will continue to focus on increasing demand in the market for premium motorcycle aftermarket suspension systems. The company's redesigned marketing structure will enable 2021 to position WP Suspension even more stably in the market as an absolute premium suspension manufacturer and provide the entire motorsport community with access to the WP Suspension brand.







KTM AG

RESEARCH & DEVELOPMENT

For KTM AG, as the leading manufacturer of premium powered two-wheeler (PTW) vehicles in Europe, it is our declared goal to further expand our leading role in the world of motorcycling in terms of technology, sales, and image. We have been particularly focused on the area of research and development for many years. Our strong commitment to development has always been part of our DNA and is an essential pillar of our success. Our progressive R&D strategy has produced innovative products, which meet our customers' high expectations in terms of technology and performance. At the same time, it makes it possible for us to develop ongoing and lasting new markets.

We give particular priority to early recognition of trends in the PTW- segment and the further development of our products in terms of their functional and technical aspects. At the same time, we make great efforts to track and implement customer requirements in our products and services in order to further build upon our pioneering position and in order to guarantee a market-oriented product development strategy.

Thanks to our globally active research and development organization, we have an impressive network of highly qualified employees. For example, design, calculation and simulation (responsible for the production, assembly, and validation of newly developed prototypes) are closely supported by our on-site machinery and equipment. This unique combination allows us to react with great flexibility if requirements change.

SERIES TRANSITIONS FIRST GASGAS OFFROAD PRODUCT RANGE

The unforeseen and far-reaching effects of the COVID-19 pandemic once again put our high degree of flexibility and problem-solving ability to the test. While we as an international organization initially have been very severely restricted in our activities, the past financial year was still characterized by numerous models being successfully transferred to series production under the Group brands KTM and Husqvarna Motorcycles. The start of production of the first **GASGAS offroad models** under the leadership of PIERER Mobility AG is particularly noteworthy: After intensive development work, a comprehensive portfolio of Enduro and Motocross models was put into series production at the Mattighofen site and delivered to end customers in the most important core markets just about a year after the announcement of the takeover of the Spanish motorcycle manufacturer. This success could only be achieved thanks to our sophisticated platform strategy, the primary objective of which is to optimize the performance of all installed components while at the same time ensuring a high degree of material efficiency and cost effectiveness. The GASGAS model portfolio expands the product line-up of the KTM and Husqvarna Motorcycles Group brands in the offroad segment, and is primarily aimed at new customer groups in the entry-level segment.

KTM STREET SEGMENT

Apart from this particular noteworthy exception, the 2020 financial year was primarily characterized by the ramp-up of series production of numerous road models. Thus, at the beginning of the year, the two strategically important naked bike models — the **KTM 890 DUKE R** in the mid-range segment, and the **KTM 1290 SUPER DUKE R** in the premium segment — went back into series production and were presented to the international trade press before the coronavirus pandemic broke out across Europe. While the KTM 890 DUKE R is a comprehensively revised version of the basic model presented in 2018 in terms of the engine and chassis, after around four years of development, the new KTM 1290 SUPER DUKE R can be described as a fundamentally new development and spearhead of the model portfolio. Another focal point of the first quarter was the series ramp-up of the **KTM 790 ADVENTURE R RALLY** special model, which is available in limited numbers. This model not only differs from the standard version in terms of a wide range of design and equipment features but, in particular, due to its high-performance chassis from WP Suspension, which means it is strongly geared toward the needs of customers who regularly expose their vehicles to extreme offroad conditions.

HUSQVARNA STREET SEGMENT

In the product range of the Husqvarna Motorcycles Group brand, the transition to series production of the revised **Vitpilen and Svartpilen models** is particularly noteworthy. The industrialization of this bike is now realized at the production site in India following the initial ramp-up in Austria. While our Austrian production site in Mattighofen has so far exclusively produced the most powerful variant of the naked bike in the entry-level segment with a displacement of 401 cc, the relocation of production capacities and the simultaneous broadening of the model portfolio with a 250 cc and a 125 cc variation represents a strategically important expansion of the customer base, especially in the emerging markets of India and South America. The special **Husqvarna 701 Enduro LR** model introduced at the beginning of 2020 is based on the Husqvarna 701 Enduro of the same name and supplemented the 2020 model portfolio as a special model in the mid-range segment with a significantly increased tank volume of around 25 l. From now on, the tank volume of the 701 Enduro can be expanded with an additional fuel tank from the Husqvarna Motorcycles Technical Accessories catalog. For the development of this model optimized for touring, it was necessary to adapt the subframe of the chassis to a large extent and to subject it to a comprehensive strength analysis.

MODEL RAMP-UP IN THE MID-RANGE AND PREMIUM SEGMENT

KTM AG, as a technology-oriented manufacturer of high-performance motorcycles in the premium segment, always focuses on reducing the noise and exhaust emissions of its vehicles with combustion engines. The consistent further development of the thermodynamic system on a variety of our models represents a central component of the research and development activities of the past year. The most important series transitions in this area include the **KTM DUKE models** in the displacement variants of **125 cc to 390 cc**, which comply with the latest European and international emission standards, as well as the top model **KTM 1290 SUPER DUKE R**. Other vehicles, such as the touring-oriented **KTM ADVENTURE models** in the displacement variants **250 cc and 390 cc** have also been equipped with further refined components and their emission levels have again been significantly optimized. In addition to far-reaching changes in the area of electronic fuel injection and thermodynamic optimization of combustion, the development activities in this area also included, in particular, emissions reduction through further development of exhaust gas aftertreatment. The second half of the year also saw a number of other model ramp-ups from the mid-range and premium segment. This includes the reworked derivatives of the **KTM 690 ENDURO, 690 SMC** and **Husqvarna 701 Enduro and 701 Supermoto** equipped with the **690 cc single-cylinder engine**, as well as the series ramp-up of the **KTM 890 ADVENTURE R/S** models.

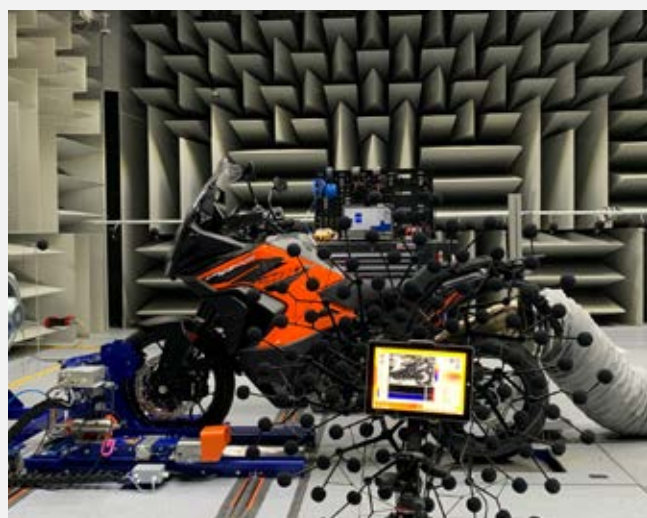
KTM TRAVEL SEGMENT

In addition to the series development of a comprehensive **GASGAS offroad product range**, one of the most outstanding projects of the past financial year was the testing and series transition phase of the most important model in the full-size travel segment, the new **KTM 1290 SUPER ADVENTURE**. The successor model to the series-produced vehicle of the same name underlines the technological skill of KTM AG, above all in terms of the latest safety and assistance systems, including for the first time an adaptive cruise control system, comprehensive connectivity functions, and an ergonomic concept which is at the top of its class. With a project duration of around four years and the involvement of a large part of the entire development team, the development of this model, alongside the **KTM 1290 SUPER DUKE R** presented at the beginning of 2020, represented one of the most complex series development projects of recent years.

INNOVATION HUB – R&D HEADQUARTER MATTIGHOFEN

The research and development department at KTM AG is a global organization, with decentralized locations in Europe (Austria, Germany, Spain), America and Colombia. The development programs are centrally managed at the R&D headquarters in Mattighofen, where the majority of highly qualified employees from the research and development department are based. The research and development center at the head office in Mattighofen is an innovation hub with a surface area of over 20,000 m², at which groundbreaking products for the powersport segment are designed, developed and tested with state-of-the-art equipment. We see it as our mission to set new standards in the motorcycle segment – particularly in terms of safety, performance, and technology – in order to be able to offer our end customers an inspirational and emotional product experience.

The development, testing and transition to series production of new concepts in the particularly technology-driven motorcycle premium segment require a steadily growing, inter-disciplinary team of specialists from different disciplines. This is also reflected in the renewed increase in the number of employees in the Research and Development department of the PIERER Mobility Group. As of 12/31/2020, the PIERER Mobility Group employed 808 employees (previous year: 789), representing 17.6% of the total workforce in the Research and Development department. In operational terms, excluding the ancillary effect of capitalizing and amortizing development expenses, 9.0% of total revenue was spent on research and development.



@ KTM



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KTM E-TECHNOLOGIES

NEW DIRECTION TO MEET THE CHALLENGES OF ELECTRIC MOBILITY: KTM TECHNOLOGIES HAS BECOME KTM E-TECHNOLOGIES

True to the motto "DRIVEN BY THE NEW", KTM E-TECHNOLOGIES GmbH, based in Anif near Salzburg, develops electric vehicles for today and tomorrow - inspiring, efficient, reliable and meeting high safety standards. Offroad or even on the way to work through urban areas, maximum fun while riding or driving is guaranteed. The issue of electric mobility has never been as high profile as it is today, as more and more people are discovering the benefits of electric powertrains: impressive power delivery, extremely easy operation, environmentally friendly energy consumption and pleasantly quiet.

KTM (E-)TECHNOLOGIES was established in 2007 when a small group of engineers with a keen interest in motorsport transformed the vision of the X-BOW super sports car into series production at KTM. The X-BOW with its lightweight carbon fiber chassis was way ahead of its time and is considered a milestone in KTM's history. Since this project, the experienced team has proven itself as PIERER Mobility AG's strategic development service provider in many exciting and challenging projects. In 2010, for example, they played a key role in the development of the "XL1", Volkswagen's 1-liter car, with their expertise in lightweight construction. This also heralded the start of electric mobility, which continued in 2012 with the development of the AUDI e-bike "Wörthersee" and in the years that followed with many more "electric" projects. This saw the company grow continuously and it now boasts around 130 highly qualified employees.

As early as 2014, KTM AG launched the "Freeride-E" electric motorcycle, its first purely electrically powered production bike. The trend toward sustainable and low-emission drives has now accelerated, not least thanks to continuous technological advances, especially in the area of battery storage technology. In line with this trend, KTM E-TECHNOLOGIES has also worked very hard in recent years on many e-mobility projects and built up know-how, resources, and infrastructure in this area.

As the demand for development services in the field of electric mobility increasingly grew within the PIERER Mobility Group, the strategic decision was taken in mid-2020 to bring together all development activities relating to the electric drivetrain in KTM E-TECHNOLOGIES. For this purpose, the Salzburg site is being expanded to create a development center for e-mobility. Offices, workshops and state-of-the-art test benches are being created over an additional 7,780 m² of floor space. The workshops started operating back at the end of 2020 and the remaining space was occupied in February 2021.

As a service provider, the company still continues to work with third-party customers on strategic projects. The group of partners and customers includes automotive OEMs and suppliers as well as companies from other industries, such as mechanical engineering, aviation and electronics. Thanks to the activities across different industries, the company and its customers benefit from broad know-how and the possibilities of technology transfer.

SPECIALISTS IN THE DEVELOPMENT OF E-VEHICLES

The challenges in developing successful electric vehicles are complex and multifaceted. KTM E-TECHNOLOGIES has many years of experience in vehicle architecture and holistic development methods for designing vehicles that have low costs and offer a great benefit to the customer. It has a range of skills in the core areas of component and whole vehicle development. This applies in particular to requirements management, technology and concept development, simulation, prototype construction, testing and industrialization. It conducts research and development work with a strong application orientation and focuses on products with the highest possible potential marketability. The main focus is on products with low-voltage drive systems and maximum continuous power of up to 11 kW and peak power of up to around 20 kW. The current product range extends from e-bikes, e-scooters and light motorcycles licensed for use on the road to various sports vehicles for off-road use. The company works closely with KTM AG and other companies in the PIERER Mobility Group, as well as with external partners and universities.



@ KTM E-TECHNOLOGIES



BROAD ELECTRICAL, ELECTRONICS AND SOFTWARE EXPERTISE

The areas of expertise in hardware and software of the highly qualified “E/E” team are wide-ranging, extending from hardware and on-board network development and system architecture to networking and communication between the individual EE components. Experience is particularly important when it comes to the functional safety of the E/E system. In the area of human-machine interfaces (HMI), modern interaction and information concepts are being developed, and they are based on the Group's future-oriented digitalization strategy.

The technological development of E-components and software is extremely important. The use of highly specific and developed components based on application-specific requirements also has a major influence on the competitiveness of electric two-wheelers, just as it does on vehicles with combustion engines. This is particularly true of the electric motor, the power electronics and the battery system, including the control unit (BMS). This makes it possible to achieve high efficiency and customized vehicle characteristics in combination with a high level of reliability and safety. Last but not least, these components contribute significantly to adding value. In addition to the technical aspects, this “modular” development involves in particular the creation of cross-model platforms at the component level with uniform interfaces and maximum application flexibility. The benefits of this are high scalability, cost optimization and rapid availability.

LEADING LIGHTWEIGHT CONSTRUCTION, MATERIALS AND SIMULATION KNOW-HOW

KTM E-TECHNOLOGIES is one of the leading companies when it comes to lightweight construction and the use of composite materials such as carbon composites or hybrid material combinations. What makes it successful is that it can handle the entire product development process from technology and component development, structure and process simulation, to industrialization. There is also a very great level of expertise in the additive manufacturing of plastics.

The trend across different sectors toward energy saving and sustainability means there is a growing demand for innovative lightweight design solutions. Economical lightweight construction is also an important component for electric vehicles because it ensures that they are efficient with their often heavy batteries and ultimately also deliver impressive driving dynamics.

To meet these requirements, the focus is on making the most targeted use of materials, based on the motto of “the right material in the right place”. The combination of a standard material and local reinforcement with a high-performance material is the goal. This allows a high level of mechanical performance and a high degree of integration to be achieved cost-effectively. Examples of use are structural and semi-structural applications such as battery housings or subframes of motorcycles as well as passenger compartments of light vehicles. The potential of lightweight technology has been impressively demonstrated, for example, by the use of a new carbon composite swingarm in the 2020 MotoGP season.

A major strength of KTM E-TECHNOLOGIES is its high level of expertise in the field of virtual development and the scope for realistic high-performance simulation. This includes, among other things, highly dynamic assignments for crash, aerodynamics and thermodynamics simulation. Virtual simulation methods are also used to evaluate the extent to which different concepts meet mechanical, thermal and electromagnetic requirements. These methods are particularly valuable for designing and optimizing battery systems for the specific requirement profiles of e-vehicles. Developments can therefore be designed and optimized virtually at an early stage and without the use of hardware. This delivers reductions in development times, minimizes risk, improves product characteristics and reduces costs. In order to be able to test the developments under realistic conditions, fully functional prototypes are built in the company's own workshops. Supported by a professional set-up of test benches, sensors, data loggers and analysis tools, the prototypes can then be tuned, tested, and validated. This is an important step in delivering persuasive products, especially for new e-vehicle concepts with specific requirement profiles.





PIERER E-BIKES

E-mobility is booming - and the year 2020 delivered an extra boost to the (e-)bike business, which was growing strongly even without the coronavirus. The global COVID-19 pandemic has significantly altered consumers' demands for good solutions when it comes to individual transport and sport. Against this backdrop, the demand for bikes and e-bikes has risen sharply. And PIERER E-Bikes GmbH (the e-mobility division of PIERER Mobility AG has been operating under this name since mid-2020) has also been able to secure its position in a highly competitive market during this challenging period with its two established brands Husqvarna E-Bicycles and R RAYMON. To make the issue of electric mobility accessible to an even broader target audience, an additional brand was added to the portfolio: GASGAS. From spring 2021, the Spanish brand will manage a complete e-bike fleet under the umbrella of PIERER E-Bikes GmbH and, with the specialist motorcycle trade, will exploit a sales channel that has so far been largely untapped in the bicycle industry.

HUSQVARNA E-BICYCLES

2020 was a decisive turning point for Husqvarna E-Bicycles. Along with Shimano, the world's oldest bicycle brand became a first mover. Together with the very first drive manufacturer, it launched a new generation of motors worldwide: the EP8. More power, more range, more performance for a sporty target group! The new mid-mounted motor will be used in all top models in the offroad segment in the 2021 collection year and, with the E-Tube Project App, it also addresses another important megatrend - the desire for individualization. This is because the app allows the system settings to be adapted to the conditions of the tour and saved individually in up to two profiles. In all other categories - from youth e-bikes to classic city models - the focus was on continuity and modern understatement. The complete collection impresses with a Nordic minimalist design with silhouettes full of character!

R RAYMON

Fast, young and wild - these are the attributes that R RAYMON claims to embody. The brand is a classic fast follower when it comes to innovations, technology and design. The very first drive partners are the powerful, mid-mounted motors from Yamaha. R RAYMON never ceases to focus on the demands of the bicycle trade as well as consumers and offers an unbeatable range in

terms of value for money. Within a very short time, the newcomer established itself as a major player in the market with a full range that caters for all wishes. Both in its classic bikes and in the e-bike range, R RAYMON offers numerous options for beginners and professional athletes like Johannes Fischbach or Korbinian Engstler. And it was this very flexibility which ensured that R RAYMON performed well above market expectations in 2020.

GASGAS

The Spanish motorcycle brand GASGAS is starting a new chapter in the field of e-mobility. Starting in 2021, it will have its own e-bike product line for the first time. This will allow even more off-road enthusiasts to share in the off-road fun, with a solid collection that will provide plenty of action, or be the ideal training companion. All e-bikes are equipped with powerful Yamaha mid-mounted motors. The new GASGAS e-bike collection comprises a total of twelve models and therefore covers the four most important segments (Enduro, All Mountain, Cross Country, Trekking/Urban) in the bike sector. Young up-and-coming riders will also have the opportunity to shake up the trails and gravel tracks on bikes with 26-inch wheels featuring the original GASGAS design. In terms of sales, the motorcycle trade is the main target - this will allow PIERER E-Bikes GmbH to continue to consistently expand its activities in the area of two-wheeled electric mobility one step at a time.

STILL ON COURSE FOR EXPANSION

In many respects, 2020 was a multi-faceted year - despite the global COVID-19 pandemic, the area of electric mobility really did excel. Even in this challenging past financial year, the sales targets that were set were achieved, and the process of making the division more international was also successfully advanced. In a first step, the focus was on the expansion of EU markets - from January 2021, there will now be a further push to expand into North America. PIERER E-Bikes GmbH has therefore come a great deal closer to fulfilling its vision of becoming a global player in the field of electric mobility. Without losing sight of the country-specific characteristics in the process. In terms of distribution channels, the company has opted for independence and differentiation. With GASGAS, access to the specialist dealer market was expanded to include another channel into the motorcycle trade.



PREMIUM IN
TECHNOLOGY &
COMPONENTS

Mountain Cross 7 @ R. Schedl

HIGHLIGHT MODELS

HUSQVARNA E-BICYCLES: Hard Cross 8.0

The Husqvarna HC 8 is a real trail machine, uphill and downhill. With 180 mm of suspension travel, it is perfect for medium to hard terrain and challenging trails. Equipped with the new Shimano EP8 and a fully integrated, removable 630 Wh battery, Shimano 12-speed XT shift mechanism and 4-piston disc brakes, it leaves hardly anything to be desired. More power, more range and all in classic Husqvarna colors - and not only the sight of it will raise the pulse of tech-savvy sporty riders.



R RAYMON: TrailRay E 11.0

The R RAYMON Trailray E-Seven 11.0 is the top Enduro model in the 21 collection. With the powerful Yamaha PW-X2 motor and the integrated 630-watt battery as well as 160 millimeters of suspension travel and the very high-quality specification, the full-suspension e-mountain bike is both a climbing champion and a downhill machine. The Yamaha drive not only has plenty of power, but also impresses with an advanced Smart Assist mode that dynamically adapts the level of support to the riding situation and means there is no need to change gear on the flat. The flagship bike features DT Swiss E1900 wheels and is simply fun to ride thanks to its modern trail geometry and mixed tires. The complete Fox Factory Grip2 chassis delivers improved spring performance, and the new FOX 38 suspension fork provides even more stiffness and plenty of reserves. Braking is provided by SRAM G2 RSC disc brakes with 200 millimeter discs. To top it all off, there is a 12-speed Sram GX shifter mechanism.



GASGAS BICYCLES: Train Cross 9.0

Progressive E-All Mountain-Fully: thanks to the reliable and quiet latest-generation Yamaha PW-X2 motor with 80 Nm of torque and Automatic Support Mode, the GASGAS Train Cross 9.0 makes every climb a breeze. The 630-watt Simplo battery provides the necessary power. Equipped with Shimano XT 12-speed shift mechanism, 4-piston disc brakes by Shimano, and a Fox suspension fork, rough terrain is easily conquered. The modern geometry ensures the best possible comfort and control on the terrain, so the E-MTB can be handled playfully even in difficult sections. Roots and obstacles are easily overcome on 29" tires.



PIERER Mobility AG ■



MAKING DIGITAL INNOVATION & TRANSFORMATION MEANINGFUL AND SUSTAINABLE SHAPING TOMORROW'S BIKING EXPERIENCE

Digitization is not a new development; it has been going on for decades. Therefore, for many of us, digitalization still means using the steadily new technologies to increase efficiency in our companies. But the digital world has much more to offer. Today most innovations are based on digital developments. Software seems to eat the world. This resulted in an unprecedented success of big Tech-companies, whose market capitalization is larger than many stock indices.

Many new technological developments speeded up the change processes in product development, commerce and process optimization. Some of them are connectivity, artificial intelligence and many new software technologies in general. Connectivity is a topic for everybody, not only in smart homes, where the devices of family members can be connected to each other, but also commodities and vehicles started networking.

But what would innovation be without bringing a new experience to our sales partners and customers? Today's innovation landscape goes far beyond considering just the product. It increasingly requires that customer experiences and services are taken into account when it comes to development. In this regard, more transparency and the direct involvement of our dealers and customers in the relevant processes are required.

Our Scouting specialist are working on a continuous exchange of assessments and trend analyses to document social and cultural changes. In this way, they create the groundwork basis for the development of new concepts. The vision of our product developers is to develop convincing portfolios, that demonstrates the innovation potential across the entire customer journey (online and onsite) with targeted communication and services.

Data science methods are used to create added value from new and existing data sources. Based on these findings business modeling aims to boost our products and services to take the motorcycling experience to a new level. So software development and data science become to a key factor for innovation, which resulted in investments in KTM Innovation GmbH, Avocado GmbH and other companies to ensure a skill set for the upcoming challenges.





CUSTOMER AND DEALER CENTRIC INNOVATION

For us, dealers and customers are always in the center. The goal remains on constantly improving the experience and satisfaction. One of the most important effects of digitalization in the motorcycle industry is that the vehicle itself is becoming the pillar of the digital customer experience. Digital services that the customer uses out of its habits nowadays have to be available seamlessly and without restrictions before, during and after a ride. The ability to use our services almost anywhere and at any time is the basic condition for a range of digital offerings.

New technologies and new customer expectations demand new skills in agile development and open innovation, which led to a development in building up significant resources since 2018. Together with our sister companies, which specialize in software development, mobile and web applications and other business solutions - we will focus even more strongly on digital innovation and transformation in the future.

LIGHTHOUSE PROJECTS

Digital innovation extends from new solutions on the bike to the user experience in obtaining information, when purchasing products, as well as before, during and after a ride on the motorcycle.

In 2020 a completely new digital end customer ecosystem was developed for the brands of the PIERER Mobility Group. These include a mobile app that serves as a single point of contact for all digital services and functions. As one of the first services, a user setting tool for the optimal engine and suspension setting of off-road bikes was launched in order to increase and improve the driving experience of motorcrossers! This project was carried out in an agile manner as an interdisciplinary project in several areas and successfully placed on the market.

A similar app was also developed for the E-Bike sector to display data such as battery level, speed, remaining range, etc. on the mobile phone, which is then used as a dashboard on the E-Bike. Data science methods are also used to carry out product improvements. The aim here is to develop models that should act on the bike for the rider right before dangerous situations occur or should coach him during and after the ride.

First successes in a B2B2C environment were achieved in the eCom-merce sector. A new type of reservation platform was used to support retailers in routing the special editions to consumers and thus optimizing margins in addition to process cost savings.

EMPLOYEES AS A SUCCESS FACTOR

EMPLOYMENT TREND

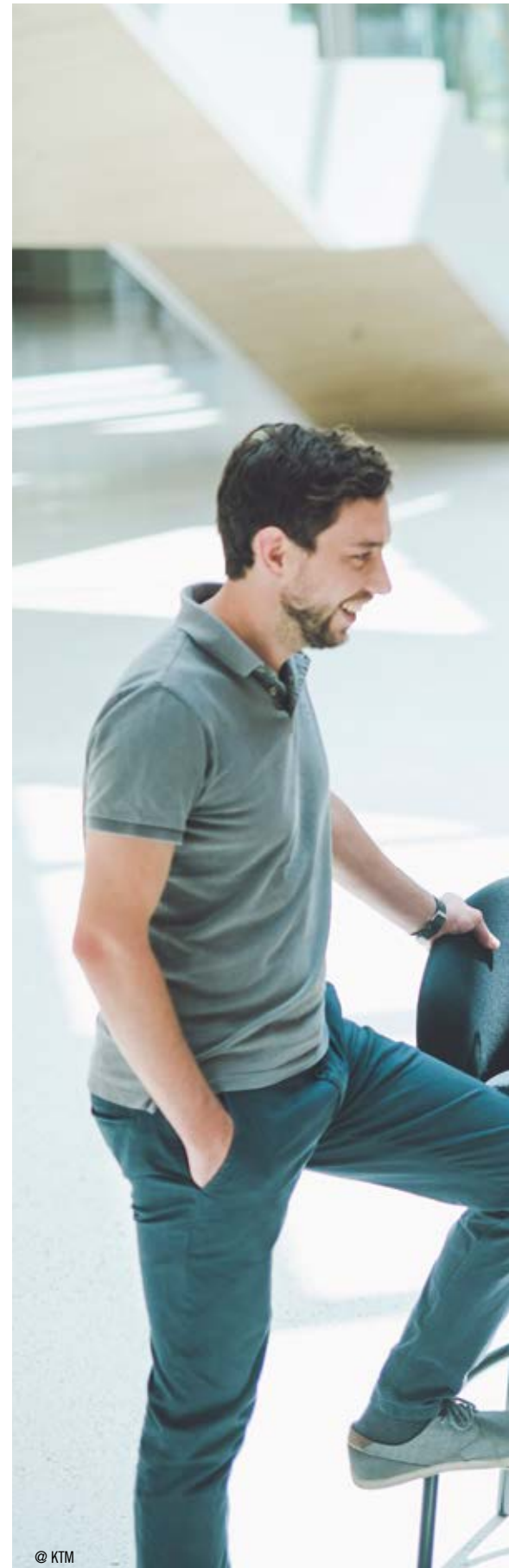
In 2020, around 83% of the employees of the PIERER Mobility Group were employed in Austria. The proportion of female employees was around 22%. Within the framework of the KTM_academy, the Group is embracing its dual training program with the aim of increasing the 170 apprentices currently undergoing training to 185 in 2021, as well as improving employee training. As of December 31, 2020, the Group had 4,586 employees worldwide (previous year: 4,368), of which 3,822 were in Austria.

EDUCATION AND TRAINING

Finding qualified employees and retaining them in the company over a long period of time poses a significant challenge, particularly for rural sites. Every employee in the PIERER Mobility Group forms part of the large team that drives the success of the company with dedication and enthusiasm. Attractive jobs offering exciting challenges and opportunities for training and career progression give employees the chance to demonstrate and expand on their skills. Due to the high technical requirements, highly trained employees are especially important. In particular in terms of the growth course, risks may arise if key staff leave the company. In terms of education and training, 2020 was also dominated by the coronavirus pandemic. By complying with the strictest safety measures and switching to online training, the PIERER Mobility Group was largely able to maintain its training. Following the positive experiences of adopting e-learning, webinars and other online training, the focus will continue to be on this type of training in the future. Furthermore, we will focus on exchanging knowledge internally through experts. PIERER Mobility has very deliberately defined its employees as the fourth pillar of its success alongside globalization, innovation and brands in the company and is intensively expanding this pillar by expanding the training and further training it offers.

As personal development is now defined by massive changes in an age of digitalization, a modern and web-based learning management system ("**KTM_academy training portal**") was launched in 2019 and optimized further in 2020. This makes the training and education of KTM AG employees even more attractive, efficient and transparent. The new tool is also the platform for all e-learning courses.

In the operating companies of the Group, training and education is delivered by attending external and in-house training sessions that are specifically tailored to the needs of KTM and KTM Technologies GmbH. In 2020, we were also largely able to safeguard the training and education of our employees by switching the training courses to an online format. For example, in-house training courses such as "Leadership" and training courses in the area of project management were partly conducted in person (compliance with the strictest safety regulations and testing of the participants) or switched to interactive online formats.





In 2020, a new concept for street rider safety training (**KTM Riders Academy**) was developed. With the introduction of the specially designed KTM street rider training in the area of research & development (R&D), we want to ensure that KTM employees regularly complete training in order to be able to react expertly and correctly on a daily basis and especially in dangerous situations. The training courses themselves were developed together with R&D and are precisely geared to the needs of our employees and are graded in 3 levels. The focus here is on those employees who regularly ride motorcycles in a work context.

STEM PROFESSIONS

To support women in STEM professions, KTM AG has already implemented several measures (Girl's Day, technical apprenticeship) that are constantly being expanded. Every year, KTM invites interested girls to gain an insight into the company's technical training. In addition, the PIERER Mobility Group's subsidiaries are seeking joint projects with universities and technical colleges. These range from various research projects and activities in the context of joint student research projects to specific academic courses (KTM Digital Intrapreneurship MBA, KTM Young Pioneers College) as well as business/science cooperations (Johannes Kepler University, Wels University of Applied Sciences). In addition to addressing current issues such as sustainability, these activities also promote a closer working relationship with the training institutions in order to combat the lack of skilled staff and introduce joint measures if necessary.

APPRENTICES

Apprentice training forms an important aspect of HR strategy, as the employees make a significant contribution to the company's success. This is why KTM will be investing around €2.5 million in the expansion of its apprentice workshop in the next few years. This will create the foundations for significantly increasing the number of apprentices to 200 within the next two years. As of the reporting date of 12/31/2020, we employed around 170 apprentices (previous year: around 160) who were training in 15 vocational training programs. It is a central aim to continue to employ apprentices when they have completed their training. This satisfies the company's requirement for specialized staff and at the same time helps enable young people to have a good start to their professional life. In 2020, 33 employees who had completed training were integrated into various specialized areas in KTM AG.

The cornerstone of apprentice training is our in-house apprentice workshop (KTM_academy). This is where the basic training in all technical apprenticeship trades and special training programs is delivered, and it enables our future technicians to familiarize themselves with the company as much as possible. Apprentices rotate through the various specialist departments in which they are trained. The aim is to enable the apprentices to obtain a qualification in their specialist area at high-school diploma level through specific additional courses offered by KTM. The KTM_academy offers employees the opportunity to pursue an apprenticeship with a high-school diploma, university entrance qualification courses, foreman training and, subsequently, an academic career through dual study. Furthermore, a guarantee of a permanent job remains in place for apprentices who successfully complete their training.

OCCUPATIONAL SAFETY & EMPLOYEE HEALTH

The PIERER Mobility Group is concerned with guaranteeing the safety of its employees at all times. Statistics are collected on accidents in relation to the cause, type, quantity, place/department and days on which the employee concerned was absent for the purpose of taking appropriate improvement measures. In order to achieve continuous improvement in the area of health and safety, preventive measures are taken to safeguard general safety in the workplace and employee health. These include fire safety briefings, machine safety, promotion of health in the workplace, general occupational health services (acute first aid, vaccination advice and vaccination, maternity leave, eyesight tests), integration of employees with impairments, as well as precautions to ensure suitable and ergonomic workplaces, conflict management in the workplace and resolution of psychological stress.

Due to the outbreak of the coronavirus pandemic, special measures were taken to protect employees and prevent a possible risk of infection at the company sites from spring onward, for example: establishment of a dedicated COVID team with its own COVID hotline; in-house contact tracing with rapid isolation, usually before any contact from the authorities; hygiene guidelines, mandatory masks at the workplace, capability to measure people's temperature; working from home / office splitting; regular testing and establishment of a dedicated test station; internal traffic light system; preventive medical check-up including COVID antibody test.

DIVERSITY

The PIERER Mobility Group regards it as particularly important for all employees to be treated with fairness and respect. In order to counteract the risk of unequal treatment, we create a working environment characterized by mutual trust, in which each individual is treated with dignity and respect, and in which people from diverse cultures and with different personal backgrounds are valued equally. As an international Group, PIERER Mobility values the diversity that is reflected in the origin, culture, language, and ideas of the employees. To promote and support the integration of foreign employees, there is cooperation with "Hotspot Innviertel" and with ITG (Innovations- und Technologietransfer Salzburg GmbH). In addition, measures are actively being taken to promote integration at all levels. To this end, a defined number of jobs are given to individuals with physical and/or mental disabilities. As of December 31, 2020, 48 individuals with disabilities were employed in total within the PIERER Mobility Group.



SUSTAINABILITY

AT PIERER MOBILITY

Our understanding of sustainability is based on the materiality analysis which was conducted for the first time in the 2017 financial year and included selected employees of the subsidiaries. On the basis of our ongoing communication with our stakeholders during the year, we have since reviewed the key topics at least once a year to ensure that they are up to date and have been able to leave them unchanged. There have been some recent developments, both in terms of society as a whole and in terms of general policy, which prompted us to revise and conduct the materiality analysis in 2020.

In addition to assessing the impact of our business activities on the environment and society, the key topics were also assessed to determine their influence on stakeholder decisions and actions, with the following result:

ENVIRONMENTAL INTERESTS

- Research and development
- Pollutant emissions from vehicles (emissions)*
- Efficiency in the use of materials (waste, recycling management)*
- Alternative drive technologies (including electric mobility)*
- Energy efficiency *
- Local employment: responsible procurement*

PREVENTING CORRUPTION AND BRIBERY

- Business compliance
(combating corruption, data protection)

RESPECT FOR HUMAN RIGHTS

- Business compliance (combating corruption)
- Occupational safety and employee health
- Fair pay and labor standards (diversity and equal treatment) *

SOCIAL AND EMPLOYEE CONCERNS

- Occupational safety and employee health
- Training and further education of employees
- Local employment: jobs *
- Fair pay and labor standards (diversity and equal treatment)
- Data protection*
- Road safety*
- Product quality and safety/ customer health and safety
- Research and development

*New material topic which was included in 2020 as part of the materiality analysis.

A detailed description of the individual topics as well as corresponding activities and processes can be found in the non-financial section, which is also published this year as a **separate sustainability report** and is available online at <https://www.pierermobility.com/en/sustainability/sustainability-reports>

VALUE CHAIN

As a manufacturer of motorcycles for off-road and street use and as a developer of products and designs for (e-)bikes, the PIERER Mobility Group integrates an extensive part of the value chain. This starts with creating products in the area of research and development and extends from purchasing, through production which in some cases is also done internally, to sales and distribution.

FOCUS OF SUSTAINABILITY ACTIVITIES IN 2020

New mobility solutions for the L category

The research and development projects that are currently being advanced are working on improving mobility solutions. For example, electric drives and battery electric energy storage systems are being developed and optimized for specific applications. One example is the research project "E-Motion" which was launched in 2020 and will run for 3 years. In this project, eleven partners from industry and academia are jointly developing L-category electric two-wheelers specifically for the young generation (16-18 years) and older generation (50+). These cost-effective, energy-efficient and comfortable electric two-wheelers are designed to provide users of conventional vehicles with a viable and environmentally friendly alternative with a reduced footprint for their daily commute.

Occupational safety

Among other measures, additional measures were implemented at KTM AG to improve occupational safety and employee health and to reduce the number of accidents at work. Adaptation of the production processes and the technical equipment on the production lines to reduce accidents at work. Training courses on how to handle industrial trucks in internal traffic. Ongoing improvements to consistently provide safety and fire safety briefings. Catching up on missed or deficient safety briefings in areas with increased incidences of workplace accidents or near misses. At KTM E-Technologies GmbH, which moved to a new building at the beginning of 2021, the focus is also on safety at the workplaces - especially in the new research and development workshops which will specialize more in the essential topic of e-mobility in the future. The safety concept was implemented in accordance with the latest standards.

Education and training

Due to the high technical requirements, highly trained employees are especially important. In particular in terms of the growth course, risks may arise if key staff leave the company. In terms of education and training, 2020 was also dominated by the coronavirus pandemic. By complying with the strictest safety measures and switching to online training, the PIERER Mobility Group was able to continue its training. Following the positive experiences of adopting e-learning, webinars and other online training, the focus will continue to be on this type of training in the future.

Environmental management

Activities for the purpose of safeguarding the environmental goals are coordinated in large parts of the PIERER Mobility Group in the respective departments of the company. In addition, work is currently underway to implement an environmental management system in accordance with **ISO 14001:2015**. In the course of the implementation, our sustainability goals will also be defined. Certification of this environmental management system (EMS) is planned for mid-2021 and will include KTM Components GmbH as well as KTM AG. Every employee will be trained on the environmental management system and will therefore be required to act in an ecologically responsible manner.

The main implementation steps:

- Definition of environmental targets
- Integration of the environmental management system into the existing management system with the associated processes
- Identification of relevant environmental aspects and their effects
- Expansion of the waste management system
- Presentation of energy and material flows and derivation of potential areas for improvement

Sustainable energy source on the roof of KTM

The roof area of the KTM logistics center in Munderfing was rented out for the construction of a photovoltaic system covering 40,000 m². This system is designed to feed electricity into the public grid and will be realized in a total of three construction phases by 2022 - it will serve as an energy source with a total output of eleven mega-

watts. The operator of the photovoltaic system is Ökosolar PV GmbH (Austria). Over an area of 24,000 square meters, a total of 12,000 modules as well as 60 inverters with an output of four megawatts will be put into operation in the first construction phase in 2021. In total, this will produce a sustainable amount of 3.5 million kilowatt hours (kWh) of energy per year. In the output stage, the installation will be able to supply power to approx. 2,000 households.

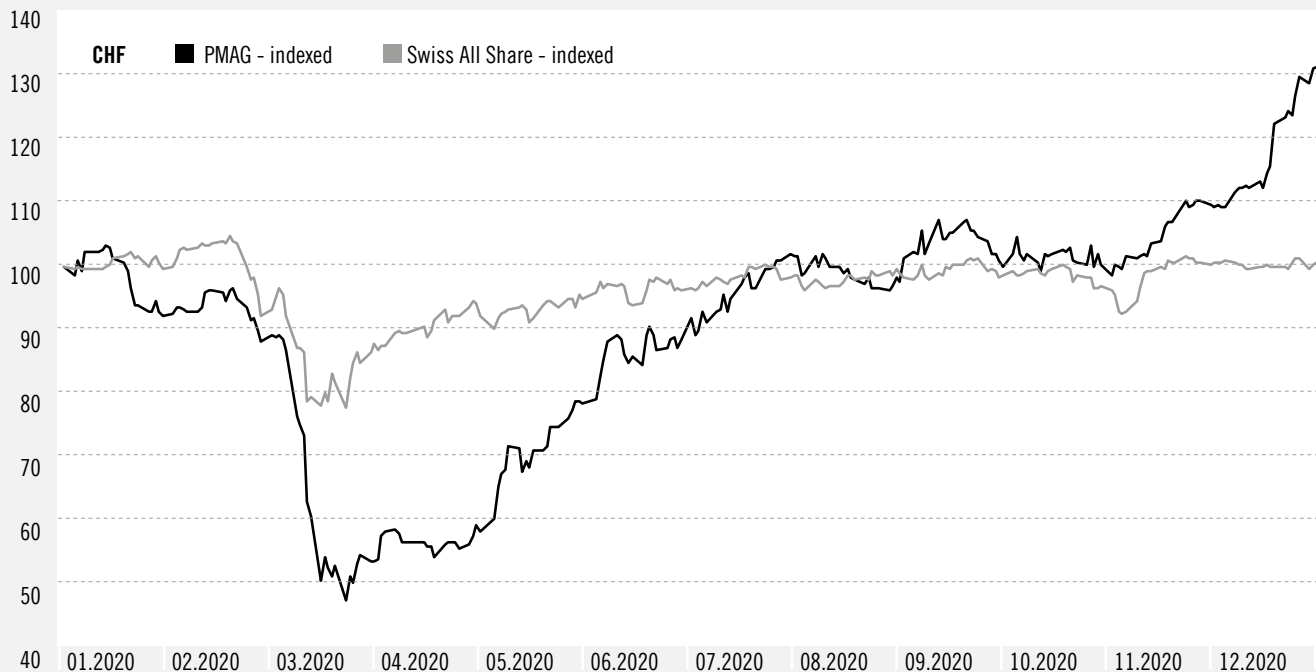
Motorcycle and riding safety

In the research and development department, the Group is heavily committed to ensuring the safety of motorcyclists and is working on future-oriented solutions. For example, the “**vehicle-to-vehicle (V2V) communication**” offers great potential for avoiding accidents. The analysis of accident scenarios shows that one frequent cause can be found at inner-city intersections. In many cases, the narrower silhouette of a motorcycle means that motorcycles are simply not seen by car or truck drivers. The potential of this new technology was demonstrated in the summer of 2020 at the Volkswagen AG test site. Application tests were carried out here on a Volkswagen production vehicle. In addition, a **PTW bend warning system** was developed in cooperation with Volkswagen and a patent application for it was filed. The process is still being examined. This warning system is intended to reduce the risk of collision with a motor vehicle that cannot be seen.

SDGs WITH GREATEST IMPACT FOR PIERER MOBILITY

For this purpose, the SDGs selected were those on which there is special focus due to our current activities, and which are also to be focused on in the future:





SHARE & INVESTOR RELATIONS

The current share capital of €22,538,674 is divided into 22,538,674 no-par bearer shares with voting rights, where every ordinary share has an equal stake in the share capital. The shares of PIERER Mobility AG have had a primary listing in the International Reporting Standard of the SIX Swiss Exchange since November 14, 2016 (opening price of CHF 4.90*). The shares of PIERER Mobility AG were accepted into the Swiss Performance Index (SPI) of the SIX Swiss Exchange on March 29, 2017. Since March 3, 2020, the shares of PIERER Mobility AG have also been listed on the Regulated Market of the Frankfurt Stock Exchange (General Standard). The admission to the Regulated Market of the Frankfurt Stock Exchange was overseen by Stifel Europe Bank AG (formerly MainFirst Bank AG), which also acts as the designated sponsor in Xetra trading. Baader Bank AG is the specialist on the trading floor of the Frankfurt Stock Exchange.

* Price per share before share consolidation in the ratio 10:1 in April 2018

As of September 30, 2020, trade in the shares of PIERER Mobility AG on the Official Market of the Vienna Stock Exchange was terminated. On its own initiative, Wiener Börse AG has included the shares of PIERER Mobility AG in the "global market" of global companies with effect from October 1, 2020.

PERFORMANCE OF THE PIERER MOBILITY SHARE

The global spread of the coronavirus had a massive impact on the stock markets in the spring of 2020, resulting in major price losses on the stock exchanges. As a result, the PMAG share also fell sharply. It was able to recover significantly during the year and recorded a rising price trend until the end of the year. The PMAG share closed at CHF 71.1 on the last trading day of the 2020 financial year (12/30/2020). The highest closing price on the SIX Swiss Exchange during the reporting year was CHF 71.9; the lowest was CHF 25.0. The market capitalization as at 12/31/2020 was CHF 1,602.5 million.

RESEARCH COVERAGE

The support provided to PIERER Mobility AG by investment banks is an important component of the company's comprehensive investor relations work, and is of particular importance to how investors perceive and rate the PMAG share. In addition to the coverage by Bank Vontobel AG, there is a cooperation in place with three other analyst firms. Since its initial analysis in June 2019, M.M.Warburg & CO (AG & Co.) has also consistently

set all its recommendations for PMAG shares to “Buy” during the reporting year, and raised its February 4, 2021 rating to CHF 88 (CHF 79). In its most recent valuation of February 15, 2021, the Edison Group expects additional growth for the PTW manufacturer in its core motorcycle business and in the e-bike segment to come from electric mobility. This growth can be accelerated as part of the simplification of the group structure. Bank Vontobel AG published its comprehensive initial analysis in February 2017 with a “Hold” recommendation. Since October 2017, Vontobel's rating for PIERER Mobility AG has been consistently set at “Buy” - in the recommendation published on February 2, 2021, Vontobel increased the upside potential to CHF 85 (CHF 79). Stifel Europe Bank AG (formerly MainFirst Bank AG) in Frankfurt published its detailed initial analysis on March 4, 2020. Following their regular analyses over the past financial year, the most recent update was made in February 2021 after the publication of the preliminary results for the 2020 financial year.

BUYBACK AND USE OF TREASURY SHARES

Based on the resolution of the Extraordinary General Meeting of October 4, 2019, PIERER Mobility AG started a buyback of its own bearer shares at market price via the ordinary trading line on October 22, 2019. The buyback program was carried out by Bank Vontobel AG and ended early on January 20, 2021. The number of shares acquired was 224,043, or approximately 0.99 percent of the share capital, at a value of CHF 10,495,998.69 (highest equivalent value per share: CHF 56.60; lowest equivalent value per share: CHF 23.50; weighted average equivalent value of acquired shares: CHF 46.8481).

Based on the buyback and resale authorization for treasury shares granted by the Extraordinary General Meeting of October 4, 2019, the Executive Board of PIERER Mobility AG decided to dispose of 30,703 of these treasury shares (approximately 0.14 percent of the share capital) in August 2020. The purpose of this disposal was the use of treasury shares to settle the purchase price and the redemption amount for the shareholder loan of EUR 1,509,693.75 for the acquisition of the 35 percent equity holding in the digital trading platform DealerCenter Digital GmbH (DCD GmbH), Munich/Germany. The Supervisory Board granted its approval for this transaction on July 30, 2020. As of the reporting date of December 31, 2020, the company held 193,340 treasury shares; this equates to around 0.86 percent of the share capital.

DIVIDEND

In light of the measures taken from March 2020 in the global fight against COVID-19, the Executive Board decided to support PIERER Mobility AG's European network of dealers and thus not to pay a dividend to shareholders for the 2019 financial year. The negative economic impacts on retail in general - and the two-wheeler trade in particular - have lasted for a longer period of time than was assumed at the start of the pandemic. It was therefore necessary to provide the network of dealers with the best possible financial support during this difficult period by adopting various measures.

On April 29, 2021 the Management Board will propose, according to the published press release of March 22, 2021, to the Annual General Meeting the payment of a dividend of € 0.50 per share. Given earnings per share of € 1.56, this means a distribution ratio of 32.05%. As of December 31, 2020, the company held 193,340 treasury shares. According to § 65 Abs 5 AktG, these shares are not entitled to dividend. Therefore, the number of shares with dividend rights amounts to 22,345,334 shares as of December 31, 2020. The number of treasury shares held by the company can be different at the date of the Annual General Meeting respectively the record date. With 22,345,334 shares with dividend rights, this means an amount of around € 11.17 million will be distributed.

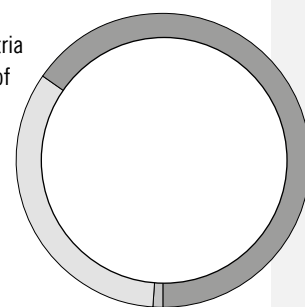
INVESTOR RELATIONS ACTIVITIES

The management of PIERER Mobility AG endeavors to practice a policy of providing transparent, swift and comprehensive information to and communication with capital market participants as well as the general public. Information is therefore provided at regular intervals on the economic position as well as on the future development of the PIERER Mobility Group. To ensure transparency, service and currency, all financial reports, press releases, ad-hoc announcements, voting rights communications and corporate presentations are published on the company's website www.pierermobility.com, therefore making them available to all shareholders at the same time. Despite the coronavirus pandemic, all scheduled events were held. Without exception, these all took place virtually from when the first lockdown began in the spring.

SHAREHOLDER STRUCTURE AS OF DEC 31, 2020

In the 2020 financial year, the Pierer Group, Austria held a stake amounting to around 65.5 percent of the company's share capital. The free float was around 33.6 percent. The proportion of treasury shares was around 0.9 percent.

■ Pierer Group, Austria:	~ 65.5%
■ Free float:	~ 33.6%
■ Treasury shares:	~ 0.9%



INFORMATION ABOUT THE PIERER MOBILITY SHARE

Investor Relations	Michaela Friepess
Phone	+43 7242 69 402
Fax	+43 7242 69 402 109
E-mail	ir@pierermobility.com
Website	www.pierermobility.com
ISIN	AT0000KTMIO2
Security number (Switzerland)	41860974
Security abbreviation	PMAG
Reuters	PMAG.S
Bloomberg	PMAG SE, PMAG GY
Class of shares	No-par value ordinary bearer shares



STRATEGIC INITIATIVES 2021

“TWO-WHEELER WILL BECOME INCREASINGLY IMPORTANT FOR PRIVATE TRANSPORT“

Strengthen Market Leadership

in Europe and USA

Offensive market strategy in China

based on the Joint Venture with CFMOTO

Extension of electrical product

range (4-11 kW)

in the low voltage range (48 Volt)

by further models

E-Bike division

Expansion of sales throughout Europe,
North America and Australia

Extension of GASGAS motorcycle

product range and

further expansion of product

portfolio into E-Bike sector

Continuation of sustainable

efficiency program

and focus on the Supply Chain

Strong focus on Free Cash Flow

generation



CORPORATE GOVERNANCE 2020 IN ACCORDANCE WITH THE AUSTRIAN CODE OF CORPORATE GOVERNANCE (ÖCGK)

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CORPORATE GOVERNANCE REPORT 2020

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 AT0000KTMIG02). In addition, the shares of PIERER Mobility AG have been listed on the regulated market (General Standard) of the Frankfurt Stock Exchange since March 3, 2020. Until September 30, 2020, the shares of PIERER Mobility AG were additionally listed on the Vienna Stock Exchange (Official Market).

01 ADHERENCE TO THE AUSTRIAN CODE OF CORPORATE GOVERNANCE (ÖCGK)

The Austrian Code of Corporate Governance provides Austrian stock corporations with a framework for managing and monitoring their company. The Code aims to establish a system of management and control for companies and groups that is accountable and geared towards creating sustainable, long-term value. It is designed to provide a high degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors, as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions. The present Corporate Governance Report is based on the most recent version of the Code, which was adopted in January 2021. The Code can be accessed by the public at www.corporate-governance.at in its currently valid version.

PIERER Mobility AG (formerly KTM Industries AG) is fully committed to the Austrian Code of Corporate Governance in its current version. This commitment by PIERER Mobility AG is voluntary and aims to boost shareholder confidence and to constantly optimize the high internal legal, behavioral and ethical standards of PIERER Mobility AG.

The Corporate Governance Report for the 2020 financial year is publicly available on the homepage of the company (www.pierermobility.com) in the section Investor Relations > Corporate Governance > Corporate Governance Report.

As a result of this commitment, PIERER Mobility AG has to comply with more than just the legal requirements ("L-Rules"). This voluntary self-imposed obligation means that it must explain non-compliance with the so-called C-Rules ("comply or explain") which go above and beyond the legal requirements. In accordance with this part of the Austrian Code of Corporate Governance, PIERER Mobility AG explains its nonconformity with C-Rules of the Code as follows:

"C-Rule 18": In light of the company's size, no separate internal audit department has been set up. However, the company has established an internal control and reporting system which enables the Executive Board to identify risks and quickly implement an appropriate response. The Supervisory Board, particularly the Audit Committee, is kept regularly informed about the internal control mechanisms and risk management in place across the group. Further information on risk management can be found in the notes to the consolidated financial statements as at December 31, 2020.

"C-Rule 27": The variable annual compensation components are unlimited in terms of their amount. The variable remuneration takes financial criteria into account.

"C-Rule 36": In view of the Corona crisis, the Supervisory Board held three meetings in the first quarter. In the second quarter, the Supervisory Board and the Management Board coordinated their activities on an ongoing basis by telephone, as the situation and measures changed regularly and therefore always had to be coordinated anew. Due to the constant close coordination between the Management Board and the Supervisory Board, a Supervisory Board meeting was not held in the second quarter of 2020. The Supervisory Board strives to continually improve its organization, work procedures and efficiency. An explicit self-evaluation did not take place during the financial year under review.

"C-Rules 39, 41 and 43": As the Supervisory Board of Pierer Mobility AG consisted solely of four members during the 2020 financial year, a Remuneration and Nomination Committee, as well as a committee that is authorized to make decisions in urgent cases, has not been established, as it would not lead to an increase in the efficiency of the Supervisory Board's work. The tasks of the Remuneration and Nomination Committee are fulfilled by the entire Supervisory Board.

"C-Rule 49": The conclusion of contracts with members of the Supervisory Board, by means of which such members are committed to performing a service for the company outside of their activities on the Supervisory Board in return for remuneration not of minor value, shall legally require the

consent of the Supervisory Board. However, these shall not be published by the company in view of the associated company and business secrets. In addition, the notes to the consolidated financial statements contain notes regarding “Explanations regarding related parties and the corporate bodies”, which detail the remuneration of Supervisory Board members outside of their activities on the Supervisory Board.

“C-Rule 83”: The risk management in PIERER Mobility AG-Group is established on different levels. The company-specific risk management is established at the level of the affiliated companies. Due to the holding function of the company, the risk management of the affiliated companies is monitored as part of the participation-specific risk management. The nonconformity with rule 83 is only given insofar, as an assessment of the risk management through the auditor does not take place.

In addition, PIERER Mobility AG also endeavors to comply, without exception, not only with the minimum requirements, but also with all of the Code's R-Rules (Recommendations).

The company is committed to the principle of transparency and the goal of providing a true and fair view for the benefit of all shareholders. All relevant information is published in our annual report, quarterly reports, on the corporate website and within the context of our ongoing press relations work. Reports are prepared in accordance with the international financial reporting standards (IFRS). PIERER Mobility AG also informs its shareholders of all issues and developments of relevance to the company by means of ad-hoc announcements and press releases. We will include important dates on the financial calendar. All information is published on the website within the “Investor Relations” or “Newsroom” sections. It is therefore available to all shareholders at the same time.

The company has issued a total of 22,538,674 ordinary shares. There are no preferential shares or restrictions on these ordinary shares. Accordingly, the principle of “one share – one vote” fully applies. The Austrian Takeover Act ensures that every shareholder will receive the same price for the shares in the event of a takeover bid (public tender offer). The shareholder structure at PIERER Mobility AG is depicted in the “Share & Investor Relations” section of the annual report.

02 MEMBERS OF THE CORPORATE BODIES

The boards of PIERER Mobility AG consist of the Executive Board, the Supervisory Board and the Annual General Meeting. The Executive and Supervisory Board cooperate at regular intervals on the basis of open and transparent discussion.

WORKING PROCEDURES OF THE EXECUTIVE BOARD:

The Executive Board of PIERER Mobility AG or the individual Executive Board members, respectively, act on the basis of the laws, the Articles of Association and the Executive Board's rules of procedure, which have been laid down by the Supervisory Board and which govern the rules for cooperation between the Executive Board members as well as the allocation of the duties within the Executive Board.

Coordination within the Executive Board occurs during regular meetings, but also in the form of an informal exchange of information. Matters discussed at the Executive Board meetings include the current operations and the company strategy. Any current or outstanding management or leadership measures that are to be implemented by the Executive Board members responsible under the rules of procedure are also discussed.

The rules of procedure require the Executive Board or the individual Executive Board members to provide extensive information and reporting to the Supervisory Board and to define an extensive catalog of measures and legal transactions that require the approval of the Supervisory Board.

COMPOSITION OF THE EXECUTIVE BOARD:

In the financial year 2020, the Executive Board of PIERER Mobility AG consisted of the following members (C-rule 16 of the ÖCGK):

Name Year of Birth	Position	Initial Appointment	End of the current term of office	Areas of Responsibilities
Stefan Pierer born 1956	Member of the Executive Board (CEO)	June 2, 2015*	December 31, 2023	<ul style="list-style-type: none"> ▪ strategic overall management ▪ product management ▪ quality management ▪ purchase ▪ supply chain ▪ international projects
Friedrich Roithner born 1963	Member of the Executive Board (CFO)	June 2, 2015**	December 31, 2023	<ul style="list-style-type: none"> ▪ finance ▪ (Group)accounting ▪ tax affairs ▪ legal affairs ▪ risk management
Hubert Trunkenpolz born 1962	Member of the Executive Board	January 1, 2018	December 31, 2023	<ul style="list-style-type: none"> ▪ sales ▪ marketing ▪ customer service ▪ joint ventures
Viktor Sigl, MBA born 1974	Member of the Executive Board	December 19, 2019	December 31, 2023	<ul style="list-style-type: none"> ▪ human resources ▪ organisation ▪ IT

* Stefan Pierer has been a member of the Executive Board of CROSS Industries AG (FN 261823 i) since April 30, 2005. In the Annual General Meetings of BF HOLDING AG (FN 78112 x) and CROSS Industries AG on April 22, 2015 the resolution was passed to merge CROSS Industries AG as the transferring company with BF HOLDING AG as the acquiring company within the framework of a universal succession. With effect from June 2, 2015 CROSS Industries AG was merged into BF HOLDING AG. At the same time, the name of the acquiring company (FN 78112 x) was changed to CROSS Industries AG. Since June 2, 2015 Stefan Pierer is therefore member of the Executive Board of CROSS Industries AG (now PIERER Mobility AG).

** Friedrich Roithner has been a member of the Executive Board of CROSS Industries AG (FN 261823 i) since June 23, 2010. In the Annual General Meetings of BF HOLDING AG (FN 78112 x) and CROSS Industries AG on April 22, 2015 the resolution was passed to merge CROSS Industries AG as the transferring company with BF HOLDING AG as the acquiring company within the framework of universal succession. With effect from June 2, 2015 CROSS Industries AG was merged into BF HOLDING AG. At the same time, the name of the acquiring company (FN 78112 x) was changed to CROSS Industries AG. Since June 2, 2015 Friedrich Roithner is member of the Executive Board of CROSS Industries AG (now PIERER Mobility AG).

STEFAN PIERER (CEO)

Professional Career:

After graduating from the Montan University in Leoben, Austria (Business and Energy Management), Stefan Pierer began his career as a sales assistant at HOVAL GmbH in Marchtrenk in 1982, where he continued as a sales manager and authorized signatory. In 1987, he founded the PIERER Mobility Group, where he acts as majority shareholder and member of the Executive Board. He has been shareholder and member of the Executive Board of the KTM AG since 1992. In 2011, he established Pierer Industrie AG, where he is sole shareholder and Chairman of the Executive Board.

Further main functions within the Group:

- Chairman of the Executive Board of KTM AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- Chairman of the Supervisory Board of Pankl Racing Systems AG
- Member of the Supervisory Board of SHW AG
- Chairman of the Supervisory Board of Pankl AG (formerly Pankl SHW Industries AG)
- Member of the Supervisory Board of Schwäbische Hüttenwerke Automotive GmbH
- Chairman of the Supervisory Board of Westpark Wels AG
- Member of the Board of Directors of swisspartners Group AG
- Member of the Board of Directors of Pierer Swiss AG

FRIEDRICH ROITHNER (CFO)

Professional Career:

After graduating from the Johannes Kepler University of Linz (Business Administration), Friedrich Roithner started his career at Ernst & Young GmbH. After three years, he switched to Austria Metall AG, where worked until 2006 (he became a member of the Executive Board in 2002). Since the end of 2007, Friedrich Roithner has been part of the management team at the PIERER Mobility Group. From March 2008 until June 2010, Friedrich Roithner was a member of the Executive Board of Unternehmens Invest AG.

Further main functions within the Group:

- Chairman of the Supervisory Board of KTM AG
- Chairman of the Supervisory Board of KTM Components GmbH
- Chairman of the Supervisory Board of abatec group AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- Member of the Supervisory Board of Pankl Racing Systems AG
- Member of the Supervisory Board of SHW AG
- Member of the Supervisory Board of Pankl AG (formerly Pankl SHW Industries AG)
- Member of the Supervisory Board of Westpark Wels AG

HUBERT TRUNKENPOLZ

Professional Career:

After graduating from the Johannes Kepler University Linz (Business Administration), Hubert Trunkenpolz started his career at ISA Audiovisual Communication Corp. as marketing manager and subsequently at TRUMAG as sales manager / managing director. He has been at the PIERER Mobility-Group since 1992 and a member of the Executive Board of the KTM Group since 2004. Hubert Trunkenpolz also became a member of the Executive Board of KTM AG in 2007 and of PIERER Mobility AG in 2018.

Further main functions within the Group:

- Member of the Executive Board of KTM AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- None.

VIKTOR SIGL, MBA

Professional Career:

After graduating from the Johannes Kepler University in Linz with a degree in Business Administration, he started his professional carrier at KPMG in the field of financial auditing and tax consultancy. In 2005, after completing his tax consultancy examinations and an MBA program at the University of Toronto, Viktor Sigl joined voestalpine AG to become head of Corporate Tax & Finance Advisory. Before joining the KTM AG, he was commercial director in the field of international industrial assembly. Since December 19, 2019, Viktor Sigl is in the Executive Board of PIERER Mobility AG.

Further main functions within the Group:

- Member of the Executive Board of KTM AG
- Deputy Chairman of the Supervisory Board of KTM Components GmbH

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- None.

WORKING PROCEDURES OF THE SUPERVISORY BOARD:

During the 2020 financial year, the Supervisory Board diligently performed the duties and tasks incumbent upon it under Austrian law, the Articles of Association, the Austrian Code of Corporate Governance (ÖCGK), and the Rules of Procedure. All members of the Supervisory Board and its committees are free and independent according to the terms of the Austrian Code of Corporate Governance. The Supervisory Board held a total of six meetings during the 2020 financial year. In view of the Corona crisis, the Supervisory Board held three meetings in the first quarter. In the second quarter, the Supervisory Board and the Management Board coordinated their activities on an ongoing basis by telephone, as the situation and measures changed regularly and therefore always had to be coordinated anew. Due to the constant close coordination between the Management Board and the Supervisory Board, a Supervisory Board meeting was not held in the second quarter of 2020. The meetings lasted approximately two to two and a half hours on average. In addition, two Audit Committee meetings were held; the meetings lasted approximately one hour on average. In its meetings in the financial year 2020, the Supervisory Board dealt with project monitoring, business development and business planning (forecast, budget and multi-year planning), including non-financial performance indicators.

In addition, the Supervisory Board focused in its meetings on discussing and passing resolutions on the review and approval of the 2019 annual financial statements, the review of the 2019 consolidated financial statements, the agenda and the proposed resolutions for the 23rd Annual General Meeting, the financial status and Executive Board matters. The report by the Supervisory Board on the 2020 financial year provides further details.

The Supervisory Board also dealt with compliance management and corporate governance of the company.

In accordance with the Articles of Association, the Supervisory Board has elected a Chairman and a Deputy Chairman and has appointed an Audit Committee in order to comply with legal requirements.

The Supervisory Board meetings were conducted by the Chairman, or, in the event that he was unable to attend, by his representative.

Members of the Supervisory Board receive the agenda that has been agreed with the Chairman 14 days before each meeting, together with comprehensive information concerning each point included on the agenda. In urgent cases, the Chairman of the Supervisory Board is permitted to shorten that period, provided he can provide evidence that all Members of the Supervisory Board have been informed of this. In the event that the above-mentioned period is shortened, and if not all Members of the Supervisory Board are present or represented, only those points on the agenda that resulted in the notice period being shortened shall be addressed.

A quorum of the Supervisory Board shall be present when all Members of the Supervisory Board have been duly invited and at least half of the elected members, but no fewer than three members, including the Chairman or his Deputy, participate in the meeting in person.

Supervisory Board decisions shall be made on the basis of a simple majority of the votes cast; in the event that votes are tied, the Chairman of the Supervisory Board shall cast the deciding vote.

The Supervisory Board shall be entitled to request written reports from the Executive Board at any time with regard to company affairs and management issues. As a general rule, the Executive Board shall also participate in meetings of the Supervisory Board and the Audit Committee, unless the Chairman of the Supervisory Board states otherwise. Members of the Executive Board do not possess any voting rights.

During the Supervisory Board meeting, the Members of the Executive Board will provide a comprehensive explanation of the course of business and the personal and financial development of the Group. Lengthy discussions take place between the Executive Board and the members. Resolutions concerning investments, acquisitions and other requests made in accordance with the rules of procedure of the Executive Board represent an additional focus for each Supervisory Board meeting.

The committees formed by the Supervisory Board shall carry out their tasks on behalf of the Supervisory Board. Each committee must comprise at least 2 members. For each committee formed, the Supervisory Board shall appoint a chairman from among the members of that committee. The rules of procedure of the Supervisory Board shall apply with regard to the notice period, the meetings and resolutions of a committee.

The Supervisory Board shall also be entitled to task an individual member with the supervision and auditing of individual business transactions. That member of the Supervisory Board must report to the Supervisory Board with regard to its activities.

No contracts requiring approval by the Supervisory Board were concluded between the company and members of the Supervisory Board (C-Rule 48 of the ÖCGK).

The Audit Committee has monitored the financial reporting processes (including the preparation of the consolidated financial statements) and the work of the auditor (including the audit of the consolidated financial statements) as well as the effectiveness of the system of internal control, the risk management system and the audit system. The Audit Committee approved non-audit reviews by the auditor (auditor of the consolidated financial statements) up to EURk 1,500 per business year. The approval is valid for the business year 2021 and will be adjusted by the Audit Committee if necessary. Once a year, the Audit Committee is being informed about the actual non-audit reviews. Finally, the independence and the activities of the auditor (group financial auditor) was reviewed and monitored, with regard in particular to the additional services provided to the audited company.

For further information regarding the Supervisory Board's work methods, please refer to the Supervisory Board report.

COMPOSITION OF THE SUPERVISORY BOARD:

In the financial year 2020, the Supervisory Board of the company consisted of the following members:

Name Year of Birth	Position	Initial Appointment	End of the current Term of Office	Further mandates on supervisory boards or similar functions in other foreign and domestic companies, listed on a stock exchange
Josef Blazicek born 1964	Chairman of the Supervisory Board	2008	Annual General Meeting which decides on the financial year 2020	All for One Steeb AG (Germany) SHW AG (Germany)
Ernst Chalupsky born 1954	Deputy Chairman of the Supervisory Board	2014	Annual General Meeting which decides on the financial year 2020	None
Klaus Rinnerberger born 1964	Member of the Supervisory Board	2015	Annual General Meeting which decides on the financial year 2024	SHW AG (Germany)
Alfred Hörtenhuber born 1955	Member of the Supervisory Board	2018	Annual General Meeting which decides on the financial year 2022	SHW AG (Germany)

COMMITTEES OF THE SUPERVISORY BOARD AND THEIR MEMBERS:

The Audit Committee of the company comprises three members and is composed as follows:

Klaus Rinnerberger

- Chairman, financial expert

Josef Blazicek

- Deputy Chairman

Ernst Chalupsky

- Member

In accordance with the Stock Corporation Act, the Supervisory Board of PIERER Mobility AG established an Audit Committee to perform its scheduled supervisory and control functions.

The Audit Committee is responsible for the auditing and preparation for the establishment of the annual financial statements, the proposed distribution of net income and the management report, as well as the auditing of the consolidated financial statements and the corporate governance report. The Audit Committee makes a proposal for the selection of the auditor and presents the proposal of the Supervisory Board to the Annual General Meeting for voting. In line with C-Rule 81a of the ÖCGK, the Audit Committee must establish a mutual line of communication with the financial auditor in a meeting.

The Audit Committee of PIERER Mobility AG held two meetings during the 2020 financial year, in which a representative of the certified public accountant also participated.

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.

INDEPENDENCE OF THE SUPERVISORY BOARD:

A member of the Supervisory Board shall be deemed to be independent if said member does not have any business or personal relations with the company or its Executive Board that constitute a material conflict of interests and are therefore capable of influencing the behavior of the member.

Ernst Chalupsky is partner and general manager of Saxinger, Chalupsky & Partner Rechtsanwälte GmbH. The PIERER Mobility Group is advised by Saxinger, Chalupsky & Partner Rechtsanwälte GmbH on legal affairs. The advisory services are provided in accordance with standard market terms and conditions.

The independence of the Supervisory Board members is defined by the following guidelines:

- **Criterion 1:** The Supervisory Board member was not a member of the Executive Board or a top executive of PIERER Mobility AG or a subsidiary of the company during the previous five-year period.
- **Criterion 2:** The Supervisory Board member does not or did not maintain any business relationships with the company or a subsidiary of the company in the previous year of a scope which may be considered significant for the Supervisory Board member. This also applies to business relationships with companies in which the Supervisory Board member has a considerable economic interest, but not to performing roles on committees within the Group. Approval of individual transactions by the Supervisory Board pursuant to L-Rule 48 of the Austrian Code of Corporate Governance does not automatically disqualify the Supervisory Board member from being independent.
- **Criterion 3:** The Supervisory Board member was not an auditor of the company, a shareholder or employee of the auditing company during the previous three years.
- **Criterion 4:** The Supervisory Board member is not a member of the Executive Board of another company, in which a member of the Executive Board of PIERER Mobility AG serves on its Supervisory Board.
- **Criterion 5:** The Supervisory Board member has not been on the Supervisory Board of the company for more than 15 years. This does not apply to Supervisory Board members, who are shareholders with a direct investment in the company or who represent the interests of such a shareholder.
- **Criterion 6:** The Supervisory Board member is not a close family member (direct descendant, spouse, common law spouse, parent, uncle, aunt, sibling, niece or nephew) of a member of the Executive Board of the company or of people who fulfill one of the other criteria described above.

According to C-Rule 54 of the Austrian Code of Corporate Governance, the Supervisory Board of the company shall include at least one independent member delegated by the shareholders who is not a shareholder with a share of more than 10% or who represents such a shareholder's interests. This requirement of C-Rule 54 has been met, since no member of the Supervisory Board is a shareholder with a share of more than 10% or who represents such a shareholder's interests.

The members of the Supervisory Board of PIERER Mobility AG admit to the criteria of independence according to C-Rule 53 and declare themselves independent.

03 MEASURES TO PROMOTE WOMEN

The company is convinced that diverse teams achieve better results, as well as greater effectiveness and innovation, than groups that are homogeneously equipped with genders. This principle applies also to the management and supervisory bodies of the company. The equal treatment of female and male employees as well as providing equal opportunities to both genders in the workplace, is a matter of course for PIERER Mobility AG.

PIERER Mobility AG supports and promotes the employment of women, especially in the technical field. The hurdle is that many leadership positions require technical training and, in many countries, still significantly fewer women than men take technical careers and complete technical studies.

To support women in “MINT” professions, the KTM AG has already taken measures (Girl’s Day, technical apprenticeship) which will be continuously expanded in the future. The increasing flexibility of work will also in future make it possible to reconcile work and family life - which currently mainly concerns women - and thus the return to the company and to maintain a lasting relationship with the company. The new flexitime agreement, which came into force in the financial year 2019, represents a major step forward in the area of flexible working hours in order to reconcile current life situations and work with family requirements.

As of December 31, 2020, the proportion of women in the total workforce stood at around 22%. At present, there are no women on the Executive Board or the Supervisory Board. At PIERER Mobility AG, 15% of executive positions are held by women (+1% compared to the previous year).

04 DESCRIPTION OF THE DIVERSITY CONCEPT

When electing members of the Supervisory Board, the Annual General Meeting must pay attention to the technical and personal qualifications of the members as well as to a professionally balanced composition of the Supervisory Board with regard to the structure and the business area of the company. Furthermore, aspects of the diversity of the Supervisory Board with regard to the representation of both genders and the age structure as well as in listed companies also with regard to the internationality of the members must be adequately taken into account.

For the composition of the Executive Board and the Supervisory Board, the Supervisory Board has agreed a diversity concept pursuant to Section 243c (2) 2a UGB that provides for the following:

COMPOSITION OF THE EXECUTIVE BOARD

Concept:

- Candidates for an Executive Board position are selected based on their specialist qualification for the role applied for, their leadership qualities and previous performance, as well as their knowledge of the company.
- The aim is to ensure that the Executive Board as a whole has many years of experience in the areas of development, production, sales and finances.
- A person’s age and sex play no role in the decision to appoint members of the Executive Board; there is no preference or disadvantage in the selection process.
- At least two members of the Executive Board should have technical professional training.

Objectives:

The objective of the Diversity Concept is to fill the Executive Board with persons that complement each other based on their various professional and life experience. It should be ensured that the Executive Board as a whole has the highest level of experience and specialist training in order to successfully manage the PIERER Mobility Group and achieve the best results.

Implementation:

The Supervisory Board decides on the composition of the Executive Board roles using the criteria set out in the diversity concept, taking into account the interests of the company.

Results in the reporting period:

There were no changes to the composition of the Executive Board of PIERER Mobility AG in the 2020 financial year. At the end of the 2020 financial year, the Executive Board consists of 4 members who meet the requirements of the concept.

COMPOSITION OF THE SUPERVISORY BOARD

Concept:

- The Supervisory Board is composed of professionally and personally qualified s personnel. In the process the structure and business activities and expert balanced composition of the PIERER Mobility Group must be considered. A minimum of one financial expert must hold a seat on the Supervisory Board.
- Wherever possible, the Supervisory Board should include a total of 2 members with international experience or special expertise in one or more of the markets outside Austria that are of importance to the PIERER Mobility Group.
- Wherever possible, the Supervisory Board should include a total of one member, who, by virtue of his / her prior experience, has a detailed knowledge of PIERER Mobility AG.
- Aspects relating to diversity within the Supervisory Board should be taken into account, with regard to the age structure and the representation of both genders on the Supervisory Board. Greater attention must be devoted to these criteria, the larger the membership of the Supervisory Board becomes.

Objectives:

The objective of the diversity concept is to populate the Supervisory Board with individuals that complement one another based on their differing professional and life experience. It is necessary to ensure that the Supervisory Board as a whole possesses the highest level of experience and specialist training in order to monitor the business activities of PIERER Mobility AG and that of the PIERER Mobility Group in a critical manner and from as many different angles as possible.

Implementation:

Nominations for election to the Supervisory Board that are submitted to the Annual General Meeting should take account of the criteria laid down in the Diversity Concept. The objectives of the Supervisory Board with regard to its membership will not restrict the voting freedom enjoyed by the Annual General Meeting.

Results in the reporting period:

In the 2020 financial year, the Supervisory Board proposed to the 23rd Annual General Meeting that Klaus Rinnerberger, who would have left the Supervisory Board at the end of the 23rd Annual General Meeting, be re-elected to the Supervisory Board. The election proposal of the Supervisory Board was made on the basis of the requirements of Section 87 para 2a AktG and the Corporate Governance Code and took into account the qualifications and experience of Klaus Rinnerberger and the excellent cooperation with him to date. At the end of the 2020 financial year, the Supervisory Board will consist of 4 members who meet the requirements of the concept.

05 AUDITS AND EXTERNAL EVALUATION

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, FN 269725 f, Kudlichstraße 41, 4020 Linz, was appointed by the 23rd Annual General Meeting to serve as the auditors of the consolidated financial statements and annual financial statements of the company for the financial year from January 1, 2020 until December 31, 2020. In addition to this function, KPMG and partner offices around the world also sporadically provide tax and financial consulting services on behalf of the Group. The auditor's expenses are made up as follows: Audit of the consolidated financial statements (including subgroups) and audit of the annual financial statements of all individual companies EURk 112 (previous year: EURk 461). Other services amount to EURk 511. The figures relate to the continued business activities of the group (previous year's figures have been adjusted).

In accordance with C-Rule 62 of the Austrian Code of Corporate Governance, the company commissions an external evaluation of compliance with the C-Rules of the Code regularly, every three years. PIERER Mobility AG has commissioned lastly Oberhammer Rechtsanwälte GmbH to evaluate the 2018 financial year. The complete report, including the results of the evaluation of the financial year 2018, is available on the Company's homepage (www.pierermobility.com) under Investor Relations > Corporate Governance > Evaluation. The next external evaluation will be conducted in 2022 for the 2021 financial year.

06 CHANGES AFTER THE END OF THE REPORTING PERIOD

On January 20, 2021, the share buyback program of PIERER Mobility AG was terminated prematurely. On January 21, 2021, the Company decided to offer the treasury shares for purchase to selected institutional investors and/or strategic business partners as of February 8, 2021.

At the Extraordinary General Meeting of PIERER Mobility AG on February 26, 2021, the Articles of Association were amended. By adding a new section 17, an opting-out clause in accordance with Swiss takeover law was created. The background to the amendment of the Articles of Association was the fact that the shares of the Company are listed both on the SIX Swiss Exchange (International Reporting Standard) (SIX) and on the regulated market of the Frankfurt Stock Exchange (General Standard). This so-called dual listing led to a parallel applicability of Swiss and Austrian or German takeover law.

These positive conflicts of jurisdiction could lead to jurisdictional problems, duplications, inefficiencies, additional costs and potentially even contradictions.

Compared to Swiss law, Austrian and German takeover law do not contain any conflict-of-law rules that could resolve the aforementioned positive conflicts of jurisdiction vis-à-vis Swiss law. Swiss takeover law, on the other hand, provides that the application of the provisions of Swiss law may be waived in connection with a public takeover offer if Swiss and foreign law are applicable at the same time, provided that certain other requirements are met. By the new inclusion of § 17 in the Articles of Association of PIERER Mobility AG, use has been made of this possibility, so that in the event of a change of control no mandatory offer under Swiss takeover law is required and that the shareholders do not have a corresponding exit right under Swiss law in the event of a change of control. Similarly, it is no longer necessary under Swiss takeover law to determine whether a change of control has occurred at all. Both - the facts of the change of control and its legal consequence (mandatory offer) - are governed exclusively by Austrian and German takeover law, which remain fully applicable.

Wels, March 2021

The Executive Board



Stefan Pierer, CEO



Friedrich Roithner, CFO



Hubert Trunkenpolz



Viktor Sigl, MBA

CORPORATE GOVERNANCE (DCG) OF THE SIX SWISS EXCHANGE

As an Austrian company listed in Switzerland, PIERER Mobility AG (formerly KTM Industries AG) is subject to the rules of the Directive on Information relating to Corporate Governance of the SIX Swiss Exchange (the “Swiss Directive on Corporate Governance”). The Swiss Directive on Corporate Governance is available at <https://www.ser-ag.com/dam/downloads/regulation/listing/directives/DCG-en.pdf>.

PIERER Mobility AG draws your attention to the fact that the company has been established under Austrian law and that the names, responsibilities and duties of organs of the company may therefore diverge from the rules applicable in Switzerland. In consequence, only Austrian legal terminology will be used in what follows. Companies that are not constituted in accordance with the Swiss Code of Obligations are required to fulfill the stipulations of the Swiss Directive on Corporate Governance, which are formulated with close reference to the Code of Obligations, in a manner analogous to Swiss companies. A short description of Austrian organizational structure therefore follows:

- **Executive Board:** The Executive Board is responsible for the general management and representation of the company; it is the sole organ of general management and representation. The Executive Board is not bound by any instructions from the shareholders or the Supervisory Board; rather, it acts under its own responsibility and without being under orders. Only when undertaking certain extraordinary transactions is the Executive Board required to obtain the consent of the Supervisory Board. Where the Swiss Directive on Corporate Governance requires details of the “management”, details regarding the Executive Board will be provided accordingly. However, the function of the Executive Board does not precisely match that of the “management” in a Swiss company.
- **Supervisory Board:** The Supervisory Board appoints, dismisses and oversees the Executive Board. Its consent is also required for certain legal transactions. Where the Swiss Directive on Corporate Governance requires details of the “board of directors”, details regarding the Supervisory Board will be provided accordingly. However, the function of the Supervisory Board does not precisely match that of the board of directors of a Swiss company.
- **Annual General Meeting:** The Annual General Meeting, as the highest board of the company, appoints and dismisses the members of the Supervisory Board and appoints the auditor. Where the Swiss Directive on Corporate Governance requires details of the “general meeting of shareholders”, details regarding the General Meeting will be provided accordingly. Differences exist between Austrian and Swiss law with respect to general meetings.

1. GROUP STRUCTURE AND SHAREHOLDER BASE

1.1. GROUP STRUCTURE

PIERER Mobility AG, with registered office in 4600 Wels, Edisonstraße 1, Austria, has had its primary listing on the SIX Swiss Exchange since November 14, 2016 (ISIN: AT0000820659, Security Number: 504.289). PIERER Mobility AG has a share capital of EUR 22,538,674, divided into 22,538,674 voting bearer shares of no par value. Every share has an equal stake in the share capital.

The object of PIERER Mobility AG is in particular to act as a holding company, with a particular focus on the acquisition and administration of industrial companies and holdings in such companies, the management of companies and holdings forming part of the PIERER Mobility Group, the implementation of the activities of Pierer Industrie AG in the field of mobility (Mobility) and the performance of services for these companies (group services), as well as corporate advisory services in general. This corporate object of the company is laid down in Section 2 of the articles of association, which can be found on the PIERER Mobility AG website (https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf).

Management of the PIERER Mobility Group is carried out by a management team that includes divisional managers who are responsible for managing a particular product group within the framework of the strategy set by the Executive Board. Divisional managers report directly to the Executive Board of PIERER Mobility AG.

PIERER Mobility AG is the parent company of the PIERER Mobility Group. The PIERER Mobility Group is Europe’s leading “Powered Two-Wheeler” manufacturer with a focus on highly innovative premium motorcycles and electric mobility for two-wheeled vehicles. The PIERER Mobility Group is divided

into the strategic core divisions of (i) Motorcycles with its equity holding in the KTM AG, (ii) Design, Concept Development and Digitalization with the equity holdings in KTM E-Technologies GmbH, KTM Innovation GmbH, KISKA GmbH, Avocado GmbH and DealerCenter Digital GmbH, and (iii) E-Bikes with the equity holding in PIERER E-Bikes GmbH.

A description of the group structure and the operating segments of PIERER Mobility AG is included in the following sections of the notes to the Consolidated Financial Statements (I.1. Company Information) on page 121 and in the Annual Report under “Group Structure” on page 9.

KTM AG

KTM AG has its registered office in Mattighofen, Austria. The share capital of KTM AG is EUR 10,845,000. PIERER Mobility AG holds approximately 51.7% of KTM AG.

KTM Group contains the shareholdings in KTM Sportmotorcycle GmbH (100 percent), KTM Racing AG (100 percent), Husqvarna Motorcycles GmbH (100 percent), KTM Sportcar GmbH (100 percent), WP Suspension GmbH (100 percent), GASGAS Motorcycles GmbH (100 percent), KTM Beteiligungs GmbH (100 percent) and KTM Immobilien GmbH (indirectly via KTM Beteiligungs GmbH and directly in total 100 percent) as well as the investments in the sales companies of the KTM Group and the HUSQVARNA Group (Husqvarna Motorcycles GmbH and its fully consolidated subsidiaries)

KTM AG is a global manufacturer of Offroad and Street vehicles. The products of the KTM AG are sold under the “KTM”, “Husqvarna Motorcycles” and GASGAS brands. The KTM AG develops, manufactures and sells high-performance and competition-ready vehicles for the Offroad and Street segments. In addition, the product range also includes mini-motorcycles, the KTM-X-BOW and brand accessories (spare parts, technical accessories and clothing).

With more than 36 sales subsidiaries and joint ventures in China and the Philippines, the employees of KTM AG look after more than 3,400 independent dealers and importers around the world.

The KTM Components Group develops, produces and sells under the brand “WP” the following high-performance chassis components for motorcycles and vehicles: (i) suspension components, (ii) frame construction and related welded-steel components, (iii) exhaust systems and (iv) cooling systems.

KTM E-Technologies / KTM Innovation / KISKA / Avocado / DealerCenter Digital GmbH

KTM E-Technologies GmbH develops innovative product concepts and focuses on new technologies for sports motorcycles and promising mobility solutions. In addition, the company specializes in the concept development of electrically powered vehicles and platforms.

KTM Innovation GmbH focuses on digital transformation and innovation for the core product. This involves working in various technology fields, such as artificial intelligence, big data, blockchain and business modeling.

As Europe’s largest independent and owner-operated design company, KISKA GmbH operates in the business segments of Consultancy in relation to marketing, brand and design, Transportation Design, Product Design and Environmental Design.

Avocado GmbH is a software and IT provider specializing in digital strategy, mobile applications, web applications and business solutions.

DealerCenter Digital GmbH develops digital consulting and sales systems that position themselves at the interface of online and offline retail.

PIERER E-Bikes GmbH

The E-Bike division of the PIERER Mobility Group with the brands HUSQVARNA E-Bicycles and R RAYMON and GASGAS is bundled in PIERER E-Bikes GmbH, which was newly founded in January 2020. In December 2019, PEXCO GmbH was fully acquired by PIERER Mobility AG. PEXCO GmbH, based in Schweinfurt, Germany, was founded in 2017 and is a pan-European sales partner of E-Bikes as well as bicycles.

List of the active non-listed subsidiaries

A detailed list of the active non-listed subsidiaries of PIERER Mobility AG can be found in the schedule of equity holdings (pages 181 - 183).

1.2. SIGNIFICANT SHAREHOLDERS

The shareholder structure of PIERER Mobility AG as at Tuesday, December 31, 2020 was as follows:

Pierer-Group:	60.00%
PTW Holding AG	2.14%
Pierer Industrie AG	3.35%
Pierer Konzerngesellschaft	33.65%
Free float	0.86%
treasury shares	

As at the reporting date of December 31, 2020, the Pierer Group thus held approximately 65,49% of the share capital and voting rights of PIERER Mobility AG.

PIERER Mobility AG is not aware of any other shareholders holding over 3 percent of the company's voting rights, whether directly or indirectly.

Notifications of significant shareholders and shareholder groups made to PIERER Mobility AG and the Disclosure Office of SIX Swiss Exchange AG pursuant to Art.120 et seq. of the Financial Markets Infrastructure Act (FinfraG) can be viewed on the publications platform of the Disclosure Office at <https://www.ser-ag.com/de/resources/notifications-market-participants/significant-shareholders.html#/>.

1.3 CROSS-SHAREHOLDINGS

There are no cross-shareholdings.

2. CAPITAL STRUCTURE

2.1 CAPITAL

As at the reporting date, the share capital of PIERER Mobility AG was EUR 22,538,674 and was fully paid-up. The share capital of PIERER Mobility AG is divided into 22,538,674 bearer shares of no par value, each of which represents an equal interest in the share capital.

The shares grant the rights that are due to stockholders under the Austrian Stock Corporation Act. These include in particular the right to payout of the dividend resolved upon at the Annual General Meeting as well as the right to vote at Annual General Meetings.

On the reporting date of December 31, 2020, PIERER Mobility AG held both, conditional capital and authorized capital. The amount of the authorized capital is EUR 11,269,337; the amount of the conditional capital EUR 25,000,000.

2.2 AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorized capital:

As at the reporting date, PIERER Mobility AG had an authorized capital¹.

¹ Source: Articles of Association of PIERER Mobility AG, which is available to view on the website: https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

The corresponding provision in § 5 Authorized Capital of the Articles of Association reads as follows:

§ 5 Authorized capital

- The Executive Board is authorized in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), , to increase until 26.04.2023 the share capital of the company from EUR 22,538,674.00 by up to EUR 11,269,337.00 to up to EUR 33,808,011.00 with the consent of the Supervisory Board by issuing, in several tranches if necessary, up to 11,269,337 no-par-value bearer shares in return for cash contributions and/or contributions in kind and to determine the initial offering price and the terms and conditions of the issue and the further details of implementing the capital increase in agreement with the Supervisory Board and if need be to offer the new shares to the shareholders for subscription by way of the indirect subscription right pursuant to Section 153 (6) of the Austrian Stock Corporation Act (AktG).
- The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in full or in part
 - (i) if the capital increase takes place in return for cash contributions and in total the proportion of the company's share capital which can be apportioned to the shares issued in return for cash contributions with no subscription right does not exceed the limit of 10% (ten per cent) of the share capital of the company at the time of granting,
 - (ii) if the capital increase takes place in return for contributions in kind,
 - (iii) to take up an over-allotment (greenshoe) option, and/or
 - (iv) to compensate for fractional amounts.

The Supervisory Board is authorized to pass amendments to the articles of association that may arise due to the issue of shares from the authorized capital.

Conditional capital:

The General Meeting of PIERER Mobility AG of April 27, 2017 has resolved a conditional capital.²

The following resolutions were adopted during the Annual General Meeting of April 27, 2017:

- a) The authorization of the Executive Board, subject to the agreement of the Supervisory Board, to issue financial instruments in the sense of Section 174 of the Austrian Stock Corporations Act until April 1, 2022, particularly convertible bonds, participating bonds and special dividend rights, with a nominal total of EUR 150 million, which may also grant pre-emption rights and/or option of exchange on the acquisition of up to 25 million shares in the Company and/or are organized in such a way that they may be reported as equity, also in multiple tranches and in different combinations.
- b) The Executive Board may use the conditional capital and/or treasury shares to fulfil options of exchange and or pre-emption rights.
- c) The issue amount and issue conditions of the financial instruments are to be set by the Executive Board, subject to the agreement of the Supervisory Board, whereby the issue amount is to be determined according to recognized mathematical methods used in finance and the price of shares in the Company in a recognized pricing procedure.
- d) The Executive Board is authorized to exclude the pre-emption rights of shareholders to financial instruments in the sense of Section 174 AktG with the agreement of the Supervisory Board.
- e) The conditional increase of the Company share capital in accordance with Section 159, paragraph 2, no. 1 AktG by up to EUR 25 million by issuing up to 25 million no-par value bearer shares (ordinary shares) for issue to creditors of financial instruments in accordance with Section 174 AktG, which are issued using the authorization granted in this Annual General Meeting, in so far as the creditors of the financial instruments make use of their options of exchange 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 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.

² Source: Articles of Association of PIERER Mobility AG, which is available to view on the website: https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

The corresponding provision of the Articles of Association in § 5a Conditional Capital reads as follows:

§ 5a Conditional Capital

In accordance with § 159 (2) Z 1 AktG, the share capital of the Company is increased by up to EUR 25,000,000.00 by issuing up to 25,000,000 no-par value bearer shares of common stock (no-par value shares) to be issued to creditors of financial instruments in accordance with § 174 AktG, which are issued by the Company using the authorization granted at this Annual General Meeting.

The capital increase may only be carried out to the extent that the creditors of the financial instruments exercise their conversion and/or subscription rights to shares of the Company. The issue price and the exchange ratio shall be determined in accordance with recognized financial mathematical methods and the share price in a recognized pricing procedure. The newly issued shares of the conditional capital increase are entitled to dividends to the same extent as the existing shares of the Company. The Executive Board is authorized, with the approval of the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to resolve on amendments to the Articles of Association resulting from the issue of shares from the conditional capital.

2.3 CHANGES IN CAPITAL IN THE LAST THREE REPORTING PERIODS

The consolidated equity of PIERER Mobility AG was EUR 550.8 million at December 31, 2018, EUR 618.6 million at December 31, 2019 and EUR 654.1 million at December 31, 2020. Information on changes in equity is set out in the consolidated statement of changes in equity in the Annual Report (pages 118 - 119).

At the Annual General Meeting of PIERER Mobility AG on April 26, 2018, a share consolidation was resolved at a ratio of 10:1. In addition to the redemption of two shares in order to even out the existing share capital of the company, the shares were consolidated at a ratio of 10: 1. As a result, the number of issued shares decreased from 225,386,742 to 22,538,674. The share capital thus changed from EUR 225,386,742 to EUR 22,538,674.

At the extraordinary general meeting of PIERER Mobility AG on October 4, 2019, a resolution was passed to launch a share buyback program and to buy back up to 7,404% (corresponding to 20% of the free float) of the share capital of PIERER Mobility AG. The acquired bearer shares can be used both as consideration for the acquisition of companies, for resale and for reducing the share capital by redeeming treasury shares. The repurchase of own bearer shares commenced on 22 October 2019 and will last until 21 October 2021 at the latest. Bank Vontobel AG was commissioned by PIERER Mobility AG to carry out this share repurchase. On April 6, 2020, PIERER Mobility AG announced by means of an ad-hoc publication that the Executive Board has decided to temporarily suspend the ongoing share buyback program of PIERER Mobility AG with effect from April 7, 2020. As part of the buyback program, a total of 224,043 no-par value shares were acquired via the stock exchange. This corresponds to approximately 0.99 percent of the company's share capital. Of these treasury shares, 30,703 shares (corresponding to around 0.13 percent of the share capital) had been sold by the reporting date.

2.4/2.5 SHARES AND PARTICIPATION CERTIFICATES/DIVIDEND-RIGHT CERTIFICATES

As at the reporting date, the share capital of PIERER Mobility AG was EUR 22,538,674 and was fully paid-up. The share capital of PIERER Mobility AG is divided into 22,538,674 bearer shares of no par value, each of which represents an equal interest in the share capital.

PIERER Mobility AG has issued no participation certificates or dividend-right certificates.

The following rights attach to shares in PIERER Mobility AG:

Rights over assets:

Right to dividends / Right to participate in profit

Every shareholder has the right to the distribution of a dividend from the net profit disclosed in the annual financial statements. Under the Company's Articles of Association³, the Annual General Meeting of PIERER Mobility AG is entitled to exclude all or part of the balance sheet profit from distribution. Should the Annual General Meeting thus resolve to exclude the profit from distribution, the shareholder shall have no claim to it, even if the company has achieved a profit during the past financial year and disclosed it on its statement of financial position.

³ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

Each shareholder's share in the profit of the company is determined in proportion to his share of the share capital. There are no restrictions in this regard affecting non-local investors. Dividends that are not claimed within 30 years of the date of entitlement shall expire and shall be assigned to the company's unrestricted reserves. Resolutions concerning the distribution of dividends on the company's shares for any financial year shall be made at the Annual General Meeting for the following year, which shall rule on a proposal submitted by the Executive Board and Supervisory Board. Dividends may only be paid from retained earnings as disclosed in the (separate) annual financial statements of the company, as prepared in accordance with the Austrian Companies Code. The amount available for distribution shall be the profit for the year, plus or minus retained earnings/losses brought forward from the previous year, plus or minus transfers to/from reserves. By law, certain reserves must be formed which must be deducted from the retained earnings available for distribution.

Dividends passed by the Annual General Meeting shall be paid out in accordance with the rules of the relevant clearing system, as the shares entitled to dividends are held in a clearing system.

Pre-emption rights regarding subscription offers for shares of the same category

In the event of a capital increase, every shareholder may request to be allotted a number of shares in proportion to his current holding. This pre-emption right serves firstly to allow the shareholder to maintain his current interest (antidilution) and secondly to preserve the value of his current interest (asset protection). Pre-emption rights may be overridden by a resolution adopted at the General Meeting, subject to a qualified majority of three quarters of the share capital represented. A valid reason for overriding the pre-emption right must exist.

Right to a share of the balance in the event of liquidation

In the event of a winding-up (liquidation), every shareholder has a claim to the assets remaining after all debts have been settled (liquidation proceeds). The shareholder will thus become a creditor of the company, with a claim that may be enforced in court. Liquidation proceeds are to be distributed among the shareholders in proportion to their shareholdings. They need not be in cash; they may also be distributed in the form of other assets.

Dissolution of the company shall be in accordance with the Austrian Stock Corporation Act.

Rights in relation to Annual General Meetings:

Right to attend

Every shareholder has the right to attend the Annual General Meetings, as shareholders exercise their rights at General Meetings. Shareholders are entitled to attend Annual General Meetings insofar as they hold shares on the evidence date, that is, at the end of the tenth day before the day of the General Meeting in question. A securities account confirmation as per § 10a of the Austrian Stock Corporation Act suffices as evidence of a shareholding; this must be supplied to the company no later than the third working day before the Annual General Meeting. Shareholders do not need to attend the Annual General Meeting in person; they may also appoint a proxy to represent them or issue a voting instruction.

According to the Articles of Association⁴ of PIERER Mobility AG, the Executive Board is authorized, with the consent of the Supervisory Board, to provide in the notice convening of the General Meeting that the General Meeting be transmitted in whole or in part acoustically and, if necessary, also optically in real time for the shareholders who are not present (transmission of the General Meeting pursuant to § 102 para 4 sentence 1 AktG). Provision may also be made for the General Meeting to be transmitted to the public (Section 102 para 4 sentence 2 AktG). If the Executive Board makes use of this authorization, the respective details shall be communicated in the notice convening the General Meeting.

Due to the COVID-19 crisis, the 23rd Annual General Meeting of PIERER Mobility AG was held as a virtual general meeting without the physical presence of the participants in order to prevent the further spread of the coronavirus and to protect the shareholders and other participants. Pursuant to the COVID-19 Ordinance under company law issued on the occasion of the COVID-19 crisis, the virtual general meeting of a public limited company must be able to be attended from any location by means of an acoustic and optical connection in real time, so that the individual shareholder can follow the course of the meeting. In addition, the shareholder must be enabled to make requests to speak during the meeting and to participate in voting. A special proxy is responsible for proposing resolutions, casting votes, and raising objections at the virtual shareholders' meeting. The Company must propose at least four suitable and independent persons for selection as special proxies. Shareholders are thus connected to the General Meeting by means of live streaming and exercise their right to propose, vote and object via this proxy; changes to instructions are possible up to the end of the

⁴ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

general debate. Shareholders can submit questions electronically - also during the virtual shareholders' meeting - until the chairman of the meeting announces the end of the general debate.

Right of petition

Pursuant to § 109 of the Austrian Stock Corporation Act, shareholders whose cumulative holdings reach 5% of the share capital may demand in writing that certain points be placed on the agenda of the Annual General Meeting and announced. Each agenda point thus moved must include a proposal for a resolution and provide grounds. The petitioning shareholders must have held the shares for at least three months before the petition is submitted. The shareholders' demand must reach the company no later than the 21st day before an Annual General Meeting, or no later than the 19th day before any other General Meeting (§ 109, paragraph 2 of the Austrian Stock Corporation Act).

Pursuant to § 110 of the Austrian Stock Corporation Act, shareholders whose cumulative holdings reach 1% of the share capital may submit proposed resolutions on each point of the agenda to the company in text form and demand that said proposals be made available on the company's website together with the names of the shareholders concerned, the grounds for the proposal and the opinion, if any, of the Executive or Supervisory Board. The demand shall be valid if it reaches the company no later than on the seventh working day before the Annual General Meeting. Where the proposal is for the election of a member of the Supervisory Board, the declaration of the nominee as per § 87(2) of the Austrian Stock Corporation Act shall be submitted in place of the grounds for the proposal.

Pursuant to § 119 of the Austrian Stock Corporation Act, every shareholder has the right to propose a motion on any point on the agenda at an Annual General Meeting. Where a motion is proposed at the Annual General Meeting itself, there is no requirement to provide grounds.

Right to information / Right of inquiry

Pursuant to § 118 of the Austrian Stock Corporation Act, information on matters concerning the company is to be given to every shareholder on demand at the Annual General Meeting, insofar as such information is necessary for the factual assessment of a point on the agenda. The right to information allows information to be obtained on the company's position and serves as a basis for the company's decision-making.

In principle, the obligation to provide information is incumbent on the Executive Board only, not on the Supervisory Board, except as regards matters that concern the Supervisory Board alone.

Information need not be provided if, according to reasonable commercial judgment, it is of a nature that may cause substantial harm to the company or an affiliated company, or if providing it would be a criminal offense. Further, information need not be provided where it has been constantly available in question-and-answer form on the company's website for at least seven days before the start of the Annual General Meeting.

Right to speak

Every shareholder has the right to express his opinion at the Annual General Meeting. The Annual General Meeting is the shareholders' forum for information and discussion. The chairman of the Meeting may restrict the right to speak from the start of the meeting or as required. The right to speak as such may not be set aside entirely.

Voting rights

Every shareholder has a right to vote at the Annual General Meeting in proportion to his shareholding. The Articles of Association⁵ cannot generally grant a shareholder more votes than he has shares; however, it is permissible to restrict voting rights for equity holdings inter alia exceeding a certain size. Shareholders may exercise their voting right in three ways: they may vote for a motion, vote against the motion, or abstain. Voting rights in respect of specific resolutions are suspended in certain cases of a shareholder's conflict of interest.

Where the law does not prescribe a different majority, the Annual General Meeting shall pass resolutions by simple majority of the votes cast and, in those cases where a majority of the capital is required, by simple majority of the share capital represented.

⁵ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

Right of objection

At various points, the Austrian Stock Corporation Act lays down the option or duty of a shareholder to raise objections in order to safeguard or exercise his rights (e.g. objection to the issue of dividend warrants, objection to the minutes of the Annual General Meeting, objection to a resolution to convert the company to another legal form).

Right of avoidance

Every shareholder has the right to have resolutions adopted at the General Meeting declared void, whereby avoidance can entail the rescission of a validly passed resolution. All resolutions may be contested that contravene the law or the Articles of Association⁶ but are not void ab initio. Shareholders must have their objections minuted in order to have a right to avoidance.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

PIERER Mobility AG has only bearer shares in issue. There are no limitations on transferability or company rules on nominee registrations.

2.7 CONVERTIBLE BONDS AND OPTIONS

PIERER Mobility AG has issued no convertible bonds or options.

3. SUPERVISORY BOARD

3.1 / 3.2 / 3.3 / 3.4 MEMBERS OF THE SUPERVISORY BOARD, OTHER ACTIVITIES AND VESTED INTERESTS, CROSS-INTERESTS, ELECTION AND TERM OF OFFICE

The Supervisory Board is made up of at least three members who are separately elected by the Annual General Meeting, plus as many employee representatives as are required pursuant to § 110(1) of the Austrian Labor Relations Act. The members of the Supervisory Board are elected by the Annual General Meeting, for a term that shall not go beyond the end of the General Meeting resolving on the discharge of the Executive Board for the fourth financial year following the election; in determining what constitutes the fourth financial year, the financial year in which the member is elected is excluded.

Members of the Supervisory Board of an Austrian stock corporation are non-executive directors in Swiss legal terminology.

In the financial year 2020, the Supervisory Board of PIERER Mobility AG consisted of four members, as below:

Name Year of Birth	Position at PIERER Mobility AG	Initial Appointment	End of the current term of office	Management tasks for a group company of PIERER Mobility AG
Josef Blazicek born 1964	Chairman of the Supervisory Board	2008	Annual General Meeting which decides on the financial year 2020	
Ernst Chalupsky born 1954	Deputy Chairman of the Supervisory Board	2014	Annual General Meeting which decides on the financial year 2020	▪ KTM AG (Austria) (Member of the Supervisory Board)
Klaus Rinnerberger born 1964	Member of the Supervisory Board	2015	Annual General Meeting which decides on the financial year 2024	
Alfred Hörtenhuber born 1955	Member of the Supervisory Board	2018 (April 26, 2018)	Annual General Meeting which decides on the financial year 2022	

Josef Blazicek (born 1964), Austrian citizen, has been active in business since completing high school. He began his career in the International Sales

⁶ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

division of GIRO Credit Bank der Österreichischen Sparkassen AG. From 1989, he was head of the trading department at ERSTE BANK AG, before taking up the same position at INVESTMENTBANK AUSTRIA AG in 1991, where he was inter alia a director of Bank Austria Securities Ltd. in New York. From 1997 to 2000, he was Head of Syndications at ICE Securities Ltd. in London. Subsequently, until 2003, he was managing shareholder at OCEAN Equities Ltd. From 2000 he worked in various positions within the QINO Group. In addition, Josef Blazicek is vice chairman of the supervisory board of Pierer Industrie AG (Austria). Josef Blazicek has no material business relationship with PIERER Mobility AG or any group company of PIERER Mobility AG.

Josef Blazicek has been a member of the Supervisory Board since 2008. He currently serves as Chairman of the Supervisory Board of PIERER Mobility AG. His term of office will expire at the end of the Annual General Meeting ruling upon the financial year 2020.

Ernst Chalupsky (born 1954), Austrian citizen, is an attorney and partner in the international law firm of SCWP Schindhelm. Ernst Chalupsky studied at the Johannes Kepler Universität, Linz and trained as an attorney at a highly reputed partnership in Upper Austria. He has been a practicing attorney in Wels since 1982. He was a partner in the firm of Chalupsky & Gumpoldsberger, which merged in 2000 with Saxinger & Baumann to form SCWP. Ernst Chalupsky completed a master's degree in European and International Commercial Law at the Universität St. Gallen in 1996 - 97. In addition, Ernst Chalupsky is chairman of the supervisory board of Pierer Industrie AG (Austria).

Ernst Chalupsky has been a member of the Supervisory Board since 2014. He currently serves as Deputy Chairman of the Supervisory Board of PIERER Mobility AG. His term of office will expire at the end of the Annual General Meeting ruling upon the financial year 2020.

Ernst Chalupsky is partner and general manager of Saxinger, Chalupsky & Partner Rechtsanwälte GmbH. The PIERER Mobility Group is advised by Saxinger, Chalupsky & Partner Rechtsanwälte GmbH on legal affairs. The advisory services are provided in accordance with standard market terms and conditions. Ernst Chalupsky has no material business relationship with PIERER Mobility AG or any group company of PIERER Mobility AG.

Klaus Rinnerberger (born 1964), Austrian citizen, studied law in Vienna and began his career in 1987 as an auditor and consultant at Arthur Andersen & Co. He subsequently performed a variety of management roles in the automotive industry, including serving on the Executive Boards of Magna Automobiltechnik AG and Magna Steyr AG. In 2009, he joined the Executive Board of Polytec Holding AG, serving as CEO of the Peguform Group after its separation from Polytec until 2011. In addition, Klaus Rinnerberger is member of the Executive Board of Pierer Industrie AG (Austria). Klaus Rinnerberger has no material business relationship with PIERER Mobility AG or any group company of PIERER Mobility AG.

Klaus Rinnerberger has been a member of the Supervisory Board since 2015. His term of office will expire at the end of the Annual General Meeting ruling upon the financial year 2024.

Alfred Hörtenhuber (born 1955), Austrian citizen, graduated from high school in 1975 and began his career as an assistant salesman at K. Rosenbauer KG in Leonding, later rising to be Head of Exports for Western Europe. He completed his management training at the MZSG St. Gallen and the IMD Lausanne. In 1985, he joined the Miba Group, initially as a marketing manager. In 1990, he became a member of the Executive Board at Miba Sintermetall AG, with responsibility for marketing, research and development. In 1998, he became CEO of the Miba Friction Group and a member of the Executive Board of Miba AG Holding. Alfred Hörtenhuber has been a member of the management team of the PIERER Mobility Group since February 6, 2008. Alfred Hörtenhuber was a member of the Executive Board of PIERER Mobility AG from June 2, 2015 to December 31, 2017. Alfred Hörtenhuber has no material business relationship with PIERER Mobility AG or any group company of PIERER Mobility AG.

Since April 26, 2018, Alfred Hörtenhuber is member of the Supervisory Board of the company. His term of office will expire at the end of the Annual General Meeting ruling upon the financial year 2022.

SIGNIFICANT OTHER FUNCTIONS OF THE MEMBERS OF THE SUPERVISORY BOARD

The following table contains the names of the companies and enterprises in which the current members of the Supervisory Board - to the knowledge of the Company - have been a member of an administrative, management or supervisory body of PIERER Mobility AG or a group company of PIERER Mobility AG during the last three years. Furthermore, current activities in management and supervisory bodies of major Swiss and foreign corporations, institutions and foundations under private and public law are listed. The column headed "Still serving" indicates whether the partnership or membership of a management, executive or supervisory board is still current.

SUPERVISORY BOARD	COMPANY	POSITION	STILL SERVING
Josef Blazicek			
	All for One Steeb AG	Chairman of the Supervisory Board	Yes
	Pankl AG (formerly Pankl SHW Industries AG)	Member of the Supervisory Board	Yes
	Pankl Racing Systems AG	Deputy chairman of Supervisory Board	Yes
	Pierer Industrie AG	Deputy chairman of the Supervisory Board	Yes
	SHW AG	Member of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Chairman of the Supervisory Board	No
Ernst Chalupsky			
	KTM AG	Member of the Supervisory Board	Yes
	Pierer Industrie AG	Chairman of the Supervisory Board	Yes
	PTW Holding AG	Chairman of the Supervisory Board	Yes
	Saxinger, Chalupsky & Partner Rechtsanwälte GmbH	Managing Director	Yes
	W Verwaltungs AG (company dissolved)	Deputy chairman of the Supervisory Board	No
Klaus Rinnerberger			
	HDC GmbH (formerly PF Beteiligungsverwaltungs GmbH)	Managing Director	No
	Pankl AG (formerly Pankl SHW Industries AG)	Deputy chairman of the Supervisory Board	Yes
	Pankl Racing Systems AG	Member of the Supervisory Board	Yes
	Pierer Industrie AG	Member of the Executive Board	Yes
	Gartner KG	Chairman of the advisory board	Yes
	Schwäbische Hüttenwerke Automotive GmbH	Chairman of the Supervisory Board	Yes
	SHW AG	Chairman of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Member of the Supervisory Board	No
Alfred Hörtenhuber			
	KTM Components GmbH	Managing Director	No
	Pankl Racing Systems AG	Member of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Member of the Executive Board	No
	Schwäbische Hüttenwerke Automotive GmbH	Deputy chairman of the Supervisory Board	Yes
	SHW AG	Deputy chairman of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Member of the Executive Board	No
	WP Components GmbH (company dissolved)	Managing Director	No
	WP Immobilien GmbH	Managing Director	No

The members of the Supervisory Board have no other material activities, vested interests or cross-interests.

3.5 INTERNAL ORGANIZATIONAL STRUCTURE

3.5.1 Allocation of tasks within the Supervisory Board

Please refer to the Report under the Austrian Corporate Governance Code (Composition of the Supervisory Board, page 61).

3.5.2 Members list, tasks and area of responsibility for each committee of the Supervisory Board

The Supervisory Board has established an Audit Committee from among its members. For reasons of efficiency, since the Supervisory Board of PIERER Mobility AG is made up of no more than 6 members, the tasks of a compensation committee and appointments committee are fulfilled by the full Supervisory Board.

Please refer to the Report under the Austrian Corporate Governance Code (Committees of the Supervisory Board, pages 61 - 62).

3.5.3 Working methods of the Supervisory Board and its committees

Please refer to the Report under the Austrian Corporate Governance Code (Working Methods of the Supervisory Board, pages 60- 61).

3.6 DEFINITION OF AREAS OF RESPONSIBILITY

Responsibility for the management of an Austrian Aktiengesellschaft lies with the Executive Board. Neither the Supervisory Board nor the Annual General Meeting has a right to issue instructions to the Executive Board. However, under the Austrian Stock Corporation Act, the Executive Board is required to obtain the consent of the Supervisory Board before entering into certain extraordinary transactions. The Executive Board consults with the Supervisory Board on the strategic direction of the company and discusses the implementation status of the strategy with the Supervisory Board at regular intervals.

The duty of the Supervisory Board is to appoint and dismiss the Executive Board and in particular to review the ongoing activities of the Executive Board. To this end, the Executive Board informs the Supervisory Board of its activities on a regular basis.

The Supervisory Board held a total of six meetings during the 2020 financial year. The meetings lasted approximately two to two and a half hours on average. Two meetings of the Audit Committee also took place; these meetings lasted approximately one hour on average (see also the Report under the Austrian Corporate Governance Code, Working methods of the Supervisory Board, pages 60 - 61).

3.7 INFORMATION AND CONTROL INSTRUMENTS VIS-À-VIS THE EXECUTIVE BOARD

PIERER Mobility AG does not have its own risk management system. In light of the company's size, no separate internal audit department has been set up. However, the company has established an internal control and reporting system which enables the Executive Board to identify risks and quickly implement an appropriate response. The Supervisory Board, particularly the Audit Committee, is kept regularly informed about the internal control mechanisms and risk management in place across the group.

Under the internal control and reporting system, identifiable risks in numerous areas of the business are captured and evaluated on an ongoing basis; material results are assessed by the Executive Board and brought to the attention of the Supervisory Board. Further information on risk management can be found in the notes to the consolidated financial statements as at December 31, 2020.

The company's management information system collates a large number of performance indicators from various areas of the PIERER Mobility Group, as well as comprehensive financial information. The system makes this data available electronically to the company's management in a predesigned format. The Supervisory Board receives monthly and quarterly reports based on information in the management information system.

4. EXECUTIVE BOARD

4.1 / 4.2 MEMBERS OF THE EXECUTIVE BOARD, OTHER ACTIVITIES AND VESTED INTERESTS

Unless otherwise stated below, the members of the Executive Board have no further disclosable activities or vested interests. The Executive Board of PIERER Mobility AG consisted in the financial year 2020 of the following members:

Name Year of Birth	Position	Initial Appointment	End of the current term of office	Areas of Responsibilities
Stefan Pierer born 1956	Member of the Executive Board (CEO)	June 2, 2015*	December 31, 2023	<ul style="list-style-type: none"> ▪ strategic overall management ▪ product management ▪ quality management ▪ purchase ▪ supply chain ▪ international projects
Friedrich Roithner born 1963	Member of the Executive Board (CFO)	June 2, 2015**	December 31, 2023	<ul style="list-style-type: none"> ▪ finance ▪ (Group)accounting ▪ tax affairs ▪ legal affairs ▪ risk management
Hubert Trunkenpolz born 1962	Member of the Executive Board	January 1, 2018	December 31, 2023	<ul style="list-style-type: none"> ▪ sales ▪ marketing ▪ customer service ▪ joint ventures
Viktor Sigl, MBA born 1974	Member of the Executive Board	December 19, 2019	December 31, 2023	<ul style="list-style-type: none"> ▪ human resources ▪ organisation ▪ IT

* Stefan Pierer has been a member of the Executive Board of CROSS Industries AG (FN 261823 i) since April 30, 2005. In the Annual General Meetings of BF HOLDING AG (FN 78112 x) and CROSS Industries AG on April 22, 2015 the resolution was passed to merge CROSS Industries AG as the transferring company with BF HOLDING AG as the acquiring company within the framework of a universal succession. With effect from June 2, 2015 CROSS Industries AG was merged into BF HOLDING AG. At the same time, the name of the acquiring company (FN 78112 x) was changed to CROSS Industries AG. Since June 2, 2015 Stefan Pierer is therefore member of the Executive Board of CROSS Industries AG (now PIERER Mobility AG).

** Friedrich Roithner has been a member of the Executive Board of CROSS Industries AG (FN 261823 i) since June 23, 2010. In the Annual General Meetings of BF HOLDING AG (FN 78112 x) and CROSS Industries AG on April 22, 2015 the resolution was passed to merge CROSS Industries AG as the transferring company with BF HOLDING AG as the acquiring company within the framework of universal succession. With effect from June 2, 2015 CROSS Industries AG was merged into BF HOLDING AG. At the same time, the name of the acquiring company (FN 78112 x) was changed to CROSS Industries AG. Since June 2, 2015 Friedrich Roithner is member of the Executive Board of CROSS Industries AG (now PIERER Mobility AG).

STEFAN PIERER (born 1956), Austrian citizen, began his career in 1982 at HOVAL GmbH, Marchtrenk, after graduating in business and energy economics from the Montanuniversität Leoben. Initially a sales assistant, he rose to become Head of Sales for Upper Austria and an authorized signatory of the company. He founded what is now the PIERER Mobility Group in 1987. The PIERER Mobility Group is an Austrian industrial holdings group with a strategic and operational focus on the motorcycle and motor vehicle sector. Stefan Pierer is Chairman of the Executive Board of PIERER Mobility AG.

Further main functions within the Group:

- Chairman of the Executive Board of KTM AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- Chairman of the Supervisory Board of Pankl Racing Systems AG
- Member of the Supervisory Board of SHW AG
- Chairman of the Supervisory Board of Pankl AG (formerly Pankl SHW Industries AG)
- Member of the Supervisory Board of Schwäbische Hüttenwerke Automotive GmbH
- Chairman of the Supervisory Board of Westpark Wels AG
- Member of the Board of Directors of swisspartners Group AG
- Member of the Board of Directors of Pierer Swiss AG

FRIEDRICH ROITHNER (born 1963), Austrian citizen, graduated in business studies from the University of Linz and subsequently worked as an assistant auditor, with a focus on auditing and tax, at an international accountancy firm. From 1992 onwards, he was employed by Austria Metall AG, where he was a member of the Executive Board from 2002 to 2006. Since the end of 2007, Friedrich Roithner has been part of the management team at the PIERER Mobility Group. Friedrich Roithner is Chief Financial Officer of the PIERER Mobility AG.

Further main functions within the Group:

- Chairman of the Supervisory Board of KTM AG
- Chairman of the Supervisory Board of KTM Components GmbH
- Chairman of the Supervisory Board of abatec group AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- Member of the Supervisory Board of Pankl Racing Systems AG
- Member of the Supervisory Board of SHW AG
- Member of the Supervisory Board of Pankl AG (formerly Pankl SHW Industries AG)
- Member of the Supervisory Board of Westpark Wels AG

HUBERT TRUNKENPOLZ (born 1962), Austrian citizen, started his career after graduating from the Johannes Kepler University Linz (Business Administration) at ISA Adivisual Communication Corp. as marketing manager and subsequently at TRUMAG as sales manager/managing director. He has been at the PIERER Mobility Group since 1992 and a member of the Executive Board of the KTM Group since 2004. Hubert Trunkenpolz also became a member of the Executive Board of KTM AG in 2007 and of PIERER Mobility AG in 2018.

Further main functions within the Group:

- Member of the Executive Board of KTM AG

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- None.

VIKTOR SIGL, MBA (born 1974), Austrian citizen, graduated from the Johannes Kepler University in Linz with a degree in Business Administration and started his professional carrier at KPMG in the field of financial auditing and tax consultancy. In 2005, after completing his tax consultancy examinations and an MBA program at the University of Toronto, Viktor Sigl joined voestalpine AG to become head of Corporate Tax & Finance Advisory. Before joining the KTM AG, he was commercial director in the field of international industrial assembly. Since December 19, 2019, Viktor Sigl is in the Executive Board of PIERER Mobility AG.

Further main functions within the Group:

- Member of the Executive Board of KTM AG
- Vice Chairman of the Supervisory Board of KTM Components GmbH

Membership of supervisory boards or comparable functions in other foreign and domestic companies, excluding companies included in the consolidated financial statements:

- None.

SIGNIFICANT OTHER FUNCTIONS OF THE MEMBERS OF THE EXECUTIVE BOARD

The following table contains the names of the companies and enterprises in which the current members of the Executive Board - to the knowledge of the Company - have been a member of an administrative, management or supervisory body of PIERER Mobility AG or a group company of PIERER Mobility AG during the last five years. Furthermore, current activities in management and supervisory bodies of major Swiss and foreign corporations, institutions and foundations under private and public law are listed. The column headed "Still serving" indicates whether the partnership or membership of a management, executive or supervisory board is still current.

EXECUTIVE BOARD	COMPANY	POSITION	STILL SERVING
Stefan Pierer			
	HDC GmbH (formerly PF Beteiligungsverwaltungs GmbH)	Managing Director	No
	K KraftFahrZeug Holding GmbH (company dissolved)	Managing Director	No
	KISKA GmbH	Managing Director	Yes
	KTM AG	Chairman of the Executive Board	Yes
	KTM Components GmbH	Deputy chairman of the Supervisory Board	No
	P Immobilienverwaltung GmbH	Managing Director	Yes
	Pankl Racing Systems AG	Chairman of the Supervisory Board	Yes
	Pankl AG (formerly Pankl SHW Industries AG)	Chairman of the Supervisory Board	Yes
	PB Gastro GmbH	Managing Director	Yes
	Pierer Beteiligungs GmbH	Managing Director	Yes
	PIERER Immobilien GmbH	Managing Director	Yes
	Pierer Immobilien GmbH & Co KG	Managing director of the general partner PIERER Immobilien GmbH	Yes
	PIERER IMMOREAL GmbH	Managing Director	Yes
	Pierer Industrie AG	Member of the Executive Board	Yes
	Pierer Konzerngesellschaft mbH	Managing Director	Yes
	Pierer Liegenschaft GmbH	Managing Director	Yes
	Pierer Swiss AG	Member of the Supervisory Board	Yes
	PTW Holding AG	Member of the Executive Board	Yes
	Schwäbische Hüttenwerke Automotive GmbH	Member of the Supervisory Board	Yes
	SHW AG	Member of the Supervisory Board	Yes
	Swisspartners Group AG	Member of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Member of the Supervisory Board	No
	Westpark Wels AG (formerly: Wirtschaftspark Wels Errichtungs- und Betriebs-Aktiengesellschaft)	Chairman of the Supervisory Board	Yes
	Wohnbau-west Bauträger Gesellschaft m.b.H.	Managing Director	Yes

EXECUTIVE BOARD	COMPANY	POSITION	STILL SERVING
Friedrich Roithner			
	abatec group AG	Chairman of the Supervisory Board	Yes
	HDC GmbH (formerly PF Beteiligungsverwaltungs GmbH)	Managing Director	No
	K KraftFahrZeug Holding GmbH (company dissolved)	Managing Director	No
	KTM AG	Chairman of the Supervisory Board	Yes
	KTM Components GmbH	Chairman of the Supervisory Board	Yes
	Pankl Racing Systems AG	Member of the Supervisory Board	Yes
	Pankl AG (formerly Pankl SHW Industries AG)	Member of the Supervisory Board	Yes
	Pierer Beteiligungs GmbH	Managing Director	Yes
	PIERER IMMOREAL GmbH	Managing Director	Yes
	Pierer Industrie AG	Member of the Executive Board	Yes
	PTW Holding AG	Member of the Executive Board	Yes
	SHW AG	Member of the Supervisory Board	Yes
	W Verwaltungs AG (company dissolved)	Chairman of the Supervisory Board Deputy chairman of the Supervisory Board	No No
	Westpark Wels AG	Member of the Executive Board	No
	Westpark Wels AG	Member of the Supervisory Board	Yes
Hubert Trunkenpolz			
	GASGAS Motorcycles GmbH	Managing Director	Yes
	HDC GmbH (formerly PF Beteiligungsverwaltungs GmbH)	Managing Director	Yes
	Husqvarna Motorcycles GmbH	Managing Director	Yes
	Husqvarna Motorcycles North America, Inc.	Managing Director	Yes
	KTM AG	Member of the Executive Board	Yes
	KTM Canada, Inc.	Managing Director	Yes
	KTM Immobilien GmbH (formerly KTM Motorrad AG)	Member of the Executive Board	No
	KTM Japan K.K.	Managing Director	Yes
	KTM North America, Inc.	Managing Director	Yes
	KTM Österreich GmbH	Managing Director	Yes
	KTM Sportcar GmbH	Managing Director	Yes
	PIERER E-Bikes GmbH	Managing Director	Yes
	KTM Sportmotorcycle Deutschland GmbH	Managing Director	Yes
	KTM Sportmotorcycle GmbH	Managing Director	Yes
	W Verwaltungs AG (company dissolved)	Deputy chairman of the Supervisory Board	No
Viktor Sigl, MBA			
	GASGAS Motorcycles GmbH	Managing Director	Yes
	Husqvarna Motorcycles GmbH	Managing Director	Yes
	KTM AG	Member of the Executive Board	Yes

EXECUTIVE BOARD	COMPANY	POSITION	STILL SERVING
	KTM Beteiligungs GmbH	Managing Director	Yes
	PIERER E-Bikes GmbH	Managing Director	Yes
	KTM Innovation GmbH	Managing Director	Yes
	KTM Components GmbH	Deputy chairman to the Supervisory Board	Yes
	KTM Immobilien GmbH (formerly KTM Motorrad AG, formerly KTM-Sportmotorcycle AG)	Managing Director	Yes
	KTM Logistikzentrum GmbH	Managing Director	Yes
	KTM North America Inc.	Managing Director	Yes
	KTM Österreich GmbH	Managing Director	Yes
	KTM Sportmotorcycle GmbH	Managing Director	Yes
	W Verwaltungs AG (company dissolved)	Member of the Executive Board	No

4.3 MANAGEMENT CONTRACTS

There are no management contracts.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 CONTENT AND METHOD OF DETERMINING THE COMPENSATION AND THE SHAREHOLDING PROGRAMS

Please refer to the Remuneration Report for the 2020 Financial Year.

There are no programs that enable employees at any level or members of the company's boards to acquire equity interests in the company.

5.2 COMPENSATION REPORT AS PER ART. 14-16 OF THE ORDINANCE AGAINST EXCESSIVE COMPENSATION IN LISTED COMPANIES (OAE)

Please refer to the Remuneration Report for the 2020 Financial. No compensation was paid and no non-cash benefits were granted to former members of the Supervisory or Executive Boards in the 2020 reporting year.

The members of the Executive and Supervisory Boards of PIERER Mobility AG held shares in the company as at the reporting date in accordance with the following list:

PERSON	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	NUMBER OF SHARES	VOTING RIGHTS IN %*
Stefan Pierer	No	Yes**	14'760'603	65.49%
Friedrich Roithner	Yes	No	97'700	0.43%
Hubert Trunkenpolz	Yes	No	31'800	0.14%
Viktor Sigl	Yes	No	20'000	0.09%
Josef Blazicek	No	Yes	100'000	0.44%
Ernst Chalupsky	Yes	No	13'231	0.06%
Alfred Hörtenhuber	Yes	No	5'300	0.02%
Klaus Rinnerberger	Yes	No	79'874	0.35%

* rounded

** via Pierer Konzerngesellschaft mbH, Pierer Industries AG and PTW Holding AG

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 VOTING RIGHTS RESTRICTIONS AND REPRESENTATION

PIERER Mobility AG has 22,538,674 shares of no par value in issue. Each share confers one vote. There are no shares with preferential rights and no restrictions on the shares in issue. The principle of "one share – one vote" thus applies. Voting rights may be exercised by proxy. Proxy authorization must be granted in text form to a specific person and forwarded to PIERER Mobility AG, which must retain or traceably record it.

There are thus no restrictions on voting rights in the articles of association, no group clauses and no rules on granting exceptions.

6.2 QUORUMS REQUIRED BY THE ARTICLES OF ASSOCIATION

Where the law does not prescribe a different majority, the Annual General Meeting shall pass resolutions by simple majority of the votes cast and, in those cases where a majority of the capital is required, by simple majority of the share capital represented.

The Articles of Association of PIERER Mobility AG⁷ do not set more stringent voting requirements than those set by the Austrian Stock Corporation Act.

6.3 / 6.4 CONVOCAION OF THE ANNUAL GENERAL MEETING OF SHAREHOLDERS, INCLUSION OF ITEMS ON THE AGENDA

The provisions regarding the convocation of the Annual General Meeting do not diverge from the provisions of the Austrian Stock Corporation Act⁸.

Convocation should be issued no later than the 28th day before an Annual General Meeting, and no later than the 21st day before any other General Meeting. Convocations are published in the "Wiener Zeitung", made known via a European dissemination system and made available on the website of PIERER Mobility AG.

Annual General Meetings are normally convoked by the Executive Board of the company.

The Executive Board is also obliged to convoke a General Meeting if shareholders holding at least 5% of the share capital submit a written demand for convocation, stating the grounds for the demand and presenting an agenda and a proposed resolution for each point thereon. The articles of association may modify this statutory requirement by relaxing the formal requirements or reducing the minimum size of the shareholding required to demand convocation of a General Meeting. The Articles of Association of PIERER Mobility AG currently contain no such provisions that deviate from the statutory requirements⁹. The petitioning shareholders must have held their shares for at least three months before submitting the petition and retain them until a decision on the petition is made. If the convocation is not issued by the Executive Board, the Executive Board is obliged to assist as necessary with the proper convocation of and preparation for the General Meeting.

6.5 SHARE REGISTER

PIERER Mobility AG has only bearer shares in issue. It therefore does not maintain a share register.

7. CHANGES OF CONTROL AND DEFENSE MEASURES

7.1 DUTY TO MAKE AN OFFER

The Articles of Association of PIERER Mobility AG do not contain any rules regarding opting out or opting up as defined by the FinFraG as of December 31, 2020.

⁷ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

⁸ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

⁹ The Articles of Association are available to view on the PIERER Mobility AG website:
https://www.pierermobility.com/wp-content/uploads/2021/03/2021-02-26-Articles-of-Association_PIERER-Mobility-AG.pdf

As PIERER Mobility AG has its registered office in Austria and its shares are listed in Switzerland as well as in Germany, several takeover regimes apply. Pursuant to § 27b of the Austrian Takeover Act (“öÜbG”), the provisions of the öÜbG apply in particular with regard to the prohibition of obstruction and the objectivity requirement (§ 12 öÜbG), the obligation to make an offer (§§ 22 to 23 öÜbG) and the exemptions from the obligation to make an offer (§ 24 öÜbG). The question of whether a transaction or circumstance triggers a change of control relevant under takeover law (obligation to make an offer, exceptions to the obligation to make an offer) is governed exclusively by the Austrian Takeover Act, in accordance with the conflict-of-law rules under Union and Austrian law. Due to the primacy of Austrian takeover law, the Austrian Takeover Commission is therefore competent. If the Austrian Takeover Commission affirms a change of control relevant under takeover law within the meaning of the Austrian Takeover Act, the takeover offer to be carried out must then be processed in accordance with the provisions of the German Securities Acquisition and Takeover Act (“WpÜG”) and supervised by BaFin. The WpÜG also determines the amount of the consideration and the content of the offer document.

In parallel, Swiss takeover law also applies. As a company domiciled in Austria whose equity securities are mainly listed in Switzerland, PIERER Mobility AG is subject to the provisions on public takeover offers contained in the Swiss Financial Market Infrastructure Act (FinfraG) as of the balance sheet date. Pursuant to Art. 135 para. 1 FinfraG, anyone who acquires equity securities and thus exceeds the threshold of 33 1/3% of the voting rights is required to make a public purchase offer. As of 31 December 2020, the Articles of Association of PIERER Mobility AG contain neither an opting-up clause (i.e. the latter threshold is not increased by statute) nor an opting-out clause (i.e. an obligation to make an offer is not excluded by statute from the outset).

Mandatory offers

If a bidder (acting alone or in concert with other legal entities) obtains a controlling interest in a listed Austrian company, it is obliged under the Takeover Act to make a mandatory offer to the remaining shareholders. Anyone who controls, directly or indirectly, 30% or more of the permanent voting shares of the listed company is deemed to have a controlling interest.

The obligation to make an offer for all equity shares in a target company is also triggered if a shareholder who has a controlling interest but does not hold more than 50% of the voting shares acquires an additional 2% or more of the voting rights in the company within a twelve-month period (“creeping in”).

If a control-relevant threshold is reached, this must be notified to the Takeover Commission without delay. The offer document must be submitted to the Takeover Commission within 20 stock-market working days from the date control is attained.

A control-relevant threshold may be reached by a single shareholder or by two or more legal entities acting in concert. It follows that the duty of notification and mandatory offer may be triggered by the conclusion of a syndicate agreement or other agreements. Shareholders acting in concert need not be related parties for company law purposes.

When calculating a control-relevant threshold, treasury shares whose votes are suspended are disregarded.

The Takeover Act provides for various exceptions to the rules regarding mandatory offers. In such cases, the matter must merely be notified to the Takeover Commission.

In order to protect the interests of shareholders, the WpÜG sets a twofold lower limit to the offer price in the event of a mandatory offer. First, the offer price must not be less than the highest amount of consideration offered by the bidder (or a legal entity acting in concert with the bidder) for shares in the target company during the six months before the announcement of the intention to offer. On the other hand, the offer price may also not be below the average stock exchange price of the shares of the target company weighted according to the respective trading volumes in the last three months prior to the announcement of the intention to make the offer.

7.2 CLAUSES ON CHANGE OF CONTROL

As at the balance sheet date, the management of the company (Executive Board and Supervisory Board) has not made any special contractual agreements to protect itself against a hostile takeover.

8. AUDITORS

8.1 DURATION OF MANDATE AND TERM OF OFFICE OF THE LEAD AUDIT PARTNER

KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, was appointed by the 23rd Annual General Meeting to serve as the auditor of the consolidated financial statements and separate financial statements of the company for the 2020 financial year. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft was first appointed as group and company auditor for the short accounting period from 10/01/2014 to 12/31/2014.

The lead audit partner is Mr. Helge Löffler, who first fulfilled this role for the short accounting period from 1/1/2019 to 12/31/2019.

8.2 AUDIT FEE

Please refer to the Report under the Austrian Corporate Governance Code (Audit and External Evaluation, page 64).

8.3 ADDITIONAL FEES

Please refer to the Report under the Austrian Corporate Governance Code (Audit and External Evaluation, page 64).

8.4 INFORMATION AND CONTROL INSTRUMENTS PERTAINING TO THE AUDITOR OF THE FINANCIAL STATEMENTS

During the reporting year, the auditor attended two meetings of the Supervisory Board and two meetings of the Audit Committee. The auditor is monitored and evaluated at regular intervals by the Audit Committee of the Supervisory Board.

The Audit Committee makes a proposal for the selection of the auditor and presents the proposal of the Supervisory Board to the Annual General Meeting for voting. The Audit Committee must also meet with the auditor to establish a mutual line of communication. The Audit Committee must also approve non-audit reviews by the auditor (auditor of the consolidated financial statements). Finally, the independence and activities of the auditor are reviewed and monitored, particularly with regard to the additional services provided to the audited company.

The compensation paid to the auditor is reviewed regularly for conformity to market terms and conditions. The lead audit partner for the company rotates every 7 years (internal rotation). By virtue of the implementation of Regulation (EU) No. 537/2014 of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities, PIERER Mobility AG must change its auditor by the 2024 financial year at the latest (external rotation).

9. INFORMATION POLICY

The company maintains an investor relations area on its website at <https://www.pierermobility.com/en/investor-relations/overview/>. This is freely accessible and serves as a permanent information source. All important information can be obtained here, as well as documents on the course of business and the share price (price data, shareholder structure, reports, financial calendar, AGM documents).

With effect from May 2, 2017, the shares of the company moved to the standard market auction segment in the Official Market of the Vienna Stock Exchange. As a result, only annual and half-yearly financial reports had to be compiled and published. In the 2020 financial year, the shares of PIERER Mobility AG were admitted to the regulated market of the Frankfurt Stock Exchange. The Company's shares have been listed in the General Standard of the Frankfurt Stock Exchange since March 3, 2020. On the other hand, in the 2020 financial year, the 23rd Annual General Meeting resolved, upon the proposal of the Executive Board, to apply for the revocation of the admission of the shares of PIERER Mobility AG to the Official Market (Amtlicher Handel) of the Vienna Stock Exchange. Based on this application, the admission of PIERER Mobility AG shares to the Official Market (Amtlicher Handel) of the Vienna Stock Exchange was revoked with effect as of the end of September 30, 2020 by notice dated June 22, 2020. Therefore, the shares of PIERER Mobility AG are no longer listed on the Official Market of the Vienna Stock Exchange since October 2020.

Due to the listing of the Company's shares on the regulated market (General Standard) of the Frankfurt Stock Exchange (since March 3, 2020) and on the Official Market (market segment standard market auction) of the Vienna Stock Exchange (until September 30, 2020), annual financial reports and half-year financial reports of PIERER Mobility AG were prepared and published in German and English in the 2020 financial year.

Overall, these steps have resulted in the fact that the Austrian-based PIERER Mobility AG, whose shares are now primarily listed in Switzerland and also listed in Germany, has to comply with Austrian as well as German and Swiss regulations and information requirements.

The annual financial report must be published and made available on the internet (<https://www.pierermobility.com/en/investor-relations/reports/>) no later than four months after the end of the reporting period. The half-yearly reports must cover the first six months of the financial year and must be published and made available on the internet (<https://www.pierermobility.com/en/investor-relations/reports/>) no later than two months after the end of the reporting period. Annual reports can also be provided in printed copies or obtained from the website of the Oesterreichische Kontrollbank <http://issuerinfo.oekb.at/startpage.html>.

The company is required to maintain a connection to a suitable Europe-wide electronic information dissemination system and to disseminate via said system, in German and English, the inside information and reports on directors' dealings that must be published under Article 17 of Regulation (EU) No 596/2014. Price-relevant events are publicized promptly via the media and on the website. Inside information concerning PIERER Mobility AG is available on the websites <https://www.pierermobility.com/en/newsroom/news/> and <http://issuerinfo.oekb.at/startpage.html> and can also be obtained at <https://www.pierermobility.com/en/investor-relations/ir-contact/> (Investor Relations email subscription).

The financial calendar of PIERER Mobility AG, showing key dates in the current financial year, is available at <https://www.pierermobility.com/en/investor-relations/financial-calendar/>.

Information on the corporate governance of PIERER Mobility AG (independence requirements for Supervisory Board members, compliance guideline, corporate governance reports, directors' dealings and notices regarding voting rights) is available from the website at <https://www.pierermobility.com/en/investor-relations/corporate-governance/>.

The company's contact details can be found in the imprint notice at the end of this annual report.



MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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MANAGEMENT REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AS OF 12/31/2020 OF PIERER MOBILITY AG, WELS

1. PERFORMANCE OF THE PIERER MOBILITY GROUP

COMPANY

The PIERER Mobility Group is Europe's leading „Powered Two-Wheeler“ (PTW) manufacturer. The Group's motorcycle brands KTM, HUSQVARNA Motorcycles, and GASGAS make it one of Europe's technology and market leaders, especially in the premium motorcycle segment. The product range of the PIERER Mobility Group includes PTWs equipped with the latest generation of combustion engines, and emission-neutral vehicles with innovative electric powertrains such as the KTM Freeride E, the electric minicycles as well as e-bikes from the Husqvarna E-Bicycles, R Raymon, and GASGAS E-Bicycles brands.

All drive technologies - from combustion engines to electric motors - are incorporated into series production. As a pioneer in electric mobility for two-wheelers in the low-voltage range (48 volts), the Group, together with its strategic partner Bajaj, has put in place the foundations for assuming a leading global role. The complete takeover of the e-bike business (PEXCO) at the end of December 2019 was another important step in intensifying our activities in the bike electric mobility segment as well. In the medium term, the aim is to develop into a major global player in this sector. Thanks to our innovative strength, we see ourselves as a technology leader in the two-wheeler sector in Europe. The partnership with Bajaj, India's second largest motorcycle manufacturer, strengthens the company's competitiveness in global markets.

The shares of PIERER Mobility AG have had a primary listing in the International Reporting Standard of the SIX Swiss Exchange since November 14, 2016. The shares of PIERER Mobility AG were accepted into the Swiss Performance Index (SPI) of the SIX Swiss Exchange on March 29, 2017. Since March 3, 2020, the shares of PIERER Mobility AG have also been listed on the Regulated Market of the Frankfurt Stock Exchange (General Standard). As of September 30, 2020, trade in the shares of PIERER Mobility AG on the Official Market of the Vienna Stock Exchange was terminated.

DEVELOPMENT OF SALES AND REVENUE IN THE 2020 FINANCIAL YEAR

In the 2020 financial year, PIERER Mobility AG was able to continue its growth and achieved record sales of €1,530.4 million. This equates to an increase of around €10 million compared to the previous year, despite a 2-month interruption in motorcycle production caused by bottlenecks in the supply chain. With a total of 326,471 motorcycles¹ and e-bikes in the 2020 financial year, the PIERER Mobility Group delivered its tenth record year in a row. With 212,713 KTM motorcycles sold, 49,046 HUSQVARNA motorcycles also sold and with 8,648 GASGAS motorcycles already being sold, sales of 270,407 motorcycles (2019: 280,099 units) were achieved. The high level of demand meant that the second half of 2020 succeeded in making up for a significant proportion of the production and sales volumes that were lost due to the COVID-19 lockdown in the spring. In addition, the e-bike division was able to deliver exceptional sales growth of more than 33% by selling 56,064 e-bikes (2019: 41,993, non-consolidated) of the HUSQVARNA and R RAYMON brands.

In Europe, sales to dealers were around 100,000 motorcycles and 56,064 e-bikes. Around two thirds of the motorcycles (approx. 170,000) were sold to the network of dealers in markets outside Europe, in particular in North America, India, and Australia. The implementation of the global product strategy as well as the expansion into further Asian and South American markets were continued with a consistent focus over the past financial year.

MARKET POSITION EXPANDED GLOBALLY

The powered two-wheeler (motorcycle, scooter, electric bike) was already gaining in importance before the coronavirus crisis, particularly in individual transport in urban areas. The pandemic has exacerbated this sustained trend owing to social distancing and ensured rising sales figures in both the global e-bike and motorcycle markets.

The above-average demand for Powered Two-Wheelers (PTWs) from the PIERER Mobility Group can be explained as follows: as the only European motorcycle manufacturer offering a full range of motorcycles and with a broad product range of off-road and street motorcycle models, the Group was able to cater for the growing demand for alternative means of mobility in the leisure and sports segment and especially in urban transport. A key success factor was that, in addition to high-end and mid-range models, attractive products were also offered in the entry-level range from 125 to 400 cm³. An important step on the growth path was the full acquisition of the shares in GASGAS Motorcycles GmbH in July 2020. GASGAS will be positioned as the third Group brand in the offroad segment and here, in particular, as the world market leader in the trial segment.

¹ including the motorcycles sold by KTM partner Bajaj in India and Indonesia

In the past 2020 financial year, the PIERER Mobility Group expanded its market presence with its three motorcycle brands KTM, Husqvarna Motorcycles, and GASGAS in the important motorcycle sales markets and, in a growing market environment, has a market share of 12.7% (previous year 11.0%) with an increase in registrations of 21.6%.

With 56,064 e-bikes and 17,213 non-e-bikes of the HUSQVARNA E-Bicycles and R Raymon brands sold in 2020, the e-bike division recorded a significant increase in sales compared to the previous year. With GASGAS Bicycles, a sporty range in the high-end e-mountain bike category will be added to the product portfolio from 2021. The Group will develop into a major global player in the medium term in the key and fast-growing e-bike segment.

REALIGNMENT OF THE E-BIKE SEGMENT

In the 2020 financial year, the focus was on the strategic realignment of the e-bike business model. In order to create the conditions for the targeted global expansion, the structure was reorganized. PIERER E-Bikes GmbH, which was newly founded in the first half of 2020, now acts as the central parent company in the e-bike business. In order to serve the local markets, firstly, existing PEXCO GmbH subsidiaries were integrated and, secondly new subsidiaries were founded, for example in Spain and the USA. Furthermore, the specialist bicycle dealer bikes&wheels 2Radhandels GmbH was also integrated into the new Group structure. This integration provides direct access to expertise and internships in the commercial sector and expands the Group's internal know-how at the dealer level.

In terms of the product range, the focus in the e-bikes segment is on further technical development and quality enhancement for the products of the Husqvarna E-Bicycles and R RAYMON brands. To complete the range, the third brand, GASGAS, is being established. A virtual launch took place back in the autumn of 2020 and the corresponding models will be launched on the market in the course of 2021. The GASGAS brand will be marketed exclusively to specialist motorcycle dealers. PIERER E-Bikes GmbH is therefore consistently expanding its activities on a gradual basis in the field of two-wheeled electric mobility. With the three brands and the broadly diversified product range that they create, it will be possible to cater for this heavily differentiated market in an optimum way.

ELECTRIC POWERTRAIN PLATFORM WITH BAJAJ

In the previous year, PIERER Mobility AG and Bajaj Auto Ltd. decided to launch a series development project for PTW (Powered Two Wheeler) electric vehicles in the power range of between 4 and 11 kW on a 48 volt basis at the level of KTM AG. The platform will support various product variants – scooters, mopeds and motorized bicycles – under the brands of both partners. This forward-looking step in the field of electric mobility is a logical extension of the existing activities in the e-bikes segment. Series production will begin by 2022 at Bajaj's production site in Pune, India. This represents another important strategic step in the model rollout.

INCREASING GLOBAL BRAND AWARENESS THANKS TO SENSATIONAL SUCCESSES IN MOTORSPORT

With three MotoGP™ victories and a further five podium finishes, 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 are therefore leading to a further increase in awareness of the brand worldwide. Brad Binder celebrated his first MotoGP™ victory at Brno, giving Red Bull KTM Factory Racing its first win in the premier class. Just two weeks later, KTM claimed its second MotoGP™ victory with Miguel Oliveira's first win at the Red Bull Ring. Miguel Oliveira also celebrated his second win in the premier class in the final race of the season at his home track in Portimao/Portugal.

After eighteen consecutive victories in the world's most famous desert rally, Red Bull KTM factory rider Toby Price secured third place in the 2020 Dakar Rally, while Rockstar Energy Husqvarna Factory Racing's Pablo Quintanilla also finished second overall in the 42nd edition of the Dakar Rally in Saudi Arabia.

In the Moto3™ World Championship, Albert Arenas won his fourth World Championship title in this class for KTM on his KTM RC4. Red Bull KTM factory rider Tom Vialle secured his first World Championship title in the MX2 class in Arco do Trento. This is the 13th title for KTM in this category. Husqvarna Motorcycles returned to the highly competitive Moto3™ Championship with the new FR 250 GP in the livery of the Sterilgarda Max Racing Team. Zach Osborne won the first AMA 450MX Championship for the Rockstar Energy Husqvarna Factory Racing team on his FC 450 Rockstar Edition at the season finale in Pala, California.

GASGAS Motorcycles embarked on an exciting new chapter in their motorsport history by competing in the FIM Motocross World Championship for the first time. GASGAS is represented in the MXGP and MX2 classes respectively by the teams Standing Construct GASGAS Factory Racing and DIGA Proccross GASGAS Factory Juniors.

COVID-19 PANDEMIC

The management responded actively to the effects of the COVID-19 pandemic. Motorcycle production was interrupted for two months from mid-March to mid-May due to disruptions in the supply chain from northern Italy and Spain. For this period, the company applied for short-time working for around 3,000 employees. Alongside the temporary suspension of production, a rigorous cost saving program was launched. Among other things, part of the planned interruption to the business operation in August was brought forward, accumulated annual leave and time in lieu was reduced, and a large number of cost items were scrutinized and savings made in some cases. The shutdown, of course, also meant that motorsport and marketing activities were reduced significantly. In contrast to production, product development continued to work almost at full capacity during the shutdown. This prevented negative effects on model development and future product ranges. The network of dealers was supported by the temporary extension of payment terms and with local logistics to and from end customers. This ensured the continued existence of the network of dealers and avoided bad debts. The supply of spare parts to end customers was guaranteed at all times.

Management was able to significantly minimize the impact of the coronavirus crisis on the company by taking proactive action. Working in close coordination with all suppliers, a new production plan was established in mid-April and vehicle assembly in Austria was fully resumed on the company's own initiative from mid-May after the early termination of short-time working. Following a detailed analysis of the retail market, the production program for the second half of the year was significantly increased, thus compensating for a substantial part of the shortfall in the first half. Production in the second half of the year was again running at almost full capacity. In order to be able to identify and resolve potential risks even earlier in future, the supplier risk assessment has been revised and the corresponding risks have been reassessed for each country.

A comprehensive prevention concept was developed to minimize the risk posed by the COVID-19 pandemic particularly for the employees, and to ensure that production capacities are maintained. Various precautions were taken to protect the health of the employees. These include rules for maintaining safe distances, the regular disinfection of work areas, and hygiene measures, such as wearing mouth and nose protection masks in defined areas. At the end of the holiday shutdown in August, more than 2,000 employees were specifically given a quick test and a permanent drive-in test station was opened. Flexible home working options were also offered to employees.

In order to improve the liquidity situation, a special COVID credit line (KRR) of €60 million was taken up from Österreichische Kontrollbank (OeKB) in April 2020. The credit line from OeKB was not utilized as of the reporting date of December 31, 2020. The liquidity of the company was secured sustainably at all times during these crisis months due to the strong equity base and long-term secured external financing. On this basis, the management was able to concentrate fully on the operational measures to deal with the challenges.

2. ECONOMY AND MARKET DEVELOPMENT

According to the assessment by the International Monetary Fund (IMF) of January 2021, global economic output will grow by 5.5% in 2021. For industrialized countries, a growth rate of 4.3% for 2021 and 3.1% for 2022 is forecast. Growth of 4.2% is expected for the euro area in 2021. For 2022, the IMF anticipates global economic growth of 4.2%, and for the euro area growth of 3.6%.

For emerging markets and developing economies, a growth in economic output of 6.3% and 5.0% is expected for 2021 and 2022, respectively. For China, a growth rate is forecast of 8.1% for 2021 and 5.6% for 2022. India is also expected to develop positively, with economic output expected to increase by 11.5% in 2021 and by 6.8% in 2022.

While recent vaccine approvals give hope of a turnaround in the fight against the pandemic, new mutations and renewed waves of infection are cause for concern. With this in mind, the current assessments of the International Monetary Fund (IMF) of January 2021 are subject to great uncertainty.

In **Europe**², despite the severe national lockdown measures in some European countries, the **motorcycle market** actually grew above the high level of the previous year and was at around 640,000 new registrations as of December 31, 2020, an increase of 4%. During the same period, new registrations of KTM, Husqvarna and GASGAS increased by approximately 15%, resulting in an increase in market share to 13.3%. In addition to the changeover from Euro 4 to Euro 5 (from January 1, 2021) and the resulting sales, the European motorcycle market in general, and Germany in particular, benefited from the introduction of the B196 driver's license extension. This allows car drivers, as in many other European countries, to drive class A1 motorcycles (light motorcycles up to 125 cm³) after a few lessons and without a test. Although the overall market (+30.2%) as well as the PIERER Mobility Group (+33.0%) grew in Germany, further gains of market shares were made in major economies such as Spain (11.9%, +0.9 percentage points), Italy (10.1%, +0.5 percentage points), Great Britain (11.9%, +0.4 percentage points) and France (9.1%, +1.0 percentage points), despite a slight decline in the overall development.

In the **USA**³, as the largest singular motorcycle market for the PIERER Mobility Group, the motorcycle market, which has been in decline for years, has now turned around with 6.5% growth and recorded a volume of around 398,000 motorcycles in 2020 (previous year: approx. 374,000). In particular "dual purpose" motorcycles (they are suitable for use both on and off paved roads) but also Enduro bikes gained a lot of popularity in the country in 2020, resulting in KTM, Husqvarna, and GASGAS increasing their market share significantly to 11.6% (2019: 9.4%). The same market dynamics can be seen in Canada, where the demand for products of the PIERER Mobility Group also exceeded the overall demand, resulting in a market share of 14.5% (+2.1 percentage points).

As a result of the complete takeover of KTM **Australia** Holding in the previous year and a marketing drive, the company has succeeded in outperforming a rapidly growing motorcycle market (+17.9% to 62,000 motorcycles), with an increase of 46.5% in new registrations, and for the first time achieving a market share of over 20% (20.4%).

India, the most important future market for KTM, was hit hard by the COVID-19 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-bikes market** holds great potential for growth. E-bikes represent a healthy, sustainable and individual mode of transport. They are an increasingly important component of modern mobility concepts. The popularity of e-bikes in particular is growing dynamically and has now encompassed all model groups in the bicycle sector. E-bikes enable longer distances and higher average speeds and open up new mobility options in both cities and rural areas. It is evident that high-quality brand-name products are also gaining ground in the bicycle market. Consumers are becoming more quality-conscious and environmentally aware, which is directly leading to higher demand in the bicycle market.

² Motorcycles = 120 cm³ excluding Motocross, scooters and ATVs, incl. electric motorcycles in the markets DE, FR, IT, UK, ES, BE, NL, AT, CH, FI, NO, BALTIC

³ Motorcycles = 120 cm³ including Motocross, excluding scooters and ATVs, including electric motorcycles

3. FINANCIAL PERFORMANCE INDICATORS

KEY FINANCIAL PERFORMANCE INDICATORS:

EARNINGS RATIOS		2019	2020	CHANGE IN %
Revenue	in € million	1,520.1	1,530.4	0.7%
EBITDA	in € million	240.8	233.5	-3.0%
EBITDA margin	in %	15.8%	15.3%	
Result from operating activities (EBIT)	in € million	131.7	107.2	-18.6%
EBIT margin	in %	8.7%	7.0%	

OTHER FINANCIAL FIGURES:

EARNINGS RATIOS		2019	2020	CHANGE IN %
Earnings after taxes	in € million	95.7	69.5	-27.4%
Earnings after minorities	in € million	54.5	3.9	-35.9%

BALANCE SHEET RATIOS		12/31/2019	12/31/2020	CHANGE IN %
Balance sheet total	in € million	1,613.9	1,686.0	4.5%
Equity	in € million	618.6	654.1	5.7%
Equity ratio	in %	38.3%	38.8%	
Working capital employed ¹⁾	in € million	274.2	181.5	-33.8%
Net debt ²⁾	in € million	395.8	312.4	-21.1%
Gearing ³⁾	in %	64.0%	47.8%	

CASH-FLOW AND CAPEX		2019	2020	CHANGE IN %
Cash flow from operating activities	in € million	257.4	312.8	21.5%
Cash flow from investing activities	in € million	-165.7	-147.0	-11.3%
Free cash flow ⁴⁾	in € million	91.6	165.8	80.9%
Cash flow from financing activities	in € million	-20.6	-104.7	>100%
Capital expenditure ⁵⁾	in € million	148.9	150.2	0.9%

VALUE CREATION		12/31/2019	12/31/2020
ROCE (Return on Capital Employed) ⁶⁾	in %	12.7%	9.7%
ROE (Return on Equity) ⁷⁾	in %	16.4%	10.9%
ROIC (Return on Invested Capital) ⁸⁾	in %	10.6%	7.7%

1) Working capital employed = inventory + trade receivables - trade liabilities

2) Net financial debt = financial liabilities (current, non-current) - cash

3) Gearing = net financial debt/equity

4) Free cash flow = cash flow from operating activity + cash flow from investing activity

5) Additions from property, plant and equipment and intangible assets according to schedule of investments; excluding lease additions (IFRS 16)

6) ROCE: EBIT / average capital employed; capital employed = property, plant and equipment + goodwill + intangible assets + working capital employed

7) ROE = net result after tax/average equity

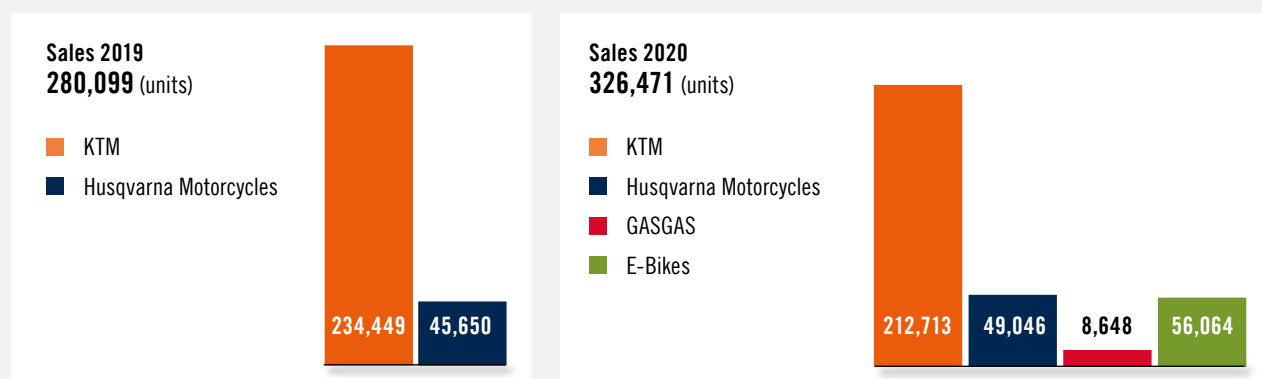
8) ROIC = NOPAT / average capital employed; NOPAT = EBIT - taxes

BUSINESS DEVELOPMENT AND ANALYSIS OF THE EARNINGS RATIOS

In the 2020 financial year, the PIERER Mobility Group generated revenue of €1,530.4 million (+0.7%) following €1,520.1 million in the previous year. Approximately 95% of revenues were earned outside Austria. From a regional point of view, 57.2% of the revenue was attributable to Europe (+3.7% compared with the previous year), 24.4% to North America including Mexico (-1.3% compared with the previous year) and 18.4% to the rest of the world (-1.7% compared with the previous year). Owing to the global demand for motorcycles and e-bikes, 218 employees were added to the workforce in the past financial year, bringing the total number of employees at year-end to 4,586. Of these, 3,822 are employed in Austria.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) of €233.5 million were slightly below the previous year's level of €240.8 million. Result from operating activities (EBIT) of €107.2 million were 18.6% lower than in the same period last year. The previous year's operating figures include the initial consolidation effect of PEXCO GmbH of €10.4 million due to the revaluation of shares held before gaining control to fair value. The net result after tax was €69.5 million, 27.4% lower than the previous year.

The sales figures for motorcycles (KTM, Husqvarna Motorcycles, and GASGAS) and e-bikes are distributed as follows:



The two segments "Motorcycles" and "E-Bikes" represent the main operating areas of the PIERER Mobility Group, the performance of which is discussed below.

MOTORCYCLES

The KTM Group achieved revenue of €1,414.0 million in the 2020 financial year (previous year: €1,512.9 million). The interruption to production which was caused by COVID-19 in the first half of 2020 and lasted for approx. two months resulted in a loss of production of around 30,000 units. This led to a decrease in revenues of €220 million or 29% in the first half of the year compared to the same period of the previous year. Various measures, such as the hiring of additional employees and the introduction of additional shifts, managed to compensate significantly for the loss of production by the end of the year. Revenues for the second half of the year were up by around €120 million (+16%) compared to the same period of the previous year. The gross margin for the 2020 financial year decreased slightly from 29.1% to 28.4%.

KTM generated EBITDA of €225.7 million in the current financial year (-1.4% on the previous year) and EBIT of €105.3 million (previous year: €121.3 million). Despite the coronavirus crisis, the EBITDA margin of 16.0% was 0.9 percentage points above the previous year's figure of 15.1%. The net result after tax is €71.2 million (previous year: €84.6 million).

Due to the lockdown measures initiated by several governments, numerous dealers were forced to temporarily close their businesses. This resulted in a decline in retail sales in the first half of the year, particularly in Europe. From May onward, some countries eased the restrictions and thus allowed the global network of dealers to partially reopen. The existing travel restrictions and a change in consumer behavior with regard to the use of public transport have resulted in an increased demand for powered two-wheelers. This resulted in a significant catch-up effect in retail, particularly in North America and Australia, and a significant reduction in dealer inventories. Retail sales increased by 31.9% year-on-year in North America and by 45.0% in Australia/New Zealand. In Europe, the decline from the first half of the year was largely compensated for by the end of the year and exceeded the previous year by 7.0%. The Indian market was also characterized by regional shutdowns.

Including the models sold in India and Indonesia by our partner Baja, 270,407 motorcycles were sold in the 2020 financial year (-3.5% compared to the previous year). Around 36% of the motorcycles were sold in Europe. A further 23% were sold in India and Indonesia by our partner Bajaj, 19% in North America including Mexico, and 22% in the remaining global regions.

UNIT SALES BY REGIONS FY 2020

- 36.0% Europe
- 19.5% North America (incl. Mexico)
- 22.8% India / Indonesia (by Bajaj)
- 21.7% remaining global regions



REVENUE BY REGIONS FY 2020

- 53.7% Europe
- 26.4% North America (incl. Mexico)
- 19.9% remaining global regions



E-BIKES

In the 2020 financial year, revenue of €112.5 million was generated in the e-bikes segment. This represents an increase in revenue of around 49% compared to the same period of the previous year. Due to the initial consolidation of the e-bikes segment at the end of December 2019, the previous year's figures are not included in the earnings figures of the PIERER Mobility Group.

A total of 56,064 Husqvarna and R Raymon e-bikes were sold in the past financial year. Sales of non-e-bikes are distributed exclusively under the R Raymon brand and amounted to 17,213 units in the first half of the year. In 2020, e-bikes or non e-bikes were sold almost exclusively in Europe, with Germany currently representing the largest market with around 84% of sales.

The EBITDA for 2020 is €6.5 million and the EBIT is €2.2 million. Both operating figures are well above the budgeted expectations.

The very positive development of the e-bike market is also mainly related to the COVID-19 pandemic, which so far has had a very positive impact on the sales trend in the whole bicycle industry. After the two-month lockdown in spring 2020, the two-wheeler trade experienced a boom due to a change in mobility behavior. This gave the already positive trend an additional boost. The global COVID-19 pandemic has significantly altered consumers' demands for good solutions when it comes to individual transport and sport. The PIERER E-Bikes division was able to take advantage of this and, with its two established Husqvarna E-Bicycles and R RAYMON brands, hold its own in a highly competitive market and continue on its growth path. As a result, no short-time working had to be applied for within this segment in the 2020 financial year.

UNIT SALES BY REGIONS FY 2020

- 86.7% DACH region
- 12.8% remaining Europe
- 0.6% remaining global regions



REVENUE BY REGIONS FY 2020

- 87.5% DACH region
- 11.9% remaining Europe
- 0.6% remaining global regions



STATEMENT OF FINANCIAL POSITION ANALYSIS

The structure of the statement of financial position of the PIERER Mobility Group is as follows:

	2019		2020	
	€ million	in %	€ million	in %
Non-current assets	877.9	54.4%	942.0	55.9%
Current assets	736.0	45.6%	744.0	44.1%
Assets	1,613.9	100.0%	1,686.0	100.0%
Equity	618.6	38.3%	654.1	38.8%
Non-current liabilities	588.7	36.5%	581.4	34.5%
Current liabilities	406.6	25.2%	450.5	26.7%
Equity and liabilities	1,613.9	100.0%	1,686.0	100.0%

The balance sheet total of the PIERER Mobility Group increased by 4.5% from €1,613.9 million to €1,686.0 million compared to the consolidated financial statements as of December 31, 2019.

In 2020, non-current assets increased by a total of €64.1 million to €942.0 million (+7.3%). The increase is due on the one hand to the initial consolidation of KTM MOTOHALL GmbH and the related acquisition of property, plant, and equipment. On the other hand, the investment level, especially in the area of development projects, is above depreciation, which resulted in an increase in intangible assets. In addition, the GASGAS trademark rights were acquired in the past financial year.

To secure liquidity as a result of the coronavirus crisis, cash increased by €57.4 million. Trade receivables and inventories decreased by a total of €53.2 million, resulting in a slight overall increase in current assets of 1.1% to €744.0 million.

Current liabilities increased by €43.9 million (+10.8%) compared to the previous year. The increase is mainly due to the increase in trade payables of €39.5 million. Non-current liabilities decreased slightly by 1.2% to €581.4 million.

The equity increased during the financial year by €35.5 million from €618.6 million to €654.1 million. On the one hand, equity was boosted by the net result after tax of €69.5 million, while on the other hand dividend payments of €13.7 million and the purchase of treasury shares of €4.6 million resulted in a reduction of equity. The other effects essentially concern the recognition of foreign currency differences with no effect on profit or loss, the measurement of financial instruments and the revaluation of net debt from defined benefit plans. At 38.8%, the equity ratio reported as of 12/31/2020 is above the previous year's figure of 38.3%.

LIQUIDITY ANALYSIS

The cash flow from operating activities was €312.8 million in the 2020 financial year, and at 21.5% was therefore significantly above the previous year's figure of €257.4 million. The gross cash flow was €36.5 million (+19.6%) above the previous year's figure. In addition, the reduction in net working capital (effect +€18.9 million) also had a positive impact on operating cash flow.

The cash outflow from investments amounted to €-147.0 million and overall is below the previous year's figure of €-165.7 million. The previous year's figure is negatively influenced due to the acquisition of PEXCO GmbH (E-Bike division) as well as KTM Australia amounting to around €19 million (including cash received). At €-147.9 million, payments for the purchase of property, plant and equipment and intangible assets were around €2 million below the previous year's figure of €-149.8 million.

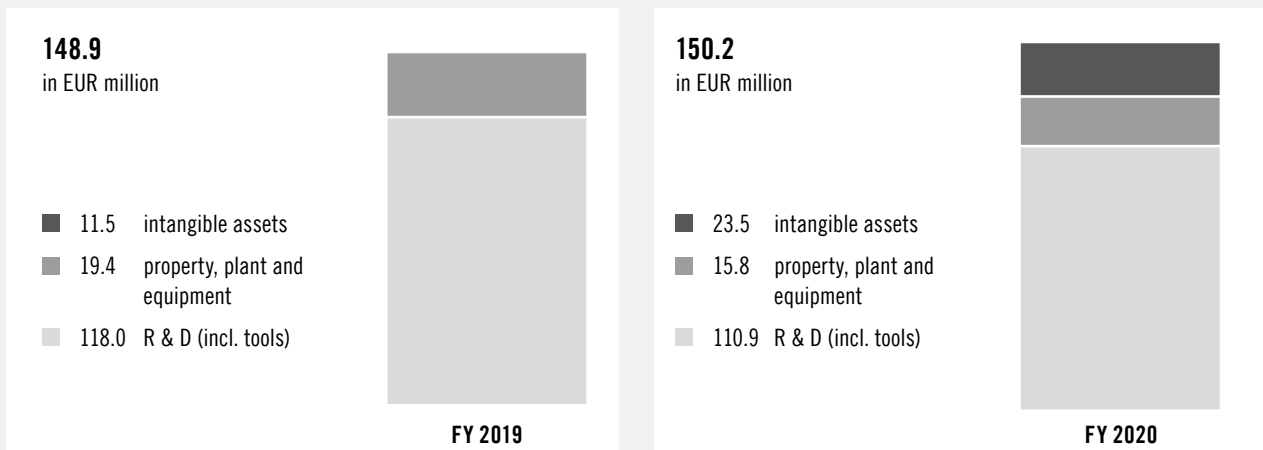
As a result, free cash flow for the 2020 financial year increased significantly by €74.2 million from €91.6 million to €165.8 million and corresponds to around 10.8% of sales revenues.

After taking the cash flow from financing activities of €104.7 million into account, liquid funds increased by €57.4 million (including foreign currency effects of €-3.7 million) to €218.3 million compared to December 31, 2019.

The liquidity requirement to secure the operating business was ensured throughout the entire company. Due to the strong equity base and long-term financing, sufficient liquidity reserves remain permanently available.

INVESTMENTS

In the current financial year, investments⁴ of €150.2 million were made in the PIERER Mobility Group (previous year: €148.9 million). As a result of the lockdown in the second quarter, there were temporary delays in investment and development projects. These were made up for in the second half of the year. Over the year as a whole, the COVID-19 crisis did not result in any cutbacks in investment projects. The investments break down into development projects (including tools), property, plant and equipment and intangible assets as shown below:



The proportion of investments in development projects (including tools) out of the total investments (74%) is below the previous year's figure of 79%. The consistently high investments in series product development represent one of the key success factors of the PIERER Mobility Group. The investments in the infrastructure (property, plant, and equipment) make up 10% (previous year: 13%) of total investments. Due to the intensive investment program over the last few years, investments in the infrastructure declined in the current financial year. Another 16% (previous year 8%) is attributable to intangible assets (trademark rights, IT, licenses). The increase in intangible assets is due to the acquisition of the GASGAS trademark rights amounting to approximately €14 million.

4. NON-FINANCIAL STATEMENT

The company drew up a consolidated non-financial report for the PIERER Mobility Group in accordance with Section 267a of the Austrian Commercial Code (UGB) for the 2020 financial year. This contains information on concepts, non-financial risks, due diligence processes, and results and performance indicators relating to environmental, social and employee interests, observance of human rights, and the tackling of corruption and bribery. This report was audited by the Supervisory Board in accordance with Section 96 of the Austrian Stock Corporations Act and is available online at <https://www.pierermobility.com/en/sustainability/sustainability-reports>.

⁴ excluding lease additions (IFRS 16)

5. RESEARCH & DEVELOPMENT AND NEW MODELS

In the 2020 financial year, the expenses for research and development (before capitalization of development costs) in the PIERER Mobility Group were €137.7 million (previous year: €138.5 million). The products of all Group companies are associated with a very high performance level; customers therefore have expectations of continuous (further) development.

In the Research and Development department, the PIERER Mobility Group employed 808 employees on the effective date of December 31 in the 2020 financial year (previous year: 789 employees), representing 17.6% of the total workforce. Around 7.2% of total revenues were invested in research and development (-0.6 percentage points year-on-year).

The research and development area at the PIERER Mobility Group is organized on a global basis with decentralized locations in Europe (Austria, Germany, Spain), America and Colombia. The development programs in the motorcycle segment are centrally managed at the R&D headquarters in Mattighofen where the majority of highly qualified employees are based. The research and development center at the head office in Mattighofen is an innovation hub with a surface area of over 20,000m² at which groundbreaking products for the Powersport segment are designed, developed and tested with state-of-the-art equipment. The development, testing and transition to series production of new concepts in the particularly technology-driven motorcycle premium segment require a steadily growing, inter-disciplinary team of specialists. This is also reflected in the renewed increase in the number of employees in the research and development area.

The research and development area of PIERER E-Bikes GmbH is organized on a decentralized basis (Schweinfurt, Salzburg and Munderfing). This enables the company to respond to the specific requirements of the e-bike markets.

MOTORCYCLES

Particular priority is given to early recognition of trends in the Powered Two-Wheeler (PTW) segment and the further development of our products in terms of their functional and technical aspects. At the same time, considerable effort goes into tracking and implementing customer requirements in the products and services in order to extend our technological edge further and to be able to provide a market-oriented development strategy. KTM E-Technologies GmbH, which is based in Anif, has employees who make it one of the leading specialists in the design and development of vehicles with electric drives. Research and development projects are working on improving mobility solutions. The wide range of expertise extends from materials engineering, design, simulation, electrics/electronics and software to prototype construction and testing. This unique combination allows us to react with great flexibility if requirements change.

The unforeseen and far-reaching effects of the COVID-19 pandemic once again put our high degree of flexibility and problem-solving ability to the test. While we as an international organization initially have been very severely restricted in our activities, the past financial year was still characterized by numerous models being successfully transferred to series production under the Group brands KTM and Husqvarna Motorcycles. The start of production of the first GASGAS offroad models is particularly noteworthy. After intensive development work, a comprehensive portfolio of Enduro and Motocross models was put into series production at the Mattighofen site and delivered to end customers in the most important core markets just about a year after the announcement of the takeover of the Spanish motorcycle brand. This success could only be achieved thanks to our sophisticated platform strategy, the primary objective of which is to optimize the performance of all installed components while at the same time ensuring a high degree of material efficiency and cost effectiveness. The GASGAS model portfolio expands the product line-up of the KTM and Husqvarna Motorcycles Group brands in the offroad segment, and is primarily aimed at new customer groups in the entry-level segment.

Apart from this particular noteworthy exception, the 2020 financial year was primarily characterized by the ramp-up of series production of numerous street motorcycle models. Thus, at the beginning of the year, the two strategically important naked bike models – the KTM 890 DUKE R in the mid-range segment, and the KTM 1290 SUPER DUKE R in the premium segment – went back into series production and were presented to the international trade press before the coronavirus pandemic broke out across Europe. Another focal point of the first quarter was the series ramp-up of the special model KTM 790 ADVENTURE R RALLY which is available in limited quantities and differs from the standard version not just with a variety of design and equipment features. In particular, by equipping it with a high-performance chassis from WP Suspension, it is heavily geared toward the needs of those customers who regularly subject their vehicle to extreme off-road conditions.

In the product range of the Husqvarna Motorcycles Group brand, the transition to series production of the revised Vitpilen and Svartpilen models is particularly noteworthy. The industrialization of this bike is now realized at the production site in India following the initial ramp-up in Austria. While

the Austrian production site in Mattighofen has so far exclusively produced the 401 models (Svartpilen, Vitpilen) of the naked bike in the entry-level segment, the relocation of production capacities and the simultaneous broadening of the model portfolio with a 250 cm³ and a 125 cm³ version represents a strategically important expansion of the customer base, especially in the emerging markets of India and South America. The special Husqvarna 701 Enduro LR model introduced at the beginning of 2020 is based on the Husqvarna 701 Enduro of the same name and supplemented the 2020 model portfolio as a special model in the mid-range segment with a significantly increased tank volume of around 25 l.

KTM AG, as a technology-oriented manufacturer of motorcycles in the premium segment, always focuses on reducing the noise and exhaust emissions of its vehicles with combustion engines. The consistent further development of the thermodynamic system on a variety of our models represents a central component of the research and development activities of the past year. The most important transitions to series production in this area include the KTM DUKE models in the displacement variants from 125 cm³ to 390 cm³, which conform to the latest European and international emission standards, as well as the top-of-the-range KTM 1290 SUPER DUKE R model. Other vehicles, such as the 250 and 390 KTM ADVENTURE, were also equipped with further refined components and their emission levels have been significantly optimized again. In addition to far-reaching changes in the area of electronic fuel injection and thermodynamic optimization of combustion, the development activities in this area also included, in particular, emissions reduction through further development of exhaust gas aftertreatment. The second half of the year also saw a number of other model ramp-ups from the mid-range and premium segment. This includes the reworked derivatives of the KTM 690 ENDURO, 690 SMC and Husqvarna 701 Enduro and 701 Supermoto equipped with the 690 cm³ single-cylinder engine, as well as the series ramp-up of the KTM 890 ADVENTURE models.

In addition to the series development of a comprehensive GASGAS offroad product range, one of the most outstanding projects of the past financial year was the testing and series transition phase of the most important model in the full-size travel segment, the new KTM 1290 SUPER ADVENTURE R/S. The successor model to the series-produced vehicle of the same name underlines the technological skill of KTM AG above all in terms of the latest safety and assistance systems, including for the first time an adaptive cruise control system, comprehensive KTM MY RIDE functions, and an ergonomic concept which is at the top of its class. With a project duration of around four years and the involvement of a large part of the entire development team, the development of this model, alongside the KTM 1290 SUPER DUKE R presented at the beginning of 2020, represented one of the most complex series development projects of recent years.

E-BIKES

In the further development of the product range of the Group brand Husqvarna E-Bicycles, the focus was on developing a brand-specific riding experience. To do this, it was necessary to adapt the subframe of the chassis to a large extent and to subject it to a comprehensive strength analysis. In addition to the specific product experience, particular attention was also paid to improvements in the areas of safety, performance and technology. The knowledge gained is gradually being incorporated into the portfolio and will form the basis for the design of future frame platforms.

If you look at the product range strategy itself, further positive effects can be achieved by extending the product life cycles themselves. This strategy has been successfully practiced for a season in the bike and e-bike segment of the R RAYMON and Husqvarna E-Bicycles brands with so-called takeover or Allstars models.

2020 was a key turning point for the Husqvarna E-Bicycles brand. Along with Shimano, the world's oldest bicycle brand has become a pioneer in the industry. Together with the well-known drive manufacturer, a new generation of motors was launched on the market with the EP 8. The new mid-mounted motor will be used in all top models in the offroad segment in the 2021 collection year and, with the E-Tube Project App, it also addresses another important megatrend which reflects the customer's desire for individualization. Thanks to the app, the system settings can be adapted to the conditions of a bicycle tour and saved individually in up to two profiles. In all other categories, from youth e-bikes to classic city models, the focus was on continuity and modern understatement.

The R RAYMON brand is synonymous with the attributes "fast, young and wild" and offers good value for money. The brand is a classic fast follower when it comes to innovations, technology and design. The very first drive partners are the powerful, mid-mounted motors from Yamaha. With a full range, R RAYMON established itself as a major player in the market within a very short time and offers numerous options for beginners and professional athletes in both the classic bike sector and the e-bike range.

The company's own Spanish brand GASGAS is starting a new chapter in the field of e-mobility. The digital product launch of the e-bike product line, which is available from 2021, took place back in autumn 2020. This will allow even more off-road enthusiasts to share off-road riding fun. GASGAS impresses with a solid collection that provides plenty of action, or is the ideal addition to a training regime. All e-bikes are equipped with powerful Yamaha mid-mounted motors. The new GASGAS e-bike collection comprises a total of twelve models and therefore covers the four most important segments (Enduro, All Mountain, Cross Country, Trekking/Urban) in the bike sector.

6. OPPORTUNITIES AND RISK REPORT

As Europe's leading "Powered Two-Wheeler" (PTW) manufacturer, the PIERER Mobility Group with its motorcycle brands KTM, HUSQVARNA Motorcycles and GASGAS is one of Europe's technology and market leaders. The business activities of the PIERER Mobility Group are characterized by ongoing changes. Exploiting the opportunities arising from these changes is the essential foundation of the success of the PIERER Mobility Group. In order to secure future business success and exploit the opportunities that arise, the Group must consciously take risks.

Managing opportunities and risks is the basis for responding appropriately to changes in the political, economic, technical or legal climate. Where it is likely that the identified opportunities or risks will arise, these have already been incorporated into the statements in the notes to the consolidated financial statements and the management report. The following statements include possible future developments or events that could lead to a positive deviation (opportunities) or negative deviation (risks) from the company forecast for the PIERER Mobility Group.

As part of risk management, all individual and cumulative risks that could jeopardize the company's success are monitored and managed. Risks that could jeopardize the company's existence as a going concern are generally avoided. The scope of risk consolidation corresponds to the scope of consolidation of the consolidated financial statements of the PIERER Mobility Group.

RISK MANAGEMENT SYSTEM

The main purpose of the PIERER Mobility Group's risk management system is to safeguard and strengthen the company by correctly and transparently assessing financial, operational and strategic risks. In this context, the Executive Board, together with the management of the main Group companies, in particular KTM AG, assumes extensive management and controlling tasks within the framework of an internal integrated control system that covers all major locations. Promptly recognizing, evaluating and responding to strategic and operational risks is an essential part of the management activities of these units and makes a significant contribution to the value of the company. The basis for this is a uniform, Group-wide reporting system established on a monthly basis and ongoing monitoring of operational and strategic plans.

PIERER Mobility Group has a multi-level risk management system in which Group-wide risks are identified by location or geographical area. Operational responsibility for assessing Group-wide risks is carried out by the Risk Management department of KTM AG and local management and is directly reported to and monitored by the Executive Board of KTM AG and the Group Executive Board.

Preventive analysis of potential incidents or near-misses is also an objective of risk management. In addition, it is also the task of risk management to actively manage risks and to evaluate appropriate measures with the divisions concerned.

RISK MANAGEMENT STRATEGY

PIERER Mobility Group's risk management strategy is based on risk analysis and risk assessment according to the COSO® framework. Accordingly, the Group has defined the following core areas of risk management strategy:

Risk Identification	<ul style="list-style-type: none"> ■ Structured recording of opportunities and individual risks in the sectors ■ Implementation of risk workshops ■ Identification takes place, among other things, by means of the standard risk catalog
Risk Assessment	<ul style="list-style-type: none"> ■ Failure mode and effect analysis ■ Extent of damage and probability of occurrence
Risk Control	<ul style="list-style-type: none"> ■ Control of the overall risk position by influencing opportunities and individual risks ■ Control of the effectiveness of measures
Reporting + Monitoring	<ul style="list-style-type: none"> ■ Continuous monitoring ■ Collection, evaluation, forwarding of information ■ Reporting

Risk management established at the level of KTM AG regularly carries out risk analyses for selected production and sales locations. Only risks outside the consolidated statement of financial position and the consolidated income statement are presented.

RISK MITIGATION

Depending on the impact on the company, efforts are made to minimize or avoid risks by taking appropriate measures or, in certain cases, to deliberately take such risks.

RISK ASSESSMENT

The aim of risk assessment is the continuous, qualitative and quantitative evaluation of all opportunities and risks that are identified in order to prioritize risk management measures. Opportunity and risk assessment at PIERER Mobility Group should meet the following requirements:

- **Objectivity:** The assessment should be based on objective standards where possible.
- **Comparability:** To allow the opportunities and risks to be compared with each other, a quantitative assessment is carried out using uniformly defined values (where reasonable and possible).

ASSESSMENT METHODOLOGY

Opportunities and individual risks are assessed on the basis of their probability of occurrence and their significance for the Group's net assets, financial position and earnings position. This assessment is based on information about (a) risks that have actually occurred in the past, (b) benchmark values from the industry or (c) realistic expert estimates prepared by the company itself.

The quantitative assessment follows a scenario-based approach distinguishing the following categories: Best Case (BC), Most Likely Case (MLC), and Worst Case (WC). This is a classic triangular distribution. If necessary, a qualitative assessment can also be used for individual risks, or alternative distributions (normal distribution, etc.) can be used for fluctuation-oriented risks. The choice of distribution depends on the type of risk.

RISK MONITORING/CONTROL

The core element of operational risk management is the identification, evaluation and control of significant risks from the operating business. This process is carried out in particular by the upper and middle management levels of KTM AG and monitored by the Executive Board of PIERER Mobility AG.

OPPORTUNITIES AND RISK REPORT

The following overview provides a general overview of all identified risks and opportunities and shows their significance for the PIERER Mobility Group. Overall, the PIERER Mobility Group has not identified any risks that could jeopardize its continued existence as a going concern, neither at the reporting date nor at the time the financial statements were prepared.

▪ MARKET RISKS

Cyclical risk

The KTM Group is primarily active in the motorcycle sector and the PIERER E-Bikes Group in the bicycle sector. Sales opportunities are determined by the general economic situation in the countries and regions in which the PIERER Mobility Group is represented with its products. As past years have shown, the motorcycle industry in particular is a cyclical industry and is subject to strong fluctuations regarding demand. This risk is counteracted by relevant market research and market forecasts, which are then taken into account in the planning process.

Competition and pricing pressure

The market for motorcycles in the industrialized countries in particular is characterized by intense competition; the strongest competitors are four Japanese, and, to a lesser extent, three European and one U.S. manufacturer, some of which possess greater financial resources and have higher sales figures and market shares. In addition, the street motorcycle market is characterized by high pricing pressure, and new competitors are trying to enter the market by relying on a low-price strategy. Thanks to the successful market strategy, market leadership has been achieved in Europe. Thanks to our innovative strength, we see ourselves as a technology leader in the two-wheeler sector in Europe. The strategic partnership with Bajaj, India's second largest motorcycle manufacturer, strengthens the company's competitiveness in global markets.

Sales risk

The largest individual sales markets of the PIERER Mobility Group are the European market, the U.S. market and the Australian market. A slump in these markets could have a negative impact on business activities. Entering new markets essentially involves a cost risk as, in some of these markets, the trend of sales as well as the general political conditions are difficult to assess. By collaborating with its strategic partner Bajaj Auto Ltd., Pune, India, joint work continues on the implementation of a global product strategy.

The largest individual sales markets of the PIERER E-Bikes Group are the DACH region. In order to diversify this risk, the PIERER E-Bikes Group is pursuing the goal of successfully expanding into additional international markets.

▪ SECTOR-SPECIFIC RISKS

Restrictions relating to motorcycling

The revenue of the Group depends, inter alia, on the possible offroad uses of the motorcycles and is therefore considerably influenced by the national legal framework regulating offroad motorsport, motorcycle registration and driver's licenses in the countries where the vehicles are sold. Due to the introduction of the Euro 5 emissions standard on January 1, 2020, updating the entire Motorcycle Street product range to comply with the new regulatory requirements is the focus of R&D activities and will be completed in 2020. Over the course of the 2020 calendar year, all models intended for the EU area and for operation on public roads were newly type-approved in accordance with the "Euro 5" regulations or their type approval was raised from "Euro 4" to "Euro 5" by means of an amendment. Series production of the first "Euro 5" model took place in July 2020 (sample series of KTM 890 Ad-venture models). The last "Euro 4" model for the EU area was produced in December 2020. From January 1, 2021, only "Euro 5" vehicles will be produced for the EU area and for operation on public roads.

Procurement risk

In view of the current developments on the national and international markets, the procurement risk faced by the KTM Group mainly involves the timely introduction of suitable measures to ensure the supply of parts if suppliers become insolvent or supply bottlenecks materialize. To minimize risk and ensure the availability of materials, the KTM Group places great emphasis on using predetermined criteria to carefully select new suppliers and on sustainably collaborating with existing suppliers and/or further developing such cooperation in stable supplier relationships with a long-term approach. In order to be able to identify and manage potential risks even earlier in the future, for example from possible bottlenecks caused by the COVID-19 pandemic, the supplier risk assessment was revised and corresponding risks were reassessed for each country. The E-Bikes Group has several suppliers from different countries for e-bikes in its portfolio in order to reduce the risk of dependency as far as possible and to increase the stability of the supply chains. Appropriate storage capacities allow current fluctuations to be balanced out.

Research and development, racing

Technical innovations and the introduction of new products make a significant contribution to the PIERER Mobility Group's position in the market. To this end, new trends must be identified promptly. To counteract the risk, our own products' innovative capacity must be ensured. Racing achievements are not only an important marketing instrument for the company but also form the basis for product development and set standards for series development. Valuable experience is gained whenever products can be tested under racing conditions at racing events.

We pursue a very intensive R&D strategy in order to further expand our role as a leading technology pioneer and also to keep pace with our major competitors. This also explains the relatively high re-search budget - currently around 9%.

▪ IT RISKS

Within the PIERER Mobility Group, an IT security and risk management system is operated with the aim of making it possible to recognize and manage company-relevant risks in the area of information security. For further information on IT risks, please refer to the Notes to the Consolidated Financial Statements (Chapters VII) of PIERER Mobility AG.

▪ FINANCIAL RISKS

For further information on the risk report and on financial instruments, including the specific measures to mitigate risks posed by the use of financial instruments (e.g. hedges of foreign currency positions with futures, swaps, etc.), please refer to the Notes to the Consolidated Financial Statements (Chapters VII and VIII) of PIERER Mobility AG.

▪ OTHER RISKS

Risks due to the legal framework

As the PIERER Mobility Group markets motorcycles and bikes and non-e-bikes in a large number of countries through its equity holdings in the KTM Group and PIERER E-Bikes Group, it is exposed to the risk of changes in national regulations, terms of licenses, taxes, trade restrictions, prices, income, and exchange restrictions as well as to the risk of political, social, and economic instability, inflation, and interest rate fluctuations. Motorcycles registered for road use must comply with relevant provisions concerning noise and exhaust gas emissions in order to be approved for sale in each country. In addition, the possible offroad uses of motorcycles are considerably influenced by the national legal framework in the countries where the vehicles are sold. In order to counteract the risk and to be able to act in a timely manner if there are changes to national legal framework conditions, the respective country-specific regulations are reviewed in detail and monitored on an ongoing basis prior to market entry.

In the 2020 financial year, development activities on our range of internal combustion engines were intensively advanced. Particular focus was placed on improving performance while at the same time reducing emissions. For example, some models that comply with the new Euro 5 emissions standard were already successfully transferred to series production in 2020. The development team is already working on technologies that provide for a further reduction in pollutant emissions for future generations of engines..

Business and environmental risk

Although risk cannot be fully excluded as regards forces of nature, the companies of the PIERER Mobility Group try to minimize the risk of production processes being affected, by providing appropriate contingency plans and insurance. Activities for the purpose of safeguarding the environmental goals are coordinated in the respective departments of the company. In addition, work is currently underway to implement an environmental management system in accordance with ISO 14001:2015. In the course of the implementation, our sustainability goals will also be defined.

Personnel-related risks

Especially with regard to the growth course, risks may arise if key staff leave the company. Efficient personnel management as well as a continuation of personnel development programs are designed to counteract the risk of managerial staff leaving the company. The risk of a shortage of skilled staff is countered by a comprehensive apprentice training program in our own apprentice workshop. The aim is to recruit employees from the region and to retain them in the long term.

Internal and external measures to increase the attractiveness of the company as an employer are an essential element in conveying the prevailing spirit of the PIERER Mobility Group to potential new employees. With various cross-media employee campaigns, the company was able to largely meet its personnel requirements in the reporting year. In the area of apprenticeships, attention was not only paid to addressing the target group appropriately, but a dedicated section was also created for the parents of future apprentices in order to provide information about opportunities and possibilities at an early stage, and to prevent any uncertainties.

7. DECLARATION PURSUANT TO SECTION 243A (PARA. 1) OF THE AUSTRIAN COMMERCIAL CODE (UGB)

1. The share capital is EUR 22,538,674, and is divided into 22,538,674 bearer shares with voting rights, where every ordinary share has an equal stake in the share capital. The shares grant the rights that are usually due to stockholders under the Austrian Stock Corporation Act. These include the right to payout of the dividend resolved upon at the Annual General Meeting as well as the right to vote at the Annual General Meeting. 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 AT0000KTMIG02). In addition, the shares of PIERER Mobility AG have been listed on the Regulated Market (General Standard) of the Frankfurt Stock Exchange since March 3, 2020. Until September 30, 2020, the shares of PIERER Mobility AG were additionally listed on the Vienna Stock Exchange (Official Market). In the 2019 financial year, 108,015 treasury shares were acquired. In the 2020 financial year, another 116,028 treasury shares were acquired and 30,703 treasury shares were sold, which were deducted from the nominal capital of EUR 85,325. The change of EUR 2,974,742.21 in uncommitted capital reserves from EUR 197,736,363.91 to EUR 194,761,621.70 results from the acquisition of 116,028 and sale of 30,703 treasury shares in the 2020 financial year. The share buy-back program was temporarily suspended as of April 7, 2020. On January 20, 2021, the share buy-back program of PIERER Mobility AG was ended early. On January 21, 2021, the company decided to offer its treasury shares for sale to selected institutional investors and/or strategic business partners as of February 8, 2021.
2. The Executive Board is not aware of any restrictions in respect of voting rights or the transfer of shares.
3. As far as the company is aware, the following had a direct or indirect equity holding of at least 10% in the share capital of PIERER Mobility AG as at Thursday, December 31, 2020:
 - PTW Holding AG: 60.00% (direct equity holding);
 - Pierer Industrie AG: 2.14% (direct equity holding) and 60.00% (indirect equity holding);
 - Pierer Konzerngesellschaft mbH (direct and indirect equity holding): 3.35% (direct equity holding) and 62.14% (indirect equity holding).
4. There are no shares with special control rights.
5. There is currently no employee participation scheme in place
6. There are no additional provisions with respect to members of the Executive and Supervisory Boards above and beyond what is required by the law.
7. Authorizations to issue or repurchase shares:

The following resolutions were adopted during the Annual General Meeting of April 27, 2017:

- a) The authorization of the Executive Board, subject to the agreement of the Supervisory Board, to issue financial instruments in the sense of Section 174 of the Austrian Stock Corporations Act (AktG) until April 1, 2022, particularly convertible bonds, participating bonds and special dividend rights, with a nominal total of EUR 150 million, which may also grant pre-emption rights and/or option of ex-change on the acquisition of up to 25 million shares in the company and/or are organized in such a way that they may be reported as equity, also in multiple tranches and in different combinations.
- b) The Executive Board may use the conditional capital and/or treasury shares to fulfill options of ex-change and or pre-emption rights.
- c) The issue amount and issue conditions of the financial instruments are to be set by the Executive Board, subject to the agreement of the Supervisory Board, whereby the issue amount is to be determined according to recognized mathematical methods used in finance and the price of shares in the company in a recognized pricing procedure.
- d) The Executive Board is authorized to exclude the pre-emption rights of shareholders to financial instruments in the sense of Section 174 AktG with the agreement of the Supervisory Board.

- e) The conditional increase of the company share capital in accordance with Section 159 (2) no. 1 AktG by up to EUR 25 million by issuing up to 25 million no-par value bearer shares (ordinary shares) for issue to creditors of financial instruments in accordance with Section 174 AktG, which are issued using the authorization granted in this Annual General Meeting, in so far as the creditors of the financial instruments make use of their options of exchange 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 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.
- f) The Executive Board shall be authorized in accordance with Section 65 (1), no. 8 and paragraphs 1a and 1b AktG to acquire bearer shares of the company equal to no more than 10% of the company share capital during a validity period of 30 months from the date of the resolution, both via and out-side of the stock market, whereby the lowest equivalent value must not be more than 20% below and the highest equivalent value more than 10% above the average closing price in the last 3 trading days before acquisition of the shares. The trade in treasury shares is excluded as the purpose of the acquisition. The authorization may be exercised wholly or partially, or in multiple smaller amounts and for the pursuit of one or more purposes, by the company, by subsidiaries or for the account of the company by third parties.
- g) The Executive Board may decide to acquire via the stock market, but the Supervisory Board must be informed of this decision later. Acquisition outside of the stock market requires the prior agreement of the Supervisory Board.
- h) The Executive Board shall be authorized for five years from the date of resolution in accordance with Section 65 (1b) AktG, subject to the agreement of the Supervisory Board, to decide on a different type of disposal to that via the stock market or via public offering for the disposal and use of treasury shares, subject to proper application of the rules on overriding the pre-emption rights of shareholders, and to set the conditions of disposal. The authorization may be exercised wholly or partially, or in multiple smaller amounts and for the pursuit of one or more purposes, by the company, by a subsidiary or for the account of the company by third parties, particularly as consideration in the acquisition of companies, businesses, parts of businesses or shares in one or more companies within Austria or in other countries.
- i) The Executive Board shall also be authorized, subject to agreement of the Supervisory Board, to reduce the share capital if necessary by redeeming these treasury shares without a further resolution adopted at the General Meeting in accordance with Section 65 (1) no. 8, last sentence in conjunction with Section 122 AktG. The Supervisory Board is authorized to pass amendments to the Articles of Association that may arise due to the redemption of shares.

The following resolutions were adopted during the Annual General Meeting of Thursday, April 26, 2018:

- a) The Executive Board is authorized in accordance with Section 169 of the Austrian Stock Corporation Act (AktG), until April 26, 2023, to increase the share capital of the company from EUR 22,538,674.00 by up to EUR 11,269,337.00 to up to EUR 33,808,011.00 with the consent of the Supervisory Board by issuing, in several tranches if necessary, up to 11,269,337 no-par-value bearer shares in return for cash contributions and/or contributions in kind and to determine the initial offering price and the terms and conditions of the issue and the further details of implementing the capital increase in agreement with the Supervisory Board and, if need be, to offer the new shares to the shareholders for subscription by way of the indirect subscription right pursuant to Section 153 (6) of the Austrian Stock Corporation Act (AktG).
- b) The Executive Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in full or in part
 - (i) if the capital increase takes place in return for cash contributions and in total the proportion of the company's share capital which can be apportioned to the shares issued in return for cash contributions with no subscription right does not exceed the limit of 10% (ten per cent) of the share capital of the company at the time of granting,
 - (ii) if there is a capital increase against a contribution in kind
 - (iii) to take up an over-allotment (greenshoe) option, and/or
 - (iv) to compensate for fractional amounts.

The following resolutions were adopted during the Extraordinary General Meeting of October 4, 2019:

- a) In accordance with Section 65 (1) 8 of the Austrian Stock Corporation Act, the Executive Board is authorized for a period of 30 months to acquire treasury shares in the company both on the stock exchange and over the counter, also excluding the shareholders' quota-based tender rights, and, if necessary, to redeem these shares with the approval of the Supervisory Board without having to refer the matter to the Annual General Meeting again beforehand. The trade in treasury shares is excluded as the purpose of the acquisition. The proportion of shares to be acquired may not exceed 10% of the share capital. The equivalent value per share to be acquired may not be more than 20% below or above the average unweighted closing price on the SIX Swiss Exchange over the past 10 trading days. The authorization may be exercised wholly or partially, or in multiple smaller amounts and for the pursuit of one or more purposes, by the company, its affiliated companies or for the account of the company by third parties. The Supervisory Board is authorized to pass amendments to the Articles of Association that may arise due to the redemption of shares.
 - b) For a period of five years, the Executive Board is authorized, with the consent of the Supervisory Board, to sell or use treasury shares in a way other than on the stock exchange or through a public offer for any legally permissible purpose, including the exclusion of the shareholders' proportional purchase right (exclusion of subscription right) and to determine the conditions of sale. The authorization may be exercised in whole or in part or in multiple smaller amounts and for the pursuit of one or more purposes.
8. Any agreements on the part of the company which would take effect, change or cease to apply in the case of a change in the controlling interest in the company as a result of a public takeover offer, or the effects thereof, will not be disclosed by the company due to the fact that it would considerably harm the company.
 9. There are no compensation agreements between the company and its Executive Board and Supervisory Board members or employees in the case of a public takeover bid.

8. MAIN FEATURES OF THE INTERNAL CONTROL SYSTEM PURSUANT TO SECTION 243A (2) OF THE AUSTRIAN COMMERCIAL CODE (UGB)

The internal control system of the PIERER Mobility Group has the task of ensuring the correctness and reliability of financial reporting, compliance with the legal and internal regulations relevant to the company, as well as the effectiveness and efficiency of operational activities, including the protection of assets from losses due to damages and malversations. Internationally accepted frameworks for internal control systems (e.g. COSO framework) have been considered in designing the elements of the internal control system. The system comprises:

- Group-wide requirements for financial reporting
- Segregation of duties as an organizational measure
- System-based and process-dependent controls
- Process-independent controls

The PIERER Mobility Group is committed to the continuous development and improvement of the internal control system. To this end, its functionality is regularly monitored through process and data analyses as well as independent auditing activities. The main features of the internal control system with regard to the financial reporting process are presented below.

CONTROL ENVIRONMENT

The organizational structure of the PIERER Mobility Group forms the basis for the control environment and the internal control system within the company. When it comes to the organizational structure in (Group) financial reporting, there are clear areas of competence and responsibility at the various management and hierarchical levels of the Group. This applies on the one hand to the Group head-quarters in Wels, and on the other hand to the Austrian sites in Mattighofen and Munderfing and all international subsidiaries. Treasury and Business Process Finance are part of the Group's operating divisions, and the tasks and responsibilities are clearly divided up here as well.

The strong international focus of the PIERER Mobility Group and the associated decentralized company and site structures are taken into account by centralizing key corporate functions in the area of financial reporting at the Austrian sites (in particular Mattighofen). The performance and control of national business activities is the responsibility of the respective local management and is monitored by the Executive Board of KTM AG and the Group Executive Board.

In terms of process organization, the PIERER Mobility Group relies on a well-developed and comprehensive set of accounting, valuation and account assignment rules. This provides an appropriate basis for a strong control environment and control system. New accounting standards are assessed with regard to their impact on the financial reporting of the PIERER Mobility Group. The financial re-orting standards and financial reporting processes are reviewed on an ongoing basis and adjusted at least annually, or more frequently if necessary. Monitoring compliance with the rules and controls relating to financial reporting is the responsibility of the relevant management.

RISK ASSESSMENT

Risks relating to the financial reporting process are identified and monitored by the management. The focus here is on those risks that are typically considered significant.

The risks in this area include the incomplete recording of facts relevant to the balance sheet, errors in document entry and incorrect calculations. Complex accounting principles could lead to an increased risk of error, incorrect reporting and delayed preparation of the balance sheet. In addition, there is a risk of data being accessed by unauthorized persons or data manipulation, failure of IT systems and data loss.

In order to prepare the financial statements, estimates have to be made on a regular basis where there is an inherent risk that the future trend may deviate from these estimates. This applies in particular to the following issues/items of the consolidated financial statements: Social capital, outcome of legal disputes, recoverability of receivables, equity holdings and inventories. In some cases, external experts are consulted or publicly available sources are used to minimize the risk of miscalculation.

CONTROL MEASURES

The PIERER Mobility Group has integrated its controls directly into the financial reporting processes and Group financial reporting processes. The key element here is the principle of segregation of d-ties. In order to ensure complete, timely and accurate financial statements, quality assurance and control measures have been implemented in all areas involved in the booking process. All control measures are applied in the ongoing business process to ensure that potential errors in financial re-orting are prevented, or are detected and corrected. Furthermore, the application of internal guide-lines leads to uniform treatment of business transactions and to uniform accounting and reporting.

Controls are integrated into the key IT systems with a relevance to financial reporting, which are in-tended, among other things, to prevent the incorrect recording of business transactions, to ensure the complete recording of business transactions or the valuation of business transactions in accordance with financial reporting regulations, or to support the verification of consolidation. In view of the increasing demands on IT systems in financial reporting and the constantly growing technical possibilities, the PIERER Mobility Group regularly carries out IT-supported analyses of the effectiveness of the measures implemented in order to identify and subsequently eliminate any control weaknesses that may have occurred.

Control measures relating to IT security are a cornerstone of the internal control system. For example, the separation of sensitive activities is supported by a restrictive allocation of IT authorizations. Auto-mated checks are carried out by the ERP software used, such as the automated checks during in-voice approval and invoice verification.

COMMUNICATION AND MONITORING

Responsibility for the effectiveness of the internal control system in the financial reporting process as well as in the Group accounting process is clearly defined and rests with the responsible managers and process owners. In addition to the results of internal assessments, external audits are also included in the assessment of effectiveness. Weaknesses in the control system are remedied taking into account their potential impact on the financial reporting processes.

In addition to the financial statements required by law, which are made available to the management levels, an extensive internal reporting system has also been implemented in the Group, and is pre-pared and distributed at different levels of aggregation depending on the recipient of the report.

Other central instruments of risk monitoring and control are the company-wide guidelines on dealing with significant risks, the planning and controlling processes, and ongoing reporting. The guidelines include the setting and control of limits and procedures to limit financial risks, as well as strict adherence to the principle of dual control for the approval of invoices and payments.

The Group's internal control system is also based on precise information about the processes for accounting and financial reporting and also includes their upstream business processes. The effectiveness of the internal control system is reviewed by management in such a way that the results, which are transmitted to management in the form of a condensed report, are analyzed, evaluated and commented on by management.

The Executive Board and the Audit Committee are informed annually about the assessment of the effectiveness of the internal control system in financial reporting. In the event of significant changes in the effectiveness of the internal control system, a report is submitted immediately to the Executive Board and, if necessary, to the Supervisory Board.

9. OUTLOOK

BUSINESS DEVELOPMENT

The objective of the PIERER Mobility Group is to continue to sustainably expand its market share in the global motorcycle markets in 2021, despite the COVID-19 crisis, and to achieve market leadership in Europe. This will be supported, among other things, by the full integration of GASGAS as a third brand and the further development of the network of dealers. The integration of the e-bike activities into PIERER E-Bikes GmbH, which was newly founded in January 2020, was successfully implemented in the past financial year. In the medium term, it intends to develop into a major global player in this sector as well.

In addition to the e-bike segment, a stronger focus will be placed on electric mobility in the scooter segment in the coming years. A joint 48 volt electric two-wheeler platform in the 4 to 11 kW power range was developed with the strategic partner Bajaj. In Anif near Salzburg, an electric mobility center is being developed, with investments already being made in the buildings and infrastructure in 2020. Up to 300 employees will focus on the issue of electric mobility in the future.

The effects of the coronavirus crisis in 2021 will be closely monitored. Negative impacts on business operations are constantly responded to with targeted measures. As well as safeguarding production capacities, the focus will continue to be on increasing efficiency and productivity as well as the supply chain. For the first half of the year, challenges are expected in the international supply chains, as capacity and delivery bottlenecks at individual suppliers and in international transport logistics could result in delays to deliveries. To protect the health and safety of employees, precautionary measures such as distance rules and hygiene measures such as the wearing of face coverings in defined areas and the disinfection of work areas have been implemented. Work is also underway to establish a vaccination line within the company.

Despite the COVID-19 pandemic, research and development expenses (before capitalized development costs) remain at a high level, which is 9.0% (previous year: 9.1%) of revenue.

For the 2021 financial year, the company expects revenues of between EUR 1,800 - 1,900 million, an EBIT margin of between 8 - 9% and an EBITDA margin of over 15%.

MOTORCYCLES

The COVID-19 pandemic caused significant disruption to supply chains and resulted in revenue shifts and temporary restrictions on access due to the legally required temporary closure of the retail trade in many countries. Nevertheless, the motorcycle retail market, especially in the USA and Australia, but also ultimately in Europe, has performed surprisingly strongly. This has mainly been due to a change in the mobility and leisure behavior of end customers. The KTM and Husqvarna Motorcycles brands were able to benefit from this exceptionally well and gain further market shares.

For the 2021 financial year, PIERER Mobility expects demand in the powered two-wheeler segment to remain high and a further increase in revenues and operating profit compared to the 2020 financial year. The operating margin in the motorcycle segment is expected to return to pre-crisis levels. Growth is expected to be driven primarily by continued strong demand in North America, Australia and China, as well as by the expected recovery of the market in Europe. Despite the challenging environment, the sales volume target of 400,000 motorcycles in the 2022 financial year is therefore left unchanged.

The intention is to continue to sustainably expand the market shares in the global motorcycle sales markets which are of central importance for KTM and Husqvarna Motorcycles. The planned sales growth will be supported by the full integration of GASGAS as a third brand. In addition, KTM has set itself the goal of developing Husqvarna Motorcycles into the third largest European motorcycle manufacturer.

The joint projects with Bajaj, in particular the platform for the e-mobility models, will be continued as planned. This forward-looking step in the field of electric mobility is a logical extension of the existing activities in the e-bikes segment.

The strategic partnership with the Chinese motorcycle manufacturer and KTM importer in China, CF-Moto, will be strengthened further. The 790cc twin-cylinder platform will be used to create a model family for new affordable mid-range Duke and Adventure models for KTM and CF-Moto. An additional local production facility and supply chain will therefore be established in China. The construction of the production facility in Hangzhou, China by the joint venture has been completed. The first mid-range motorcycles will be assembled in 2021.

The year 2021 will be marked by several model launches. In addition to the KTM 1290 SUPER Adventure S&R, the presentations of the new Husqvarna Norden 901 and Svartpilen 125 models represent further highlights.

E-BIKES

The e-mobility market holds great potential for growth. E-bikes represent a healthy, sustainable and individual mode of transport. They are increasingly an important component of modern mobility concepts. The popularity of e-bikes in particular is growing sustainably at a high level and has now encompassed all model groups in the bicycle sector. This trend was accelerated by the COVID-19 pandemic. While the pandemic virtually paralyzed entire sectors of the economy, the field of electric mobility grew. Against all odds, the sales targets set were achieved and the internationalization of this division of the company was further advanced.

As a first step, the focus was on establishing the two Husqvarna E-Bicycles and RAYMON brands and expanding the network of dealers in the core markets of Germany, Austria and Switzerland (DACH). For 2021, the aim is to expand into further European markets and extend the network of dealers to include motorcycle dealers. In order to make the topic of electric mobility in the bicycle sector accessible to an even wider target audience, the GASGAS brand will be added to the portfolio. From spring 2021, the Spanish brand will manage a complete e-bike range under the umbrella of PIERER E-Bikes GmbH and, with the specialist motorcycle trade, will exploit a sales channel that has so far been largely untapped in the bicycle industry. After this, the next expansion step will be into the overseas markets of North America and Australia.

PIERER E-Bikes GmbH will therefore move a step closer to achieving its vision of becoming a “global player” in the field of electric mobility, without losing sight of country-specific characteristics. When it comes to distribution channels, the company has opted for independence and differentiation. With GASGAS, access to the specialist dealer market was expanded to include the motorcycle trade.

PIERER Mobility AG has set itself a revenue target of EUR 500 million in the e-bike sector by 2025, thus defining an important milestone on the strategic roadmap for the company's further development.

The main objective is to fully exploit the potential for innovation and development in the field of electric mobility and, as a global player with strong brands, to help shape the growing market and secure market share. The e-bike is an archetype of electric mobility with numerous possibilities for development. In addition to steady growth, the focus is on increasing efficiency and productivity as well as optimizing the supply chain, reducing working capital requirements and increasing flexibility in the product range. The medium-term goal is to increase the EBIT margin toward the margin achieved in the motorcycle segment.

MOTORSPORT

KTM will also be represented in various international racing series in 2021. In addition to the famous world championships in the offroad segment and the Dakar Rally, the focus in 2021 will once again be on the premier class of motorcycle sport, the MotoGP. The Red Bull KTM Factory Racing team will enter its fifth season with the new rider pairing of Brad Binder and Miguel Oliveira. Also in 2021, the KTM Tech3 Team, consisting of riders Danilo Petrucci and Iker Lecuona, will be a customer team with equal ranking riding KTM machines.

The GASGAS brand, which was acquired in the 2020 financial year, will expand motorsport activities in 2021. As well as participating in various Motocross and Enduro world championships, a factory team for the Supercross series in the USA and an involvement in Moto3™ are planned.

INVESTMENTS

Thanks to the high levels of investment in capacities and infrastructure in recent years, and the relocation of the small-engine Husqvarna Motorcycles street models to the strategic partner Bajaj, the required production capacities in Austria are secured for the next few years. The largest single investments for 2021 include, in particular, the expansion of the existing logistics center and the construction of a coating facility at the component plant in Munderfing, where series production is scheduled to start in the first quarter of 2022.

Despite the COVID-19 crisis, investments in the (further) development of existing and new models as well as in electric mobility have top priority. Expenditure on investments in research and development will therefore remain at the already high level of previous years.

FINANCIAL POSITION

During the 2020 financial year, the liquidity and financial position were strengthened further. In addition to the existing financing, various working capital credit lines in sufficient amounts are available for the 2021 financial year. In the 2021 financial year, the emphasis will continue to be on generating free cash flows and sustainably increasing efficiency.

Wels, Friday, March 12, 2021

The Executive Board of PIERER Mobility AG



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sgl

Consolidated financial statements
Download

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

EURk	Notes No.	12/31/2020	12/31/2019
Assets:			
Non-current assets:			
Goodwill	21	131,034	130,311
Intangible assets	22	426,835	391,954
Property, plant, and equipment	23	356,219	326,497
Investments accounted for using the equity method	24	13,252	13,628
Deferred tax assets	25	11,518	10,000
Other non-current assets	26	3,137	5,470
		941,995	877,860
Current assets:			
Inventories	27	298,744	321,642
Trade receivables	28	144,887	175,196
Receivables and other assets	29	81,621	73,230
Tax refund claims		517	5,100
Cash and cash equivalents	30	218,270	160,864
		744,039	736,032
		1,686,034	1,613,892

EURk	Notes No.	12/31/2020	12/31/2019
Equity and liabilities:			
Equity:			
Share capital	31	22,539	22,539
Capital reserves	31	9,949	9,949
Other reserves including retained earnings	31	327,767	305,829
Equity of the owners of the parent company		360,255	338,317
Non-controlling interests	31	293,864	280,316
		654,119	618,633
Non-current liabilities:			
Financial liabilities	32	456,089	470,309
Liabilities for employee benefits	33	28,665	29,347
Deferred tax liabilities	25	86,940	79,464
Other non-current liabilities	34	9,735	9,537
		581,429	588,657
Current liabilities:			
Financial liabilities	32	74,594	86,358
Trade payables	34	262,099	222,628
Provisions	35	17,979	16,957
Tax liabilities		9,198	2,957
Other current liabilities	34	86,616	77,702
		450,486	406,602
		1,686,034	1,613,892

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR FROM 1/1/2020 THROUGH 12/31/2020

EURk	Notes No.	2020	2019
Revenue	8	1,530,382	1,520,135
Production costs of the services provided to generate the revenue	9	-1,103,550	-1,074,120
Gross profit from sales		426,832	446,015
Selling and racing expenses	10	-192,216	-214,893
Research and development expenses	11	-23,391	-23,690
Administration expenses	12	-102,645	-84,208
Other operating expenses	13	-164	-1,415
Other operating income	14	5	11,381
Earnings from at-equity holdings	15	-1,180	-1,484
Result from operating activities		107,241	131,706
Interest income	16	1,629	3,026
Interest expenses	16	-15,213	-16,974
Other financial and investment income (expenses)	16	-2,833	78
Result before taxes		90,824	117,836
Income taxes	17	-21,369	-22,124
Profit or loss for the financial year		69,455	95,712
thereof owners of the parent company		34,911	54,495
thereof non-controlling shareholders		34,544	41,217
Undiluted (=diluted) earnings per share (EUR)	18	1.56	2.42

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR FROM 1/1/2020 THROUGH 12/31/2020

EURk	Notes No.	2020	2019
Profit or loss for the financial year		69,455	95,712
Items reclassified to profit or loss or which can be subsequently reclassified			
Foreign currency translation re foreign subsidiaries	31	-4,176	1,159
Foreign currency translation re investments accounted for using the equity method	24, 31	-100	-152
Valuation of cash flow hedges of subsidiaries	31	-1,435	-1,021
Valuation of cash flow hedges from financial assets accounted for using the equity method	24, 31	0	121
Deferred tax on valuation of cash flow hedges	31	359	255
		-5,352	362
Items not reclassified to profit or loss			
Revaluation of net debt from defined benefit plans	31, 33	908	-2,747
Tax effect	31	-227	687
		681	-2,060
Other net result after tax		-4,671	-1,698
Total comprehensive income		64,784	94,014
thereof owners of the parent company		31,829	53,671
thereof non-controlling shareholders		32,955	40,343

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR 1/1/2020 THROUGH 12/31/2020

EURk	Notes No.	2020	2019
Operations			
Profit or loss for the financial year		69,455	95,712
+ (-) Interest expenses / interest income	16	13,584	13,948
+ Tax expenses	17	21,369	22,124
+ Depreciation/amortization of property, plant and equipment and intangible assets	22, 23	126,289	109,084
+ (-) Addition (reversal) of non-current liabilities for employee benefits		-100	1,339
(-) + Profit (loss) from equity consolidation	15	1,180	1,484
(-) + Profit (loss) from the sale of fixed assets		2,471	971
+ (-) Other non-cash expenses (income)	VI	5,060	-35,733
+ Interest received		1,621	2,958
- Interest payments		-14,807	-16,368
- Tax payments		-4,087	-10,424
+ Dividends received		606	997
Gross cash flow		222,641	186,092
- (+) Increase (decrease) in inventories		17,128	58,451
- (+) Increase (decrease) in trade receivables, advance payments, other current and non-current assets		25,618	12,989
+ (-) Increase (decrease) in trade payables, advance payments and other current and non-current liabilities		47,432	-152
Increase (decrease) in the net current assets		90,178	71,288
Cash flow from operations		312,819	257,380

EURk	Notes No.	2020	2019
Investing activity			
- Payments for the acquisition of intangible assets and property, plant and equipment	22, 23	-147,856	-149,797
- Payments for the acquisition of investments accounted for using the equity method and other financial assets	7, 24	-150	-7,195
+ Receipts from the sale of intangible assets and property, plant and equipment		631	433
+ Receipts from the disposal of investments accounted for using the equity method and other financial assets	24	0	5,853
+ (-) Changes to the scope of consolidation	7	290	-19,462
+ (-) Payments/receipts from other assets		76	4,433
Cash flow from investing activity		-147,009	-165,735
Free cash flow		165,810	91,645
Financing activity			
- Dividend payments to third parties		-26,744	-20,151
- Acquisition of own shares	31	-4,569	-5,220
+ (-) Disposal/acquisition of non-controlling interests	31	-1,005	-240
+ Taking out a research loan	VI	0	119,880
+ Taking out non-current interest-bearing liabilities	VI	0	15,000
- Repayment of promissory note loan	32, VI	-6,000	0
- Repayment of research loan	VI	-13,174	-18,750
- Repayment of non-current interest-bearing liabilities	VI	-10,384	-10,491
- Repayment of lease liability	VI, 47	-18,821	-15,021
+ (-) Change in other current financial liabilities	VI	-23,992	-85,630
Cash flow from financing activity		-104,689	-20,623
Total cash flow		61,121	71,022
+ Opening balance of liquid funds within the Group		160,864	89,347
+ Effect of foreign currency fluctuations		-3,715	495
Closing balance of liquid funds within the Group		218,270	160,864

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EURk	Notes No.
Balance as of January 1, 2020	
Adjustments in accordance with IAS 8 (deferral of research grants), net of tax	2
Balance as of January 1, 2020 after adjustments	
Profit or loss for the financial year	
Other comprehensive income	31
Total comprehensive income	
Transactions with shareholders	
Dividends to third parties	18, 31
Acquisition/disposal of shares to subsidiaries	31
Changes to the scope of consolidation	7
Gains and losses on hedging transactions and hedging costs reclassified to inventories	
Acquisition of own shares	31
Disposal of own shares	31
Miscellaneous	
Balance as of December 31, 2020	

EURk	Notes No.
Balance as of January 1, 2019	
Profit or loss for the financial year	
Other comprehensive income	31
Total comprehensive income	
Transactions with shareholders	
Dividends to third parties	18, 31
Acquisition/disposal of shares to subsidiaries	31
Changes to the scope of consolidation	7
Gains and losses on hedging transactions and hedging costs reclassified to inventories	
Acquisition of own shares	31
Miscellaneous	
Balance as of December 31, 2019	

Equity of the owners of the parent company								
Share capital	Capital reserves	Reserves including total earnings	Reserve in accordance with IFRS 9	Adjustment items currency translation	Reserves for own shares	Total	Shares of non-controlling shareholders	Total consolidated equity
22,539	9,949	310,986	-140	203	-5,220	338,317	280,316	618,633
0	0	-5,908	0	0	0	-5,908	-5,516	-11,424
22,539	9,949	305,078	-140	203	-5,220	332,409	274,800	607,209
0	0	34,911	0	0	0	34,911	34,544	69,455
0	0	352	-1,215	-2,219	0	-3,082	-1,589	-4,671
0	0	35,263	-1,215	-2,219	0	31,829	32,955	64,784
0	0	0	0	0	0	0	-13,739	-13,739
0	0	-660	0	0	0	-660	-345	-1,005
0	0	0	0	0	0	0	158	158
0	0	0	37	0	0	37	34	71
0	0	0	0	0	-4,569	-4,569	0	-4,569
0	0	0	0	0	1,342	1,342	0	1,342
0	0	-133	0	0	0	-133	0	-133
22,539	9,949	339,548	-1,318	-2,016	-8,447	360,255	293,864	654,119

Equity of the owners of the parent company								
Share capital	Capital reserves	Reserves including total earnings	Reserve in accordance with IFRS 9	Adjustment items currency translation	Reserves for own shares	Total	Shares of non-controlling shareholders	Total consolidated equity
22,539	9,949	264,556	699	-322	0	297,421	253,355	550,776
0	0	54,495	0	0	0	54,495	41,217	95,712
0	0	-1,065	-274	515	0	-824	-874	-1,698
0	0	53,430	-274	515	0	53,671	40,343	94,014
0	0	-6,762	0	0	0	-6,762	-13,389	-20,151
0	0	-103	0	0	0	-103	-137	-240
0	0	0	0	0	0	0	702	702
0	0	0	-565	0	0	-565	-528	-1,093
0	0	0	0	0	-5,220	-5,220	0	-5,220
0	0	-135	0	10	0	-125	-30	-155
22,539	9,949	310,986	-140	203	-5,220	338,317	280,316	618,633

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 2020 FINANCIAL YEAR

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I. GENERAL INFORMATION

1. COMPANY INFORMATION

The PIERER Mobility Group is Europe's leading "Powered Two-Wheeler" (PTW) manufacturer with a focus on highly innovative sports motorcycles and electric mobility.

Its world-famous motorcycle brands, KTM, HUSQVARNA Motorcycles, and GASGAS make it a technology and market leader, especially in the premium motorcycle segment. With the complete takeover of the e-bike business of PEXCO GmbH last year, a further step forward in terms of growth was taken in the field of two-wheel electric mobility in order to participate in the attractive market growth in the e-bike sector. The development into a major international player in this segment is being driven by the HUSQVARNA E-Bicycles, R Raymon and GASGAS E-Bicycles brands.

PIERER Mobility AG has its registered office at 4600 Wels, Edisonstraße 1, and is registered in the commercial register of the Provincial Court as Commercial Court of Wels under the number FN 78112 x. The company is part of the same group as Pierer Konzerngesellschaft mbH, Wels (ultimate parent company of the group) and its affiliated companies, and is included within the consolidated financial statements of that group. These consolidated financial statements are filed with the Provincial Court of Wels in its capacity as Commercial Court under file number FN 134766 k and are the consolidated financial statements for the largest scope of consolidation.

The shares of PIERER Mobility AG are listed on the "Swiss Performance Index (SPI)" of the SIX Swiss Exchange in Zurich and, since March 3, 2020, also on the regulated market of the Frankfurt Stock Exchange.

2. PRINCIPLES OF FINANCIAL REPORTING

The consolidated financial statements for the period from January 1 to Thursday, December 31, 2020 were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), insofar as they are applied within the European Union. The additional requirements stipulated by section 245a para. 1 of the Austrian Commercial Code (UGB) were also met in this context.

The financial reporting of the entities included within the consolidated financial statements is based on uniform financial reporting rules. These rules were applied by all consolidated entities. The consolidated entities prepared their annual financial statements as at the consolidated statement of financial position reporting date of 12/31.

The financial statements of all major domestic and foreign entities included in the company's financial statements by full consolidation, for which an audit is required by national regulations, were audited by independent certified public accountants, and unqualified audit opinions were issued on these.

The figures in the consolidated financial statements are reported in the functional currency of the group parent, the euro. Unless specifically indicated, all amounts are rounded to the nearest 1,000 euros (EURk), which may give rise to rounding differences. The use of automated calculating tools may result in rounding differences with accumulation of rounded figures and with percentages.

CHANGES IN ACCOUNTING POLICY:

As part of the annual analysis to optimize the utility of the financial statements, PIERER Mobility AG has determined that increased transparency can be achieved by presenting government grants for research expenses that cannot be allocated exclusively to research expenses in accordance with IAS 38.54 separately from the remaining expense grants.

For this reason, the previous accounting method for certain government grants for reimbursement of research expenses in accordance with IAS 8.19b was adjusted so that the portion of the grants that can be allocated exclusively to research expenses in accordance with IAS 38.54 (i.e. to expenses for the period) is realized as a grant related to income or a reduction in expense. For the remaining portion, an estimate is made of the amount of the grant attributable to capitalized development costs in accordance with IAS 38.57. This amount is consequently accounted for as a grant related to assets and recognized over the expected useful life of the development costs. The net presentation in accordance with IAS 20 is applied, i.e. grants for non-current assets, are deducted from the carrying amount of the asset in the consolidated statement of financial position. In the consolidated

income statement, the grant is recognized by means of a reduced depreciable amount over the useful life of the asset. The effect on equity as of January 1, 2020 can be seen in the equity reconciliation. An adjustment was only made for the current year, as it was not feasible to determine the adjustment amounts for prior periods due to the lack of data available to do this.

3. NEWLY APPLIED STANDARDS AND INTERPRETATIONS

The table below shows the standards and interpretations mandatorily applied for the first time that had also already been endorsed by the European Commission as of 12/31/2020:

First-time application	New or amended standards and interpretations	Published by the IASB
January 1 st 2020	Amendments to IAS 1 and IAS 8 – Definition of materiality	October 31 st 2018
	Amendments to the references to the conceptual framework for financial reporting	March 29 th 2018
	Amendments to IFRS 9, IAS 39 and IFRS 7 – Interest rate benchmark reform	September 26 th 2019
	Amendments to IFRS 3 - Definition of a business	October 22 nd 2018
June 1 st 2020	IFRS 16 COVID 19-Related Rent Concessions	May 28 th 2020

All amended standards and interpretations are either not relevant to the PIERER Mobility Group or have no material impact.

4. STANDARDS AND INTERPRETATIONS TO BE APPLIED IN THE FUTURE

The table below shows the changes to standards and interpretations which have already been **endorsed by the European Commission**, but the application of which was not yet mandatory as of the reporting date and which were also not applied ahead of schedule:

First-time application	New or amended standards and interpretations	Published by the IASB
January 1 st 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest rate benchmark reform phase 2	August 27 th 2020
	Amendments to IFRS 4 – Extension of the temporary exemption from IFRS 9	November 21 st 2012

The IASB and the IFRIC have passed further standards and interpretations, application of which was not mandatory during the 2020 financial year and/or which have **not yet been endorsed by the European Commission**. These are the following standards and interpretations:

New or amended standards and interpretations	Date of application of IASB	Published by the IASB	EU-Endorsement?
IFRS 17 Insurance Contracts	January 1 st 2023	May 18 th 2017	No
Amendments to IFRS 17 and extension of the temporary exemption from the application of IFRS 9 (amendments to IFRS 4)	January 1 st 2023	June 25 th 2020	No
Amendments to IFRS 3 – References to the framework concept	January 1 st 2022	May 14 th 2020	No
IAS 1 – Classification of liabilities as current or non-current	January 1 st 2023	January 23 rd 2020	No
Amendments to IAS 16 Property, Plant and Equipment – Revenue before intended use	January 1 st 2022	May 14 th 2020	No
Amendments to IAS 37 Onerous Contracts – Settlement costs of contracts	January 1 st 2022	May 14 th 2020	No
Improvements to IFRS 2018 – 2020 Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	January 1 st 2022	May 14 th 2020	No

The PIERER Mobility Group assumes that there will be no material effects on the consolidated financial statements due to the standards to be applied in the future.

5. ESTIMATES AND UNCERTAINTIES IN JUDGMENTS AND ASSUMPTIONS

In the consolidated financial statements, certain **estimates** and assumptions have to be made that affect the recognized assets and liabilities, the disclosure of contingent liabilities as of the reporting date and the presentation of income and expenses for the financial year. These estimates are based on the past experience of the Executive Board. The amounts actually arising may differ from the estimates if assumed parameters develop contrary to expectations. If new conditions become known, they are duly taken into account and previous assumptions are revised.

- In particular, assumptions are made to assess the recoverability of goodwill and intangible assets of indeterminate useful life. Goodwill of EURk 131,034 (previous year: EURk 130,311) was recognized at the reporting date, along with the “KTM” brand, which is valued at EURk 61,103 (previous year: EURk 61,103), and the “GASGAS” brand, which is valued at EURk 13,346 (previous year: EURk 0). For further information on the impairment tests, see the explanations in Note 21 “Goodwill”.
- Deferred tax assets on tax loss carryforwards not subject to expiration are recognized based on the assumption that sufficient taxable income will be generated in the future to allow them to be utilized. Suitable allowances are made in the event of uncertainties in the assumptions. As of 12/31/2020, deferred tax assets on loss carryforwards of EURk 7,721 (previous year: EURk 5,688) were capitalized. Based on current tax planning, the management expects that the loss carryforwards recognized as of 12/31/2020 will be utilized over the next five years. For further details on deferred taxes, see the explanations in Note 25 “Deferred tax assets”.
- In cash flow hedge accounting, assessments are made regarding the occurrence of future cash flows. The level and timing of these cash flows could differ and thus have an impact on cash flow hedge accounting.
- Furthermore, estimation uncertainty exists with the recognition and measurement of liabilities for employee benefits. Assumptions are made concerning the following factors: empirical values and demographic assumptions such as the retirement age of women/men and staff turnover, as well as financial assumptions such as the discount rate and future wage and salary trends. Liabilities for employee benefits of EURk 28,665 (previous year: EURk 29,347) were recorded as of the reporting date. For further information, see the explanations in Note 33 “Liabilities for employee benefits”.
- Estimates for the provisions essentially concern provisions relating to guarantees and warranties. To determine the level of the provision, a direct relationship has been established for each product group between revenues and the guarantee and warranty expenses incurred. The average percentage value of guarantee and warranty expenses in terms of revenue is checked several times a year and adjusted if necessary. As of 12/31/2020, provisions relating to guarantees and warranties of EURk 14,612 (previous year: EURk 12,448) were recorded.
- The determination of the fair values of assets and liabilities acquired as part of a business combination and the useful lives of these assets is based on assessments by the management.
- Leases
Evaluations were made with respect to the terms and interest rates. Further details are provided under Note 23 “Property, plant, and equipment” and Note 47 “Leases as lessee”.
- In the case of inventories, estimates exist in connection with the sequence of consumption and analyses of coverage. In addition, allowance requirements are recorded on a case-by-case basis due to slow-moving items or items with limited possibilities of sale.

The following **judgments** were made in respect of the application of accounting policies within the PIERER Mobility Group:

- Derecognition of receivables in connection with ABS and factoring agreements
Evaluations were made with respect to the conditions for derecognition under IFRS 9. For further details, see Chapter VIII. “Financial instruments and capital management”.
- Supplier finance
Assessments were made regarding the disclosure of liabilities in relation to the supplier finance program. Further details are provided under Note 34 “Other current and non-current liabilities and trade accounts payable”.

- Development costs

Development costs are capitalized in accordance with the accounting policies described above. The initial capitalization of costs is based on assumptions made by the management to estimate the future economic benefit of the expenses incurred and the technical feasibility of the developed product or process as well as its marketability.

IMPACT OF THE COVID-19 PANDEMIC

- Going concern:

In preparing the consolidated financial statements, management is responsible for assessing the company's ability to continue as a going concern. In the opinion of the management of PIERER Mobility AG and taking into account all available information about the future, which covers at least twelve months after the end of the reporting period, there are no indications to deviate from the assumption of a going concern. Although the outbreak of the COVID-19 crisis has had and is having a negative impact on the group's business operations for PIERER Mobility AG (especially during the 1st half of 2020), thanks to a secured liquidity and equity situation (liquid funds according to the statement of cash flows of EURk 218,270 and equity as of 12/31/2020 of EURk 654,119), management has made the assessment that there are no uncertainties regarding the business as a going concern.

- Individual estimates:

From an accounting and valuation perspective, COVID-19 may impact many areas of the consolidated financial statements of PIERER Mobility AG or increase estimation uncertainties and make it more difficult to make judgments. The following points are particularly affected:

- Impact on the recoverability of goodwill and intangible assets of indeterminate useful life: The COVID-19 pandemic is a potential trigger for examining the need for impairment losses and for performing impairment tests. In this regard, see Note 21 Goodwill.
- Potential impact on lease accounting: There were no changes to the terms or other components of the contract, which is why the relief option under IFRS 16 was not exercised.
- Possible increase in bad debt losses due to the COVID-19 crisis: Due to the positive development of the retail market, no significant impairment losses are expected. The assumptions used to calculate the default risk of trade receivables and other assets not impaired by creditworthiness (expected credit loss) were checked. There is also an ongoing review of the creditworthiness of customers and collateral is required. See also Chapter VIII. "Financial instruments and capital management".
- In cash flow hedge accounting, assessments are made regarding the occurrence of future cash flows. The planning of future cash flows has been updated due to changed sales and order volume planning as a result of the COVID-19 pandemic. The slightly changed foreign currency exposures are the basis for currency hedges according to current circumstances.

II. SCOPE OF CONSOLIDATION

6. CONSOLIDATION PRINCIPLES AND METHODS

All subsidiaries are included in the consolidated financial statements of PIERER Mobility AG by way of **full consolidation**. Subsidiaries are companies controlled by the group. The financial statements of subsidiaries are included in the consolidated financial statements from the moment control begins until the moment control ends. Unless otherwise stated, the amount for the non-controlling interests is recorded with the pro rata net assets of the acquired company without goodwill.

The interests of the PIERER Mobility Group in holdings accounted for using the **equity method** include interests in associates.

The **reporting currency** of the PIERER Mobility Group is the euro. The subsidiaries and the holdings accounted for using the equity method prepare the annual financial statements in their functional currency. This means that assets and liabilities shown in the financial statements to be consolidated are translated at the mean rate of exchange valid on the reporting date and items in the income statement are translated using the average exchange rate for the financial year. The following exchange rates of significance to the PIERER Mobility Group were used for the currency translation into the reporting currency:

	Closing rate		Average rate	
	12/31/2020	12/31/2019	2020	2019
US-dollar	1.2271	1.1234	1.1470	1.1195
Swiss franc	1.0802	1.0854	1.0709	1.1111
Japanese yen	126.4900	121.9400	121.8842	121.9592
South African rand	18.0219	15.7773	18.9139	16.1701
Mexican peso	24.4160	21.2202	24.7300	21.6082
Australian dollar	1.5896	1.5995	1.6567	1.6177

7. CHANGES IN THE SCOPE OF CONSOLIDATION

All subsidiaries that are either legally or de facto under the control of PIERER Mobility AG are included in the present consolidated financial statements as at Thursday, December 31, 2020. The number of entities in the scope of consolidation changed as follows in the 2020 financial year:

	Fully consolidated companies	At-equity companies
Balance as of 12/31/2019	63	3
Additions to the scope of consolidation	6	1
Eliminations from the scope of consolidation	-3	0
Balance as of 12/31/2020	66	4
thereof foreign companies	46	3

PIERER Mobility AG – as the parent company of the PIERER Mobility Group – was not taken into account in this list. The entities included in the consolidated financial statements and the time of their initial consolidation are listed in Chapter XII. “Group companies (schedule of equity holdings)”.

CHANGES IN THE FULLY CONSOLIDATED ENTITIES

▪ Additions to the scope of consolidation:

With effect from January 1, 2020, KTM Immobilien GmbH acquired 80% of the shares in KTM MOTOHALL GmbH, Mattighofen from PIERER IMMOREAL GmbH, Wels, thus increasing its interest from 10% to 90%. The following assets and liabilities were acquired:

EURk	
Non-current assets	41,335
Current assets	1,351
Non-current liabilities	-16,111
Current liabilities	-24,991
Net assets	1,584
Addition of non-controlling interests	-158
Fair value of previously recognized shares	-1,455
Goodwill	110
Consideration	-80
Cash and cash equivalents acquired	403
Net cash outflow from the acquisition	323

The shares previously held were already measured at fair value in accordance with IFRS 9. The goodwill amounting to EURk 110 is based on the earning and synergy potential of the company that, according to IFRS, cannot be assigned to individual items that can be capitalized. The full amount of the goodwill is assigned to the "KTM" cash-generating unit. As part of the company acquisition, fair values for trade receivables amounting to EURk 869 were acquired. The receivables that are likely to be uncollectible must be regarded as immaterial.

Within the KTM Group in the current financial year, KTM Racing GmbH, Mattighofen and GASGAS Motorcycles Espana S.L.U. (formerly: Canepa Investments, S.L.), Terrassa, Spain, were also newly founded and fully consolidated.

In the E-Bikes segment, Husqvarna E-Bicycles GmbH (now: PIERER E-Bikes GmbH) was newly founded in the first half of the year with effect from February 25, 2020. The restructuring and integration of PEXCO GmbH within the newly founded company PIERER E-Bikes GmbH was completed in 2020. PIERER E-Bikes GmbH is wholly owned directly by PIERER Mobility AG.

With effect from April 30, 2020, 100% of the shares in bikes&wheels 2 Radhandels GmbH, Wels (formerly: (4) SPORTS Gesellschaft mbH, Wels) were acquired by PIERER E-Bikes GmbH. The following assets and liabilities were acquired:

EURk	
Non-current assets	221
Current assets	1,016
Non-current liabilities	-720
Current liabilities	-1,039
Net assets	-522
Goodwill	569
Consideration	-48
Cash and cash equivalents acquired	15
Net cash outflow from the acquisition	-33

The goodwill amounting to EURk 569 is based on the earning potential of the company that, according to IFRS, cannot be assigned to individual items that can be capitalized. The full amount of the goodwill is assigned to the “E-Bikes” cash-generating unit. As part of the company acquisition, fair values for trade receivables amounting to EURk 40 were acquired. The receivables that are likely to be uncollectible must be regarded as immaterial.

In addition, bikes&wheels North America Inc., Murrieta, CA, USA, was founded in the E-Bikes segment and fully consolidated in the consolidated financial statements as of October 1, 2020.

▪ **Eliminations from the scope of consolidation:**

Within the KTM Group, WP Components GmbH, Munderfing was merged with WP Immobilien GmbH, Munderfing with effect from January 1, 2020. In addition, W Verwaltungen AG, Mattighofen was merged with KTM AG in the current financial year.

Within the e-bike segment, PEXCO Italia S.r.l. Merano, Italy was liquidated in the second half of the year.

CHANGES IN ENTITIES ACCOUNTED FOR AT EQUITY

In July 2020, a 35% equity holding in DealerCenter Digital GmbH was acquired from Pierer Industrie AG and increased to 45% in September 2020. The company develops digital consulting and sales systems especially for the two-wheeler retail trade and is expected to play an important role in the transformation of the stationary retail sector to create the digitally integrated shop of the future. The total purchase price was EURk 1,514, of which EURk 150 was paid in cash and the remainder was financed with treasury shares.

III. SEGMENT REPORTING

The business activities of PIERER Mobility AG are managed on the basis of the two divisions “Motorcycles” and “E-Bikes”. The individual groups are managed separately and report to PIERER Mobility AG in accordance with the IFRS accounting rules. The main decision-maker for the segment report is the Executive Board of PIERER Mobility AG. Segment reporting is based on the internal reports of the segments Motorcycles (formerly: KTM), E-Bikes (formerly: Husqvarna E-Bicycles) and other.

MOTORCYCLES:

KTM AG is the umbrella over the KTM Group which promotes the development, production, and distribution of motorized vehicles for recreational purposes (power sports), in particular under the KTM, Husqvarna Motorcycles, GASGAS, and WP brands. As of Thursday, December 31, 2020, the KTM Group includes in its consolidated financial statements 51 subsidiaries located in Austria, the USA, Japan, South Africa, Mexico, India, Australia, and New Zealand, as well as in various other countries in Europe and Asia. In addition, the KTM Group has equity holdings in assembly companies in the Philippines and China.

E-BIKES:

The company Husqvarna E-Bicycles GmbH (now: PIERER E-Bikes GmbH), which was newly founded in 2020, forms a separate segment together with PEXCO GmbH, which was fully acquired in December 2019, together with its subsidiaries. PEXCO GmbH was incorporated under the newly established company PIERER E-Bikes GmbH in the second half of 2020. In total, the segment comprises 10 fully consolidated companies. The focus of the brands Husqvarna E-Bicycles, R RAYMON, and GASGAS E-Bicycles is on developing, manufacturing and trading e-bikes and bicycles. As the initial consolidation of the e-bike division took place as of December 31, 2019, the result from operating activities of the previous year relates to the ongoing “at-equity” valuation for the 2019 financial year (40% share in PEXCO GmbH in the previous year until full consolidation in December 2019) as well as the initial consolidation effect due to an upward revaluation of the previous “at-equity” shares to fair value.

Other:

In the “Other” segment, PIERER Mobility AG, KTM E-Technologies GmbH (formerly: KTM Technologies GmbH), KTM Innovation GmbH, Avocado GmbH, HDC GmbH (formerly: PF Beteiligungsverwaltungs GmbH) and Platinum 1483. GmbH are summarized.

None of the segments are reliant on external customers as defined in IFRS 8.34. Trade between the segments takes place under the usual market conditions. The segment key performance indicator EBIT represents operating earnings before financial results and income taxes. The investments relate to additions from property, plant and equipment and intangible assets (excluding lease additions in accordance with IFRS 16). The earnings accounted for using the equity method are included in the EBIT pursuant to the structure of the consolidated income statement. Working capital employed corresponds to the sum of inventories and trade receivables less trade payables as of the reporting date. Net debt corresponds to the sum of current and non-current financial liabilities (including lease liabilities) less cash as of the reporting date.

Segment information for the financial year 2020 and financial year 2019 can be divided into the described segments as follows:

2020	Motorcycles	E-Bikes	Other	Consolidation	TOTAL
EURk					
Revenues (including revenues within the segments)	1,413,978	112,497	36,141	-32,234	1,530,382
External revenues	1,413,959	112,424	3,999	0	1,530,382
Result from operating activities	105,304	2,216	-179	-100	107,241
Investments	147,949	1,513	718	0	150,180
Depreciation and amortization	-120,357	-4,333	-1,599	0	-126,289
Share in the result of companies accounted for using the equity method	-1,359	0	0	179	-1,180
Balance sheet total	1,561,592	102,505	296,378	-274,441	1,686,034
Equity	634,969	32,810	246,213	-259,873	654,119
Working capital employed	173,982	4,299	-460	3,711	181,532
Net debt	-281,786	-3,347	-34,738	7,458	-312,413
2019	Motorcycles	E-Bikes	Other	Consolidation	TOTAL
EURk					
Revenues (including revenues within the segments)	1,512,879	0	35,717	-28,461	1,520,135
External revenues	1,512,805	0	7,330	0	1,520,135
Result from operating activities	121,293	8,743	991	679	131,706
Investments ¹⁾	147,919	0	1,004	0	148,923
Depreciation and amortization	107,677	0	1,410	0	109,087
Share in the result of companies accounted for using the equity method	-718	-1,616	0	850	-1,484
Balance sheet total	1,492,212	81,139	289,378	-248,837	1,613,892
Equity	605,913	15,311	237,679	-240,270	618,633
Working capital employed	244,447	27,603	1,805	355	274,210
Net debt	-333,451	-23,997	-38,957	602	-395,803

1) From 2020 onward, current lease additions are not included. The previous year's figures have been adjusted to improve comparability.

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement is prepared according to the cost of sales method. The grants received in the 2020 financial year for short-time working were set off against related expenses of the respective functional areas of cost of sales, selling and racing expenses, research and development expenses and administrative expenses in personnel expenses.

8. REVENUE

Revenues, minus cash discounts, customer bonuses, and rebates, are generally recorded upon the passing of the risk as per the terms of the transaction (Incoterms) or, as the case may be, at the time when performance was rendered.

The breakdown of external revenue by geographical region is based on the location of the customers. The revenue by geographical region for the Group is composed of the following:

EURk	2020	2019
Europe	875,257	819,132
North America and Mexico	373,618	393,600
Other	281,507	307,403
	1,530,382	1,520,135

Variable considerations, such as price discounts, sales bonuses, and cash discounts, are reported as revenue reductions in revenues. The obligations for variable considerations are reported as contractual obligations within the meaning of IFRS 15. The contractual obligations for variable considerations in respect of price discounts, sales bonuses and cash discounts amounted to €35.6 million as at 12/31/2020 (12/31/2019: €23.3 million).

As warranties are not sold separately, these only provide assurance that the products being sold meet the agreed specifications. As these warranties do not depart from the statutory warranty obligations or those that are typical of the industry in terms of their duration or their content, they are deemed to be assurance-type warranties, which do not constitute a separate performance obligation. Accordingly, the warranties will continue to be recognized in accordance with IAS 37.

9. COST OF SALES

The Group's production costs are composed of the following:

EURk	2020	2019
Cost of materials and purchased services	935,018	870,905
Personnel expenses	84,103	99,447
Amortization charged to capitalized development costs	50,705	44,889
Depreciation/amortization of property, plant and equipment and other intangible assets	28,362	25,320
Other operating expenses	5,362	33,559
	1,103,550	1,074,120

Cost of sales includes income from currency translation differences of EURk 14,959 (previous year: EURk 3,260) that is measured at fair value through profit or loss. This excludes differences arising on the measurement of financial instruments.

10. SELLING AND RACING EXPENSES

The Group's selling and racing expenses are composed of the following:

EURk	2020	2019
Cost of materials and purchased services	33,291	34,417
Personnel expenses	73,282	74,490
Depreciation/amortization of property, plant and equipment and other intangible assets	10,188	8,479
Other operating expenses	106,633	131,681
Sponsorship money and other operating income	-31,178	-34,174
	192,216	214,893

11. RESEARCH AND DEVELOPMENT EXPENSES

The Group's research and development expenses are composed of the following:

EURk	2020	2019
Cost of materials and purchased services	4,432	8,426
Personnel expenses	24,238	24,138
Depreciation/amortization of property, plant and equipment and other intangible assets	8,008	6,985
Other operating expenses	966	388
Subsidies and other operating income	-14,253	-16,247
	23,391	23,690

Expenses disclosed under research and development expenses comprise research costs and non-capitalizable development costs. Personnel expenses before the effects of capitalizing development costs were EURk 61,614 (previous year: EURk 62,758). The research and development expenses (before capitalizing development costs) totaled EURk 137,713 (previous year: EURk 138,520) and therefore 9.0% (previous year: 9.1%) of revenue.

12. ADMINISTRATIVE EXPENSES

The Group's administrative expenses are composed of the following:

EURk	2020	2019
Cost of materials and purchased services	1,571	7,248
Personnel expenses	45,911	40,494
Depreciation/amortization of property, plant and equipment and other intangible assets	29,026	23,414
Other operating expenses	28,199	14,556
Other operating income	-2,062	-1,504
	102,645	84,208

13. OTHER OPERATING EXPENSES

The other operating expenses total EURk 164 (previous year: EURk 1,415).

The other operating expenses for the previous year mainly related to effects due to changes in the scope of consolidation amounting to EURk 1,024, which related to the deconsolidation of KTM Components (Dalian) Co., Ltd. and Fuhrmann Erodieretechnik GmbH and the initial consolidation of KTM Australia Holding Pty Ltd.

The remaining other expenses include bank charges.

14. OTHER OPERATING INCOME

Other operating income is realized when economic benefit is likely to arise from the underlying contract and a reliable determination of the income has been made.

The Group's other operating income is composed of the following:

EURk	2020	2019
Income from the disposal of assets	5	114
Consolidation changes	0	11,136
Other remaining income	0	131
	5	11,381

The changes in the scope of consolidation for the previous year primarily related to the revaluation of the at-equity interest in PEXCO GmbH held prior to the acquisition of control to fair value in the context of the initial consolidation of the company in December 2019 amounting to EURk 10,359.

15. EARNINGS FROM AT-EQUITY HOLDINGS

In the income statement, the share of the profit or loss of associates accounted for using the equity method has been disclosed as a separate line item in the result from operating activities. This essentially involves equity holdings that are integrated into the operating activities of the PIERER Mobility Group as material suppliers or customers.

The earnings from the companies accounted for using the equity method are composed of the following:

EURk	2020	2019
Kiska GmbH	207	850
KTM Asia Motorcycle Manufacturing Inc.	33	56
KTM Australia Holding Pty Ltd.	0	-426
PEXCO GmbH	0	-1,616
China Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.	-1,392	-423
KTM Motohall GmbH	0	-232
DealerCenter Digital GmbH	-28	0
Four flagship stores and miscellaneous	0	307
	-1,180	-1,484

The at-equity result of DealerCenter GmbH relates to the second half of 2020, as the company was acquired in July 2020. As a result of the full consolidation of KTM Australia Holding Pty Ltd. as of July 1, 2019, the previous year's share of the company's profit or loss relates to the first half of 2019. The at-equity result of PEXCO GmbH relates to the whole of 2019, as the initial consolidation of the company took place at the end of December 2019.

16. FINANCIAL AND INVESTMENT INCOME

The Group's financial and investment income is composed of the following:

EURk	2020	2019
Interest income	1,629	3,026
Interest expenses	-15,213	-16,974
Other financial and investment income (expenses)	-2,833	78
	-16,417	-13,870

The Group's other financial and investment income is composed of the following:

EURk	2020	2019
Foreign exchange valuation of bank deposits	-2,158	40
Cost of hedging	83	-50
Valuation interest swap	-262	0
Impairment of non-current financial assets	-494	0
Gain / Loss from the disposal of non-consolidated subsidiaries	-2	88
	-2,833	78

17. INCOME TAXES

The group's income tax expense and income tax income are attributable to current taxes and deferred taxes as follows:

EURk	2020	2019
Current tax	-11,824	-8,671
Deferred tax	-9,545	-13,453
	-21,369	-22,124

The income taxes shown are the taxes on income and earnings paid and/or owed in the individual countries as well as the deferred taxes. The Austrian companies of the PIERER Mobility Group are subject to a corporate income tax rate of 25.0%. The calculation of foreign income taxes is based on the laws and regulations that are in force or have been adopted in the individual countries. The income tax rates applicable to foreign entities vary from 9.0 % to 37.8%.

The expected tax expense for the financial year (derived from applying the group tax rate of 25.0% to the profit before tax) and the actual tax expense disclosed are reconciled as follows:

EURk	2020	2019
Profit before income taxes	90,824	117,836
Expected tax expenses / income	-22,706	-29,459
Non-temporary differences and other tax additions	-93	-1,370
Recognition / allowances / utilization of loss carryforwards	-4	0
Non-taxable results in consequence of consolidation changes	-163	3,026
Taxes in relation to prior periods	-1,058	2,347
Effects of foreign tax rates	-827	-462
Earnings from equity holdings	-219	-210
Investment benefits	3,932	4,002
Miscellaneous	-231	2
	-21,369	-22,124

18. EARNINGS PER SHARE AND PROPOSAL ON THE APPROPRIATION OF EARNINGS

The earnings per share were EUR 1.56 in the current financial year 2020 (previous year: EUR 2.42) and are calculated as follows:

	2020	2019
Earnings - owner of parent company (EURk)	34,911	54,495
Total number of shares (units)	22,538,674	22,538,674
Effect of own shares (units)	-194,376	-11,539
Weighted average of shares	22,344,298	22,527,135
Undiluted (=diluted) earnings per share (EUR)	1.56	2.42

According to the Austrian Stock Corporation Act, the separate financial statement issued by PIERER Mobility AG in accordance with the Austrian accounting regulations on 12/31/2020 forms the basis for the payment of dividends.

For the financial year 2020, it is proposed that from the net profit of PIERER Mobility AG amounting to EURk 98,137, a dividend per share of EUR 0.3 (in total EURk 6,704) is paid out and the remaining carried forward. A dividend of EURk 0 was paid from the net profit in 2019.

19. EXPENSES FOR THE AUDITOR OF THE FINANCIAL STATEMENTS

The expenses attributable to the reporting period for the auditor of the financial statements, KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, are composed of the following:

EURk	2020	2019
Annual audit for each individual company and the consolidated financial statements	511	461
Other assurance services	22	11
Other services	112	69
	645	541

20. EMPLOYEES

Employee numbers as stated include agency and external staff:

Balance as of 1/1/2020	4,368
Changes during the financial year	218
Balance as of 12/31/2020	4,586

As at 12/31/2020, 2,158 white-collar employees (previous year: 2,439) and 2,428 manual workers (previous year: 1,929) were employed. As at 12/31/2020, 3,822 employees (previous year: 3,639) are employed in Austria and 764 (previous year: 729) abroad. On average, the Group employed 4,406 people (previous year: 4,369), of which 2,417 were white-collar employees (previous year: 2,309) and 1,989 manual workers (previous year: 2,061).

During the 2020 financial year, total personnel expenses before the effects of capitalizing development costs were EURk 264,910 (previous year: EURk 277,189).

V. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

21. GOODWILL

Goodwill is tested for impairment once a year and when there are indications of impairment in accordance with IAS 36. The Group determines the recoverable amount fundamentally on the basis of the value in use, which represents the present value of the expected future cash flows before tax.

The impairment tests of the cash-generating units (CGUs) "KTM" and "PIERER E-Bikes (formerly: PEXCO)" were prepared on the basis of a five-year cash flow plan. This is the basis for the approved budget and the latest medium-term planning. Management has also taken into account the expected impact of the COVID-19 pandemic. Beyond the detailed planning horizon, the cash flows for the final financial period planned in detail are used as the basis for calculating a perpetuity value, with a growth rate of 1% being applied to the discount rate. The discount rate used was a weighted average cost of capital (WACC) before taxes of 9.6% (previous year: 9.2%) for "KTM" and 9.4% for "PIERER E-Bikes". The calculation was based on externally available capital market data. Medium-term planning is based on internal assumptions concerning the future development of sales, prices, and costs, the future development of new markets, and the composition of the product mix. The assumptions are based mainly on the wealth of experience gained over many years and management assessments.

All other conditions being equal, for the "KTM" cash-generating unit any increase in input tax for WACC to 13.8% (previous year: 12.9%) or decline in budgeted future EBITs by 29.8% (previous year: 29.3%) would result in the carrying amount of the CGU corresponding to the recoverable amount. All other conditions being equal, for the "PIERER E-Bikes" cash-generating unit any increase in input tax for WACC to 25.3% or decline in budgeted future EBIT by 63.2% would result in the carrying amount of the CGU corresponding to the recoverable amount. In the previous year, the E-Bikes division (PEXCO) was acquired as of 12/23/2019. Due to the proximity of the acquisition to the reporting date, the recoverable amount as of 12/31/2019 was determined on the basis of the purchase price (= fair value) and was higher than the carrying amount.

The breakdown of goodwill and its development and division between the respective CGUs is as follows:

EURk	2020	2019
Acquisition and production costs:		
Balance as of 01/01	150,289	116,141
Changes in the scope of consolidation	679	33,931
Currency translation	27	217
Balance as of 12/31	150,995	150,289

EURk	2020	2019
Accumulated depreciation and amortization:		
Balance as of 01/01	19,978	19,969
Changes in the scope of consolidation	0	0
Currency translation	-17	9
Balance as of 12/31	19,961	19,978
Balance as of 12/31	131,034	130,311
KTM	110,063	109,909
PIERER E-Bikes	20,026	19,457
Avocado	945	945

22. INTANGIBLE ASSETS

Similarly to property, plant and equipment, intangible assets are capitalized at cost and measured at cost less amortization. Amortization is determined by the straight line method and is based on the following expected useful lives:

Useful life	in years
Software	3 - 5
Intangible assets generated internally	5

For intangible assets generated internally, the production period is subdivided into research, development, and model update phases. Costs incurred during the research and model update phases are immediately recognized in profit or loss. The amortization of capitalized development costs that are clearly attributable to projects starts upon the commencement of series production.

In the 2020 financial year, development costs of EURk 93,752 (previous year: EURk 98,567) were capitalized and a total of EURk 50,705 (previous year: EURk 44,889) were amortized. As of 12/31/2020, development costs with a carrying amount of EURk 308,617 (previous year: EURk 283,294) are included in intangible assets.

Intangible assets of indeterminate useful life, such as the "KTM" brand and the "GASGAS" brand, which were recognized in the course of the initial purchase price allocation at a value of EURk 61,103 and EURk 13,346, respectively, are not amortized but are instead subjected to an annual impairment test. The Executive Board assumes an indeterminate useful life for the brands because the rights are not subject to any restrictions as to time, in law or by contract in the relevant sales markets and because the sustained public awareness of the brands indicates that there has been no loss of economic value. The brands are attributed to the "KTM" cash-generating unit. Since the brands do not generate cash inflows that are largely independent of the cash inflows from other assets, the impairment test is performed as part of the annual impairment test of goodwill "KTM" (see Note 21. "Goodwill").

The breakdown of intangible assets and their development over the 2020 financial year as well as over the 2019 financial year are shown in the following tables:

EURk	Concessions, industrial property rights and similar rights and benefits as well as resulting licenses	Customers, Brand values, Development cost	Advance payments	Total
Acquisition and production costs:				
Balance as of 12/31/2019	67,293	481,568	5,474	554,335
Adjustment in accordance with IAS 8 (offsetting of research grants)	0	-15,232	0	-15,232
Balance as of 01/01/2020	67,293	466,336	5,474	539,103
Additions	7,094	106,618	3,517	117,229
Disposals	0	-28,772	0	-28,772
Changes in the scope of consolidation	632	0	0	632
Currency translation	-57	1	0	-56
Transfers	4,946	480	-5,280	146
Balance as of 12/31/2020	79,908	544,663	3,711	628,282
Accumulated depreciation and amortization:				
Balance as of 01/01/2020	37,631	124,750	0	162,381
Additions	13,016	52,258	0	65,274
Disposals	0	-26,279	0	-26,279
Changes in the scope of consolidation	90	0	0	90
Currency translation	-19	0	0	-19
Transfers	0	0	0	0
Balance as of 12/31/2020	50,718	150,729	0	201,447
Carrying amount:				
Balance as of 12/31/2020	29,190	393,934	3,711	426,835
Balance as of 12/31/2019	29,662	356,818	5,474	391,954

EURk	Concessions, industrial property rights and similar rights and benefits as well as resulting licenses	Customers, Brand values, Development cost	Advance payments	Total
Acquisition and production costs:				
Balance as of 01/01/2019	57,555	381,312	4,287	443,154
Additions	6,361	98,567	5,127	110,055
Disposals	-420	-10,119	0	-10,539
Changes in the scope of consolidation	-7	11,808	0	11,801
Currency translation	13	0	-4	9
Transfers	3,791	0	-3,936	-145
Balance as of 12/31/2019	67,293	481,568	5,474	554,335

EURk	Concessions, industrial property rights and similar rights and benefits as well as resulting licenses	Customers, Brand values, Development cost	Advance payments	Total
Accumulated depreciation and amortization:				
Balance as of 01/01/2019	27,163	89,430	0	116,593
Additions	11,053	44,950	0	56,003
Disposals	-420	-9,507	0	-9,927
Changes in the scope of consolidation	-166	-123	0	-289
Currency translation	1	0	0	1
Transfers	0	0	0	0
Balance as of 12/31/2019	37,631	124,750	0	162,381
Carrying amount:				
Balance as of 12/31/2019	29,662	356,818	5,474	391,954
Balance as of 12/31/2018	30,392	291,882	4,287	326,561

In the current financial year, a derecognition charge of EURk 2,493 (previous year: EURk 612) was recorded against development costs in relation to assets that were not available for use due to the termination of the project.

In the consolidated statement of cash flows, an adjustment of EURk 687 (previous year: EURk -232) has been made to other additions to intangible assets to reflect transactions that had no cash flow effect.

23. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less depreciation. Amortization is determined by the straight line method and is based on the following expected useful lives:

Useful life	in years
Buildings	10 - 50
Technical plant and machinery	2 - 10
Fixtures and fittings, tools and equipment	2 - 10

The useful lives of the right-of-use assets (IFRS 16) reported under property, plant and equipment from 1/1/2019 onward are between 3 and 10 years.

The tables below provide a breakdown of property, plant, and equipment along with movements during the 2020 and 2019 financial years:

EURk	Real Estate	Buildings	Technical plant and machinery	Operational and business equipment	Advance payments and investments in construction	Total
Acquisition and production costs:						
Balance as of 01/01/2020	23,096	213,792	256,109	123,507	10,310	626,814
Additions	2,208	10,067	22,357	13,063	4,740	52,435
Disposals	0	-473	-1,020	-3,518	-3	-5,014
Changes in the scope of consolidation	1,426	33,856	130	6,577	0	41,989
Currency translation	-10	-1,665	-11	-1,238	0	-2,924
Transfers	0	132	8,526	546	-9,349	-145
Balance as of 12/31/2020	26,720	255,709	286,091	138,937	5,698	713,155
Accumulated depreciation and amortization:						
Balance as of 01/01/2020	176	49,897	178,158	72,086	0	300,317
Additions	164	13,895	27,063	19,893	0	61,015
Disposals	0	-108	-798	-2,801	0	-3,707
Changes in the scope of consolidation	0	511	10	454	0	975
Currency translation	-2	-663	-7	-992	0	-1,664
Transfers	0	0	0	0	0	0
Balance as of 12/31/2020	338	63,532	204,426	88,640	0	356,936
Carrying amount:						
Balance as of 12/31/2020	26,382	192,177	81,665	50,297	5,698	356,219
Balance as of 12/31/2019	22,920	163,895	77,951	51,421	10,310	326,497
Acquisition and production costs:						
Balance as of 01/01/2019	17,445	183,533	226,875	92,601	13,739	534,193
Additions from first-time application of IFRS 16	6,720	22,087	1,853	8,205	0	38,865
Additions	0	4,477	25,411	16,529	8,448	54,865
Disposals	-513	-2,184	-1,154	-2,771	0	-6,622
Changes in the scope of consolidation	0	5,527	-2,631	2,034	-293	4,637
Currency translation	1	445	7	265	13	731
Transfers	-557	-93	5,748	6,644	-11,597	145

EURk	Real Estate	Buildings	Technical plant and machinery	Operational and business equipment	Advance payments and investments in construction	Total
Balance as of 12/31/2019	23,096	213,792	256,109	123,507	10,310	626,814
Accumulated depreciation and amortization:						
Balance as of 01/01/2019	20	39,275	155,375	56,170	0	250,840
Additions	156	10,201	24,869	17,855	0	53,081
Disposals	0	-526	-740	-2,169	0	-3,435
Changes in the scope of consolidation	0	827	-1,350	34	0	-489
Currency translation	0	120	4	196	0	320
Transfers	0	0	0	0	0	0
Balance as of 12/31/2019	176	49,897	178,158	72,086	0	300,317
Carrying amount:						
Balance as of 12/31/2019	22,920	163,895	77,951	51,421	10,310	326,497
Balance as of 12/31/2018	17,425	144,258	71,500	36,431	13,739	283,353

Property, plant and equipment additions include investments amounting to EURk 19,484 (previous year: EURk 54,862) as additions from leases, which had no cash flow effect as at the reporting date. For more details, please refer to Note 47, "Leases as lessee". In the consolidated statement of cash flows, an adjustment of EURk -3,011 (previous year: EURk 1,106) has been made to other additions to property, plant and equipment to reflect transactions that had no cash flow effect.

As of the reporting date, property, plant and equipment amounting to EURk 76,200 (previous year: EURk 58,700) were secured by pledge agreements recorded in the land register and duly filed, above all for liabilities owed to credit institutions.

24. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments in associates accounted for under the equity method are regarded individually as immaterial. As of 12/31/2020, the investments accounted for using the equity method are Kiska GmbH, KTM Asia Motorcycle Manufacturing Inc., CFMOTO-KTMR2R Motorcycles Co., Ltd. and DealerCenter Digital GmbH. The changes of companies accounted for using the equity method are shown in Note 7 "Changes in the scope of consolidation".

Kiska GmbH is a design business that provides development and design services. The reporting date of Kiska GmbH is March 31, which was set before the acquisition of the equity holding. A change in the end of the reporting period is not sought on account of materiality considerations. For the purposes of accounting under the equity method, unaudited interim financial statements as at December 31 were used. PIERER Mobility AG holds 50% of the company.

KTM Asia Motorcycle Manufacturing Inc. was jointly founded in June 2016 in partnership with Ayala Corp. The company began assembling KTM motorcycles in the Philippines from CKD (completely knocked down) kits in mid-2017. The KTM Group holds 34% of the company.

The KTM joint venture in China with the partner CFMOTO was established in the 2018 financial year under the name "Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.". The company is not yet operational. The production of mid-range motorcycles in the Chinese city of Hangzhou is planned from 2021 onward. The KTM Group holds 49% of the company.

In 2020, a total of 45% of the shares in DealerCenter Digital GmbH were acquired. The company develops digital consulting and sales systems especially for the two-wheeler retail trade and is expected to play an important role in the transformation of the stationary retail sector to create the digitally

integrated shop of the future.

Movements in the carrying amounts of the investments accounted for using the equity method were as follows in the financial year:

EURk	2020	2019
Book value of investments on 1/1	13,628	26,138
Acquisition of holdings	1,514	0
Consolidation changes (successive acquisition)	0	-3,699
Disposal of holdings	0	-5,621
Proportionate net income	-1,180	-1,484
Change in disclosure (simple participation)	0	-1,455
Other comprehensive income	-100	-31
Dividend	-606	-997
Other	-4	777
Book value of investments on 12/31	13,252	13,628

25. DEFERRED TAX ASSETS

Deferred tax assets relating to tax loss carryforwards are recognized insofar as they can be realized within a reasonable period. Deferred tax assets and deferred tax liabilities are reported on a net basis if they are subject to the same tax jurisdiction and are of a similar duration. Deferred tax items for differences between the tax base of fully consolidated interests or interests measured at equity and the corresponding consolidated equity are recognized only if realization is probable within the foreseeable future.

Total deferred tax assets and deferred tax liabilities were calculated from the following statement of financial position items:

EURk	12/31/2020	12/31/2019
Deferred tax assets:		
Current assets:		
Inventories	5,365	8,075
Non-current assets:		
Fixed assets	1,656	547
Loss carryforwards	7,721	5,688
Employee benefits	4,114	4,525
Provisions	3,406	3,125
Liabilities	3,896	1,087
	26,158	23,047
Offsetting	-14,640	-13,047
	11,518	10,000
Deferred tax liabilities:		
Currents assets	-981	-641
Non-current assets	-100,540	-91,807
Other	-59	-63
	-101,580	-92,511
Offsetting	14,640	13,047
	-86,940	-79,464

Deferred tax assets in relation to non-current assets include EURk 1,609 (previous year: EURk 2,255) in relation to the remaining sevenths of write-downs of equity holdings to going concern value pursuant to section 12 para. 3 no. 2 of the Austrian Corporate Tax Act (KStG).

Temporary differences in the deferred tax liabilities in the item “Non-current assets” result mainly from the development costs that cannot be capitalized for tax purposes and from quasi-permanent differences that result from the recognition of the “KTM” brand as an asset.

As of Thursday, December 31, 2020 (and in the previous year), it was to be assumed either that, under current tax regulations, the differences between the value for tax purposes of the carrying amount of investments in consolidated subsidiaries and the proportion of equity recognized in the consolidated IFRS financial statements (outside-basis differences), which arise largely from retained profits/uncovered losses, will remain untaxed in the foreseeable future, or that their reversal can be controlled by the Group. It was also to be assumed either that the differences between the value for tax purposes of the carrying amount of investments in holdings accounted for using the equity method and the carrying value of those holdings (outside-basis differences) will remain untaxed in the foreseeable future, or that their reversal can be controlled by the Group.

In accordance with IAS 12.39, no deferred tax was recognized in connection with the taxable temporary differences of EURk 476,815 (previous year: EURk 401,422) arising in connection with holdings in subsidiaries and investments accounted for using the equity method.

Movements in deferred taxes during the financial year were as follows:

EURk	2020	2019
Deferred tax (net) at 1/1	-69,464	-60,013
Change in scope of consolidation	0	2,666
Deferred taxes recognized in the income statement	-9,545	-13,453
Deferred taxes recognized in other comprehensive income	132	942
Deferred taxes recognized in equity	3,784	364
Foreign currency	-329	30
Deferred tax (net) at 12/31	-75,422	-69,464

The tax loss carryforwards that exist in the PIERER Mobility Group and have been capitalized can be summed up as follows:

EURk	Loss carryforward 12/31/2020	Allowance 12/31/2020	Remaining loss carryforward 12/31/2020	Deferred tax asset 12/31/2020
PIERER Mobility AG	56,335	-56,335	0	0
HDC GmbH	11,500	-11,500	0	0
Other	14,551	-42	14,509	7,721
	82,386	-67,877	14,509	7,721

EURk	Loss carryforward 12/31/2019	Allowance 12/31/2019	Remaining loss carryforward 12/31/2019	Deferred tax asset 12/31/2019
PIERER Mobility AG	53,871	-53,871	0	0
HDC GmbH (previously: PF Beteiligungsverwaltungs GmbH)	11,472	-11,472	0	0
Other	14,831	-976	13,855	5,688
	80,174	-66,319	13,855	5,688

Others in the amount of EURk 1,707 (previous year: EURk 2,276) relate to a future tax benefit from the liquidation loss of WP Suspension B.V. This can be claimed spread over seven years from the liquidation date. Furthermore, there are deferred tax assets on loss carryforwards of the KTM Group in the amount of EURk 4,405 (previous year: EURk 0) and of the PIERER E-Bikes Group of EURk 8,397 (previous year: EURk 11,579).

Deductible temporary differences and unused tax losses (including outstanding sevenths of write-downs to going concern value) for which deferred tax assets were not capitalized amount to EURk 68,529 (previous year: EURk 67,474). Value adjustment to loss carryforwards and temporary differences have been carried out to the extent to which a medium-term realization of deferred tax assets cannot be assumed with sufficient certainty from today's perspective.

26. OTHER NON-CURRENT ASSETS

EURk	12/31/2020	12/31/2019
Receivables from financing activities	1,885	2,452
Lease receivables from subleases	590	880
Other	662	2,138
	3,137	5,470

Other non-current assets include, among other things, the equity holding in AC styria Mobilitätscluster GmbH, which is measured at fair value under other comprehensive income. The previous year still included the carrying amount of the investment in KTM MOTOHALL GmbH, which is fully consolidated from 2020. Other also includes the capitalization of a beneficial contract from the 2019 financial year in connection with the deconsolidation of KTM Components (Dalian) Co., Ltd., Dalian, China.

27. INVENTORIES

The Group uses a cost averaging as the method of subsequent consumption. In addition, if the use of inventories is restricted, a write-down based on an analysis of coverage is recorded. The economic value of existing inventories is also reviewed on a case-by-case basis and additional allowances are made as required for slow-moving items or items with limited possibilities of sale.

Inventories are represented as follows:

EURk	12/31/2020	12/31/2019
Raw materials, auxiliary materials and operating materials	67,813	66,714
Unfinished products	27,677	30,063
Finished products and goods	203,254	224,865
	298,744	321,642

EURk	12/31/2020	12/31/2019
Gross inventory level	327,347	346,074
- Allowances	-28,603	-24,432
Net inventory level	298,744	321,642

The carrying amount of inventories recognized at the lower net realizable value amounts to EURk 61,076 (previous year: EURk 67,939).

28. TRADE RECEIVABLES

The gross value of third-party trade receivables is stated net of individual value adjustments of EURk 4,176 (previous year: EURk 2,921).

Movements in allowances on receivables were as follows:

EURk	Trade receivables
Balance as of 01/01/2019	1,741
Change in scope of consolidation	430
Currency translation	8
Additions to specific valuation allowance	1,239
Utilization	-48
Reversals	-449
Balance as of 12/31/2019 = 1/1/2020	2,921
Change in scope of consolidation	0
Currency translation	-81
Additions to specific valuation allowance	1,633
Additions to expected loss allowance	55
Utilization	-32
Reversals to expected loss allowance	-18
Reversals	-302
Balance as of 12/31/2020	4,176

Expenses for the complete derecognition of trade receivables amounted to EURk 121 (previous year: EURk 100).

29. CURRENT RECEIVABLES AND OTHER ASSETS

Subsidies are taken into account as soon as it is certain that they will be received by the PIERER Mobility Group and that the Group can comply with the requirements that are imposed.

EURk	12/31/2020	12/31/2019
Receivables from derivative financial instruments	3,389	2,750
ABS (asset backed securities) financing	15,894	11,271
Receivables from related company shareholders	5,080	8,182
Other	13,823	7,925
Other current financial assets	38,186	30,128
Subsidies	12,759	14,753
Receivables due from tax offices	4,250	2,045
Receivables from value added taxes (from tax group settlement with Pierer Industrie AG)	5,779	4,251
Advance payments on inventory and other prepayments	20,644	18,925
Other	3	3,128
Other current non-financial assets	43,435	43,102
Other current assets	81,621	73,230

30. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and in banks, checks, and time deposits with a fixed term of not more than three months (calculated from acquisition date) and are measured at their fair value as of the reporting date. For further details on changes in the cash status please see the information on the statement of cash flows in Chapter VI of the Notes to the Consolidated Financial Statements.

31. CONSOLIDATED EQUITY

Movements in the consolidated equity in the 2020 and 2019 financial years are presented on page 118.

The **share capital** of the company amounts to EUR 22,538,674 and is divided into 22,538,674 bearer shares of no par value, each of which represents an equal equity holding in the share capital. The shares grant the rights that are usually due to stockholders under the Austrian Stock Corporation Act. These include the right to payout of the dividend resolved upon at the Annual General Meeting as well as the right to vote at the Annual General Meeting. All shares have been paid up in full. The share capital shown in the consolidated financial statements is equal to the figure reported in the separate financial statements of PIERER Mobility AG.

In the current financial year, 116,028 treasury shares were purchased and 30,703 treasury shares were sold. In total, PIERER Mobility AG holds 193,340 treasury shares as of December 31, 2020. On the reporting date, the **reserve for treasury shares** amounted to EURk -8,447 (previous year: EURk -5,220).

The reserve pursuant to IFRS 9 comprises the **cash flow hedge reserve**. The cash flow hedge reserve comprises the effective portion of the cumulative net changes in the fair value of hedging instruments used to hedge cash flows until their subsequent recognition in profit or loss or direct recognition in the costs of acquisition or carrying amount of a non-financial asset or non-financial liability.

The **hedging costs reserve** shows gains and losses on the portion excluded from the designated hedging transaction that relates to the forward element of the forward currency transaction. These are initially recognized as other comprehensive income and accounted for in the same way as gains and losses in the hedging transaction reserve.

The development of the cash flow hedge reserve and the reserve for hedging costs is explained in Note 45 "Hedges".

The **interests held by non-controlling shareholders** include the interests of third parties in the equity of the consolidated subsidiaries.

2020 EURk	KTM AG	Other	Total
Percentage of non-controlling interests on reporting date	48.29%		
Revenue	1,413,978	116,404	1,530,382
Profit	71,210	-1,755	69,455
Other comprehensive income	-3,292	-1,379	-4,671
Total comprehensive income	67,918	-3,134	64,784
Profit assigned to non-controlling interests	34,441	103	34,544
Other comprehensive income assigned to non-controlling interests	-1,589	0	-1,589
Non-current assets	861,467	80,528	941,995
Current assets	666,745	77,294	744,039
Non-current liabilities	-536,004	-45,425	-581,429
Current liabilities	-384,868	-65,618	-450,486
Net assets	607,340	46,779	654,119
Carrying amount of non-controlling interests	293,423	441	293,864

2020 EURk	KTM AG	Other	Total
Cash flow from operating activities	286,452	26,367	312,819
Cash flow from investing activity	-144,968	-2,041	-147,009
Cash flow from financing activity	-92,305	-12,384	-104,689
Cash change	49,179	11,942	61,121
Dividends from non-controlling interests	13,595	144	13,739
2019 EURk	KTM AG	Other	Total
Percentage of non-controlling interests on reporting date	48.29%		
Revenue	1,512,879	7,256	1,520,135
Profit	84,644	11,068	95,712
Other comprehensive income	-1,819	121	-1,698
Total comprehensive income	82,825	11,189	94,014
Profit assigned to non-controlling interests	40,927	290	41,217
Other comprehensive income assigned to non-controlling interests	-874	0	-874
Non-current assets	800,883	76,977	877,860
Current assets	661,987	74,045	736,032
Non-current liabilities	-544,315	-44,342	-588,657
Current liabilities	-340,277	-66,325	-406,602
Net assets	578,278	40,355	618,633
Carrying amount of non-controlling interests	279,501	815	280,316
Cash flow from operating activities	250,454	6,926	257,380
Cash flow from investing activity	-143,642	-22,093	-165,735
Cash flow from financing activity	-21,446	823	-20,623
Cash change	85,366	-14,344	71,022
Dividends from non-controlling interests	13,077	312	13,389

The effects of the transactions with non-controlling interests and the change in the proportion of the equity attributable to the shareholders during the financial year are as follows:

EURk	12/31/2020	12/31/2019
Carrying amount acquired (-) or disposed of (+) for non-controlling interests	345	137
Purchase price received from (+) or paid (-) to non-controlling shareholders	-1,005	-240
Difference recorded in equity	-660	-103

The difference recorded in the equity mainly results from the increase of the shares in Avocodo GmbH from 70% to 100% in the current financial year.

Movements in **other earnings** after tax within consolidated equity were as follows:

EURk	Provision as per IFRS 9	Reserves including total earnings	Foreign curren- cy translation reserve	Total	Interests non-controlling shareholders	Total consolidated equity
2020						
Currency translation differences	0	0	-2,219	-2,219	-2,057	-4,276
Cash flow hedge	-1,215	0	0	-1,215	139	-1,076
Revaluation of net debt from defined benefit plans	0	352	0	352	329	681
	-1,215	352	-2,219	-3,082	-1,589	-4,671
2019						
Currency translation differences	0	0	515	515	492	1,007
Cash flow hedge	-274	0	0	-274	-371	-645
Revaluation of net debt from defined benefit plans	0	-1,065	0	-1,065	-995	-2,060
	-274	-1,065	515	-824	-874	-1,698

32. FINANCIAL LIABILITIES

EURk	12/31/2020		12/31/2020	
	Nominal	Carrying amount	Term < 1 year	Term > 1 year
Promissory note loans	228,500	228,067	3,500	224,567
Registered bond	30,000	30,000	0	30,000
Liabilities owed to credit institutions	201,471	201,471	42,185	159,286
Liabilities from factoring program between group companies	3,669	3,669	3,669	0
Liabilities from supplier finance program between group companies	3,317	3,317	3,317	0
Lease liabilities	61,727	61,727	19,491	42,236
Other interest-bearing liabilities	2,432	2,432	2,432	0
Total financial liabilities	531,116	530,683	74,594	456,089

EURk	12/31/2019		12/31/2019	
	Nominal	Carrying amount	Term < 1 year	Term > 1 year
Promissory note loans	234,500	233,970	6,000	227,970
Registered bond	30,000	30,000	0	30,000
Liabilities owed to credit institutions	223,247	223,247	56,454	166,793
Liabilities from factoring program between group companies	4,839	4,839	4,839	0
Lease liabilities	62,132	62,132	16,586	45,546
Other interest-bearing liabilities	2,479	2,479	2,479	0
Total financial liabilities	557,197	556,667	86,358	470,309

In July 2015, PIERER Mobility AG issued a promissory note loan with a value of EURk 56,500 and a term of five and seven years. In January 2017, a part of the promissory note loan in the amount of EURk 32,000, EURk 25,500 of which with a term of five years, and EURk 6,500 of which with a term of seven years, was repaid early. A part of the promissory note loan totaling EURk 12,500 with a term of five years was repaid early by letter of termination of July 13, 2018, with effect from July 17, 2018, and letter of termination of October 4, 2018, with effect from October 8, 2018. In July 2020, EURk 6,000 of the promissory note loan with a term of five years was repaid as scheduled.

In June 2016, a promissory note loan with an issuing volume of EURk 120,000 and a term of five, seven or ten years was placed by KTM AG in order to refinance the bond repaid in April 2017. In June 2018, a further promissory note loan with a volume of EURk 135,000 and terms of seven and ten years was successfully placed. In addition, EURk 32,500 of the promissory note loan issued in 2016 was repaid early.

33. LIABILITIES FOR EMPLOYEE BENEFITS

The obligations relating to employee benefits consist of obligations relating to severance pay and anniversary bonuses.

EURk	12/31/2020	12/31/2019
Severance payments	21,946	22,501
Anniversary bonuses	6,719	6,846
	28,665	29,347

The PIERER Mobility Group is also obligated by law to issue severance pay upon termination by the employer or upon retirement to all employees in Austria whose employment relationship commenced before 1/1/2003. The level of this defined benefit obligation (DBO) depends on the number of years of service and on the employee's relevant severance pay at the time of departure. For all employees in Austria who joined after 12/31/2002, the company pays 1.53% of their gross monthly salary each month into a staff severance pay fund that invests the contributions in an account maintained for the employee; at the end of the employment relationship, the amount thus accumulated is paid out or the claim thereto is passed on. The company's obligation extends only to the payment of the contributions, which are recognized as expenses in the financial year for which they were paid (defined contribution obligation). For employees of Austrian group companies whose employment commenced on or after 12/1/2003, contributions amounting to 1.53% of wages or salary were paid into a statutory staff severance pay fund. Total contributions of EURk 2,218 were paid during the past financial year (previous year: EURk 2,171).

Movements in the net liability under defined benefit plans in respect of **severance pay** during the financial year were as follows:

EURk	12/31/2020	12/31/2019
Conditional benefit:		
Balance as of 01/01	22,501	20,119
Service cost	838	811
Interest expenses	245	382
Payments made	-588	-889
Actuarial gain / loss	-908	2,747
Changes in the scope of consolidation	1	-247
Miscellaneous	-143	-422
Balance as of 12/31	21,946	22,501

The weighted durations of the severance payment obligations as at 12/31/2020 were 13 years (previous year: 13 years).

The actuarial gain/loss is made up of the following factors:

EURk	12/31/2020	12/31/2019
Change in expected values	-807	214
Change in demographic assumptions	5	10
Change in financial assumptions	-106	2,523
Actuarial gain / loss	-908	2,747

The measurement of the obligation is based on the following assumptions:

	12/31/2020	12/31/2019
Discount rate	0.90%	1.10%
Wage / salary trend	2.50%	2.75%
Retirement age (years) women/men	62 - 65 years	62 - 65 years

The discount rate was determined taking into account the average terms and the average remaining lifespans. The discount rate is the market yield on high quality, fixed-interest corporate bonds at the end of the reporting period. Employee turnover is determined on a company-specific basis and takes account of age and length of service. The actuarial measurements are based on country-specific tables of mortality rates. The chosen retirement age is the statutory retirement age in each country.

As of 12/31/2020, a change (+/- 0.5 percentage points) to the parameters "discount rate" and "wage/salary trend" would have had the following effects on the present value of the future payments:

Parameter	Change -0.50%	Change +0.50%
Discount rate	6.5%	-6.3%
Wage / salary trend	-6.2%	6.3%

As of 12/31/2019, a change (+/- 0.5 percentage points) to the parameters "discount rate" and "wage/salary trend" would have had the following effects on the present value of the future payments:

Parameter	Change -0.50%	Change +0.50%
Discount rate	6.9%	-6.4%
Wage / salary trend	-6.3%	6.7%

The companies of the PIERER Mobility Group are obligated under collective-bargaining agreements to pay their employees in Austria **anniversary bonuses** upon attaining a certain number of years of service (as from 25 years of service) (defined benefit obligation). The interest result is recognized under "Other financial result". Movements in obligations relating to claims to anniversary bonuses were as follows:

EURk	12/31/2020	12/31/2019
Balance as of 01/01	6,846	4,917
Service cost	702	502
Interest expenses	78	98
Payments made	-95	-73
Actuarial gain / loss	-825	1,403
Miscellaneous	13	-1
Balance as of 12/31	6,719	6,846

34. OTHER CURRENT AND NON-CURRENT LIABILITIES AND TRADE PAYABLES

Other **non-current** liabilities essentially comprise the following:

EURk	12/31/2020	12/31/2019
Deposits	7,600	7,325
Other financial liabilities	854	0
Other non-current financial liabilities	8,454	7,325
Other non-current non-financial liabilities	1,281	2,212
Other non-current liabilities	9,735	9,537

Other **current** liabilities essentially comprise the following:

EURk	12/31/2020	12/31/2019
Sales bonuses	28,365	20,773
Price rebates	7,236	2,524
Liabilities from derivative financial instruments	3,078	1,910
Other financial liabilities	10,920	7,502
Other current financial liabilities	49,599	32,709
Employee benefits	30,289	35,075
Prepayments	2,808	2,757
Tax liabilities	3,715	6,638
Other non-financial liabilities	205	523
Other current non-financial liabilities	37,017	44,993
Other current liabilities	86,616	77,702

Current employee benefits mainly include liabilities for unconsumed vacations, liabilities for employee bonuses, liabilities to district health insurance funds, and wage and salary liabilities. Other financial liabilities (current and non-current) include, among other things, purchase price liabilities in connection with the acquisition of PEXCO GmbH totaling EURk 1,827.

Supplier finance:

Companies in the PIERER Mobility Group have entered into a supplier finance program (a revolving facility for the financing of trade payables) with an Austrian credit institution. Suppliers may sell their receivables due from the PIERER Mobility Group to the credit institution prior to maturity. The PIERER Mobility Group is not released from the original obligation and there is no significant change in the terms of the contract as a result of the quantitative and qualitative review. The liabilities continue to be shown under trade payables and are reported in cash flow from operating activities. As of 12/31/2020, trade payables amounting to EURk 119,558 (previous year: EURk 62,986) are covered by this supplier finance program. This represents 45.6% (previous year: 28.3%) of total trade payables as of the reporting date.

In addition to suppliers outside the Group, such a program was also concluded between Austrian companies in the PIERER Mobility Group. From the point of view of the PIERER Mobility Group, no exchange of services took place; it merely made use of external financing, which is reported under current financial liabilities. Cash flows are reported under cash flow from financing activities. As of 12/31/2020, the liabilities from this program totaled EURk 122,875 (previous year: EURk 62,986), of which as of 12/31/2020 in the consolidated financial statements of PIERER Mobility AG the dealings between group companies amounting to EURk 3,317 (previous year: EURk 0) are presented as current financial liabilities.

Contingent liabilities:

PIERER Mobility AG has issued a guarantee to KGI Bank Co., Ltd., Taiwan, for PEXCO GmbH, Schweinfurt, Germany, for obligations to suppliers up to a maximum amount of EURk 16,299 (previous year: EURk 0). The amount outstanding to suppliers at the reporting date was EURk 7,685.

35. PROVISIONS

The group makes provisions relating to guarantees and warranties in relation to known, expectable individual cases. The amounts of expected expenses are primarily based on previous experience and are recorded at the time the products are sold as an expense.

Estimates of future expenses involve uncertainties, which is why there may be an adjustment of the provision made in the future. It cannot be ruled out that the actual expenses for these measures exceed or fall short of the provision made for those purposes in an unforeseeable way.

Movements in the provisions during the financial year were as follows:

EURk	Balance as of 1/1/2020	Additions	Disolutions	Utilization	Balance as of 12/31/2020
Current provisions					
Provisions for guarantee and warranty	12,448	14,140	-210	-11,766	14,612
Provisions for legal actions	252	344	0	0	596
Other provisions	4,257	822	0	-2,308	2,771
	16,957	15,306	-210	-14,074	17,979

VI. NOTES ON THE STATEMENT OF CASH FLOWS

The changes in the statement of financial position items presented in the statement of cash flows cannot be derived directly from the statement of financial position since non-cash effects are eliminated. Other non-cash expenses (income) mainly include valuations of foreign currency receivables and liabilities, value adjustments on receivables and inventories, income from grants not yet affecting payments, and results from the fair value measurement of shares previously held. The other effects associated with changes in the scope of consolidation have been eliminated and are accounted for as cash flow from investing activities.

The change in accounting for financial liabilities and the values shown in the statement of cash flows can be reconciled as follows:

EURk	Balance as of 1/1/2020	Changes affecting cash flow	Changes not affecting cash flow					Carrying amount 12/31/2020
			Acquisition	Reclassification	Scope of consolidation changes	Transaction costs	Accrued interest	
Current financial liabilities	69,772	-53,545	0	28,518	10,409	0	-51	55,103
Non-current financial liabilities	424,763	0	0	-28,518	17,498	103	7	413,853
Current lease liabilities	16,586	-18,821	-47	21,773	0	0	0	19,491
Non-current lease liabilities	45,546	0	18,463	-21,773	0	0	0	42,236
Total	556,667	-72,366	18,416	0	27,907	103	-44	530,683

TEUR	Balance as of 1/1/2019	Changes affecting cash flow	Changes not affecting cash flow					Carrying amount 12/31/2019
			Acquisition	Reclassification	Scope of consolidation changes	Transaction costs	Accrued interest	
Current financial liabilities	68,254	-114,873	0	35,569	80,809	0	12	69,772
Non-current financial liabilities	325,342	134,880	0	-35,569	0	100	9	424,763
Current lease liabilities	4,909	-15,021	0	25,368	1,330	0	0	16,586
Non-current lease liabilities	14,107	0	53,633	-25,368	3,174	0	0	45,546
Total	412,612	4,986	53,633	0	85,313	100	21	556,667

VII. RISK REPORT

36. RISK MANAGEMENT

As a group of companies doing business on a global scale, the PIERER Mobility Group faces a multitude of possible risks that are monitored by means of a comprehensive risk management system. The Executive Board and Supervisory Board are periodically informed about risks that may have a major impact on the Group's business developments. Management takes timely action to avoid, minimize and hedge risks.

An internal control system adapted to the company's needs and incorporating basic principles such as segregation of duties and dual control has been integrated into the financial reporting process. Internal and external audits ensure that the processes are continually improved and optimized. Furthermore, a uniform reporting system is in place throughout the group, for the ongoing management and control of the risk management process.

Continuous growth depends on a variety of factors, such as demand behavior, product development, changes in foreign exchange rates, the general economic setting in the individual sales markets, prices of goods purchased from others, or talent management. Increased market research activities and a model policy reflecting the resulting findings are a means of responding to a market environment characterized by rapidly changing situations.

The earnings position of PIERER Mobility AG (as an individual company) is characterized by expenses associated with financing, the acquisition of equity holdings and expenses for projects, and is significantly dependent on the dividend policy of its affiliates. The equity holding in the KTM Group is currently the biggest and most essential interest of PIERER Mobility AG. With the successful takeover of the e-bike business of PEXCO GmbH at the end of the previous year, the newly founded parent company of the e-bike segment, PIERER E-Bikes GmbH, forms another operating core holding of the Group.

In accordance with the requirements of section 243(c) of the Austrian Commercial Code, a corporate governance report has been drawn up. In this regard, please refer to the publication in the annual report of PIERER Mobility AG and/or to the PIERER Mobility AG website.

37. MARKET RISKS

▪ CYCLICAL RISK

The KTM Group is primarily active in the motorcycle sector and the PIERER E-Bikes Group in the bicycle sector. Sales opportunities are determined by the general economic situation in the countries and regions in which the PIERER Mobility Group is represented with its products.

As past years have shown, the motorcycle industry in particular is a cyclical industry and is subject to strong fluctuations regarding demand. This risk is counteracted by relevant market research and market forecasts, which are then taken into account in the planning process.

▪ COMPETITION AND PRICING PRESSURE

The market for motorcycles in the industrialized countries in particular is characterized by intense competition; the strongest competitors are four Japanese, three European and, to a lesser extent, one U.S. manufacturer, some of which possess greater financial resources and have higher sales figures and market shares. In addition, the street motorcycle market is characterized by high pricing pressure, and new competitors are trying to enter the market by relying on a low-price strategy. Thanks to the successful market strategy, market leadership has been achieved in Europe.

▪ SALES RISK

The largest individual sales markets of the PIERER Mobility Group are the European market and the U.S. market. A slump in these markets could have a negative impact on business activities. Entering new markets essentially involves a cost risk as, in some of these markets, the trend of sales as well as the general political conditions are difficult to assess. By collaborating with its strategic partner Bajaj Auto Ltd., Pune, India, joint work continues on the implementation of a global product strategy.

Due to the lockdown measures initiated by several governments, numerous dealers were forced to temporarily close their businesses. This resulted in a decline in retail revenue in the first half of the year, particularly in Europe. From May onward, some countries eased the restrictions and thus allowed

the KTM Group's global network of dealers to partially reopen. The network of dealers was supported by the temporary extension of payment terms and with local logistics to and from end customers. This ensured the continued existence of the network of dealers and avoided bad debts. The supply of spare parts to end customers was guaranteed at all times.

The largest individual sales markets of the PIERER E-Bikes Group are the DACH region. A slump in these markets could have a negative impact on the business activities of the PIERER E-Bikes Group. In order to diversify this risk, the PIERER E-Bikes Group is pursuing the goal of successfully expanding into additional markets. Entering new markets essentially involves a cost risk for the PIERER E-Bikes Group as, in some of these markets, the trend of sales as well as the political framework conditions are difficult to assess. The sales and market risks of the PIERER E-Bikes Group also include seasonal fluctuations in bicycle sales, which can be exacerbated by weather conditions.

38. SECTOR-SPECIFIC RISKS

▪ RESTRICTIONS RELATING TO MOTORCYCLING

The revenue of the Group depends, inter alia, on the possible offroad uses of the motorcycles and is therefore considerably influenced by the national legal framework regulating offroad motorsport, motorcycle registration and driver's licenses in the countries where the vehicles are sold.

▪ PROCUREMENT RISK

In view of the current developments on the national and international markets, the procurement risk faced by the KTM Group mainly involves the timely introduction of suitable measures to ensure the supply of parts if suppliers become insolvent or supply bottlenecks materialize. The KTM Group is therefore exposed to this risk only indirectly. To minimize risk and ensure the availability of materials, the KTM Group places great emphasis on using predetermined criteria to carefully select new suppliers and on sustainably collaborating with existing suppliers and/or further developing such cooperation in stable supplier relationships with a long-term approach. As the quality of KTM's products is strongly determined by the quality and characteristics of the subcomponents to be sourced, particular attention is paid to the creditworthiness, operating facilities and production processes of suppliers. The continuous availability of parts is ensured by appropriate monitoring.

The outbreak of the COVID-19 pandemic had a negative impact on the supply chain of the KTM Group's production sites in Upper Austria, mainly due to the failure of core suppliers from Northern Italy and Spain. In order to be able to identify and manage potential risks even earlier in future, the supplier risk assessment has been revised and the corresponding risks have been reassessed for each country. A program has also been implemented to provide advance warning of any global events that have a direct or indirect impact on the supply chain. In addition, we continuously assess at an early stage whether there is a risk to the supply of materials from suppliers.

The procurement of bicycle components by the PIERER E-Bikes Group is planned on a medium-term basis. Appropriate storage capacities can compensate for current fluctuations, for example due to possible bottlenecks caused by the COVID-19 pandemic. The products are calculated on the basis of fixed negotiated purchase prices. Prices and capacities are agreed with suppliers in advance and secured. The E-Bikes Group has several suppliers from different countries for e-bikes in its portfolio in order to reduce the risk of dependency as far as possible and to increase the stability of the supply chains. The timely availability of frame and drive components place increased demands on the suppliers in the e-bikes segment.

Import duties of approximately 6% are applied to the purchase of bicycles and bicycle parts from outside Europe. Rising or falling import duties result in higher or lower purchase prices and can have a negative or positive impact on the gross margin, unless these effects are fully passed on to customers.

▪ RESEARCH AND DEVELOPMENT, RACING

Technical innovations and the introduction of new products make a significant contribution to the PIERER Mobility Group's position in the market. To this end, new trends must be identified promptly. To counteract the risk, it is important to ensure product innovation.

The PIERER Mobility Group therefore attaches great importance to the early recognition of trends, research and development of technology and functionality, and researching customer wishes so as to achieve innovative product development that reflects market demand. Racing achievements are not only an important marketing instrument for the company but also form the basis for product development and set standards for series development. Valuable experience is gained whenever products can be tested under racing conditions at racing events. Before being introduced into series produc-

tion, all technical innovations are moreover subjected to comprehensive testing using the quality management system so as to eliminate as much as possible any technical defects that could have a negative effect on earnings development.

▪ **PRODUCT LIABILITY RISK**

In its business environment, the PIERER Mobility Group is also exposed to claims for damages arising as a result of accidents and injuries. This applies especially to the U.S., where claims asserted in product liability cases involve higher amounts of liability. Appropriate insurance has been taken out to hedge these risks.

39. IT RISKS

Within the PIERER Mobility Group, an IT security and risk management system is operated with the aim of making it possible to recognize and manage company-relevant risks in the area of information security. In addition, evidence of compliance and the exercising of due diligence when handling and using information and equipment for the processing of information is provided and documented in respect of customers, the Executive Board and the general managers of each participating company.

The ever-increasing threat of IT and cyber risks is countered through the ongoing development of IT security measures and the use of state-of-the-art IT security technologies. Cyber attacks are averted using a multi-level technical concept, which makes use of state-of-the-art security features, such as intrusion prevention systems and additional upstream or internal technical security systems. In addition, behavior-based security solutions are used with a view to identifying security-related abuse. Incidents are identified and handled by a malware incident response process. In parallel, regular internal and external vulnerability analyses are performed and any vulnerabilities identified are countered by means of an established patch and update management process. Regular internal and external security audits are documented in risk management, any findings are evaluated and prioritized, and a solution is then applied.

Care is taken to ensure that all users of IT systems possess the requisite knowledge and awareness for the use of IT within the scope of their role through the provision of regular general IT security awareness training. This training is provided in a preventative and traceable manner.

Due to the COVID-19 pandemic, it became necessary at short notice for a large number of employees to carry out their activities by working from home. In this situation, the continuous development of the IT infrastructure over the past years paid off. The PIERER Mobility Group was able to respond to these extraordinary challenges and provide employees with a remote workstation quickly and easily.

40. FINANCIAL RISKS

The PIERER Mobility Group is subject to credit, market, currency and liquidity risks regarding its assets, liabilities and planned transactions. Financial risk management is aimed at controlling and limiting those risks. The Executive Board and the Supervisory Board are informed on a regular basis about risks that can have a major impact on the group's business developments.

The principles of financial risk management are laid down and monitored by the Supervisory Board and the Executive Board. Group Treasury is responsible for their implementation. To protect itself against the financial risks described below, the PIERER Mobility Group uses derivative financial instruments in order to safely hedge cash flows from operating activities against fluctuations in exchange rates and/or interest rates. The hedging horizon generally covers currently open items and any transactions planned for the next twelve to eighteen months. In exceptional cases, strategic hedge positions involving longer time periods may be entered into in consultation with the Supervisory Board.

▪ **CURRENCY RISKS**

As an enterprise doing business on a global scale, the PIERER Mobility Group is influenced by general global economic data such as changes in currency parities or developments in the financial markets. As the US dollar represents the highest individual foreign currency risk faced by KTM, movements in the US dollar exchange rate are of particular importance to the development of revenue and income. The KTM Group earned approximately 27% of its revenues in US dollars during the 2020 financial year (previous year: 25%). Currency hedging measures, in particular hedging strategies, can largely offset these currency shifts over at least one model year.

The group is exposed to further currency risks where financial assets and liabilities are settled in a currency other than the local currency of the relevant company. The companies of the group predominantly do their invoicing in local currency and largely take out financing in local currency. Financial investments are primarily made in the local currency of the investing group company. For these reasons, most resulting currency positions will be closed out naturally.

The main causes of ineffectiveness in currency hedges are:

- the impact of counterparty and Group credit risk on the fair value of forward foreign exchange contracts that are not reflected in the change in fair value of hedged cash flows attributable to a change in foreign currency exchange rates
- changes in the timing of hedged transactions

Sensitivity analyses have been performed on currency risks in relation to financial instruments in order to show the effects that hypothetical changes in the exchange rates have on profit or loss (after taxes) and equity. The relevant balances as of the reporting date and foreign currency purchases and sales budgeted for the 2021 financial year were used as a basis. It was assumed that the risk faced on the reporting date essentially represents the risk present during the financial year. The group tax rate of 25% was used as the tax rate. Furthermore, it was assumed in the analysis that all other variables, in particular the interest rates, remained constant. Currency risks relating to financial instruments of a monetary nature that are denominated in a currency other than the functional currency were included in the analysis.

In the scope of the sensitivity analysis, effects of changes in the exchange rate of $\pm 10\%$ are shown as profit or loss, other comprehensive income, and equity.

The PIERER Mobility Group bases the analysis on the following assumptions:

- For the sensitivity of profit and loss, the group's bank balances, receivables, and payables are considered, as are future receipts and payments in foreign currency that are not accounted for in the functional currency of the group company. Account is also taken of open derivatives on cash flow hedges where the hedged item has already been realized on the reporting date (recognized as income).
- For the sensitivity of other comprehensive income, account is taken of open derivatives from cash flow hedges where the hedged item has not yet been realized on the reporting date (movements are not recognized in profit and loss). The exposure corresponds to the notional amount of the open derivatives.

Increase (+) / Decrease (-) EURk	10% increase		10% devaluation	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Change in net result	-22,223	-13,172	27,161	16,098
Change in currency-related cash flow hedge provisions	2,199	5,882	-2,688	-5,521
Change in equity	-20,024	-7,290	24,473	10,577

▪ INTEREST RATE RISKS

Financial instruments on both the assets side and the liabilities side mainly carry interest at variable rates. The risk therefore comprises rising interest expenses or falling interest income resulting from an adverse change in market interest rates.

The PIERER Mobility Group has refinanced part of its debt at variable rates and is thus exposed to the risk of interest rate fluctuations on the market. Regular monitoring of the money and capital markets and, in some cases, the use of interest rate swaps (fixed interest rate payer swaps) serve to respond to this risk. Under the interest rate swaps entered into, the entity receives variable interest payments and, in return, pays fixed interest on the notional amounts of the contracts entered into.

Interest rate risks thus result mainly from primary financial instruments carrying interest at variable rates (cash flow risk). Sensitivity analyses were performed on the interest rate risks of these financial instruments in order to show the effects that hypothetical changes in the market interest rate

level have on profit or loss (after tax) and equity. The relevant balances as of the reporting date were used as a basis. It was assumed that the risk faced on the reporting date essentially represents the risk present during the financial year. The group tax rate of 25% was used as the tax rate. Furthermore, it was assumed in the analysis that all other variables, in particular the exchange rates, remained constant.

The main causes of ineffectiveness in interest rate hedges are:

- the impact of counterparty and group credit risk on the fair value of the interest rate derivatives that are not reflected in the change in fair value of hedged cash flows attributable to changes in the interest rates
- differences in interest rate adjustment dates between the derivatives and the hedged items

A sensitivity analysis was performed on interest rate risk. A change of 50 basis points would have the following effects on profit or loss, other comprehensive income and equity:

Increase (+) / Decrease (-) EURk	Increase by 50 BP		Decrease by 50 BP	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Change in net result	-960	-880	263	422
Change in currency-related cash flow hedge provisions	-1,804	-14	1,711	14
Change in equity	-2,764	-894	1,974	436

In connection with the IBOR reform, Group Treasury conducted a review of how the affected reference interest rates are used in the financial instruments utilized. With regard to existing financial instruments, Group Treasury is in close consultation with business partners and is actively monitoring the development of industry-standard reference interest rates and standards in order to be able to make adjustments. Fallback clauses have been agreed for contracts and financial instruments that were concluded in the last six months and for which the reference interest rates in question apply. These clauses regulate how the reference interest rate can be substituted if it is temporarily or permanently unavailable.

▪ DEFAULT RISKS (CREDIT OR CREDITWORTHINESS RISKS)

The default risk is the risk of financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The default risk generally arises from trade receivables.

On the assets side, the carrying amounts reported also represent the maximum default risk. In addition, there are no general set-off agreements, with the exception of the set-off agreement described in the annex under Note 44 of the notes to the consolidated financial statements.

Trade receivables

The default risk on receivables from customers can be rated as low, as ongoing checks of the creditworthiness of new and existing customers are performed and collateral is requested.

Risk management carries out an analysis and assessment of new customers. They are first analyzed individually with regard to their creditworthiness, and standardized Group-wide contracts are concluded with customers. The analysis includes external ratings, where available, as well as annual financial statements, information from credit agencies, and bank information. Sales limits are set for each customer and reviewed on an ongoing basis. All sales exceeding these limits require the approval of the risk management department.

Default risks are largely hedged by means of credit insurance and bankable security (guarantees, letters of credit). The default risks and related controls are defined in internal guidelines. There are largely long-standing business relationships with dealers and importers. By continuously monitoring the default risk and the creditworthiness of customers, each receivable is individually reviewed to ascertain the need for a value adjustment.

A summary of the default risk on trade receivables as of 12/31/2020 is presented in the following table.

Trade receivables EURk	Not impaired in creditworthiness	Creditworthiness impaired	Total
Not overdue	125,475	0	125,475
Overdue 1-30 days	11,136	0	11,136
Overdue 31-60 days	353	0	353
Overdue 61-90 days	1,010	0	1,010
Overdue > 90 days	4,731	6,358	11,089
Total gross carrying amount	142,705	6,358	149,063
Impairment loss	-135	-4,041	-4,176
Total	142,570	2,317	144,887

A summary of the default risk on trade receivables as of 12/31/2019 is presented in the following table.

Trade receivables EURk	Not impaired in creditworthiness	Creditworthiness impaired	Total
Not overdue	152,402	0	152,402
Overdue 1-30 days	14,760	0	14,760
Overdue 31-60 days	1,924	0	1,924
Overdue 61-90 days	1,168	0	1,168
Overdue > 90 days	4,571	3,293	7,864
Total gross carrying amount	174,825	3,293	178,117
Impairment loss	-98	-2,823	-2,921
Total	174,726	470	175,196

In order to determine the need for impairment of trade receivables for which no individual value adjustments have been made, the PIERER Mobility Group evaluated the defaults of recent years. The analysis showed that there is only an insignificant risk for receivables with a certain overdue status. The estimate of loss rates is based on historical default rates in relation to overdue items and taking into account forward-looking information.

Estimation of expected credit losses

Based on the actual defaults observed in the past, an average default rate in the KTM Group of 0.06% (previous year: 0.06%) on trade receivables was determined. A reversal of EURk 18 (previous year: EURk 0) was recorded. In the e-bikes segment, an average default rate of 0.39% of trade receivables was determined on the basis of historical data. An addition of EURk 55.

The impairment for expected losses as of 12/31/2020 in the PIERER Mobility Group totals EURk 135 (previous year: EURk 98).

Changes in value adjustments

Changes in value adjustments related to trade receivables (including contract assets) are described in the appendix under Note 28 "Trade receivables".

Cash and cash equivalents, other assets and derivatives

Credit losses on cash and cash equivalents are generally calculated using the same method as for debt instruments. Given the short-term nature of these items and the good rating of the banks, the Group assumes that these portfolios are financial instruments with a low default risk and that the expected losses are negligible.

Likewise, the default risk for other financial instruments is to be regarded as low, as the counterparties are obligors of optimum creditworthiness.

The default risk on derivative financial instruments with positive market value is limited to their replacement cost; as all the counterparties are banks of good creditworthiness, the default risk can be classified as low. There are no indications of any additional impairment loss requirements for financial assets.

▪ LIQUIDITY RISKS

It is a material objective of financial risk management in the PIERER Mobility Group to ensure solvency and financial flexibility at all times. Factors contributing to liquidity risks include, in particular, proceeds from revenues being below the planning assumptions due to weaker demand. For this purpose, the group maintains a liquidity reserve in the form of unused credit lines (cash credits and guarantee credits) and, if needed, in the form of cash in banks with good creditworthiness. Top priority is given to ensuring liquidity over the short and medium-term. Another major control parameter is the maximization of free cash flow by cost-cutting measures, proactive working capital management and reduced investment expenditure. From today's perspective, sufficient commitments have been given concerning the creditworthiness of our strategic financing partners and therefore the security of current liquidity reserves. Non-current liquidity requirements are met by the issuance of promissory note loans and by taking out bank loans.

The contractually agreed (undiscounted) cash flows (payments of interest and principal) and the remaining terms to maturity of the financial liabilities are composed of the following:

EURk	Carrying amount 12/31/2020	Cash flow 2021			Cash flow 2022 to 2025			Cash flow from 2026		
		Fixed interest	Variable interest	Repay-ment	Fixed interest	Variable interest	Repay-ment	Fixed interest	Variable interest	Repay-ment
Financial liabilities measured at fair value										
Fair value - hedging instruments										
Other financial liabilities - derivatives with negative market value (no hedging relationship)	245	91	0	0	302	0	0	0	0	0
Other financial liabilities - derivatives with negative market value that have already been assigned to receivables	748	0	0	748	0	0	0	0	0	0
Other financial liabilities - derivatives with negative market value (cash flow hedge)	2,085	346	0	1,186	1,027	0	0	0	0	0
Total	3,078	437	0	1,934	1,329	0	0	0	0	0
Financial liabilities not measured at fair value										
At amortized cost										
Interest-bearing liabilities	468,956	4,959	1,066	59,001	16,812	3,698	178,412	4,119	1,037	230,392
Lease liabilities	61,727	0	795	19,491	0	1,559	33,041	0	3,499	9,195
Trade payables	262,099	0	0	262,099	0	0	0	0	0	0
Other financial liabilities (current and non-current)	54,975	0	23	54,125	0	150	850	0	0	0
Total	847,757	4,959	1,884	394,716	16,812	5,407	212,303	4,119	4,536	239,587
Total	850,835	5,396	1,884	396,650	18,141	5,407	212,303	4,119	4,536	239,587

EURk	Carrying amount 12/31/2019	Cash flow 2020			Cash flow 2021 to 2024			Cash flow from 2025		
		Fixed interest	Variable interest	Repay- ment	Fixed interest	Variable interest	Repay- ment	Fixed interest	Variable interest	Repay- ment
Financial liabilities measured at fair value										
Fair value - hedging instruments										
Other financial liabilities - derivatives with negative market value that have already been assigned to receivables	312	0	0	312	0	0	0	0	0	0
Other financial liabilities - derivatives with negative market value (cash flow hedge)	1,598	102	0	1,402	63	0	0	0	0	0
Total	1,910	102	0	1,714	63	0	0	0	0	0
Financial liabilities not measured at fair value										
At amortized cost										
Interest-bearing liabilities	494,535	5,401	1,406	69,772	15,342	3,017	100,328	10,400	2,664	324,437
Lease liabilities	62,132	0	868	16,586	0	1,764	35,530	0	3,565	10,016
Trade payables	222,628	0	0	222,628	0	0	0	0	0	0
Other financial liabilities (current and non-current)	38,124	0	0	38,124	0	0	0	0	0	0
Total	817,419	5,401	2,274	347,110	15,342	4,781	135,858	10,400	6,229	334,453
Total	819,329	5,503	2,274	348,824	15,405	4,781	135,858	10,400	6,229	334,453

The table includes all financial instruments that were held at the reporting date and for which payments had already been contractually agreed. Budget figures for future new financial liabilities are not included. Ongoing working capital loans were assumed to have an average term to maturity of 12 months; however, these loans are regularly renewed and, from an economic point of view, are available for a longer period of time. Foreign exchange balances were converted using the closing rate. Variable interest payments from the financial instruments were determined on the basis of the last interest rate that was set before the reporting date. Financial liabilities repayable at any time are always assigned to the earliest maturity band.

Liabilities covered by the supplier finance program are paid at their respective due dates. The related cash outflows are taken into account in the liquidity planning. The supplier finance program leads to a concentration of risk. The number of suppliers is replaced by focusing on one creditor bank. If this creditor bank were to terminate the supplier finance agreement, this would basically result in an additional liquidity risk, which, however, is of minor importance due to almost identical supplier payment targets. As cited in note 34, this relates to 45.6% trade payables at the reporting date. The concentration risk is therefore considered to be low.

41. OTHER RISKS

▪ RISKS DUE TO THE LEGAL FRAMEWORK

As the PIERER Mobility Group markets motorcycles and bikes and non-e-bikes in a large number of countries through its equity holdings in the KTM Group and PIERER E-Bikes Group, it is exposed to the risk of changes in national regulations, terms of licenses, taxes, trade restrictions, prices, income, and exchange restrictions as well as to the risk of political, social, and economic instability, inflation, and interest rate fluctuations.

Motorcycles registered for road use must comply with relevant provisions concerning noise and exhaust gas emissions in order to be approved for sale in each country. In addition, the possible offroad uses of motorcycles are considerably influenced by the national legal framework in the countries where the vehicles are sold.

In order to counteract the risk and to be able to act in a timely manner if there are changes to national legal framework conditions, the respective country-specific regulations are reviewed in detail and monitored on an ongoing basis prior to market entry.

▪ BUSINESS AND ENVIRONMENTAL RISK

Although risk cannot be fully excluded as regards forces of nature, the companies of the PIERER Mobility Group try to minimize the risk of production processes being affected, by providing appropriate contingency plans and insurance.

▪ PERSONNEL-RELATED RISKS

Especially with regard to the growth course, risks may arise if key staff leave the company. Efficient personnel management as well as a continuation of personnel development programs are designed to counteract the risk of managerial staff leaving the company.

The risk of a shortage of skilled staff is minimized by a comprehensive apprentice training program in our own apprentice workshop. The aim is to recruit employees from the region and to retain them in the long term.

With regard to the COVID-19 pandemic, the government measures and regulations were implemented quickly and comprehensively and integrated into everyday business. A large-scale spread of the COVID-19 pandemic was thus prevented. The risk of contracting COVID-19 while complying with the guidelines is estimated to be minimal.

The measures implemented include the establishment of a dedicated COVID team, a COVID hotline and contact tracing within the company. Likewise, hygiene guidelines were issued at the workplace and options for working from home were expanded. In addition, the KTM Group has set up its own drive-in rapid test station for the collection of rapid antigen tests by means of throat swabs in order to be able to follow up suspected cases quickly and without complications. From October to the end of December, approximately 2,900 rapid tests were taken by specially trained personnel.

VIII. FINANCIAL INSTRUMENTS AND CAPITAL MANAGEMENT

42. BASIC PRINCIPLES

The PIERER Mobility Group holds primary and derivative financial instruments. **Primary financial instruments** mainly include trade receivables, credit balances with credit institutions, liabilities owed to credit institutions, trade payables, and financial liabilities. The portfolio of primary financial instruments is shown in the consolidated statement of financial position and described in the notes to the consolidated financial statements. **Derivative financial instruments** are generally used to hedge existing risks relating to interest rate changes and foreign currency. The use of derivative financial instruments is subject to appropriate authorization and control procedures in the group. Linkage to a hedged item is mandatory; trading transactions are not permitted.

Purchases and sales of all financial instruments are recognized as of the settlement date. As a matter of principle, financial instruments are measured at cost of acquisition upon initial recognition. The financial instruments are derecognized if the rights to payments from the investment have expired or have been transferred and the group has essentially transferred all the risks and opportunities associated with their ownership.

ACCOUNTING POLICIES:

Categorization will take place in connection with the contractual cash flows and the business models on which they are based. In this regard, the following measurement categories are provided by IFRS 9:

- AC category: At amortized cost using the effective interest method
- FVOCI category: At fair value, changes to the fair value are recorded under other comprehensive income
- FVPL category: At fair value, changes to the fair value are recorded in the income statement

In the case of equity instruments (such as shares in companies not listed on the stock exchange), the FVOCI option can be exercised. This will lead to changes in the fair value being recorded under other comprehensive income, meaning that it will no longer be possible to regroup the changes to fair value accumulated under other comprehensive income in the income statement. Insofar as this option is not exercised, these will be assigned to the FVPL category, under which all changes to the fair value will be recorded in the income statement.

Receivables and other assets upon initial recognition are measured at fair value and in subsequent periods are measured at amortized cost of acquisition. Foreign currency receivables are translated at the closing rate, less any impairment charges required on account of identifiable risks. Financial receivables are classified as "At amortized cost" and measured at amortized cost of acquisition.

That portion of trade receivables that is part of the ABS or factoring program is allocated to the category "Fair Value through Profit and Loss" (FVPL).

Financial liabilities are measured at amortized cost of acquisition. Financial liabilities are classified as "At amortized cost". Any difference between the amount received and the amount repayable is apportioned over the period to maturity using the effective interest method and recognized in financial result. Issuing costs incurred in connection with bonds are recognized as an expense over the time to maturity. Liabilities are measured at amortized cost. Liabilities denominated in foreign currencies are translated at the closing rate.

All financial instruments in the FVPL category are measured at fair value through profit or loss on the basis of the criteria of IFRS 9 (business model or SPPI test). The fair value option was not exercised.

Impairment loss

Trade receivables do not exhibit any significant financing components. For that reason, the simplified process for establishing the expected credit loss is used; this involves accounting for all instruments with a risk provision, which is independent of their credit quality, in the amount of the expected losses over the term to maturity. In the case of trade receivables, this amounts to fewer than twelve months and therefore corresponds to the 12-month loss.

In order to determine the expected credit loss, historic default data were collected for receivables over the last eight to ten years and split into geographic regions. Current economic factors and forecasts are also taken into account.

Individual value adjustments are made against financial assets if they are regarded as uncollectible or partly uncollectible. Signs that an individual value adjustments are required are financial difficulties, insolvency, breach of contract or considerable delay in payment on the part of the customer. The individual value adjustments consist of numerous separate items, none of which is material if considered on its own. Financial assets are only derecognized directly if the contractual rights to receive payment cease to exist (in particular in the case of insolvency). If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed by adjusting the allowance account.

Hedge accounting

The regulations on hedge accounting are applied in accordance with IFRS 9. According to IFRS 9, the fair value of an option, the forward element of a forward contract and any foreign currency basis spreads can be excluded from the designation of a financial instrument as a hedging instrument and accounted for as the cost of hedging. In this regard, fluctuations in the value of these components that have optionally not been designated are recorded as hedging costs under other comprehensive income and reclassified in the income statement in the event that the hedged item is recognized in profit or loss.

43. CLASSIFICATION AND FAIR VALUE

The **fair value of a financial instrument** is determined by means of quoted market prices for identical instruments in active markets (Level 1). If no quoted market prices in active markets are available for the instrument, the fair value is determined by means of measurement techniques for which the material inputs are based exclusively on observable market data (Level 2). In all other cases, the fair value is determined on the basis of measurement techniques for which at least one material input is not based on observable market data (Level 3). Reclassifications from one level to another are taken into account at the end of the reporting period. There were no transfers between levels during the financial year. The table below shows the valuation techniques used to determine fair value as well as the significant unobservable input factors used.

Financial instruments measured at fair value			
Type	Measurement technique	Significant unobservable input factors	Connection between significant unobservable input factors and measurement at fair value
Forward currency transactions and interest rate swaps	Fair values are based on the market values determined using recognized valuation models (discounted cash flows). They are regularly checked for plausibility.	Not applicable	Not applicable
Securities	Securities are measured at the current stock-exchange price on the reporting date.	Not applicable	Not applicable

Financial instruments not measured at fair value		
Type	Measurement technique	Significant unobservable input factors
Promissory note loans, financial liabilities	Discounted cash flows	Risk premium for own credit risk

The table below shows the carrying amounts and fair values of financial assets (financial instrument shown on the assets side), broken down by class and IFRS 9 measurement category. However, it does not provide information on the fair value or measurement level of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

EURk	Carrying amount 12/31/2020	Classification under IFRS 9	Fair-Value 12/31/2020
Financial assets measured at fair value			
Other current assets - derivatives with positive market value that have already been assigned to receivables	1,663	FVPL	1,663
Other current assets - derivatives with positive market value (cash flow hedge)	532	FVOCI	532
Trade receivables	17,051	FVPL	17,051
Other financial assets	1,410	FVOCI / FVPL	1,410
Total	20,656		
Financial assets not measured at fair value			
Cash and cash equivalents	218,270	AC	-
Trade receivables	127,836	AC	-
Other financial assets	37,718	AC	-
Total	383,824		
Total	404,480		
EURk			
	Carrying amount 12/31/2019	Classification under IFRS 9	Fair value 12/31/2019
Financial assets measured at fair value			
Other current assets - derivatives with positive market value that have already been assigned to receivables	131	FVPL	131
Other current assets - derivatives with positive market value (cash flow hedge)	1,422	FVOCI	1,422
Trade receivables	6,209	FVPL	6,209
Other financial assets	2,873	FVOCI / FVPL	2,873
Total	10,635		
Financial assets not measured at fair value			
Cash and cash equivalents	160,864	AC	-
Trade receivables	168,987	AC	-
Other financial assets	31,172	AC	-
Total	361,023		
Total	371,658		

Receivables sold in connection with the current ABS and factoring program are fully derecognized in accordance with the rules under IFRS 9. Under the ABS program, trade receivables insured on a revolving monthly basis are sold up to a maximum volume of EURk 250,000 (previous year: EURk 185,000). As of the reporting date, trade receivables of EURk 127,399 (previous year: EURk 149,090) had been sold to third parties. Up to a contractually defined amount, the PIERER Mobility Group continues to bear a risk from credit risk related defaults. As at 12/31/2020, the maximum ensuing risk of loss was EURk 994 (previous year: EURk 1,035). The expected loss is recorded as a liability and expensed at the time of sale. As

Fair value				Carrying amount 12/31/2020				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair value - hedging instruments
-	1,663	-	1,663	-	-	-	-	1,663
-	532	-	532	-	-	-	-	532
-	-	17,051	17,051	-	-	-	17,051	-
1,194	-	216	1,410	-	-	216	1,194	-
-	-	-	-	218,270	-	-	-	-
-	-	-	-	127,836	-	-	-	-
-	-	-	-	37,718	-	-	-	-
Fair value				Carrying amount 12/31/2019				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair value - hedging instruments
-	131	-	131	-	-	-	-	131
-	1,422	-	1,422	-	-	-	-	1,422
-	-	6,209	6,209	-	-	-	6,209	-
1,197	-	1,676	2,873	-	-	1,676	1,197	-
-	-	-	-	160,864	-	-	-	-
-	-	-	-	168,987	-	-	-	-
-	-	-	-	31,172	-	-	-	-

at 12/31/2020, the carrying amount of the ongoing commitment was EURk 994 (previous year: EURk 1,035) and is disclosed under other current liabilities. The carrying amount represents the fair value of the ongoing commitment. Expenses of EURk 42 (previous year: EURk -169) were recognized in the income statement during the period under review; the cumulative total since the commencement of the transaction is EURk 994 (previous year: EURk 1,035). Under the factoring program, trade receivables insured on a revolving monthly basis are sold up to a maximum volume of EURk 15,000. As of the reporting date, trade receivables of EURk 11,720 were sold to third parties. EURk 6,789 was financed on this.

The table below shows the carrying amounts and fair values of financial liabilities (financial instruments shown on the liabilities side), broken down by class and IFRS 9 measurement category. However, it does not provide information on the fair value or measurement level of financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

EURk	Carrying amount 12/31/2020	Classification under IFRS 9	Fair-Value 12/31/2020
Financial liabilities measured at fair value			
Fair value - hedging instruments			
Other financial liabilities - derivatives with negative market value (no hedging relationship)	245	FVPL	245
Other financial liabilities - derivatives with negative market value that have already been assigned to receivables	748	FVPL	748
Other financial liabilities - derivatives with negative market value (cash flow hedge)	2,085	FVOCI	2,085
Total	3,078		
Financial liabilities not measured at fair value			
At amortized cost			
Interest-bearing liabilities	468,956	AC	495,649
Lease liabilities	61,727	AC	-
Trade payables	262,099	AC	-
Other financial liabilities (current and non-current)	54,975	AC	-
Total	847,757		
Total	850.835		

EURk	Carrying amount 12/31/2019	Classification under IFRS 9	Fair value 12/31/2019
Financial liabilities measured at fair value			
Fair value - hedging instruments			
Other financial liabilities - derivatives with negative market value that have already been assigned to receivables	312	FVPL	312
Other financial liabilities - derivatives with negative market value (cash flow hedge)	1,598	FVOCI	1,598
Total	1,910		
Financial liabilities not measured at fair value			
At amortized cost			
Interest-bearing liabilities	494,535	AC	509,601
Lease liabilities	62,132	AC	-
Trade payables	222,628	AC	-
Other financial liabilities (current and non-current)	38,124	AC	-
Total	817,419		
Total	819,329		

Fair value				Carrying amount 12/31/2020				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair value - hedging instruments
-	245	-	245	-	-	-	245	-
-	748	-	748	-	-	-	-	748
-	2,085	-	2,085	-	-	-	-	2,085

-	-	495,649	495,649	468,956	-	-	-	-
-	-	-	-	61,727	-	-	-	-
-	-	-	-	262,099	-	-	-	-
-	-	-	-	54,975	-	-	-	-

Fair value				Carrying amount 12/31/2019				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair value - hedging instruments
-	312	-	312	-	-	-	-	312
-	1,598	-	1,598	-	-	-	-	1,598

-	-	509,601	509,601	494,535	-	-	-	-
-	-	-	-	62,132	-	-	-	-
-	-	-	-	222,628	-	-	-	-
-	-	-	-	38,124	-	-	-	-

The net profit or loss from the financial instruments by IFRS 9 measurement category includes net gains/losses, total interest income/expenses and impairment losses and is made up as follows:

2020 EURk	From Interest	From subsequent measurement to fair value	From allowance	From disposal income	From foreign exchange valuation	Net income (total)
Financial assets - amortized cost (AC)	1,629	0	-1,087	-494	-2,158	-2,110
Fair Value through OCI (FVOCI) - equity instruments	0	-2	0	0	0	-2
Fair Value through PL (FVPL) - equity instruments	0	-262	0	0	0	-262
Other financial liabilities - amortized cost (AC)	-14,555	0	0	0	0	-14,555
Total	-12,926	-264	-1,087	-494	-2,158	-16,929

2019 EURk	From Interest	From subsequent measurement to fair value	From allowance	From disposal income	From foreign exchange valuation	Net income (total)
Financial assets - amortized cost (AC)	3,026	0	-790	-100	23	2,159
Fair Value through OCI (FVOCI) - equity instruments	70	0	0	10	0	80
Fair Value through PL (FVPL) - equity instruments	0	3	0	6	0	9
Other financial liabilities - amortized cost (AC)	-16,280	0	0	0	0	-16,280
Total	-13,184	3	-790	-84	23	-14,032

Changes in allowances and the derecognition of financial assets (amortized cost) are disclosed in other operating expenses for the relevant overhead areas. The remaining components of the net result are included in financial income and expenses.

44. SET-OFF OF FINANCIAL ASSETS AND LIABILITIES

The group enters into set-off agreements with banks in connection with derivatives. Generally, the amounts owed under such agreements by each counterparty on a given day for all outstanding transactions in the same currency are aggregated into a single net amount payable by one party to the other. In certain cases – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, their value as of termination is determined and only a single net amount is payable for settling all transactions. These items are not set off in the statement of financial position, since the net set-off of multiple transactions under the same framework agreements does not generally occur.

The tables below show financial assets and liabilities that have actually been offset along with amounts that are subject to a set-off agreement but which have not been offset as they do not fulfill the criteria for set-off prescribed under IFRS.

EURk	Financial assets (gross)	Offset balance items (gross)	Accounted financial assets (net)	Effect of general offsetting agreements	Net amounts
Financial assets 2020					
Other financial assets - Derivatives with positive market value that have already been assigned to receivables					
Forward currency transactions	2,195	0	2,195	-85	2,110
Total	2,195	0	2,195	-85	2,110
Financial assets 2019					
Other financial assets - Derivatives with positive market value that have already been assigned to receivables					
Forward currency transactions	1,553	0	1,553	-513	1,040
Total	1,553	0	1,553	-513	1,040
Financial liabilities 2020					
Other financial liabilities - Derivatives with negative market value that have already been assigned to receivables					
Forward currency transactions	1,933	0	1,933	-85	1,849
Interest rate swaps	1,145	0	1,145	0	1,145
Total	3,078	0	3,078	-85	2,994
Financial liabilities 2019					
Other financial liabilities - Derivatives with negative market value that have already been assigned to receivables					
Forward currency transactions	1,714	0	1,714	-513	1,200
Interest rate swaps	196	0	196	0	196
Total	1,910	0	1,910	-513	1,396

45. HEDGES

The group enters into derivative financial instruments (forward currency transactions and interest rate swaps) to hedge foreign currency and interest rate risk. The aim of using derivative financial instruments is to offset fluctuations in cash flows from future transactions. Expected revenues in foreign currencies serve as the basis for planning future cash flows.

In accordance with IFRS 9, derivatives are generally measured at market value. The PIERER Mobility Group applies the rules for cash flow hedge accounting defined by IFRS 9 to these derivative financial instruments.

However, the main contractual criteria of the hedged item and the hedging instrument are identical but oppositely structured (“critical terms match”), ensuring an economic context for the hedging relationship.

A cash flow hedge is present if variable cash flows from recognized assets and/or liabilities or forecast business transactions that are subject to a market price risk are being hedged. If the requirements for a cash flow hedge are met, the effective portion of the change in the market value of hedging instruments must be recognized directly in consolidated equity. However, it is not recognized in profit or loss until the hedged transaction occurs. Where foreign currency hedges are used, subsequent changes in the market value of the derivatives are recognized in profit or loss. Thereafter, the change in the market value is compared with the value of the foreign currency trade payables or receivables as translated at the closing rate. Any changes in earnings that are caused by the ineffectiveness of derivative financial instruments are recognized in profit or loss in the consolidated income statement.

To measure the effectiveness of a currency hedge, the hedged items and the hedging transactions are grouped together in so-called maturity bands according to the hedged risk. The maturity bands should not cover more than one quarter-year. Prospective effectiveness is assessed at the inception of the hedging relationship and reviewed at each measurement date and in the event of a significant change in the circumstances that affect the criteria for assessing effectiveness. In the case of interest rate hedges, prospective effectiveness is measured using a sensitivity analysis and retrospective effectiveness testing is performed using the dollar offset approach.

Derivatives are measured at fair value. The fair value is the market value and is determined using accepted methods of financial mathematics. This determination is based on the market data (interest rate, exchange rate, etc.) prevailing on the reporting date. The forward rate applicable on the reporting date is used for measuring forward currency transactions. In the case of positive market values, the creditworthiness of the counterparty is included in the measurement by means of a credit value adjustment (CVA). In the case of negative market values, a debit value adjustment (DVA) is deducted in order to account for the proprietary default risk. Special models are used to estimate the measurement. They are checked for plausibility by means of bank valuations.

The Group only recognizes changes in the spot rate component of forward currency transactions as a hedging instrument in cash flow hedges. The change in the forward component is accounted for separately as cost of hedges and transferred to a reserve for hedging costs (cost of hedges) in equity or reclassified to the income statement if the hedged item affects profit or loss (financial result).

The following derivative financial instruments used as **hedging instruments** are employed as of 12/31/2020 or 12/31/2019:

12/31/2020	Currency	Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average foreign ex- change rate	Term 1- 5 years	Average foreign ex- change rate
Forward currency transactions	USD	20,000	1,999	117,755	20,000	1.09	-	-
	JPY	4,266,000	-840	-7,354	4,266,000	123.47	-	-
	CAD	0	0	40,884	0	-	-	-
	GBP	17,000	168	78,226	17,000	0.89	-	-
	CHF	8,200	25	22,224	8,200	1.08	-	-
	AUD	50,000	-745	95,173	50,000	1.63	-	-
	NZD	8,000	-60	12,248	8,000	1.73	-	-
	PLN	0	0	15,155	0	-	-	-
	ZAR	0	0	12,912	0	-	-	-
	CNY	0	0	-5,743	0	-	-	-
		Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average interest rate	Term 1- 5 years	Average interest rate
Interest rate swaps		108,167	-1,145	0	893	2.11%	107,275	0.39%

12/31/2019	Currency	Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average foreign ex- change rate	Term 1- 5 years	Average foreign ex- change rate
Forward currency transactions	USD	70,846	957	133,112	70,846	1.12	-	-
	JPY	340,000	12	-31,876	340,000	122.35	-	-
	CAD	5,300	-60	39,581	5,300	1.49	-	-
	GBP	58,100	-944	72,602	58,100	0.87	-	-
	CHF	14,480	-107	20,727	14,480	1.09	-	-
	PLN	27,000	-63	14,499	27,000	4.33	-	-
	ZAR	10,000	1	19,437	10,000	15.84	-	-
	CNY	30,000	95	-6,059	30,000	8.09	-	-
		Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average interest rate	Term 1- 5 years	Average interest rate
Interest rate swaps		10,611	-196	0	8,385	0.74%	2,226	2.11%

In cash flow hedge accounting, both variable future cash flows arising from non-current liabilities with maturity dates up to 2023 or up to 2025 and future operating cash flows (receipts as well as payments) planned for the next twelve months are hedged.

At the reporting date, the amounts relating to items designated as **hedged items** were as follows.

EURk	Cash flow hedge reserve	Costs of hedging hedge reserve	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
12/31/2020			
Foreign currency risk			
Sales and receivables	22	-102	0
Inventory purchases	-154	0	0
Interest rate risk			
Variable-rate instruments	-806	0	0
Total	-938	-102	0
12/31/2019			
Foreign currency risk			
Sales and receivables	220	-314	0
Inventory purchases	192	0	0
Interest rate risk			
Variable-rate instruments	-134	0	0
Total	278	-314	0

The **hedging transactions** designated as of the reporting date are composed of the following:

EURk	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
12/31/2020				
Foreign currency risk				
Foreign currency forwards - sales and receivables	78,620	2,193	-806	Other current assets, other current liabilities
Foreign currency forwards - inventory purchases	34,128	1,660	-2,500	Other current assets, other current liabilities
Interest rate risk				
Interest rate swaps	108,167	0	-1,145	Other current liabilities
Total	220,915	3,853	-4,451	
12/31/2019				
Foreign currency risk				
Foreign currency forwards - sales and receivables	131,979	1,155	-1,714	Other current assets, other current liabilities
Foreign currency forwards - inventory purchases	24,741	451	0	Other current assets, other current liabilities
Interest rate risk				
Interest rate swaps	10,611	0	-196	Other current liabilities
Total	167,331	1,606	-1,910	

The cash flow hedge reserve and the reserve for hedging costs (after taxes) developed as follows:

EURk	Reserve for hedging costs	Cash flow hedge reserve	Total
As of 1/1/2019	-284	1,983	1,699
Amount reclassified to the income statement			
Realization of hedged item (recognized in revenues - currency risk)	0	-1,174	-1,174
Realization of hedged item (recorded in net interest income - currency risk)	284	0	284
Realization of hedged item (recorded in net interest income - interest rate risk)	0	159	159
Inventories			
Realization of hedged item (recorded in inventories / production costs - currency risk)	0	-1,093	-1,093
Change in fair value			
Addition - interest rate risk	0	80	80
Addition - currency risk	-314	323	9
Cash flow hedge reserve from initial consolidation	0	0	0
Balance as of 12/31/2019 = balance as of 1/1/2020	-314	278	-36
Amount reclassified to the income statement			
Realization of hedged item (recognized in revenues - currency risk)	0	-220	-220
Realization of hedged item (recorded in net interest income - currency risk)	314	0	314
Realization of hedged item (recorded in net interest income - interest rate risk)	0	215	215
Inventories			
Realization of hedged item (recorded in inventories / production costs - currency risk)	0	-71	-71
Change in fair value			
Addition - interest rate risk	0	-887	-887
Addition - currency risk	-102	-253	-355
Cash flow hedge reserve from initial consolidation	0	0	0
As of 12/31/2020	-102	-938	-1,040

As of 12/31/2020, ineffective components of the derivative financial instruments classified as cash flow hedges yielded a net result (after tax) of EURk 0 (previous year: EURk 0).

FORWARD CURRENCY TRANSACTIONS

The PIERER Mobility Group enters into forward currency transactions to hedge intended future revenue and cost of materials denominated in foreign currency against the risk of exchange rate fluctuations.

INTEREST RATE SWAPS

In order to control the interest rate risk in relation to variable rates of interest, amortizing interest rate swaps with a nominal value of EURk 8,882 and a term of 10 years were entered into during the 2013 financial year. The amortizing interest rate swap concluded in the 2014 financial year with a nominal value of EURk 30,000 and a term of 6 years expired in 2020 in accordance with its terms. In 2020, USD interest rate swaps with a nominal value of USD 130,000k and a term of 5 years were concluded to hedge variable USD financing.

As at 12/31/2020, the outstanding notional amount was EURk 108,167 (previous year: EURk 10,611). In the 2020 financial year, EURk 262 (previous year: EURk 0) from the valuation of interest rate swaps was recognized in the income statement.

46. CAPITAL MANAGEMENT

The aim of the Group is to preserve a strong capital structure in order to maintain investor, creditor and market confidence and to ensure the company's sustainable development. The Executive Board regularly monitors the return on capital as well as the amounts of the dividends that will be distributed to the holders of ordinary shares.

The strategy of the PIERER Mobility Group aims to ensure that PIERER Mobility AG and the other Group companies have an equity base that meets the local requirements. The principal key figures used for capital management control are equity ratio, net financial debt, gearing and the dynamic debt level. Some loan agreements include financial covenants regarding the equity ratio and dynamic debt level, non-compliance with which would lead to a premature repayment of the financial liabilities. All financial covenants were fulfilled in the reporting year.

The **equity ratio** is represented as follows:

EURk	12/31/2020	12/31/2019
Equity	654,119	618,663
Balance sheet total	1,686,034	1,613,892
Equity ratio	38.8%	38.3%

The **net financial debt** is defined on the basis of the current and non-current financial liabilities (bonds, loans, lease liabilities and other interest-bearing liabilities) minus cash and cash equivalents. The aim here is to ensure long-term liquidity, the efficient use of external financing and minimizing financial risk while simultaneously optimizing returns.

EURk	12/31/2020	12/31/2019
Non-current financial liabilities	456,089	470,309
Current financial liabilities	74,594	86,358
Cash and cash equivalents	530,683	556,667
Net financial debt	312,413	395,803

The key figures of "**gearing**" (ratio of net debt to equity) and the "**dynamic debt level**" (ratio of net financial debt to EBITDA) for monitoring the capital are represented as follows:

EURk	12/31/2020	12/31/2019
Equity	654,119	618,663
Net financial debt	312,413	395,803
Gearing	47.8%	64.0%
EURk	12/31/2020	12/31/2019
Net financial debt	312,413	395,803
EBITDA	233,530	240,793
Dynamic debt level	1.3	1.6

IX. LEASES

47. LEASES AS LESSEE (IFRS 16)

The PIERER Mobility Group has concluded rental and leasing agreements for the use of land, operating and administrative buildings, or office space and storage areas, machines (including CNC machines) and in respect of the vehicle fleet.

The PIERER Mobility Group also leases IT equipment with contractual terms of between one and five years. These rental and lease agreements are short-term and/or for items of low value. The group has exercised the option under IFRS 16 and has not recognized any rights of use or leasing liabilities for these rental and lease agreements.

Since the 2016 financial year, leases have been entered into for tools (special leasing) and machines with terms of 3-10 years.

Rights of use and leasing liabilities

The carrying amount of the rights of use is as follows:

EURk	Land and buildings	Technical plant and machinery	Fixtures and fitting, tools and equipment (incl. Motor vehicles)	TOTAL
2020				
As of 1/1	28,073	15,803	16,303	60,180
- Depreciation and amortization	-6,898	-5,668	-6,188	-18,754
+ Additions right-of-use assets	8,905	6,162	4,417	19,484
- Disposals right-of-use assets	-45	-115	-547	-707
+/- Currency effects, reclassifications	-44	-2	-94	-140
Carrying amount as of 12/31/2020	29,991	16,180	13,891	60,062
2019				
As of 1/1	28,807	14,215	14,706	57,728
- Depreciation and amortization	-4,929	-5,008	-5,619	-15,556
+ Additions right-of-use assets	6,416	7,074	7,672	21,163
- Disposals right-of-use assets	-2,221	-478	-456	-3,155
Carrying amount as of 12/31/2019	28,073	15,803	16,303	60,180

The cash value of the minimum lease payments is as follows:

EURk	Future minimum lease payments	Interest payments	Present value of future minimum lease payments
2020			
Up to 1 year	20,285	794	19,491
Longer than 1 year and up to 5 years	34,601	1,558	33,042
Over 5 years	12,693	3,499	9,194
Total	67,579	5,851	61,727
2019			
Up to 1 year	17,453	867	16,586
Longer than 1 year and up to 5 years	37,294	1,764	35,530
Over 5 years	13,581	3,565	10,016
Total	68,328	6,196	62,132

Payment obligations under leases are disclosed in the consolidated statement of financial position under financial liabilities, see Note 32.

Amounts recognized in the income statement and statement of cash flows

2020 - Lease agreements	EURk
Interest expenses on lease liabilities	968
Income from sublease of right-of-use assets	213
Expenses relating to short-term leases	3,802
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	9,426
2019 - Lease agreements	
Interest expenses on lease liabilities	1,017
Income from sublease of right-of-use assets	213
Expenses relating to short-term leases	4,365
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	6,976

The expenses for leases for low-value assets relate to rental and lease agreements for IT equipment.

In the statement of cash flows, cash flows for leases in the amount of EURk 32,804 (previous year: EURk 27,166) were recorded, of which EURk 18,821 (previous year: EURk 15,021) relate to repayments of lease liabilities and EURk 13,983 (previous year: EURk 12,145) to short-term and low-value leases as well as interest expenses and income from subleases of right-of-use assets.

Options for prolongation

Some rental and lease agreements contain options for prolongation which can be exercised by the group up to one year before the end of the contract term that cannot be canceled. Wherever possible, the group seeks to include options for prolongation when concluding new rental and lease agreements in order to safeguard operational flexibility. On the date of availability, the group determines whether the exercise of the option for prolongation is sufficiently certain. The group reassesses whether it is reasonably certain that an option for prolongation will be exercised if a significant event or change in circumstances occurs that is within its control.

48. LEASES AS LESSOR (IFRS 16)

From the lessor's perspective, all leases are classified as operating leases as they do not transfer all the material risks and opportunities associated with ownership.

This does not apply to two subleases which the group has classified as finance leases. In the 2020 financial year, the group sublet buildings which were reported as rights of use under property, plant and equipment.

In 2019, the group recognized a loss on the disposal of a right of use for the building in the amount of EURk 99 in the income statement.

In addition, the group recognized interest income on leasing receivables in 2020 in the amount of EURk 10 (previous year: EURk 12). The leasing receivables from subleases amounted as of December 31, 2020 to EURk 590 (previous year: EURk 880). Of this, EURk 293 (previous year: EURk 290) are due in less than one year, EURk 297 (previous year: EURk 590) are due in 1-5 years.

X. EXPLANATIONS REGARDING RELATED PARTIES AND THE CORPORATE BODIES

49. RELATED PARTY DISCLOSURES

According to the provisions of IAS 24, details of related party transactions are to be provided.

On the reporting date of Thursday, December 31, 2020, 60.00% of the shares in PIERER Mobility AG were held by PTW Holding AG, which is wholly owned by Pierer Industrie AG. Furthermore, Pierer Industrie AG holds 2.14% and Pierer Konzerngesellschaft mbH 3.35% of the shares in PIERER Mobility AG. Pierer Industrie AG is wholly owned by Pierer Konzerngesellschaft mbH. The sole shareholder of Pierer Konzerngesellschaft mbH is Stefan Pierer.

Stefan Pierer held the following key positions in the Pierer Konzerngesellschaft mbH Group as at 12/31/2020:

- Chairman of the Executive Board of Pierer Industrie AG, Wels
- Chairman of the Executive Board of PIERER Mobility AG, Wels
- Chairman of the Executive Board of KTM AG, Mattighofen
- Chairman of the Supervisory Board of Pankl AG (formerly: Pankl SHW Industries AG), Kapfenberg
- Chairman of the Supervisory Board of Pankl Racing Systems AG, Kapfenberg
- Member of the Supervisory Board of SHW AG, Aalen, Germany
- Chairman of the Supervisory Board of WESTPARK WELS AG, Wels

In the PIERER Mobility Group, transactions with related parties are grouped according to "shareholder-related companies", "associates" and "other companies".

PIERER Mobility AG is part of the same group as Pierer Konzerngesellschaft mbH, the ultimate parent company, and its subsidiaries and is included within the consolidated financial statements of that group. All the companies included within the consolidated financial statements of Pierer Konzerngesellschaft mbH and controlled by Pierer Konzerngesellschaft mbH are shown as related companies in the "shareholder-related companies" category.

Associated companies can be seen from the schedule of equity holdings (see Chapter XII) and concern all investments accounted for using the equity method.

Other companies are defined as all companies controlled by key management. PIERER Mobility AG principally defines key management as members of the Executive Board and Supervisory Board and, where appropriate, further managers in key positions who may exert a significant influence on the finance and business policy decisions of the group. In addition, account is also taken of relatives of key management and their companies.

In the 2020 financial year and in the prior year, there were no material transactions with related parties (apart from Executive Board and Supervisory Board earnings, see Note 51.). The business transactions with related companies are represented as follows according to the grouping described:

EURk	Shareholder related companies		Associated companies		Other companies	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Receivables	11,544	19,103	5,118	2,338	2,056	5,588
Liabilities	-10,390	-3,110	-1,630	-5,959	-609	-521
Revenues	822	14,450	17,508	10,353	14,858	8,075
Expenses	-48,915	-57,910	-22,371	-26,543	-143,427	-88,258
Dividend	0	-4,192	0	0	0	0

All transactions with related companies were made under customary market conditions. Material business relations are explained below:

SHAREHOLDER-RELATED COMPANIES:

Since the investment in 2014, PIERER Mobility AG has been a group member of Pierer Konzerngesellschaft mbH, Wels, in accordance with section 9 of the Austrian Corporate Tax Act (KStG). Since 2017, KTM AG has been a member of this tax group within the meaning of the Austrian Corporate Tax Act. The taxable incomes of the group members are allocated to the group parent. The tax compensation between the group parent and each individual group member was regulated by a group taxation and tax transfer agreement. Tax losses are reserved at the level of the respective subsidiaries and can be offset at this level against future tax profits.

In the 2020 financial year, expenses totaling EURk 6,925 were incurred with Pierer Konzerngesellschaft mbH (previous year: EURk 5,628) and interest income amounting to EURk 822 (previous year: EURk 26). As at the reporting date, there were outstanding liabilities amounting to EURk 2,920 (previous year: EURk 869). The previous year included receivables in the amount of EURk 8,872.

Since October 1, 2018, Pierer Industrie AG has formed a tax group for VAT purposes with the PIERER Mobility Group. As of the reporting date, Pierer Industrie AG had receivables totaling EURk 5,779 (previous year: EURk 4,251), in particular from sales tax credits due from members of the executive bodies.

No dividend was paid to the shareholders by PIERER Mobility AG in the 2020 financial year. In the previous year, Pierer Industrie AG received dividends from PIERER Mobility AG amounting to EURk 4,192 from the previous 2018 financial year.

Other transactions with shareholder-related companies mainly concern the Pankl Racing Group, which acts as a supplier of purchased parts for the KTM Group. The Pankl Racing Group is part of the Pierer Industrie Group and is controlled via Pankl AG.

With effect from January 1, 2020, KTM Immobilien GmbH acquired 80% of the shares in KTM MOTOHALL GmbH from PIERER IMMOREAL GmbH, thus increasing its interest from 10% to 90%. For more details, please refer to Note 7, Changes in the Scope of Consolidation. In the previous year with effect from June 30, 2019, the KTM Group reduced its shareholding from 49% to 10% (purchase price EURk 5,676).

In the previous year, the 100% interest in KTM Components (Dalian) Co., Ltd., Dalian, China held by KTM Components GmbH was sold at a purchase price of EURk 1,000 to Pankl Racing Systems AG, Kapfenberg, with effect from July 1, 2019.

ASSOCIATED COMPANIES:

Expenses of EURk 12,760 were incurred for services provided by Kiska GmbH during the financial year (previous year: EURk 15,168). As of 12/31/2020, accounts payable to Kiska GmbH stood at EURk 1,015 (previous year: EURk 5,379). Other expenses relate to transactions with KTM Asia Motorcycle Manufacturing Inc. of the Philippines.

Revenue from associates relates to transactions with KTM Asia Motorcycle Manufacturing Inc. and China Zhejiang CFMOTO-KTMR2R Motorcycles Co.

OTHER COMPANIES:

A cooperation with the Indian Bajaj Group has been in place since 2007. The Bajaj Group is India's second largest manufacturer of motorcycles, selling approximately 4.6 million motorcycles and three wheelers during the last financial year (reporting date: 3/31/2020). The cooperation focuses on the joint development of entry level street motorcycles, which are produced in India and distributed under the "KTM" and "Husqvarna Motorcycles" brands by both companies in their respective core markets.

Bajaj Auto International Holdings B.V., Amsterdam, Netherlands, a subsidiary of Bajaj Auto Ltd., Pune, India, held 47.99% of KTM AG as of 12/31/2020. Mr. Rajiv Bajaj, the Deputy Chairman of the Supervisory Board of KTM AG, is the Chairman of the Executive Board and Managing Director of Bajaj Auto Ltd., Pune, India. Srinivasan Ravikumar, a member of the Supervisory Board of KTM AG, is a director of Bajaj Auto International Holdings B.V., Amsterdam, Netherlands, and President of Business Development and Assurance, Bajaj Auto Ltd., Pune, India. As at 12/31/2020, there were liabilities of EURk 211 to Bajaj Auto Ltd., Pune, India (previous year: receivables of EURk 3,211). The expenses in the category "Other companies" mainly relate to Bajaj Auto Ltd.

Third-party deliveries of motorcycles and spare parts were made to dealers (KTM Braumandl GmbH, MX - KTM Kini GmbH, SO Regensburg GmbH, KTM Wien GmbH). Revenues and receivables from other companies mainly relate to transactions with these dealers. The minority interests in the dealers are held via Pierer Industrie AG.

50. CORPORATE BODIES OF PIERER MOBILITY AG

The following individuals were appointed as **members of the Executive Board** with collective power of representation:

Dipl.-Ing. Stefan **Pierer**, CEO
 Mag. Friedrich **Roithner**, CFO
 Mag. Ing. Hubert **Trunkenpolz**, CSO
 Mag. Viktor **Sigl**, MBA

The following individuals were appointed as members of the **Supervisory Board**:

Josef **Blazicek**, Chairman
 Dr. Ernst **Chalupsky**, Deputy Chairman
 Mag. Klaus **Rinnerberger**
 Ing. Alfred **Hörtenhuber**

51. EXECUTIVE BOARD AND SUPERVISORY BOARD EARNINGS

The **remuneration for the Executive Board** 2020 of PIERER Mobility AG includes salaries, benefits in kind, bonuses, severance payments as well as payments into the company's staff severance pay fund and amounted to EURk 4,535 (previous year: EURk 3,051). Earnings from previous periods for the members of the Executive Board also generated back payment in the amount of EURk 205. In addition, there are no agreements regarding a company retirement scheme for the Executive Board and no pension fund payments were made to the Executive Board in the 2020 financial year.

It is proposed that the **remuneration to be paid to the Supervisory Board** of PIERER Mobility AG for the 2020 financial year (payout in the 2021 financial year) shall amount to a total of EURk 57 (previous year: EURk 57).

No loans or advances have been granted to the members of the Supervisory Board of PIERER Mobility AG as of the reporting date.

XI. EVENTS AFTER THE BALANCE SHEET DATE

On January 20, 2021, the share buyback program of PIERER Mobility AG 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.

At the Extraordinary General Meeting of PIERER Mobility AG held on February 26, 2021, the Articles of Association were amended. By adding a new section 17, an opting-out clause was created in accordance with Swiss takeover law. The background to the amendment of the Articles of Association was the fact that the shares of the company are listed both on the SIX Swiss Exchange (International Reporting Standard) (SIX) and on the Regulated Market of the Frankfurt Stock Exchange (General Standard). This dual listing led to a parallel applicability of Swiss and Austrian or German takeover law.

These positive conflicts of jurisdiction could lead to jurisdictional problems, duplications, inefficiencies, additional costs and potentially even contradictions.

Compared to Swiss law, Austrian and German takeover law do not contain any conflict-of-law rules that could resolve the aforementioned positive conflicts of jurisdiction vis-à-vis Swiss law. Swiss takeover law, on the other hand, provides that the application of the provisions of Swiss law may be waived in connection with a public takeover offer if Swiss and foreign law are applicable at the same time, provided that certain other conditions are met. By the new inclusion of section 17 in the Articles of Association of PIERER Mobility AG, this option has been utilized, so that in the event of a change of control no mandatory offer under Swiss takeover law is required and the shareholders do not have a corresponding exit right under Swiss law in the event of a change of control. Similarly, it is no longer necessary under Swiss takeover law to determine whether a change of control has occurred at all. Both - the facts of the change of control and its legal consequence (mandatory offer) - are governed exclusively by Austrian and German takeover law, respectively, which remain fully applicable.

It is pointed out that a positive resolution would only (but still) waive the provisions of Swiss takeover law on mandatory offers in the event of changes of control. This means that whenever there is no obligation to make an offer under the provisions of Austrian takeover law, there is also no obligation to make an offer under Swiss takeover law. If, on the other hand, there is a voluntary offer or a mandatory offer under Austrian law, the provisions of Swiss takeover law must still be observed. In this case, it would have to be examined with the Swiss Takeover Board to what extent the application of the provisions of Swiss law could be waived in a specific individual case on the basis of Art. 125 para. 2 FinfraG.

Further events that occurred after 12/31/2020 and that are material for the measurement of the assets and liabilities have either been reflected in these financial statements or are not known.

XII. GROUP COMPANIES (SCHEDULE OF EQUITY HOLDINGS)

The schedule of equity holdings comprises all companies that have been included in the consolidated financial statements in addition to the parent company.

Company	Initial consolidation date	12/31/20		12/31/19	
		Interest %	Consolidation type	Interest %	Consolidation type
Fully consolidated companies:					
KTM AG, Mattighofen	5/31/2005	51.71	FC	51.71	FC
KTM Immobilien GmbH, Mattighofen	5/31/2005	51.71	FC	51.71	FC
KTM North America, Inc., Amherst, Ohio, USA	5/31/2005	51.71	FCA	51.71	FCA
KTM-Motorsports Inc., Amherst, Ohio, USA	5/31/2005	51.71	FCA	51.71	FCA
KTM Japan K.K., Tokyo, Japan	5/31/2005	51.71	FCA	51.71	FCA
KTM-Racing AG, Frauenfeld, Switzerland	5/31/2005	51.71	FCA	51.71	FCA
KTM Sportcar GmbH, Mattighofen	5/31/2005	51.71	FC	51.71	FC
KTM Motorcycles S.A. Pty. Ltd., Northriding, South Africa	3/1/2009	51.71	FCA	51.71	FCA
KTM Sportmotorcycle Mexico C.V. de S.A., Lerma, Mexico	6/1/2009	51.71	FCA	51.71	FCA
KTM Sportmotorcycle GmbH, Mattighofen	3/31/2011	51.71	FC	51.71	FC
KTM-Sportmotorcycle India Private Limited, Pune, India	6/1/2012	51.71	FCA	51.71	FCA
Husqvarna Motorcycles GmbH, Mattighofen	1/1/2013	51.71	FC	51.71	FC
KTM Sportmotorcycle Deutschland GmbH, Ursensollen, Germany	12/31/2013	51.71	FCA	51.71	FCA
KTM Switzerland Ltd., Frauenfeld, Switzerland	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle UK Ltd., Brackley, UK	12/31/2013	51.71	FCA	51.71	FCA
KTM-Sportmotorcycle Espana S.L., Terrassa, Spain	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle France SAS, Saint-Priest, France	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle Italia S.r.l., Meran, Italy	12/31/2013	51.71	FCA	51.71	FCA
KTM-Sportmotorcycle Nederland B.V., Malden, Netherlands	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle Scandinavia AB, Örebro, Sweden	12/31/2013	51.71	FCA	51.71	FCA
KTM-Sportmotorcycle Belgium S.A., Gembloux, Belgium	12/31/2013	51.71	FCA	51.71	FCA
KTM Canada Inc., Chambly, Canada	12/31/2013	51.71	FCA	51.71	FCA
KTM Hungária Kft., Budapest, Hungary	12/31/2013	51.71	FCA	51.71	FCA
KTM Central East Europe s.r.o., Bratislava, Slovakia	12/31/2013	51.71	FCA	51.71	FCA
KTM Österreich GmbH, Mattighofen	12/31/2013	51.71	FC	51.71	FC
KTM Nordic Oy, Vantaa, Finland	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle d.o.o., Marburg, Slovenia	12/31/2013	51.71	FCA	51.71	FCA
KTM Czech Republic s.r.o., Pilsen, Czech Republic	12/31/2013	51.71	FCA	51.71	FCA
KTM Sportmotorcycle SEA PTE. Ltd., Singapore, Singapore	1/1/2014	51.71	FCA	51.71	FCA
Husqvarna Motorcycles Deutschland GmbH, Ursensollen, Germany	12/31/2013	51.71	FCA	51.71	FCA
Husqvarna Motorcycles UK Ltd., Brackley, UK	12/31/2013	51.71	FCA	51.71	FCA
Husqvarna Motorcycles North America, Inc., Murrieta, CA, USA	12/1/2013	51.71	FCA	51.71	FCA
Husqvarna Motorsports, Inc., Murrieta, CA, USA	4/1/2015	51.71	FCA	51.71	FCA

Company	Initial consolidation date	12/31/20		12/31/19	
		Interest %	Consolidation type	Interest %	Consolidation type
Husqvarna Motorcycles S.A. Pty. Ltd., Northriding, South Africa	4/1/2015	51.71	FCA	51.71	FCA
KTM Logistikzentrum GmbH, Mattighofen	9/16/2016	51.71	FC	51.71	FC
WP Suspension GmbH, Mattighofen	11/30/2016	51.71	FC	51.71	FC
KTM Sportmotorcycle MEA DMCC, Dubai	11/30/2016	51.71	FCA	51.71	FCA
WP Suspension North America, Inc., Murrieta, CA, USA	8/31/2017	51.71	FCA	51.71	FCA
KTM do Brasil Ltda., Sao Paulo, Brazil	12/31/2017	51.71	FCA	51.71	FCA
W Verwaltungs AG, Mattighofen	6/30/2005	-	-	51.64	FC
KTM Components GmbH, Munderfing	11/30/2007	51.71	FC	51.64	FC
WP Immobilien GmbH, Munderfing	4/30/2005	51.71	FC	51.64	FC
WP Components GmbH, Munderfing	12/31/2009	-	-	51.64	FC
KTM Beteiligungs GmbH, Mattighofen	4/30/2018	51.71	FC	51.71	FC
KTM Australia Holding Pty Ltd., West Perth, Australia	7/1/2019	51.71	FCA	51.71	FCA
KTM Australia Pty Ltd., Welshpool, Australia	7/1/2019	51.71	FCA	51.71	FCA
HQVA Pty Ltd., West Perth, Australia	7/1/2019	51.71	FCA	51.71	FCA
KTM Motorcycles Distributers NZ Limited Wellington Central, New Zealand	7/1/2019	51.71	FCA	51.71	FCA
Cero Design Studio S.L., Barcelona, Spain	10/1/2019	25.86	FCA	25.86	FCA
GASGAS Motorcycles GmbH, Mattighofen	10/31/2019	51.71	FC	51.71	FC
GASGAS Motorcycles Espana S.L.U. (formerly: Canepa Investments S.L.), Terrassa, Spain	1/1/2020	51.71	FCA		
KTM MOTOHALL GmbH, Mattighofen	1/1/2020	46.54	FC	5.17	-
KTM Racing GmbH, Mattighofen	2/29/2020	51.71	FC	-	-
PIERER E-Bikes GmbH, Munderfing	2/25/2020	100.00	FC	-	-
bikes&wheels 2 Radhandels GmbH (formerly: (4) SPORTS GmbH), Wels	4/30/2020	100.00	FC	-	-
PEXCO GmbH, Schweinfurt, Germany	12/31/2019	100.00	FCA	100.00	FCA
PEXCO Italia S.r.l, Meran, Italy	12/31/2019	-	-	100.00	FCA
bikes&wheels Suisse GmbH (formerly: PEXCO Suisse GmbH), Frauenfeld, Switzerland	12/31/2019	100.00	FCA	100.00	FCA
PEXCO France SAS, Saint-Priest, France	12/31/2019	100.00	FCA	100.00	FCA
bikes&wheels 2RUEDAS Espana S.L. (formerly: Husqvarna Motorcycles Espana S.L.), Terrassa, Spain ¹⁾	12/31/2013	100.00	FCA	51.71	FCA
bikes&wheels France SAS (formerly: Husqvarna Motorcycles France SAS), Saint-Priest, France ¹⁾	12/31/2013	100.00	FCA	51.71	FCA
bikes&wheels Italia S.r.l. (formerly: Husqvarna Motorcycles Italia S.r.l.), Meran, Italy ¹⁾	12/31/2013	100.00	FCA	51.71	FCA
bikes&wheels Scandinavia AB (formerly: HQV Motorcycles Scandinavia AB), Örebro, Sweden ¹⁾	12/31/2013	100.00	FCA	51.71	FCA
bikes&wheels North America Inc., Murrieta, CA, USA	10/1/2020	100.00	FCA	-	-
HDC GmbH (formerly: PF Beteiligungsverwaltungs GmbH), Wels	12/31/2016	100.00	FC	100.00	FC
KTM E-Technologies GmbH (formerly: KTM Technologies GmbH), Anif	10/1/2019	74.00	FC	74.00	FC
KTM Innovation GmbH, Wels	3/31/2018	100.00	FC	100.00	FC
Avocado GmbH, Linz	4/30/2019	100.00	FC	70.00	FC
Platin 1483. GmbH, Schweinfurt, Germany	12/31/2019	100.00	FCA	100.00	FCA

Company	Initial consolidation date	12/31/20		12/31/19	
		Interest %	Consolidation type	Interest %	Consolidation type
Associated companies:					
KTM Asia Motorcycle Manufacturing Inc., Binan, Laguna, Philippines	-	17.58	IEA	17.58	IEA
China Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd., Hangzhou City, Zhejiang, China	-	25.34	IEA	25.33	IEA
Kiska GmbH, Anif	-	50.00	IE	50.00	IE
DealerCenter Digital GmbH, Landshut, Germany	-	45.00	IEA	-	-
Other non-current financial assets:					
Wethje Immobilien GmbH, Vilshofen-Pleinting, Germany	-	6.00	-	6.00	-
AC styria Mobilitätscluster GmbH, Grambach	-	12.33	-	12.33	-

1 held via the KTM Group in the previous year

Legend:

FC Full Consolidation, Austria

IE Inclusion at equity, Austria

FCA Full Consolidation, abroad

IEA Inclusion at equity, abroad

XIII. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Executive Board on 3/23/2021 (previous year: 3/26/2020) for review by the Supervisory Board, for submission to the Annual General Meeting and for subsequent publication. Within the scope of the review it is required to perform, the Supervisory Board may require changes to be made to the consolidated financial statements.

Wels, Friday, March 12, 2021

The Executive Board of PIERER Mobility AG



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of

PIERER Mobility AG, Wels, Austria,

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2020, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, and the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code).

BASIS FOR OUR OPINION

We conducted our audit in accordance with the EU Regulation 537/2014 ("EU Regulation") and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the "Auditor's Responsibilities" section of our report. We are independent of the audited Group in accordance with Austrian Generally Accepted Accounting Principles and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained up to the date of the auditor's report is sufficient and appropriate to provide a basis for our audit opinion on this date.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, however, we do not provide a separate opinion thereon.

IMPAIRMENT OF GOODWILL AND BRAND 'KTM'

See Note 21 and Note 22 to the consolidated financial statements

Risk for the financial statements

In its consolidated financial statements, PIERER Mobility AG allocated a goodwill with a carrying value of MEUR 110,1 and an intangible assets with an indefinite useful life with a carrying value of MEUR 74,4 to the cash-generating unit KTM AG. Thus, the cash-generating unit KTM AG is tested for impairment at least annually and whenever there is an indication that the cash-generating unit may be impaired

For this purpose, PIERER Mobility AG estimates the recoverable amount of the cash-generating unit KTM AG using the discounted cash flow method. The outcome of the valuation is highly dependent on managements cash flow projections (considering future revenue growth, profit margins and long-term growth rates) and the cost of capital used for discounting. Thus, the estimation of the recoverable amount is significantly reliant to accounting estimates and therefore subject to uncertainty.

There is a risk that assumptions and estimates used to estimate the recoverable amount are not appropriate. This could have a significant impact on the recoverable amount and therefore the carrying amount of goodwill, intangible assets and tangible assets in the consolidated statement of financial position, as well as the operating result in the consolidated income statement.

Our response

We have audited the impairment test of the cash-generating unit KTM AG as follows:

- To assess the adequacy of the cash flow projections used by management to measure recoverable amount, we have evaluated managements planning process and discussed the assumptions for growth rates and operating results with management. Additionally, we have compared these cash flow projections with the most recent budget approved by the supervisory board as well as the mid-term planning approved by the management board.
- To assess managements historical planning accuracy we have compared actual financial figures with prior years cash flow projections.
- Our internal valuation experts have assessed the methodology used for impairment testing for compliance with the applicable standards. Our experts furthermore compared the assumptions, on which the determination of capital cost rates were based, with market- and industry-specific reference values and verified the mathematical accuracy of the calculation.
- Additionally, we have verified the whether the descriptions in the notes to the financial statements on impairment testing of the goodwill and brand 'KTM' were appropriate.

OTHER INFORMATION

Management is responsible for other information. Other information is all information provided in the annual report, other than the consolidated financial statements, the group management report and the auditor's report. We expect the annual report to be provided to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not provide any kind of assurance thereon.

In conjunction with our audit, it is our responsibility to read this other information as soon as it becomes available, to assess whether, based on knowledge gained during our audit, it contains any material inconsistencies with the consolidated financial statements or any apparent material misstatement of fact.

RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU, Austrian Generally Accepted Accounting Principles as well as the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is also responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement – whether due to fraud or error – and to issue an auditor's report that includes our audit opinion. Reasonable assurance represents a high level of assurance, but provides no guarantee that an audit conducted in accordance with the EU Regulation and Austrian Standards on Auditing (and therefore ISAs), will always detect a material misstatement, if any. Misstatements may result from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the EU Regulation and Austrian Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit.

Moreover:

- We identify and assess the risks of material misstatement in the consolidated financial statements, whether due to fraud or error, we design and perform audit procedures responsive to those risks and obtain sufficient and appropriate audit evidence to serve as a basis for our audit opinion. The risk of not detecting material misstatements resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.
- If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the respective note in the consolidated financial statements. If such disclosures are not appropriate, we will modify our audit opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of our audit as well as significant findings, including any significant deficiencies in internal control that we identify during our audit.
- We communicate to the audit committee that we have complied with the relevant professional requirements in respect of our independence, that we will report any relationships and other events that could reasonably affect our independence and, where appropriate, the related safeguards. From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit i.e. key audit matters. We describe these key audit matters in our auditor's report unless laws or other legal regulations preclude public disclosure about the matter or when in very rare cases, we determine that a matter should not be included in our audit report because the negative consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

REPORT ON OTHER LEGAL REQUIREMENTS

GROUP MANAGEMENT REPORT

In accordance with the Austrian Generally Accepted Accounting Principles, the group management report is to be audited as to whether it is consistent with the consolidated financial statements and prepared in accordance with legal requirements. Management is responsible for the preparation of the group management report in accordance with the Austrian Generally Accepted Accounting Principles.

We have conducted our audit in accordance with generally accepted standards on the audit of group management reports as applied in Austria.

Opinion

In our opinion, the group management report is consistent with the consolidated financial statements and has been prepared in accordance with legal requirements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Statement

Based on our knowledge gained in the course of the audit of the consolidated financial statements and our understanding of the Group and its environment, we did not note any material misstatements in the group management report.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

At the Annual General Meeting dated 15. May 2020, we were elected as auditors. We were appointed by the supervisory board on 28. August 2020. We have been the Company's auditors from the year ended 31 December 2014, without interruptions.

We declare that our opinion expressed in the "Report on the Consolidated Financial Statements" section of our report is consistent with our additional report to the Audit Committee, in accordance with Article 11 EU Regulation.

We declare that we have not provided any prohibited non-audit services (Article 5 Paragraph 1 EU Regulation) and that we have ensured our independence throughout the course of the audit, from the audited Group.

Engagement Partner

The engagement partner on this engagement is Helge Löffler.

Linz, 12 March 2021

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Helge Löffler
Austrian Chartered Accountant

This report is a translation of the original report in German, which is solely valid. The financial statements, together with our auditor's opinion, may only be published if the financial statements and the management report are identical with the audited version attached to this report. Section 281 Paragraph 2 UGB (Austrian Commercial Code) applies.

STATEMENT BY THE EXECUTIVE BOARD

Pursuant to Section 124 (1) (3) of the Austrian Stock Exchange Act

We confirm to the best of our knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial and earnings position of the Group as required by the applicable accounting standards and that the consolidated management report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

We confirm to the best of our knowledge that the annual financial statements of the parent company give a true and fair view of the assets, liabilities, financial and earnings position of the parent company as required by the applicable accounting standards and that the management report gives a true and fair view of the development and performance of the business and the position of the parent company, together with a description of the principal risks and uncertainties the parent company faces.

Wels, March 2021

Executive Board



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl

FINANCIAL CALENDAR

February 1, 2021	Announcement of preliminary annual results 2020
March 30, 2021	Publication of annual financial statements 2020
April 19, 2021	Record date annual general meeting
April 29, 2021	24th annual general meeting
May 5, 2021	Ex-dividend date
May 6, 2021	Record date "dividends"
May 10, 2021	Dividend payment date
August 31, 2021	Report on the 1 st half year 2021

IMPRINT

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The present annual report has been prepared with the utmost care and the correctness of the data was checked. Nevertheless, slight differences in the calculations may arise as result of the summation of rounded amounts and percentages, and typographical and printing errors cannot be ruled out.

References to persons such as "employees" or "staff members" are intended to be gender-neutral and insofar as the contrary appears this is solely for purposes of legibility.

This report and the forward-looking statements it contains were prepared on the basis of all the data and information available at the time of going to press. However, we must point out that various factors may cause the actual results to deviate from the forward-looking statements given in the report.

CONTACT

Michaela Frieppess
Investor Relations, Sustainability

Telefon: +43 7242 69 402

E-Mail: ir@pierermobility.com

Website: www.pierermobility.com

VICTORIES & SUCCESSES 2020

KTM

WORLD AND US CHAMPIONSHIPS

FIM MX2 Motocross World Championship

Tom Vialle (FRA)

FIM Moto3™ World Championship

Albert Arenas (ESP)

FIM Moto3™ Junior World Championship

Izan Guevara (ESP)

FIM Flat Track World Championship

Lasse Kurvinen (FIN)

Grand National Cross Country Overall Champion

Kailub Russell (USA)

Full Gas Sprint Enduro Champion

Kailub Russell (USA)

WORCS Champion

Taylor Robert (USA)

MANUFACTURER'S TITLES

FIM MXGP World Championship

FIM Moto3™ Junior World Championship

FIM Flat Track World Championship

MOTORSPORT RESULTS

FIM SuperEnduro World Championship

Tadeusz Błażusiak (2nd)

Jonny Walker (3rd)

Dakar Rally

Toby Price (3rd)

MotoGP™

Pol Espargaró (5th)

Moto2™

Jorge Martín (5th)

Tetsuta Nagashima (8th)

FIM MXGP Motocross World Championship

Tony Cairoli – MXGP (3rd)

Extreme Enduro (Wins)

Manuel Lettenbichler – Red Bull Romaniacs, RO (1st)

EnduroGP (Wins)

Josep Garcia – GP of Portugal 1 Day 2 E2 & EnduroGP (1st)

Josep Garcia – GP of Portugal 2 Day 2 E2 & EnduroGP (1st)

French Beach Race Series

Nathan Watson (1st)

AMA 450SX Supercross Championship

Cooper Webb (2nd)

AMA 450MX Pro Motocross Championship

Marvin Musquin (4th)

HUSQVARNA MOTORCYCLES

WORLD & US CHAMPIONS

FIM SuperEnduro World Champion

Billy Bolt

AMA 450MX Pro Motocross Champion

Zach Osborne

AMA EnduroCross Champion

Colton Haaker

MOTORSPORT RESULTS

FIM SuperEnduro World Championship

Billy Bolt (1st)

Alfredo Gómez (4th)

AMA EnduroCross Championship

Colton Haaker (1st)

Dakar Rally

Pablo Quintanilla (2nd)

Andrew Short (10th)

FIM Motocross World Championship

Jed Beaton – MX2 (4th)

Thomas Kjer Olsen – MX2 (6th)

Arminas Jasikonis – MXGP (13th)

Pauls Jonass – MXGP (31st)

Extreme Enduro

Graham Jarvis – Sea To Sky, TU (1st)

Billy Bolt – Sea To Sky, TU (3rd)

Graham Jarvis – Romaniacs, RO (2nd)

Alfredo Gómez – Romaniacs, RO (3rd)

Billy Bolt – Romaniacs, RO (5th)

FIM Moto3™ World Championship

Romano Fenati (14th)

Alonso López (23rd)

AMA 450SX Supercross Championship

Jason Anderson (4th)

Zach Osborne (6th)

Dean Wilson (8th)

AMA 250SX Supercross Championship

Michael Mosiman 250SX West (5th)

Jalek Swoll 250SX East (7th)

AMA 450MX Pro Motocross Championship

Zach Osborne (1st)

Dean Wilson (15th)

Jason Anderson (19th)

AMA 250MX Pro Motocross Championship

RJ Hampshire (7th)

Stilez Robertson (18th)

Jalek Swoll (30th)

GASGAS

WORLD CHAMPIONS

Trial-E World Cup Champions

Albert Cabestany (ESP)

MOTORSPORT RESULTS

Dakar Rallye

Laia Sanz (18th)

FIM Motocross World Championship

Glenn Coldenhoff – MXGP (8th)

Ivo Monticelli – MXGP (15th)

Isak Gifting – MX2 (12th)

Michael Sandner – MX2 (29th)

Simon Langenfelder – MX2 (30th)

Jeremy Sydow – MX2 (32nd)

Trial GP World Championship

Jorge Casales – Trial GP (4th)

Trial-E World Championship

Albert Cabestany – Trial-E (1st)

X-Trial Indoor World Championship

Jorge Casales – Trial GP (5th)

RFME Trial Championship

Jorge Casales – Trial GP (2nd)