

PIERER

Mobility AG

KTM

Husqvarna
MOTORCYCLES

GASGAS



PIERER MOBILITY AG ANNUAL FINANCIAL REPORT 2019

KEY FIGURES

EARNINGS RATIOS ¹⁾		2015	2016	2017	2018	2019
Revenue	in m€	1,223.6	1,343.0	1,533.0	1,559.6	1,520.1
EBITDA	in m€	178.4	198.4	218.9	252.5	240.8
EBIT	in m€	112.9	122.3	132.5	161.2	131.7
Earnings after taxes	in m€	65.0	89.0	83.9	114.2	95.7
EBITDA margin	in per cent	14.6%	14.8%	14.3%	16.2%	15.8%
EBIT margin	in per cent	9.2%	9.1%	8.6%	10.3%	8.7%
BALANCE SHEET RATIOS		12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Balance sheet total	in m€	1,175.9	1,423.8	1,465.2	1,353.9	1,613.9
Equity	in m€	386.6	454.9	528.6	550.8	618.6
Equity ratio	in per cent	32.9%	32.0%	36.1%	40.7%	38.3%
Working capital employed ²⁾	in m€	243.3	245.2	238.4	245.3	274.2
Net debt ³⁾	in m€	387.4	364.6	375.0	323.3	395.8
Gearing ⁴⁾	in per cent	100.2%	80.1%	70.9%	58.7%	64.0%
CASH-FLOW AND CAPEX		2015	2016	2017	2018	2019
Cash-Flow from operating activities	in m€	106.9	167.8	161.3	85.5	257.4
Cash-Flow from investing activities	in m€	-110.1	-158.8	-154.0	-102.1	-165.7
Cash-Flow from financing activities	in m€	50.7	139.2	-118.0	-63.3	-20.6
Capital expenditure ^{1) 5)}	in m€	133.0	144.4	178.6	183.6	164.9
EMPLOYEES		12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Number of employees as of balance sheet date ^{1) 6)}	Number	4,553	5,069	5,887	4,303	4,368
VALUE CREATION		12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
ROCE (Return on capital employed) ⁷⁾	in per cent	14.2%	13.9%	13.9%	16.6%	12.7%
ROE (Return on equity) ⁸⁾	in per cent	17.2%	21.2%	17.1%	21.2%	16.4%
ROIC (Return on Invested Capital) ⁹⁾	in per cent	11.0%	11.7%	10.4%	13.6%	10.6%
STOCK EXCHANGE RATIOS ¹⁰⁾		-	12/31/2016	12/31/2017	12/31/2018	12/31/2019
Share price as of December 31; SIX Swiss Exchange ¹¹⁾	in CHF	-	5.35	7.39	60.60	54.00
Number of shares ¹¹⁾	in m shares	-	225.39	225.39	22.54	22.54
Market capitalization ¹²⁾	in m CHF	-	1,205.82	1,665.61	1,365.84	1,217.09
Earnings per share ¹³⁾	in €	-	2.31	1.98	2.99	2.42
Book value per share ^{13) 14)}	in €	-	20.18	23.45	24.44	27.45

1) Previous years 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) Additions from property, plant and equipment and intangible assets according to schedule of investments; without first-time application effect of IFRS 16 as of January 1st, 2019

6) Number of employees on the reporting date (including temporary staff)

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 108,015 numbers of treasury shares as of December 31st, 2019

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

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KTM 1290 Super Adventure S MY19



HUSQVARNA TE 250i



GASGAS TXT Racing 300

HIGHLIGHTS 2019

CONTINUATION OF STRONG GROWTH AND
MARKET SHARE GAINS

**KTM Industries AG –
Europe’s Leading Powered Two
Wheeler Company – was renamed
into PIERER Mobility AG**

**Ninth record result in a row!
Increase in sales continued in
businessyear 2019**

- 280,099 motorcycles sold (+7% Vs 2018)
- 234,449 KTM motorcycles and
45,650 HUSQVARNA motorcycles

**KTM and Bajaj agree on new
electric vehicle alliance**

- Development of a common 48 Volt electric
two-wheeler platform in the power range 3 to 10 kW
for planned serial production in India in 2022

**Market share gains in USA and
India – Market share in Europe on
high level**

11.3% Market share in established markets
(+30 bps)

Registration: Europe +8.9%, North America +3.6%,
India +37.0%

Market share: Europe: 11.8% (-20 bps), North America:
9.7% (+60 bps), India: 7.3% (+280 bps)

**Take-over of Australian importer
in Q3/2019**

**GASGAS motorcycles –
as third motorcycle brand**

**Full consolidation of e-bicycle
division (PEXCO) already in
December 2019**



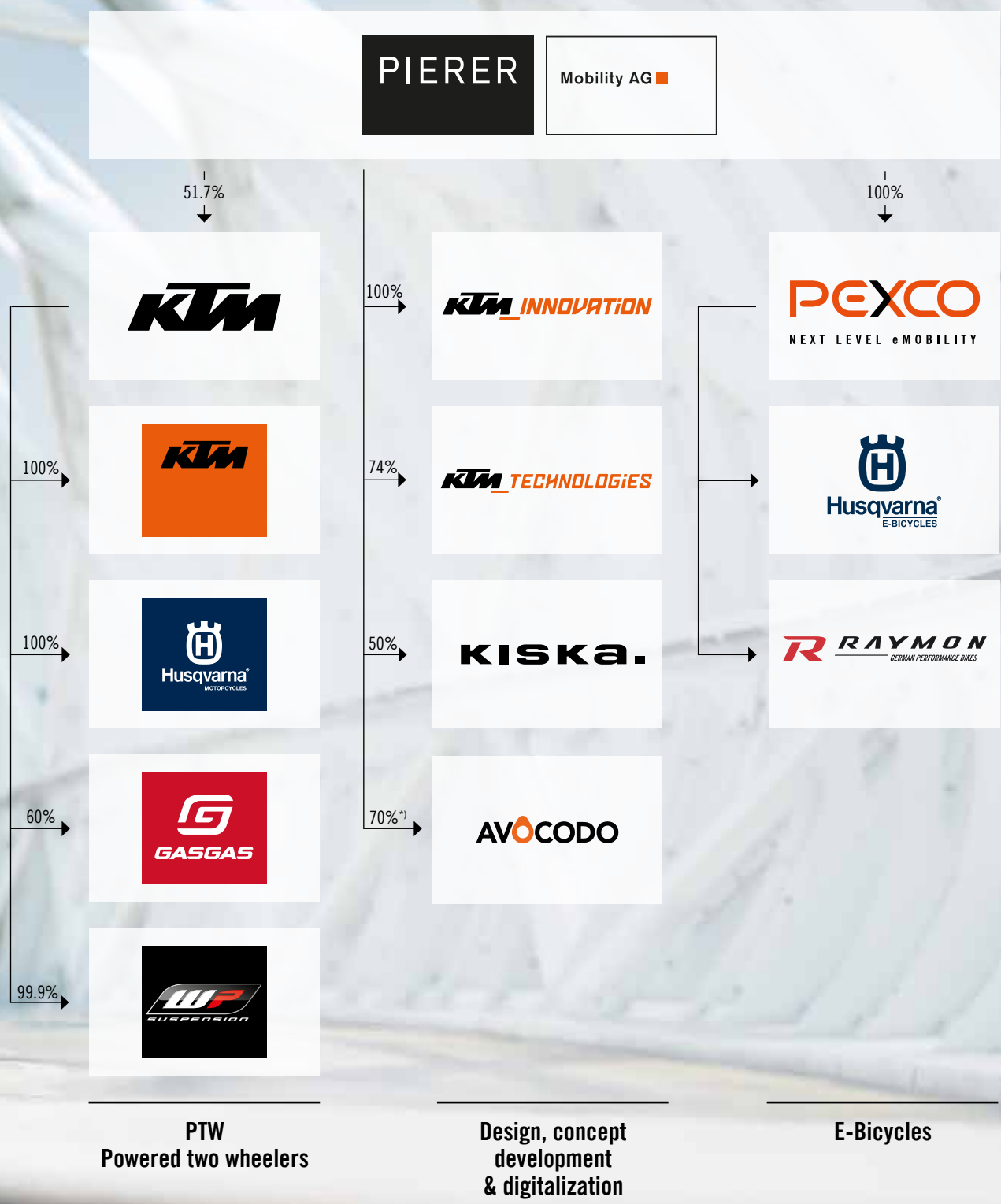
KTM 1290 Super Adventure S

GROUP STRUCTURE

AS OF 12/31/2019

SIMPLIFIED PRESENTATION





Other shareholdings:

PF Beteiligungsverwaltungs GmbH	100%
Platin 1483. GmbH	100%
ACstyria Mobilitätscluster GmbH	12.3%

*) increase to 100% in January 2020

INTRODUCTION BY THE EXECUTIVE BOARD



The PIERER Mobility Group can look back on a successful financial year in 2019. By consistently implementing the global product strategy and expanding into all continents, the Group yet again successfully increased both revenue and sales figures, thereby also achieving new record levels in 2019. Taking into account the motorcycles sold by our partner Bajaj in India, more than 280,000 sports motorcycles of the KTM and Husqvarna Motorcycles brands were sold worldwide and the market position in the major motorcycle markets (> 120cc) was further consolidated.

As part of a series development project for PTW ("Powered two wheeler") electric vehicles in the low-voltage range (48 volts), which was developed together with the Indian partner Bajaj, various product variants in the segment of electro scooters will be produced from 2022 under the brands of both partners in the 3 and 10 kW power range. In the area of electric mobility, the complete takeover of PEXCO GmbH was an important step toward participating in the attractive market growth in the e-bicycle sector. With the acquisition of the Spanish offroad brand GASGAS, which took place in the fourth quarter, the Group is now also represented in the trial motorcycle segment and thus offering the full range of available offroad motorcycles. By acquiring a stake in AVOCODO GmbH, the Group will be even more broadly positioned in the future when it comes to digital solutions and individual developments, for example for mobile applications.

In addition to important series start-ups, such as the KTM 790 ADVENTURE / R, the first electric low-voltage motorcycle, the Husqvarna Minicycle EE 5, was launched in June, thus taking the first step into the future of electric mobility. In September, KTM officially presented the KTM SX-E 5, a new electric motorcycle for juniors. The last financial year also saw the stabilisation of the supplier structure and the consistent continuation of the extensive efficiency program that was launched in the previous year.

The successes in motorsport should also be highlighted. In addition to the 18th consecutive victory in the Dakar Rally, the motocross and Super Enduro World Championship titles as well as the manufacturer's titles, including Super Enduro and Supercross, the focus was on the third season in Moto-GP™, entering four KTM motorcycles for the first time.

COURSE OF BUSINESS

With its motorcycle brands KTM, Husqvarna Motorcycles and GASGAS, the Group is one of the technology leaders in the premium segment and outperformed the overall market in the past year with a 14.5% increase in registrations. In Europe, the overall market grew by around 8.9% last year. During the same period, KTM succeeded in maintaining its high market share at approx. 12%. Despite a declining overall US market (-2.7%) in 2019, KTM increased registrations by 3.6% and increased its market share to 9.7% by the end of the year. The Australian and Canadian markets also recorded strong growth. In India, the most important future market for KTM, KTM registrations in the financial year increased by more than 35% compared to the previous year and the market share rose from 4.5% to around 7.3%.

These successes are also due to a large number of models of the KTM and Husqvarna Motorcycles Group brands that have been successfully transferred to series production. In addition to the KTM 790 ADVENTURE and 790 ADVENTURE R, the revised mid-range models KTM 690 SMC R and KTM 690 ENDURO R as well as the Husqvarna SVARTPILEN 701, the sister model of the Husqvarna VITPILEN 701, which went into series production last year, the focus was also on the start of series production of the two electric bike models KTM SX-E 5 and Husqvarna EE 5. Proof of our efforts is provided by recognition at the US-BIZ AWARD 2020 in the Innovation category for the first Freeride E motorcycle (KTM FREERIDE E) and for the electric mini-motorcycles. The 2019 research year was also brought to a particularly successful conclusion with the ramp-up of the strategically important KTM 390 ADVENTURE, the first globally available travel model in the street entry-level segment from KTM.

In the 2019 financial year, the PIERER Mobility Group achieved record revenue of € 1,520.1 million (+4%) and continued to grow. KTM further extended its leading position as the largest European motorcycle manufacturer and achieved record sales totaling 280,099 motorcycles (around +7%). The operating result increased to € 131.7 million (+2.3%) after € 128.7 million in the previous year and the net result after tax increased from € 85.2 million to € 95.7 million. The balance sheet total amounted to € 1,613.9 million as of December 31 with an equity ratio of 38.3% after € 1,353.9 million in the previous year. *)

*) All earnings ratios of the Group described relate to improved comparability with the Group's continuing operations.

EMPLOYEES

At the end of the financial year, the PIERER Mobility Group employed 4,368 people, 3,639 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 160 apprentices currently undergoing training to 180 apprentices, as well as improving employee training.

INVESTMENTS

In 2019, around €121 million were invested in product development and tools for the further growth of the company. The consistently high investments in series product development represent one of the key success factors of the PIERER Mobility Group.

Following the expansion of the research and development center with a floor space of over 19,000m² at the Mattighofen site, the expansion of the R&D infrastructure also continued. In addition, the expansion of the infrastructure at the site in Anif near Salzburg also started at the end of 2019 to support the further expanding of e-mobility activities. Due to the intensive program of investment in recent years in capacities and infrastructure and the relocation of the low-volume Husqvarna road models to the strategic partner Bajaj, the required production capacities in Austria have been secured for the next few years.

STRATEGIC PARTNERSHIPS

The launch of further Husqvarna road models and the aggressive market strategy in emerging markets are a key focus for 2020. The relocation of the production of Husqvarna road motorcycles (up to 400 cm³) to the strategic partner Bajaj, which was successfully implemented at the end of 2019, will also give KTM the opportunity to produce entry-level motorcycles for the Husqvarna Motorcycles brand at competitive production costs and therefore further increase sales in the emerging markets. Increases in sales and revenue are therefore expected primarily in the ASEAN region and India. From the end of 2020, mid-range motorcycles are to be produced with the Chinese joint venture partner CFMOTO in Hangzhou, China for the Chinese market.

LISTING ON FRANKFURT STOCK EXCHANGE

Since March 2020, PIERER Mobility AG shares have also been listed in the General Standard of the Frankfurt Stock Exchange. The aim of this measure is to increase the trading liquidity of the shares in the euro zone.

OUTLOOK

The PIERER Mobility Group has set itself the goal of further expanding its market share in the global motorcycle markets despite a challenging market environment. The GASGAS motorcycle division will be integrated into the Group as the third motorcycle brand. In addition, there will also be a strong focus on expanding and developing the dealer network.

The e-bicycle activities (PEXCO) will be bundled in HUSQVARNA E-Bicycles GmbH, which was newly founded in January 2020. In this division, sales of more than € 100 million are expected for the 2020 financial year. Furthermore, the company intends to develop in the electric powered two-wheeler segment to become a major international player.

The Executive Board is currently monitoring very closely the impact that the coronavirus is having on the global economy and the level of uncertainty in the population. Risks to the company, the supply chain and the sales market resulting from the Corona crisis are being closely monitored. Any disruptions to business operations will be reacted to constantly by taking targeted measures. The extent of the impact on the global economy caused by this now global crisis cannot yet be estimated.

PIERER Mobility AG confirms its sales target of 400,000 motorcycles for the 2022 financial year. In addition, KTM has set itself the goal of developing Husqvarna Motorcycles into the third largest European motorcycle manufacturer.

Wels, March 2020



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 with effect from December 19, 2019
Appointed until December 31, 2023

SUPERVISORY BOARD

Josef Blazicek
Supervisory Board Chairman

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

Ernst Chalupsky
Deputy Supervisory Board Chairman

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

Alfred Hörtenhuber
Member

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

Klaus Rinnerberger
Member

Elected until the end of the Annual General Meeting deciding on the ratification of the 2019 financial year

REPORT OF THE SUPERVISORY BOARD



Dear Shareholders,

Once again, PIERER Mobility AG (formerly KTM Industries AG) can reflect on a successful business year. KTM was able to increase sales and revenue and outperformed the overall market in the key motorcycle markets (> 120 cc) with a registration increase of +14.5%, while the overall market declined by more than 6%, and thus expanded its market position. The implementation of the global product strategy and the expansion into other Asian and South American markets was consistently pursued in the past year and due to the take-over of the Australian importer, the market presence in Australia and New Zealand was further strengthened. The strategic alliance with the Indian partner Bajaj was further intensified and a serial production project for PTW ("Powered two wheeler") electric vehicles in the power range of 3 to 10 kW (48 volt) was started at the level of KTM AG. With the complete takeover of PEXCO GmbH it is possible to participate in the attractive e-bicycle market and also to play a prominent role there. With the takeover of the majority of the Spanish offroad brand GASGAS, the group now is also represented in the trial bike segment.

The Supervisory Board of PIERER Mobility AG fulfilled its duties required by law, under the articles of association and by-laws, was involved early in the fundamental decisions and provided advice to 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 the financial situation, the course of business and the position of the company including its Group companies during the 2019 financial year. Particular topics were handled in detail in the committees, established by the supervisory board, which then reported in detail about their activities to the whole 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 2019 business year, the main areas of concern were focusing on the two-wheeler industry, the start of the joint electric platform with the Indian partner Bajaj as well as the complete take-over of the e-bicycle / bicycle business with the shareholding in PEXCO GmbH, the acquisition of the Spanish motorcycle brand GASGAS as well as the continuation of the extensive efficiency program. Between meetings of the Supervisory Board, 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.

At the extraordinary general meeting of PIERER Mobility AG held on 4 October 2019, the resolutions on the authorization to acquire treasury shares in accordance with § 65 para. 1 no. 8 AktG and to sell treasury shares as well as the re-naming of the company into PIERER Mobility AG were taken.

FOCUS OF THE SUPERVISORY BOARD MEETINGS

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

At its meetings, the Supervisory Board regularly discussed the monitoring of the activities of the Executive Board, asked the Executive Board for information about projects as well as the course of business and business planning, including non-financial performance indicators and advised the Executive Board on important strategic positions of points. 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.

At its first meeting on **March 19, 2019**, the Supervisory Board dealt primarily with the discussion and resolution on the audit and adoption of the 2018 annual financial statements and the 2018 consolidated financial statements, the agenda and the proposed resolutions for the Annual General Meeting, the corporate governance report and the sustainability report (non-financial report pursuant to Section 267a of the Austrian Commercial Code UGB) as well as the external evaluation by Oberhammer Rechtsanwälte GmbH with regard to PIERER Mobility AG's compliance with the corporate governance rules. At the meeting of the Supervisory Board on **April 25, 2019**, the current business development and the business performance of the Group companies in the first quarter of 2019 were discussed. In addition, capital market issues and the financial status were reported on. The meeting on **July 23, 2019** focused on the course of business in the first half of 2019 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. At the Supervisory Board meeting on **October 29, 2019**, the business development (Q1-Q3/2019) and the outlook for the full year of the PIERER Mobility-Group were reported on.

Another topic included the resolution of the Executive Board to implement a buyback program and to acquire up to 7.404% (corresponding to 20% of the free float) of the share capital, based on the resolution of the extraordinary general meeting held on October 4, 2019. The acquired treasury shares may be used as consideration for the acquisition of companies (acquisition financing), for resale or for reducing the share capital by redeeming treasury shares. In addition, the Group companies and their financial status were reported on. The last meeting of the reporting year 2019 took place on **December 19, 2019** and dealt with the course of business after 11 months and the outlook for the 2019 business year as a whole. The 2020 budget was also presented and discussed, but not resolved upon. Due to the early and complete take-over of the e-bicycle / bicycle division (PEXCO) into the group, the budget as well as the medium- term planning had to be revised and resolved upon in an extraordinary meeting in 2020. At the meeting held on December 19, 2019, Viktor Sigl, MBA was appointed by the Supervisory Board as additional member of the Executive Board of PIERER Mobility AG. Furthermore, it was reported on the group companies and the financial status.

Every member of the Supervisory Board attended at least half the meetings in the 2019 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 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 financial year 2019. The Chairman of the Committee is the Member of the Supervisory Board Klaus Rinnerberger (financial expert). In addition, in the reporting year 2019 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 exchange with the Executive Board and the auditor with regard to the significant topics of the annual and consolidated financial statement. In particular, discussions on the status and on important topics of the annual and consolidated financial statement 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 2019** focused on the in-depth discussion of all topics in connection with the 2018 annual financial statements and consolidated financial statements. In addition, the appointment of the auditor for the 2019 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 April 25, 2019 as a proposal to be voted on. At the meeting in December 2019, the auditor provided an overview of the planned course of the audit as well as the focal points of the audit for the 2019 financial year.

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 April 25, 2019 as auditor of the financial statements and consolidated financial statements for the 2019 financial year. The Audit Committee commissioned KPMG to conduct the audit. The annual financial statements and the management report for the 2019 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 2019 financial year. The audit did not give rise to any objections and the annual and consolidated financial statements for the 2019 financial year were granted an unqualified audit opinion.

The auditor confirmed that the company's annual financial statements as at December 31, 2019 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, 2019, 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, 2019, 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, 2019”) were discussed in detail with the auditors in the **Audit Committee meeting**, which was brought forward to March 20, 2020 and 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) in its subsequent meeting. 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 audit. The Audit Committee discussed and reviewed the summarized “non-financial report”. All questions relating to this were answered by the Executive Board. The non-financial report has not been externally audited.

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 2019 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 (non-financial report) for the 2019 financial year, also gives no reason for any objections. Having been accepted by the Supervisory Board, the 2019 annual financial statements can be deemed to have been approved pursuant to Art. 96 (4) of the Austrian Stock Corporation Law (AktG). The Supervisory Board acknowledged the consolidated financial statements and the consolidated management report for the 2019 financial year. In the 2019 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 for the 2019 financial year. The Supervisory Board concurs with the Executive Board with regard to the proposal concerning the distribution of the net profit achieved during the 2019 financial year.

Moreover, following a proposal by the Audit Committee, a proposal for the election of the auditor for the 2020 financial year was prepared for the 23rd Annual General Meeting. KPMG Austria GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Linz, has been proposed as auditor for the financial year commencing on January 1, 2020 and ending on December 31, 2020.

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 2020

Chairman of the Supervisory Board



Josef Blazicek



2020 Dakar Rally, Saudi Arabia, Photo: Rally Zone

EUROPE'S LARGEST MOTORCYCLE MANUFACTURER



KTM AG is Europe's leading manufacturer of powered, premium two-wheelers. Its stated objective is to continue to grow and develop its **lead role** in terms of technology, sales, and image across the world of motorcycling. Innovation is the keyword behind the ongoing development of safe, top-quality products that provide what the market wants. As key components of the motorcycles, all powertrain systems, whether highly efficient combustion engines or the latest electric motors, are developed and manufactured in-house and guarantee the integrity of motorcycles bearing the KTM and Husqvarna Motorcycles brand names. The impressive track record and the highest levels of racing success across the entire motorcycle world are ample evidence of KTM's, Husqvarna's, and WP's high product quality and remarkable engineering skills.

Since its foundation in 1953, KTM has amassed over six decades of expertise in the two-wheeled world that is now firmly embedded in its site at Mattighofen. Continuous investment has enabled this expertise to be gainfully employed for further growth. With an extensive knowledge base that is unique in the global motorcycle industry, the group has been able to continually develop new and ever more advanced motorcycles to cement its leading position in Europe.

KTM has set itself an annual sales target of 400,000 units by the end of financial year 2022. The strategy adopted to achieve this is to maximize the synergies and resources of the constituent brands, processes, and infrastructure within the group.

GLOBAL BRAND DEVELOPMENT

Besides its superb products, the foundation of KTM AG's corporate success lies in strengthening the core values of the primary brands and communicating them in a targeted and sustained manner. KTM possesses a distinct brand personality and a bold

presence on the competitive global stage. The „READY TO RACE“ philosophy, which is expressed strongly all over the world, is much more than just a glib slogan. It lies at the heart of all our endeavors. Every activity and every product is rigorously measured against the four brand values of PURITY, PERFORMANCE, ADVENTURE, and EXTREME. Furthermore, our distinct brand positioning epitomizes the phenomenal alacrity and motivation with which we identify the expansion opportunities that are present all over the world – and take 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 world-wide expansion. The successful launch of the new 790 ADVENTURE and 790 ADVENTURE R models enabled KTM to take a decisive step forward towards the cultivation of new target groups.

MOTORSPORT AS A CENTRAL COMMUNICATION INSTRUMENT

In addition to its continued dominance of international offroad championships, KTM has meanwhile become a highly respected brand in the road racing sector. There were already some notable achievements in the extremely hard-fought and highly prestigious MotoGP™ 2018 world championship. Thanks to strenuous efforts in 2019, we were able to further reduce the gap to the world's front runners and stake a serious claim to be a winning brand.

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



2019 Dakar Rally, Peru, Photo: Marcin Kin

R&D AS DRIVING FORCE FOR INNOVATION

Central to the corporate strategy is taking successful racing technologies and directly incorporating them into series products. The brand's winning culture flows into our products and everything else we do. 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 we are well equipped to compete in the international technology race. Leading-edge suppliers in the advanced technologies sector as well as KTM AG both benefit by collaborating in preseries 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 our business.

Geared for the future, KTM AG successfully markets products that were developed with a great deal of craftsmanship. With its long history and unique motorsport program, the benefits of which can also be seen in its products, KTM AG 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 us on to realizing this vision.

MORE POTENTIAL BUYERS THANKS TO HUSQVARNA MOTORCYCLES

The successful integration of Husqvarna Motorcycles has made a significant contribution to the improving business result. A clear positioning and differentiation of the brand, together with the energetic development of a comprehensive model portfolio for the offroad and street segments, have boosted the business model as a whole. Sales of Husqvarna Motorcycles target potential new buyers and generate new members of the KTM AG family.

Development in the Four-Wheel Segment

The construction of the **KTM X-BOW sports car** demonstrates that KTM AG is capable of designing and developing new product ranges beyond its traditional core motorcycle business. The experiences gained in lightweight construction are invaluable in developing new vehicle concepts. The „READY TO RACE“ message applies here as well. Our own brand cup and competitive GT4 racing cars are logical spin-offs of the development in the four-wheel segment.



KTM 790 Adventure MY19

READY TO RACE

PURITY PERFORMANCE

PIONEER IN THE DEVELOPMENT OF ELECTRIC POWERTRAIN SYSTEMS

In terms of present and future mobility scenarios, KTM AG has taken a leading developmental role in electric powertrain innovation. The development of KTM FREERIDE E, the high-power electric motorcycle, has highlighted and proven the potential. Building on this research, KTM AG has put in place structures to develop technologies that support alternative forms of mobility for a variety of applications in urban settings. Vehicles with all-electric powertrain systems will increase in importance across every product sector.



KTM FREERIDE E-XC MY18



MOTORSPORT

READY TO RACE underpins the philosophy, character and passion of KTM. Through Enduro, Motocross, Rally, Road Racing and Supercross KTM have amassed more than 300 FIM World Championships through its 80 year history and have greatly increased their prolificacy in the last decade 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 competitive 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 in 1974, with the likes of Heinz Kinigadner, Trampas Parker, Shayne King and Joel Smets firmly putting KTM in the history books over the following 20 years. KTM became a major player in the FIM World Championship, AMA Supercross and other national series' around the globe by the turn of the century. More recent dominance saw the KTM 250 SX-F win all but four MX2 titles since the class' inception in 2004 thanks to eight different riders. Tony Cairoli joined the Red Bull KTM Factory Racing team in 2010 and he went on to bring the premier class crown – MXGP – to the factory for the first time. Both Cairoli, who has triumphed on the KTM 350 SX-F and KTM 450 SX-F, along with teammate Jeffrey Herlings, a four-times world #1 with Red Bull KTM Factory Racing, continue to build a legacy for KTM at the sharp end of MXGP World Championship competition and in 2020 they will be joined by 2018 and 2019 MX2 world champion Jorge Prado. For 2020 Cairoli, Herlings and Prado and their combination of fifteen titles are complemented by 2019 Rookie of the Year Tom Vialle (seven podium finishes in a breakthrough season) and debutant Rene Hofer.

ENDURO | OFFROAD | RALLY

Various spoils have been enjoyed in the spheres of Enduro, Offroad and Rally. Many names have made an impact on the results sheets while also being part of 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 – led to a record 18 consecutive victories thanks to eight different individuals. In 2020 KTM continues to attack the WESS Enduro World Championship. The contest includes Classic and Hard Enduro events, which present a variety of challenges in order to find the Enduro World Champion. KTM will also look to defend the relatively new FIM Cross-Country Rallies World Championship won in 2019 by Sam Sunderland.

ROAD RACING

Speeding forwards, the KTM RC8 permitted competitive presence and spoils in various national Superbike series' but KTM went on to become serious about attacking the highest level of motorcycle Road Racing in Grand Prix. Their two-stroke technology permitted a total of 22 checkered flags 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. Achievement in Moto2™ followed with at least 9 victories in 2017 and 2018. In 2019 Brad Binder overcame a difficult start to the season to take five impressive victories and finish as runner-up in the series.

2020 will signify KTM's fourth year on the MotoGP™ grid. The potent KTM RC16 made its debut as a wild-card at the 2016 Grand Prix of Valencia in Spain and in 2018 Pol Espargaro stood on the podium for the first time at the same venue - a special milestone moment for the huge motorsport project. 2019 saw four RC16s in the paddock thanks to the union with the Red Bull KTM Tech3 team and deficits to race-winners and rivals (with far more MotoGP™ experience) tumbled as the squad became top ten regulars. Together with a testing program that includes MotoGP™ Legend Dani Pedrosa alongside Mika Kallio and a structure that allows exciting youth prospects to come through the new Northern Talent Cup and Red Bull MotoGP™ Rookies Cup and up the Grand Prix ladder, KTM have again set the foundations to continue their outstanding feats. The path to the pinnacle – the KTM GP Academy – will feature promising athletes, future milestones and more thrilling action for years to come





A UNIQUE HISTORY AND SUCCESS ON TWO WHEELS



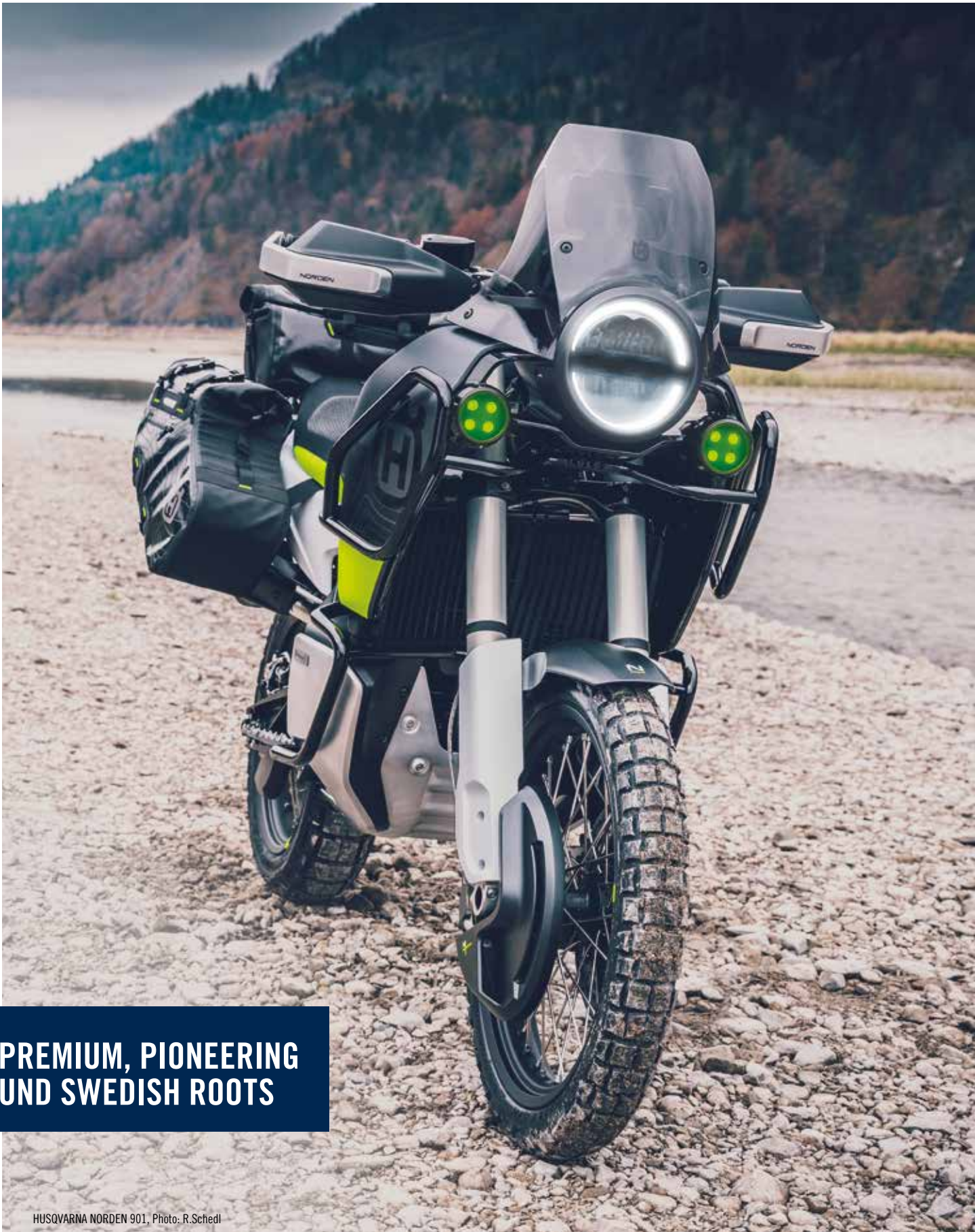
With a history going back well over one hundred years, the Husqvarna brand is rooted in an extraordinarily rich tradition – but in the rapidly changing world of motorcycling, it is also honouring the brand promise “**PIONEERING SINCE 1903**” with solutions that are both independent and progressive.

A clear objective underpins the strength of the brand: The ongoing expansion of the product range with completely new models for the road and offroad sectors will see Husqvarna Motorcycles become Europe’s third largest manufacturer by 2022. 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. In 2014, after just one year with KTM AG, Husqvarna Motorcycles achieved the best offroad unit sales in its 111-year history. Not content with this, it then unveiled new street-legal models and went one better in 2015 by posting yet another record-breaking year.

BRAND MESSAGE THROUGH PURE RIDING EXPERIENCE FOR A LARGER TARGET AUDIENCE

The guiding brand values, PREMIUM, PIONEERING and SWEDISH ROOTS, provide a strong profile while supporting a clear differentiation. Husqvarna is also committed to making a pure riding experience on top-quality products enjoyable and accessible to customers around the world. This involves intensive efforts to steadily expand the customer base and to be open towards the global effects in the mobility sector – without watering down the clearly defined core messages of Husqvarna Motorcycles.

This strengthening of brand awareness is a central part of the ongoing strategy, which will continue to be supported through an expansion of the dealer network and a systematic increase in global sales. The continuous development of the dealer network is aligned to serve the growing awareness of and demand for the brand globally. In view of the many untapped markets, disciplines and customer segments outside the traditional offroad community, this steadily expanding global network will open up further avenues to markets that will help realise the full potential of the brand.



**PREMIUM, PIONEERING
UND SWEDISH ROOTS**

SUCCESS IN OFFROAD RACING FOLLOWED BY ENTRANCE INTO MOTO3

Husqvarna Motorcycles also demonstrates that basic traditional values and competition are not mutually exclusive. The brand is among the leading players, especially in the important US market, which hosts the world's most important top-class race series in the off-road sector. Jason Anderson's victory in the AMA Supercross World Championship is a significant milestone in the long history of the company.

Already deeply committed to the globally regarded „Rally“ and „Extreme Enduro“ disciplines, the brand also sees itself obliged to a strong presence in the road racing sector. The decision to enter the innovative and progressive brand in the street world championship in the Moto3 category from the start of the 2020 season is the result of the systematic development in the street-legal segment and the associated increase in brand awareness.

TOP-CLASS, INNOVATIVE PRODUCT RANGE

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 bike segment. Being a pioneer combines well with the accessible, understated and approachable brand personality, allowing Husqvarna Motorcycles to open up and tap into a much broader target audience beyond traditional street motorcyclists. The „Real Street“ range, which includes the VITPILEN and SVARTPILEN series, represents the initial mainstays of a product strategy that already boasts four individual, top-class motorcycles featuring a head-turning design language. The brand strategy as a whole is aimed at refining the street focus in light of its potentially huge sales prospects. At the same time, the commitment and the presence of the brand in the offroad sector will be consolidated

and strengthened by further innovations.

The way this strategy is to be implemented is typical of Husqvarna: advanced technology meets authenticity – together with a clear design for a modern, uncompromising riding experience. The very first concept bikes (VITPILEN 401 and SVARTPILEN 401) were unveiled in 2014 and have since been followed by a remarkable series of street-legal models. Following the successful 2018 launch of the VITPILEN 401, SVARTPILEN 401 and VITPILEN 701, 2019 saw the emergence of the latest innovation in the Real Street range in the shape of the SVARTPILEN 701.

The company also introduced yet another striking product innovation to emphasize 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 bike for children. With a purely electric powertrain system developed by Husqvarna's own engineers plus the very latest in control electronics, the EE 5 underpins the brand's promise to deliver pioneering performance to the world of motorcycling.

Astonishing studies, such as the one for the design-award winning 701 Aero – which is based on the VITPILEN – stimulate the imagination of the global community and already offer a tantalizing insight into the dynamic future activities of a brand that is rapidly becoming more and more recognised.



HUSQVARNA EE 5 MY20,
Photo: H. Mitterbauer



MOTORSPORT

Motorsport is an integral part of Husqvarna's 116-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 four years ago, in 2018 Husqvarna Motorcycles enjoyed some of the brand's most noteworthy successes, securing both the 2018 AMA 450SX and 250SX East Region Championships.

SUPERCROSS | MOTOCROSS

Following a stellar season of AMA Supercross competition, Jason Anderson made history by capturing the AMA 450SX championship – the first since the brand's inception in 1903. Establishing Husqvarna Motorcycles as a dominant force in the 250cc class by winning both the AMA 250SX East and AMA 250MX Championships in 2017, Zach Osborne successfully defended his Supercross title in 2018 by claiming a second consecutive 250SX East Championship.

Spearheading Husqvarna Motorcycles' assault in FIM Motocross World Championship competition, Thomas Kjer-Olsen secured the runner-up position in the 2019 MX2 World Championship standings. In the MXGP World Championship, FC 450 mounted Pauls Jonass and Arminas Jasikonis finished sixth and seventh respectively.

ENDURO | OFFROAD | RALLY

FR 450 Rally mounted riders Pablo Quintanilla and Andrew Short both put in numerous hard-fought performances throughout 2019, ending the year on a high with a one-two finish at the Rally du Maroc. Two-time FIM Cross-Country Rallies World Champion Quintanilla secured a solid fourth overall at the 2019 Dakar Rally before returning from injury to win the Atacama Rally. Short powered his way to an impressive sixth place Dakar result before topping the final round of the FIM Cross-Country Rallies World Championship in Morocco to earn second in the series.

Fielding a solid team in the World Enduro Super Series, Husqvarna Motorcycles saw Billy Bolt make history by becoming the first ever WESS champion in 2018. Continuing to enjoy both strong representation and success in the mixed-discipline WESS championship, Alfredo Gomez finished as runner-up in the 2019 series. In addition, Graham Jarvis claimed an emphatic victory at the ErzbergRodeo, his fifth win at the iconic event.

For reigning AMA EnduroCross Champion Colton Haaker, the current season of indoor enduro competition has been an extremely successful one. Claiming the 2019 FIM SuperEnduro Championship – the third FIM World Championship title in his illustrious career. Haaker also secured the 2019 AMA EnduroCross title.

ROAD RACING

In 2020 Husqvarna Motorcycles will return to international road racing and the FIM Moto3™ World Championship. Entering two Husqvarna FR 250 GP machines, the Max Biaggi owned Max Racing Team will compete with Italian Romano Fenati and Spaniard Alonso Lopez.



GASGAS OFFROAD PASSION



GASGAS motorcycles are the fun and approachable launchpad into the performance offroad motorcycle world. With a rich and proud heritage in offroad motorcycle racing and trials competition, GASGAS has a distinct, Spanish style, with an inviting, down-to-earth character. This attitude is reflected in a robust product line, built to provide riders with the utmost enjoyment without any fuss.

THE ROOTS

GASGAS was born from the ashes of legendary trial brands and has played a central role in trial competitions since the late 1980s. The company is regarded as a trial leader, especially thanks to its 2-stroke engine technology. Further technical development focusing on the Enduro and Motocross segments is also ongoing.

THE GASGAS RIDER

GASGAS aims to be user-friendly, welcoming all riders, with a shared passion for motorcycling. This community-driven mindset bears testament to the vibrant and playful GASGAS persona.

OFFROAD MOTORCYCLING FOR EVERYONE

Despite extensive competitive motorcycling credentials, GASGAS enables more riders to join in and share the enjoyment of the ride, welcoming new and old riders alike to offroad motorcycling – to add more fun into their ride and get on the “gas”!

GASGAS models optimally complement the range of offroad models offered by PIERER Mobility group. By extending the product portfolio, new niches and markets can be entered and an optimized customer lifecycle ensured. All these essential elements contribute to the long-term growth strategy of the group.

PRODUCT PORTFOLIO

- Trial
- Sportminicycles (Kids/Junior)
- Offroad (Motocross, Cross Country, Enduro)



EC 350F MY21



TXT Racing 300 MY20



MC 450F MY21

GET ON THE GAS!

**VIBRANT & INVITING
SPANISH ROOTS**



PERFORMANCE-DEFINING COMPONENTS FOR THE FASTEST TWO- AND FOUR-WHEELERS



WP SUSPENSION GmbH is one of the world's leading manufacturer of powerful chassis components in the powered two-wheeler and sport car sectors. World-beating expertise is the hallmark of the steadily growing company manufacturing innovative suspension components that are being successfully used in motorsport.

As part of the integration of the WP Group into KTM AG, the main company was renamed KTM Components GmbH (formerly „WP Performance Systems GmbH“) in 2018. The strong WP brand enjoys global recognition as an innovative specialist and so is being retained. The ever tighter integration within the group enabled it to utilize even greater synergy potential in the latest financial year to help significantly increase the overall efficiency of the globally active concern.

INNOVATIONS IN PRODUCT DEVELOPMENT

„INNOVATION & PERFORMANCE“ are at the forefront of everything WP does, with the performance aspect playing a particularly important role in brand-related activities. High-quality components are designed to satisfy the wishes of racers as well as „normal“ bikers. To achieve these aims, and to stay ahead in a very competitive market, WP puts a huge amount of energy into its innovation and R&D efforts. Even more resources are to be allocated to this critical area in financial year 2020. This is the only way of ensuring that the brand can extend its global advantage in all offroad segments and enjoy further significant growth in the „street“ segment. One of the outstanding features planned for the product side, besides the optimized suspension components for elite offroad sport, is a completely new type of front fork that will be used in the top-end superbike segment – the first units are scheduled to make their debut in 2020.

Testing and development, not only on the racetrack but also in the real world, allow WP to transfer its race-inspired input into street and offroad performance to deliver smarter and more surprising technologies.

MOTORSPORT SUCCESS

The efforts and investment are certainly paying off. Following its numerous victories in offroad sport, WP then began concentrating more on the street segment and started participating in the MotoGP™ in 2012. The chassis manufacturer supported the KTM factory teams in all categories and in 2015 and 2016 won the Moto2 world championship title with the team formed around Aki Ajo.

In the current era, teams and riders supported by WP have again proven themselves to be extremely competitive in the Moto3 and Moto2 categories. Aaron Canet's victories in the smallest Grand Prix class and Brad Binder's renewed success in the struggle for the world championship in the Moto2 category demonstrate the superior levels of know-how in these critical components.

EXPANSION AND DEVELOPMENT OF SALES

The continuous qualitative and quantitative development of the Sales department forms a central plank of the company's plans for the future. In 2019 alone, the number of WP Authorized Centers grew from 45 to the current 120 international sales and service centers. A milestone that above all benefits our demanding customers. There are currently 84 WP Authorized Centers in Europe.

Intensive training at headquarters aims to develop the know-how and expertise of Authorized Center personnel and will help provide an accessible and totally professional sales operation. The WP network is currently being expanded to cover other important motorcycle markets. A new importer structure has been established in Columbia, while WP has acknowledged the importance of the Japanese market by integrating fully with the local KTM subsidiary.



WP SUSPENSION

BUSINESS TARGET & PREVIEW

In 2020, the company will continue to focus all its efforts on the customer. A further strengthening of the awareness of the brand will be formalized as a central task of the structure. The continued increase in demand for WP-Pro components as a sustainable, high-performance aftermarket solution for motorcycles will be the main aim of the sales and marketing organization. With expanded structures surrounding R&D and the use of systematic product management, we will be able to respond quicker to market requirements and completely optimize the entire product range.

The business aims for 2020 will therefore be to ensure easier access to WP products and technical expertise and to continue to develop the Authorized Center network and the product range in the street segment. These aims will again be supported in the year ahead through our increased involvement in the IDM (International German Motorcycle Championship). Six teams received technical support from us in 2019. Within the next five years, the powerful PRO COMPONENT chassis will help every 15th customer to a perfect and successful riding experience in their respective segment.



E-MOBILITY

In July 2017, Susanne and Felix Puello founded together with Stefan Pierer and the PIERER Mobility AG (formerly KTM Industries AG) the Schweinfurt-based company PEXCO GmbH, a leading European supplier of electric bikes and bikes with the vision to create a global player in today's and tomorrow's mobility worlds. The company accelerated from nought to sixty in only two years and re-vitalised the Husqvarna E-Bicycles and R RAYMON brands. R RAYMON offers bikes and e-bikes for different target groups: from children bicycles to racing bikes, from city e-bikes to sporty E-MTBs.



R RAYMON
TOURRAY E 6.0



HUSQVARNA
GRAN URBAN 6



HUSQVARNA
HARD CROSS X

HUSQVARNA E-BICYCLES

The Husqvarna brand dates back 122 years and is one of the oldest bicycle brands worldwide. More than a century ago, a little piece of mobility history was written in the Swedish town of Huskvarna, where the bicycle was practically re-invented. From 2017, things got moving properly. The product range now covers the whole e-mobility spectrum. The respective Husqvarna e-bike models can negotiate any terrain, from city to trail and also pursue new design approaches. All e-bike models impress with minimalistic Nordic design, a characteristic silhouette and high recognition value. The viewer's eyes are always guided to the drive unit, the heart of each e-bike, which bridges the design gap to the Husqvarna motorcycles.

GROWTH COURSE

In December 2019, PEXCO GmbH was completely taken over by the Austrian PIERER Mobility AG and the e-bicycle activities were bundled in the in 2020 newly founded Husqvarna E-Bicycles GmbH. This measure decisively accelerated the positive company development and allowed for continued strong international expansion of Husqvarna E-Bicycles and R RAYMON. New relevant markets such as Spain or the United States shall be targeted.

NEW MOBILITY CONCEPTS

As a global player with strong brands in the e-mobility segment, we aim to comprehensively exploit innovation and development potentials, participate in shaping the growing market and secure market share. We further aim to identify and realise synergies in cross-sector innovation projects within our corporate group. The e-bike is an archetype of electromobility – there are, however, numerous other applications which provide exciting opportunities for all parties involved.

The e-mobility market has significant growth potential. E-bikes provide a healthy, sustainable and individual travel solution and are hence an increasingly important component of modern mobility concepts. Popularity of e-bikes grows dynamically and covers already all bicycle segments. E-bikes allow to travel longer distances at higher average speeds and hence open new mobility options in cities as well as the countryside.





HUSQVARNA HARD CROSS 6 MY20, Photo: ©Martin Erd



RESEARCH & DEVELOPMENT

As a technology-driven premium manufacturer in the sports motorcycle segment, KTM AG has particularly focused its activities on research and development (R&D) for years. Our unwavering, strong commitment to development is part of our DNA and an essential pillar of our success. Our progressive R&D strategy has produced innovative products, which meet the high expectations of our customers in terms of technology and quality. At the same time, it makes it possible for us to sustainably develop new markets.

We give particular priority 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, we make a lot of effort to track and implement customer requirements in our products and services in order to further build upon our pioneering technological position and in order to guarantee a market-oriented development strategy.

Thanks to our globally active research and development organization, we have an impressive portfolio of highly qualified development resources – for instance in the construction, computation and simulation sectors. Furthermore, we can quickly respond to our product development requirements using our on-site machinery and equipment, which are used for the production, construction and testing of newly developed prototypes. In addition to our primary goal of driving forward product and technology development, in the past financial year we continued to focus intensively on increasing our product development efficiency by evaluating and enhancing our process landscape.

Just like previous financial years, 2019 was characterized by numerous models being successfully transferred to series production under the Group brands KTM and Husqvarna Motorcycles. At the beginning of the year, with the KTM 790 ADVENTURE / R, series production was able to begin for the second time on a model based on the parallel twin cylinder platform, only developed the previous year. To complete the model range in the mid-class segment, strategically important for KTM AG, another model derivative, the KTM 890 DUKE R, was introduced for the first time at EICMA 2019. Further milestones in the first quarter were the mid-range models KTM 690 SMC R and KTM 690 ENDURO R, which have received a comprehensive technology update and have been markedly revamped in terms of their design. Together with the Husqvarna SVARTPILEN 701, also introduced in the first quarter, the sister model of the Husqvarna VITPILEN 701, which made the transition to series production last year, they occupy the single cylinder mid-range niche segment, which has been important for KTM AG since its entry into the street sector.



HUSQVARNA EE 5 MY20,
Photo: H. Mitterbauer

Our history of success is based on countless impressive victories in offroad motorsport. This is precisely why we are working tirelessly to further develop our offroad competition models. The high points of the second and third quarters thus included the transition to series production of our newly developed KTM and Husqvarna Motorcycles Enduro models in the full-size off-road segment. Following our brand motto, "READY TO RACE", these were validated and tested in the toughest conditions, including as part of our global motorsport commitment, alongside a comprehensive prototype test. The most recent generation of models on our full-size off-road platform is the result of a sophisticated platform strategy, the primary objective of which is to optimize the performance of all inbuilt components and at the same time ensure a high degree of material and cost effectiveness.

The fourth quarter of the past financial year included a number of model ramp-ups from the off-road and street segments. The transition to series production of the two zero-emission models, the KTM SX-E 5 and the Husqvarna EE 5 is particularly noteworthy. The two off-road competition models powered solely using electricity pool the know-how of our long-running, intensive R&D program in the field of electric traction drives as well as battery cell research and extend the portfolio of emission-neutral powersport models of the KTM and Husqvarna Motorcycles brands in the entry-level segment. The 2019 research year was brought to a particularly successful conclusion with the series ramp-up of the strategically important KTM 390 ADVENTURE, the first globally available travel model in the street entry-level segment of KTM. Based on the platform of the KTM Duke and Husqvarna VITPILEN models in the entry-level segment, which likewise have undergone a comprehensive technology update, the model completes the range of internationally successful KTM travel models.

EICMA, the European trade fair for the whole motorcycle and accessories industry, provided a glimpse into those latest developments for which series production is planned in the coming 2020 financial year. Along with the afore-mentioned KTM 890 DUKE R, which serves as a performance-oriented sister model to the KTM 790 DUKE, already established on the market, the KTM 1290 SUPER DUKE R, newly developed from scratch, attracted particular attention. The development, testing and transition to series production of the performance-oriented Naked Bikes in the street premium segment is one of the most complex R&D projects of recent years and once again represents the cutting edge of current technology standards in the motorcycle segment.

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 continue to be 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 19,000 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 – in particular in terms of safety, performance and technology, in order to be able to offer our end customers an inspirational and emotional product experience.

While the 2018 financial year was primarily marked by the completion of the construction and installation work in connection with the extension of the research and development infrastructure at the Mattighofen site, the focus of the last financial year has been on sustainable modernization of the existing building parts. In order to adapt the infrastructural conditions of the existing building to the markedly altered requirements of modern product and technological development, extensive work was carried out in relation to workplace ergonomics and technical building facilities. Thanks to our extensive infrastructural investments in the R&D department, we can guarantee state-of-the-art product development, including in the future, under markedly changed conditions.

The development, testing and transition to series production of new concepts in the particularly technology-driven motorcycle premium segment requires a steadily growing, interdisciplinary team of specialists from different disciplines, which is reflected in the renewed increase in employee numbers in the research and development department.

As of December 31st, 2019 the PIERER Mobility-Group employed 789 people (+16.4% compared to the previous year), corresponding to 18.1% of the total workforce, in research and development. In operating terms, excluding the ancillary effect of capitalizing and amortizing development expenses, 9.1% of total revenue was expended in research and development.



390 ADVENTURE MY20



1290 Super Duke R MY19

KTM TECHNOLOGIES DRIVEN BY THE NEW



Photo: Fa. Hennecke

What will tomorrow's mobility look like? Which trends, technologies and drive systems will move us in the future? And how can these be realized economically in series production? As a concept and technology developer with great expertise in lightweight construction and producing complete vehicles, KTM Technologies GmbH finds solutions for its clients that are suitable for series production and meet the needs of the market. The company is particularly well positioned in the field of lightweight e-mobility.

At its site in Anif near Salzburg, KTM Technologies GmbH supports holdings of the PIERER Mobility Group as well as selected third-party customers. In addition to KTM AG as the largest single customer, the company's customers also include in particular automotive OEMs and companies from the mechanical engineering, aviation, electronics, medical technology and sporting goods industries. The wide range of expertise extends from materials engineering, design, simulation, electronics/electronics and software to prototype construction and testing.

It all started in 2007 with a handful of employees and the development of the KTM X-BOW super sports car. Immediately following this milestone, the foundation for KTM Technologies GmbH as a service company was laid in 2008. Right at the start, the team specializing in lightweight construction proved itself on the XL1, Volkswagen's 1-liter car. This was followed by many challenging projects based on the KTM brand philosophy of "Ready to Race", allowing the company to now grow to around 120 highly qualified employees.

The business model of KTM Technologies GmbH is based on discovering "new territory" for customers and working with them to shape the future and set new benchmarks. Thanks to the activities across different industries, customers benefit from broad know-how and the possibilities of technology transfer. With the support of a very powerful network within the PIERER Mobility Group, KTM Technologies GmbH is at the forefront of development and research work with external partners and universities.

SPECIALISTS IN ELECTRIC MOBILITY

KTM Technologies GmbH is consistently expanding its expertise in the field of e-mobility. For example, last year various two-wheeler electric drive vehicle concepts and drive and battery platforms were developed. Development activities are varied and range from e-bikes and light motorcycles to urban mobility vehicles such as e-scooters to autonomous drones for transporting goods and people.

The challenges when it comes to developing e-vehicles are multi-faceted. KTM Technologies GmbH has extensive experience when it comes to evaluating components and making maximum use of limited installation space to design a complete vehicle with great customer benefits. Cost effective lightweight construction is another important element in ensuring that vehicles which have to carry heavy batteries are still attractive in terms of driving dynamics.

Important for the design of electric drive systems is range maximisation. We achieve this by using modern simulation methods in combination with special test benches for electric drive systems. We use specially developed simulation methods to evaluate different concepts, and identified mechanical, thermal and electromagnetic requirements. Last but not least, the functional safety of the E/E system plays a major role, as it, based on European standards, is the backbone of KTM Technologies' development expertise.

In the area of component development, efficient and scalable drive and battery architectures that enable modular use are being developed. This also includes the development of essential control electronics and software for different applications. In the area of human-machine interfaces (HMI), modern interaction and information concepts are being developed and are based on a future-oriented digitalisation strategy.

In order to test new technology concepts under realistic conditions, fully functional prototypes are built and operated in our own workshops. Supported by a broad portfolio of test benches, sensors, data loggers and analysis tools, prototypes can be tuned, tested, and validated.



Skidplate, KTM 450 SX-F MY19

LIGHTWEIGHT CONSTRUCTION AND MATERIAL EXPERTISE

KTM Technologies GmbH is one of the world's leading specialists when it comes to the use of composite materials or combined (hybrid) material solutions and additive manufacturing. Its unique selling point is that it can handle the entire product development process from technology and component development, structure and process simulation, to economic industrialization.

The trend across different sectors toward energy saving and sustainability means there is a growing demand for new lightweight design solutions. To meet these requirements, technology development is focusing on making the most targeted use of materials, based on the motto of "the right material in the right place". This often means that high-performance materials are only used in load paths or at the points of highest stress. This makes it possible to achieve excellent mechanical performance, a high degree of integration and integrated functional elements in a highly cost-effective manner within a single process.

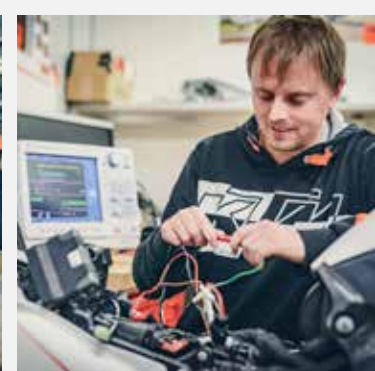
Application examples are hybrid passenger cells for automotive applications as well as structural and semi-structural applications for motorcycles. The skid plates of KTM off-road motorcycles in a carbon composite hybrid design were recognized twice in 2019 with the global and North American Innovation Award of the world's largest composite company "JEC".

The potential of carbon composites technology was also impressively demonstrated in 2019 by the use of a highly integrated carbon swing arm in the KTM MotoGP bike.

HIGH-END SIMULATION

A major strength of KTM Technologies GmbH is its expertise in complex and realistic high-performance simulations. This includes a wide range of static and highly dynamic tasks such as structural design, numerical optimization as well as crash, aerodynamic and thermodynamic simulation. 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.

Optimization tools also make it possible to develop structures with the highest lightweight design quality while at the same time taking manufacturing and cost aspects into account. The developed prototypes as well as the subsystems and components are used for validation purposes in the different stages of development and the simulation models and methods are therefore continuously being expanded and improved. The company has developed its own methodology and software for the development of additively manufactured components using the 3D printing process, which for the first time makes it possible to exploit the design potential of cellular structures in a targeted way.



EMPLOYEES SUCCESS FACTOR FOR THE PIERER MOBILITY GROUP

EMPLOYMENT TREND

In 2019, around 83% of the employees of the PIERER Mobility Group were employed in Austria. The proportion of female employees was around 23%. Within the framework of the KTM_academy, the group is improving its dual training program with the aim of increasing the 160 apprentices currently undergoing training to 180, as well as improving employee training. As of December 31, 2019, the Group employed 4,368 employees, 3,639 of them in Austria.

TRAINING AND FURTHER 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 excellent opportunities for training and career progression give employees the chance to demonstrate and expand on their skills.

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.

In the operating companies of the Group, (further) training is ensured by attending external and in-house training sessions that are specially tailored to the needs of the employees. For example, there are training courses containing individual lean management elements for production employees and managers in production. 2019 began with a management course designed specifically for KTM.

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 within the framework of joint student research projects to special academic courses (LIMAK) and business/science cooperations (JKU). 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 from the current 160 to 200 within the next two years. KTM AG now has more vocational training places than any other employer in the region. As of the reporting date of December 31, 2019, we employed around 160 apprentices (previous year: around 140), who were training in 12 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 2019, 34 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. Great store is placed by the technical and teaching qualifications of those training the apprentices along with their social skills.

With the Dual Academy KTM has created a unique program for trainees in which it trains general high school graduates who are interested in starting their professional lives straight away and turns them into highly skilled employees. The training lasts 2.5 years and ends with a completed apprenticeship certificate. In order to improve their language, social and personal skills, KTM enables apprentices through the IFA (International Young Workers Exchange) association to do an international internship in which they can support small businesses locally with their specialist knowledge.



FAMILY & WORK

For the purpose of creating a modern and flexible working environment, the PIERER Mobility Group, as an attractive employer, enables employees to better adapt their working hours and place of work to their personal needs and the needs of the company. This is why the company also endeavors to help employees to return to work after the birth of a child or after a period of parental leave. For example, educational care is provided in two KTM daycare centers for children (1-3 years old). In addition, with the new flexitime agreement in 2019, a major step has been taken in the area of flexible working hours in order to make it possible to reconcile work with family requirements based on a person's current personal circumstances. Another measure is the option of working from home ("home office"), provided that operational requirements are not affected. In order to reduce travel times, employees can also use the KTM offices in Wels and Anif near Salzburg in addition to the workplaces in Mattighofen and Munderfing.

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. To achieve continuous improvement in the area of health and safety, among other things a range of preventative measures are taken (including giving mandatory safety briefings and training courses) in relation to general workplace safety, fire prevention, safety of machinery, promotion of occupational health and measures for ensuring suitable workplaces (including lighting, height requirements, protective equipment, individual seating solutions, specific IT hardware, positioning of work equipment, use of tools or aids).

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, 2019, 37 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. Following this, the results were also used to determine the key content for the sustainability report in 2019. In the course of the materiality analysis, we identified those topics that represent the main impacts of our activities and are relevant to our long-term business success. In the 2018 financial year, a reassessment of the subject areas took place with the following result:

Main topics of PIERER Mobility AG

- Research & development
- Business compliance and fairness in dealing with business partners (incl. suppliers)
- Product quality and safety
- Environmental aspects along the product life cycle
- Occupational safety and employee health
- (Further) training of employees

On the basis of our ongoing communication with our stakeholders during the year, we have since reviewed the main topics at least once a year to ensure that they are up to date. In the 2019 financial year, the topics were confirmed without any change. 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/investor-relations/reports/>

OUR STAKEHOLDERS

Thanks to the growing presence of our products from the various divisions - especially those under the KTM, HUSQVARNA Motorcycles & E-Bicycles and GASGAS brands - we engage with various stakeholders on the global market. Communicating proactively and integrating relevant stakeholders are crucial for PIERER Mobility in allowing us to maintain our leading position in the market and also respond as promptly as possible to the volatile market environment for our products and services.

VALUE CHAIN

As a manufacturer of motorcycles for off-road and street use, 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, right up to the use of products in the professional or private sector.

OUR CONTRIBUTION TO THE SDGS

PIERER Mobility Group wants to help to achieve the global Sustainable Development Goals with its operating activities and ensure that the operating activities of the whole Group do not have any detrimental effects on the issues and objectives in question. 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:

SDG 3 – GOOD HEALTH AND WELL-BEING

As a manufacturing company, the PIERER Mobility Group has a special responsibility to ensure the health and safety of its employees. We aim to contribute to SDG3 by making continuous improvements in the area of occupational safety and introducing new health promotion measures.

SDG 4 - QUALITY EDUCATION

With its initiatives focusing on the (further) training of potential and existing employees, PIERER Mobility Group makes a valuable contribution to SDG 4, which aims to provide quality education and lifelong learning opportunities. As one of the largest trainers of apprentices in the region, we offer extensive opportunities to young people in particular.

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

PIERER Mobility Group is considered a technology pioneer in the premium motorcycle segment and is also one of the largest employers in Upper Austria. PIERER Mobility thus contributes to sustainable economic growth and takes it for granted that it will support decent work.

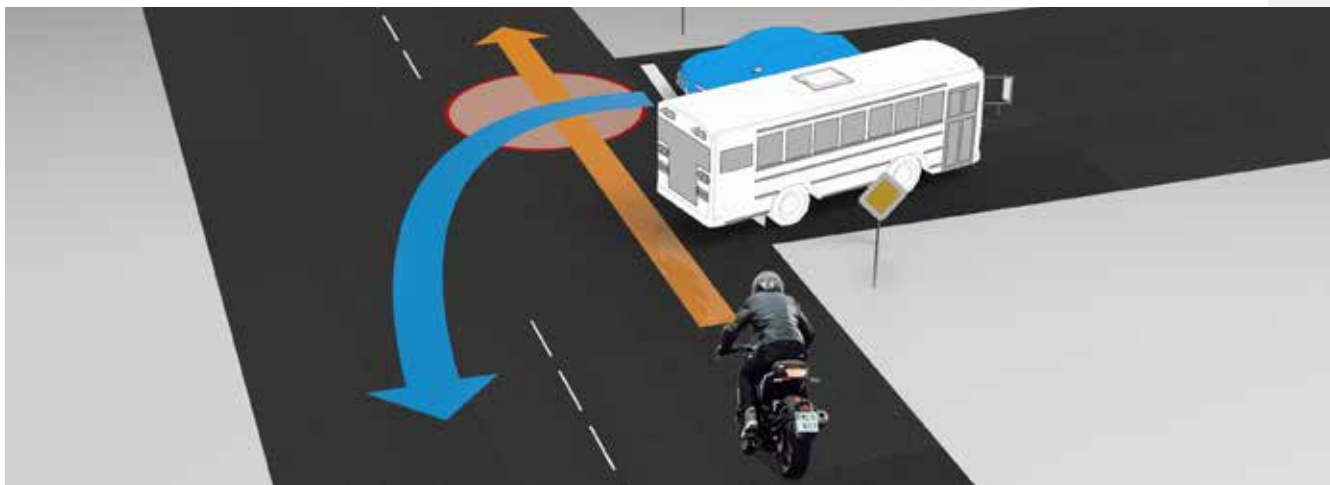
SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE

As a leading innovator in the sports motorcycle sector, the PIERER Mobility Group traditionally pays great attention to its culture of innovation. In recent financial years, for example, considerable investments have been made in the Group's research and development sites.

SDG 13 – CLIMATE ACTION

The PIERER Mobility Group is conscious of the contribution that its operating activities make to climate change and supports SDG 13 with measures to combat climate change.

An important aspect in the development of (road-registered = homologated) vehicles is reducing emissions of exhaust gases and noise, which are caused by the combustion process itself, for example, also by any evaporative emissions of the hydrocarbons (= fuel) contained in the vehicle. Thanks to many years of intensive development work in the field of electric traction systems for Powered Two Wheeler (PTW), a substantial



technology platform has been created in addition to the first products available on the market, which will enable further vehicles powered by renewable energy to be launched on the market in the years ahead.

FOCUS OF SUSTAINABILITY ACTIVITIES IN 2019

Research & development

Following the expansion of the R&D infrastructure in 2018, the focus last year was on modernizing the existing parts of buildings in Mattighofen in parallel to the primary product and technology development, in order to be able to ensure up-to-date product development under significantly changed conditions in the future as well. In addition, work to further expand the e-mobility activities at the site in Anif near Salzburg has also begun with the conversion work for the expansion of the infrastructure.

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. These include further ergonomic development of workstations in all production areas as well as selected office workstations, implementation of a lifting platform in vehicle assembly, adaptation of the production processes and technical equipment on the production lines, widening of the footpaths, optimization of the work processes as well as organizational changes in the area of storage and frame production. In the area of health promotion, the focus was on burnout prevention and support.

Training and further training

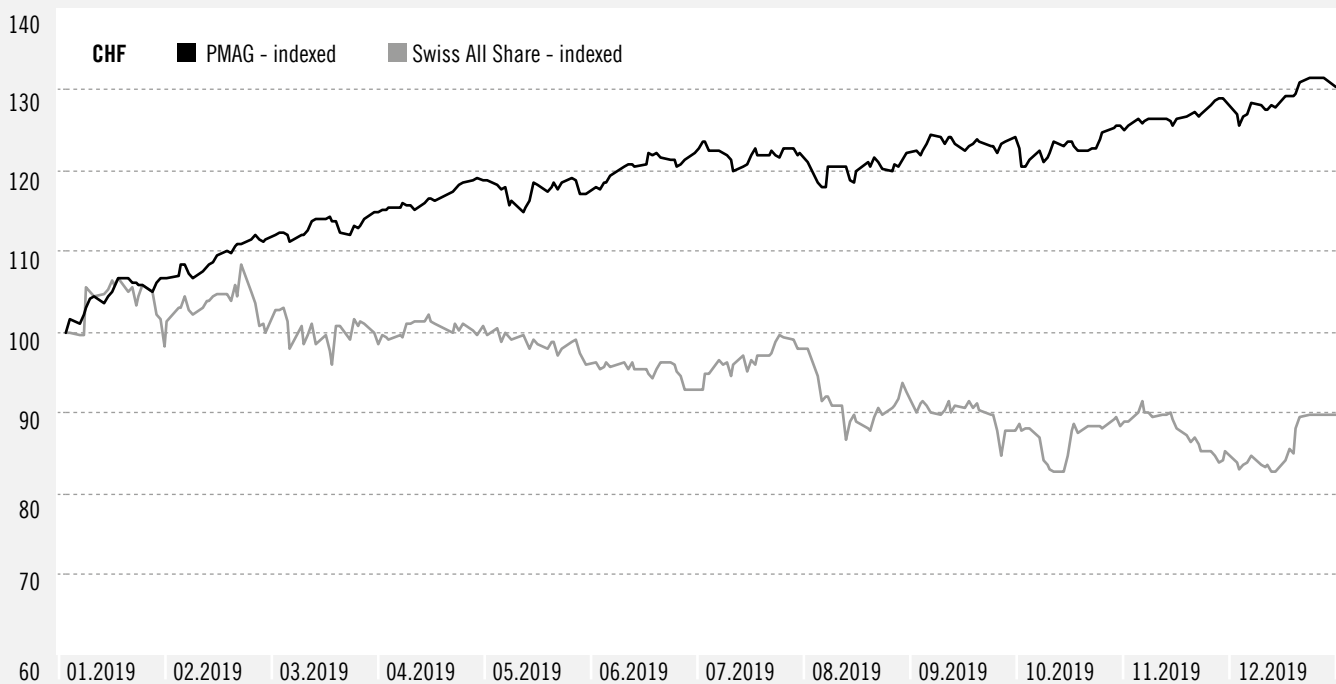
The KTM Operations System (KOS) project in production, a continuous improvement process (CIP), has set itself the goal of making processes more efficient and preventive in terms of cleanliness, order and waste. KOS is intended to deliver the same patterns of action in the company when it comes to “leadership” and “standards” as part of training and projects.

Active cooperation with various colleges and universities as part of research projects and student research projects - for example, currently with the JKU - Johannes Kepler University in the field of additive manufacturing. In addition, new career opportunities for employees were launched with LIMAK - Austrian Business School. The offer includes a KTM Young Pioneers College and an exclusive KTM Digital Intrapreneurship MBA.

Product use

In 2019, we also successfully pressed ahead with the development and pre-development of new technologies for reducing emissions - for example, testing new strategies for reducing raw emissions and for exhaust aftertreatment on large parts of our engine platforms. This is a necessary step to ensure that our model range continues to comply with future homologation regulations and emissions standards. In addition, in 2019, an acoustic roller testing facility was also commissioned at the Mattighofen site. This will contribute to a significant improvement in quality in the area of noise development and therefore to a reduction in noise emissions from the products.

In the research and development department, the Group is heavily committed to ensuring the safety of motorcyclists and is working on future-oriented solutions in this area. One example of this is “vehicle-to-vehicle (V2V) communication”, which offers great potential for preventing accidents. The development of the technical solution is also being driven forward, among other things, by cooperation in the Car2Car and Connected Motorcycle Consortium.



SHARES & 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 are listed 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. The shares of PIERER Mobility AG remain listed on the Vienna Stock Exchange. Following their withdrawal from the prime market segment of the Vienna Stock Exchange, the shares of PIERER Mobility AG were initially traded in the “standard market” segment; the shares have been listed in the “standard market auction” segment since April 28, 2017.

Since October 22, 2019, after the renaming of KTM Industries AG to PIERER Mobility AG, the shares have been traded on the stock exchange under the securities abbreviation PMAG (formerly KTMI). The ISIN AT0000KTMI02 (Swiss security number: 41860974) has remained unchanged.

LISTING ON FRANKFURT STOCK EXCHANGE

PIERER Mobility AG also began listing its shares on the regulated market of the Frankfurt Stock Exchange on March 3, 2020. The aim of this measure is to increase the trading liquidity of the shares in the euro zone. The admission to the Regulated Market of the Frankfurt Stock Exchange was overseen by 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.

PERFORMANCE OF THE PIERER MOBILITY SHARE

PIERER Mobility shares began trading on the SIX Swiss Exchange on November 14, 2016 at an opening price of CHF 4.90* (equals CHF 49 after the reverse share split). The shares closed at CHF 54.0 on the last trading day of the 2019 financial year (12/30/2019). The highest closing price on the SIX Swiss Exchange during the reporting year was CHF 65.2; the lowest was CHF 49.9. The market capitalization as at December 31, 2019 was CHF 1,217.1 million.

* price per share before reverse stock split in ratio 10:1 in April 2018

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 shares. With this in mind, three new analyst firms have now been added to the existing coverage by Bank Vontobel AG. M.M.Warburg & CO (AG & Co.) published its detailed initial analysis in June 2019 with the recommendation "Buy" and consistently rates PMAG shares as a "Buy". In its research paper dated February 4, 2020, the Edison Group sees scope for an increase in the share price (existing core business plus e-motorcycles and gives the future market of e-bikes additional potential). Bank Vontobel AG published its comprehensive initial analysis in February 2017 with a "Hold" recommendation. Since October 2017, Vontobel has consistently rated PIERER Mobility AG as a "Buy". MainFirst AG in Frankfurt published its detailed initial analysis on March 4, 2020.

BUYBACK OF TREASURY SHARES

Based on the resolution of the Extraordinary Annual 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 is being carried out by Bank Vontobel AG and will last until October 21, 2021 at the latest. Based on the current share capital of the company, the resolved buyback of its own bearer shares involves a maximum of 1,668,763 bearer shares or up to 7.404% of the share capital (corresponding to 20% of the free float). The acquired bearer shares may be used as consideration for the acquisition of companies (acquisition financing), resold or cancelled to reduce the share capital. At present, no resolution has been passed on how the acquired treasury shares shall be used.

DIVIDEND

On April 30, 2020 the Management Board will propose to the Annual General Meeting the payment of a dividend of € 0.30 per share. Given earnings per share of € 2.42, this means a distribution ratio of 12.4%. As of December 31, 2019 the company holds 108,015 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 22,430,659 shares as of December 31, 2019. 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 22,430,659 shares with dividend rights, this means an amount of around € 6.73 million will be distributed.

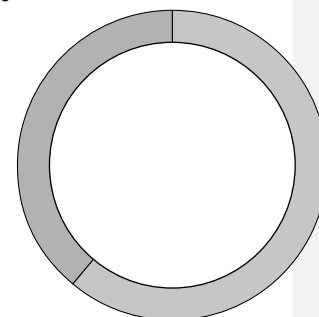
INVESTOR RELATIONS ACTIVITIES

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 transparent, effective and prompt provision of information, 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. In addition, the events for investors were stepped up in 2019.

SHAREHOLDER STRUCTURE AS OF 12/31/2019

In the fiscal year 2019, free float increased to around 39.1%. Pierer Industrie AG currently holds an equity holding of around 60.9% of the company's share capital.

- Free float 39.1%
- Pierer Industrie AG 60.9%



FURTHER INFORMATION ABOUT THE PIERER MOBILITY SHARES

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Security number (Switzerland)	41860974
Ticker symbol	PMAG
Bloomberg	PMAG SE, PMAG GY
Reuters	PMAG.S
Class of share	Ordinary share made out to bearer



OUTLOOK & STRATEGIC INITIATIVES

TARGETED SALES OF 400,000 MOTORCYCLES
IN 2022 CONFIRMED

Market Leadership in Europe

Focus on B2B Business (Dealer Development)

Offensive market strategy in Emerging Markets

Market launch of HUSQVARNA street models

**Full incorporation of
Husqvarna e-bicycle division
and expansion of sales
throughout Europe, North
America and Australia through
existing dealer structure**

**Extension of the product
range of electric motorcycles
by other models**

Full integration of GASGAS motorcycles

Global production capacity

- Successful start of production of HUSQVARNA 401 model line in India (SOP 01/2020)
- Development of China Joint-Venture according to plan

Continuation of sustainable efficiency program

Strong focus on Free Cash Flow generation





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CORPORATE GOVERNANCE REPORT 2019

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 2020; however, it should be noted that the new provisions on the compensation policy and the compensation report that were added in January 2020 are not yet applicable with regard to the 2019 financial year. 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 2019 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, 2019.

“C-Rules 27 and 30”: The variable annual compensation components are unlimited in terms of their amount and are dependent on the performance indicators of companies of the PIERER Mobility Group. No details of the Executive Board remuneration, especially of the individual performance criteria of the variable compensation, will be published. In the company’s opinion, the provision of this information in addition to the information provided in the Corporate Governance report, would not provide shareholders with any further relevant capital market information.

“C-Rule 36”: 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 2019 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. In the business year 2019 shareholders were not separately informed about the principles of the remuneration system in the Annual General Meeting. The relevant information is included in the Corporate Governance report.

“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 AND THEIR REMUNERATION

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 2019, the Executive Board of PIERER Mobility AG consisted of the following members (rule 16):

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 and operational overall management ▪ strategic / operational management of KTM Group
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
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
Harald Plöckinger born 1961	Member of the Executive Board *)	January 1, 2018	February 28, 2019	<ul style="list-style-type: none"> ▪ production ▪ purchase ▪ logistics ▪ business development
Viktor Sigl, MBA born 1974	Member of the Executive Board	December 19, 2019	December 31, 2023	<ul style="list-style-type: none"> ▪ Human Resource, organisation and IT in KTM-Group

*) the responsibilities of Harald Plöckinger are incorporated at the management level of KTM 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 Group 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 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 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 Audivisual Communication Corp. as marketing manager and subsequently at TRUMAG as sales manager / managing director. He has been at CROSS Group (now 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.

HARALD PLÖCKINGER**Professional Career:**

Harald Plöckinger completed his education at the University of Technology in Graz (mechanical engineering) and started his career with BMW-Group in the field of engine development. From 1990 to 2004 he served as authorized representative, production manager, strategic planning director, and subsequently as general manager of Bombardier-Rotax. Since 2004, Harald Plöckinger has been a member of the Executive Board of the KTM Group and, since 2007, a member of the Executive Board of KTM AG. From 2018 until February 28, 2019 he was also on the board of PIERER Mobility AG.

Further main functions within the Group:

- Member of the Executive Board of KTM AG (until 28.02.2019)

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 (until 26.4. 2019)
- Member of the Supervisory Board of eww ag

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 METHODS OF THE SUPERVISORY BOARD:

During the 2019 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 five meetings during the 2019 financial year, therefore at least one per quarter (C-Rule 36 of the ÖCGK). 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 2019, 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 2018 annual financial statements, the review of the 2018 consolidated financial statements, the agenda and the proposed resolutions for the 22nd Annual General Meeting and the Extraordinary General Meeting on October 4, 2019, in which the authorization to acquire treasury shares pursuant to Section 65 (1) no 8 of the Austrian Stock Corporation Act (AktG) and to implement a buyback program was granted as well as the renaming of the company into PIERER Mobility AG was resolved upon, the financial status and Executive Board matters. The report by the Supervisory Board on the financial year 2019 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).

Furthermore, the Audit Committee 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 900 per business year. The approval is valid for the business year 2020 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 2019, 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 2019	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 2019 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.

REMUNERATION REPORT:

While establishing the total remuneration for members of the Executive Board, the Supervisory Board must ensure proportionality of the remuneration with the tasks assumed by, and performance delivered by, the individual member of the Executive Board, the situation of the company and the ordinary remuneration, and undertakes to take into account long-term incentives with regard to sustained corporate development.

Members of the Executive Board are remunerated in accordance with agreements under private law that have been concluded between the Member of the Executive Board and the company, represented by the Supervisory Board.

None of the current members of the Executive Board receives direct compensation from the company. The member Stefan Pierer works on the basis of a transfer agreement between Pierer Konzerngesellschaft mbH and KTM AG. Friedrich Roithner has entered into an employment contract as board member with Pierer Industrie AG. Part of the costs incurred from the remuneration at Pierer Industrie AG level are borne by the company within the framework of a transfer agreement concluded between Pierer Industrie AG and the company. With regard to the other board members Hubert Trunkenpolz and Viktor Sigl, there are corresponding employment contracts with KTM AG.

The remuneration of the members of the Executive Board of PIERER Mobility AG consists of both fixed and variable components. The variable components of the remuneration shall be established in advance in accordance with individual agreements and shall be linked to measurable, sustainable, long-term and multi-annual performance criteria and shall not encourage the taking of inappropriate risks. The variable components of the remuneration are unlimited in terms of their amount and, for the 2019 financial year, are based on the following performance indicators: EBIT, EBT and free cash flow¹ of the PIERER Mobility Group respectively its companies. The variable components of the remuneration that have been established for each of the Members of the Executive Board by virtue of the individual agreements will each be based on different performance indicators (see table below on page 58). The weighting of the individual parameters for the variable components of the remuneration shall be discretionary and are to be established on a case-by-case basis by the company, the Supervisory Board and the Member of the Executive Board in question.

The remuneration policy is reviewed by the Supervisory Board on a regular basis. No external benchmarking takes place with regard to remuneration or the remuneration structure.

The members of the Executive Board are eligible for a company car. Accident insurance provides insurance cover in the case of death or disability. Personal liability insurance covers the legal liability of the Executive Board members that results from personal injuries, material damage or financial losses suffered by third parties. Insurance cover exists for claims for damages due to financial losses suffered by third parties or the company as a result of breaches of duty committed by a member of executive bodies of the company. The company bears the cost of these insurance policies.

For group internal mandates and functions, no additional remuneration is granted.

In the case of premature termination without a compelling reason, the fixed salary shall be paid out for the contractual period. No further agreements with the Executive Board exist in respect of occupational retirement benefit plans. As a general rule, they are submitted to the system of "Abfertigung Neu" (new severance pay).

No stock option plans or similar share-based remuneration systems exist. D&O insurance exists and it covers the Executive Board and Supervisory Board, as well as the management of the group companies.

The total remuneration paid to Executive Board Members, including the performance-related components, amounted to EUR 2,91 million during the 2019 financial year (previous year: EUR 2.75 million). The most important calculation parameter for the variable remuneration is – alongside the individually agreed performance-related target achievement – the development of individual performance indicators of the Group. During the 2019 financial year, no loans or advance payments were granted to Members of the Executive Board. As at the reporting date of December 31, 2019, no loans or advance payments to current or previous Executive Board members exist. During the 2019 financial year, no non-standard remuneration was paid to persons related to Members of the Executive Board and no loans were granted to such persons.

¹ The free cash flow value is calculated on the basis of the total Group cash flow from operating activities minus Group cash flow from investment activities.

Executive Board remuneration for the 2019 financial year (group level):

	FIXED in EUR	FIXED in %	VARIABLE in EUR	VARIABLE in %	TOTAL
Stefan Pierer **)	404,107.66	32	863,785.90 ¹⁾	68	1,267,893.56
Friedrich Roithner *)	178,810.03	29	431,892.95 ²⁾	71	610,702.97
Hubert Trunkenpolz **)	373,067.00	40	566,055.00 ¹⁾	60	939,122.00
Harald Plöckinger (period from 1.1. to 28.2.2019) **)	52,606.16	100	0 ¹⁾	0	52,606.16
Mag. Viktor Sigl (as of 19.12.2019) **)	12,535.21	33	25,097.30 ¹⁾	67	37,632.51
Total	1,021,126.06	35	1,886,831.15	65	2,907,957.21

*) Friedrich Roithner is charged to PIERER Mobility AG pursuant to a posting agreement.

**) The salary is paid by KTM AG.

1) The variable component of the remuneration is based on the EBT value and the free cash flow of the KTM Group. (weighted)

2) The variable component of the remuneration is based on the EBIT value of the PIERER Mobility Group.

In addition, income from previous periods to the Members of the Executive Board resulted in a credit entry in the amount of TEUR 177. There were no service costs in accordance with IFRS (severance payments) in the business year 2019.

The amount of the total remuneration of the Supervisory Board members is resolved within the framework of the Annual General Meeting for the respective preceding financial year of the Annual General Meeting. The proposed resolution is to be submitted by the Executive Board. As a general rule, discretion is to be applied when drawing up the proposed resolution and while passing the resolution at the Annual General Meeting; account is to be taken of responsibilities and the scope of activity, together with the economic position of the company. If members of the Supervisory Board are also shareholders in the company, they are not subject to a voting ban in the vote on the remuneration of Supervisory Board members in the Annual General Meeting.

As part of the 22nd Annual General Meeting held on April 25, 2019, the total remuneration for the 2018 financial year for the Supervisory Board was resolved to be EUR 62,000. For the 2019 financial year, the total remuneration of the Supervisory Board (remuneration for meetings of the Supervisory Board and the Audit Committee) was recognized in the income statement in the amount of EUR 57,000. Members of the Supervisory Board that are elected to the Supervisory Board or leave during a financial year receive the remuneration commensurate with the duration of their actual affiliation with the Supervisory Board pro rata temporis.

The Executive Board will propose a total remuneration of this amount to the 23rd Annual General Meeting for the 2019 financial year. The individual distribution should be divided as follows, subject to the approval of the Annual General Meeting:

MEMBER OF THE SUPERVISORY BOARD	POSITION	REMUNERATION in EUR
Josef Blazicek	Chairman of the Supervisory Board Deputy chairman of the Audit Committee	19,000
Ernst Chalupsky	Deputy chairman of the Supervisory Board Member of the Audit Committee	14,000
Klaus Rinnerberger	Member of the Supervisory Board Chairman of the Audit Committee	14,000
Alfred Hörtenhuber	Member of the Supervisory Board	10,000
Total		57,000

In addition to the annual expenses allowance, the Supervisory Board members receive compensation for their cash expenses for the expenses that they actually incur. The Supervisory Board members are furthermore covered by the company's manager liability insurance up to a certain upper limit, which covers the personal liability of the Supervisory Board members in case of a negligent breach of duties in exercising their activity as a board of the company. During the 2019 financial year, no loans or advance payments were granted to members of the Supervisory Board. As at the reporting date of December 31, 2019, no loans or advance payments to current or previous Supervisory Board members exist. During the 2019 financial year, no

non-standard remuneration was paid to persons related to members of the Supervisory Board and no loans were granted to such persons. In addition, in 2019 no (other) remuneration has been paid to members of the Supervisory Board. Other business relationships with Supervisory Board members did not exist.

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 middle of the year, represents a major step forward in the area of flexible working hours in order to reconcile current life situations and work with family requirements.

04 DESCRIPTION OF THE DIVERSITY CONCEPT

As of December 31, 2019, the proportion of women in the total workforce stood at 23%. At present, there are no women on the Management Board or the Supervisory Board. In executive positions at PIERER Mobility AG, 14% (+3% compared to the previous year) are women.

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:

In the financial year 2019, Harald Plöckinger left the Executive Board of PIERER Mobility AG and Viktor Sigl became member of the Executive Board. The responsibilities of Harald Plöckinger are incorporated at the management level of KTM AG. At the end of the 2019 financial year, the Management Board consisted of 4 members, who fulfil all requirements of the concept.

COMPOSITION OF THE SUPERVISORY BOARD**Concept:**

- The Supervisory Board includes specialist and personally trained 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:

There were no changes to the Supervisory Board in the 2019 financial year. At the end of fiscal year 2019, the Supervisory Board consisted of four members who met 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 22nd 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, 2019 until December 31, 2019. 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 461 (previous year: EURk 456). Other services amount to EURk 69. 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

As of March 3, 2020, PIERER Mobility AG also started trading on the regulated market (General Standard) of the Frankfurt Stock Exchange.

Wels, March 2020


The Executive Board



Stefan Pierer, CEO



Friedrich Roithner, CFO



Hubert Trunkenpolz



Viktor Sigl, MBA

REPORT PURSUANT TO THE DIRECTIVE ON 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.six-exchange-regulation.com/dam/downloads/regulation/admission-manual/directives/06_16-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 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/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.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) Vehicle (powered two-wheelers) with its equity holding in the KTM AG, (ii) Design, Concept Development and Digitalization with the equity holdings in KTM Technologies GmbH, KTM Innovation GmbH, KISKA GmbH and Avocado GmbH, and (iii) e-Bicycles with the equity holding in PEXCO 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 (1.1. Company Information) on page 106 and in the Annual Report under “Group Structure” on page 7.

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 AG owns KTM Sportmotorcycle GmbH, Husqvarna Motorcycles GmbH, W Verwaltungs AG, KTM Sportcar GmbH, GASGAS Motorcycles GmbH, KTM Immobilien GmbH, as well as the equity holdings in the sales subsidiaries of the KTM Group and the Husqvarna Group.

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 (as of 2020) 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 40 sales subsidiaries and joint ventures in China and the Philippines, the employees of KTM AG look after more than 2,900 independent dealers and importers for the two brands 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 Technologies / KTM Innovation / KISKA / Avocado

KTM 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.

e-Bicycles

PEXCO GmbH focuses on developments in the field of e-mobility and the sale of e-bikes and bicycles. Two brands are located under its roof: Husqvarna E-Bicycles and R RAYMON.

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 171-173).

1.2. SIGNIFICANT SHAREHOLDERS

The shareholder structure of PIERER Mobility AG as at Tuesday, December 31, 2019 was as follows:

Pierer Group:	
Pierer Industrie AG	60.87%
Free float	39.13%

As at the reporting date of December 31, 2019, the Pierer Group thus held approximately 60.9% 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.six-exchange-regulation.com/de/home/publications/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, 2019, PIERER Mobility AG held both, conditional capital and authorized capital.

2.2 AUTHORIZED AND CONDITIONAL CAPITAL IN PARTICULAR

Authorized capital:

As at the reporting date, PIERER Mobility AG had an authorized capital².

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.

² Source: Articles of Association of PIERER Mobility AG, which is available to view on the website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

Conditional capital:

The General Meeting of PIERER Mobility AG of April 27, 2017 has resolved a conditional capital.³

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.

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

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 528.6 million at December 31, 2017, EUR 550.8 million at December 31, 2018 and EUR 618.6 at December 31, 2019. Information on changes in equity is set out in the consolidated statement of changes in equity in the Annual Report (pages 104-105).

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.

³ Source: Articles of Association of PIERER Mobility AG, which is available to view on the website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

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.

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 Association⁴, 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.

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.

⁴ The Articles of Association are available to view on the PIERER Mobility AG website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

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.

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

⁵ The Articles of Association are available to view on the PIERER Mobility AG website https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

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.

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 2019, 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)

⁶ The Articles of Association are available to view on the PIERER Mobility AG website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

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
Klaus Rinnerberger born 1964	Member of the Supervisory Board	2015	Annual General Meeting which decides on the financial year 2019	
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 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. Since 2000 he has worked in various leading positions within the QINO Group. In addition, Josef Blazicek is vice chairman of the supervisory board of Pierer Industrie AG (Austria).

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.

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 management board of Pierer Industrie AG (Austria).

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 2019.

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. In addition, Alfred Hörtenhuber was member of the management board of Pierer Industrie AG (Austria).

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.

The table below shows the names of businesses and companies - insofar as known to the Company - in which the current members of the Supervisory Board of PIERER Mobility AG have been partners or members of a management, executive or supervisory board during the last three reporting periods. 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			
	PIERER Mobility AG	Chairman of Supervisory Board	Yes
	KTM AG	Chairman of Supervisory Board / deputy chairman of Supervisory Board	No
	All for One Steeb AG	Chairman of Supervisory Board	Yes
	Pierer Industrie AG	Member / deputy chairman of Supervisory Board	Yes
	Pankl Racing Systems AG	Member / deputy chairman of Supervisory Board	Yes
	QINO Group Holding AG (formerly Swissburg AG)	Member of Board of Directors	No
	QINO AG (formerly QINO CAPITAL PARTNERS AG, company dissolved)	Member of Board of Directors	No
	QINO JB LTD	Managing Shareholder	Yes
	QINO PIPE ONE LTD	Executive Director	Yes
	QCP Swiss AG	Member of Board of Directors	No
	W Verwaltungs AG	Chairman of Supervisory Board	No
	OCEAN Consulting GmbH	Shareholder	Yes
	Qino Asset Management & Advisory Ltd. (in liquidation)	Executive Director	No
	BEKO Engineering & Informatik GmbH	Member of Board of Directors	No
	Pankl SHW Industries AG	Member / deputy chairman of Supervisory Board	Yes
	Pankl Vermögensverwaltung AG (company dissolved)	Member of Board of Directors	No
	SHW AG	Member of Supervisory Board	Yes
Ernst Chalupsky			
	PIERER Mobility AG	Member / deputy chairman of Supervisory Board	Yes
	Pierer Industrie AG	Chairman of Supervisory Board	Yes
	KTM AG	Member of Board of Directors	Yes
	Westpark Wels	Member of Board of Directors	Yes
	TGW Logistics Group GmbH	Member / deputy chairman of Board of Directors	Yes
	MCGA Beteiligungs- und verwaltungs-GmbH	Shareholder/General Manager	Yes
	Saxinger, Chalupsky & Partner Rechtsanwälte GmbH	Shareholder/General Manager	Yes
	W Verwaltungs AG	Member / deputy chairman of Supervisory Board	No
	Privatstiftung Herman Greiner	Member of Executive Board	Yes
	TGW Future Privatstiftung	Member of Executive Board	Yes
	MAGELLAN - Privatstiftung	Chairman of Executive Board	Yes
	GIRASOL Privatstiftung	Member of Executive Board	Yes
	Pankl SHW Industries AG	Member of Supervisory Board	Yes
Klaus Rinnerberger			
	PIERER Mobility AG	Member of Supervisory Board	Yes
	Pierer Industrie AG	Member of Executive Board	Yes

SUPERVISORY BOARD	COMPANY	POSITION	STILL SERVING
	W Verwaltungs AG	Member of Supervisory Board	No
	PF Beteiligungsverwaltungs GmbH	General Manager	Yes
	Pankl SHW Industries AG	Member of Executive Board	Yes
	SHW AG	Chairman of Supervisory Board	Yes
	Pankl Racing Systems AG	Member of Supervisory Board	Yes
	Schwäbische Hüttenwerke Automotive GmbH	Chairman of Supervisory Board	Yes
	Schachinger Logistik Holding GmbH	Chairman of Advisory Board	Yes
Alfred Hörtenhuber			
	PIERER Mobility AG	Member of Supervisory Board	Yes
		Member of Executive Board	No
	Pierer Industrie AG (Österreich)	Member of Executive Board	No
	SHW AG (Deutschland)	Member / deputy chairman of Supervisory Board	Yes
	Schwäbische Hüttenwerke Automotive GmbH	Member / deputy chairman of Supervisory Board	Yes
	WP Components GmbH	General Manager	No
	KinderPalliativNetzwerk GmbH	General Manager	Yes
	KTM Components GmbH	General Manager	No
	WP Immobilien GmbH	General Manager	No
	W Verwaltungs AG	General Manager/Member of Executive Board	No
	Pankl Vermögensverwaltung AG (company dissolved)	Member of Supervisory Board	No
	Pankl Racing Systems AG	Member of Supervisory Board	Yes

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 55).

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 55-56).

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 54-55).

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.

In total, the Supervisory Board met on five occasions during 2019, thus at least once per quarter. 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 54-55).

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, 2019.

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 2019 of the following members:

NAME YEAR OF BIRTH	POSITION	INITIAL APPOINT- MENT	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 and operational overall management ▪ strategic/operational management of KTM Group
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
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
Harald Plöckinger born 1961	Member of the Executive Board *)	January 1, 2018	February 28, 2019	<ul style="list-style-type: none"> ▪ production ▪ purchase ▪ logistics ▪ business development
Viktor Sigl born 1974	Member of the Executive Board	December 19, 2019	December 31, 2023	<ul style="list-style-type: none"> ▪ human resource, organisation and IT in KTM-Group

*) the responsibilities of Harald Plöckinger are incorporated at the management level of KTM 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 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 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 Audivisual Communication Corp. as marketing manager and subsequently at TRUMAG as sales manager/managing director. He has been at CROSS Group (now 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.

HARALD PLÖCKINGER (born 1961), Austrian citizen, completed his education at the University of Technology in Graz (mechanical engineering) and started his career with BMW-Group in the field of engine development. From 1990 to 2004 he served as authorized representative, production manager, strategic planning director, and subsequently as general manager of Bombardier-Rotax. Since 2004, Harald Plöckinger has been a member of the Executive Board of the KTM Group and, since 2007, a member of the Executive Board of KTM AG. From 2018 until February 28, 2019 he was also on the board of PIERER Mobility AG.

Further main functions within the Group:

- Member of the Executive Board of KTM AG (until 28.02.2019)

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 (until 26.04.2019)
- Member of the Supervisory Board of eww ag

VIKTOR SIGL (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.

The table below shows the names of businesses and companies – insofar as known to the Company – in which the current members of the Executive Board have been partners or members of a management, executive or supervisory board during the last five reporting periods. 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			
	PIERER Mobility AG	Member of Executive Board	Yes
		Chairman of Supervisory Board	No
	W Verwaltungs AG	Member of Supervisory Board	Yes
	Pierer Konzerngesellschaft mbH	Shareholder/General Manager	Yes
	KTM AG	Chairman of Executive Board	Yes
	KTM Immobilien GmbH (formerly KTM Motorrad AG)	Chairman of Executive Board	No
	Pierer Industrie AG	Member of Executive Board	Yes
	Pierer Beteiligungs GmbH	General Manager	Yes
	K KraftFahrZeug Holding GmbH (company dissolved)	General Manager	No
	PF Beteiligungsverwaltungs GmbH	General Manager	Yes
	PIERER Immobilien GmbH	General Manager	Yes
	PS GmbH (company dissolved)	General Manager	No
	Pierer Immobilien GmbH & Co KG	General Manager of the general partner company PIERER Immobilien GmbH	Yes
	UIAG Beteiligungs GmbH (formerly RK Invest Holding GmbH)	General Manager	No
	SP GmbH (company dissolved)	General Manager	No
	Wohnbau-west Bauträger Gesellschaft m.b.H.	General Manager	Yes
	ATHOS Immobilien Aktiengesellschaft	Member of Supervisory Board	No
	BF HOLDING AG	Chairman of Supervisory Board	No
	Pankl Racing Systems AG	Chairman of Supervisory Board	Yes
	Westpark Wels AG (formerly: Wirtschaftspark Wels Errichtungs- und Betriebs-Aktiengesellschaft)	Chairman of Supervisory Board	Yes
	Privatstiftung Christina	Chairman of Executive Board	Yes
	Österreichische DESIGN Privatstiftung (company dissolved)	Chairman of Executive Board	No
	Stossier Privatstiftung	Chairman of Executive Board	Yes
	Swisspartners AG	Member of Board of Directors	Yes
	Pierer Swiss AG	Member of Board of Directors	Yes
	QINO AG (formerly QINO CAPITAL PARTNERS AG, company dissolved)	Member of Board of Directors	No
	QCP Swiss AG	Member of Board of Directors	No
	KTM Components GmbH	Member of Supervisory Board / deputy chairman of Supervisory Board	No
	Pierer Liegenschaft GmbH	Shareholder/General Manager	Yes/Yes
	PIERER IMMOREAL GmbH	Shareholder/General Manager	No/Yes
	Pankl Vermögensverwaltung AG (company dissolved)	Chairman of Supervisory Board	No
	P Immobilienverwaltung GmbH	General Manager	Yes
	SHW AG	Member of Supervisory Board	Yes

EXECUTIVE BOARD	COMPANY	POSITION	STILL SERVING
	Pankl SHW Industries AG (formerly Pankl SHW Industries GmbH)	Chairman of Supervisory Board General Manager	Yes No
	Schwäbische Hüttenwerke Automotive GmbH	Member of Supervisory Board	Yes
	PB Gastro GmbH	General Manager	Yes
	KTM Components GmbH	Member of Supervisory Board	No
	KISKA GmbH	General Manager	Yes
Friedrich Roithner			
	PIERER Mobility AG	Member of Executive Board	Yes
	W Verwaltungs AG (formerly WP AG, formerly CROSS Motorsport Systems GmbH)	Chairman of Supervisory Board Member of Supervisory Board/Deputy Chairman of Supervisory Board	Yes No
		Member of Executive Board	No
	KTM AG	Chairman of Supervisory Board	Yes
	Pierer Industrie AG	Member of Executive Board	Yes
	Pierer Beteiligungs GmbH	General Manager	Yes
	K KraftFahrZeug Holding GmbH (company dissolved)	General Manager	No
	Durmont Teppichbodenfabrik GmbH (now AGM Durmont Austria GmbH)	General Manager	No
	PF Beteiligungsverwaltungs GmbH	General Manager	Yes
	Pankl Racing Systems AG	Member of Supervisory Board	Yes
	BF HOLDING AG	Member of Supervisory Board	No
	Westpark Wels AG (formerly Wirtschaftspark Wels Errichtungs- und Betriebs-Aktiengesell- schaft)	Member of Supervisory Board	Yes
	KTM Components GmbH	Chairman of Supervisory Board	Yes
	PIERER IMMOREAL GmbH	General Manager	Yes
	SHW AG	Member of Supervisory Board	Yes
	Pankl SHW Industries AG (formerly Pankl SHW Industries GmbH)	Member of Supervisory Board General Manager	Yes No
	abatec group AG	Chairman of Supervisory Board	Yes
Hubert Trunkenpolz			
	PIERER Mobility AG	Member of Executive Board	Yes
	KTM AG	Member of Executive Board	Yes
	Husqvarna Motorcycles GmbH	General Manager	Yes
	KTM Sportcar GmbH	General Manager	Yes
	KTM Sportmotorcycle GmbH	General Manager	Yes
	KTM Österreich GmbH	General Manager	No
	TRUE Management & Investment GmbH	General Manager/Shareholder	Yes
	KTM Immobilien GmbH (formerly KTM Motorrad AG)	Member of Executive Board	No
	W Verwaltungs AG	Member of Supervisory Board / Deputy Chair- man of Supervisory Board	Yes
	GASGAS Motorcycles GmbH	General Manager	Yes
	KTM Sportmotorcycle Deutschland GmbH	General Manager	Yes

EXECUTIVE BOARD	COMPANY	POSITION	STILL SERVING
	Husqvarna Motorcycles Deutschland GmbH	General Manager	Yes
	KTM Canada, Inc.	General Manager	Yes
	KTM North America, Inc.	General Manager	Yes
	Husqvarna Motorcycles North America, Inc.	General Manager	Yes
	Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.	Member of Executive Board	Yes
	KTM Japan K.K.	General Manager	Yes
Harald Plöckinger			
	PIERER Mobility AG	Member of Executive Board	No
	KTM AG	Member of Executive Board	No
	W Verwaltungs AG	Member of Executive Board	No
		Chairman of Supervisory Board	No
	KTM Immobilien GmbH (formerly KTM Motorrad AG, formerly KTM-Sportmotorcycle AG)	General Manager	No
		Member of Executive Board	No
	KTM Logistikzentrum GmbH	General Manager	No
	KTM Components GmbH	Chairman of Supervisory Board	No
	Pankl Racing Systems AG	Member of Supervisory Board	No
	eww ag	Member of Supervisory Board	Yes
	Wels Strom AG	Member of Supervisory Board	No
	KTM Sportcar GmbH	General Manager	No
	Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.	Member of Executive Board	No
	KTM-Sportmotorcycle India Private Limited	General Manager	No
Viktor Sigi			
	PIERER Mobility AG	Member of Executive Board	Yes
	KTM AG	Member of Executive Board	Yes
	KTM Immobilien GmbH (formerly KTM Motorrad AG, formerly KTM-Sportmotorcycle AG)	General Manager	Yes
		Member of Executive Board	
	Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.	Member of Supervisory Board	Yes
	W Verwaltungs AG (formerly WP AG, formerly CROSS Motorsport Systems GmbH)	Member of Executive Board	Yes
	KTM North America Inc.	General Manager	Yes
	KTM Components GmbH	Member of Supervisory Board / Deputy Chairman of Supervisory Board	Yes
	KTM Sportmotorcycle GmbH	General Manager	Yes
	KTM Österreich GmbH	General Manager	Yes
	Husqvarna Motorcycles GmbH	General Manager	Yes
	KTM Logistikzentrum GmbH	General Manager	Yes
	KTM Beteiligungs GmbH	General Manager	Yes
	GASGAS Motorcycles GmbH	General Manager	Yes

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 Report under the Austrian Corporate Governance Code (Compensation Report, pages 57-59).

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 (OAEC)

Please refer to the Report under the Austrian Corporate Governance Code (Compensation Report, pages 57-59). No compensation was paid and no non-cash benefits were granted to former members of the Supervisory or Executive Boards in the 2019 reporting year.

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

PERSON	DIRECT SHAREHOLDING	INDIRECT SHAREHOLDING	NUMBER OF SHARES	VOTING RIGHTS IN %*
Stefan Pierer	No	Yes**	13,719,724	60.87%
Friedrich Roithner	Yes	No	139,748	0.62%
Hubert Trunkenpolz	Yes	No	112,700	0.50%
Viktor Sigl	Yes	No	52,500	0.23%
Josef Blazicek	Yes	Yes	145,000	0.64%
Ernst Chalupsky	Yes	No	26,463	0.12%
Alfred Hörtenhuber	Yes	No	40,300	0.18%
Klaus Rinnerberger	Yes	No	139,748	0.62%

* rounded

** via Pierer Konzerngesellschaft mbH and Pierer Industries 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.

⁷ The Articles of Association are available to view on the PIERER Mobility AG website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

6.3 / 6.4 CONVOCATION 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 shares of PIERER Mobility AG are admitted for trading on the Official Market of the Vienna Stock Exchange. The company is therefore subject to the provisions of the Austrian Takeovers Act. The Austrian Takeovers Act provides for both mandatory and voluntary takeover bids.

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.

⁸ Please refer to the Articles of Association of PIERER Mobility AG in this regard: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

⁹ The Articles of Association are available to view on the PIERER Mobility AG website: https://www.pierermobility.com/wp-content/uploads/2019/10/Satzung_PIERER-Mobility-AG_04.10.2019.pdf

In order to protect the interests of shareholders, the Takeover Act 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 twelve months before the takeover offer. Second, the offer price must not be less than the average stock-exchange price of shares in the target company, weighted according to trading volumes, over the last six months.

Voluntary offer to achieve control

Such a bid may be issued by a bidder who does not have, but wishes to obtain, a controlling interest in the target company. The rules regarding mandatory offers, including those concerning the minimum price, must be applied accordingly.

Where an offer would enable a bidder to obtain a controlling interest, the bidder must, by law, receive declarations of acceptance relating to over 50% of the permanent voting shares that are the object of the offer.

Voluntary offer

A voluntary offer is an offer that is neither required by law nor a means to bring about a change of control. In practice, voluntary offers are frequently used by existing controlling shareholders to reduce the free float. Bidders making voluntary offers are not subject to statutory rules regarding the offer price, which they can set freely.

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 22st Annual General Meeting to serve as the auditor of the consolidated financial statements and separate financial statements of the company for the 2019 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 31.12.2019.

8.2 AUDIT FEE

Please refer to the Report under the Austrian Corporate Governance Code (Audit and External Evaluation, page 61).

8.3 ADDITIONAL FEES

Please refer to the Report under the Austrian Corporate Governance Code (Audit and External Evaluation, page 61).

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 need to be compiled and published.

As the company's shares are listed in the standard market auction segment of the Official Market of the Vienna Stock Exchange, PIERER Mobility AG prepared and published annual financial reports and half-yearly financial reports in both German and English in the 2019 financial year.

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 12/31/2019 OF PIERER MOBILITY AG, WELS

1. PERFORMANCE OF THE PIERER MOBILITY GROUP

COMPANY

The PIERER Mobility Group (formerly: KTM Industries Group) is Europe's leading "Powered Two-Wheeler" manufacturer ("PTW"). Its globally recognized motorcycle brands KTM, HUSQVARNA Motorcycles and the acquisition in the fourth quarter of the majority stake in the Spanish offroad brand GASGAS make it a technology and market leader in the premium segment in particular.

The product range of the PIERER Mobility Group includes vehicles equipped with the latest generation of combustion engines, and emission-neutral vehicles with innovative electric drives, such as the KTM Freeride E, the electric minicycles as well as e-bikes from the Husqvarna E-Bicycles and R Raymon brands. With the complete takeover of the electric bicycle business of Germany-based PEXCO GmbH in December 2019, an important growth step was taken in the field of electric mobility in order to participate in the attractive market growth in the e-bicycle sector. In the medium term, it intends to develop into a major international player in this sector.

Since the PIERER Mobility Group includes not only the core brand "KTM" but also other up-and-coming brands such as Husqvarna Motorcycles, which are becoming increasingly important in the Group, the Extraordinary General Meeting on October 4, 2019 decided to rename KTM Industries AG as PIERER Mobility AG. At this General Meeting, the Executive Board was also authorized to make use of the opportunity to acquire treasury shares in accordance with Section 65 (1) no. 8 of the Austrian Stock Corporation Act (Aktiengesetz) and to implement a buyback program.

In December 2018, the Supervisory Board of PIERER Mobility AG prematurely extended the Executive Board contracts of Stefan Pierer, Friedrich Roithner and Hubert Trunkenpolz by five years. These were due to expire in spring 2020. Harald Plöckinger resigned from the Executive Board of PIERER Mobility AG on February 28, 2019. Viktor Sigl, member of the Executive Board of KTM AG, was additionally appointed to the Executive Board of PIERER Mobility AG as of December 20, 2019.

DEVELOPMENT OF SALES AND REVENUE IN THE 2019 FINANCIAL YEAR

PIERER Mobility AG continued its growth in the 2019 financial year and achieved record sales of € 1,520.1 million. This corresponds to an increase of € 57.9 million or 4.0% over the previous year.¹ Taking into account the motorcycles sold by KTM's partner Bajaj in India, the Group achieved record sales of 280,099 motorcycles in total. With 234,449 KTM motorcycles sold and 45,650 Husqvarna motorcycles sold, the sales volume increased by around 7% compared to the previous year. For the further expansion, around € 121 million was invested in product development (including tools) in 2019.

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 last financial year.

MARKET POSITION EXPANDED FURTHER - PRESENCE IN AUSTRALIA STRENGTHENED

In the past financial year, the PIERER Mobility Group with its KTM and Husqvarna Motorcycles brands outperformed the overall market (-6.3%) in the most important motorcycle markets (> 120cc) with an increase in registrations of +14.5% and further expanded its market position.

In **Europe**, the overall market grew by around 8.9% in the 2019 financial year. During the same period, KTM succeeded in maintaining its high market share at approx. 12%. KTM was able to position itself successfully in the **US market**, which declined in the 2019 financial year (-2.7%). KTM increased its registrations by 3.6%, thereby increasing its market share as of December 31, 2019 to 9.7%. In **India**, the most important future market for KTM, KTM registrations in the financial year increased by over 35% in comparison with the previous year. The market share rose from 4.5% to around 7.3%.

Through the 100% takeover of KTM Australia Holding Pty Ltd. (formerly: Motorcycle Distributors Australia Pty Ltd.), the company further strengthened its market presence in **Australia** and New Zealand - the third largest market in the world. Due to a market offensive, 15,343 KTM and Husqvarna motorcycles were sold in these important markets in the past financial year.

¹ for the purpose of better comparability in relation to the Group's continuing operations (excluding Pankl Group).

ELECTRIC VEHICLE ALLIANCE WITH BAJAJ

In the past financial year, the PIERER Mobility Group and Bajaj Auto Ltd. started a series development project for PTW (“Powered Two-Wheeler”) electric vehicles in the power range between 3 and 10 kW (48 volts). The platform will support various product variants – scooters, mopeds and motorized bicycles – under the brands of both partners. Series production will begin by 2022 at Bajaj’s production location in Pune, India. As a pioneer in low-voltage (48 volts) electric mobility for two-wheelers, the PIERER Mobility Group is therefore creating the ideal conditions for assuming a leading global role together with its strategic partner Bajaj.

NEW INVESTMENTS

The PIERER Mobility Group acquired a 70% stake in **AVOCODO GmbH** in May 2019. The full-service provider is a specialist for mobile applications, web applications and business solutions, particularly in relation to digital solutions and custom developments.

In October 2019, KTM and Black Toro Capital concluded an industrial cooperation agreement with the well-known Spanish motorcycle brand **GASGAS** under the leadership of KTM. For both partners, the cooperation means the beginning of a successful future for the established and internationally known brand GASGAS. In addition to the GASGAS Trial and Enduro motorcycles, new models are being developed. As part of the joint venture, the production of GASGAS trial products will continue in Girona, Spain. With the acquisition of a market leader in trial motorcycles, we succeeded in entering this segment.

MOTORSPORT

The sensational successes in motorsport, which in 2019 represent another milestone in the history of KTM AG, should also be highlighted. Red Bull KTM factory rider Toby Price secured an eighteenth consecutive victory for the Austrian manufacturer in the Dakar Rally on his new KTM 450 RALLY. In 2019, KTM again made huge investments in motorsport and is now focusing on its third season in **MotoGP™**. For the first time, a satellite team in the form of the Red Bull KTM Tech 3 team was equipped, so that a total of four KTM motorcycles participated in Moto GP. With the Moto2 and Moto3 series, KTM was therefore represented in all three racing series. The extension of Dorna Sports’ contract to participate in MotoGP™ has secured its presence in the premier class until at least 2026. In the Moto2 racing series, KTM withdrew from participation as Moto2™ chassis manufacturer at the end of the year. From 2020, the focus will be on the MotoGP™ and Moto3™ categories, also with the aim of returning to the lightweight class with the Husqvarna Motorcycles brand.

2. ECONOMY AND MARKET DEVELOPMENT

According to the assessment by the International Monetary Fund (IMF) of January 2020, global economic output will grow by 3.3% in 2020. A growth rate of 1.6% is forecast for industrialized countries for 2020 and 2021. For the euro area, growth of 1.3% is expected for 2020. For 2021, the IMF anticipates global economic growth of 3.4%, and for the euro area growth of 1.4%.

For emerging markets and developing economies, a growth in economic output of 4.4% and 4.6% is expected for 2020 and 2021 respectively. For China, a growth rate of 6.0% for 2020 and 5.8% for 2021 is forecasted. A high growth rate is also expected for India, with an increase of 5.8% in economic output for 2020 and 6.5% for 2021.

Compared to the previous year, the **European motorcycle market**² recorded an increase of 8.9% with around 614,000 registered vehicles. This growth is primarily attributable to developments in the Spanish (+25.4%), French (+16.8%), Italian (+9.6%) and German (+5.8%) markets. KTM and Husqvarna were able to maintain their market share of motorcycles registered for road use in Europe at 11.8% (-0.2 percentage points year-on-year). Market share gains were particularly significant in the United Kingdom (+0.3 percentage points year-on-year) and Germany (+0.3 percentage points year-on-year). In a difficult market environment, KTM brand vehicles increased their market shares in key markets such as Germany (+0.3 percentage points year-on-year), the United Kingdom (+0.6 percentage points year-on-year), and Sweden (+0.2 percentage points year-on-year). KTM has a share of 9.6% of the overall European market (previous year: 9.7%). Husqvarna Motorcycles was able to increase its market share in the Netherlands (+0.5 percentage points year-on-year) and Belgium (+0.2 percentage points year-on-year). Husqvarna has a share of 2.3% of the overall European market (previous year: 2.3%).

² Motorcycles = 120 cm³ without Motocross, Scooters and ATVs, incl. electric motorcycles in the markets DE, FR, IT, UK, ES, NL, AT, CH, FI

The number of new registrations in the **overall US market**³ fell slightly to around 373,000 vehicles in the 2019 financial year (previous year: 383,000 vehicles). KTM and Husqvarna were able to significantly expand their market share in the USA despite the shrinking overall market. KTM was able to increase its market share in the overall U.S. market to 6.9%, an increase of 0.3 percentage points compared to the previous year. Husqvarna increased its market share in the overall U.S. market by 0.2 percentage points to 2.5%.

Strong growth was also recorded in **Australia** and **Canada**. In Australia, KTM and Husqvarna achieved a market share of 15.8% (+1.8 percentage points compared to the previous year). In the Canadian market, a 12.4% share (+1.3 percentage points compared to the previous year) was achieved.

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

3. FINANCIAL PERFORMANCE INDICATORS

EARNINGS RATIOS ¹⁾		2019	2018	CHANGE IN %
Revenue	in € million	1,520.1	1,462.2	4.0%
EBITDA	in € million	240.8	211.0	14.1%
EBITDA margin	in %	15.8%	14.4%	
Result from operating activities (EBIT)	in € million	131.7	128.7	2.3%
EBIT margin	in %	8.7%	8.8%	
Net result after tax	in € million	95.7	85.2	12.4%
Result after minority interests	in € million	54.5	41.1	32.6%
STATEMENT OF FINANCIAL POSITION RATIOS		12/31/2019	12/31/2018	CHANGE IN %
Balance sheet total	in € million	1,613.9	1,353.9	19.2%
Equity	in € million	618.6	550.8	12.3%
Equity ratio	in %	38.3%	40.7%	
Working Capital Employed ²⁾	in € million	274.2	245.3	11.8%
Net financial debt ³⁾	in € million	395.8	323.3	22.4%
Gearing ⁴⁾	in %	64.0%	58.7%	
Cash flow and investments		2019	2018	CHANGE IN %
Cash flow from operations	in € million	257.4	85.5	>100%
Cash flow from investing activity	in € million	-165.7	-102.1	62.3%
Cash flow from financing activity	in € million	-20.6	-63.3	-67.4%
Investments ^{1) 5)}	in € million	164.9	167.6	-1.6%
EMPLOYEES		12/31/2019	12/31/2018	CHANGE IN %
Employees ⁶⁾	Number	4,368	4,303	1.5%
VALUE CREATION		12/31/2019	12/31/2018	
ROCE (Return on Capital Employed) ⁷⁾	in %	12.7%	16.6%	
ROE (Return on Equity) ⁸⁾	in %	16.4%	21.2%	
ROIC (Return on Invested Capital) ⁹⁾	in %	10.6%	13.6%	

1) Group's continued operations (previous year not including the Pankl Group)

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

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

4) Gearing = net financial debt / equity

5) Additions from property, plant and equipment and intangible assets according to schedule of investments; without the initial application effect of IFRS 16 as of January 1, 2019

6) Number of employees on the reporting date (including temporary staff)

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

8) ROE = net result after tax / average equity

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

BUSINESS DEVELOPMENT AND ANALYSIS OF THE EARNINGS RATIOS

In the 2019 financial year, the **PIERER Mobility Group** generated revenue of € 1,520.1 million (+4.0%) following € 1,462.2 million in the previous year. Approximately 95% of revenues were earned outside Austria. From a regional point of view, some 54% of the revenue was attributable to Europe (-2% compared with the previous year), 26% to North America including Mexico (+1% compared with the previous year) and 20% to the rest of the world (+1% compared with the previous year).

At € 240.8 million, EBITDA is around 14% above the previous year. The result from operating activities (EBIT) of € 131.7 million increased by 2.3% compared to the same period of the previous year. The 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. In addition, earnings after minority interests were also pleasing at € 54.5 million (+32.6% compared to the previous year).

All earnings ratios of the Group described relate to improved comparability with continuing operations (i.e. excluding the Pankl Group sold in June 2018 and the associated deconsolidation effects).

As a continuing division of the Group, KTM AG is now the main division of the PIERER Mobility Group due to the disposal of the Pankl Group.

KTM AG

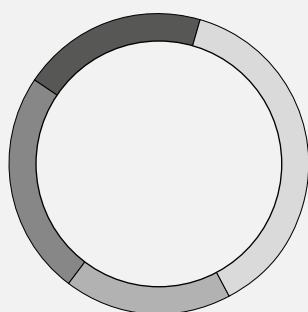
The 2019 financial year will go down as another record year in KTM's history. By consistently implementing the global product strategy, KTM yet again successfully increased both revenue and sales figures, thereby also achieving new record levels in 2019. KTM has been among the world's fastest growing motorcycle brands for a number of years. The company achieved revenue of € 1,512.9 million in the last financial year. KTM AG therefore recorded an increase of 4.0%.

Taking into account the models sold in India and Indonesia by our partner Bajaj, sales increased in 2019 to 280,099 (+7.1% compared with the previous year). Around 38% of the motorcycles were sold in Europe. A further 24% were sold in India and Indonesia by our partner Bajaj, 18% in North America including Mexico, and 20% in the remaining global regions.

In the 2019 financial year, KTM therefore generated EBITDA of € 229.0 million (+8.6% compared with the previous year) and EBIT of € 121.3 million (-6.1% compared with the previous year). The net result after tax decreased from € 89.8 million to € 84.6 million.

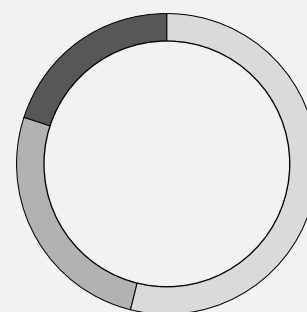
**UNIT SALES BY REGIONS
FY 2019**

- 38% Europe
- 18% North America (incl. Mexico)
- 24% India / Indonesia (by Bajaj)
- 20% remaining global regions



**REVENUE BY REGIONS
FY 2019**

- 54% Europe
- 26% North America (incl. Mexico)
- 20% 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		2018	
	EUR million	in %	EUR million	in %
Non-current assets	877.9	54.4%	744.6	55.0%
Current assets	736.0	45.6%	609.3	45.0%
Assets	1,613.9	100.0%	1,353.9	100.0%
Equity	618.6	38.3%	550.8	40.7%
Non-current liabilities	588.7	36.5%	434.8	32.1%
Current liabilities	406.6	25.2%	368.3	27.2%
Equity and liabilities	1,613.9	100.0%	1,353.9	100.0%

The balance sheet total of the PIERER Mobility Group increased by € 260.0 million or 19.2% to € 1,613.9 million compared to the previous year.

In 2019, non-current assets increased by a total of € 133.3 million to € 877.9 million (+17.9%). The initial application of IFRS 16 “Leases” meant that for the first time right-of-use assets of € 38.9 million were capitalized within property, plant and equipment. Due to the initial consolidation of KTM Australia Holding Pty Ltd and PEXCO GmbH, non-current assets increased by € 57.5 million. Furthermore, non-current assets increased due to the net capitalization of development costs amounting to around € 53 million.

The increase in current assets by € 126.8 million or around 21% is entirely attributable to the acquisition of current assets as part of the initial consolidation of KTM Australia Holding Pty Ltd as well as PEXCO GmbH. Adjusted for the two initial consolidations, current assets are slightly below last year's level.

Non-current liabilities increased by € 153.8 million (+35.4%) compared to the previous year. The increase is essentially due to the uptake of a loan from the European Investment Bank of € 120 million and the first-time application of IFRS 16 and the associated recognition of leasing liabilities of € 38.9 million.

Current liabilities increased by a total of € 38.3 million or 10.4%. Adjusted to reflect the acquisition of the current liabilities of the two companies KTM Australia Holding Pty Ltd and PEXCO GmbH at the time of the initial consolidation, current liabilities are approximately 23% lower than in the previous year. The decline is due, among other things, to the fact that a supplier finance program existing between Group companies was not utilized as of December 31, 2019 (previous year: € 36.9 million).

The equity increased during the financial year by € 67.9 million from € 550.8 million to € 618.6 million. On the one hand, equity was boosted by the net result after tax of € 95.7 million, while on the other hand dividend payments of € 20.2 million and the purchase of treasury shares of € 5.2 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 38.3%, the equity ratio reported as of December 31, 2019 is below the previous year's figure of 40.7% due to the balance-sheet extension that has been discussed.

LIQUIDITY ANALYSIS

The cash flow from operating activities was € 257.4 million in the 2019 financial year, and was therefore significantly above the previous year's value of € 85.5 million, for which in particular the planned reduction in working capital was primarily responsible. In the last financial year, the capital commitment in working capital, which was increased in the previous year due to short-term shifts in production plans at year end, was returned to the normal level.

The cash outflow from investments amounted to € -165.7 million and in total is above the previous year's value of € -102.1 million. The previous year's figure is positively influenced by payments received from the sale of the Pankl Group amounting to € 58.5 million (including disposed cash of the Pankl Group amounting to € 9.1 million). At € -149.8 million, payments for the purchase of property, plant and equipment and intangible assets were below the previous year's figure of € -158.3 million.

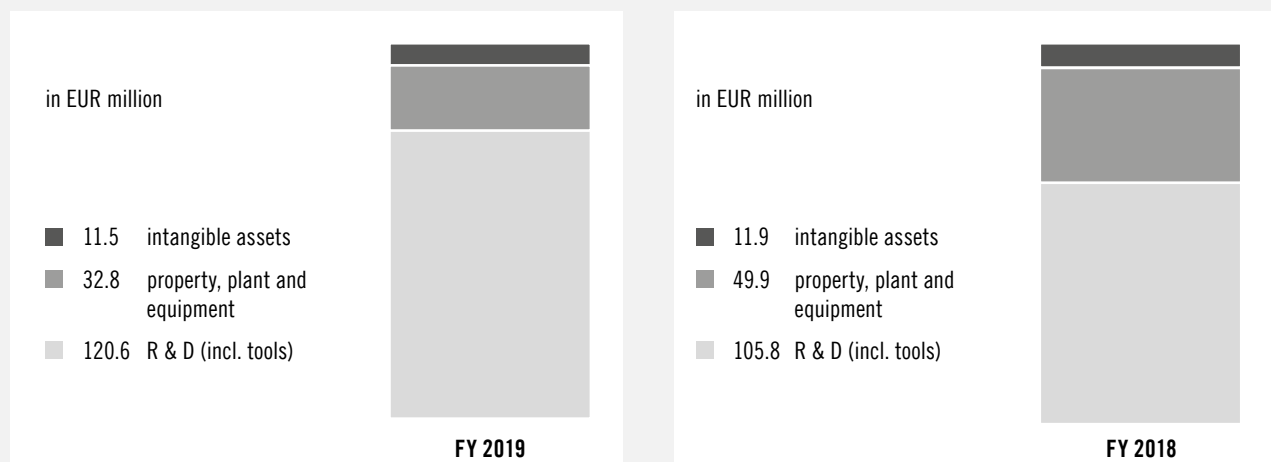
As a result, free cash flow for the 2019 financial year increased significantly by € 108.3 million from € -16.7 million to € 91.6 million and corresponds to around 6% of revenues.

After taking into account cash flow from financing activities of € -20.6 million, cash and cash equivalents increased by € 71.5 million (including foreign currency effects of € 0.5 million) to € 160.9 million compared to December 31, 2018. In addition to dividend payments of € -20.2 million and the purchase of treasury shares of € -5.2 million, the financing cash flow was characterized by the taking up of long-term loans amounting to € 134.9 million and the repayment of financial liabilities (including leasing) amounting to € 129.9 million.

INVESTMENTS

In the current financial year, total investments of € 164.9 million⁴ were made in the PIERER Mobility Group (previous year: € 167.6 million - excluding Pankl Group amounting to € 16.0 million).

The investments break down into development projects (including tools), property, plant and equipment and intangible assets as shown below⁵:



The proportion of investments in development projects (including tools) of total investment rose in comparison with the same period for the previous year from 63% to 73%. 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 20% (previous year: 30%) 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 7% is attributable to intangible assets (IT and licenses).

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 2019 financial year, which 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/investor-relations/reports/>.

⁴ excluding right-of-use additions from initial application of IFRS 16 of € 38.9 million.

⁵ for the purpose of better comparability in relation to the Group's continuing operations

5. RESEARCH AND DEVELOPMENT & NEW MODELS

In the 2019 financial year, the expenses for research and development (before capitalization of development costs) for continuing operations in the **PIERER Mobility Group** were € 138.5 million (previous year: € 126.5 million). The products of all Group companies are associated with a very high performance level; customers therefore have expectations of continuous (further) development. The product life cycle is very different for each customer.

In the Research and Development department, the **PIERER Mobility Group** employed 789 employees on the effective date of December 31 in the 2019 financial year (previous year: 678 employees), representing 18.1% of the total workforce. Around 7.9% of total revenues were invested in research and development (+0.7 percentage points year-on-year).

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, we invest a great deal of effort in tracking and implementing customer requirements in KTM's products and services in order to extend our technological edge further and to be able to provide a market-oriented development strategy. KTM 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.

Just like previous financial years, 2019 was characterized by numerous models being successfully transferred to series production under the Group brands KTM and Husqvarna Motorcycles. For example, at the beginning of the year the KTM 790 ADVENTURE / R was the second series production launch of a model. To complete the model range in the strategically important mid-range segment, the KTM 890 DUKE R was presented for the first time at EICMA 2019, the leading European trade fair for the entire motorcycle and accessories industry. Other milestones in the first quarter in the street sector were the mid-range models KTM 690 SMC R and KTM 690 ENDURO R, which received a comprehensive technology update and design revamp. Together with the Husqvarna SVARTPILEN 701, which was also introduced in the first quarter and is the sister model of the Husqvarna VITPILEN 701, which went into series production last year, they occupy the important single-cylinder mid-range niche segment. The new KTM SX-Motocross model series of 2020, from the KTM 50 SX to the KTM 450 SX-F, underwent improvements and performance revisions. The market-leading EXC model series was also improved. This new generation of model year 2020 was presented in May 2019.

The high points of the second and third quarters included the transition to series production of the newly developed KTM and Husqvarna Motorcycles Enduro models in the full-size offroad segment. The most recent model generation of the full-size offroad platform is the result of a sophisticated platform strategy, the primary objective of which is to optimize the performance of all inbuilt components and at the same time ensure a high degree of material and cost effectiveness.

The fourth quarter included a series of further model ramp-ups in the offroad and street segments, such as the start of series production of the two electric bike models KTM SX-E 5 and Husqvarna EE 5. These purely electrically powered offroad competition models combine the know-how of our intensive R&D programs stretching back over many years in the area of electric traction drives and battery cell research and expand the portfolio of emission-neutral Powersport models of the KTM and Husqvarna Motorcycles brands in the entry-level segment. The 2019 research year was also brought to a particularly successful conclusion with the ramp-up of the strategically important KTM 390 ADVENTURE, the first globally available travel model in the street entry-level segment. Based on the platform of the KTM DUKE and Husqvarna VITPILEN models in the entry-level segment, which likewise have undergone a comprehensive technology update, the model completes the range of internationally successful KTM travel models.

As part of EICMA, the company looked ahead to the new developments whose series production launches are scheduled for this financial year 2020. Along with the aforementioned KTM 890 DUKE R, which serves as a performance-oriented sister model to the KTM 790 DUKE that is already established on the market, the KTM 1290 SUPER DUKE R, newly developed from scratch, attracted particular attention. The development, testing, and transition to series production of the performance-oriented Naked Bikes in the street premium segment is one of the most complex R&D projects of recent years and once again represents the cutting edge of current technology standards in the motorcycle segment.

Alongside the development of new models and technical accessories, the expansion of the R&D infrastructure at the Mattighofen site was also intensified. The development programs are centrally managed at the R&D headquarters in Mattighofen, where the majority of highly qualified R&D employees are based. The research and development center is an innovation hub with a surface area of over 19,000 m², at which groundbreaking products for the Powersport segment are designed, developed and tested with state-of-the-art equipment. In addition, the expansion of the infrastructure at the site in Anif near Salzburg also started at the end of 2019 to further expand e-mobility activities. The conversion work is scheduled to be completed by the end of 2020.

6. RISK REPORT AND FINANCIAL INSTRUMENTS

The Executive Board is responsible for the establishment and design of an **internal control and risk management system** for the accounting process that meets the company's requirements. The purpose of this report is to provide an overview of how internal procedures are organized with regard to the financial reporting process.

INTRODUCTION

The internal control system with regard to the financial reporting process of the PIERER Mobility Group and in particular the KTM Group comprises principles, procedures and measures to ensure the correctness of the financial reporting as well as compliance with legal regulations in Austria and at the international companies. The clear definition of areas of responsibility as well as systematic controls enable early risk detection and ensure proper financial reporting.

The structure of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is used to describe the main features. The COSO framework consists of five interrelated components: Control environment, risk assessment, control measures, information and communication, and monitoring.

The aim of the internal control system is to support the management in such a way that it is able to ensure effective and constantly improving internal controls with regard to financial reporting. On the one hand, it is geared toward ensuring compliance with guidelines and regulations and, on the other hand, toward creating favorable conditions for specific control measures in the key financial reporting processes.

CONTROL ENVIRONMENT

The functions of the accounting and controlling departments are clearly separated and tasks and responsibilities are divided up. 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. In the area of accounting, the organization is made up of the accounting department at headquarters and the teams from the individual subsidiaries.

The tasks of the accounting department comprise the timely, complete and proper recording of business transactions and their presentation in monthly and annual financial statements within the PIERER Mobility Group.

Receipts are mainly recorded and documented electronically and then processed further. Incoming invoices are mainly sent electronically by suppliers, the receipts are parked in the accounting department and forwarded electronically for approval to the people who are authorized to approve them. In order to obtain a complete documentation of the approval process, the entire approval process is handled in an electronic workflow.

The process organization of the monthly financial statements follows a strict schedule. The dates are prepared for a financial year and for all companies and communicated throughout the Group. In order to ensure the complete and correct depiction of all facts relevant to accounting, the accounting department constantly works in close coordination with a wide range of specialist departments. In addition to ongoing coordination, information is also exchanged on new business processes, structural and strategic changes, and legal disputes.

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, investments and inventories. In some cases, external experts are consulted or publicly available sources are used to minimize the risk of miscalculation.

CONTROL MEASURES

In addition to the Executive Board, the general control environment also includes the middle management level such as division and department managers.

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 reporting are prevented, or are detected and corrected. Furthermore, the application of internal guidelines leads to uniform treatment of business transactions and to uniform accounting and reporting.

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. Automated checks are carried out by the ERP software used, such as the automated checks during invoice approval and invoice verification.

Other control measures range from the review of the periodic monthly reports by management to the specific analysis of accounts and current processes in accounting.

Central creation and change processes have been defined and implemented in the area of master data (e.g. accounts chart, customer data, supplier data, etc.).

The dual control principle is applied to all accounting-related processes (e.g. invoice and payment approval). These clearly defined review mechanisms enable early risk identification. In addition, it is ensured that financial reporting is in accordance with the legal requirements, the principles of proper accounting and international accounting standards.

INFORMATION AND COMMUNICATION

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 prepared and distributed at different levels of aggregation depending on the recipient of the report. Internal reporting includes balance sheet, P&L and cash flow as well as profit center and product margin analyses.

In addition, regular discussions regarding reporting are held between the Executive Board and the divisional managers. These discussions aim to ensure that weaknesses and potential areas of improvement are identified and communicated.

In addition, employees working in financial reporting are continuously trained with regard to new accounting standards in order to be able to identify and minimize risks of unintentional misreporting at an early stage.

MONITORING

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. 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 has a planning and reporting process which is implemented across all hierarchical levels. This serves as an early warning system and as a basis for assessing the effectiveness of the control measures introduced. The Controlling and Group Accounting departments are responsible for preparing and communicating the reports. The internal control system is 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.

CORONAVIRUS

The Executive Board is currently monitoring very closely the impact that the coronavirus is having on the global economy and the level of uncertainty in the population. Possible risks to the company, the supply chain and the sales market resulting from this are being closely monitored. Any disruptions to business operations will be reacted to immediately by taking targeted measures. The extent of the impact on the global economy caused by this now global crisis cannot yet be estimated.

FINANCIAL INSTRUMENTS

For further information on the risk report and on financial instruments, please refer to the Notes to the Consolidated Financial Statements (Chapters VII and VIII) of PIERER Mobility AG.

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. All the company's shares are admitted for trading on the Vienna Stock Exchange. The company's shares have also been listed on the SIX SWISS EXCHANGE (Zurich, Switzerland) since November 14, 2016. In the 2019 financial year, 108,015 treasury shares were acquired and they were deducted from the nominal capital of EUR 108,015. The change of EUR 5,111,702.09 in uncommitted capital reserves from EUR 202,848,066.00 to EUR 197,736,363.91 results from the acquisition of 108,015 treasury shares.
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 December 31, 2019:

Pierer Industrie AG: 60.87%
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 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 fulfill 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 (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 outside 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 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 the capital increase against a contribution in kind takes place,
- (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. OUTLOOK

BUSINESS DEVELOPMENT

The objective of the PIERER Mobility Group is to further expand its market share in the global motorcycle markets - despite a challenging market environment - and to integrate the GASGAS motorcycle division into the Group as a third brand. In addition, the company also has a strong focus on expanding and developing its dealer network (B2B business) in order to achieve market leadership in Europe.

The integration of the E-Bicycle activities (PEXCO) into HUSQVARNA E-Bicycles GmbH, which was newly founded in January 2020, will be implemented. For the 2020 financial year, revenue of more than € 100 million is expected. In the medium term, the company intends to develop into a major international player in the field of e-mobility.

Sales growth of between 8 – 10% is expected for the 2020 financial year. Due to the development of the electric two-wheeler segment and the integration of the third motorcycle brand GASGAS, an EBIT margin of between 6 – 8% is provisionally expected for the 2020 financial year. Given the earnings before interest, taxes, depreciation and amortization (EBITDA), which remains at a high level, a positive free cash flow of between € 45 million and € 55 million is also expected for the 2020 financial year. A positive free cash flow of between 3 – 5% of revenue is expected on a sustainable basis. Possible effects from the corona crisis cannot yet be assessed at the present point in time.

The launch of further Husqvarna road models and the aggressive market strategy in emerging markets is a key focus for 2020. The shifting of the production of Husqvarna road motorcycles (up to 400 cm³) to the strategic partner Bajaj which took place at the end of 2019 will also give KTM the opportunity to produce entry-level motorcycles for the Husqvarna Motorcycles brand at competitive production costs and thus further increase sales in

the emerging markets. Increases in sales and revenue are therefore expected primarily in the ASEAN region and India. From the end of 2020, mid-range motorcycles are to be produced with the Chinese joint venture partner CFMOTO in Hangzhou, China for the Chinese market.

PIERER Mobility AG confirms its sales target of 400,000 motorcycles for 2022. In addition, KTM has set itself the goal of developing Husqvarna Motorcycles into the third largest European motorcycle manufacturer.

MOTORSPORT

In 2020, KTM will again be investing in motorsport. Alongside the well-known racing series in the offroad segment and the Dakar Rally, the focus will be on our fourth season of MotoGP.

INVESTMENTS

Due to the intensive program of investment in recent years in capacities and infrastructure and by the relocation of the low-volume Husqvarna road models to the strategic partner Bajaj, the required production capacities in Austria have been secured for the next few years. The investment focus for 2020 will be on new development projects in particular. Investments in research & development will remain at the high level of previous years.

FINANCIAL POSITION

During the 2019 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 2020 financial year. In the 2020 financial year, the emphasis will continue to be on generating free cash flows and sustainably increasing efficiency.

LISTING ON THE FRANKFURT STOCK EXCHANGE (GENERAL STANDARD)

In order to increase the trading liquidity of its shares in the euro zone, PIERER Mobility AG shares were also admitted to trading in the General Standard of the Frankfurt Stock Exchange in March 2020. Upon completion of the listing on the regulated market of the Frankfurt Stock Exchange, the company aims to delist the shares from the official trading of the Vienna Stock Exchange. The primary listing on the SIX Swiss Exchange will remain unchanged.

Wels, March 6, 2020

The Executive Board of PIERER Mobility AG



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl, MBA

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

EURk	Notes No.	12/31/2019	12/31/2018
Assets:			
Non-current assets:			
Property, plant, and equipment	21	326,497	283,353
Goodwill	23	130,311	96,172
Intangible assets	22	391,954	326,561
Investments accounted for using the equity method	24	13,628	26,138
Deferred tax assets	25	10,000	3,026
Other non-current assets	26	5,470	9,354
		877,860	744,604
Current assets:			
Inventories	27	321,642	286,530
Trade receivables	28	175,196	149,357
Receivables and other assets	29	73,230	70,539
Tax refund claims		5,100	13,499
Cash and cash equivalents	30	160,864	89,347
		736,032	609,272
		1,613,892	1,353,876

EURk	Notes No.	12/31/2019	12/31/2018
Equity and liabilities:			
Equity:			
Share capital	31	22,539	22,539
Capital reserves	31	9,949	9,949
Other reserves including retained earnings	31	305,829	264,933
Equity of the owners of the parent company		338,317	297,421
Non-controlling interests	31	280,316	253,355
		618,633	550,776
Non-current liabilities:			
Financial liabilities	32	470,309	339,449
Liabilities for employee benefits	33	29,347	25,036
Deferred tax liabilities	25	79,464	63,039
Other non-current liabilities	34	9,537	7,303
		588,657	434,827
Current liabilities:			
Financial liabilities	32	86,358	73,163
Trade payables		222,628	190,611
Provisions	35	16,957	14,731
Tax liabilities		2,957	2,864
Other current liabilities	34	77,702	86,904
		406,602	368,273
		1,613,892	1,353,876

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR FROM 1/1/2019 THROUGH 12/31/2019

EURk	Notes No.	2019		2018		TOTAL
		Continued operation of the Group	Continued operation of the Group	Discontinued operation (IFRS 5)		
				Operating activities	Result from the sale	
Revenue	8	1,520,135	1,462,231	97,342	0	1,559,573
Production costs of the services provided to generate the revenue ¹⁾	9	-1,074,120	-1,031,064	-66,018	0	-1,097,082
Gross profit from sales		446,015	431,167	31,324	0	462,491
Selling and racing expenses ¹⁾	10	-214,893	-185,942	-6,335	0	-192,277
Research and development expenses ¹⁾	11	-23,690	-27,198	-8,067	0	-35,265
Administration expenses ¹⁾	12	-84,208	-85,026	-12,704	0	-97,730
Other operating expenses ¹⁾	13	-1,415	-112	-122	0	-234
Other operating income ¹⁾	14	11,381	766	2,194	26,150	29,110
Earnings from at-equity holdings	15	-1,484	-4,925	0	0	-4,925
Result from operating activities		131,706	128,730	6,290	26,150	161,170
Interest income	16	3,026	3,443	32	0	3,475
Interest expenses	16	-16,974	-18,495	-885	0	-19,380
Other financial and investment income (expenses)	16	78	-1,363	-437	0	-1,800
Result before taxes		117,836	112,315	5,000	26,150	143,465
Income taxes	17	-22,124	-27,132	352	-2,500	-29,280
Profit or loss for the financial year		95,712	85,183	5,352	23,650	114,185
thereof owners of the parent company		54,495	41,097	5,334	21,037	67,468
thereof non-controlling shareholders		41,217	44,086	18	2,613	46,717
Undiluted (=diluted) earnings per share (EUR)	18	2.42	1.82	0.24	0.93	2.99

Presentation of income statement in accordance with IAS 1

1) Previous year's amount adjusted, see notes no. 2 „Principles of financial reporting“

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR FROM 1/1/2019 THROUGH 12/31/2019

EURk	Notes No.	2019		2018		TOTAL
		Continued operation of the Group	Continued operation of the Group	Discontinued operation (IFRS 5)		
				Operating activities	Result from the sale	
Profit or loss for the financial year		95,712	85,183	5,352	23,650	114,185
Items reclassified to profit or loss or which can be subsequently reclassified						
Foreign currency translation re foreign subsidiaries	31	1,159	631	644	-1,371	-96
Foreign currency translation re investments accounted for using the equity method	24, 31	-152	-121	0	0	-121
Valuation of cash flow hedges of subsidiaries	31	-1,021	-2,847	0	0	-2,847
Valuation of cash flow hedges from financial assets accounted for using the equity method	24, 31	121	0	0	0	0
Deferred tax on valuation of cash flow hedges	31	255	712	0	0	712
		362	-1,625	644	-1,371	-2,352
Items not reclassified to profit or loss						
Revaluation of net debt from defined benefit plans	31, 33	-2,747	-1,126	0	0	-1,126
Tax effect	31	687	282	0	0	282
		-2,060	-845	0	0	-845
Other net result after tax		-1,698	-2,470	644	-1,371	-3,197
Total comprehensive income		94,014	82,713	5,996	22,279	110,988
thereof owners of the parent company		53,671	39,845	5,983	23,561	69,389
thereof non-controlling shareholders		40,343	42,868	13	-1,282	41,599

Presentation of comprehensive income statement in accordance with IAS 1

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR 1/1/2019 THROUGH 12/31/2019

EURk	Notes No.	2019	2018
Operations			
Profit or loss for the financial year		95,712	114,185
+ (-) Interest expenses / interest income	16	13,948	15,905
+ Tax expenses	17	22,124	29,280
+ Depreciation/amortization of property, plant and equipment and intangible assets	21, 22	109,084	91,317
+ (-) Addition (reversal) of non-current liabilities for employee benefits		1,339	1,194
(-) + Profit (loss) from equity consolidation	15	1,484	4,925
(-) + Profit (loss) from the sale of fixed assets		971	-215
+ (-) Other non-cash expenses (income)	VI	-35,733	-37,950
+ Interest received		2,958	3,476
- Interest payments		-16,368	-18,508
- Tax payments		-10,424	-35,623
+ Dividends received		997	234
Gross cash flow		186,092	168,220
- (+) Increase (decrease) in inventories		58,451	-57,552
- (+) Increase (decrease) in trade receivables, advance payments, other current and non-current assets		12,989	-26,068
+ (-) Increase (decrease) in trade payables, advance payments and other current and non-current liabilities		-152	858
Increase (decrease) in the net current assets		71,288	-82,762
Cash flow from operations		257,380	85,458
of which discontinued operation		0	-7,853

EURk	Notes No.	2019	2018
Investing activity			
- Payments for the acquisition of intangible assets and property, plant and equipment	21, 22	-149,797	-158,292
- Payments for the acquisition of investments accounted for using the equity method and other financial assets	24	-7,195	-8,671
+ Receipts from the sale of intangible assets and property, plant and equipment		433	9,727
+ Receipts from the disposal of investments accounted for using the equity method and other financial assets	7, 24	5,853	3,680
+ (-) Changes to the scope of consolidation	7	-19,462	57,056
+ (-) Payments/receipts from other assets		4,433	-5,618
Cash flow from investing activity		-165,735	-102,118
of which discontinued operation		0	42,636
Free cash flow		91,645	-16,660
Financing activity			
- Dividend payments to third parties		-20,151	-18,569
- Acquisition of treasury shares	31	-5,220	0
+ (-) Disposal/acquisition of non-controlling interests	31	-240	-6,195
+ Taking out a promissory note loan	32, VI	0	134,595
+ Taking out a research loan	32, VI	119,880	0
+ Taking out non-current interest-bearing liabilities	VI	15,000	32,147
- Repayment of bond	VI	0	-57,800
- Repayment of promissory note loan	VI	0	-45,000
- Repayment of research loan	VI	-18,750	-18,750
- Repayment of non-current interest-bearing liabilities	VI	-10,491	-65,633
- Repayment of lease liability	VI	-15,021	-2,606
+ (-) Change in other current financial liabilities	VI	-85,630	-15,444
+ (-) Change from other financing activities		0	-81
Cash flow from financing activity		-20,623	-63,336
of which discontinued operation		0	14,356
Total cash flow		71,022	-79,996
+ Opening balance of liquid funds within the Group		89,347	169,068
+ Effect of foreign currency fluctuations		495	275
Closing balance of liquid funds within the Group		160,864	89,347

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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 treasury shares	31
Miscellaneous	
Balance as of December 31, 2019	

EURk	Notes No.
Balance as of January 1, 2018	
Amendments due to the initial application of IFRS 15	
Amendments due to the initial application of IFRS 9	
Balance as of January 1, 2018 after amendments	
Profit or loss for the financial year	
Other comprehensive income	31
Total comprehensive income	
Transactions with shareholders	
Dividends to third parties	18, 31
Perpetual bond	7
Acquisition/disposal of shares to subsidiaries	31
Capital measures	31
Deconsolidation of Pankl Racing Systems AG	7
Miscellaneous	
Balance as of December 31, 2018	

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

Equity of the owners of the parent company									
Share capital	Capital reserves	Perpetual bond	Reserves including total earnings	Reserve in pursuant to IFRS 9	Adjustment items currency translation	Reserves for treasury shares	Total	Shares of non-controlling shareholders	Total consolidated equity
225,387	9,949	69,453	15,166	1,769	-3,759	0	317,965	210,614	528,579
0	0	0	597	0	0	0	597	53	650
0	0	0	57	0	0	0	57	-16	41
225,387	9,949	69,453	15,820	1,769	-3,759	0	318,619	210,651	529,270
0	0	0	67,468	0	0	0	67,468	46,717	114,185
0	0	0	-446	-1,070	3,437	0	1,921	-5,118	-3,197
0	0	0	67,022	-1,070	3,437	0	69,389	41,599	110,988
0	0	0	-6,762	0	0	0	-6,762	-11,807	-18,569
0	0	-60,000	-2,877	0	0	0	-62,877	0	-62,877
0	0	0	-21,078	0	0	0	-21,078	14,883	-6,195
-202,848	0	0	202,848	0	0	0	0	0	0
0	0	-9,453	9,453	0	0	0	0	-2,242	-2,242
0	0	0	131	0	0	0	131	271	402
22,539	9,949	0	264,556	699	-322	0	297,421	253,355	550,776

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 2019 FINANCIAL YEAR

I. GENERAL INFORMATION

1. COMPANY INFORMATION

The PIERER Mobility-Group (formerly: KTM Industries-Group) is Europe's largest manufacturer of motorcycles with a focus on highly innovative sports motorcycles and electric mobility.

Its globally recognized motorcycle brands KTM, Husqvarna Motorcycles, and GASGAS make it a technology and market leader in particular for premium motorcycles. In the fourth quarter of 2019, KTM and Black Toro Capital concluded an industrial cooperation agreement with the well-known Spanish motorcycle brand GASGAS under the leadership of KTM. In addition to KTM and Husqvarna Motorcycles, GASGAS will be a further brand within the strong distribution network of the PIERER Mobility-Group.

With the complete takeover of PEXCO GmbH, a further step forward in terms of growth was taken in the field of electric mobility in order to participate in the attractive market growth in the e-bicycle sector.

PIERER Mobility AG (formerly: KTM Industries AG) has its headquarters at Edisonstraße 1, 4600 Wels, and is registered in the commercial register at the Provincial Court as Commercial Court of Wels under the registration number FN 78112 x. On October 4, 2019, an Extraordinary General Meeting resolved to rename KTM Industries AG to PIERER Mobility AG. 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 in the "Swiss Performance Index (SPI)" of the SIX Swiss Exchange in Zurich as well as on the Vienna Stock Exchange in the segment "standard market auction" 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 December 31, 2019 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 sec. 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 principles were applied by all consolidated entities. The consolidated entities prepared their annual financial statements as at the consolidated balance sheet reporting date of December 31st.

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 them.

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 (EUR k), 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.

As part of a project to optimize processes in cost accounting and controlling with regard to the extended Executive Board agendas as well as the internal organizational concept based on this, cost monitoring was revised and refined. In order to take account of the Group's operational management concept, the project also resulted in the reallocation of certain cost centers for reporting purposes. To improve comparability, the previous year's figures in the consolidated income statement were therefore adjusted as follows:

- Product-specific warranty expenses will be reported in the cost of sales from 2019. For this reason, the previous year's amount of the cost of sales of the services rendered to generate sales revenues was increased by EUR 29,943k and other operating income was increased by EUR 396k. Other operating expenses were reduced by EUR 29,547k.
- Royalties for the Husqvarna brand will be reported under selling and racing expenses from 2019. Previously, they were reported in the cost of sales. The previous year's amounts were therefore corrected by EUR 5,282k in these financial statements.
- Material withdrawals for motorsport will also be reported under selling and racing expenses from 2019. Previously, they were reported in the cost of sales. The previous year's amounts were therefore corrected by EUR 7,466k in these financial statements.
- Various overhead expenses other than production and material overhead expenses will be reported in the corresponding areas (selling and racing expenses, research and development expenses, and administrative expenses) from 2019. Previously, they were reported in the cost of sales. The previous year's amount of the cost of sales was therefore corrected in these financial statements by EUR 15,439k and reclassified to selling and racing expenses (EUR 6,126k), research and development expenses (EUR 93k), and administrative expenses (EUR 9,220k).
- Various infrastructure expenses will be reported under administrative expenses from 2019. Previously, these were reported under selling and racing expenses. The previous year's amount was therefore corrected by EUR 4,759k in these financial statements.

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 December 31, 2019:

First-time application	New standards and interpretations	Published by the IASB
January 1 st 2019		
	Amendments to IFRS 9: Financial assets with Negative Compensation	October 12 th 2017
	IFRIC 23: Uncertainty over Income Tax Treatments	June 7 th 2017
	Annual Improvements to IFRS 2015-2017: Amendments to IFRS 3, IFRS 11, IAS 12 und IAS 23	December 12 th 2017
	Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	February 7 th 2018
	Amendments to IAS 28: Long-term Investments in Associates and Joint Ventures	October 12 th 2017
	IFRS 16 Leases	January 13 th 2016

The initial application of **IFRS 16** has **effects** on the consolidated financial statements of PIERER Mobility AG. All other amended standards and interpretations are either irrelevant to the PIERER Mobility-Group or have no material impact.

Initial application of IFRS 16:Accounting as lessee:

IFRS 16 governs the identification, recognition, measurement, reporting, and disclosure requirements for leasing agreements. The standard specifies a single accounting treatment for lessees. This model requires the lessee to record all assets and liabilities under lease arrangements in the statement of financial position, except where the lease is for a term of no more than twelve months or the asset is of low value (in which cases application is optional).

In the consolidated financial statements of PIERER Mobility AG, IFRS 16 will be applied retrospectively, as modified, from January 1, 2019. The comparative figures for the 2018 financial year were therefore not adjusted. In applying IFRS 16 for the first time, the PIERER Mobility-Group made use of the following concessions:

- Neither right-of-use assets nor lease liabilities were recognized for leases that expire within 12 months of the date of initial application (i.e. by December 31, 2019) or where the underlying asset is of low value (e.g. IT equipment).
- The right-of-use asset is initially capitalized in the amount of the leasing liability to ensure that the leasing liability as at January 1, 2019 corresponds to the right-of-use asset.
- The non-consideration of initial direct costs in measuring the right-of-use assets on the date of first-time application.
- The retrospective determination of the term of leases in the case of contracts with extension or termination options.

The Group has also decided not to re-examine leasing contracts concluded and already recognized pursuant to IAS 17 before the transition date as to whether a contract is a lease on the date of initial application, but rather to maintain the assessment previously made under IAS 17.

The carrying amount of assets classed as finance leases recorded immediately before the initial application of IFRS 16 and the carrying amount of the associated leasing liabilities pursuant to IAS 17 is recognized as first-time carrying amount of the right-of-use asset and the leasing liability pursuant to IFRS 16.

The irredeemable term of the lease was used to determine the present value of the lease payments. In determining the term, the management takes account of all facts and circumstances that offer economic incentive for the exercise of options for prolongation or non-exercise of termination options. Extension or termination options are only included in the contract term if their exercise is sufficiently certain.

Accounting as lessor:

The Group sublets some of its properties. In accordance with IAS 17, these main and sub-leases were classified as operating leases. On the date of transition to IFRS 16, the rights of use under the main lease are reported under property, plant and equipment as buildings. The Group classified the subleases on the basis of the right of use and not on the basis of the underlying asset, and concluded that they were operating leases in accordance with IFRS 16. In addition, the Group entered into two sub-leases in 2019, which were classified as finance leases.

Effects on the consolidated financial statements:

On initial application of IFRS 16, the Group records leasing liabilities for leases previously classified as operating leases under IAS 17. These liabilities are measured at the present value of the remaining lease payments, discounted with the lessee's incremental borrowing rate of interest as of January 1, 2019. This was determined using comparable external loans with similar term and country- and currency-specific adjustments. The weighted average lessee's incremental borrowing rate of interest applied to the leasing liability as of January 1, 2019 is 1.9%.

The first-time capitalization of leases leads to an increase in the carrying amounts of non-current assets and to an increase in financial liabilities of € 38.9 million as of January 1, 2019. In addition, the lease expense previously recorded was replaced by amortization of the right of use and interest expenses of the leasing liability. As expected, EBITDA and cash flow from operating activities improved due to the amended presentation requirements.

The table below shows the derivation of the obligations arising from operating leases indicated as of December 31, 2018 on the leasing liabilities recognized as of January 1, 2019:

	EURk
Obligations arising from operating leases indicated as of Decemer 31 st 2018	71,972
Discounted at the lessor's interest rate on borrowings on the date of first-time application of IFRS 16	69,669
+ Liabilities arising from finance leasing recognized as of December 31 st 2018	19,016
- Short-term leases, which are recognised as expenses on a straight-line basis	-819
- Leases of low-value assets recognised as expenses on a straight-line basis	-15,392
- Adjustments due to the shortening of contract periods	-14,476
- Adjustments due to changes in indices or (interest) rates that influence variable payments	-141
+ Other	24
Leasing liabilities recognized on January 1st 2019	57,881
of which leasing liabilities recognized for the first time due to IFRS 16	38,865
of which liabilities arising from finance leasing already recognized pursuant to IAS 17	19,016

Lease obligations exist primarily in the areas of vehicle fleet leasing, rental of commercial and office space, and the rental of machinery and technical plant.

The table below shows the effect of IFRS 16 (now mandatory from 2019) on the statement of financial position, with the effects on the consolidated financial statements of the PIERER Mobility-Group as at December 31, 2019:

Group statement of financial position EURk	12/31/2019 Reported	Amendments in accordance with IFRS 16	12/31/2019 without application IFRS 16
Current assets	736,032	0	736,032
Property, plant and equipment	326,497	37,122	289,375
Miscellaneous	551,363	880	550,483
Non-current assets	877,860	38,002	839,858
ASSETS	1,613,892	38,002	1,575,890
Current financial liabilities	86,358	8,753	77,605
Miscellaneous	320,244	0	320,244
Current liabilities	406,602	8,753	397,849
Non-current financial liabilities	470,309	30,005	440,304
Miscellaneous	118,348	-70	118,418
Non-current liabilities	588,657	29,935	558,722
Equity	618,633	-686	619,319
EQUITY AND LIABILITIES	1,613,892	38,002	1,575,890

The right-of-use assets capitalized for the first time in property, plant and equipment relate to the following types of assets (presentation without the finance leases already to be recognized as per the previous year):

EURk	12/31/2019	01/01/2019
Land and buildings	28,072	28,807
Fixtures and fittings, tools and equipment (incl. motor vehicles)	8,255	8,205
Technical plant and machinery	795	1,853
TOTAL	37,122	38,865

In the current financial year, the PIERER Mobility-Group recorded a total of € 9.4 million in depreciation and amortization and € 0.8 million in interest in the income statement instead of rental expenses due to the first-time application of IFRS 16. As a result, EBITDA improved by € 9.4 million from € 231.4 million to € 240.8 million.

In the statement of cash flows, on the one hand the cash flow from operating activities improved by € 9.4 million to € 257.4 million. On the other hand, the cash flow from financing activities decreased by the same amount to € -20.6 million, as the repayment of lease liabilities is shown in the financing cash flow. The interest component amounting to € -0.8 million is reported in the interest payments in the operating cash flow.

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 2019		
	Amendments to IAS 1 und IAS 8 – Definitions 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

The IASB and the IFRIC have passed further standards and interpretations, application of which was not mandatory during the 2019 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 2021	May 18 th 2017	No
Amendments to IFRS 3 – Definition of a Business	January 1 st 2020	October 22 nd 2018	No
IAS 1 – Classification of Liabilities as Current or Non-current	January 1 st 2022	January 23 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 EUR 130,311k (previous year: EUR 96,172k) was recognized at the reporting date, along with the “KTM” brand, which is valued at EUR 61,103k (previous year: EUR 61,103k). For further information on the impairment tests, see Note 23 “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 12/31/2019, deferred tax assets on loss carryforwards of EUR 5,688k (previous year: EUR 2,845k) were capitalized. Based on current tax planning, the management expects that the loss carryforwards recognized as of December 31, 2019 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. Estimation uncertainties of future transactions with regard to possible impending economic slowdowns and possible effects on cash flow hedges are also taken into account. The planning of future cash flows is derived from sales planning and order volume planning, reviewed against actual figures on a monthly basis and checked for plausibility based on past experience. In line with the internal guideline on currency hedges, foreign currency hedges are generally entered into on a rolling basis and cover a period of up to eighteen months. The hedge ratio of the individual currencies is determined based on uncertainty in the planning for the relevant market, on the volatility of the currency and on the hedging costs. Currencies are aggregated by type based on their significance (volume, relevance to results) and different methods are applied accordingly. However, the hedge ratio per currency must not exceed 80% of the foreign currency exposure. For details on sensitivities to currency and interest rate risks, please refer to the explanations provided in Note 40 of the risk report “Financial risks”.
- 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 EUR 29,347k (previous year: EUR 25,036k) were recorded as of the reporting date. For further explanations, see Note 33 “Liabilities for employee benefits”.
- Regarding provisions, estimates have been made in order to assess probabilities and determine the expected amount for measuring the obligation. These assumptions essentially concern provisions relating to guarantees and warranties. Based on past experience, a direct relationship has been established for each product group between revenues and the guarantee and warranty expenses incurred. On the basis of longstanding experience, the Executive Board expects this relationship to remain stable. The average percentage value of guarantee and warranty expenses in terms of revenue is checked several times a year and adjusted if necessary. The amount recognized as a provision is calculated from the average percentage of revenue accounted for by guarantee and warranty expenses over a three-year observation period. As of December 31, 2019, provisions relating to guarantees and warranties of EUR 12,448k (previous year: EUR 11,996k) 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.

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

- **Leases**
Evaluations were made with respect to the terms and interest rates. Further details are provided under Note 21, “Property, plant, and equipment” and Note 47, “Leases”.
- **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”.

- Investment property

Since the 2019 financial year, the KTM logistics center has been used exclusively by the KTM-Group itself. In the past, these subleases to non-group tenants were to companies that had long-term relationships with the KTM-Group for the supply of goods or services, and represented an outsourced part of the KTM value chain. As the subleasing did not serve the purpose of earning rental income, but was in the interest of operations, the parts that were let to non-group third parties was disclosed under property, plant and equipment and was not classified as investment property.

- Supplier finance

Assessments were made regarding the disclosure of liabilities in relation to the supplier finance program. KTM AG and KTM Components GmbH have set up a revolving program with an Austrian bank to finance supplier liabilities (supplier finance program). Under this program, the bank offers suppliers the option to have their accounts receivable from KTM AG or KTM Components GmbH discounted at the bank and paid out in advance of the due date. As the financing costs are based on the good creditworthiness rating of the KTM-Group, the program offers participating suppliers a low-cost way to obtain early settlement of their KTM AG or KTM Components GmbH receivables and thus optimize their working capital. KTM AG and KTM Components GmbH settle the liability on the due date by paying the invoiced amount to the credit institution.

The program has been reviewed for compliance with civil law and with the stipulations of IFRS 9. There is no legal release from the original obligation since, from the perspective of KTM AG and KTM Components GmbH, only the identity of the creditor changes, but the content of the obligation remains unchanged. Furthermore, the program does not cause any new (additional) obligation to arise on the part of KTM AG to the credit institution. Since the program does not lead to any significant changes in the terms of the contract, either quantitatively or qualitatively, the non-group liabilities in question are disclosed under trade payables and the cash flows are disclosed under cash flow from operating activities.

In addition to suppliers outside the Group, KTM AG has also entered into such a program with its subsidiary KTM Components GmbH. From the point of view of the KTM-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 December 31, 2019, the liabilities from this program totaled EUR 62,986k (previous year: EUR 87,753k), of which as of December 31st, 2019 in the consolidated financial statements of KTM AG the dealings between group companies amounting to EUR 0k (previous year: EUR 36,906k) are presented as current financial liabilities.

- Development costs

Development costs are capitalized in accordance with the accounting policies described. 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.

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	
	12/31/2019	12/31/2018	2019	2018
US-dollar	1.1234	1.1450	1.1195	1.1793
UK pound sterling	0.8508	0.8945	0.8759	0.8860
Swiss franc	1.0854	1.1269	1.1111	1.1516
Japanese yen	121.9400	125.8500	121.9592	130.0058
South African rand	15.7773	16.4594	16.1701	15.6166
Mexican peso	21.2202	22.4921	21.6082	22.6526
Australian dollar	1.5995	1.6220	1.6177	1.5832

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 December 31, 2019. The number of entities in the scope of consolidation changed as follows in the 2019 financial year:

	Fully consolidated companies	At-equity companies
Balance as of 12/31/2018	53	11
Additions to the scope of consolidation	12	0
Eliminations from the scope of consolidation	-2	-8
Balance as of 12/31/2019	63	3
thereof foreign companies	45	2

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 July 1, 2019, KTM Sportmotorcycle GmbH acquired 74% of the shares in **KTM Australia Holding Pty Ltd**, West Perth, Australia, and thus increased its shareholding from 26% to 100%. Consequently, the company will be fully consolidated as of July 1, 2019. KTM Australia Pty Ltd also comprises the subsidiaries KTM Australia Pty Ltd (formerly: Butmac Pty Ltd), Welshpool, Australia, HQVA Pty Ltd, West Perth, Australia as well as KTM Motorcycle Distributors NZ Limited, Wellington Central, New Zealand, which previously acted as general importers for the Australian and New Zealand market. The complete takeover of the company shares will support the subsidiaries in Australia and New Zealand and further strengthened our presence in the Australian and New Zealand market – the third largest in the world – from the second half of 2019. The fair values of the identifiable assets and liabilities of KTM Australia Holding Pty Ltd upon the attainment of control were as follows:

EURk	
Non-current assets	4,400
Current assets	68,695
Non-current liabilities	-856
Current liabilities	-71,350
Net assets	889
Fair value of shares previously accounted for using the equity method	-3,469
Other comprehensive income already included	264
Goodwill	12,190
Consideration	-9,874
Cash and cash equivalents acquired	3,939
Net cash outflow from the acquisition	-5,935

The goodwill amounting to EUR 12,190k results from the earnings potential of the company and is allocated in full to the cash-generating unit "KTM". The previous holding was accounted for using the equity method. Immediately prior to the attainment of control, the previous holding was remeasured at its fair value. This results in an expense of EUR 629k, which is reported under other operating expenses. As part of the company acquisition, fair values for trade receivables amounting to EUR 2,369k and other receivables and assets amounting to EUR 965k were acquired. This corresponds essentially to the gross amounts of the receivables. The costs associated with the acquisition of the company in the amount of EUR 167k were recorded under administrative expenses. In the six months up until December 31, 2019, KTM Australia Holding Pty Ltd contributed to consolidated sales revenues of EUR 61,093k and consolidated net profit of EUR 5,300k. If the acquisition had taken place on January 1, 2019, the Executive Board estimates that consolidated revenues would have been EUR 1,557,068k and consolidated net profit for the 2019 financial year would have been EUR 97,618k.

Effective December 23, 2019, a further 60% of the shares in **PEXCO GmbH**, Schweinfurt, Germany were acquired by Pierer Industrie AG, Wels. At the time of the sale, Pierer Industrie AG held 20% directly in PEXCO GmbH and a further 40% indirectly through its wholly owned subsidiary Platin 1483. GmbH, Schweinfurt, Germany, which was also acquired as part of the complete takeover of PEXCO by PIERER Mobility AG. As a result, PIERER Mobility AG holds 100% (60% directly and 40% indirectly) of PEXCO GmbH as of the reporting date of December 31, 2019. Due to the acquisition of PEXCO GmbH, the three subsidiaries PEXCO Italia S.r.l, Merano, Italy, PEXCO Suisse GmbH, Frauenfeld, Switzerland, and PEXCO France SAS, Saint Priest, France, also became part of the scope of consolidation of the PIERER Mobility-Group at the end of 2019. The acquisition is a further step toward growth and internationalization in two-wheel electric mobility within the Group in order to participate in the attractive market growth in the e-bicycle sector. The following assets and liabilities were acquired:

EURk	
Non-current assets	21,473
Current assets	59,666
Non-current liabilities	-12,587
Current liabilities	-53,241
Net assets	15,311
Fair value of shares previously accounted for using the equity method	-13,495
Goodwill	19,457
Consideration	-21,273
Purchase price liabilities	1,778
Cash and cash equivalents acquired	6,562
Net cash outflow from the acquisition	-12,933

The goodwill amounting to EUR 19,457k results from the earnings potential of the company. The previous holding was accounted for using the equity method. Immediately prior to the attainment of control, the previous holding was remeasured at its fair value. This results in an income of EUR 10,359k, which is reported under other operating income. As part of the acquisition, fair values for customer relationships amounting to EUR 12,421k and deferred tax liabilities of EUR 3,528k relating to these relationships were identified. In addition, fair values for trade receivables amounting to EUR 12,937k and other receivables and assets amounting to EUR 3,790k were acquired. The gross amounts of the contractual receivables amounted to EUR 17,157k, of which EUR 430k are expected to be uncollectible. In the 2019 financial year, PEXCO GmbH contributed EUR 0k to consolidated sales and EUR -1,616k to consolidated net profit. If the acquisition had taken place on January 1, 2019, consolidated revenues would have been EUR 1,595,726k and consolidated net profit EUR 93,288k.

Other additions to the scope of consolidation are summarized below:

In the first half-year, 70% of the shares in **Avocado GmbH** were acquired by Pierer Industrie AG with effect from May 9, 2019. The goodwill of EUR 945k recognized in the initial consolidation results from the earnings potential of the company. As part of the company acquisition, fair values for trade receivables amounting to EUR 370k were acquired. Taking into account the acquired cash and cash equivalents of EUR 317k and the purchase price of EUR 1,357k, the net cash outflow from the acquisition was EUR 1,040k. Non-controlling interests of EUR 177k were added to equity.

With effect from October 1, 2019, KTM AG acquired 24.01% of the shares in **Cero Design Studio S.L.**, Barcelona, Spain, thereby increasing its interest from 26% to 50.01%. Consequently, the company will be fully consolidated as of October 1, 2019. The goodwill of EUR 1,340k recognized as part of the initial consolidation is allocated in full to the cash-generating unit "KTM". The previous holding was accounted for using the equity method. Immediately prior to the attainment of control, the previous holding was remeasured at its fair value. This results in an income of EUR 593k, which is reported under other operating income. As part of the company acquisition, trade receivables amounting to EUR 600k and other receivables and assets amounting to EUR 33k were acquired. The costs associated with the acquisition of the company in the amount of EUR 15k were recorded under administrative expenses. Taking into account the acquired cash and cash equivalents of EUR 664k, the net cash outflow from the acquisition amounts to EUR 336k and the addition of non-controlling interests to EUR 528k.

In October 2019, **GASGAS Motorcycles GmbH**, with its registered office in Mattighofen, was newly established and consolidated for the first time. The costs associated with the establishment of the company in the amount of EUR 18k were recorded under administrative expenses.

If, within one year from the respective dates of acquisition of the initial consolidations described above, new information becomes known about facts and circumstances that existed at the time of acquisition (in particular due to post-merger integration) and that would have led to adjustments of the above amounts or to additional provisions, the accounting for the acquisition will be adjusted.

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

The shares held within the KTM-Group in **KTM Components (Dalian) Co., Ltd, Dalian, China** were completely sold to Pankl Racing Systems AG, Kapfenberg, in July 2019. The company was deconsolidated as of July 1, 2019 and the following assets and liabilities were deconsolidated:

EURk	
Fixed assets	-3,452
Cash and cash equivalents and other current assets	-3,114
Trade receivables	-922
Assets	-7,488
Non-current liabilities	803
Trade payables	3,951
Other current financial liabilities	224
Liabilities	4,978
Disposed net assets	-2,510

The values cited correspond to the carrying amounts at the time of deconsolidation. The consideration received as a result of the disposal of the interest amounted to EUR 1,000k. In the course of the sale of the interest, an advantageous contract in connection with the future supply relationship was capitalized in the amount of EUR 765k. In this context, a credit to KTM AG in the amount of EUR 475k was also taken into account in the deconsolidation. There was therefore a loss on the disposal of EUR 277k, which was reported under other operating expenses. As KTM AG holds 99.87% of the shares in the KTM-Components-Group, there is a disposal of non-controlling interests in the amount of EUR 3k. The net inflow from the disposal is shown in the cash flow from investing activities and is composed as follows:

EURk

Remuneration received	1,000
Discontinued means of payment	-629
Net cash inflow from the disposal	371

Furthermore, the 100% interest in **Fuhrmann Erodieretechnik GmbH**, Munderfing held by KTM Components GmbH was sold with effect from December 31, 2019. In total, net assets amounting to EUR 128k were disposed of. The consideration received from the sale of the interest amounts to EUR 500k. Capitalized customer relationships with a carrying amount of EUR 491k were amortized in full. The resulting loss on the disposal of EUR 118k is reported under other operating expenses. The net cash inflow from the sale amounts to EUR 411k.

▪ Discontinued Operation (IFRS 5) 2018 – Sale of Pankl Racing Systems AG

In June 2018, PIERER Mobility AG sold all its shares in Pankl Racing Systems AG for a purchase price of € 130.5 million to the Pierer Industrie-Group. The sale of the Pankl-Group laid the strategic and financial basis for an even greater focus in the PIERER Mobility-Group on the two-wheel industry, particularly the development of e-mobility, over the coming years. In the course of the sale, 10 fully consolidated companies of the Pankl-Group were disposed of in the previous year.

The Pankl-Group represented a significant definable line of business for the Group and was therefore listed in the consolidated financial statements as a discontinued operation in accordance with IFRS 5.

As part of the subdivision of the consolidated income statement and consolidated statement of comprehensive income into continuing and discontinued operations, the continuing operation of the PIERER Mobility-Group was shown as it will continue to exist in the long term. The following material points emerged as part of the subdivision into continuing and discontinued operations in the PIERER Mobility-Group:

- The profit from the sale transaction is included in the other operating income of the discontinued operation in the EBIT.
- Tax burdens and tax reliefs incurred in connection with the discontinued operation and its sale or triggered by it are assigned to the discontinued operation.
- As the Pankl-Group acts as a supplier of purchased parts for the KTM-Group, the intra-group expenses for the first half of the year in the KTM-Group were increased by € 12.1 million (previous year: € 15.4 million) owing to the relationship in the continuing area which is set to continue as expected. On the other hand, the expenses were reduced accordingly in the discontinued area.

In the consolidated statement of cash flows of the PIERER Mobility-Group, the details for the discontinued operation were specified with an “of which” note. The material issue of assignment arose for the specification of the cash flow from the sale of the Pankl-Group. The cash receipt was assigned to the discontinued operation and is included in the “of which” note for the investment cash flow amounting to € 58.5 million.

The following assets and liabilities were disposed of:

EURk	06/30/2018
Non-current assets	-137,484
Currents assets	-110,822
Assets	-248,306
Non-currents liabilities	103,552
Current liabilities	36,775
Liabilities	140,327
Non-controlling interests	2,242
Net assets disposed of	-105,737
Sale price	130,517
Deconsolidation profit ¹⁾	24,780

1) Including the reclassification of the foreign currency differences from the statement of comprehensive income to the income statement amounting to EUR 1,371k, this produces an overall effect before tax of EUR 26,150k.

The cash inflow resulting from the sale was as follows:

EURk	30.06.2018
Sale price	130,517
Cash disposed of	-9,142
Settlement of perpetual bonds including interest	-62,877
Net cash inflow from the sale	58,498

For further details on the individual items of the statement of financial position please refer to the consolidated financial statements as of December 31, 2018 under item 7. Changes in the Scope of Consolidation.

CHANGES IN ENTITIES ACCOUNTED FOR AT EQUITY

KTM AG sold 39% of the shares in KTM MOTOHALL GmbH, Mattighofen to PIERER IMMOREAL GmbH for a purchase price of EUR 5,676k with effect from June 30, 2019. The resulting capital gain on the sale of EUR 184k was recognized as other operating income.

In the purchase and assignment agreement of March 19, 2019, the shares in KTM Braumandl GmbH, Wels, MX - KTM Kini GmbH, Wiesing, KTM Regensburg GmbH, Regensburg, Germany, and KTM Wien GmbH, Vösendorf, each amounting to 26%, were sold to Pierer Industrie AG for a total purchase price of EUR 177k. The purchase prices corresponded to the proportionate equity, so there was no gain or loss on disposal.

Other changes relate to companies that are now fully consolidated in the consolidated financial statements (see statements above under "Additions to the scope of consolidation").

III. SEGMENT REPORTING

The business activities of PIERER Mobility AG are coordinated according to the individual groups (KTM-Group, Husqvarna E-Bicycles, PANKL-Group up until disposal). 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. The segment reporting is made with the segments KTM, Husqvarna E-Bicycles, PANKL (up until disposal) and others, according to the internal reporting.

KTM:

The KTM-Group engages in the development, production, and distribution of motorized vehicles for recreational purposes (power sports), in particular under the “KTM”, “Husqvarna Motorcycles”, and “WP” brands. As of December 31, 2019, the KTM-Group includes in its consolidated financial statements 54 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.

Husqvarna E-Bicycles:

PEXCO GmbH and its subsidiaries were acquired in full in December 2019 and will form a separate segment from 2019. With the two brands Husqvarna E-Bicycles and R RAYMON, the focus is on developing, manufacturing and trading e-bikes and bicycles. As the initial consolidation took place as of December 31, 2019, the result from operating activities relates to the initial consolidation effect due to a revaluation of the previous “at equity” shares to fair value and the “at equity” result for the 2019 financial year. The balance sheet values taken over also include the hidden reserves without goodwill taken over as part of the initial consolidation.

PANKL (discontinued):

The Pankl-Group is a global leader in the production of mechanical systems in the high tech sector for dynamic components in the global niche markets of the racing, luxury car and aerospace industries. The Pankl-Group was deconsolidated in June 2018. Consequently, earnings ratios are still retained in the first half of 2018, and carrying amounts were disposed of on June 30, 2018. The deconsolidation profit resulting from the sale of the Pankl-Group is included in the segment reporting in the “Pankl (discontinued)” section.

Other:

The “Other” segment summarizes PIERER Mobility AG, KTM Technologies GmbH, KTM Innovation GmbH, Avocodo GmbH (since May 2019) and PF Beteiligungsverwaltungs GmbH.

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. The earnings accounted for using the equity method are included in the EBIT pursuant to the structure of the consolidated income statement. Segment information for the financial year 2019 and financial year 2018 can be divided into the described segments as follows:

2019 EURk	KTM	Husqvarna E-Bicycles	Other	Consolidation	Total
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	162,900	0	2,020	0	164,920
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

2018 EURk	KTM	PANKL ¹⁾ (discontinued)	Other	Consolidation	Total
Revenues (including revenues within the segments)	1,454,745	110,163	27,906	-33,241	1,559,573
External revenues	1,454,263	97,342	7,968	0	1,559,573
Result from operating activities	129,193	32,440	-117	-346	161,170
Investments	166,795	16,002	793	0	183,590
Depreciation and amortization	81,712	9,085	520	0	91,317
Share in the result of companies accounted for using the equity method	-4,706	0	0	-219	-4,925
Balance sheet total	1,301,854	0	290,191	-238,169	1,353,876
Equity	550,707	0	233,037	-232,968	550,776

1) 1/1. to 6/30/2018 (6 months)

IV. NOTES TO THE CONSOLIDATED INCOME STATEMENT

The consolidated income statement is prepared according to the cost of sales method.

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 PIERER Mobility-Group generated total revenue of EUR 1,520,135k (previous year: EUR 1,559,573k). The Group's continuing operations generated revenue of EUR 1,520,135k (previous year: EUR 1,462,231k) and the discontinued operation generated revenue of EUR 0k (previous year: EUR 97,342k).

The breakdown of external revenue by geographical region is based on the location of the customers. The revenues by geographical region for the Group's continuing operations are made up as follows:

EURk	2019	2018
Europe	819,132	819,222
North America	393,600	366,847
Other	307,403	276,162
	1,520,135	1,462,231

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 € 23.3 million as at December 31, 2019 (December 31, 2018: € 23.5 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.

Due to an adjustment to the dealer contracts as of January 1, 2019, revenues from the transport cost allocation and the corresponding expenses are now reported under selling and racing expenses. Previously, they were reported in revenues or the cost of sales.

9. COST OF SALES

The production costs total EUR 1,074,120k (previous year: EUR 1,097,082k). Continuing operations account for EUR 1,074,120k (previous year: EUR 1,031,064k) and discontinued operation accounts for EUR 0k (previous year: EUR 66,018k).

The production costs of the Group's continuing operations are made up as follows:

EURk	2019	2018
Cost of materials and purchased services	870,905	838,457
Personnel expenses	99,447	102,038
Amortization charged to capitalized development costs	44,889	32,558
Depreciation/amortization of property, plant and equipment and other intangible assets	25,320	23,845
Other operating expenses	33,559	34,166
	1,074,120	1,031,064

Cost of sales includes income from currency translation differences of EUR 3,260k (previous year: EUR 6,702k) 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 selling and racing expenses total EUR 214,893k (previous year: EUR 192,277k). Continuing operations account for EUR 214,893k (previous year: EUR 185,942k) and discontinued operation accounts for EUR 0k (previous year: EUR 6,335k).

The selling and racing expenses of the Group's continuing operations are made up as follows:

EURk	2019	2018
Cost of materials and purchased services	34,417	40,466
Personnel expenses	74,490	66,753
Depreciation/amortization of property, plant and equipment and other intangible assets	8,479	3,647
Other operating expenses	131,681	107,755
Sponsorship money and other operating income	-34,174	-32,679
	214,893	185,942

11. RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenses total EUR 23,690k (previous year: EUR 35,265k). Continuing operations account for EUR 23,690k (previous year: EUR 27,198k) and discontinued operation accounts for EUR 0k (previous year: EUR 8,067k).

The research and development expenses of the Group's continuing operations are made up as follows:

EURk	2019	2018
Cost of materials and purchased services	8,426	5,473
Personnel expenses	24,138	22,347
Depreciation/amortization of property, plant and equipment and other intangible assets	6,985	4,951
Other operating expenses	388	12,942
Subsidies and other operating income	-16,247	-18,515
	23,690	27,198

The expenses disclosed under research and development expenses for continuing operations comprise research costs and non-capitalizable development costs. Personnel expenses before the effects of capitalizing development costs were EUR 62,758k (previous year: EUR 54,912k).

The research and development expenses (before capitalizing development costs) for continuing operations totaled EUR 138,520k (previous year: EUR 126,539k) and therefore around 9.1% (previous year: 8.7%) of revenue.

12. ADMINISTRATIVE EXPENSES

The administrative expenses total EUR 84,208k (previous year: EUR 97,730k). Continuing operations account for EUR 84,208k (previous year: EUR 85,026k) and discontinued operation accounts for EUR 0k (previous year: EUR 12,704k).

The administrative expenses of the Group's continuing operations are made up as follows:

EURk	2019	2018
Cost of materials and purchased services	7,248	4,208
Personnel expenses	40,494	36,298
Depreciation/amortization of property, plant and equipment and other intangible assets	23,414	15,822
Other operating expenses	14,556	30,368
Other operating income	-1,504	-1,670
	84,208	85,026

13. OTHER OPERATING EXPENSES

The other operating expenses total EUR 1,415k (previous year: EUR 234k). Continuing operations account for EUR 1,415k (previous year: EUR 112k) and discontinued operation accounts for EUR 0k (previous year: EUR 122k).

In the current financial year, other operating expenses mainly relate to effects due to changes in the scope of consolidation amounting to EUR 1,024k, which relate 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 other operating income totals EUR 11,381k (previous year: EUR 29,110k). Continuing operations account for EUR 11,381k (previous year: EUR 766k) and discontinued operation accounts for EUR 0k (previous year: EUR 28,344k). The discontinued operation includes in the previous year the deconsolidation profit resulting from the sale of the Pankl-Group amounting to EUR 26,150k (including foreign currency effects of EUR 1,371k, which were reclassified from the statement of comprehensive income to the income statement).

The other operating income of the Group's continuing operations is made up as follows:

EURk	2019	2018
Income from the disposal of assets	114	234
Consolidation changes	11,136	6
Other remaining income	131	526
	11,381	766

The changes in the scope of consolidation for the current financial year primarily relate 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 amounting to EUR 10,359k.

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	2019	2018
Kiska GmbH	850	271
KTM Asia Motorcycle Manufacturing Inc.	56	-302
KTM Australia Holding Pty Ltd.	-426	-3,289
PEXCO GmbH	-1,616	-490
China Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd.	-423	-969
KTM Motohall GmbH	-232	-118
Four flagship stores and miscellaneous	307	-28
	-1,484	-4,925

Due to the full consolidation of KTM Australia Holding Pty Ltd as of July 1, 2019, the company's share of earnings relates to the first half of 2019. Cero Design Studio S.L. was fully consolidated as of October 1, 2019. The share of earnings relates to the period from January 1 to September 30, 2019. The at-equity result of PEXCO GmbH relates to the entire year 2019 as the company was first consolidated at the end of December 2019.

16. FINANCIAL AND INVESTMENT EARNINGS

The financial and investment earnings total EUR -13,870k (previous year: EUR -17,705k). Continuing operations account for EUR -13,870k (previous year: EUR -16,415k) and discontinued operation accounts for EUR 0k (previous year: EUR -1,290k).

The financial and investment income (expenses) of the Group's continuing operations are made up as follows:

EURk	2019	2018
Interest income	3,026	3,443
Interest expenses	-16,974	-18,495
Other financial and investment income (expenses)	78	-1,363
	-13,870	-16,415

The other financial and investment income (expenses) of the Group's continuing operations are made up as follows:

EURk	2019	2018
Foreign exchange valuation of bank deposits	40	-1,260
Cost of hedging	-50	-202
Gain / Loss from the disposal of non-consolidated subsidiaries	88	99
	78	-1,363

17. INCOME TAXES

The income taxes total EUR 22,124k (previous year: EUR 29,280k). Continuing operations account for EUR 22,124k (previous year: EUR 27,132k) and discontinued operation accounts for EUR 0k (previous year: EUR 2,148k). The income tax expense and income tax income for the Group's continuing operations are attributable to current taxes and deferred taxes as follows:

EURk	2019	2018
Current tax	-8,671	-14,541
Deferred tax	-13,453	-12,591
	-22,124	-27,132

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 36.3%. 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 for the Group's continuing operations:

EURk	2019	2018
Profit before income taxes	117,836	112,315
Expected tax expenses / income	-29,459	-28,079
Non-temporary differences and other tax additions	-1,370	-2,081
Recognition / allowances / utilization of loss carryforwards	0	203
Non-taxable results in consequence of consolidation changes	3,026	-222
Taxes in relation to prior periods	2,347	-1,030
Effects of foreign tax rates	-462	-271
Earnings from equity holdings	-210	-407
Investment benefits	4,002	4,588
Miscellaneous	2	167
	-22,124	-27,132

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

The earnings per share totaled EUR 2.42 in the current financial year 2019 (previous year: EUR 2.99). Continuing operations account for EUR 2.42 (previous year: EUR 1.82) and discontinued operation accounts for EUR 0.00 (previous year: EUR 1.17). The earnings per share for the Group's continuing operations are calculated as follows:

	2019	2018
Earnings - owner of parent company (EURk)	54,495	41,097
Total number of shares (units)	22,538,674	22,538,674
Effect of treasury shares (units)	-11,539	0
Weighted average of shares	22,527,135	22,538,674
Undiluted (=diluted) earnings per share (EUR)	2.42	1.82

According to the Austrian Stock Corporation Act, the separate financial statement issued by PIERER Mobility AG in accordance with the Austrian accounting regulations on December 31, 2019 forms the basis for the payment of dividends.

For the financial year 2019, it is proposed that from the net profit of PIERER Mobility AG amounting to EUR 86,242k, a dividend of EUR 0.3 per share (in total EUR 6,729k) is paid out and the remaining carried forward. A dividend of EUR 6,762k was paid from the net profit in 2018.

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 for continuing operations as follows:

EURk	2019	2018
Annual audit for each individual company and the consolidated financial statements	461	456
Other assurance services	11	16
Other services	69	37
	541	509

20. EMPLOYEES

Employee numbers as stated include agency and external staff:

Balance as of 01/01/2019	4,303
Changes during the financial year	65
Balance as of 12/31/2019	4,368

As at December 31, 2019, 2,439 white-collar employees (previous year: 2,109) and 1,929 manual workers (previous year: 2,194) were employed. As at December 31, 2019, 3,639 employees (previous year: 3,625) are employed in Austria and 729 (previous year: 678) abroad. On average, the Group employed 4,369 people (previous year: 4,321, related to continuing operations), of which 2,309 were white-collar employees (previous year: 2,132) and 2,061 manual workers (previous year: 2,189).

During the 2019 financial year, total personnel expenses before the effects of capitalizing development costs were EUR 277,189k (previous year: EUR 309,976k). The Group's continuing operations account for EUR 277,189k (previous year: EUR 265,834k) and discontinued operation accounts for EUR 0k (previous year: EUR 44,142k).

V. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

21. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at cost less depreciation. Depreciation 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 - 13

The useful lives of the right-of-use assets (IFRS 16) reported under property, plant and equipment from January 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 2019 and 2018 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 01/01/2019	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 (current)	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
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
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 01/01/2018	23,918	216,960	339,108	103,141	29,626	712,753
Additions	740	12,383	39,787	19,018	18,194	90,122
Disposals	-3,713	-7,534	-10,347	-9,107	-321	-31,022
Changes in the scope of consolidation	-4,180	-50,457	-154,221	-22,391	-7,951	-239,200
Currency translation	4	483	453	545	78	1,563
Transfers	676	11,698	12,095	1,395	-25,887	-23
Balance as of 12/31/2018	17,445	183,533	226,875	92,601	13,739	534,193

EURk	Real Estate	Buildings	Technical plant and machinery	Operational and business equipment	Advance payments and investments in construction	Total
Accumulated depreciation and amortization:						
Balance as of 01/01/2018	64	55,947	231,839	67,579	0	355,429
Additions	0	6,773	28,866	12,054	0	47,693
Disposals	0	-2,278	-9,971	-7,761	0	-20,010
Changes in the scope of consolidation	-44	-21,363	-95,741	-16,145	0	-133,293
Currency translation	0	201	382	438	0	1,021
Transfers	0	-5	0	5	0	0
Balance as of 12/31/2018	20	39,275	155,375	56,170	0	250,840
Carrying amount:						
Balance as of 12/31/2018	17,425	144,258	71,500	36,431	13,739	283,353
Balance as of 12/31/2017	23,854	161,013	107,269	35,562	29,626	357,324

Plant additions include investments amounting to EUR 54,862k (previous year: EUR 18,529k) 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 EUR 1,106k (previous year: EUR 327k) 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 EUR 58,700k (previous year: EUR 58,700k) were secured by pledge agreements recorded in the land register and duly filed, above all for liabilities owed to credit institutions.

22. INTANGIBLE ASSETS

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

Useful life	in years
Software	2 - 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 2019 financial year, development costs of EUR 98,567k (previous year: EUR 81,049k) were capitalized and a total of EUR 44,889k (previous year: EUR 32,558k) were amortized. As of December 31, 2019, development costs with a carrying amount of EUR 283,294k (previous year: EUR 230,228k) are included in intangible assets.

Intangible assets of indeterminate useful life, such as the "KTM" brand (recognized at a value of EUR 61,103k in the course of the initial purchase price allocation), are not amortized but are instead subjected to an annual impairment test. The Executive Board assumes an indeterminate useful life for the "KTM" brand because the rights are not subject to any restrictions as to time, in law or by contract in the relevant markets and because the sustained public awareness of the brand indicates that there has been no loss of economic value. The "KTM" brand is attributed to the

“KTM” cash-generating unit. Since the brand does 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 23. “Goodwill”).

The breakdown of intangible assets and the development of that item over the 2019 financial year as well as over the 2018 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 cost:				
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
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
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 01/01/2018	59,129	317,358	5,184	381,671
Additions	8,259	81,049	4,160	93,468
Disposals	-8,279	0	0	-8,279
Changes in the scope of consolidation	-6,667	-17,096	0	-23,763
Currency translation	32	1	0	33
Transfers	5,081	0	-5,057	24
Balance as of 12/31/2018	57,555	381,312	4,287	443,154

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 01/01/2018	29,471	72,611	0	102,082
Additions	10,576	33,048	0	43,624
Disposals	-8,239	0	0	-8,239
Changes in the scope of consolidation	-4,648	-16,230	0	-20,878
Currency translation	3	1	0	4
Transfers	0	0	0	0
Balance as of 12/31/2018	27,163	89,430	0	116,593
Carrying amount:				
Balance as of 12/31/2018	30,392	291,882	4,287	326,561
Balance as of 12/31/2017	29,658	244,747	5,184	279,589

In the current financial year, an impairment charge of EUR 612k (previous year: EUR 0k) 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 EUR -232k (previous year: EUR -7,096k) has been made to other additions to intangible assets to reflect transactions that had no cash flow effect.

23. GOODWILL

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 cash flows used in the impairment test for the cash-generating unit "KTM" are based on the most recent medium-term planning figures, which entail a planning horizon of three years. 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 no growth discount being applied. The discount rate used was a weighted average cost of capital (WACC) before taxes of 9.2% (previous year: 9.4%). 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, any increase in input tax for WACC to 12.9% (previous year: 14.2%) or decline in budgeted future EBITs by 29.3% (previous year: 34.2%) would result in the carrying amount of the CGU corresponding to the recoverable amount.

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

EURk	2019	2018
Acquisition and production costs:		
Balance as of 01/01	116,141	140,171
Changes in the scope of consolidation	33,931	-24,124
Currency translation	217	94
Balance as of 12/31	150,289	116,141
Accumulated depreciation and amortization:		
Balance as of 01/01	19,969	23,046
Changes in the scope of consolidation	0	-3,078
Currency translation	9	1
Balance as of 12/31	19,978	19,969
Balance as of 12/31	130,311	96,172
KTM	109,909	96,172
PEXCO	19,457	-
Avocado	945	-

PEXCO GmbH was acquired as of December 23, 2019. Due to the proximity of the acquisition to the balance sheet date, the recoverable amount as of December 31, 2019 was determined on the basis of the purchase price (= fair value) and was higher than the carrying amount.

24. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The investments in associates accounted for under the equity method are regarded individually as immaterial. The investments accounted for using the equity method as at December 31, 2019 are Kiska GmbH, KTM Asia Motorcycle Manufacturing Inc. and CFMOTO-KTMR2R Motorcycles Co., Ltd. The disposals of companies accounted for using the equity method are shown in Note 7.

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 CF Moto 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.

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

EURk	2019	2018
Book value of investments on 1/1	26,138	15,050
Acquisition of holdings	0	16,091
Consolidation changes (successive acquisition)	-3,699	0
Disposal of holdings	-5,621	0
Proportionate net income	-1,484	-4,925
Change in disclosure (simple participation)	-1,455	0
Other comprehensive income	-31	-121
Dividend	-997	-221
Other	777	264
Book value of investments on 12/31	13,628	26,138

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	12/31/2019	12/31/2018
Deferred tax assets:		
Current assets:		
Inventories	8,075	7,353
Non-current assets:		
Fixed assets	547	373
Loss carryforwards	5,688	2,845
Employee benefits	4,525	3,603
Provisions	3,125	2,237
Liabilities	1,087	837
	23,047	17,248
Offsetting	-13,047	-14,222
	10,000	3,026

EURk	12/31/2019	12/31/2018
Deferred tax liabilities:		
Currents assets	-641	-743
Non-current assets	-91,807	-76,472
Other	-63	-46
	-92,511	-77,261
Offsetting	13,047	14,222
	-79,464	-63,039

Deferred tax assets in relation to non-current assets include EUR 2,255k (previous year: EUR 1,609k) in relation to the remaining sevenths of write-downs of equity holdings to going concern value pursuant to sec. 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 December 31, 2019 (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 EUR 401,422k (previous year: EUR 314,280k) arising in connection with holdings in subsidiaries and financial investments accounted for using the equity method.

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

EURk	2019	2018
Deferred tax (net) at 01/01	-60,013	-45,972
Change in scope of consolidation	2,666	-3,807
Deferred taxes recognized in the income statement	-13,453	-11,276
Deferred taxes recognized in other comprehensive income	942	994
Deferred taxes recognized in equity	364	0
Foreign currency	30	48
Deferred tax (net) at 12/31	-69,464	-60,013

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

EURk	Loss carryforward 12/31/2019	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
PF Beteiligungsverwaltungs GmbH	11,472	-11,472	0	0
Other	3,252	-976	2,276	2,276
	68,595	-66,319	2,276	2,276

EURk	Loss carryforward 12/31/2018	Allowance 12/31/2018	Remaining loss carryforward 12/31/2018	Deferred tax asset 12/31/2018
PIERER Mobility AG	65,964	-65,964	0	0
PF Beteiligungsverwaltungs GmbH	10,835	-10,835	0	0
Other	4,542	-1,697	2,845	2,845
	81,341	-78,496	2,845	2,845

Others in the amount of EUR 2,276k (previous year: EUR 2,845k) 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.

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 EUR 67,474k (previous year: EUR 86,478k). 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	12/31/2019	12/31/2018
Receivables from financing activities	2,452	9,127
Lease receivables from subleases	880	0
Other	2,138	227
	5,470	9,354

Other non-current assets include, among other things, the investment in KTM MOTOHALL GmbH and AC styria Mobilitätscluster GmbH, which are measured at fair value under other comprehensive income.

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	12/31/2019	12/31/2018
Raw materials, auxiliary materials and operating materials	66,714	71,573
Unfinished products	30,063	21,947
Finished products and goods	224,865	193,010
	321,642	286,530

EURk	12/31/2019	12/31/2018
Gross inventory level	346,074	309,680
- Allowances	-24,432	-23,150
Net inventory level	321,642	286,530

The carrying amount of inventories recognized at the lower net realizable value amounts to EUR 67,939k (previous year: EUR 57,926k).

28. TRADE RECEIVABLES

The gross value of third-party trade receivables is stated net of individual value adjustments of EUR 2,921k (previous year: EUR 1,741k).

Movements in allowances on receivables were as follows:

EURk	Trade receivables
Balance as of 01/01/2018	2,878
Adjustment from first-time application of IFRS 9	-13
Change in scope of consolidation	-472
Currency translation	-6
Additions to specific valuation allowance	558
Additions to expected loss allowance	42
Utilization	-303
Reversals	-943
Balance as of 12/31/2018 = 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	2,921

Expenses for the complete derecognition of trade receivables amounted to EUR 100k (previous year: EUR 75k).

Contract assets are recorded in the PIERER Mobility-Group in the trade receivables and can be carried over as follows:

Contract Assets	EURk
Balance as of 01/01/2018	1,332
Transfers to customer receivables	-415
Reversals	-917
Balance as of 12/31/2019	0

The contract assets of the previous year related to contracts for the make-to-order production of products in which the customer obtained control of the goods during their manufacture. No contract assets were recorded in the 2019 financial year due to the expiration of the business model.

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	12/31/2019	12/31/2018
Receivables from derivative financial instruments	2,750	3,653
ABS (asset backed securities) financing	11,271	6,564
Receivables from related company shareholders	8,182	173
Other	7,925	7,887
Other current financial assets	30,128	18,277
Subsidies	14,753	27,630
Receivables due from tax offices	2,045	1,543
Receivables from value added taxes (from tax group settlement with Pierer Industrie AG)	4,251	5,704
Advance payments on inventory and other prepayments	18,925	17,351
Other	3,128	34
Other current non-financial assets	43,102	52,262
Other current assets	73,230	70,539

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 date of acquisition) 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 2019 and 2018 financial years are presented on pages 104-105.

During the 21st Annual General Meeting held on April 26, 2018, the decision was taken in relation to the simplified capital reduction of the company's share capital by EUR 2.00 through redemption of two treasury shares from EUR 225,386,742 to EUR 225,386,740. This reduction was made through the redemption of two no-par-value bearer shares with a proportional amount of the share capital of EUR 1.00 per bearer share. This capital reduction served the sole purpose of creating a share capital figure. Furthermore, the proper reduction of the company's share capital from EUR 225,386,740 to EUR 22,538,674 by combining shares at a ratio of 10:1 for the purpose of transferring EUR 202,848,066 to an unappropriated reserve was resolved. After implementing these resolutions, the company's share capital 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 interest 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, 108,015 treasury shares were purchased at a purchase price of EUR 5,220k. The **reserve for treasury shares** amounted to EUR -5,220k on the reporting date.

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:

2019 EURk	KTM AG	Pankl Racing Systems 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 activity	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

2018 EURk	KTM AG	Pankl Racing Systems AG (until sale in June 2018)	Other	Total
Percentage of non-controlling interests on reporting date	48.31%	1.77%		
Revenue	1,454,745	110,163	-5,335	1,559,573
Profit	89,770	5,352	19,063	114,185
Other comprehensive income	-2,470	644	-1,371	-3,197
Total comprehensive income	87,300	5,996	17,692	110,988
Profit assigned to non-controlling interests	43,663	18	3,036	46,717
Other comprehensive income assigned to non-controlling interests	-1,185	-5	-3,928	-5,118
Non-current assets	702,313	0	42,291	744,604
Current assets	570,199	0	39,073	609,272
Non-current liabilities	-392,592	0	-42,235	-434,827
Current liabilities	-357,007	0	-11,266	-368,273
Net assets	522,913	0	27,863	550,776
Carrying amount of non-controlling interests	252,644	0	711	253,355
Cash flow from operating activity	73,415	2,806	9,237	85,458
Cash flow from investing activity	-179,637	-15,862	93,381	-102,118
Cash flow from financing activity	25,240	12,499	-101,075	-63,336
Cash change	-80,982	-557	1,543	-79,996
Dividends from non-controlling interests	11,774	33	0	11,807

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	12/31/2019	12/31/2018
Carrying amount acquired (-) or disposed of (+) for non-controlling interests	137	-14,883
Purchase price received from (+) or paid (-) to non-controlling shareholders	-240	-6,195
Difference recorded in equity	-103	-21,078

Owing to the intra-group sale of the KTM Components-Group to KTM AG, there was a shift in the previous year between the equity of the owners of the parent company and the non-controlling interests amounting to EUR 19,307k. In the previous year, the stake in the KTM Components-Group was reduced from 88.26% (directly and indirectly) to 51.62%.

Movements in **other earnings** after tax within consolidated equity were as follows:

EURk	Reserve in pursuant to IFRS 9	Reserves including total earnings	Foreign currency translation reserve	Total	Interests non-controlling shareholders	Total consolidated equity
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
2018						
Currency translation differences	0	0	3,437	3,437	-3,654	-217
Cash flow hedge	-1,070	0	0	-1,070	-1,065	-2,135
Revaluation of net debt from defined benefit plans	0	-446	0	-446	-399	-845
	-1,070	-446	3,437	1,921	-5,118	-3,197

32. FINANCIAL LIABILITIES

EURk	12/31/2019	12/31/2019	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

EURk	12/31/2018	12/31/2018	12/31/2018	12/31/2018
	Nominal	Carrying amount	Term < 1 year	Term > 1 year
Promissory note loans	234,500	233,871	0	233,871
Registered bond	30,000	30,000	0	30,000
Liabilities owed to credit institutions	90,426	90,426	28,955	61,471
Liabilities from supplier finance program between group companies	36,906	36,906	36,906	0
Lease liabilities	19,016	19,016	4,909	14,107
Other interest-bearing liabilities	2,393	2,393	2,393	0
Total financial liabilities	413,241	412,612	73,163	339,449

In July 2015, PIERER Mobility AG issued a promissory note loan with a value of EUR 56,500k and a term of five and seven years. In January 2017, a part of the promissory note loan in the amount of EUR 32,000k, EUR 25,500k of which with a term of five years and EUR 6,500k of which with a term of seven years, was repaid early. A part of the promissory note loan totaling EUR 12,500k 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 June 2016, a promissory note loan with an issuing volume of EUR 120,000k 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 EUR 135,000k and terms of seven and ten years was successfully placed. In addition, EUR 32,500k of the promissory note loan issued in 2016 was repaid early.

In the first quarter of 2019, EUR 120,000k were drawn on the loan concluded with the European Investment Bank in the 2018 financial year.

33. LIABILITIES FOR EMPLOYEE BENEFITS

The obligations relating to employee benefits consist of obligations relating to severance pay and anniversary bonuses:

EURk	12/31/2019	12/31/2018
Severance payments	22,501	20,119
Anniversary bonuses	6,846	4,917
	29,347	25,036

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 January 1, 2003. The level of this defined benefit obligation depends on the number of years of service and on the employee's relevant remuneration at the time of departure. For all employees in Austria who joined after December 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 January 1, 2003, contributions amounting to 1.53% of wages or salary were paid into a statutory staff severance pay fund. Total contributions of EUR 2,171k were paid during the past financial year (previous year: EUR 2,311k).

Movements in the net liability under defined benefit plans in respect of **severance pay** during the financial year were as follows:

EURk	12/31/2019	12/31/2018
Conditional benefit:		
Balance as of 01/01	20,119	20,268
Service cost	811	878
Interest expenses	382	346
Payments made	-889	-460
Actuarial gain / loss	2,747	1,126
Changes in the scope of consolidation	-247	-1,672
Miscellaneous	-422	-367
Balance as of 12/31	22,501	20,119

The weighted durations of the severance payment obligations as at December 31, 2019 were 13 years (previous year: 14 years).

The actuarial gain/loss is made up of the following factors:

EURk	12/31/2019	12/31/2018
Change in expected values	214	174
Change in demographic assumptions	10	293
Change in financial assumptions	2,523	659
Actuarial gain / loss	2,747	1,126

The measurement of the obligation is based on the following assumptions:

	12/31/2019	12/31/2018
Discount rate	1.10%	2.00%
Wage / salary trend	2.75%	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 December 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%

As of December 31, 2018, 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%	6.8%

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	12/31/2019	12/31/2018
Balance as of 01/01	4,917	3,733
Service cost	502	383
Interest expenses	98	74
Payments made	-73	-32
Actuarial gain / loss	1,403	758
Miscellaneous	-1	1
Balance as of 12/31	6,846	4,917

34. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other **non-current** liabilities essentially comprise the following:

EURk	12/31/2019	12/31/2018
Deposits = Other non-current financial liabilities	7,325	6,796
Other non-current non-financial liabilities	2,212	507
Other non-current liabilities	9,537	7,303

Other **current liabilities** essentially comprise the following:

EURk	12/31/2019	12/31/2018
Sales bonuses	20,773	22,067
Price rebates	2,524	1,287
Liabilities from derivative financial instruments	1,910	1,163
Purchase price liability for acquisition of Kiska GmbH	0	6,000
Other financial liabilities	7,502	7,122
Other current financial liabilities	32,709	37,639
Employee benefits	35,075	37,142
Prepayments	2,757	5,507
Tax liabilities	6,638	6,493
Other non-financial liabilities	523	123
Other current non-financial liabilities	44,993	49,265
Other current liabilities	77,702	86,904

Current employee benefits mainly include liabilities for unconsumed vacations, liabilities for employee bonuses, liabilities to district health insurance funds, and wage and salary liabilities.

35. PROVISIONS

The group makes provisions for 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 01/01/2019	Additions	Dissolutions	Utilization	Changes in the scope of consolidation	Balance as of 12/31/2019
Current provisions						
Provisions for guarantee and warranty	11,996	11,960	0	-11,563	55	12,448
Provisions for legal actions	478	63	-90	-199	0	252
Other provisions	2,257	187	-128	-129	2,070	4,257
	14,731	12,210	-218	-11,891	2,125	16,957

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 receivables and liabilities denominated in foreign currencies, 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 1/1/2019	Changes affecting cash flow	Changes not affecting cash flow					Carrying amount 12/31/2019
			Acquisition	Reclass- ification	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

EURk	Balance as of 1/1/2018	Changes affecting cash flow	Changes not affecting cash flow					Carrying amount 12/31/2018
			Acquisition	Reclassification	Scope of consolidation changes	Transaction costs	Accrued interest	
Current financial liabilities	170,481	-106,171	0	18,993	-15,301	0	251	68,254
Non-current financial liabilities	370,460	70,282	0	-18,993	-96,841	169	266	325,342
Current lease liabilities	1,013	-1,013	0	4,909	0	0	0	4,909
Non-current lease liabilities	2,081	-1,592	18,528	-4,909	0	0	0	14,107
Total	544,035	-38,494	18,528	0	-112,142	169	517	412,612

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 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 its biggest and most essential interest.

In accordance with the requirements of sec. 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 focus of activities of the KTM-Group is on the motorcycle industry. The sales opportunities for motorcycles are determined by the general economic trend prevailing in the countries and regions where motorcycle manufacturers do business. As past years have shown, the motorcycle industry is generally a cyclical industry and is moreover 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 industrialized countries is characterized by intense competition; KTM's 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 KTM's successful market strategy, market leadership has been achieved in Europe.

▪ **SALES RISK**

The largest individual sales markets of KTM are the European market and the US market. A slump in these markets could have a negative impact on the business activities of KTM. Entering new markets essentially involves a cost risk for KTM 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, KTM continues to work steadily towards the implementation of a global product strategy.

38. SECTOR-SPECIFIC RISKS

▪ **RESTRICTIONS RELATING TO MOTORCYCLING**

The revenue of the KTM-Group depends, inter alia, on the possible offroad uses of its 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. KTM is therefore exposed to this risk only indirectly. To minimize risk and ensure the availability of materials, KTM 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.

▪ **RESEARCH AND DEVELOPMENT, RACING**

Competitive positioning is largely dependent on technical innovation and the introduction of new products. To this end, new trends must be identified promptly. To counteract the risk, our own products' innovative capacity must be ensured.

KTM therefore attaches high value to the early recognition of motorcycle 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 production, all technical innovations are moreover subjected to comprehensive testing using the quality management system so as to eliminate any technical defects that could have a negative effect on earnings development as much as possible.

▪ **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 an intrusion prevention system 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, evaluated and prioritized by means of risk management measures and a solution is then applied.

Care is taken to ensure that all users of the 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.

We apply the same high quality standards in the area of data security and data protection as we do for our products.

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 in charge of 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 the company's revenue and income. KTM earned approximately 25% of its revenues in US dollars during the 2019 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 perform 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 effects of the credit risk of the counterparties and the Group on the fair value of forward exchange contracts that are not reflected in the change in the fair value of the hedged cash flows attributable to changes in 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 2020 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 income, and equity.

The PIERER Mobility-Group bases the analysis on the following assumptions:

- For the sensitivity of profit and loss, bank balances, receivables and liabilities of the Group, as well as future cash inflows and outflows in foreign currency that are not accounted for in the functional currency of the Group company are taken into account. Account is also taken of open derivatives on cash flow hedges where the underlying transaction has already been realized on the reporting date (recognized as income).
- For the sensitivity of other comprehensive income, open derivatives of the cash flow hedge whose underlying transaction has not yet been realized (not affecting income) as of the reporting date are taken into account. The exposure corresponds to the notional amount of the open derivatives.

Increase (+) / Decrease (-) EURk	10% increase		10% devaluation	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Change in net result	-13,172	-15,760	16,098	19,262
Change in currency-related cash flow hedge provisions	5,882	2,454	-5,521	-3,083
Change in equity	-7,290	-13,306	10,577	16,179

▪ 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 influence of the credit risk of the counterparty and the Group on the fair value of the interest rate derivatives that is not reflected in the change in the fair value of the hedged cash flows attributable to changes in 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	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Change in net result	-880	-473	422	474
Change in interest-related cash flow hedge provisions	-14	-58	14	59
Change in equity	-894	-531	436	533

▪ 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 and contract assets

The risk of default on receivables from customers can be rated as low, as ongoing checks of the credit-worthiness 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 (including contract assets) as of December 31, 2019 is presented in the following table.

Trade receivables incl. contract assets 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	-528	-2,393	-2,921
Total	174,296	900	175,196

A summary of the default risk on trade receivables (including contract assets) as of December 31, 2018 is presented in the following table.

Trade receivables incl. contract assets EURk	Not impaired in creditworthiness	Creditworthiness impaired	Total
Not overdue	125,496	0	125,496
Overdue 1-30 days	19,586	0	19,586
Overdue 31-60 days	1,004	0	1,004
Overdue 61-90 days	324	0	324
Overdue > 90 days	2,560	2,128	4,688
Total gross carrying amount	148,970	2,128	151,098
Impairment loss	-98	-1,643	-1,741
Total	148,872	485	149,357

To determine the need for impairment of trade receivables for which no specific valuation allowances have been made, the PIERER Mobility-Group evaluated the defaults of recent years. The analysis has shown that there is only an insignificant risk for receivables that are overdue to a certain extent. The estimation of loss rates is based on historical default rates in relation to past due dates and taking into account future-oriented information.

Estimation of expected credit losses

Based on the actual defaults observed in the past, an average default rate of 0.06 % (previous year: 0.06%) was determined for trade receivables for continuing operations. An addition of EUR 0k (previous year: EUR 42k) was recorded. In addition, EUR 430k was added due to initial consolidations. The level of impairment losses for expected losses as of December 31, 2019 thus amounts to EUR 528k (previous year: EUR 98k).

Changes in value adjustments

Changes in value adjustments related to trade receivables (including contract assets) are described in the annex 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 this item 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 comprise the following:

EURk	Carrying amount 12/31/2019	Cash flow 2020			Cash flow 2021 to 2024			Cash flow from 2025		
		Fixed interest	Variable interest	Re-payment	Fixed interest	Variable interest	Re-payment	Fixed interest	Variable interest	Re-payment
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

EURk	Carrying amount 12/31/2018	Cash flow 2019			Cash flow 2020 to 2023			Cash flow from 2024		
		Fixed interest	Variable interest	Re-payment	Fixed interest	Variable interest	Re-payment	Fixed interest	Variable interest	Re-payment
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	89	0	0	89	0	0	0	0	0	0
Other financial liabilities - derivatives with negative market value (cash flow hedge)	1,074	185	0	1,074	164	0	0	0	0	0
Total	1,163	185	0	1,163	164	0	0	0	0	0
Financial liabilities not measured at fair value										
At amortized cost										
Interest-bearing liabilities	393,596	5,201	943	68,254	17,565	2,985	87,263	10,553	2,042	238,689
Liabilities under finance leases	19,016	0	162	4,909	0	230	14,107	0	0	0
Trade payables	190,611	0	0	190,611	0	0	0	0	0	0
Other financial liabilities (current and non-current)	43,272	0	0	43,272	0	0	0	0	0	0
Total	646,495	5,201	1,105	307,046	17,565	3,215	101,370	10,553	2,042	238,689
Total	647,658	5,386	1,105	308,209	17,729	3,215	101,370	10,553	2,042	238,689

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.

41. OTHER RISKS

▪ RISKS DUE TO THE LEGAL FRAMEWORK

As the PIERER Mobility-Group markets its motorcycles in a large number of countries, 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. To counteract the risk, the regulations in each country are analyzed in detail prior to market entry and subsequently monitored on an ongoing basis so that any changes can be responded to in a timely manner.

▪ 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 the 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.

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 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 term to maturity using the effective interest method and recognized in the financial result. Issuing costs incurred in connection with bonds are recognized as an expense over the term 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 allowances are made against financial assets if they are regarded as uncollectible or partly uncollectible. Signs that an individual allowance is required are financial difficulties, insolvency, breach of contract or considerable delay in payment on the part of the customer. The individual allowances 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

IFRS 9 introduces the concept of the cost of hedging. 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 measurement 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 12/31/2019	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 non-current 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		

EURk	Carrying amount 12/31/2018	Classification under IFRS 9	Fair value 12/31/2018
Financial assets measured at fair value			
Other current assets - derivatives with positive market value that have already been assigned to receivables	514	FVPL	514
Other current assets - derivatives with positive market value (cash flow hedge)	3,139	FVOCI	3,139
Trade receivables	9,143	FVPL	-
Other non-current financial assets	215	FVOCI	215
Total	13,011		
Financial assets not measured at fair value			
Cash and cash equivalents	89,347	AC	-
Trade receivables	140,214	AC	-
Other financial assets	23,763	AC	-
Total	253,324		
Total	266,335		

Receivables sold in connection with the current ABS program are 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 EUR 185,000k (previous year: EUR 120,000k). As of the reporting date, trade receivables of EUR 149,090k (previous year: EUR 124,073k) had been sold to third parties. Up to a contractually defined amount, KTM continues to bear a risk from credit risk related defaults. As of December 31, 2019, the maximum ensuing risk of loss was EUR 1,035k (previous year: EUR 867k). The expected loss is recorded as a liability and expensed at the time of sale. As of December 31, 2019, the carrying amount of the

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	-	-	-	-

Fair value				Carrying amount 12/31/2018				
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
-	514	-	514	-	-	-	-	514
-	3,139	-	3,139	-	-	-	-	3,139
-	-	-	9,143	-	-	-	9,143	-
-	-	215	215	-	-	215	-	-
-	-	-	-	89,347	-	-	-	-
-	-	-	-	140,214	-	-	-	-
-	-	-	-	23,763	-	-	-	-

ongoing commitment was EUR 1,035k (previous year: EUR 867k) and is disclosed under other current liabilities. The carrying amount represents the fair value of the ongoing commitment. Expenses of EUR -169k (previous year: EUR 329k) were recognized in the income statement during the period under review; the cumulative total since the commencement of the transaction is EUR 1,035k (previous year: EUR 867k).

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 12/31/2019	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		

EURk	Carrying amount 12/31/2018	Classification under IFRS 9	Fair value 12/31/2018
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	89	FVPL	89
Other financial liabilities - derivatives with negative market value (cash flow hedge)	1,074	FVOCI	1,074
Total	1,163		
Financial liabilities not measured at fair value			
At amortized cost			
Interest-bearing liabilities	393,596	AC	402,644
Liabilities under finance leases	19,016	AC	-
Trade payables	190,611	AC	-
Other financial liabilities (current and non-current)	43,272	AC	-
Total	646,495		
Total	647,658		

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	-	-	-	-

Fair value				Carrying amount 12/31/2018				
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
-	89	-	89	-	-	-	-	89
-	1,074	-	1,074	-	-	-	-	1,074
-	-	402,644	402,644	393,596	-	-	-	-
-	-	-	-	19,016	-	-	-	-
-	-	-	-	190,611	-	-	-	-
-	-	-	-	43,272	-	-	-	-

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:

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

2018 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)	3,476	0	395	-75	-663	3,133
Fair Value through OCI (FVOCI) - equity instruments	57	0	0	40	0	97
Other financial liabilities - amortized cost (AC)	-18,547	0	0	0	0	-18,547
Total	-15,014	0	395	-35	-663	-15,317

The changes in the value adjustment and the derecognition of financial assets (amortized cost; previous year: loans and receivables) are shown under the other operating expenses of the respective overheads 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 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
Summe	1,553	0	1,553	-513	1,040
Financial assets 2018					
Other financial assets - Derivatives with positive market value that have already been assigned to receivables					
Forward currency transactions	3,653	0	3,653	-161	3,492
Total	3,653	0	3,653	-161	3,492
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
Financial liabilities 2018					
Other financial liabilities - Derivatives with negative market value that have already been assigned to receivables					
Forward currency transactions	785	0	785	-161	624
Interest rate swaps	378	0	378	0	378
Total	1,163	0	1,163	-161	1,002

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 risk of default. 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 December 31, 2019 or December 31, 2018:

12/31/2019	Currency	Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average foreign exchange rate	Term 1 - 5 years	Average foreign exchange 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	-	-
	SEK	-	-	27,557	-	-	-	-
	PLN	27,000	-63	14,499	27,000	4.33	-	-
	NOK	-	-	11,568	-	-	-	-
	CZK	-	-	13,313	-	-	-	-
	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%

12/31/2018	Currency	Notional amount in 1000 local currency	Market values in EURk	Exposures in EURk	Term up to 1 year	Average foreign exchange rate	Term 1 - 5 years	Average foreign exchange rate
Forward currency transactions	USD	-	-	-	-	-	-	-
	JPY	3,296,186	1,319	39,668	3,296,186	132.19	-	-
	CAD	24,800	690	40,128	24,800	1.51	-	-
	GBP	47,200	652	82,994	47,200	0.89	-	-
	CHF	13,300	-115	16,474	13,300	1.14	-	-
	SEK	83,000	-45	26,813	83,000	10.32	-	-
	PLN	16,500	63	13,393	16,500	4.26	-	-
	NOK	25,500	125	11,079	25,500	9.54	-	-
	CZK	84,000	41	12,536	84,000	25.65	-	-
	ZAR	-	-	-	-	-	-	-
CNY	40,165	139	6,059	40,165	8.19	-	-	

	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	18,988	-378	-	8,377	0.74%	10,611	1.03%

In cash flow hedge accounting, both variable future cash flows arising from non-current liabilities with maturity dates up to 2020 or up to 2023 and future operating cash flows (receipts as well as payments) planned for the next twelve months are hedged.

As of December 31, 2019 (as well as during the previous year), there were no derivative financial instruments for which no hedging relationships were able to be established.

At the reporting date, the amounts relating to items designated as **hedged items** were as follows.

EURk	Cash flow hedge reserve	Reserve for hedging costs	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
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

EURk	Cash flow hedge reserve	Reserve for hedging costs	Balances remaining in the cash flow hedge reserve from hedging relationships for which hedge accounting is no longer applied
12/31/2018			
Foreign currency risk			
Sales and receivables	1,174	-284	0
Inventory purchases	1,182	0	0
Interest rate risk			
Variable-rate instruments	-60	0	0
Total	2,296	-284	0

The hedging transactions designated as of the reporting date consisted of the following:

EURk	Nominal amount	Carrying amount		Line item in the statement of financial position where the hedging instrument is included
		Assets	Liabilities	
12/31/2019				
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	
12/31/2018				
Foreign currency risk				
Foreign currency forwards - sales and receivables	98,437	2,195	-785	Other current assets, other current liabilities
Foreign currency forwards - inventory purchases	30,376	1,458	0	Other current assets, other current liabilities
Interest rate risk				
Interest rate swaps	18,988	0	-378	Other current liabilities
Total	147,801	3,653	-1,163	

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 01/01/2018	0	3,833	3,833
Amount reclassified to the income statement			
Realization of hedged item (recognized in revenues - currency risk)	0	-5,485	-5,485
Realization of hedged item (recorded in net interest income - currency risk)	202	0	202
Realization of hedged item (recorded in net interest income - interest rate risk)	0	226	226
Inventories			
Realization of hedged item (recorded in inventories / production costs - currency risk)	0	1,121	1,121
Change in fair value			
Addition - interest rate risk	0	-86	-86
Addition - currency risk	-486	2,268	1,782
Cash flow hedge reserve from initial consolidation	0	105	105
Balance as of 12/31/2018 = balance as of 01/01/2019	-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
As of 12/31/2019	-314	278	-36

As of December 31, 2019, ineffective components of the derivative financial instruments classified as cash flow hedges yielded a net result (after tax) of EUR 0k (previous year: EUR 0k).

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 manage the interest rate risk with regard to variable interest rates, amortizing interest rate swaps with a nominal value of EUR 8,882k and a term of 10 years were concluded in the 2013 financial year, and amortizing interest rate swaps with a nominal value of EUR 30,000k and a term of 6 years were concluded in the 2014 financial year.

As of December 31, 2019, the outstanding notional amount was EUR 10,611k (previous year: EUR 18,988k).

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, which 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	12/31/2019	12/31/2018
Equity	618,633	550,776
Balance sheet total	1,613,892	1,353,876
Equity ratio	38.3%	40.7%

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	12/31/2019	12/31/2018
Non-current financial liabilities	470,309	339,449
Current financial liabilities	86,358	73,163
Cash and cash equivalents	556,667	412,612
Net financial debt	395,803	323,265

The key figures of “gearing” (ratio of net financial debt to equity) and the “dynamic debt level” (ratio of net financial debt to EBITDA) for monitoring the capital are represented as follows:

EURk	12/31/2019	12/31/2018
Equity	618,633	550,776
Net financial debt	395,803	323,265
Gearing	64.0%	58.7%

EURk	12/31/2019	12/31/2018
Net financial debt	395,803	323,265
EBITDA	240,793	210,962
Dynamic debt level	1.6	1.5

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, finance leases have been entered into for tools (special leasing) and machines with terms of 3-10 years.

Rights of use and leasing liabilities

EURk	Land and buildings	Machinery	Operational and business equipment	Total
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
2018				
Value on acquisition	0	22,132	0	22,132
- Accumulated depreciation and amortization	0	-3,269	0	-3,269
Carrying amount	0	18,863	0	18,863

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
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
2018			
Up to 1 year	5,071	162	4,909
Longer than 1 year and up to 5 years	14,337	230	14,107
Over 5 years	0	0	0
Total	19,408	392	19,016

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

2019 - Leases according to IFRS 16		EURk
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
2018 - Operating leases according to IAS 17		EURk
Rental and lease expenses		19,235

The expenses for leases for low-value assets relate to rental and lease agreements for IT equipment.

The statement of cash flows records cash outflows for leases in the amount of EUR 27,166k, of which EUR 15,021k are for the repayment of lease liabilities and EUR 12,145k short-term and low-value leases as well as interest expenses and income from subleases of rights of use.

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 2019 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 EUR 99k in the income statement. In addition, the group recognized interest income on leasing receivables in 2019 in the amount of EUR 12k (previous year: EUR 0k). The leasing receivables from subleases as of December 31, 2019 amounted to EUR 880k. Of this amount, EUR 290k is due in less than one year, EUR 293k is due in 2 years and EUR 297k is due in 3 years. In the previous year, the Group had no finance lease agreements as lessor in accordance with IAS 17.

X. EXPLANATIONS REGARDING RELATED PARTIES AND THE CORPORATE BODIES

49. RELATED PARTY TRANSACTIONS

According to the provisions of IAS 24, details of related party transactions are to be provided.

On the reporting date of December 31, 2019, 60.87% of the shares in PIERER Mobility AG were held by Pierer Industrie AG, which is wholly owned by Pierer Konzerngesellschaft mbH. The sole shareholder of Pierer Konzerngesellschaft mbH is Stefan Pierer.

Stefan Pierer held the following important positions in the Pierer Konzerngesellschaft mbH-Group as at December 31, 2019:

- 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 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 or decisively influenced 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 2019 financial year and in the previous year, there were no transactions with related persons (apart from Executive Board and Supervisory Board earnings, see point 51.). The business transactions with related companies are represented as follows according to the grouping described:

EURk	Shareholder related companies		Associated companies		Other companies	
	12/31/2019	12/31/18	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Receivables	19,103	19,215	2,338	35,776	5,588	730
Liabilities	-3,110	-2,244	-5,959	-2,921	-521	-11,032
Revenues	14,450	10,115	10,353	102,501	8,075	744
Expenses	-57,910	-33,760	-26,543	-26,289	-88,258	-93,461
Dividend	-4,192	-7,135	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 sec. 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 2019 financial year, expenses totaling EUR 5,628k were incurred with Pierer Konzerngesellschaft mbH (previous year: EUR 14,789k). As at the reporting date, there were outstanding liabilities amounting to EUR 869k (previous year: EUR 1,358k) and outstanding receivables amounting to EUR 8,872k (previous year: EUR 13,014k).

Since October 1, 2018, Pierer Industrie AG, Wels has formed a tax group for VAT purposes with the PIERER Mobility-Group. As at the reporting date, receivables from value-added tax credits amounting to EUR 4,251k (previous year: EUR 5,704k) are outstanding.

In the 2019 financial year, Pierer Industrie AG received dividends from PIERER Mobility AG amounting to EUR 4,192k (previous year Pierer Konzerngesellschaft mbH: EUR 4,258k) from the previous financial year 2018. In the context of the Pankl sale, the interest (dividends) accrued in the previous year on the perpetual bond of EUR 2,877k subscribed by Pierer Industrie AG was offset against the selling price (see also Note 7.).

Other transactions with shareholder related companies mainly concern the Pankl-Group, which acts as a supplier of purchased parts for the KTM-Group. Since June 30, 2018, the Pankl-Group has formed part of the Pierer Industrie-Group, and is therefore a related concern in accordance with IAS 24 as far as the PIERER Mobility-Group is concerned.

The 100% interest in KTM Components (Dalian) Co., Ltd., Dalian, China held by KTM Components GmbH was sold at a purchase price of EUR 1,000k to Pankl Racing Systems AG, Kapfenberg, with effect from July 1, 2019.

In addition, KTM AG sold 39% of the shares in KTM MOTOHALL GmbH to PIERER IMMOREAL GmbH for a purchase price of EUR 5,676k, effective June 30, 2019.

ASSOCIATED COMPANIES:

Expenses of EUR 15,168k were incurred for services provided by Kiska GmbH during the financial year (previous year: EUR 17,778k). As of December 31, 2019, accounts payable to Kiska GmbH stood at EUR 5,379k (previous year: EUR 2,875k). Other expenses mainly relate to transactions with KTM Asia Motorcycle Manufacturing Inc. of the Philippines.

Revenues from associated companies mainly relate to transactions with KTM Asia Motorcycle Manufacturing Inc. Revenues of the previous year mainly relate to deliveries and services to KTM Australia Holding Pty Ltd.

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 5.0 million motorcycles and three wheelers during the last financial year (reporting date: March 31, 2019). The cooperation focuses on the joint development of entry level street motorcycles, which are produced in India and distributed under the "KTM" brand by both companies in their respective core markets.

Mr. Rajiv Bajaj, the Deputy Chairman of the Supervisory Board, is the Chairman of the Executive Board and Managing Director of Bajaj Auto Ltd., Pune, India. Srinivasan Ravikumar, a member of the Supervisory Board, is a director of Bajaj Auto International Holdings B.V., Amsterdam, Netherlands, and President of Business Development and Assurance, Bajaj Auto Ltd., Pune, India. Bajaj Auto International Holdings B.V., Amsterdam, Netherlands, a subsidiary of Bajaj Auto Ltd., Pune, India, held 47.99% of KTM AG as of December 31, 2019. As of December 31, 2019, there was a receivable of EUR 3,211k from Bajaj Auto Ltd., Pune, India (previous year: a liability of EUR 5,029k). The expenses in the category "Other companies" mainly relate to Bajaj Auto Ltd.

In December 2018, PIERER Mobility AG acquired a 24% stake in Kiska GmbH from Kiska Holding GmbH, Anif, and as of December 31, 2018 holds a 50% stake in Kiska GmbH. As of December 31, 2018, there were outstanding purchase price liabilities in relation to Kiska Holding GmbH amounting to EUR 6,000k, and these were paid in January 2019.

Motorcycles and spare parts were delivered at arm's length to dealers (KTM Braumandl GmbH, MX - KTM Kini GmbH, KTM Regensburg GmbH, KTM Wien GmbH) in which the KTM-Group held minority stakes until financial year 2019 and which were accounted for as companies accounted for using the equity method. In the 2019 financial year, these stakes were sold to Pierer Industrie AG for a purchase price of EUR 177k. Transactions with these companies will be reported under Others from 2019.

50. CORPORATE BODIES OF PIERER MOBILITY AG

The following individuals were appointed as **members of the Executive Board** with collective power of representation:

Stefan **Pierer**, CEO
 Friedrich **Roithner**, CFO
 Hubert **Trunkenpolz**, CSO
 Viktor **Sigl** (since 12/19/2019)
 Harald **Plöckinger** (until 2/28/2019)

The following individuals were appointed as members of the **Supervisory Board**:

Josef **Blazicek**, Chairman
 Ernst **Chalupsky**, Deputy Chairman
 Klaus **Rinnerberger**
 Alfred **Hörtenhuber**

51. EXECUTIVE BOARD AND SUPERVISORY BOARD EARNINGS

The **remuneration for the Executive Board** 2019 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 EUR 2,908k (previous year: EUR 2,745k). Earning from previous periods for members of the executive board amount to a credit of EUR 177k. 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 2019 financial year. The service costs according to IFRS were EUR 0k (previous year: EUR 419k).

It is proposed that the **remuneration to be paid to the Supervisory Board** of PIERER Mobility AG for the 2019 financial year (payout in the 2020 financial year) shall amount to a total of EUR 57k (previous year: EUR 62k).

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 REPORTING DATE

PIERER Mobility AG also began listing its shares on the regulated market of the Frankfurt Stock Exchange on March 3, 2020.

With effect from January 1, 2020, KTM Immobilien GmbH acquired 80% of the shares in KTM MOTOHALL GmbH, Mattighofen, thus increasing its interest from 10% to 90%. KTM MOTOHALL GmbH is therefore fully consolidated as of January 1, 2020. Due to the fact that the agreements were only concluded after the reporting date, all the items listed below must be regarded as provisional for reasons of time in accordance with IFRS 3. The fair values of the identifiable assets and liabilities of KTM MOTOHALL GmbH upon the attainment of control (effective as of the 2020 financial year) were as follows:

EURk	
Non-current assets	44,095
Current assets	1,351
Non-current liabilities	-18,872
Current liabilities	-24,990
Net assets	1,584
Additions of non-controlling interests	-158
Fair value of shares previously recognised in the balance sheet	-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 EUR 110k 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 "KTM" cash-generating unit. As part of the company acquisition, fair values for trade receivables amounting to EUR 869k were acquired. The receivables that are likely to be uncollectible must be regarded as immaterial.

Further events that occurred after December 31, 2019 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	12/31/2019		12/31/2018	
		Interest %	Consolidation type	Interest %	Consolidation type
Fully consolidated company:					
KTM AG, Mattighofen	05/31/2005	51.71	FC	51.69	FC
KTM Immobilien GmbH, Mattighofen	05/31/2005	51.71	FC	51.69	FC
KTM North America, Inc., Amherst, Ohio, USA	05/31/2005	51.71	FCA	51.69	FCA
KTM-Motorsports Inc., Amherst, Ohio, USA	05/31/2005	51.71	FCA	51.69	FCA
KTM Japan K.K., Tokyo, Japan	05/31/2005	51.71	FCA	51.69	FCA
KTM-Racing AG, Frauenfeld, Switzerland	05/31/2005	51.71	FCA	51.69	FCA
KTM Sportcar GmbH, Mattighofen	05/31/2005	51.71	FC	51.69	FC
KTM Motorcycles S.A. Pty. Ltd., Northriding, South Africa	03/01/2009	51.71	FCA	51.69	FCA
KTM Sportmotorcycle Mexico C.V. de S.A., Lerma, Mexico	06/01/2009	51.71	FCA	51.69	FCA
KTM Sportmotorcycle GmbH, Mattighofen	03/31/2011	51.71	FC	51.69	FC
KTM-Sportmotorcycle India Private Limited, Pune, India	06/01/2012	51.71	FCA	51.69	FCA
Husqvarna Motorcycles GmbH, Mattighofen	01/01/2013	51.71	FC	51.69	FC
KTM Sportmotorcycle Deutschland GmbH, Ursensollen, Germany	12/31/2013	51.71	FCA	51.69	FCA
KTM Switzerland Ltd., Frauenfeld, Switzerland	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle UK Ltd., Brackley, UK	12/31/2013	51.71	FCA	51.69	FCA
KTM-Sportmotorcycle Espana S.L., Terrassa, Spain	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle France SAS, Saint Priest, France	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle Italia S.r.l., Meran, Italy	12/31/2013	51.71	FCA	51.69	FCA
KTM-Sportmotorcycle Nederland B.V., Malden, Netherlands	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle Scandinavia AB, Örebro, Sweden	12/31/2013	51.71	FCA	51.69	FCA
KTM-Sportmotorcycle Belgium S.A., Gembloux, (formerly: Wavre), Belgium	12/31/2013	51.71	FCA	51.69	FCA
KTM Canada Inc., Chambly, (formerly: St-Bruno), Canada	12/31/2013	51.71	FCA	51.69	FCA
KTM Hungária Kft., Budapest (formerly: Törökbalint), Hungary	12/31/2013	51.71	FCA	51.69	FCA
KTM Central East Europe s.r.o., Bratislava, Slovakia	12/31/2013	51.71	FCA	51.69	FCA
KTM Österreich GmbH, Mattighofen	12/31/2013	51.71	FC	51.69	FC
KTM Nordic Oy, Vantaa, Finland	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle d.o.o., Marburg, Slovenia	12/31/2013	51.71	FCA	51.69	FCA
KTM Czech Republic s.r.o., Pilsen, Czech Republic	12/31/2013	51.71	FCA	51.69	FCA
KTM Sportmotorcycle SEA PTE. Ltd., Singapore, Singapore	01/01/2014	51.71	FCA	51.69	FCA
Husqvarna Motorcycles Italia S.r.l., Meran, Italy	12/31/2013	51.71	FCA	51.69	FCA
Husqvarna Motorcycles Deutschland GmbH, Ursensollen, Germany	12/31/2013	51.71	FCA	51.69	FCA
Husqvarna Motorcycles Espana S.L., Terrassa, Spain	12/31/2013	51.71	FCA	51.69	FCA
Husqvarna Motorcycles UK Ltd., Brackley, UK	12/31/2013	51.71	FCA	51.69	FCA

Company	Initial consolidation date	12/31/2019		12/31/2018	
		Interest %	Consolidation type	Interest %	Consolidation type
Husqvarna Motorcycles France SAS, Saint Priest, France	12/31/2013	51.71	FCA	51.69	FCA
HQV Motorcycles Scandinavia AB, Örebro, Sweden	12/31/2013	51.71	FCA	51.69	FCA
Husqvarna Motorcycles North America, Inc., Murrieta, CA, USA	12/01/2013	51.71	FCA	51.69	FCA
Husqvarna Motorsports, Inc., Murrieta, CA, USA	04/01/2015	51.71	FCA	51.69	FCA
Husqvarna Motorcycles S.A. Pty. Ltd., Northriding, South Africa	04/01/2015	51.71	FCA	51.69	FCA
KTM Logistikzentrum GmbH, Mattighofen	09/16/2016	51.71	FC	51.69	FC
WP Suspension GmbH, Mattighofen	11/30/2016	51.71	FC	51.69	FC
KTM Sportmotorcycle MEA DMCC, Dubai	11/30/2016	51.71	FCA	51.69	FCA
WP Suspension North America, Inc., Murrieta, CA, USA	08/31/2017	51.71	FCA	51.69	FCA
KTM do Brasil Ltda., Sao Paulo, Brazil	12/31/2017	51.71	FCA	51.69	FCA
W Verwaltungs AG, Mattighofen	06/30/2005	51.64	FC	51.62	FC
KTM Components GmbH, Munderfing	11/30/2007	51.64	FC	51.62	FC
WP Immobilien GmbH, Munderfing	04/30/2005	51.64	FC	51.62	FC
WP Components GmbH, Munderfing	12/31/2009	51.64	FC	51.62	FC
KTM Components (Dalian) Co., Ltd., (formerly: WP CoolingSystems (Dalian) Co. Ltd.), Dalian, China	12/31/2017	-	-	51.62	FCA
Fuhrmann Erodieretechnik GmbH, Munderfing	01/01/2018	-	-	51.62	FC
KTM Beteiligungs GmbH, Mattighofen	04/30/2018	51.71	FC	51.69	FC
KTM Australia Holding Pty Ltd. (formerly: Motorcycle Distributors Australia Pty Ltd.), West Perth, Australia	07/01/2019	51.71	FCA	13.44	IEA
KTM Australia Pty Ltd. (formerly: Butmatic Pty Ltd.), Welshpool, Australia	07/01/2019	51.71	FCA	-	-
HQVA Pty Ltd., West Perth, Australia	07/01/2019	51.71	FCA	-	-
KTM Motorcycles Distributors NZ Limited Wellington Central, New Zealand	07/01/2019	51.71	FCA	-	-
Cero Design Studio S.L., Barcelona, Spain	10/01/2019	25.86	FCA	13.44	IEA
GASGAS Motorcycles GmbH, Mattighofen	10/31/2019	51.71	FC	-	-
PF Beteiligungsverwaltungs GmbH, Wels	12/31/2016	100.00	FC	100.00	FC
KTM Technologies GmbH, Anif	10/01/2019	74.00	FC	74.00	FC
KTM Innovation GmbH, Wels	03/31/2018	100.00	FC	74.00	FC
Avocado GmbH, Linz	04/30/2019	70.00	FC	-	-
Platin 1483. GmbH, Schweinfurt, Germany	12/31/2019	100.00	FCA	-	-
PEXCO GmbH, Schweinfurt, Germany	12/31/2019	100.00	FCA	40.00	IEA
PEXCO Italia S.r.l, Meran, Italy	12/31/2019	100.00	FCA	-	-
PEXCO Suisse GmbH, Frauenfeld, Switzerland	12/31/2019	100.00	FCA	-	-
PEXCO France SAS, Saint Priest, France	12/31/2019	100.00	FCA	-	-
Associated companies:					
KTM Asia Motorcycle Manufacturing Inc., Binan, Laguna, Philippines	-	17.58	IEA	17.57	IEA
KTM Wien GmbH, Vösendorf	-	-	-	13.44	IE
KTM Braumandl GmbH, Wels	-	-	-	13.44	IE

Company	Initial consolidation date	12/31/2019		12/31/2018	
		Interest %	Consolidation type	Interest %	Consolidation type
MX - KTM Kini GmbH, Wiesing	-	-	-	13.44	IE
KTM Regensburg GmbH, Regensburg, Germany	-	-	-	13.44	IEA
China Zhejiang CFMOTO-KTMR2R Motorcycles Co., Ltd., Hangzhou City, Zhejiang (formerly: Zhejiang Province), China	-	25.34	IEA	25.33	IEA
Kiska GmbH, Anif	-	50.00	IE	50.00	IE
Other non-current financial assets:					
Wethje Immobilien GmbH, Vilshofen-Pleinting, Germany	-	6.00	-	6.00	-
AC styria Mobilitätscluster GmbH, Grambach	-	12.33	-	12.33	-
KTM MOTOHALL GmbH, Mattighofen	-	5.17	-	25.33	IE

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 Group financial statements were approved by the Executive Board on 3/26/2020 (previous year: 3/19/2019) 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, March 6, 2020

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 (formerly: KTM Industries AG), Wels, Austria

and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, 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, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, 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, 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 („AP Regulation“) and Austrian Standards on Auditing. These standards require the audit to be conducted in accordance with International Standards on Auditing (ISAs). 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 company law and professional regulations, and we have fulfilled our other responsibilities under those relevant ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 AG

See notes to the consolidated financial statements: No. 22 and 23

Risk for the Consolidated Financial Statements

In its consolidated financial statements, PIERER Mobility AG allocated a goodwill with a carrying value of MEUR 109.9 and an intangible assets with an indefinite useful life with a carrying value of MEUR 61.1 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 management's cash flow projections, we gained an understanding of the planning process and compared the future cash flows used for impairment testing with the most recent budget which was approved by the supervisory board and the mid-term plan.
- Additionally, we discussed the assumptions for growth rates and operating results with the management and ascertained to what degree the historical experiences affect management's planning process, and whether external factors were considered adequately. We assessed compliance to budgets by comparing the budgets of previous years with the reported actual figures.
- With support of our internal valuation specialists we furthermore assessed the methodology used for impairment testing and the determination of the cost of capital for compliance with the applicable standards. Our internal valuation experts compared the assumptions, on which the determination of cost of capital was based, with market- and industry-specific reference values and verified the mathematical accuracy of the calculation.
- We also assessed whether the disclosures on the impairment test of goodwill and the brand in notes to the consolidated financial statements are appropriate.

BUSINESS COMBINATIONS AND PURCHASE PRICE ALLOCATIONS

See notes to the consolidated financial statements: No. 7

Risk for the Consolidated Financial Statements

PIERER Mobility AG previously held 26% of the shares in Motorcycle Distributors Australia Pty Ltd (now KTM Australia Holding Pty Ltd) and 40% of the shares in PEXCO GmbH. Effective July 1, 2019, PIERER Mobility AG acquired the remaining 74% of Motorcycle Distributors Australia Pty Ltd. The remaining 60% of the shares in PEXCO GmbH were acquired by PIERER Mobility AG with effect from December 23, 2019. This gave PIERER Mobility AG control over Motorcycle Distributors Australia Pty Ltd and PEXCO GmbH.

The previously held shares are to be recognized at fair value on the day of acquisition in accordance with IFRS 3. The result from the revaluation of the previously held equity interests amounts to MEUR 9.7 and is included in the operating result.

The purchase price allocation (including the asset identification) led to the recognition of customer relationships amounting to MEUR 12.4 with regards to PEXCO GmbH. In addition, PEXCO GmbH and Motorcycle Distributors Australia Pty Ltd recognized a goodwill.

The evaluation of customer relationships carried out in the course of the purchase price allocation is based on management's estimates of the key valuation assumptions such as cost of capital, development of sales, margins and expected exchange rates.

There is a risk for the consolidated financial statements that the shares previously held are not adequately valued and that the material assets acquired and liabilities assumed are not fully identified or incorrectly valued. There is also the risk that the information in the notes to the consolidated financial statements regarding the acquisition is not complete and appropriate.

Our Response

We have audited the business combinations (including the purchase price allocations) for Motorcycle Distributors Australia Pty Ltd and PEXCO GmbH as follows:

- Through surveys of management and other employees of PIERER Mobility AG as well as insights into the relevant contracts, we have gained an understanding of the business combinations. We have agreed the total purchase prices with the underlying contracts and proof of payment.
- We also assessed whether the identification of acquired assets and assumed liabilities met the requirements of IFRS 3. This includes, among others, assessing whether the recognized intangible assets have been correctly identified and measured and whether the value adjustments of assets and liabilities have been determined appropriately.

- For the purchase price allocation of PEXCO GmbH, together with our internal valuation specialists, we assessed whether the valuation method applied, including the determination of the weighted cost of capital for customer relationships, is in line with the relevant valuation principles. We discussed the planning assumptions used for the evaluation of customer relationships with management and ascertained whether external information and past experiences were adequately taken into account.
- In addition, we assessed the correct recognition of the business combinations in the consolidated financial statements of PIERER Mobility AG. We also assessed whether the disclosures in the notes on the business combinations are complete and appropriate

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, the additional requirements pursuant to Section 245a UGB (Austrian Commercial Code) and for such internal controls as management determines are 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.

AUDITORS' RESPONSIBILITY

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 AP 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 AP 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 entity's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates as well as 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 Austrian company law.

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.

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.

ADDITIONAL INFORMATION IN ACCORDANCE WITH ARTICLE 10 EU REGULATION

At the Annual General Meeting dated on April 25, 2019, we were elected as group auditors. We were appointed by the Supervisory Board on October 29, 2019. We have been the Group's auditors from 31 December 2014 without interruption.

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 AP 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 Dr. Helge Löffler.

Linz, March 6, 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:
Dr. Helge Löffler Wirtschaftsprüfer
(Austrian Chartered Accountant)

This report is a translation of the original report in German, which is solely valid.

The consolidated financial statements together with our auditor's opinion may only be published if the consolidated financial statements and the group 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

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 2020

Executive Board



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl

FINANCIAL CALENDAR

January 30, 2020	Announcement of preliminary annual results 2019 (after close of the stock market)
March 30, 2020	Publication of annual financial statements 2019
April 20, 2020	Record date annual general meeting
April 30, 2020	23rd annual general meeting (estimated)
May 7, 2020	Ex-dividend date
May 8, 2020	Record date "dividends"
May 11, 2020	Dividend payment date
August 31, 2020	Report on the 1st half year 2020 (after close of trading)

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.

VICTORIES & SUCCESSES 2019

KTM

WORLD AND US-CHAMPIONSHIPS

AMA 450SX Supercross World Champion

Cooper Webb (USA)

FIM 85cc Junior Motocross World Champion

Valerio Lata (ITA)

FIM MX2 Motocross World Champion

Jorge Prado (ESP)

FIM Cross-Country Rallies World Champion

Sam Sunderland (GBR)

FIM Junior Cross-Country Rallies

Luciano Benavides (ARG)

FIM Women's Cross-Country Rallies

Laia Sanz (ESP)

WESS Enduro World Championship

Manuel Lettenbichler (GER)

MANUFACTURER'S TITLES

FIM SuperEnduro World Championship

AMA Supercross 450SX

FIM 85cc World Championship

FIM MX2 World Championship

Cross-Country Rallies World Championship

MOTORSPORT RESULTS

FIM SuperEnduro World Championship

Cody Webb (2nd)

Taddy Blazusiak (3rd)

Dakar Rallye

Toby Price (1st)

Matthias Walkner (2nd)

Sam Sunderland (3rd)

MotoGP

Pol Espargaro (11th)

Moto2

Brad Binder (2nd)

Moto3

Aron Canet (2nd)

Celestino Vietti (6th)

FIM Motocross World Championship

Jorge Prado – MX2 (1st)

Tom Vialle – MX2 (4th)

Glenn Coldenhoff – MXGP (3rd)

FIM Motocross of Nations

Glenn Coldenhoff – Team Netherlands (1st)

Jeffrey Herlings – Team Netherlands (1st)

Extreme Enduro (Wins)

Manuel Lettenbichler (1st) – Red Bull Romaniacs, RO

Manuel Lettenbichler (1st) – GetzenRodeo, GER

French Beach Race Series

Nathan Watson (1st)

FIM International Six Days Enduro

Kailub Russell – Team USA (1st)

Taylor Robert – Team USA (1st)

Josep Garcia – Team Spain (4th)

AMA 450MX Pro Motocross Championship

Marvin Musquin (3rd)

Cooper Webb (6th)

HUSQVARNA MOTORCYCLE

WORLD & US CHAMPIONS

FIM SuperEnduro World Champion

Colton Haaker

FIM 125cc Junior Motocross World Champion

Mattia Guadagnini

MOTORSPORT RESULTS

FIM SuperEnduro World Championship

Colton Haaker (1st)

Alfredo Gomez (5th)

FIM Cross Country Rallies World Championship

Andrew Short (2nd)

Pablo Quintanilla (7th)

FIM Motocross World Championship

Thomas Kjer Olsen – MX2 (2nd)

Jed Beaton – MX2 (12th)

Pauls Jonass – MXGP (6th)

Arminas Jasikonis – MXGP (7th)

FIM Motocross of Nations

Zach Osborne – Team USA (6th)

Jason Anderson – Team USA (6th)

Pauls Jonass – Team Latvia (8th)

Thomas Kjer Olsen – Team Denmark (10th)

World Enduro Super Series

Alfredo Gomez (2nd)

Graham Jarvis (5th)

Billy Bolt (9th)

Extreme Enduro

Graham Jarvis (1st) – Erzbergrodeo Hare Scramble, AUT

Graham Jarvis (1st) – Hixpania Hard Enduro, ESP

Alfredo Gomez (2nd) – Hixpania Hard Enduro, ESP

Alfredo Gomez (2nd) – Romaniacs, RO

Graham Jarvis (3rd) – Romaniacs, RO

Alfredo Gomez (2nd) – GetzenRodeo, GER

AMA 450SX Supercross Championship

Dean Wilson (6th)

Zach Osborne (14th)

AMA 250SX Supercross Championship

Michael Mosiman (6th) 250SX West

Jordan Bailey (10th) 250SX East

AMA 450MX Pro Motocross Championship

Jason Anderson (4th)

Zach Osborne (5th)

Dean Wilson (13th)

AMA 250MX Pro Motocross Championship

Michael Mosiman (8th)

Jordan Bailey (15th)



**PIERER Mobility AG (vormals: KTM Industries AG),
Wels**

Jahresabschluss
und Lagebericht zum
31. Dezember 2019

Bilanz zum 31. Dezember 2019

Aktiva

	31.12.2019 EUR	31.12.2018 TEUR
A. Anlagevermögen:		
I. Immaterielle Vermögensgegenstände:		
Konzessionen, gewerbliche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	11.349,27	19
II. Sachanlagen:		
Andere Anlagen, Betriebs- und Geschäftsausstattung	451.373,51	506
III. Finanzanlagen:		
1. Anteile an verbundenen Unternehmen (davon Umgründungsmehrwert EUR 57.253.610,76; Vorjahr: TEUR 57.254)	336.737.489,49	309.616
2. Ausleihungen an verbun- denen Unternehmen	6.000.000,00	0
3. Beteiligungen	9.701.000,00	14.724
4. Ausleihungen an Unternehmen mit denen ein Beteiligungsverhältnis besteht	0,00	6.000
5. Wertpapiere (Wertrechte) des Anlagevermögens	<u>206.032,20</u>	206
	<u>352.644.521,69</u>	330.547
	353.107.244,47	331.071
B. Umlaufvermögen:		
I. Forderungen und sonstige Vermögensgegenstände:		
1. Forderungen aus Lieferungen und Leistungen	13.394,33	11
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<i>0,00</i>	<i>0</i>
2. Forderungen gegenüber verbundenen Unternehmen	6.135.168,41	9.293
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<i>601.525,96</i>	<i>401</i>
3. Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht	0,00	1.059
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<i>0,00</i>	<i>0</i>
4. Sonstige Forderungen und Vermögensgegenstände	355.414,07	746
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<i>301.956,03</i>	<i>293</i>
5. Wertpapiere und Anteile	1.194.288,76	0
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<i>0,00</i>	<i>0</i>
	<u>7.698.265,57</u>	11.109
II. Kassenbestand, Guthaben bei Kreditinstituten	<u>4.585.275,04</u>	25.903
	12.283.540,61	37.011
C. Rechnungsabgrenzungsposten	62.872,47	63
	<u>365.453.657,55</u>	368.146

Passiva

	31.12.2019 EUR	31.12.2018 TEUR
A. Eigenkapital:		
I. Eingefordertes und einbezahltes Nennkapital (Grundkapital):		
1. Gezeichnetes Nennkapital (Grundkapital)	22.538.674,00	22.539
2. Eigene Anteile	<u>-108.015,00</u>	0
	22.430.659,00	22.539
II. Kapitalrücklagen:		
1. Gebundene	10.057.108,87	9.949
2. Nicht gebundene	<u>197.736.363,91</u>	202.848
	207.793.472,78	212.797
III. Gewinnrücklage:		
Gesetzliche Rücklage	2.253.867,40	2.254
IV. Bilanzgewinn (davon Gewinnvortrag EUR 70.361.030,38; Vorjahr: TEUR 18.377)	<u>86.242.405,56</u>	77.123
	318.720.404,74	314.713
B. Rückstellungen:		
1. Abfertigungsrückstellung	54.900,00	153
2. Sonstige Rückstellungen	<u>2.718.614,36</u>	3.034
	2.773.514,36	3.187
C. Verbindlichkeiten:		
1. Schuldscheindarlehen	12.000.000,00	12.000
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	6.000.000,00	0
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	6.000.000,00	12.000
2. Namensschuldverschreibungen	30.000.000,00	30.000
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	0,00	0
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	30.000.000,00	30.000
3. Verbindlichkeiten gegenüber Kreditinstituten	0,05	0
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	0,05	0
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	0,00	0
4. Verbindlichkeiten aus Lieferungen und Leistungen	82.234,69	527
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	82.234,69	527
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	0,00	0
5. Verbindlichkeiten gegenüber verbundenen Unternehmen	807.490,15	36
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	807.490,15	36
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	0,00	0
6. Sonstige Verbindlichkeiten	1.070.013,56	7.528
<i>davon aus Steuern</i>	27.359,09	84
<i>davon im Rahmen der sozialen Sicherheit</i>	28.921,41	31
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	785.276,13	7.252
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	<u>284.737,43</u>	276
	43.959.738,45	50.091
<i>davon mit einer Restlaufzeit bis zu einem Jahr</i>	7.675.001,02	7.814
<i>davon mit einer Restlaufzeit von mehr als einem Jahr</i>	36.284.737,43	42.276
D. Rechnungsabgrenzungsposten	0,00	155
	<u>365.453.657,55</u>	368.146

Gewinn- und Verlustrechnung für das Geschäftsjahr 2019

	2019 EUR	2018 TEUR
1. Umsatzerlöse	14.077.693,01	15.149
2. Sonstige betriebliche Erträge:		
a) Erträge aus der Auflösung von Rückstellungen	16.472,60	0
b) Übrige	<u>197.374,01</u>	0
	213.846,61	0
3. Aufwendungen für Material und sonstige bezogene Herstellungsleistungen:		
Aufwendungen für bezogene Leistungen	-10.173.797,33	-9.837
4. Personalaufwand:		
a) Gehälter	-1.098.412,05	-1.964
b) Soziale Aufwendungen	-292.079,21	-360
<i>davon für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen</i>	-36.384,73	-69
<i>davon für gesetzlich vorgeschriebene Sozialabgaben sowie vom Entgelt abhängige Abgaben und Pflichtbeiträge</i>	<u>-233.655,74</u>	-267
	-1.390.491,26	-2.324
5. Abschreibungen:		
Auf immaterielle Gegenstände des Anlagevermögens und Sachanlagen	-75.350,44	-72
6. Sonstige betriebliche Aufwendungen:		
a) Steuern, soweit sie nicht unter Steuern vom Einkommen und vom Ertrag fallen	-7.336,83	-23
b) Übrige	<u>-3.593.114,06</u>	-5.630
	<u>-3.600.450,89</u>	-5.652
7. Zwischensumme aus Z 1 bis Z 6 (Betriebsergebnis) (Übertrag)	-948.550,30	-2.736

	2019 EUR	2018 TEUR
Übertrag:	<u>-948.550,30</u>	<u>-2.736</u>
8. Erträge aus Beteiligungen (davon aus verbundenen Unternehmen EUR 14.906.640,00; Vorjahr: TEUR 16.745)	15.790.077,50	16.953
9. Sonstige Zinsen und ähnliche Erträge (davon aus verbundenen Unternehmen EUR 142.175,18; Vorjahr: TEUR 351)	142.916,74	373
10. Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens	6.407,51	52.310
11. Zinsen und ähnliche Aufwendungen (davon betreffend verbundene Unternehmen EUR 0,00; Vorjahr: TEUR 1.493)	<u>-1.494.461,27</u>	<u>-5.428</u>
12. Zwischensumme aus Z 8 bis Z 11 (Finanzergebnis)	<u>14.444.940,48</u>	64.207
13. Ergebnis vor Steuern	13.496.390,18	61.470
14. Steuern vom Einkommen und vom Ertrag (aus Steuerumlage)	<u>2.493.000,00</u>	<u>-2.500</u>
15. Ergebnis nach Steuern = Jahresüberschuss	15.989.390,18	58.970
16. Zuweisung zu Kapitalrücklagen	-108.015,00	0
17. Zuweisung zu Gewinnrücklagen	0,00	-225
18. Gewinnvortrag aus dem Vorjahr	<u>70.361.030,38</u>	<u>18.377</u>
19. Bilanzgewinn	<u>86.242.405,56</u>	<u>77.123</u>

**Anhang für das Geschäftsjahr 2019 der
PIERER Mobility AG (vormals: KTM Industries AG),
Wels**

I. Anwendung der unternehmensrechtlichen Vorschriften und allgemeine Angaben

Der vorliegende Jahresabschluss für das Geschäftsjahr 2019 ist nach den Vorschriften des Unternehmensgesetzbuches in der gegenwärtigen Fassung aufgestellt worden.

Die Gewinn- und Verlustrechnung ist in Staffelform nach dem Gesamtkostenverfahren aufgestellt.

Die bisherige Form der Darstellung wurde bei der Erstellung des vorliegenden Jahresabschlusses beibehalten.

Soweit es zur Vermittlung eines möglichst getreuen Bildes der Vermögens-, Finanz- und Ertragslage erforderlich ist, wurden im Anhang zusätzliche Angaben gemacht.

Bei der Gesellschaft handelt es sich gemäß § 221 Abs 3 2. Satz UGB um eine große Kapitalgesellschaft.

Die Gesellschaft ist ein konsolidierungspflichtiges Mutterunternehmen im Sinn des § 244 UGB und hat einen Konzernabschluss, der beim Landes- als Handelsgericht Wels unter der Nummer FN 78112 x hinterlegt wird, aufzustellen.

Die Gesellschaft steht mit der Pierer Konzerngesellschaft mbH, Wels (oberstes Konzernmutterunternehmen), und deren verbundenen Unternehmen in einem Konzernverhältnis und wird in deren Konzernabschluss einbezogen. Dieser Konzernabschluss wird beim Landes- als Handelsgericht Wels unter der Nummer FN 134766 k hinterlegt und stellt den Konzernabschluss für den größten Konzernkreis dar.

II. Bilanzierungs- und Bewertungsmethoden

Der Jahresabschluss wurde unter Beachtung der Grundsätze ordnungsmäßiger Buchführung sowie der Generalnorm, ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage des Unternehmens zu vermitteln, aufgestellt.

Bei der Erstellung des Jahresabschlusses wurde der Grundsatz der Vollständigkeit eingehalten.

Bei der Bewertung wurde von der Fortführung des Unternehmens ausgegangen. Der Liquiditätsplan der PIERER Mobility AG (vormals: KTM Industries AG) sieht in den 12 Monaten nach dem Bilanzstellungszeitpunkt keinen zusätzlichen Finanzierungsbedarf vor. Sämtliche Tilgungen, Zinszahlungen und operativen Aufwendungen können aus den liquiden Mitteln gedeckt werden.

Die operativen Gesellschaften der PIERER Mobility AG-Gruppe sind eigenständig mittel- und langfristig finanziert.

Bei Vermögensgegenständen und Schulden wurde der Grundsatz der Einzelbewertung angewandt.

Dem Vorsichtsgrundsatz wurde Rechnung getragen, indem insbesondere nur die am Abschlussstichtag verwirklichten Gewinne ausgewiesen werden.

Alle erkennbaren Risiken und drohenden Verluste, die im Geschäftsjahr 2019 oder in einem früheren Geschäftsjahr entstanden sind, wurden berücksichtigt.

Immaterielle Vermögensgegenstände

Immaterielle Vermögensgegenstände werden zu Anschaffungskosten aktiviert und in längstens 3 bis 4 Jahren abgeschrieben. Selbst erstellte immaterielle Vermögensgegenstände und geringwertige Vermögensgegenstände (Einzelanschaffungswert unter je EUR 400,00) werden sofort als Aufwand erfasst.

Sachanlagevermögen

Sachanlagen werden zu Anschaffungs- oder Herstellungskosten, abzüglich planmäßiger Abschreibungen, bewertet. Geringwertige Vermögensgegenstände (Einzelanschaffungswert bis EUR 400,00) werden im Zugangsjahr aktiviert und voll abgeschrieben.

Die Ermittlung der planmäßigen Abschreibungen erfolgt nach der linearen Abschreibungsmethode unter Zugrundlegung folgender Nutzungsdauern:

	<u>Nutzungsdauer in Jahren</u>
Büro und Geschäftsausstattung	3 - 10
Investitionen in Fremdgebäude	10

Außerplanmäßige Abschreibungen auf einen zum Abschlussstichtag niedrigeren beizulegenden Wert werden vorgenommen, soweit der Ansatz mit einem niedrigeren Wert erforderlich ist.

Finanzanlagevermögen

Das Finanzanlagevermögen wird zu Anschaffungskosten, vermindert um außerplanmäßige Abschreibungen – soweit diese notwendig sind, um dauernden Wertminderungen Rechnung zu tragen – angesetzt. Die im Jahresabschluss ausgewiesenen Anteile an verbundenen Unternehmen, Beteiligungen und Wertpapiere (Wertrechte) des Anlagevermögens werden im Anlassfall auf ihre Werthaltigkeit untersucht. Im Geschäftsjahr 2019 wurde der Anteil an der KTM AG von der Gesellschaft einer Werthaltigkeitsüberprüfung unterzogen. Im Geschäftsjahr 2019 lag bei mehreren Anteilen ein Anlassfall für eine Werthaltigkeitsprüfung vor. Auslöser einer anlassbezogenen Überprüfung insbesondere eine statische Unterdeckung bei der Gegenüberstellung des Beteiligungsansatzes mit dem anteiligen Eigenkapital zum Bilanzstichtag. Anlassbezogene Bewertungen werden auf Basis von diskontierten Netto-Zahlungsmittelzuflüssen, die im Wesentlichen von zukünftigen Umsatz- und Margenerwartungen und von abgeleiteten Diskontierungszinssätzen abhängig sind, durchgeführt. Für Anteile die kurz vor dem Bilanzstichtag erworben wurden, bildet der Kaufpreis die Grundlage für die geführte Werthaltigkeitsprüfung. Bei der Werthaltigkeitsprüfung ergaben sich keine Abwertungserfordernisse.

Forderungen und sonstige Vermögensgegenstände werden mit dem Nennbetrag, vermindert um notwendige Wertberichtigungen angesetzt.

Die **Abfertigungsrückstellungen** betreffen vertraglich vereinbarte Abfertigungen und werden vereinfachend nach finanzmathematischen Grundsätzen auf Basis eines Rechnungszinssatzes von 1,1 % (Vorjahr: 2,0 %) und geplanten Gehaltserhöhungen von 2,75 % (Vorjahr: 2,8 %) ermittelt. Der Ansammlungszeitraum läuft bis zum Ende der vertraglichen Vereinbarung.

Der Rechnungszinssatz für Abfertigungsrückstellungen wird aus dem 10-jährigen Durchschnittszinssatz entsprechend der Veröffentlichung der Deutschen Bundesbank abgeleitet.

Die Zinsaufwendungen betreffend Abfertigungsrückstellungen sowie die Auswirkungen aus einer Änderung des Zinssatzes werden im betreffenden betrieblichen Aufwand erfasst.

Bei der Bemessung der **Rückstellungen** wurden entsprechend den gesetzlichen Erfordernissen alle erkennbaren Risiken und drohenden Verluste berücksichtigt.

Verbindlichkeiten werden mit ihrem Erfüllungsbetrag angesetzt.

III. Erläuterungen zur Bilanz

Anlagevermögen

Die Aufgliederung des Anlagevermögens und seine Entwicklung im Geschäftsjahr sind im Anlagenspiegel angeführt (vergleiche Anlage 1 zum Anhang).

Die Finanzanlagen haben sich insbesondere durch folgende Transaktionen verändert:

Mit Kauf- und Abtretungsvertrag vom 24.4.2019 hat die PIERER Mobility AG (vormals: KTM Industries AG) 26 % Anteile an der Tochtergesellschaft KTM Innovation GmbH, Wels, erworben. Zum Stichtag hält die Gesellschaft 100 % Anteile an der KTM Innovation GmbH, Wels.

Die Gesellschaft hat im laufenden Geschäftsjahr 1.722 Stück Aktien an der KTM AG erworben.

Der Gesamte Umgründungsmehrwert in Höhe von EUR 57.253.610,76 (Vorjahr: TEUR 57.254) wird dem Tochterunternehmen KTM AG, Mattighofen, zugeordnet.

Zum Stichtag hält die PIERER Mobility AG (vormals: KTM Industries AG), Wels, 51,71 % Anteile an der KTM AG, Mattighofen.

Mit Notariatsakt vom 9.5.2019 hat die PIERER Mobility AG (vormals: KTM Industries AG), Wels, 70 % Anteile an der Avocodo GmbH, Linz, erworben.

An der Wethje Immobilien GmbH, Vilshofen-Pleinting, Deutschland, hält die Gesellschaft unverändert 6 % Anteile.

Zum Stichtag hält die Gesellschaft nun 50 % Anteile an der Kiska GmbH, Anif.

Die PIERER Mobility AG (vormals: KTM Industries AG), Wels, hält zum Stichtag 31.12.2019 unverändert 74 % Anteile an der KTM Technologies GmbH, Anif.

Mit Geschäftsanteilskaufvertrag vom 23.12.2019 hat die Gesellschaft einerseits 20 % Anteile an der PEXCO GmbH, Schweinfurt, Deutschland, erworben und die Anteile damit von 40 % auf 60 % erhöht und andererseits 100 % Anteile an der Platin 1483. GmbH, Schweinfurt, Deutschland, erworben. Die Platin 1483. GmbH, Schweinfurt, Deutschland, ist zu 40 % an der PEXCO GmbH, Schweinfurt, Deutschland, beteiligt.

Die PIERER Mobility AG (vormals: KTM Industries AG), Wels, hält unverändert 12,33 % Anteile an der AC styria Mobilitätscluster GmbH, Grambach.

Die Ausleihung an verbundenen Unternehmen resultiert in Höhe von EUR 6.000.000,00 gegenüber der PEXCO GmbH, Schweinfurt, Deutschland.

Im laufenden Geschäftsjahr sowie im Vorjahr wurden keine Abschreibungen auf Anteile an verbundenen Unternehmen und keine Zuschreibungen auf Anteile an verbundenen Unternehmen sowie keine Abschreibungen auf Wertpapiere (Wertrechte) des Anlagevermögens vorgenommen.

Aus der Nutzung von in der Bilanz nicht ausgewiesenen Sachanlagen besteht auf Grund von langfristigen Miet-, Pacht- und Leasingverträgen für das Geschäftsjahr 2020 eine Verpflichtung von EUR 403.622,64 (Vorjahr: TEUR 380). Der Gesamtbetrag der Verpflichtungen für die nächsten 5 Jahre beträgt EUR 1.802.621,09 (Vorjahr: TEUR 1.764).

Forderungen und sonstige Vermögensgegenstände

Die Forderungen gegenüber verbundenen Unternehmen betreffen Finanzierungsforderungen in Höhe von EUR 4.993.091,92 (Vorjahr: TEUR 401), Forderungen aus laufenden Verrechnungen und sonstige Forderungen in Höhe von EUR 1.133.497,39 (Vorjahr: TEUR 2.592), Forderungen aus Steuern in Höhe von EUR 8.579,10 (Vorjahr: TEUR 0) sowie Forderungen aus Steuerumlagen in Höhe von EUR 0,00 (Vorjahr: TEUR 6.300).

Die Forderungen gegenüber Unternehmen, mit denen ein Beteiligungsverhältnis besteht, resultierten im Vorjahr aus Finanzierungsforderungen in Höhe von TEUR 1.000 sowie Forderungen aus laufenden Verrechnungen und sonstige Forderungen in Höhe von TEUR 59.

Die sonstigen Forderungen und Vermögensgegenstände in Höhe von EUR 355.414,07 (Vorjahr: TEUR 746) betreffen im Wesentlichen Forderungen aus Versicherungsleistungen für ehemalige Mitarbeiterin in Höhe von EUR 284.737,42 (Vorjahr: TEUR 276), Forderungen aus Steuern in Höhe von EUR 818,78 (Vorjahr: TEUR 37) sowie Forderungen aus laufenden Verrechnungen in Höhe von EUR 984,32 (Vorjahr: TEUR 416).

Eingefordertes und einbezahltes Nennkapital (Grundkapital)

Das eingeforderte und einbezahlte Nennkapital (Grundkapital) der Gesellschaft resultiert in Höhe von EUR 22.538.674,00 und ist in 22.538.674 Stück auf Inhaber lautende nennbetragslose Stückaktien, von denen jede eine gleiche Beteiligung am Grundkapital repräsentiert, aufgeteilt. Im Geschäftsjahr 2019 wurden 108.015 Stück eigene Aktien erworben, welche vom Nennkapital in Höhe von EUR 108.015,00 abgezogen wurden.

Die Aktien der Gesellschaft notieren an der Wiener, an der Frankfurter sowie an der Schweizer Börse.

Das genehmigte Kapital beträgt zum Bilanzstichtag EUR 11.269.337,00 (Vorjahr: TEUR 11.269). Der Vorstand wurde bis 26.4.2023 ermächtigt gemäß § 169 AktG das Grundkapital mit Zustimmung des Aufsichtsrats um bis zu weitere EUR 11.269.337,00 durch Ausgabe von bis zu 11.269.337 Stück neue, auf Inhaber oder Namen lautende Stammaktien (Stückaktien) gegen Bar- und/oder Sacheinlage – allenfalls in mehrere Tranchen – erhöhen und die weiteren Einzelheiten der Durchführung der Kapitalerhöhung im Einvernehmen mit dem Aufsichtsrat festzusetzen.

Mit Beschlussfassung der Hauptversammlung der PIERER Mobility AG (vormals: KTM Industries AG) vom 4.10.2019 hat der Vorstand entschieden, ein Rückkaufprogramm zu lancieren und bis zu 7,404 % (entsprechend 20 % des Free Floats) des Grundkapitals zurückzukaufen. Basierend darauf umfasst der beschlossene Rückkauf eigener Inhaberaktien maximal 1.668.763 Inhaberaktien. Zum Stichtag hat die PIERER Mobility AG (vormals: KTM Industries AG) 108.015 Stück eigene Aktien erworben.

Die Veränderung der nicht gebundenen Kapitalrücklagen von EUR 202.848.066,00 um EUR 5.111.702,09 auf EUR 197.736.363,91 resultiert aus dem Erwerb von 108.105 Stück eigenen Aktien.

Rückstellungen

Die sonstigen Rückstellungen in Höhe von EUR 2.718.614,36 (Vorjahr: TEUR 3.034) beinhalten im Wesentlichen Rückstellungen für Prämien in Höhe von EUR 268.620,00 (Vorjahr: TEUR 566), Rückstellungen für Rechts- und Beratungskosten in Höhe von EUR 230.900,00 (Vorjahr: TEUR 290), Rückstellungen für nicht konsumierte Urlaube und Zeitguthaben in Höhe von EUR 46.794,36 (Vorjahr: TEUR 56), sonstige Rückstellungen in Höhe von EUR 115.300,00 (Vorjahr: TEUR 60), Rückstellungen für Aufsichtsratsvergütungen in Höhe von EUR 57.000,00 (Vorjahr: TEUR 62) sowie für Haftungen und Risiken im Zusammenhang mit dem Beteiligungsportfolio in Höhe von EUR 2.000.000,00 (Vorjahr: TEUR 2.000).

Verbindlichkeiten

Die PIERER Mobility AG (vormals: KTM Industries AG) hat im Juli 2015 ein Schuldscheindarlehen in Höhe von EUR 56.500.000,00 begeben, welches in Höhe von TEUR 44.000 mit einer Laufzeit von 5 Jahren und in Höhe von TEUR 12.500 mit einer Laufzeit von 7 Jahren abgeschlossen wurde. Mit Kündigungsschreiben vom 13.12.2016 mit Wirkung zum 16.1.2017 wurde ein Teilbetrag des Schuldscheindarlehens in Höhe von TEUR 32.000, davon TEUR 25.500 mit Laufzeit 5 Jahren und TEUR 6.500 mit Laufzeit 7 Jahren, rückgeführt. Mit Kündigungsschreiben vom 13.7.2018 mit Wirkung zum 17.7.2018 sowie Kündigungsschreiben vom 4.10.2018 mit Wirkung zum 8.10.2018 wurde ein Teilbetrag des Schuldscheindarlehens in Höhe von insgesamt TEUR 12.500 mit einer Laufzeit 5 Jahren vorzeitig rückgeführt. Das Schuldscheindarlehen in Höhe von TEUR 12.000 wird mit einem fixen Zinssatz verzinst.

Am 17.7.2015 hat die PIERER Mobility AG (vormals: KTM Industries AG) eine Namensschuldverschreibung in Höhe von EUR 30.000.000,00 mit einer fixen Verzinsung und einer Laufzeit von 10 Jahren begeben.

Die Verbindlichkeiten gegenüber verbundenen Unternehmen in Höhe von EUR 807.490,15 (Vorjahr: TEUR 36) betreffen im Wesentlichen sonstige Leistungen in Höhe von EUR 807.490,15 (Vorjahr: TEUR 4). Im Vorjahr waren weiters Verbindlichkeiten aus Finanzierung in Höhe von TEUR 32 enthalten.

Die sonstigen Verbindlichkeiten in Höhe von EUR 1.070.013,56 (Vorjahr: TEUR 7.528) betreffen im Wesentlichen Zinsen aus den begebenen Schuldscheindarlehen und Namensschuldverschreibungen in Höhe von EUR 687.649,30 (Vorjahr: TEUR 688), Verbindlichkeiten aus Lieferungen und Leistungen in Höhe von EUR 40.274,84 (Vorjahr: TEUR 436) sowie sonstige Verbindlichkeiten in Höhe von EUR 342.089,42 (Vorjahr: TEUR 404). Im Vorjahr resultieren weiters Kaufpreisverbindlichkeit aus Beteiligungserwerb in Höhe von TEUR 6.000.

In den sonstigen Verbindlichkeiten sind Verbindlichkeiten in Höhe von EUR 284.737,43 (Vorjahr: TEUR 276) mit einer Restlaufzeit von mehr als fünf Jahren enthalten.

Im Posten "Sonstige Verbindlichkeiten" sind Aufwendungen in Höhe von EUR 785.276,13 (Vorjahr: TEUR 7.252) enthalten, die nach dem Stichtag zahlungswirksam werden.

Haftungsverhältnisse

Für einen Bankkredit der PEXCO GmbH, Schweinfurt, Deutschland, gegenüber der UniCredit Bank Austria AG, Wien, sowie Raiffeisenlandesbank Oberösterreich Aktiengesellschaft, Linz, hat die PIERER Mobility AG (vormals: KTM Industries AG), Wels, eine Haftungsgarantie mit einem Höchstbetrag von EUR 35.000.000,00 (Vorjahr: TEUR 35.000) abgegeben. Zum Stichtag resultiert ein Haftungsbetrag in Höhe von EUR 27.000.000,00.

Weiters hat die Gesellschaft für die PEXCO GmbH, Schweinfurt, Deutschland gegenüber der UniCredit Bank Austria AG, Wien, aus Verpflichtungen gegenüber Lieferanten eine Garantie bis zu einem Höchstbetrag von EUR 15.000.000,00 abgegeben. Der aushaftende Betrag gegenüber Lieferanten resultiert zum Stichtag in Höhe von EUR 7.847.879,66.

Die PIERER Mobility AG (vormals: KTM Industries AG) hat für die PEXCO GmbH, Schweinfurt, Deutschland, gegenüber der YAMAHA MOTOR CO., LTD, Japan, eine Zahlungsgarantie bis zu einem Höchstbetrag von EUR 20.000.000,00 abgegeben. Zum Stichtag resultiert ein Haftungsbetrag in Höhe von EUR 4.716.593,08.

IV. Erläuterung zur Gewinn- und Verlustrechnung

Umsatzerlöse

Die Umsatzerlöse beinhalten die Weiterverrechnungen laufender Projekte und Erlöse für Dienstleistungen. Im Geschäftsjahr wurden im Inland EUR 13.556.283,10 (Vorjahr: TEUR 14.934), in anderen EU Ländern EUR 521.409,91 (Vorjahr: TEUR 215) erzielt.

Personalaufwand

Die Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen betreffen in Höhe von EUR 20.996,04 (Vorjahr: TEUR 30) Leistungen an betriebliche Mitarbeitervorsorgekassen.

Die Aufwendungen für Abfertigungen und Leistungen an betriebliche Mitarbeitervorsorgekassen setzen sich wie folgt zusammen:

	2019 EUR	2018 EUR
Vorstände Mitarbeitervorsorgekasse	0,00	9.683,40
Veränderung Abfertigungsrückstellung Vorstände	0,00	20.800,00
Sonstige Arbeitnehmer	<u>36.384,73</u>	<u>38.381,45</u>
	<u><u>36.384,73</u></u>	<u><u>68.864,85</u></u>

Sonstige betriebliche Aufwendungen

Die übrigen sonstigen betrieblichen Aufwendungen betreffen im Wesentlichen Aufwendungen für konzerninterne Dienstleistungen, Aufwendungen für Vorstandstätigkeiten, Steuerberatungsaufwand, Rechts- und Beratungsaufwand sowie Aufwendungen für Haftungen und Risiken Beteiligungsportfolio.

Erträge aus Beteiligungen

Die Erträge aus Beteiligungen in Höhe von EUR 15.790.077,50 (Vorjahr: TEUR 16.953) betreffen Dividendenerträge, davon aus verbundenen Unternehmen EUR 14.906.640,00 (Vorjahr: TEUR 16.745).

Sonstige Zinsen und ähnliche Erträge

Sonstige Zinsen und ähnliche Erträge in Höhe von EUR 142.916,74 (Vorjahr: TEUR 373) betreffen im Wesentlichen Zinsen aus Darlehen.

Erträge aus dem Abgang von und der Zuschreibung zu Finanzanlagen und Wertpapieren des Umlaufvermögens

Die Erträge resultieren in Höhe von EUR 6.407,51 aus dem Abgang von Wertpapieren des Umlaufvermögens sowie im Vorjahr aus dem Abgang von Finanzanlagen TEUR 52.310.

Steuern vom Einkommen und vom Ertrag

Die Gesellschaft ist seit der Veranlagung 2014 Gruppenmitglied der Unternehmensgruppe gemäß § 9 KStG der Pierer Konzerngesellschaft mbH, Wels.

Die steuerlichen Ergebnisse der Gruppenmitglieder werden dem Gruppenträger zugerechnet. Die zu leistenden Steuerumlagen zwischen dem Gruppenträger und jedem einzelnen Gruppenmitglied wurde in Form von einer Gruppen- und Steuerumlagevereinbarung geregelt.

Die Steuern vom Einkommen und vom Ertrag enthalten die voraussichtlich an die Gruppenträger zu zahlende Steuerumlage in Höhe von 25 %.

Die PIERER Mobility AG (vormals: KTM Industries AG), Wels, ist seit 1.10.2018 Gruppenmitglied einer Organschaft im umsatzsteuerlichen Sinn, die von der Pierer Industrie AG, Wels, gebildet wird.

Zur Unternehmensgruppe gehören folgende Gesellschaften (Gruppenmitglieder):

Pierer Industrie AG, Wels (Gruppenträger)
PIERER Mobility AG (vormals: KTM Industries AG), Wels
KTM Technologies GmbH, Anif
KTM AG, Mattighofen
KTM Sportmotorcycle GmbH, Mattighofen
KTM Österreich GmbH, Mattighofen
KTM Sportcar GmbH, Mattighofen
KTM Immobilien GmbH, Mattighofen
KTM Logistikzentrum GmbH, Mattighofen
Husqvarna Motorcycles GmbH, Mattighofen
Pankl Racing Systems AG, Kapfenberg
Pankl Systems Austria GmbH, Kapfenberg
Pankl Aerospace Systems Europe GmbH, Kapfenberg
KTM Components GmbH, Munderfing
WP Immobilien GmbH, Munderfing
WP Components GmbH, Munderfing
WP Suspension GmbH, Mattighofen
KTM Innovation GmbH, Wels
Avocodo GmbH, Linz

Es existieren temporäre Unterschiede zwischen steuerlichen und unternehmensrechtlichen Wertansätzen im Wesentlichen auf Grund von Bewertungsunterschieden im Sachanlagevermögen und bei der Bewertung von Personalrückstellungen. Da zum Bilanzstichtag weder passive latente Steuern zur Gegenverrechnung, als auch substantielle Hinweise für die Rechtfertigung eines Ansatzes aktiver latenter Steuern vorliegen, wurden keine aktiven latenten Steuern angesetzt.

Mitarbeiter

(im Jahresdurchschnitt)

Im Jahresdurchschnitt beschäftigte die Gesellschaft 13 (Vorjahr: 15) Angestellte, davon 2 (Vorjahr: 3) Teilzeitbeschäftigte.

Da der Abschlussprüfer der Gesellschaft auch Abschlussprüfer des Konzernabschlusses der PIERER Mobility AG (vormals: KTM Industries AG) ist, wird hinsichtlich der auf das Geschäftsjahr 2019 entfallenden Aufwendungen für den Abschlussprüfer auf die entsprechenden Angaben im Konzernanhang dieser Gesellschaft verwiesen.

V. Finanzrisikomanagement

Ein wesentliches Ziel des Finanzrisikomanagements in der PIERER Mobility AG-Gruppe ist es, die jederzeitige Zahlungsfähigkeit und die finanzielle Flexibilität sicherzustellen. Zu diesem Zweck wird eine Liquiditätsreserve in Form von ungenutzten Kreditlinien (Bar- und Avalkredite) und bei Bedarf in Form von Barbeständen bei Banken von hoher Bonität vorgehalten.

Der langfristige Liquiditätsbedarf der Gruppe wurde durch die Emission von Schuldscheindarlehen sowie Namensschuldverschreibungen sichergestellt.

Die operativen Gesellschaften sind durch kurz- bzw langfristige Finanzierungen selbst finanziert.

Die PIERER Mobility AG (vormals: KTM Industries AG) hat im Juli 2015 ein Schuldscheindarlehen in Höhe von TEUR 56.500 und einer Laufzeit von fünf und sieben Jahren begeben. Im Jänner 2017 wurde ein Teilbetrag des Schuldscheindarlehens in Höhe von TEUR 32.000, davon TEUR 25.500 mit Laufzeit 5 Jahren und TEUR 6.500 mit Laufzeit 7 Jahren, vorzeitig getilgt. Mit Kündigungsschreiben vom 13.7.2018 mit Wirkung zum 17.7.2018 sowie Kündigungsschreiben vom 4.10.2018 mit Wirkung zum 8.10.2018 wurde ein Teilbetrag des Schuldscheindarlehens in Höhe von insgesamt TEUR 12.500 mit einer Laufzeit von 5 Jahren vorzeitig rückgeführt.

Im Juni 2016 wurde von der KTM AG zur Refinanzierung der im April 2017 getilgten Anleihe ein Schuldscheindarlehen mit einem Emissionsvolumen von TEUR 120.000 und einer Laufzeit von fünf, sieben bzw. zehn Jahren platziert. Im Juni 2018 wurde ein weiteres Schuldscheindarlehen mit einem Volumen von TEUR 135.000 und Laufzeiten von sieben und zehn Jahren erfolgreich platziert. Weiters wurden TEUR 32.500 des im Jahr 2016 begebenen Schuldscheindarlehens vorzeitig getilgt.

VI. Ergänzende Angaben

Es wird vorgeschlagen, aus dem Bilanzgewinn in Höhe von EUR 86.242.405,56 eine Dividende von EUR 0,30 je Aktie, das sind in Summe EUR 6.729.197,76 auszuschütten und den Restbetrag auf neue Rechnung vorzutragen.

Nach dem Bilanzstichtag sind keine wesentlichen Ereignisse eingetreten.

Als Mitglieder des **Aufsichtsrats** waren im Geschäftsjahr 2019 die nachstehenden Herren bestellt:

Josef B l a z i c e k (Vorsitzender)

Dr. Ernst C h a l u p s k y (Stellvertreter des Vorsitzenden)

Mag. Klaus R i n n e r b e r g e r

Ing. Alfred H ö r t e n h u b e r

Im Geschäftsjahr 2019 erhielten die Mitglieder des Aufsichtsrats Vergütungen in Höhe von TEUR 57 (Vorjahr: TEUR 62). Die Mitglieder des Vorstands erhielten für das Geschäftsjahr 2019 Bezüge in Höhe von insgesamt TEUR 1.879 (Vorjahr: TEUR 2.640), davon wurden für Tätigkeiten der Vorstände innerhalb des Konzerns TEUR 1.216 (Vorjahr: TEUR 1.747) weiterverrechnet. Im Vorjahr wurden Verbindlichkeiten für Tätigkeiten der Vorstände in Höhe von TEUR 1.960 ausgewiesen, davon wurden im Geschäftsjahr 2019 TEUR 1.783 verrechnet und der Differenzbetrag in Höhe von TEUR 177 wurde gutgeschrieben.

Als kollektiv vertretungsbefugte **Vorstandsmitglieder** waren im Geschäftsjahr 2019 die nachstehenden Herren bestellt:

Dipl.-Ing. Stefan Pierer, CEO

Dipl.-Ing. Harald Plöckinger (bis zum 28.2.2019)

Mag. Friedrich Roithner, CFO

Mag. Ing. Hubert Trunkenpolz, CSO

Mag. Viktor Sigl (seit 19.12.2019)

Wels, am 6. März 2020

Der Vorstand



Dipl.-Ing. Stefan Pierer, CEO



Mag. Friedrich Roithner, CFO



Mag. Ing. Hubert Trunkenpolz, CSO



Mag. Viktor Sigl

Anlagenpiegel zum 31. Dezember 2019

	Anschaffungs- und Herstellungskosten		Abschreibungen		Buchwerte						
	Stand am 1.1.2019 EUR	Zugänge EUR	Abgänge EUR	Umbuch- ungen EUR	Stand am 1.1.2019 EUR	Stand am 31.12.2019 EUR	Stand am 31.12.2018 EUR				
I. Immaterielle Vermö- gensgegenstände:											
Konzessionen, gewerb- liche Schutzrechte und ähnliche Rechte und Vorteile sowie daraus abgeleitete Lizenzen	371.869,71	0,00	262.834,89	0,00	109.034,82	352.876,05	7.644,16	262.834,66	97.685,55	11.349,27	18.993,66
II. Sachanlagen:											
Andere Anlagen, Betriebs- und Ge- schäftsausstattung	1.363.010,97	13.523,21	70.570,13	0,00	1.305.964,05	857.453,88	67.706,28	70.569,62	854.590,54	451.373,51	505.557,09
III. Finanzanlagen:											
1. Anteile an verbun- denen Unternehmen	324.866.371,42	22.097.683,92	0,00	5.023.434,15	351.987.489,49	15.250.000,00	0,00	0,00	15.250.000,00	336.737.489,49	309.616.371,42
2. Ausleihungen an ver- bundenen Unternehmen	0,00	0,00	0,00	6.000.000,00	6.000.000,00	0,00	0,00	0,00	0,00	6.000.000,00	0,00
3. Beteiligungen	14.724.434,15	0,00	0,00	-5.023.434,15	9.701.000,00	0,00	0,00	0,00	0,00	9.701.000,00	14.724.434,15
4. Ausleihungen an Unternehmen mit denen ein Beteiligungs- verhältnis besteht	6.000.000,00	0,00	0,00	-6.000.000,00	0,00	0,00	0,00	0,00	0,00	0,00	6.000.000,00
5. Wertpapiere (Wert- rechte) des An- lagevermögens	266.031,20	0,00	0,00	0,00	266.031,20	59.999,00	0,00	0,00	59.999,00	206.032,20	206.032,20
	345.856.836,77	22.097.683,92	0,00	0,00	367.954.520,69	15.309.999,00	0,00	0,00	15.309.999,00	352.644.521,69	330.546.837,77
	347.591.717,45	22.111.207,13	333.405,02	0,00	369.369.519,56	16.520.328,93	75.350,44	333.404,28	16.262.275,09	353.107.244,47	331.071.388,52

1) davon Umgründungsmehrwert zum 1.1.2019 sowie 31.12.2019 EUR 57.253.610,76

Beteiligungsliste

Die Gesellschaft hält bei folgenden Unternehmen mindestens 20,00 % Anteilsbesitz:

Beteiligungsunternehmen	Kapital- anteil %	Stichtag	Eigenkapital EUR	Ergebnis des letzten Geschäfts- jahres ¹⁾ EUR
Verbundene Unternehmen:				
PF Beteiligungsver- waltungs GmbH, Wels	100,00	31.12.2019	150.713,44	74.713,18
KTM Technologies GmbH, Anif	74,00	31.12.2019	2.007.209,28	764.372,90
KTM Innovation GmbH, Wels	100,00	31.12.2019	408.958,17	261.521,39
KTM AG, Mattighofen	51,71	31.12.2019	318.368.982,19	16.505.546,08
PEXCO GmbH, Schweinfurt, Deutschland	60,00	31.12.2019	3.480.224,00	-5.644.158,00
Platin 1483. GmbH, Schweinfurt, Deutschland	100,00	31.12.2018	5.186.785,23	36.908,80
Avocado GmbH, Linz	70,00	31.12.2019	1.109.384,99	717.198,12
Beteiligungen:				
Kiska GmbH, Anif	50,00	31.3.2019	5.209.673,67	1.671.936,23

¹⁾ Jahresüberschuss/-fehlbetrag

Lagebericht

per 31.12.2019
der PIERER Mobility AG
(vormals: KTM Industries AG), Wels

Da diese Gesellschaft eine geschäftsleitende Holdinggesellschaft ist, beinhaltet der Lagebericht neben den Informationen des Einzelabschlusses auf Basis UGB (Teil 1) auch die Informationen des Konzernabschlusses auf Basis IFRS (Teil 2).

I) Einzelabschluss der PIERER Mobility AG (nach UGB):

A. Geschäftsverlauf und Lage des Unternehmens

Das Geschäftsjahr für den Einzelabschluss der PIERER Mobility AG (vormals: KTM Industries AG) umfasst den Zeitraum vom 1.1.2019 bis 31.12.2019.

Die PIERER Mobility AG besitzt zum Abschlussstichtag eine Mehrheitsbeteiligung an der KTM AG (51,7%). Zum Stichtag 31.12.2019 hält die PIERER Mobility AG unverändert 100% der Anteile an der PF Beteiligungsverwaltungs GmbH sowie 12,33% an der AC styria Mobilitätscluster GmbH. An der Kiska GmbH hält die Gesellschaft unverändert 50% und an der KTM Technologies GmbH 74%. Ende April 2019 hat die PIERER Mobility AG 26% der Anteile an der KTM Innovation GmbH, Wels, erworben und hält somit 100% an der Gesellschaft. Im Mai 2019 hat die PIERER Mobility AG 70% der Anteile an der Avocado GmbH, Linz, erworben. Weiters wurden im Dezember 2019 die Anteile an der Pexco GmbH von 40% auf 60% aufgestockt und 100% der Anteile an der Platin1483. GmbH, die wiederum 40% an der Pexco GmbH hält, erworben.

Da die PIERER Mobility AG im Wesentlichen die Aufgaben einer geschäftsleitenden Holdinggesellschaft erfüllt, wird im Lagebericht auch auf die Entwicklungen des Geschäftsjahres 2019 ihrer Tochtergesellschaften sowie des Konzerns insgesamt eingegangen.

B. Ertrags- und Vermögenslage

1. Ergebnisanalyse

Die PIERER Mobility AG hat im abgelaufenen Geschäftsjahr einen Jahresüberschuss von € 16,0 Mio. (Vorjahr: € 59,0 Mio.) erzielt. Positiv wirkten sich im Wesentlichen Dividendenerträge aus den Beteiligungsunternehmen in Höhe von € 15,8 Mio. aus. Negativ wirkten sich vor allem die sonstigen betrieblichen Aufwendungen aus. Diese betreffen im Wesentlichen Aufwendungen für konzerninterne Dienstleistungen, Aufwendungen für Vorstandstätigkeiten, Steuerberatungsaufwand sowie Rechts- und Beratungsaufwand.

2. Bilanzanalyse

Die Bilanzsumme zum 31.12.2019 in Höhe von € 368,1 Mio (Vorjahr: € 365,5 Mio) blieb nahezu unverändert. Das Anlagevermögen hat sich im Geschäftsjahr 2019 auf € 353,1 Mio. erhöht (Vorjahr: € 331,1 Mio.) und ist im Wesentlichen auf die Aufstockung der Anteile an der KTM Innovation GmbH, der Erwerb der Anteile an der Avocado GmbH sowie die vollständige Übernahme der Anteile an der Pexco GmbH und der Platin 1483. GmbH zurückzuführen. Die Beteiligungen verringerten sich auf € 9,7 Mio. (Vorjahr: T€ 14,7).

Das Umlaufvermögen hat sich im Geschäftsjahr 2019 auf € 12,3 Mio. verringert (Vorjahr: € 37,0 Mio.) und ist im Wesentlichen auf die Reduzierung der Forderungen gegenüber verbundenen Unternehmen und die Reduzierung der liquiden Mittel zurückzuführen. Die Forderungen gegenüber verbundenen Unternehmen betragen zum Stichtag € 6,1 Mio. (Vorjahr: € 9,3 Mio.) und betreffen im Wesentlichen Finanzierungsforderungen sowie Forderungen aus laufenden Verrechnungen und sonstigen Forderungen.

Das Eigenkapital hat sich leicht erhöht und beträgt zum Stichtag € 318,7 Mio. (Vorjahr: € 314,7 Mio.). Die Eigenkapitalquote beträgt 87,2% und liegt somit auf einem sehr hohen Niveau.

Die Verbindlichkeiten wurden im abgelaufenen Geschäftsjahr weiter reduziert und lagen zum 31.12.2019 bei € 44,0 Mio. (Vorjahr: € 50,1 Mio.). Von den kurz- und langfristigen Verbindlichkeiten betreffen € 12,0 Mio. (Vorjahr: € 12,0 Mio.) Schuldscheindarlehen, € 30,0 Mio. (Vorjahr: € 30,0 Mio.) Namensschuldverschreibungen, € 0,1 Mio. (Vorjahr: € 0,5 Mio.) Verbindlichkeiten aus Lieferungen und Leistungen, € 0,8 Mio. (Vorjahr: € 0,0 Mio.) Verbindlichkeiten gegenüber verbundenen Unternehmen sowie € 1,1 Mio. (Vorjahr: € 7,5 Mio.) sonstige Verbindlichkeiten.

C. Mitarbeiter

Im Jahresdurchschnitt beschäftigte die Gesellschaft 13 (Vorjahr: 15) MitarbeiterInnen.

LAGEBERICHT ZUM KONZERNABSCHLUSS PER 31.12.2019

DER PIERER MOBILITY AG, WELS

1. ENTWICKLUNG DER PIERER MOBILITY- GRUPPE

Das Unternehmen

Die PIERER Mobility-Gruppe (vormals: KTM Industries-Gruppe) ist Europas führender „Powered Two-Wheeler“-Hersteller („PTW“). Mit ihren weltweit bekannten Motorradmarken KTM, HUSQVARNA Motorcycles und der im vierten Quartal erfolgten mehrheitlichen Übernahme der spanischen Offroad-Marke GASGAS zählt sie insbesondere im Premium-Segment zu den Technologie- und Marktführern.

Das Produktportfolio der PIERER Mobility-Gruppe umfasst neben Fahrzeugen, die mit Verbrennungsmotoren der neuesten Generation ausgestattet sind, auch emissionsneutrale Fahrzeuge mit innovativen Elektroantrieben wie die KTM Freeride E, den Elektro Minicycles sowie E-Bikes der Marken Husqvarna E-Bicycles und R Raymon. Mit der im Dezember 2019 erfolgten vollständigen Übernahme des Elektro Bicycle Geschäftes der in Deutschland ansässigen PEXCO GmbH wurde ein wichtiger Wachstumsschritt im Bereich der Elektromobilität gesetzt, um am attraktiven Marktwachstum im E-Bicycle Bereich zu partizipieren. Mittelfristig ist es beabsichtigt, sich in diesem Bereich zu einem bedeutenden international tätigen Player zu entwickeln.

Da sich unter dem Dach der PIERER Mobility-Gruppe neben der Kernmarke „KTM“ auch weitere aufstrebende Marken wie zum Beispiel Husqvarna Motorcycles befinden, die einen immer wichtigeren Stellenwert im Konzern einnehmen, wurde im Zuge der außerordentlichen Hauptversammlung am 4. Oktober 2019 die Umbenennung der KTM Industries AG in PIERER Mobility AG beschlossen. In dieser Hauptversammlung wurde der Vorstand weiters ermächtigt vom Erwerb eigener Aktien gemäß § 65 Abs 1 Z 8 AktG Gebrauch zu machen und ein Rückkaufprogramm durchzuführen.

Der Aufsichtsrat der PIERER Mobility AG verlängerte die im Frühjahr 2020 auslaufenden Vorstandsverträge von Stefan Pierer, Friedrich Roithner und Hubert Trunkenpolz im Dezember 2018 vorzeitig um fünf Jahre. Mit 28. Februar 2019 schied Harald Plöckinger aus dem Vorstand der PIERER Mobility AG aus. Viktor Sigl, Vorstandsmitglied der KTM AG, wurde mit 20. Dezember 2019 zusätzlich in den Vorstand der PIERER Mobility AG berufen.

Absatz- und Umsatzentwicklung im Geschäftsjahr 2019

Im Geschäftsjahr 2019 konnte die PIERER Mobility AG ihr Wachstum weiter fortsetzen und erzielte einen Rekordumsatz von € 1.520,1 Mio. Das entspricht einer Steigerung von € 57,9 Mio. bzw. 4,0% zum Vorjahr¹. Unter Berücksichtigung der vom KTM-Partner Bajaj in Indien verkauften Motorräder, erzielte die Gruppe einen Rekordabsatz von insgesamt 280.099 Motorrädern. Mit 234.449 verkauften KTM Motorrädern und 45.650 verkauften Husqvarna Motorrädern wurde der Absatz um rund 7% gegenüber dem Vorjahr gesteigert. Für den weiteren Wachstumskurs wurden 2019 rund € 121 Mio. in Produktentwicklung (inkl. Werkzeuge) investiert.

Die Umsetzung der globalen Produktstrategie sowie die Expansion in weitere asiatische und südamerikanische Märkte wurden im abgelaufenen Geschäftsjahr konsequent weiterverfolgt.

¹ zur besseren Vergleichbarkeit bezogen auf den fortgeführten Geschäftsbereich des Konzerns (ohne Pankl-Gruppe).

Marktposition weiter ausgebaut – Präsenz in Australien verstärkt

Im abgelaufenen Geschäftsjahr hat die PIERER Mobility-Gruppe mit ihren Marken KTM und Husqvarna Motorcycles in den wichtigsten Motorradmärkten (> 120cc) mit einem Zulassungsplus von +14,5% den Gesamtmarkt (-6,3%) outperformed und ihre Marktposition weiter ausgebaut.

In **Europa** ist der Gesamtmarkt im Geschäftsjahr 2019 um rund 8,9% gewachsen. Im gleichen Zeitraum ist es KTM gelungen, den hohen Marktanteil bei ca. 12% zu halten. Im **US Markt**, der im Geschäftsjahr 2019 rückläufig war (-2,7%) konnte sich KTM erfolgreich positionieren. KTM erhöhte die Zulassungen um 3,6% und steigerte somit den Marktanteil zum 31. Dezember 2019 auf 9,7%. In den für KTM wichtigsten Zukunftsmarkt **Indien** nahmen die KTM-Zulassungen im Geschäftsjahr um über 35% im Vergleich zum Vorjahr zu. Der Marktanteil stieg von 4,5% auf rund 7,3%.

Durch die 100%ige Übernahme der KTM Australia Holding Pty Ltd. (vormals: Motorcycle Distributors Australia Pty Ltd.) wurde die Marktpräsenz in **Australien** und Neuseeland – dem drittgrößten Markt der Welt – weiter gestärkt. Aufgrund einer Marktoffensive konnten in diesen wichtigen Märkten im abgelaufenen Geschäftsjahr 15.343 KTM- und Husqvarna-Motorräder verkauft werden.

Elektrofahrzeug-Allianz mit Bajaj

Im abgelaufenen Geschäftsjahr starteten die PIERER Mobility-Gruppe und Bajaj Auto Ltd. ein Serienentwicklungsprojekt für PTW („Powered two wheeler“) Elektrofahrzeuge im Leistungsbereich zwischen 3 und 10 kW (48 Volt). Die Plattform wird unter den Marken beider Partner verschiedene Produktvarianten – Roller, Moped, Mofa – unterstützen. Die Serienproduktion wird bis 2022 am Produktionsstandort von Bajaj in Pune / Indien beginnen. Als Pionier in der Elektromobilität für Zweiräder im Niedrigvoltbereich (48 Volt) schafft die PIERER Mobility-Gruppe damit die optimalen Voraussetzungen gemeinsam mit ihrem strategischen Partner Bajaj eine global führende Rolle einzunehmen.

Neue Beteiligungen

Die PIERER Mobility-Gruppe beteiligte sich im Mai 2019 zu 70% an der **AVOCODO GmbH**. Der Full Service Provider ist ein Spezialist für mobile Anwendungen, Webapplikationen und Business-Lösungen, insbesondere wenn es um digitale Lösungen und Individualentwicklungen geht.

Im Oktober 2019 vereinbarten KTM und Black Toro Capital eine industrielle Zusammenarbeit mit der bekannten spanischen Motorradmarke **GASGAS** unter der Führung der KTM. Die Kooperation bedeutet für beide Partner den Beginn einer erfolgreichen Zukunft für die etablierte und international bekannte Marke GASGAS. Neben den Trial- und Enduro-Motorrädern von GASGAS werden neue Modelle entwickelt. Im Rahmen des Joint-Venture wird die Produktion von GASGAS-Trail-Produkten in Girona / Spanien fortgesetzt. Mit der Übernahme eines Marktführers von Trial Motorrädern ist es gelungen, in diesen Bereich neu einzusteigen.

Motorsport

Hervorzuheben sind auch die sensationellen Erfolge im Motorsport, die 2019 einen weiteren Meilenstein in der Geschichte der KTM AG bedeuten. Red Bull-KTM Werksfahrer Toby Price sicherte mit seiner neuen KTM 450 RALLY dem österreichischen Hersteller bereits den 18. Sieg in Folge bei der Rallye Dakar. Auch im Jahr 2019 hat KTM massiv in den Motorsport investiert und legt den Schwerpunkt auf die dritte Saison in der **MotoGP™**. Erstmals wurde mit dem Red Bull KTM Tech 3 Team ein Satellitenteam ausgestattet, sodass in Summe vier KTM Motorräder an der Moto GP teilnehmen. Mit der Moto2- und Moto3-Rennserie ist KTM somit in allen Rennserien vertreten. Mit der Vertragsverlängerung von Dorna Sports zur Teilnahme an der MotoGP™ wurde die Präsenz in der Königsklasse bis mindestens 2026 gesichert. In der Moto2-Rennserie zog sich KTM zum Jahresende von der Teilnahme als Moto2™ Chassis-Hersteller zurück. Ab dem Jahr 2020 liegt der Fokus auf der MotoGP™ und Moto3™-Kategorie, auch mit dem Ziel, mit der Marke Husqvarna Motorcycles in die Leichtgewichtsklasse zurückzukehren.

2. WIRTSCHAFTLICHES UMFELD UND MARKT-ENTWICKLUNG

Nach Einschätzung des Internationalen Währungsfonds (IWF) vom Jänner 2020 wird die Weltwirtschaftsleistung in 2020 um 3,3% wachsen. Für Industrieländer wird ein Wachstum von 1,6% für 2020 sowie für das Jahr 2021 prognostiziert. Für die Euro-Zone wird eine Entwicklung von 1,3% für 2020 erwartet. Für das Jahr 2021 prognostiziert der IWF ein weltweites Wachstum von 3,4%, wobei für die Eurozone ein Wachstum von 1,4% erwartet wird.

Für Schwellen- und Entwicklungsländer wird ein Wachstum der Wirtschaftsleistung von 4,4% für das Jahr 2020 sowie 4,6% für das Jahr 2021 erwartet. Für China wird ein Wachstum von 6,0% für 2020 sowie von 5,8% für 2021 prognostiziert. Für Indien wird ebenfalls eine große Entwicklung erwartet, da mit einem Anstieg der Wirtschaftsleistung von 5,8% für 2020 und mit 6,5% für 2021 gerechnet wird.

Der **europäische Motorradmarkt**² verzeichnete im Vergleich zum Vorjahr mit rund 614.000 zugelassenen Fahrzeugen einen Anstieg von 8,9%. Das Wachstum ist vorwiegend auf die Entwicklung in den Märkten Spanien (+25,4%), Frankreich (+16,8%), Italien (+9,60%) sowie Deutschland (+5,8%) zurückzuführen. KTM und Husqvarna konnten ihren Marktanteil bei den straßenzugelassenen Motorrädern in Europa bei 11,8% (-0,2 Prozentpunkte zum Vorjahr) konstant halten. Einen Zuwachs bei den Marktanteilen konnten vor allem Großbritannien (+0,3 Prozentpunkte zum Vorjahr) und Deutschland (+0,3 Prozentpunkte zum Vorjahr) vorweisen. Die Fahrzeuge der Marke KTM konnten in einem schwierigen Marktumfeld in den wichtigen Märkten wie Deutschland (+0,3 Prozentpunkte zum Vorjahr), Großbritannien (+0,6 Prozentpunkte zum Vorjahr) und Schweden (+0,2 Prozentpunkte zum Vorjahr) die Marktanteile steigern. Am europäischen Gesamtmarkt beträgt der Marktanteil von KTM 9,6% (Vorjahr: 9,7%). Die Marktanteile von Husqvarna Motorcycles konnten in den Märkten Niederlande (+0,5 Prozentpunkte zum Vorjahr) und Belgien (+0,2 Prozentpunkte zum Vorjahr) gesteigert werden. Am europäischen Gesamtmarkt beträgt der Marktanteil von Husqvarna 2,3% (Vorjahr: 2,3%).

Die Zulassungen am **US-Motorradmarkt**³ entwickelten sich im Geschäftsjahr 2019 mit rund 373.000 Fahrzeugen leicht rückläufig (Vorjahr: 383.000 Fahrzeuge). KTM und Husqvarna konnten trotz des schrumpfenden Gesamtmarktes den Marktanteil in den USA deutlich ausbauen. KTM konnte die Marktanteile am US-Gesamtmarkt gegenüber dem Vorjahr um 0,3 Prozentpunkte auf 6,9% steigern. Husqvarna steigerte seine Marktanteile um 0,2 Prozentpunkte auf 2,5% am US-Gesamtmarkt.

In **Australien** und **Kanada** konnten ebenfalls starke Zuwächse verzeichnet werden. KTM und Husqvarna erreichen in Australien einen Marktanteil von 15,8% (+1,8 Prozentpunkte zum Vorjahr). Am kanadischen Markt konnte ein Anteil von 12,4% (+1,3 Prozentpunkte zum Vorjahr) verzeichnet werden.

² Motorräder = 120ccm ohne Motocross, Scooters und ATV's, inkl. Elektromotorräder in den Märkten DE, FR, IT, UK, ES, NL, AT, CH, FI

³ Motorräder = 120ccm inklusive Motocross, ohne Scooters und ATV's, inkl. Elektromotorräder

3. FINANZIELLE LEISTUNGSINDIKATOREN

ERTRAGSKENNZAHLEN ¹⁾		2019	2018	VDG. IN %
Umsatzerlöse	in € Mio.	1.520,1	1.462,2	4,0%
Betriebsergebnis vor Abschreibung (EBITDA)	in € Mio.	240,8	211,0	14,1%
EBITDA-Marge	in %	15,8%	14,4%	
Ergebnis der betrieblichen Tätigkeit (EBIT)	in € Mio.	131,7	128,7	2,3%
EBIT-Marge	in %	8,7%	8,8%	
Ergebnis nach Steuern	in € Mio.	95,7	85,2	12,4%
Ergebnis nach Minderheiten	in € Mio.	54,5	41,1	32,6%

BILANZKENNZAHLEN		31.12.2019	31.12.2018	VDG. IN %
Bilanzsumme	in € Mio.	1.613,9	1.353,9	19,2%
Eigenkapital	in € Mio.	618,6	550,8	12,3%
Eigenkapitalquote	in %	38,3%	40,7%	
Working Capital Employed ²⁾	in € Mio.	274,2	245,3	11,8%
Nettoverschuldung ³⁾	in € Mio.	395,8	323,3	22,4%
Gearing ⁴⁾	in %	64,0%	58,7%	

CASH-FLOW UND INVESTITIONEN		2019	2018	Vdg. in %
Cash-Flow aus Betriebstätigkeit	in € Mio.	257,4	85,5	>100%
Cash-Flow aus Investitionstätigkeit	in € Mio.	-165,7	-102,1	62,3%
Cash-Flow aus Finanzierungstätigkeit	in € Mio.	-20,6	-63,3	-67,4%
Investitionen ^{1) 5)}	in € Mio.	164,9	167,6	-1,6%

MITARBEITER		31.12.2019	31.12.2018	Vdg. in %
Mitarbeiter ⁶⁾	Anzahl	4.368	4.303	1,5%

WERTSCHAFFUNG		31.12.2019	31.12.2018	
ROCE (Return on Capital Employed) ⁷⁾	in %	12,7%	16,6%	
ROE (Return on Equity) ⁸⁾	in %	16,4%	21,2%	
ROIC (Return on Invested Capital) ⁹⁾	in %	10,6%	13,6%	

1) Fortgeführter Geschäftsbereich des Konzerns (Vorjahr ohne Pankl-Gruppe)

2) Working Capital Employed = Vorräte + Forderungen aus Lieferungen und Leistungen - Verbindlichkeiten aus Lieferungen und Leistungen

3) Nettoverschuldung = Finanzverbindlichkeiten (kurzfristig, langfristig) - Zahlungsmittel

4) Gearing = Nettoverschuldung / Eigenkapital

5) Zugänge von Sachanlagen und immateriellen Vermögenswerten laut Anlagespiegel; ohne Erstanwendungseffekt aus IFRS 16 per 1.1.2019

6) Mitarbeiterstand zum Stichtag (inklusive Leiharbeiter)

7) ROCE: EBIT / durchschnittliches Capital Employed; Capital Employed = Sachanlagen + Firmenwert + Immaterielle Vermögenswerte + Working Capital Employed

8) ROE = Ergebnis nach Steuern / durchschnittliches Eigenkapital

9) ROIC = NOPAT / durchschnittliches Capital Employed; NOPAT = EBIT - Steuern

GESCHÄFTSENTWICKLUNG UND ANALYSE DER ERTRAGSKENNZAHLEN

Im Geschäftsjahr 2019 erzielte die **PIERER Mobility-Gruppe** Umsatzerlöse in Höhe von € 1.520,1 Mio. (+4,0%) nach € 1.462,2 Mio. im Vorjahr. Rund 95% der Umsatzerlöse wurden außerhalb Österreichs erzielt. Regional betrachtet entfielen etwa 54% des Umsatzes auf Europa (-2% zum Vorjahr), 26% auf Nordamerika inkl. Mexiko (+1% zum Vorjahr) und 20% auf den Rest der Welt (+1% zum Vorjahr).

Das operative Ergebnis vor Abschreibungen (EBITDA) liegt mit € 240,8 Mio. um rund 14% über dem Vorjahr. Das Ergebnis der betrieblichen Tätigkeit (EBIT) in Höhe von € 131,7 Mio. ist um 2,3% gegenüber dem Vorjahreszeitraum gestiegen. Die operativen Zahlen beinhalten den Erstkonsolidierungseffekt der PEXCO GmbH in Höhe von € 10,4 Mio. aufgrund der Aufwertung der vor Erlangung der Beherrschung gehaltenen Anteile auf den Fair Value. Erfreulich zeigte sich zudem das Ergebnis nach Minderheiten mit € 54,5 Mio. (+32,6% zum Vorjahr).

Alle beschriebenen Ertragskennzahlen des Konzerns beziehen sich zur besseren Vergleichbarkeit auf den fortgeführten Geschäftsbereich (d.h. ohne der im Juni 2018 verkauften Pankl-Gruppe und damit verbundenen Entkonsolidierungseffekten).

Aufgrund des Abgangs der Pankl-Gruppe stellt die KTM AG als fortgeführter Geschäftsbereich des Konzerns nunmehr den Hauptbereich der PIERER Mobility-Gruppe.

KTM AG

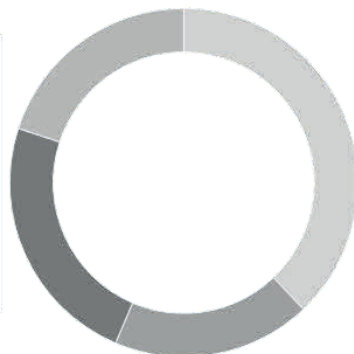
Das Geschäftsjahr 2019 geht als weiteres Rekordjahr in die KTM-Geschichte ein. Durch die konsequent verfolgte Umsetzung der globalen Produktstrategie konnte KTM sowohl den Umsatz als auch den Absatz erneut steigern und somit auch im Jahr 2019 ein neuerliches Rekordniveau erreichen. KTM zählt somit seit Jahren zu den am schnellsten wachsenden Motorradmarken der Welt. Im abgelaufenen Geschäftsjahr konnte ein Umsatz von € 1.512,9 Mio. erreicht werden. Somit verzeichnete die KTM AG eine Steigerung um 4,0%.

Der Absatz konnte in 2019 – unter Berücksichtigung der in Indien und Indonesien von unserem Partner Bajaj verkauften Modelle – auf 280.099 (+7,1% zum Vorjahr) gesteigert werden. Rund 38% der Motorräder wurden in Europa abgesetzt. Weitere 24% über Partner Bajaj in Indien und Indonesien verkauft, 18% in Nordamerika inkl. Mexiko und 20% in den restlichen Regionen der Welt.

Damit erzielte KTM im Geschäftsjahr 2019 ein EBITDA von € 229,0 Mio. (+8,6% zum Vorjahr) und ein EBIT von € 121,3 Mio. (-6,1% zum Vorjahr). Das Ergebnis nach Steuern verringerte sich von € 89,8 Mio. auf € 84,6 Mio.

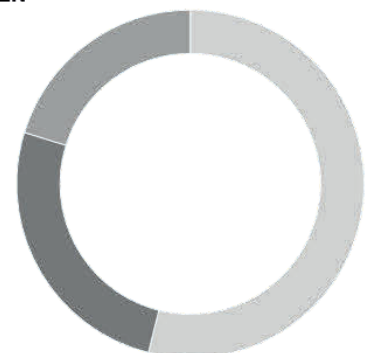
ABSATZ NACH REGIONEN GJ 2019

- 38% Europa
- 18% Nordamerika (inkl. Mexiko)
- 24% Indien / Indonesien (über Bajaj)
- 20% Rest der Welt



UMSATZ NACH REGIONEN GJ 2019

- 54% Europa
- 26% Nordamerika (inkl. Mexiko)
- 20% Rest der Welt



BILANZANALYSE

Die Bilanzstruktur der PIERER Mobility-Gruppe setzt sich wie folgt zusammen:

	2019		2018	
	Mio. €	in %	Mio. €	in %
Langfristige Vermögenswerte	877,9	54,4%	744,6	55,0%
Kurzfristige Vermögenswerte	736,0	45,6%	609,3	45,0%
Vermögenswerte	1.613,9	100,0%	1.353,9	100,0%
Eigenkapital	618,6	38,3%	550,8	40,7%
Langfristige Schulden	588,7	36,5%	434,8	32,1%
Kurzfristige Schulden	406,6	25,2%	368,3	27,2%
Eigenkapital und Schulden	1.613,9	100,0%	1.353,9	100,0%

Die Bilanzsumme der PIERER Mobility-Gruppe erhöhte sich gegenüber dem Vorjahr um € 260,0 Mio. bzw. 19,2% auf € 1.613,9 Mio.

Die langfristigen Vermögenswerte erhöhten sich 2019 insgesamt um € 133,3 Mio. auf € 877,9 Mio. (+17,9%). Durch die Erstanwendung des IFRS 16 „Leasingverhältnisse“ wurden erstmalig Right-of-Use Vermögenswerte in Höhe von € 38,9 Mio. aktivseitig innerhalb der Sachanlagen bilanziert. Aufgrund der Erstkonsolidierung der KTM Australia Holding Pty Ltd und der PEXCO GmbH stiegen die langfristigen Vermögenswerte um € 57,5 Mio. Weiters erhöhten sich die langfristigen Vermögenswerte aus der Nettoaktivierung von Entwicklungskosten in Höhe von rund € 53 Mio.

Der Anstieg der kurzfristigen Vermögenswerte um € 126,8 Mio. bzw. rund 21% ist vollständig auf die Übernahme der kurzfristigen Vermögenswerte im Rahmen der Erstkonsolidierung der KTM Australia Holding Pty Ltd sowie der PEXCO GmbH zurückzuführen. Bereinigt um die beiden Erstkonsolidierungen liegt das kurzfristige Vermögen leicht unter Vorjahresniveau.

Die langfristigen Schulden erhöhten sich gegenüber dem Vorjahr um € 153,8 Mio. (+35,4%). Der Anstieg ist im Wesentlichen aufgrund der Aufnahme eines Darlehens der europäischen Investitionsbank in Höhe von € 120 Mio. sowie der erstmaligen Anwendung des IFRS 16 und der damit verbundenen Bilanzierung von Leasingverbindlichkeiten in Höhe von € 38,9 Mio. zurückzuführen.

Die kurzfristigen Schulden erhöhten sich insgesamt um € 38,3 Mio. bzw. 10,4%. Bereinigt um die Übernahme der kurzfristigen Schulden der beiden Gesellschaften KTM Australia Holding Pty Ltd und der PEXCO GmbH zum Erstkonsolidierungszeitpunkt liegen die kurzfristigen Schulden um rund 23% unter dem Vorjahreswert. Der Rückgang ist unter anderem darauf zurückzuführen, dass ein zwischen Konzernunternehmen bestehendes Supplier Finance Programm zum 31. Dezember 2019 nicht in Anspruch genommen wurde (Vorjahr: € 36,9 Mio.).

Das Eigenkapital erhöhte sich im Geschäftsjahr um € 67,9 Mio. von € 550,8 Mio. auf € 618,6 Mio. Zum einen wurde durch das Ergebnis nach Steuern in Höhe von € 95,7 Mio. das Eigenkapital gestärkt, zum anderen führten Dividendenzahlungen in Höhe von € 20,2 Mio. sowie der Kauf eigener Aktien in Höhe von € 5,2 Mio. zu einer Verringerung des Eigenkapitals. Die sonstigen Effekte betreffen im Wesentlichen die ergebnisneutrale Erfassung von Fremdwährungsdifferenzen, die Bewertung von Finanzinstrumenten sowie die Neubewertung der Nettoschuld aus leistungsorientierten Versorgungsplänen. Die zum 31.12.2019 ausgewiesene Eigenkapitalquote liegt mit 38,3% aufgrund der erörterten Bilanzverlängerung unter dem Vorjahreswert von 40,7%.

LIQUIDITÄTSANALYSE

Der Cash-Flow aus dem operativen Bereich lag im Geschäftsjahr 2019 bei € 257,4 Mio. und damit deutlich über dem Vorjahreswert von € 85,5 Mio., wofür insbesondere die geplante Reduzierung im Working Capital hauptverantwortlich war. Die im Vorjahr erhöhte Kapitalbindung im Working Capital, bedingt durch kurzfristige Produktionsplanverschiebungen am Jahresende, konnte im abgelaufenen Geschäftsjahr wieder auf Normalniveau zurückgeführt werden.

Der Zahlungsmittelabfluss aus Investitionen betrug € -165,7 Mio. und liegt insgesamt über dem Vorjahreswert von € -102,1 Mio. Die Vorjahreszahl ist aufgrund von Einzahlungen aus dem Verkauf der Pankl-Gruppe in Höhe von € 58,5 Mio. (inklusive abgegangener Zahlungsmittel der Pankl-Gruppe in Höhe von € 9,1 Mio.) positiv beeinflusst. Die Auszahlungen für den Kauf von Sachanlagen und immateriellen Vermögenswerten liegen mit € -149,8 Mio. unter dem Vorjahreswert von € -158,3 Mio.

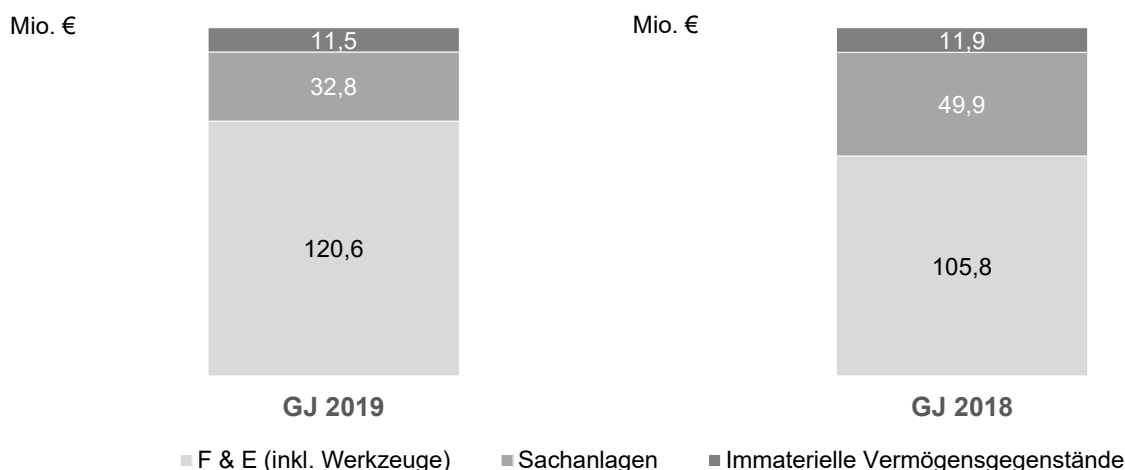
Der Free Cash-Flow konnte dadurch im Geschäftsjahr 2019 um € 108,3 Mio. von € -16,7 Mio. auf € 91,6 Mio. deutlich gesteigert werden und entspricht rund 6% der Umsatzerlöse.

Nach Berücksichtigung des Cash-Flows aus Finanzierungsaktivitäten in Höhe von € -20,6 Mio. erhöhten sich die liquiden Mittel im Vergleich zum 31. Dezember 2018 um € 71,5 Mio. (inklusive Fremdwährungseffekte von € 0,5 Mio.) auf € 160,9 Mio. Der Finanzierungs-Cash-Flow war neben Dividendenzahlungen in Höhe von € -20,2 Mio. sowie dem Kauf eigener Aktien in Höhe von € -5,2 Mio. durch die Aufnahme langfristiger Darlehen in Höhe von € 134,9 Mio. und der Rückführung von Finanzverbindlichkeiten (inkl. Leasing) in Höhe von € 129,9 Mio. geprägt.

INVESTITIONEN

Im laufenden Geschäftsjahr wurden in der PIERER Mobility-Gruppe Gesamtinvestitionen in Höhe von € 164,9 Mio.⁴ getätigt (Vorjahr: € 167,6 Mio. – exklusive Pankl-Gruppe in Höhe von € 16,0 Mio.).

Die Investitionen verteilen sich auf Entwicklungsprojekte (inkl. Werkzeuge), Sachanlagen und immaterielle Vermögensgegenstände wie folgt⁵:



Der Anteil an Investitionen in Entwicklungsprojekte (inkl. Werkzeuge) zu den Gesamtinvestitionen stieg zur Vergleichsperiode von 63% auf 73%. Die nachhaltig hohen Investitionen in Serienproduktentwicklung stellen einen der wesentlichen Erfolgsfaktoren der PIERER Mobility-Gruppe dar. Die Investitionen in die Infrastruktur (Sachanlagen) machen 20% (Vorjahr: 30%) der Gesamtinvestitionen aus. Aufgrund des in den letzten Jahren

⁴ ohne Right-of-Use-Zugänge aus Erstanwendung IFRS 16 von € 38,9 Mio.

⁵ zur besseren Vergleichbarkeit bezogen auf den fortgeführten Geschäftsbereich des Konzerns

erfolgten intensiven Investitionsprogrammes reduzierten sich die Investitionen in die Infrastruktur im laufenden Geschäftsjahr. Weitere 7% entfallen auf immaterielle Vermögensgegenstände (IT, Lizenzen).

4. NICHTFINANZIELLE ERKLÄRUNG

Die Gesellschaft erstellte für die PIERER Mobility-Gruppe einen konsolidierten nichtfinanziellen Bericht gemäß § 267a UGB für das Geschäftsjahr 2019, welcher Angaben zu Konzepten, nichtfinanziellen Risiken, Due Dilligence Prozessen sowie Ergebnissen und Leistungsindikatoren hinsichtlich Umwelt-, Sozial- und Arbeitnehmerbelangen, der Achtung von Menschenrechten, sowie der Bekämpfung von Korruption und Bestechung, enthält. Dieser Bericht wurde vom Aufsichtsrat gemäß § 96 AktG geprüft und ist online verfügbar unter <https://www.pierermobility.com/investor-relations/berichte/>.

5. FORSCHUNG UND ENTWICKLUNG & NEUE MODELLE

Der Aufwand für Forschung und Entwicklung (vor Aktivierung von Entwicklungsleistungen) des fortgeführten Geschäftsbereichs lag im Geschäftsjahr 2019 in der **PIERER Mobility-Gruppe** bei € 138,5 Mio. (Vorjahr: € 126,5 Mio.). Die Produkte aller Konzernunternehmen bewegen sich in einem sehr anspruchsvollen Leistungsniveau, weshalb von den Kunden eine permanente Entwicklung und Weiterentwicklung gefordert wird. Der Produktlebenszyklus ist je nach Kunde stark abweichend.

In der Forschungs- und Entwicklungsabteilung beschäftigte die **PIERER Mobility-Gruppe** im Geschäftsjahr 2019 zum Stichtag 31.12. 789 Mitarbeiter (Vorjahr: 678 Mitarbeiter), das entspricht 18,1% der gesamten Belegschaft. Rund 7,9% des Gesamtumsatzes wurden in die Forschung und Entwicklung investiert (+0,7 Prozentpunkte zum Vorjahr).

Besonders hohe Priorität wird dabei der frühzeitigen Erkennung von Trends im Powered-Two-Wheeler (PTW) Segment und der Weiterentwicklung unserer Produkte hinsichtlich technischer und funktioneller Aspekte zugeordnet. Gleichzeitig betreiben wir hohen Aufwand zur Verfolgung und Umsetzung der Kundenanforderungen in den Produkten und Dienstleistungen der KTM, um die technologische Vorreiterrolle weiter auszubauen und eine marktnahe Entwicklungsstrategie gewährleisten zu können. Die in Anif ansässige KTM Technologies GmbH gehört mit ihren Mitarbeitern zu den führenden Spezialisten in der Konzeption und Entwicklung von Fahrzeugen mit elektrischem Antrieb. In Forschungs- und Entwicklungsprojekten wird an der Verbesserung von Mobilitätslösungen gearbeitet. Die breit gefächerten Kompetenzen reichen von der Werkstofftechnik, Konstruktion, Simulation, Elektrik/Elektronik, Software bis hin zum Prototypenbau und zur Erprobung.

Das abgelaufene Geschäftsjahr 2019 zeichnete sich erneut durch eine Vielzahl an erfolgreich in Serienproduktion übergeleiteten Modelle der Konzernmarken KTM und Husqvarna Motorcycles aus. So konnte zu Jahresbeginn mit der KTM 790 ADVENTURE / R bereits der zweite Serienanlauf eines Modells gestartet werden. Zur Vervollständigung der Modellpalette im strategisch wichtigen Mittelklassensegment wurde im Rahmen der EICMA 2019, der europäischen Leitmesse für die gesamte Motorrad- und Zubehörindustrie, die KTM 890 DUKE R erstmals vorgestellt. Weitere Meilensteine des ersten Quartals stellen im Street-Bereich die umfassend in Technologie und Design überarbeiteten Mittelklasse-Modelle KTM 690 SMC R und KTM 690 ENDURO R dar. Zusammen mit der ebenfalls im ersten Quartal vorgestellten Husqvarna SVARTPILEN 701, dem Schwestermodell der im Vorjahr in Serienproduktion gegangenen Husqvarna VITPILEN 701, besetzen sie das wichtige Nischensegment der Einzylinder-Mittelklasse. Die neue KTM SX-Motocross Modellreihe des Jahres 2020, von der KTM 50 SX bis zur KTM 450 SX-F, erfuhren Verbesserungen und Performance-Überarbeitungen. Weiters wurde die am Markt führende EXC-Baureihe optimiert. Diese neue Generation des Modelljahres 2020 konnte im Mai 2019 vorgestellt werden.

Zu den Höhepunkten des zweiten und dritten Quartals gehörte die Serienproduktionsüberleitung der neu entwickelten KTM und Husqvarna Motorcycles Enduro Modelle im Fullsize-Offroad Segment. Die jüngste Modellgeneration der Fullsize-Offroad-Plattform ist Ergebnis einer ausgeklügelten Plattformstrategie, deren primäres Ziel es ist, die Performance aller verbauten Komponenten zu optimieren und gleichzeitig ein hohes Maß an Material- und Kosteneffizienz zu gewährleisten.

Das vierte Quartal umfasste eine Reihe weiterer Modellhochläufe aus den Offroad- und Street-Segmenten wie zum Beispiel der Start der Serienproduktion der beiden Elektro-Bike Modelle KTM SX-E 5 und Husqvarna EE 5. Diese rein elektrisch angetriebenen Offroad-Competition Modelle bündeln das Know-How unserer langjährigen, intensiven F&E-Programme im Bereich elektrischer Traktionsantriebe sowie der Batteriezellforschung und erweitern das Portfolio emissionsneutraler Powersport-Modelle der Marken KTM und Husqvarna Motorcycles im Einstiegssegment. Das Forschungsjahr 2019 konnte weiters mit dem Hochlauf der strategisch wichtigen KTM 390 ADVENTURE, dem ersten global erhältlichen Travel-Modell im Street-Einstiegssegment, zu einem besonders erfolgreichen Abschluss gebracht werden. Basierend auf der ebenfalls einem umfassenden Technologieupdate unterzogenen Plattform der KTM Duke und Husqvarna Vitpilen Modelle im Einstiegssegment vervollständigt das Modell die Palette der global erfolgreichen KTM Travel Modelle.

Im Rahmen der EICMA wurde ein Ausblick auf jene Neuentwicklungen gewährt, deren Serienanläufe für das kommende Geschäftsjahr 2020 geplant sind. Neben der zuvor erwähnten KTM 890 DUKE R, die als performance-orientiertes Pendant zur bereits am Markt etablierten KTM 790 DUKE dient, konnte insbesondere mit der von Grund auf neu entwickelten KTM 1290 SUPER DUKE R besonderes Aufsehen erregt werden. Die Entwicklung, Erprobung und Serienüberleitung des performance-orientierten Naked Bikes im Street-Premiumsegment zählt zu den aufwändigsten F&E-Projekten der letzten Jahre und markiert einmal mehr die Spitze des gegenwärtigen Technologie-Standards im Motorradsegment.

Parallel zur Entwicklung neuer Modelle und technischem Zubehör wurde auch die Erweiterung der F&E-Infrastruktur am Standort Mattighofen intensiv fortgesetzt. Die zentrale Steuerung der Entwicklungsprogramme erfolgt im F&E-Hauptquartier in Mattighofen, wo ein Großteil der hoch qualifizierten F&E-Mitarbeiter angesiedelt ist. Das Forschungs- und Entwicklungszentrum ist ein Innovationsstandort mit einer Nutzfläche von über 19.000 m², an dem richtungsweisende Produkte für das Powersport-Segment konzipiert, entwickelt und mit modernsten Mitteln erprobt werden. Zudem wurde Ende 2019 für den weiteren Ausbau der E-Mobility-Aktivitäten auch mit der Erweiterung der Standortinfrastruktur in Anif bei Salzburg begonnen. Die Fertigstellung der Umbauarbeiten ist für Ende 2020 geplant.

6. RISIKOBERICHT UND FINANZINSTRUMENTE

Der Vorstand trägt die Verantwortung für die Einrichtung und Ausgestaltung eines den Anforderungen des Unternehmens entsprechenden **internen Kontroll- und Risikomanagementsystems** in Hinblick auf den Rechnungslegungsprozess. Der Zweck dieses Berichts ist es, eine Übersicht darüber zu geben, wie interne Abläufe in Bezug auf den Rechnungslegungsprozess organisiert werden.

EINLEITUNG

Das interne Kontrollsystem im Hinblick auf den Rechnungslegungsprozess des PIERER Mobility-Konzerns und insbesondere der KTM-Gruppe umfasst Grundsätze, Verfahren und Maßnahmen zur Sicherung der Ordnungsmäßigkeit der Rechnungslegung, sowie der Einhaltung rechtlicher Vorschriften in Österreich und bei den internationalen Gesellschaften. Die klare Definition von Verantwortungsbereichen sowie systematische Kontrollen ermöglichen eine frühzeitige Risikoerkennung und gewährleisten eine ordnungsmäßige Rechnungslegung.

Für die Beschreibung der wesentlichen Merkmale wird die Struktur des Committee of Sponsoring Organizations of the Treadway Commission (COSO) herangezogen. Das COSO-Rahmenwerk besteht aus fünf zusammenhängenden Komponenten: Kontrollumfeld, Risikobeurteilung, Kontrollmaßnahmen, Information und Kommunikation sowie Überwachung.

Das Ziel des internen Kontrollsystems ist es, das Management so zu unterstützen, dass es in der Lage ist, effektive und sich ständig verbessernde interne Kontrollen in Hinsicht auf die Rechnungslegung zu gewährleisten. Es ist einerseits auf die Einhaltung von Richtlinien und Vorschriften und andererseits auf die Schaffung von vorteilhaften Bedingungen für spezifische Kontrollmaßnahmen in den Schlüsselprozessen des Rechnungswesens ausgerichtet.

KONTROLLUMFELD

Die Funktionen der Bereiche Rechnungswesen und Controlling sind klar getrennt und die Aufgaben und Verantwortungen geteilt. Die Bereiche Treasury und Business Process Finance sind in den operativen Bereichen der Gruppe angesiedelt, wobei auch hier die Aufgaben und Verantwortungen klar aufgeteilt sind. Im Bereich Rechnungswesen setzt sich die Organisation aus dem Rechnungswesen im Headquarter, sowie aus den Teams der einzelnen Tochterunternehmen zusammen.

Die Aufgaben des Rechnungswesens bestehen in der zeitgerechten, vollständigen und ordnungsmäßigen Erfassung von Geschäftsfällen und deren Darstellung in Monats- und Jahresabschlüssen im PIERER Mobility-Konzern.

Belege werden überwiegend elektronisch erfasst und dokumentiert weiterverarbeitet. Die Eingangsrechnungen werden von den Lieferanten vorwiegend elektronisch übermittelt, die Belege in der Buchhaltung vorerfasst und zur Freigabe elektronisch, an die zur Freigabe berechtigten Personen, weitergeleitet. Um eine lückenlose Dokumentation des Freigabeprozesses zu erhalten, wird der gesamte Freigabeprozess in einen elektronischen Workflow abgewickelt.

Die Ablauforganisation des Monatsabschlusses erfolgt nach einem strikten Zeitplan. Die Termine werden für ein Geschäftsjahr und für alle Gesellschaften erstellt und konzernweit kommuniziert. Zur vollständigen und richtigen Abbildung aller bilanzierungsrelevanten Sachverhalte, ist das Rechnungswesen ständig in enger Abstimmung mit den unterschiedlichsten Fachbereichen. Neben der laufenden Abstimmung erfolgt auch ein Informationsaustausch zu neuen Geschäftsprozessen, strukturellen und strategischen Veränderungen, sowie zu Rechtsstreitigkeiten.

RISIKOBEURTEILUNG

Risiken in Bezug auf den Rechnungslegungsprozess werden durch das Management erhoben und überwacht. Der Fokus wird dabei auf jene Risiken gelegt, die typischerweise als wesentlich zu betrachten sind.

Die Risiken in diesem Bereich umfassen die nicht vollständige Erfassung von bilanzierungsrelevanten Sachverhalten, Fehler in der Belegerfassung sowie fehlerhafte Berechnungen. Komplexe Bilanzierungsgrundsätze könnten zu einem erhöhten Fehlerrisiko führen, unrichtigen Ausweis sowie verspätete Bilanzerstellung. Zudem besteht das Risiko eines Datenzugriffes von unberechtigten Personen bzw. Datenmanipulation, Ausfall von IT-Systemen und Datenverlust.

Für die Erstellung des Abschlusses müssen regelmäßig Schätzungen vorgenommen werden, bei denen das immanente Risiko besteht, dass die zukünftige Entwicklung von diesen Schätzungen abweicht. Dies trifft insbesondere auf die folgenden Sachverhalte/Posten des Konzernabschlusses zu: Sozialkapital, Ausgang von Rechtsstreitigkeiten, Werthaltigkeit von Forderungen, Beteiligungen und Vorräten. Teilweise werden externe Experten zugezogen bzw. wird auf öffentlich zugängliche Quellen abgestellt, um das Risiko einer Fehleinschätzung zu minimieren.

KONTROLLMASSNAHMEN

Zusätzlich zum Vorstand umfasst das allgemeine Kontrollumfeld auch die mittlere Managementebene wie z.B. Bereichs- und Abteilungsleiter.

Zur Gewährleistung einer vollständigen, zeitgereichten und richtigen Bilanzerstellung, wurden in allen am Buchungsprozess beteiligten Bereichen Qualitätssicherungs- und Kontrollmaßnahmen implementiert. Sämtliche Kontrollmaßnahmen werden im laufenden Geschäftsprozess angewandt, um sicherzustellen, dass potenzielle Fehler in der Finanzberichterstattung vorgebeugt bzw. diese entdeckt und korrigiert werden. Des Weiteren führt die Anwendung von unternehmensinternen Richtlinien zu einer einheitlichen Behandlung der Geschäftsfälle, sowie zu einer einheitlichen Bilanzierung und Berichterstattung.

Kontrollmaßnahmen in Bezug auf die IT-Sicherheit stellen einen Eckpfeiler des internen Kontrollsystems dar. So wird die Trennung von sensiblen Tätigkeiten durch eine restriktive Vergabe von IT-Berechtigungen unterstützt. Durch die eingesetzte ERP Software finden automatisierte Prüfungen statt, wie z.B. die automatisierten Kontrollen bei Rechnungsfreigabe und Rechnungsprüfung.

Weitere Kontrollmaßnahmen reichen von der Durchsicht der periodischen Monatsberichte durch das Management bis hin zur spezifischen Analyse von Konten und der laufenden Prozesse im Rechnungswesen.

Im Bereich der Stammdaten (z.B. Kontenplan, Kundendaten, Lieferantendaten, usw.) sind zentrale Anlage- und Änderungsprozesse definiert und implementiert worden.

Bei allen rechnungslegungsrelevanten Prozessen wird das Vier-Augen-Prinzip angewendet (z.B. Rechnungs- und Zahlungsfreigabe). Diese klar definierten Überprüfungsmechanismen ermöglichen eine frühzeitige Risikoerkennung. Zusätzlich wird sichergestellt, dass die Rechnungslegung im Einklang mit den gesetzlichen Vorschriften, den Grundsätzen ordnungsgemäßer Buchführung und internationaler Rechnungslegungsvorschriften steht.

INFORMATION UND KOMMUNIKATION

Neben den gesetzlich vorgeschriebenen Abschlüssen, welche der Führungsebenen zur Verfügung gestellt werden, wurde im Konzern auch ein umfangreiches internes Berichtswesen implementiert, das je nach Berichtsempfänger in unterschiedlichen aggregationstiefen erstellt und verteilt wird. Das interne Berichtswesen umfasst neben Bilanz, GuV und Cash-Flow auch Profitcenter- und Produktmargenanalysen.

Darüber hinaus werden regelmäßig Diskussionen betreffend des Berichtswesens zwischen Vorstand und Bereichsleiter geführt. Die Diskussionen haben zum Ziel, die Identifizierung und die Kommunikation von Schwachstellen und Verbesserungspotentiale sicherzustellen.

Außerdem werden die Mitarbeiter des Rechnungswesens laufend in Hinblick auf Neuerungen in der Rechnungslegung geschult, um Risiken einer unbeabsichtigten Fehlberichterstattung frühzeitig erkennen und minimieren zu können.

ÜBERWACHUNG

Kernpunkt des operativen Risikomanagements ist die Identifizierung, Evaluierung und Beherrschung von wesentlichen Risiken aus dem operativen Geschäft. Dieser Prozess wird insbesondere von den oberen und mittleren Managementebenen der KTM AG durchgeführt und vom Vorstand der PIERER Mobility AG überwacht. Weitere zentrale Instrumente der Risikoüberwachung und -kontrolle sind die unternehmensweiten Richtlinien über den Umgang mit wesentlichen Risiken, der Planungs- und der Controlling-Prozesse, sowie die laufende Berichterstattung. Die Richtlinien umfassen die Festsetzung und Kontrolle von Limits und Handlungsabläufen zur Begrenzung finanzieller Risiken, sowie die strikte Vorgabe des Vier-Augen-Prinzips bei Rechnungs- und Zahlungsfreigaben.

Im Konzern gibt es, einen über alle Hierarchieebenen implementierten Planungs- und Berichtsprozess. Dieser dient als Frühwarnsystem und als Basis für die Beurteilung der Wirksamkeit der eingeleiteten Steuerungsmaßnahmen. Verantwortlich für die Erstellung und Kommunikation der Berichte sind das Controlling und Group Accounting. Das interne Kontrollsystem basiert auf genauen Informationen über die Prozesse für die Rechnungslegung und Finanzberichterstattung und schließt auch deren vorgelagerte Unternehmensprozesse mit

ein. Die Wirksamkeit des internen Kontrollsystems wird vom Management dahingehend überprüft, dass die Ergebnisse die in komprimierter Berichtsform an das Management übermittelt werden von ihm analysiert, bewertet und kommentiert werden.

CORONA VIRUS

Der Vorstand beobachtet aktuell sehr genau die durch den Corona Virus ausgelösten Auswirkungen auf die globale Wirtschaft sowie die Verunsicherung der Bevölkerung. Sich daraus ergebende mögliche Risiken für das Unternehmen, die Zulieferkette bzw. den Absatzmarkt werden engstens verfolgt. Auf allfällige Störungen des Geschäftsbetriebes wird durch die Einleitung von gezielten Maßnahmen umgehend reagiert. Das Ausmaß der durch diese mittlerweile globale Krise verursachten Auswirkungen auf die weltweite Konjunktur ist derzeit noch nicht abschätzbar.

FINANZINSTRUMENTE

Für weitere Ausführungen zum Risikobericht sowie zu Finanzinstrumenten verweisen wird auf den Konzernanhang (Kapitel VII und VIII) der PIERER Mobility AG.

7. ANGABEN GEMÄß § 243A (ABS 1) UGB

1. Das Grundkapital beträgt EUR 22.538.674. Es ist zerlegt in 22.538.674 Stück auf Inhaber lautende, Stückaktien mit Stimmrecht, wobei jede Stammaktie am Grundkapital in gleichem Umfang beteiligt ist. Die Aktien gewähren die gewöhnlichen nach dem österreichischen Aktiengesetz den Aktionären zustehenden Rechte. Dazu zählt das Recht auf die Auszahlung der in der Hauptversammlung beschlossenen Dividende sowie das Recht auf Ausübung des Stimmrechtes in der Hauptversammlung. Sämtliche Aktien der Gesellschaft sind zum Handel an der Wiener Börse zugelassen. Seit dem 14. November 2016 notieren die Aktien der Gesellschaft auch an der SIX SWISS EXCHANGE (Zürich, Schweiz). Im Geschäftsjahr 2019 wurden 108.015 Stück eigene Aktien erworben, welche vom Nennkapital in Höhe von EUR 108.015 abgezogen wurden. Die Veränderung der nicht gebundenen Kapitalrücklagen von EUR 202.848.066,00 um EUR 5.111.702,09 auf EUR 197.736.363,91 resultiert aus dem Erwerb von 108.015 Stück eigenen Aktien.
2. Dem Vorstand sind keine Beschränkungen bekannt, die Stimmrechte oder die Übertragung von Aktien betreffen.
3. Nach Kenntnis der Gesellschaft bestand per 31. Dezember 2019 folgende direkte oder indirekte Beteiligung am Kapital der PIERER Mobility AG, die zumindest 10 von Hundert betragen:

Pierer Industries AG: 60,87%
4. Es gibt keine Aktien mit besonderen Kontrollrechten.
5. Es bestehen derzeit keine Mitarbeiterbeteiligungsmodelle.
6. Es bestehen keine über das Gesetz hinausgehenden Bestimmungen hinsichtlich der Mitglieder des Vorstandes und des Aufsichtsrates.
7. Möglichkeiten, Aktien auszugeben oder zurückzukaufen:

In der Hauptversammlung vom 27. April 2017 wurden folgende Beschlüsse gefasst:

- a) Die Ermächtigung des Vorstandes mit Zustimmung des Aufsichtsrates bis 01.04.2022 Finanzinstrumente im Sinne des § 174 AktG, insbesondere Wandelschuldverschreibungen, Gewinnschuldverschreibungen und Genussrechte, mit einem Gesamtnennbetrag von EUR 150.000.000,00, die auch das Bezugs- und / oder das Umtauschrecht auf den Erwerb von insgesamt bis zu 25.000.000 Aktien

- der Gesellschaft einräumen können und / oder auch so ausgestaltet sind, dass ihr Ausweis als Eigenkapital erfolgen kann, auch in mehreren Tranchen und in unterschiedlicher Kombination, auszugeben.
- b) Für die Bedienung der Umtausch- und / oder Bezugsrechte kann der Vorstand das bedingte Kapital und / oder eigene Aktien verwenden.
 - c) Ausgabebetrag und Ausgabebedingungen der Finanzinstrumente sind vom Vorstand mit Zustimmung des Aufsichtsrates festzusetzen, wobei der Ausgabebetrag nach Maßgabe anerkannter finanzmathematischer Methoden sowie des Kurses der Aktien der Gesellschaft in einem anerkannten Preisfindungsverfahren zu ermitteln ist.
 - d) Der Vorstand ist berechtigt, das Bezugsrecht der Aktionäre auf die Finanzinstrumente im Sinne des § 174 AktG mit Zustimmung des Aufsichtsrates auszuschließen.
 - e) Die bedingte Erhöhung des Grundkapitals der Gesellschaft gemäß § 159 Abs 2 Z 1 AktG um bis zu EUR 25.000.000,00 durch Ausgabe von bis zu 25.000.000 auf Inhaber lautende Stammaktien ohne Nennwert (Stückaktien) zur Ausgabe an Gläubiger von Finanzinstrumenten gemäß § 174 AktG, die unter Ausnutzung der in dieser Hauptversammlung eingeräumten Ermächtigung von der Gesellschaft ausgegeben werden, soweit die Gläubiger der Finanzinstrumente von ihrem Umtausch und / oder Bezugsrecht auf Aktien der Gesellschaft Gebrauch machen. Der Ausgabebetrag und das Umtauschverhältnis sind nach Maßgabe anerkannter finanzmathematischer Methoden sowie des Aktienkurses in einem anerkannten Preisfindungsverfahren zu ermitteln. Die neu ausgegebenen Aktien der bedingten Kapitalerhöhung sind im gleichen Maße wie die bereits bestehenden Aktien der Gesellschaft dividendenberechtigt. Der Vorstand ist ermächtigt mit Zustimmung des Aufsichtsrates die weiteren Einzelheiten der Durchführung der bedingten Kapitalerhöhung festzusetzen. Der Aufsichtsrat ist ermächtigt, Änderungen der Satzung, die sich durch die Ausgabe von Aktien aus dem bedingten Kapital ergeben, zu beschließen.
 - f) Der Vorstand wird gem § 65 Abs 1 Z 8 sowie Abs 1a und 1b AktG ermächtigt, auf den Inhaber lautende Stückaktien der Gesellschaft im Ausmaß von bis zu 10% des Grundkapitals der Gesellschaft während einer Geltungsdauer von 30 Monaten ab Beschlussfassung sowohl über die Börse als auch außerbörslich zu erwerben, wobei der niedrigste Gegenwert nicht mehr als 20% unter und der höchste Gegenwert nicht mehr als 10% über dem durchschnittlichen Börsenschlusskurs der letzten 3 Börsenwerkstage vor Erwerb der Aktien liegen darf. Der Handel mit eigenen Aktien ist als Zweck des Erwerbs ausgeschlossen. Die Ermächtigung kann ganz oder teilweise oder auch in mehreren Teilbeträgen und in Verfolgung eines oder mehrerer Zwecke durch die Gesellschaft, durch Tochterunternehmen oder für Rechnung der Gesellschaft durch Dritte ausgeübt werden.
 - g) Den Erwerb über die Börse kann der Vorstand beschließen, doch muss der Aufsichtsrat im Nachhinein von diesem Beschluss in Kenntnis gesetzt werden. Der außerbörsliche Erwerb unterliegt der vorherigen Zustimmung des Aufsichtsrats.
 - h) Der Vorstand wird für die Dauer von fünf Jahren ab Beschlussfassung gem. § 65 Abs 1b AktG ermächtigt, mit Zustimmung des Aufsichtsrats für die Veräußerung bzw. Verwendung eigener Aktien eine andere Art der Veräußerung als über die Börse oder durch ein öffentliches Angebot, unter sinnvoller Anwendung der Regelungen über den Bezugsrechtsausschluss der Aktionäre, zu beschließen und die Veräußerungsbedingungen festzusetzen. Die Ermächtigung kann ganz oder teilweise oder in mehreren Teilbeträgen und in Verfolgung eines oder mehrerer Zwecke durch die Gesellschaft, durch ein Tochterunternehmen oder für Rechnung der Gesellschaft durch Dritte ausgeübt werden, insbesondere als Gegenleistung beim Erwerb von Unternehmen, Betrieben, Teilbetrieben oder Anteilen an einer oder mehreren Gesellschaften im In- oder Ausland.
 - i) Der Vorstand wird ferner ermächtigt mit Zustimmung des Aufsichtsrats erforderlichenfalls das Grundkapital durch Einziehung dieser eigenen Aktien ohne weiteren Hauptversammlungsbeschluss gem. §

65 Abs 1 Z 8 letzter Satz iVm § 122 AktG herabzusetzen. Der Aufsichtsrat ist ermächtigt Änderungen der Satzung, die sich durch die Einziehung von Aktien ergeben, zu beschließen.

In der Hauptversammlung vom 26. April 2018 wurden folgende Beschlüsse gefasst:

- a) Der Vorstand ist gemäß § 169 AktG ermächtigt, bis 26.04.2023 mit Zustimmung des Aufsichtsrates das Grundkapital der Gesellschaft von EUR 22.538.674,00, allenfalls in mehreren Tranchen, gegen Bar- und / oder Sacheinlagen um bis zu EUR 11.269.337,00 durch Ausgabe von bis zu 11.269.337 Stück auf Inhaber lautende nennbetragslose Stückaktien auf bis zu EUR 33.808.011,00 zu erhöhen und den Ausgabebetrag sowie die Ausgabebedingungen und die weiteren Einzelheiten der Durchführung der Kapitalerhöhung im Einvernehmen mit dem Aufsichtsrat festzusetzen sowie allenfalls die neuen Aktien im Wege des mittelbaren Bezugsrechts gemäß § 153 Abs 6 AktG den Aktionären zum Bezug anzubieten.
- b) Der Vorstand ist ermächtigt, mit Zustimmung des Aufsichtsrates das Bezugsrecht der Aktionäre ganz oder teilweise auszuschließen,
 - (i) wenn die Kapitalerhöhung gegen Bareinlagen erfolgt und in Summe der rechnerisch auf die gegen Bareinlagen unter Ausschluss des Bezugsrechts ausgegebenen Aktien entfallende Anteil am Grundkapital der Gesellschaft die Grenze von 10% (zehn Prozent) des Grundkapitals der Gesellschaft zum Zeitpunkt der Einräumung nicht übersteigt,
 - (ii) wenn die Kapitalerhöhung gegen Sacheinlagen erfolgt,
 - (iii) zur Bedienung einer Mehrzuteilungsoption (Greenshoe), und / oder
 - (iv) für den Ausgleich von Spitzenbeträgen.

In der außerordentlichen Hauptversammlung vom 4. Oktober 2019 wurden folgende Beschlüsse gefasst:

- a) Der Vorstand wird gemäß § 65 Abs 1 Z 8 AktG für die Dauer von 30 Monaten ermächtigt, eigene Aktien der Gesellschaft sowohl über die Börse als auch außerbörslich auch unter Ausschluss des quotenmäßigen Andienungsrechtes der Aktionäre zu erwerben und, ohne dass die Hauptversammlung vorher nochmals befasst werden muss, gegebenenfalls diese Aktien mit Zustimmung des Aufsichtsrates einzuziehen. Der Handel mit eigenen Aktien ist als Zweck des Erwerbs ausgeschlossen. Der Anteil der zu erwerbenden Aktien darf 10% des Grundkapitals nicht übersteigen. Der Gegenwert pro zu erwerbender Stückaktie darf jeweils den durchschnittlichen ungewichteten Börseschlusskurs an der SIX Swiss Exchange der vergangenen 10 Handelstage um nicht mehr als 20% unterschreiten oder übersteigen. Die Ermächtigung kann ganz oder teilweise oder auch in mehreren Teilbeträgen und in Verfolgung eines oder mehrerer Zwecke durch die Gesellschaft, mit ihr verbundener Unternehmen oder für deren Rechnung durch Dritte ausgeübt werden. Der Aufsichtsrat ist ermächtigt, Änderungen der Satzung, die sich durch die Einziehung von Aktien ergeben, zu beschließen.
 - b) Der Vorstand wird für die Dauer von fünf Jahren ermächtigt, mit Zustimmung des Aufsichtsrates eigene Aktien auch auf andere Art als über die Börse oder durch ein öffentliches Angebot zu jedem gesetzlich zulässigen Zweck zu veräußern oder zu verwenden und hierbei auch das quotenmäßige Kaufrecht der Aktionäre auszuschließen (Ausschluss des Bezugsrechtes) und die Veräußerungsbedingungen festzusetzen. Die Ermächtigung kann ganz oder teilweise oder auch in mehreren Teilbeträgen und in Verfolgung eines oder mehrerer Zwecke ausgeübt werden.
8. Vereinbarungen der Gesellschaft, die bei einem Kontrollwechsel infolge eines Übernahmeangebotes wirksam werden, sich ändern oder enden sowie deren Wirkungen werden seitens der Gesellschaft nicht bekannt gegeben, da dies der Gesellschaft erheblich schaden würde.
9. Es existieren keine Entschädigungsvereinbarungen zwischen der Gesellschaft und ihren Vorstands- und Aufsichtsratsmitgliedern oder Arbeitnehmern für den Fall eines öffentlichen Übernahmeangebotes.

8. AUSBLICK

GESCHÄFTSENTWICKLUNG

Zielsetzung der PIERER Mobility-Gruppe ist es, die Marktanteile in den globalen Motorradmärkten – trotz eines herausfordernden Marktumfeldes – weiter auszubauen und die GASGAS Motorradsparte als dritte Marke in den Konzern zu integrieren. Zudem legt das Unternehmen auch einen starken Fokus auf den Ausbau und die Entwicklung des Händlernetzes (B2B-Business), um die Marktführerschaft in Europa zu erreichen.

Die Integration der E-Bicycle Aktivitäten (PEXCO) in die im Jänner 2020 neu gegründete HUSQVARNA E-Bicycles GmbH wird umgesetzt. Für das Geschäftsjahr 2020 wird mit einem Umsatz von mehr als € 100 Mio. gerechnet. Mittelfristig ist es beabsichtigt, sich in diesem Bereich zu einem bedeutenden internationalen Player im Bereich der e-Mobility zu entwickeln.

Für das Geschäftsjahr 2020 wird mit einem Umsatzwachstum zwischen 8 – 10% gerechnet. Aufgrund des Aufbaus des Elektro-Zweirad Bereichs sowie der Integration der dritten Motorradmarke GASGAS, wird für das Geschäftsjahr 2020 mit einer EBIT-Marge zwischen 6 – 8% vorübergehend gerechnet. Durch das weiterhin auf hohem Niveau liegende operative Ergebnis vor Abschreibungen (EBITDA) wird auch für das Geschäftsjahr 2020 mit einem positiven Free Cash-Flow zwischen € 45 bis 55 Mio. gerechnet. Nachhaltig wird mit einem positiven Free Cash-Flow zwischen 3 – 5% des Umsatzes gerechnet. Mögliche Auswirkungen aus der Corona Krise können zum jetzigen Zeitpunkt noch nicht bewertet werden.

Die Markteinführung weiterer Husqvarna Straßenmodelle und die offensive Marktstrategie in den Emerging-Markets stellt einen wichtigen Schwerpunkt für 2020 dar. Die Ende 2019 stattgefundene Verlagerung der Produktion der Husqvarna Straßenmotorräder (bis 400 ccm) zum strategischen Partner Bajaj gibt KTM zusätzlich die Möglichkeit, Einstiegsmotorräder der Marke Husqvarna Motorcycles zu wettbewerbsfähigen Herstellkosten zu produzieren und damit die Absätze in den Emerging Markets weiter zu steigern. Steigerungen von Absatz und Umsatz werden daher vor allem in der ASEAN Region und Indien erwartet. Ab Ende 2020 sollen im chinesischen Hangzhou mit dem chinesischen Joint Venture Partner CFMOTO Motorräder der Mittelklasse für den chinesischen Markt produziert werden.

Für 2022 bestätigt die PIERER Mobility AG das Absatzziel von 400.000 Motorrädern. Zudem hat sich KTM das Ziel gesetzt, Husqvarna Motorcycles zum drittgrößten europäischen Motorradhersteller zu entwickeln.

MOTORSPORT

Auch in 2020 wird KTM wieder in den Motorsport investieren. Neben den bekannten Rennserien aus dem Offroad Bereich und der Rallye Dakar wird der Schwerpunkt auf der vierten Saison in der MotoGP liegen.

INVESTITIONEN

Durch das intensive Investitionsprogramm der vergangenen Jahre in Kapazitäten und Infrastruktur und durch die Verlagerung der kleinvolumigen Husqvarna Straßenmodelle zum strategischen Partner Bajaj sind die erforderlichen Produktionskapazitäten in Österreich für die nächsten Jahre abgesichert. Die Investitionsschwerpunkte für 2020 umfassen insbesondere neue Entwicklungsprojekte. Die Investitionen in die Forschung & Entwicklung werden auf dem hohen Niveau der Vorjahre liegen.

FINANZLAGE

Die Liquiditäts- und Finanzierungssituation wurde im Geschäftsjahr 2019 weiter gestärkt. Für das Geschäftsjahr 2020 stehen zusätzlich zu den bestehenden Finanzierungen diverse Betriebsmittel-Kreditlinien in ausreichender Höhe zur Verfügung. Im Geschäftsjahr 2020 wird weiterhin ein Fokus auf die Generierung von Free Cash-Flows und nachhaltige Effizienzsteigerungen gelegt.

LISTING AN DER FRANKFURTER BÖRSE (GENERAL STANDARD)

Um die Handelsliquidität der Aktien im Euroraum zu erhöhen wurden die PIERER Mobility AG - Aktien auch zum Handel im General Standard der Frankfurter Wertpapierbörse im März 2020 zugelassen. Nach Vollzug des Listings im regulierten Markt der Frankfurter Wertpapierbörse wird eine Beendigung der Notierung der Aktien im Amtlichen Handel der Wiener Börse angestrebt. Die Primärkotierung an der Schweizer Börse SIX Swiss Exchange bleibt unverändert weiter bestehen.

Wels, am 6. März 2020

Der Vorstand der PIERER Mobility AG



Dipl.-Ing. Stefan Pierer



Mag. Ing. Hubert Trunkenpolz



Mag. Friedrich Roithner



Mag. Viktor Sigl, MBA

4. Bestätigungsvermerk

Bericht zum Jahresabschluss

Prüfungsurteil

Wir haben den Jahresabschluss der

**PIERER Mobility AG (vormals: KTM Industries AG),
Wels,**

bestehend aus der Bilanz zum 31. Dezember 2019, der Gewinn- und Verlustrechnung für das an diesem Stichtag endende Geschäftsjahr und dem Anhang, geprüft.

Nach unserer Beurteilung entspricht der Jahresabschluss den gesetzlichen Vorschriften und vermittelt ein möglichst getreues Bild der Vermögens- und Finanzlage zum 31. Dezember 2019 sowie der Ertragslage der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Grundlage für das Prüfungsurteil

Wir haben unsere Abschlussprüfung in Übereinstimmung mit der EU-Verordnung Nr. 537/2014 (im Folgenden AP-VO) und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung durchgeführt. Diese Grundsätze erfordern die Anwendung der International Standards on Auditing (ISA). Unsere Verantwortlichkeiten nach diesen Vorschriften und Standards sind im Abschnitt "Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von der Gesellschaft unabhängig in Übereinstimmung mit den österreichischen unternehmens- und berufsrechtlichen Vorschriften und wir haben unsere sonstigen beruflichen Pflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen.

Besonders wichtige Prüfungssachverhalte

Besonders wichtige Prüfungssachverhalte sind solche Sachverhalte, die nach unserem pflichtgemäßen Ermessen am bedeutsamsten für unsere Prüfung des Jahresabschlusses des Geschäftsjahres waren. Diese Sachverhalte wurden im Zusammenhang mit unserer Prüfung des Jahresabschlusses als Ganzem und bei der Bildung unseres Prüfungsurteils hierzu berücksichtigt und wir geben kein gesondertes Prüfungsurteil zu diesen Sachverhalten ab.

Werthaltigkeit der Anteile an der KTM AG als verbundenes Unternehmen

Siehe Anhang "Bilanzierungs- und Bewertungsmethoden" sowie "Erläuterungen zur Bilanz".

Das Risiko für den Abschluss

Die Anteile an der KTM AG einschließlich Umgründungsmehrwert mit einem Bilanzausweis in Höhe von 308,6 Mio EUR stellen rund 84 % des ausgewiesenen Vermögens im Jahresabschluss der PIERER Mobility AG (vormals: KTM Industries AG) zum 31. Dezember 2019 dar.

Aufgrund der statischen Unterdeckung bei der Gegenüberstellung des Beteiligungsansatzes mit dem anteiligen Eigenkapital zum Bilanzstichtag hat die Gesellschaft den Anteil an der KTM AG einer Werthaltigkeitsüberprüfung unterzogen. Die Ermittlung des beizulegenden Wertes der Anteile erfolgte auf Basis von diskontierten Netto-Zahlungsmittelzuflüssen. Das Ergebnis des Werthaltigkeitstests ist in hohem Maße von der Einschätzung der künftigen Zahlungsmittelflüsse (unter Berücksichtigung von künftigen Umsatzwachstum, Ergebnismargen und langfristigen Wachstumsraten) sowie von den verwendeten Diskontierungszinssätzen abhängig. Das Ergebnis der Werthaltigkeitsprüfung beruht daher auf Schätzungen des Managements und ist folglich mit Unsicherheiten behaftet.

Für den Jahresabschluss besteht damit das Risiko einer Überbewertung der Anteile an verbundenen Unternehmen.

Unsere Vorgehensweise in der Prüfung

Wir haben die Werthaltigkeit des Anteils an der KTM AG wie folgt beurteilt:

- Zum Bilanzstichtag haben wir überprüft, ob Anzeichen für eine Wertminderung vorliegen.
- Zur Beurteilung der Angemessenheit der zugrunde gelegten internen Planungen haben wir uns ein Verständnis über den Planungsprozess verschafft und die der Bewertung zugrunde gelegten Planungsdaten mit den aktuellen vom Aufsichtsrat genehmigten Budgetzahlen sowie der vom Aufsichtsrat zur Kenntnis genommenen Mittelfristplanung abgeglichen.
- Darüber hinaus haben wir die Annahmen über Wachstumsraten und operative Ergebnisse in Gesprächen mit den zuständigen leitenden Personen im Unternehmen erörtert und erhoben, wie die historischen Erfahrungen die Planung des Managements beeinflussen. Die Planungstreue haben wir durch Vergleich der in den Vorjahren erfolgten Planungen mit den tatsächlich eingetretenen Werten beurteilt.
- Zusätzlich haben wir unter Einbeziehung unserer Bewertungsspezialisten die Methodik der durchgeführten Wertminderungstests sowie die Ermittlung der Kapitalkostensätze nachvollzogen und beurteilt, ob sie den entsprechenden Standards entsprechen. Die zur Festlegung der Kapitalkostensätze herangezogenen Annahmen haben unsere Bewertungsspezialisten mit markt- und branchenspezifischen Richtwerten abgeglichen und die rechnerische Richtigkeit des Berechnungsschemas überprüft.

Verantwortlichkeiten der gesetzlichen Vertreter und des Prüfungsausschusses für den Jahresabschluss

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Jahresabschlusses und dafür, dass dieser in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften ein möglichst getreues Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung eines Jahresabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Jahresabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen, Sachverhalte im Zusammenhang mit der Fortführung der Unternehmenstätigkeit – sofern einschlägig – anzugeben, sowie dafür, den Rechnungslegungsgrundsatz der Fortführung der Unternehmenstätigkeit anzuwenden, es sei denn, die gesetzlichen Vertreter beabsichtigen, entweder die Gesellschaft zu liquidieren oder die Unternehmenstätigkeit einzustellen oder haben keine realistische Alternative dazu.

Der Prüfungsausschuss ist verantwortlich für die Überwachung des Rechnungslegungsprozesses der Gesellschaft.

Verantwortlichkeiten des Abschlussprüfers für die Prüfung des Jahresabschlusses

Unsere Ziele sind hinreichende Sicherheit darüber zu erlangen, ob der Jahresabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist und einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil beinhaltet. Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit der AP-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, durchgeführte Abschlussprüfung eine wesentliche falsche Darstellung, falls eine solche vorliegt, stets aufdeckt. Falsche Darstellungen können aus dolosen Handlungen oder Irrtümern resultieren und werden als wesentlich angesehen, wenn von ihnen einzeln oder insgesamt vernünftigerweise erwartet werden könnte, dass sie die auf der Grundlage dieses Jahresabschlusses getroffenen wirtschaftlichen Entscheidungen von Nutzern beeinflussen.

Als Teil einer Abschlussprüfung in Übereinstimmung mit der AP-VO und mit den österreichischen Grundsätzen ordnungsgemäßer Abschlussprüfung, die die Anwendung der ISA erfordern, üben wir während der gesamten Abschlussprüfung pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung.

Darüber hinaus gilt:

- Wir identifizieren und beurteilen die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Abschluss, planen Prüfungshandlungen als Reaktion auf diese Risiken, führen sie durch und erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass aus dolosen Handlungen resultierende wesentliche falsche Darstellungen nicht aufgedeckt werden, ist höher als ein aus Irrtümern resultierendes, da dolose Handlungen betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen oder das Außerkraftsetzen interner Kontrollen beinhalten können.

- Wir gewinnen ein Verständnis von dem für die Abschlussprüfung relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems der Gesellschaft abzugeben.
- Wir beurteilen die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte in der Rechnungslegung und damit zusammenhängende Angaben.
- Wir ziehen Schlussfolgerungen über die Angemessenheit der Anwendung des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit durch die gesetzlichen Vertreter sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die erhebliche Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen kann. Falls wir die Schlussfolgerung ziehen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, in unserem Bestätigungsvermerk auf die dazugehörigen Angaben im Jahresabschluss aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch die Abkehr der Gesellschaft von der Fortführung der Unternehmenstätigkeit zur Folge haben.
- Wir beurteilen die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse in einer Weise wiedergibt, dass ein möglichst getreues Bild erreicht wird.
- Wir tauschen uns mit dem Prüfungsausschuss unter anderem über den geplanten Umfang und die geplante zeitliche Einteilung der Abschlussprüfung sowie über bedeutsame Prüfungsfeststellungen, einschließlich etwaiger bedeutsamer Mängel im internen Kontrollsystem, die wir während unserer Abschlussprüfung erkennen, aus.
- Wir geben dem Prüfungsausschuss auch eine Erklärung ab, dass wir die relevanten beruflichen Verhaltensanforderungen zur Unabhängigkeit eingehalten haben und uns mit ihm über alle Beziehungen und sonstigen Sachverhalte austauschen, von denen vernünftigerweise angenommen werden kann, dass sie sich auf unsere Unabhängigkeit und – sofern einschlägig – damit zusammenhängende Schutzmaßnahmen auswirken.
- Wir bestimmen von den Sachverhalten, über die wir uns mit dem Prüfungsausschuss ausgetauscht haben, diejenigen Sachverhalte, die am bedeutsamsten für die Prüfung des Jahresabschlusses des Geschäftsjahres waren und daher die besonders wichtigen Prüfungssachverhalte sind. Wir beschreiben diese Sachverhalte in unserem Bestätigungsvermerk, es sei denn, Gesetze oder andere Rechtsvorschriften schließen die öffentliche Angabe des Sachverhalts aus oder wir bestimmen in äußerst seltenen Fällen, dass ein Sachverhalt nicht in unserem Bestätigungsvermerk mitgeteilt werden sollte, weil vernünftigerweise erwartet wird, dass die negativen Folgen einer solchen Mitteilung deren Vorteile für das öffentliche Interesse übersteigen würden.

Sonstige gesetzliche und andere rechtliche Anforderungen

Bericht zum Lagebericht

Der Lagebericht ist auf Grund der österreichischen unternehmensrechtlichen Vorschriften darauf zu prüfen, ob er mit dem Jahresabschluss in Einklang steht und ob er nach den geltenden rechtlichen Anforderungen aufgestellt wurde.

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Lageberichtes in Übereinstimmung mit den österreichischen unternehmensrechtlichen Vorschriften.

Wir haben unsere Prüfung in Übereinstimmung mit den Berufsgrundsätzen zur Prüfung des Lageberichtes durchgeführt.

Urteil

Nach unserer Beurteilung ist der Lagebericht nach den geltenden rechtlichen Anforderungen aufgestellt worden, enthält die nach § 243a UGB zutreffenden Angaben, und steht in Einklang mit dem Jahresabschluss.

Erklärung

Angesichts der bei der Prüfung des Jahresabschlusses gewonnenen Erkenntnisse und des gewonnenen Verständnisses über die Gesellschaft und ihr Umfeld haben wir keine wesentlichen fehlerhaften Angaben im Lagebericht festgestellt.

Sonstige Informationen

Die gesetzlichen Vertreter sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen beinhalten alle Informationen im Geschäftsbericht, ausgenommen den Jahresabschluss, den Lagebericht und den Bestätigungsvermerk. Der Geschäftsbericht wird uns voraussichtlich nach dem Datum des Bestätigungsvermerks zur Verfügung gestellt.

Unser Prüfungsurteil zum Jahresabschluss deckt diese sonstigen Informationen nicht ab und wir werden keine Art der Zusicherung darauf geben.

In Verbindung mit unserer Prüfung des Jahresabschlusses ist es unsere Verantwortung, diese sonstigen Informationen zu lesen, sobald diese vorhanden sind und abzuwägen, ob sie angesichts des bei der Prüfung gewonnenen Verständnisses wesentlich in Widerspruch zum Jahresabschluss stehen oder sonst wesentlich falsch dargestellt erscheinen.

Zusätzliche Angaben nach Artikel 10 AP-VO

Wir wurden von der Hauptversammlung am 25. April 2019 als Abschlussprüfer gewählt und am 29. Oktober 2019 vom Aufsichtsrat mit der Abschlussprüfung der Gesellschaft für das an diesem Stichtag endende Geschäftsjahr beauftragt. Wir sind ohne Unterbrechung seit dem Jahresabschluss zum 31. Dezember 2014 Abschlussprüfer der Gesellschaft.

Wir erklären, dass das Prüfungsurteil im Abschnitt "Bericht zum Jahresabschluss" mit dem zusätzlichen Bericht an den Prüfungsausschuss nach Artikel 11 der AP-VO in Einklang steht.

Wir erklären, dass wir keine verbotenen Nichtprüfungsleistungen (Artikel 5 Abs 1 der AP-VO) erbracht haben und dass wir bei der Durchführung der Abschlussprüfung unsere Unabhängigkeit von der geprüften Gesellschaft gewahrt haben.

Auftragsverantwortlicher Wirtschaftsprüfer

Der für die Abschlussprüfung auftragsverantwortliche Wirtschaftsprüfer ist Herr Dr. Helge Löffler.

Linz, am 6. März 2020

KPMG Austria GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Dr. Helge Löffler
Wirtschaftsprüfer