

PIERER

Mobility AG

KTM

Husqvarna
MOTORCYCLES

GASGAS



PIERER MOBILITY AG REPORT H1 2020

KEY FIGURES

EARNINGS RATIOS		H1 2019	H1 2020	CHANGE IN %
Revenue	in m€	754.9	600.0	-20.5%
EBITDA	in m€	98.5	64.2	-34.8%
EBIT	in m€	46.6	1.7	-96.3%
Net result after tax	in m€	29.3	-9.6	< 100%
EBITDA margin	in percent	13.1%	10.7%	
EBIT margin	in percent	6.2%	0.3%	
BALANCE SHEET RATIOS		12/31/2019	06/30/2020	CHANGE IN %
Balance sheet total	in m€	1,613.9	1,666.0	3.2%
Equity	in m€	618.6	589.8	-4.7%
Equity ratio	in percent	38.3%	35.4%	
Working capital employed ¹⁾	in m€	274.2	285.9	4.3%
Net debt ²⁾	in m€	395.8	489.4	23.6%
Gearing ³⁾	in percent	64.0%	83.0%	
CASH-FLOW AND CAPEX		H1 2019	H1 2020	CHANGE IN %
Cash-Flow from operating activities	in m€	46.3	41.5	-10.2%
Cash-Flow from investing activities	in m€	-77.5	-68.2	12.1%
Cash-Flow from financing activities	in m€	41.2	6.7	-83.8%
Capital expenditure ⁴⁾	in m€	80.1	72.9	-9.0%
EMPLOYEES		12/31/2019	06/30/2020	CHANGE IN %
Number of employees on reporting date ⁵⁾	Number	4,368	4,329	-0.9%
VALUE CREATION		12/31/2019	06/30/2020	
ROCE (Return on Capital Employed) ⁶⁾	in percent	12.7%	7.8%	
ROE (Return on Equity) ⁷⁾	in percent	16.4%	9.9%	
ROIC (Return on Invested Capital) ⁸⁾	in percent	10.6%	6.4%	
STOCK EXCHANGE RATIOS ⁹⁾		06/30/2019	06/30/2020	CHANGE IN %
Share price as of June 30; SIX Swiss Exchange	in CHF	56.00 CHF	48.00 CHF	-14.3%
Number of shares	in m units	22.54	22.54	
Market capitalization ¹⁰⁾	in m CHF	1,262.17	1,081.87	-14.3%
Earnings per share	in €	0.66	-0.21	< 100%
Carrying amount per share ¹¹⁾	in €	24.75	26.17	5.7%

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

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

3) Gearing = net debt / equity

4) Additions from property, plant and equipment and intangible assets according to schedule of investments; excluding first-time adoption effect of IFRS 16 as of January 1st, 2019

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

6) ROCE = EBIT/average capital employed

Capital employed = property, plant and equipment + goodwill + intangible assets + working capital employed

7) ROE = net result after tax / average equity

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

9) Listed on the SIX Swiss Exchange since November 14th, 2016

10) Calculation also includes 224,043 numbers of treasury shares as of June 30th, 2020

11) Equity / number of shares



HUSQVARNA Vitpilen 701 MY20



HUSQVARNA FE 450 MY21



GASGAS EC 350F MY21



HUSQVARNA MOUNTAIN CROSS 8 MY20

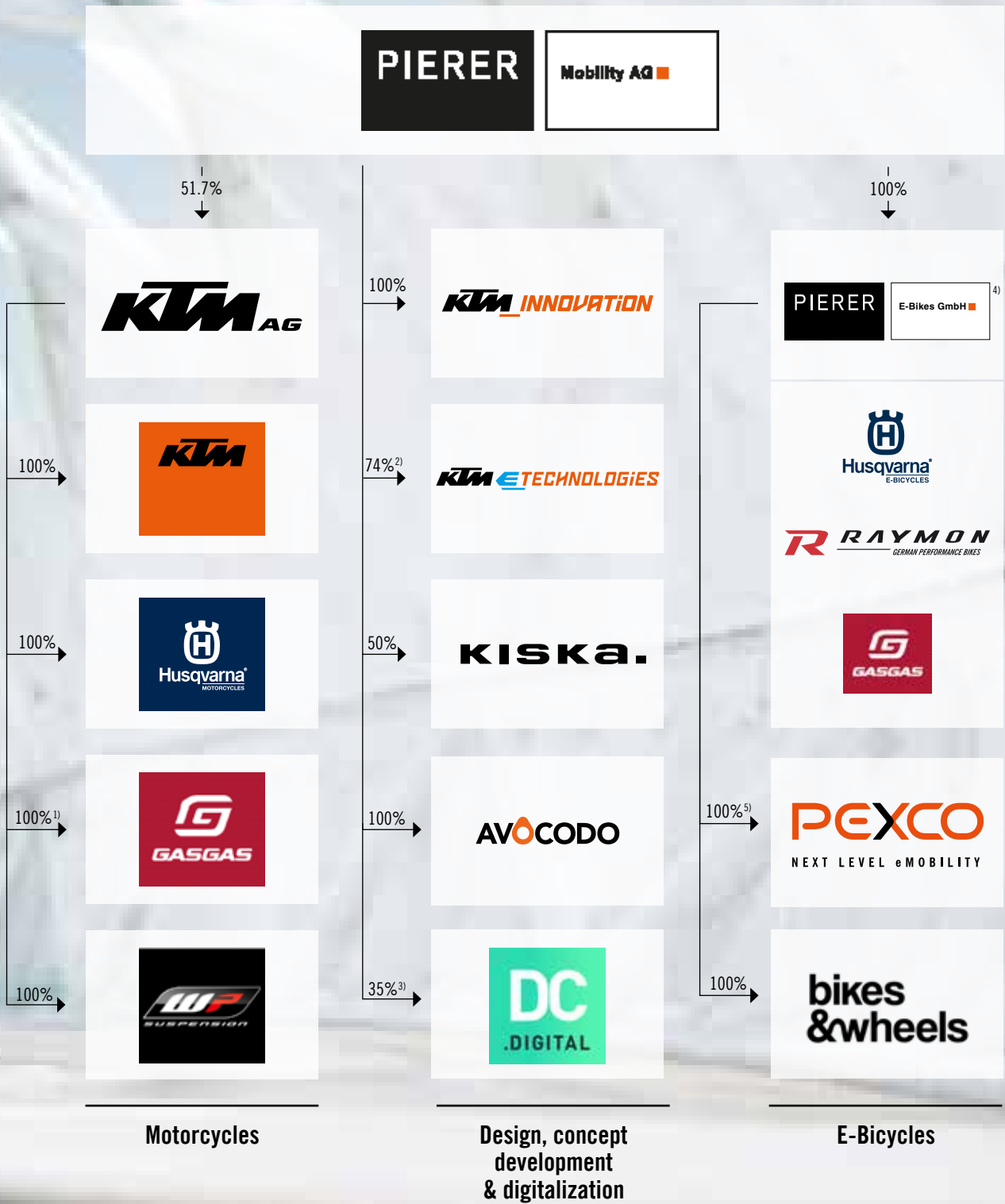
TABLE OF CONTENTS

GROUP STRUCTURE	4
INTERIM CONSOLIDATED MANAGEMENT REPORT	7
INTERIM CONSOLIDATED FINANCIAL STATEMENTS	16
CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS	24
DECLARATION OF THE EXECUTIVE BOARD	36
FINANCIAL CALENDAR	37

GROUP STRUCTURE

SIMPLIFIED PRESENTATION





Other shareholdings: ACstyria Mobilitätscluster GmbH 12.3%; Platin 1483. GmbH 100%

¹⁾ increase from 60% to 100% in July 2020
²⁾ renaming of „KTM Technologies GmbH“ to „KTM E-Technologies GmbH“ in July 2020
³⁾ acquisition in July 2020
⁴⁾ until June 30, 2020 „Husqvarna E-Bicycles GmbH“

⁵⁾ currently the shares are held by PIERER Mobility AG (there of 40% via Platin 1483. GmbH); an integration of PEXCO GmbH under the newly founded company „Husqvarna E-Bicycles GmbH“ (now: „PIERER E-Bikes GmbH“) is currently being implemented



INTERIM CONSOLIDATED MANAGEMENT REPORT

PERFORMANCE OF THE PIERER MOBILITY GROUP	8
ECONOMY AND MARKET DEVELOPMENT	10
BUSINESS DEVELOPMENT AND ANALYSIS OF THE EARNINGS RATIOS.....	11
STATEMENT OF FINANCIAL POSITION ANALYSIS.....	12
LIQUIDITY ANALYSIS	13
INVESTMENTS.....	13
EMPLOYEES	14
RISK REPORT	14
RELATED PARTY DISCLOSURES	14
EVENTS AFTER THE REPORTING DATE	14
OUTLOOK.....	14

INTERIM CONSOLIDATED MANAGEMENT REPORT

FOR THE FIRST HALF-YEAR 2020 OF PIERER MOBILITY AG, WELS

PERFORMANCE OF THE PIERER MOBILITY GROUP

The PIERER Mobility Group is Europe's leading "Powered Two-Wheeler" manufacturer (PTW). Its world-famous motorcycle brands KTM, HUSQVARNA Motorcycles, and GASGAS make it one of Europe's technology and market leaders, especially in the premium motorcycle segment. The product range includes vehicles equipped with the latest generation of combustion engines, emission-neutral vehicles with innovative electric drives, and e-bikes. As a pioneer in electric mobility for two-wheelers in the low-voltage range (48 volts), the group, together with its strategic partner Bajaj, has put the foundations in place to assume a leading global role. The takeover of the electric bicycle business of PEXCO was another important step in intensifying our activities in the two-wheel electric mobility segment as well. Electric bicycles are marketed under the HUSQVARNA E-Bicycles, R Raymon and GASGAS E-Bicycles brands to participate in the attractive market growth in the e-bicycle segment and develop into a significant international player in this segment. Thanks to our innovative strength, we see ourselves as a technology leader in the two-wheeler sector in Europe. The partnership with Bajaj, India's second largest motorcycle manufacturer, strengthens the company's competitiveness in global markets.

SALES AND DEVELOPMENT OF REVENUE IN THE FIRST HALF-YEAR 2020

In the first half of 2020, the PIERER Mobility Group achieved a group revenue of EUR 600.0 million (previous year: EUR 754.9 million). The decline in revenue is due to the impact of the global COVID-19 pandemic. Due to the suspension of deliveries from a renowned Italian supplier, vehicle assembly had to be stopped from mid-March to mid-May.

During the first six months of 2020, 70,171 KTM, HUSQVARNA and GASGAS motorcycles and 34,351 HUSQVARNA and R RAYMON e-bikes were sold. This represents an increase of 1.3% compared to the same period last year, although e-bikes were not included in the previous year. Including the 20,160 motorcycles sold by our partner Bajaj in India (previous year: 32,539), a total of 124,682 motorcycles and e-bikes were sold in the first half of 2020 (previous year: 135,711). The first half of 2020 was characterized, among other things, by the launch of the new long-distance HUSQVARNA 701 Enduro LR. In addition, KTM presented the 890 DUKE R in the middleweight class at the end of the first quarter. Furthermore, the street models from the Vitpilen and Svartpilen series of the 2020 model year were launched in the first quarter of 2020. In the motocross segment, the models of the updated KTM EXC series have been available from dealers since July 2020. In addition, HUSQVARNA Motorcycles successfully launched the new TE and FE Enduro series for the 2021 model year. In the e-bike segment, the new products were available in specialist bicycle dealers in time for the sales launch. The new Husqvarna E-Bicycles models were impressive, and for the first time the collection included all categories and price ranges, from city to extreme trail, from entry-level to high-end machines. R RAYMON e-bikes really took off with the new Yamaha drives, which were used in all TrailRay and TourRay top models and support the riding experience with technologies such as the Quad Sensor System and Automatic Support Mode. With 15,000 bikes sold, the classic R RAYMON models were in much greater demand than in the previous year. Due to the positive sales trend, both brands will start delivering the first models for the 2021 model year from August, so that they can continue to be represented at dealerships with an impressive range in the second half of the year.

FURTHER MARKET SHARE GAINS IN THE IMPORTANT MARKETS USA, AUSTRALIA AND EUROPE

The motorcycle market developed surprisingly strongly, particularly in North America (+2%) and Australia / New Zealand (+11%). Despite the corona lockdown, global motorcycle registrations fell only slightly by -7% in the first half of 2020. The PIERER Mobility Group, with its KTM and HUSQVARNA brands, benefited particularly from this and achieved high market share gains: In the first six months of the current financial year, the group outperformed the overall market (-7.4%) in the most important motorcycle markets (> 120 cc) with a 1.4% increase in registrations, thus increasing its market share by one percentage point to 11.8%.

In **Europe**, the overall market recorded a decline of -14.7% in the first half of 2020. During the same period, KTM was able to increase its market share by half a percentage point to +11.8%, despite declining new registrations (-11.4%) in the major European markets such as France, Italy, Great Britain, and Spain. In the **North American market (USA, Canada)**, the number of new registrations increased by 1.7% in the first six months of 2020. KTM increased its registrations by +18.3% and thus further expanded its market share from 9.4% to 10.9% as of June 30, 2020, thus successfully maintaining its excellent position. In the **Australian / New Zealand market**, new registrations increased by 11.2% in the first half year compared to the previous year. The registrations of KTM and HUSQVARNA motorcycles increased by +39.3%. The market share rose from 14.1% to 17.7% during the corresponding period. The **Indian market** was hit particularly hard by the COVID pandemic. Against this background, our strategic partner Bajaj was able to sell 20,160 KTM and Husqvarna models in India and Indonesia in the first half of the year, which equates to a decline of 38%.

BOOM IN THE GLOBAL DEMAND FOR TWO-WHEELERS

After the two-month lockdown, the two-wheeler retail trade has experienced a boom due to an apparent change in mobility behavior, which is reflected in double-digit growth rates in registrations in the motorcycle as well as the e-bicycle segment.

During the corona pandemic, two-wheelers have increasingly proved their worth as an alternative to public transport and have become more important for private transport. Investments have also been made in the expansion of cycle paths in several major German cities.

STRATEGIC PROJECTS

In the previous year, PIERER Mobility AG and Bajaj Auto Ltd. decided to launch a series development project for PTW ("Powered Two-Wheeler") electric vehicles in the power range of between 3 and 10 kW (48 volts) at the level of KTM AG. The platform will support various product variants under the brands of both partners. This further step in the field of electric mobility is a logical extension of the existing activities in the e-bicycle segment. Series production will begin by 2022 at Bajaj's production site in Pune, India. This represents an important strategic step in the model rollout.

In July 2020, the PIERER Mobility Group acquired 100% of the shares of GASGAS Motorcycles GmbH ahead of schedule, thus positioning GASGAS as the group's third brand in the off-road motorcycle segment for ambitious beginners and as the global market leader in the trial segment. GASGAS is also expanding its product range by including a sporty selection of high-end e-mountain bikes.

NEW MODELS

The KTM 890 DUKE R, launched at the end of March, is regarded as the sportiest bike in the middleweight class due to its light, compact, and agile packaging. For riders who want to travel long distances, HUSQVARNA Motorcycles launched the 701 Enduro LR, a new long-distance Enduro with, among other things, a 25-liter fuel tank. In addition, four models from the street segment of the Vitpilen and Svartpilen range with a groundbreaking design and new technical features have been on the market since the first quarter of 2020. The new 2021 model generation of the KTM EXC and KTM EXC-F model series has been available from dealers since July. The 2021 TE and FE Enduro models (from TE 150i to TE 300i, from FE 250 to FE 501), restyled in a three-color design, were introduced by HUSQVARNA Motorcycles with improved performance. HUSQVARNA Motorcycles also announced the launch of the new motocross range for the 2021 model year. The complete 2020 GASGAS model range (consisting of the trial TXT RACING 300, 280, 250 and 125 models) is available worldwide from selected dealers. All machines are equipped with powerful and compact 2-stroke engines. The GASGAS trial model series sets the standard by which all other trial motorcycles are measured. In relation to bicycles, the existing model collection of the HUSQVARNA brand has been expanded for 2020 to include the segments Eco City, Gran Urban, Cross Tourer, Gran Sport and Gran Gravel. The top models of Husqvarna Bicycles are equipped with a powerful 630 Wh Intube battery. The new Shimano E8035 with 504 Wh is also available as an Intube version. In the 2020 model year, the emphasis is on the design of the drive unit, which is surrounded by Husqvarna's own open and free-floating skeleton interface. R Raymon e-bikes have been equipped for 2020 with the two new Yamaha drives, the top model PW-X2 with 80 Nm for high-end EMTBs and the sporty PWseries ST model with 70 Nm for sporty trekking e-bikes and EMTBs. The Quad Sensor System included in both motors ensures optimally metered drive support with a simultaneous reduction in weight compared to the previous model. The R Raymon 2020 e-bike collection comprises the categories EMTB Fully, EMTB Hardtail, EMTB Hardtail Kids, E-Gravel, E-Cross Wave, E-Trekking and E-City.

EQUITY HOLDINGS

In the E-Bicycles segment, Husqvarna E-Bicycles GmbH (now: PIERER E-Bikes GmbH) was newly founded in the first half of 2020. Together with PEXCO GmbH and its subsidiaries, which were acquired in full in December 2019, this forms a separate segment of the PIERER Mobility Group. PIERER E-Bikes GmbH and PEXCO GmbH actually are owned via PIERER Mobility AG. The integration of PEXCO GmbH into the newly founded company PIERER E-Bikes GmbH is currently being implemented.

In the first half of 2020, the interest in AVOCODO GmbH was increased from 70% to 100%. The full-service provider is a specialist for mobile applications, web applications and business solutions, particularly in relation to digital solutions and custom developments.

COVID-19 PANDEMIC

The impact of the outbreak of the COVID-19 pandemic was recognized by management at an early stage. The PIERER Mobility Group reacted proactively to the COVID-19 crisis in March 2020, stopped production in Mattighofen due to disruptions in the supply chain from northern Italy and Spain, and applied for the relief offered by the short-time work scheme. Use was made of the short-time work option provided by the Austrian federal government for approximately 3,000 employees. In addition to the temporary suspension of production, a rigorous cost evaluation program was launched. Part of the planned business interruption in August was brought forward and accumulated annual leave and time in lieu was reduced. Due to the shutdown, motorsport and marketing activities were reduced significantly. The network of dealers was supported by the temporary extension of payment terms and with local logistics to and from end customers. The supply of spare parts to customers was guaranteed at all times.

In close cooperation with all suppliers, a new production plan was finalized in mid-April and vehicle assembly in Austria resumed in mid-May. Since then, production has been running at full capacity again. Short-time work ended for all employees at the end of May. For the time being, no bottlenecks are expected. In order to be able to identify and resolve potential risks even earlier in future, the supplier risk assessment has been revised and the corresponding risks have been reassessed for each country. A program has also been implemented to provide advance warning of any global events that have a direct or indirect impact on the supply chain.

ECONOMY AND MARKET DEVELOPMENT

According to the assessment of the International Monetary Fund (IMF) in June 2020, the COVID-19 pandemic will affect the development of global economic output in all regions. A decline of -4.9% in global economic output is expected for 2020, which is 1.9 percentage points below the expectations of the IMF forecast in April 2020. The impact of the COVID-19 pandemic in the first half of 2020 was worse than expected and the recovery will therefore be slower than previously forecast. In 2021, global economic output is expected to increase by 5.4%.

A decline of -8.0% for the current year and an increase of 4.8% for next year is expected in industrialized countries. A development of -10.2% is forecast for the euro area in 2020. The IMF expects growth of 6.0% for the euro area in 2021.

The economic output in emerging markets and developing economies is expected to decline by -3.0% in 2020 and increase by 5.9% in 2021. Growth of 1.0% is forecast for China in 2020 and 8.2% in 2021. India's economic output is expected to decline by -4.5% in the current year and increase by 6.0% next year.

With 319,500 registered vehicles in the first half of 2020, the **European motorcycle market**¹⁾ contracted by 14.7% compared to the previous year. This decline was mainly due to the development in European markets such as France (-22.5%), Italy (-26.4%), the United Kingdom (-28.1%) and Spain (-25.0%). Those countries were hit particularly hard by the corona pandemic and had to endure long lockdown periods. Positive developments were seen in Germany (+3.0%), Switzerland (+13.8%) and the Scandinavian markets. Despite the difficult market environment, the market share of KTM and Husqvarna for motorcycles registered for road use in the first half of the year in Europe was 11.8% (previous year: 11.4%).

The number of registrations in the **U.S. motorcycle market**²⁾ increased during the first half of 2020 with around 214,830 registered vehicles (+1.7% compared to the previous year). KTM and Husqvarna increased their market share in the USA from 9.0% to 10.5% compared to the previous year.

In addition, registrations in the **Australian / New Zealand motorcycle market** rose to around 33,500 in the first half of 2020 (11.2% compared to the previous year), with KTM and Husqvarna increasing their market share from 14.1% to 17.7%.

There are currently no published figures available on market development in the **E-Bicycle segment**. According to the Association of German Bicycle Retailers (VDZ), the lockdown in the bicycle trade in the months of March and April, the months with the highest sales, led to a drop in revenue of approx. 30% to 60%. However, on the other hand, the lockdown also resulted in pent-up demand on the part of end users, which had a positive effect on May and June 2020. May 2020 was one of the strongest months the bicycle sector has ever experienced. The German Bicycle Industry Association (ZIV) assumes that revenue in the current financial year will be roughly on a par with the previous year, unless there is another lockdown for production and trade in the second half of 2020.

1) Motorcycles >= 120 cm³ without Motocross, Scooters, and ATVs, incl. electric motorcycles in the markets DE, FR, IT, UK, ES, SE, BE, AT, CH, FI, NO, GR

2) Motorcycles >= 120 cm³ excluding Motocross, scooters, and ATVs, including electric motorcycles

BUSINESS DEVELOPMENT AND ANALYSIS OF THE EARNINGS RATIOS

In the first half of 2020, the **PIERER Mobility Group** generated revenue of EUR 600.0 million (-20.5%) compared to EUR 754.9 million in the same period of the previous year. Approximately 95% of revenues were earned outside Austria. From a regional point of view, some 68% of the revenue was attributable to Europe (+7% compared with the previous year), 15% to North America including Mexico (-6% compared with the previous year) and 17% to the rest of the world (-1% compared with the previous year).

The EBIT is already positive for the first half of 2020 at EUR 1.7 million despite the Covid-19 lockdown and a two-month halt to production (previous year: EUR 46.6 million). The earnings before interest, taxes, depreciation, and amortization (EBITDA) of EUR 64.2 million is consequently below the previous year's figure of EUR 98.5 million. The net result after tax for the first half of the year is EUR -9.6 million (previous year: EUR 29.3 million).

MOTORCYCLES

The KTM Group achieved revenue of EUR 530.2 million in the first half of 2020. The interruption to production lasting approximately two months resulted in a loss of production of around 30,000 units. Various measures, such as the hiring of additional employees and the introduction of additional shifts, are intended to compensate mostly for the loss of production by the end of the year. The COVID-19-related production downtime in the first half of the year resulted in a decrease in sales around of EUR 220 million or 29% compared to the same period of the previous year. The gross margin decreased accordingly from 27.7% to 24.4%.

In the first six months of 2020, KTM achieved an EBITDA of EUR 57.1 million (-41.4% compared to the previous year) and an EBIT of EUR -2.5 million (previous year: EUR 46.2 million). In the first half of the year, the net result after tax fell from EUR 29.7 million to EUR -10.1 million.

Due to the lockdown measures initiated by several governments, numerous dealers were forced to temporarily close their businesses. This led to a decline in retail revenue in Europe of approximately 15% in the first half of the year, while in North America, due to the later implementation of the lockdown measures, the previous year's level was maintained. The development of KTM retail sales was above average compared to the competition, enabling KTM to increase its market share in both markets.

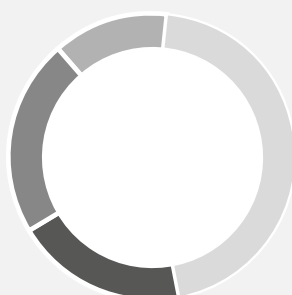
The market in India was characterized by regional shutdowns with a strong decline in retail revenue since April. The motorcycle production for KTM at our partner Bajaj is now back to normal. The supply of small-engined KTM and Husqvarna street motorcycles (up to 400 cm³) for the KTM Group's worldwide distribution is ensured.

From May onward, some countries eased the restrictions and thus allowed the global dealer network to partially reopen. The existing travel restrictions and a change in consumer behavior with regard to the use of public transport have led to an increased demand for powered two-wheelers. As a result, in May and June there was a significant catch-up effect in retail revenue and a significant reduction in dealer inventories.

Including the models sold in India and Indonesia by our partner Bajaj, 90,331 motorcycles were sold in the first half of 2020 (-33.4% compared to the previous year). Around 46% of the motorcycles were sold in Europe. A further 22% were sold in India and Indonesia by our partner Bajaj, 13% in North America including Mexico, and 19% in the remaining global regions.

UNIT SALES BY REGIONS H1 2020

- 46% Europe
- 13% North America (incl. Mexico)
- 22% India / Indonesia (by Bajaj)
- 19% remaining global regions



REVENUES BY REGIONS H1 2020

- 64% Europe
- 17% North America (incl. Mexico)
- 19% remaining global regions



E-BICYCLES

In the first half of 2020, revenue of EUR 68.3 million was generated in the e-bicycle segment. This represents an increase in revenue of around 77% compared to the same period of the previous year. Due to the initial consolidation of the e-bicycle segment at the end of December 2019, the previous year's figures are not included in the earnings figures of the PIERER Mobility Group.

A total of 34,351 Husqvarna and R Raymon e-bikes were sold in the first half of the year. Sales of non-e-bikes are distributed exclusively under the R Raymon brand and amounted to 8,492 units in the first half of the year. Focusing on the DACH region, Germany and Austria are the two most important markets with a sales share of over 85%.

The EBITDA for the first half of 2020 is EUR 5.6 million and the EBIT is EUR 3.5 million. Both operating figures are well above the budgeted expectations.

The very positive development of the e-bicycle segment in the first half of the year is also mainly related to the COVID-19 pandemic, which so far has had a very positive impact on the sales trend in the whole bicycle industry. Consequently, no short-time work had to be registered within this segment in the first six months of the 2020 financial year.

STATEMENT OF FINANCIAL POSITION ANALYSIS

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

	6/30/2020		12/31/2019	
	EUR million	in %	EUR million	in %
Non-current assets	924.2	55.5%	877.9	54.4%
Current assets	741.8	44.5%	736.0	45.6%
Assets	1,666.0	100.0%	1,613.9	100.0%
Equity	589.8	35.4%	618.6	38.3%
Non-current liabilities	589.5	35.4%	588.7	36.5%
Current liabilities	486.7	29.2%	406.6	25.2%
Equity and liabilities	1,666.0	100.0%	1,613.9	100.0%

The balance sheet total of the PIERER Mobility Group increased by 3.2% from EUR 1,613.9 million to EUR 1,666.0 million compared to the consolidated financial statements as of December 31, 2019.

The increase in non-current assets is due on the one hand to the initial consolidation of KTM MOTOHALL GmbH and the related acquisition of property, plant, and equipment. On the other hand, the investment level, especially in the area of development projects, is above depreciation, which resulted in an increase in intangible assets in the first half of the year. Current assets increased only slightly by 0.8% to EUR 741.8 million.

Liabilities increased overall (current and non-current) by EUR 81.0 million, of which EUR 80.1 million relate to current liabilities. The increase in current liabilities is mainly due to the factoring and supplier finance program used between group companies. In addition, current and non-current liabilities increased due to the initial consolidation of KTM MOTOHALL GmbH and the associated assumption of bank liabilities.

Equity decreased in the first six months by EUR -28.9 million from EUR 618.6 million to EUR 589.8 million. The reduction is particularly adversely affected by the net result after tax of EUR -9.6 million. In addition, dividend payments of EUR 13.2 million by the operative KTM AG to the minority shareholders and the purchase of treasury shares of EUR 4.6 million caused a reduction in equity. The dividend, which KTM AG paid out to minority shareholders, will be returned by shareholders to KTM AG to strengthen liquidity. PIERER Mobility AG itself did not pay dividends in the first half of 2020 (previous year: € 6.8 million). The other effects mainly relate to the recognition of foreign currency differences with no effect on profit or loss and the measurement of financial instruments.

LIQUIDITY ANALYSIS

The cash flow from operating activities in the first half of 2020 amounted to EUR 41.5 million and was thus slightly below the previous year's figure of EUR 46.3 million. Despite the low result, the operating cash flow was maintained at the previous year's level due to a reduction in net working capital.

The cash outflow from investments amounted to EUR -68.2 million and overall is below the previous year's level of EUR -77.5 million.

Consequently, it was possible to increase the free cash flow in the first half of the year by around EUR 5 million compared to the same period in the previous year.

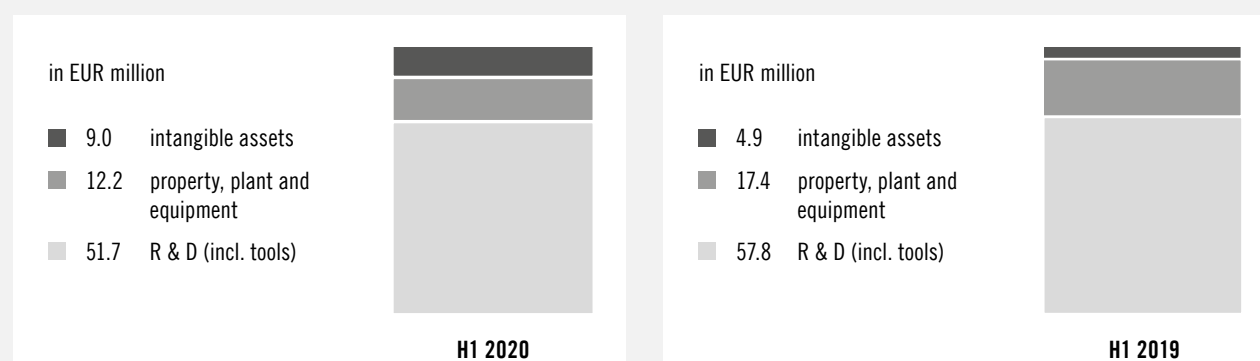
After taking the cash flow from financing activities of EUR 6.7 million into account, liquid funds decreased by EUR 20.9 million (including foreign currency effects of EUR -0.9 million) to EUR 140.0 million compared to December 31, 2019.

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

INVESTMENTS

In the first half of 2020, total investments of EUR 72.9 million were made in the PIERER Mobility Group (previous year: EUR 80.1 million – excluding right-of-use additions from the initial application of IFRS 16 of EUR 38.9 million).

The investments are distributed among development projects (including tools), property, plant, and equipment, and intangible assets as follows:



The proportion of investments in development projects (including tools) in relation to total investments remained at the previous year's level of around 71%. 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 17% (previous year: 22%) 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 12% (previous year: 6%) is attributable to intangible assets (IT and licenses). The increase is due in part to the acquisition of the GASGAS brand rights.

EMPLOYEES

As of June 30, 2020, the PIERER Mobility Group employed 4,329 people, 3,592 of them in Austria (83%). Around 800 of the group's employees work in research and development.

KTM places a great deal of emphasis on apprentice training and is investing around EUR 2.5 million in the expansion of the apprentice workshop. This will provide the basis for a significant increase in the number of apprentices to 200 (to 170 in 2020). KTM guarantees all of these apprentices that they will be taken on after successfully completing their apprenticeship. The KTM_academy offers various further education opportunities for employee development, such as an MBA program tailored to KTM's needs in cooperation with the LIMAK Business School and a new blended learning training course in project management. In general, all the measures also focus on the interdisciplinary exchange of information between employees. In addition to training and further education, the sustainable increase in job satisfaction is a major topic. In this regard, KTM focuses on making the workplace and working hours more flexible.

RISK REPORT

With regard to the risk report, please refer to the consolidated financial statements as of December 31, 2019. Due to the current developments in the COVID-19 pandemic, the economic developments are being continually reassessed. In particular, market risks, industry-specific risks, and financial risks, such as liquidity, default, and interest rate risks, are being reevaluated.

RELATED PARTY DISCLOSURES

Please refer to the notes to the interim financial statements for information.

EVENTS AFTER THE REPORTING DATE

Please refer to the notes to the interim financial statements for information.

OUTLOOK

The spread of COVID-19 caused significant disruption to supply chains and resulted in a loss of revenue due to global declines in demand and the legally required temporary closure of dealerships in many countries. Nevertheless, the motorcycle market has developed surprisingly strongly, especially in the USA and Australia. The KTM and HUSQVARNA brands were able to profit from this above-average growth and thus achieve further gains in market share. In addition, due to the measures related to COVID-19, KTM expects that powered two-wheelers will continue gaining in importance for private transport.

The group's objective is to continue to sustainably increase its market share in the global motorcycle markets despite the COVID-19 crisis. This will be supported, among other things, by the full integration of GASGAS as a third brand and the further development of the network of dealers.

Despite the challenging market environment, the general objective remains to continue increasing our market share in the markets that are important to KTM and Husqvarna. The relocation of the production of Husqvarna road motorcycles (up to 400 cm³) to our strategic partner Bajaj in the first quarter of 2020 will give KTM the opportunity to produce entry-level Husqvarna motorcycles at competitive production costs and thus further increase sales in emerging markets.

Despite the COVID-19 pandemic, research and development expenses (before capitalized development costs) remain at a high level, which is 9.7% (2019 FY: 9.1%) of revenue.

The risks to the company resulting from the corona crisis in connection with the supply chain, network of dealers, and the sales market are being closely monitored. Targeted measures are constantly being taken in response to disruptions to business operations. In this context, KTM supports the network of dealers financially among other things with targeted measures. In addition, KTM's supplier risk assessment was further developed and a global early warning system for events that directly or indirectly affect KTM's supply chain was implemented.

A special code of conduct has been introduced to minimize the risk of the COVID-19 pandemic and to safeguard production capacities. To protect the health and safety of employees, precautionary measures such as distance rules and hygiene measures such as the wearing of face coverings in defined areas and the disinfection of work areas have been implemented.

The focus of investment for 2020 will be on new development projects, which will remain at a high level as in previous years.

Due to the strong global demand, the group expects an increase in revenue to more than EUR 800 million in the second half of 2020, which is significantly higher than in the same period of the previous year (second half of 2019: EUR 765.3 million). The annual revenue for the 2020 financial year announced on 22 July 2020 is confirmed and is expected to exceed EUR 1,400 million (FY 2019: EUR 1,520.1 million), in which the e-bicycle segment will already contribute revenues of more than EUR 110 million. Based on current assessments, the EBIT margin for fiscal year 2020 will lie between 4% and 6% of revenues and free cash flow reach more than EUR 30 million.

Wels, August 31, 2020

The Executive Board of PIERER Mobility AG



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2020

EURk	06/30/2020	12/31/2019
Assets:		
Non-current assets:		
Property, plant, and equipment	358,489	326,497
Goodwill	130,679	130,311
Intangible assets	410,820	391,954
Investments accounted for using the equity method	13,242	13,628
Deferred tax assets	6,924	10,000
Other non-current assets	4,011	5,470
	924,165	877,860
Current assets:		
Inventories	335,862	321,642
Trade receivables	174,724	175,196
Receivables and other assets	85,349	73,230
Tax refund claims	5,880	5,100
Cash and cash equivalents	140,009	160,864
	741,824	736,032
	1,665,989	1,613,892

EURk	06/30/2020	12/31/2019
Equity and liabilities:		
Equity:		
Share capital	22,539	22,539
Capital reserves	9,949	9,949
Other reserves including retained earnings	295,719	305,829
Equity of the owners of the parent company	328,207	338,317
Non-controlling interests	261,547	280,316
	589,754	618,633
Non-current liabilities:		
Financial liabilities	473,172	470,309
Liabilities for employee benefits	29,837	29,347
Deferred tax liabilities	77,116	79,464
Other non-current liabilities	9,403	9,537
	589,528	588,657
Current liabilities:		
Financial liabilities	156,242	86,358
Trade payables	224,652	222,628
Provisions	18,767	16,957
Tax liabilities	4,313	2,957
Other current liabilities	82,733	77,702
	486,707	406,602
	1,665,989	1,613,892

CONSOLIDATED INCOME STATEMENT

FOR THE FIRST HALF-YEAR FROM 1/1/2020 THROUGH 6/30/2020

EURk	H1 2020	H1 2019
Revenue	599,995	754,881
Production costs of the services provided to generate the revenue	-458,699	-542,381
Gross profit from sales	141,296	212,500
Selling and racing expenses	-90,127	-99,925
Research and development expenses	-4,453	-16,621
Administration expenses	-44,477	-48,760
Other operating expenses	-154	-138
Earnings from at-equity holdings	-336	-469
Result from operating activities	1,749	46,586
Interest income	738	1,127
Interest expenses	-8,715	-8,895
Other financial and investment income (expenses)	-1,047	-503
Result before taxes	-7,275	38,315
Income taxes	-2,276	-8,978
Profit or loss for the period	-9,552	29,337
thereof owners of the parent company	-4,797	14,823
thereof non-controlling shareholders	-4,755	14,514
Undiluted (=diluted) earnings per share (EUR)	-0.21	0.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST HALF-YEAR FROM 1/1/2020 THROUGH 6/30/2020

EURk	H1 2020	H1 2019
Profit or loss for the period	-9,552	29,337
Items reclassified to profit or loss or which can be subsequently reclassified		
Foreign currency translation	-1,272	506
Valuation of cash flow hedges	745	-1,556
Deferred tax on valuation of cash flow hedges	-186	389
	-713	-661
Items not reclassified to profit or loss		
Revaluation of net debt from defined benefit plans	-4	-1,955
Tax effect	1	489
	-3	-1,466
Other net result after tax	-716	-2,127
Total comprehensive income	-10,268	27,210
thereof owners of the parent company	-5,409	13,723
thereof non-controlling shareholders	-4,859	13,487

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FIRST HALF-YEAR 1/1/2020 THROUGH 6/30/2020

EURk	H1 2020	H1 2019
Operations		
Profit or loss for the period	-9,552	29,337
+ (-) Interest expenses / interest income	7,977	7,768
+ Tax expenses	2,276	8,978
+ Depreciation/amortization of property, plant and equipment and intangible assets	62,460	51,943
+ (-) Other non-cash expenses (income)	-29,743	-5,055
+ Interest received	731	1,126
- Interest payments	-9,019	-9,188
- Tax payments	0	-1,650
+ Dividends received	0	893
Gross cash flow	25,130	84,152
+ (-) Increase (decrease) in the net current assets	16,400	-37,893
Cash flow from operations	41,530	46,259
Investing activity		
- Payments for the acquisition of intangible assets and property, plant and equipment	-69,427	-72,026
- Payments for the acquisition of companies accounted for using the equity method	0	-6,000
+ Receipts from the sale of intangible assets and property, plant and equipment	46	194
+ Receipts from the disposal of financial assets accounted for using the equity method	0	5,676
+ (-) Changes to the scope of consolidation	290	-1,040
+ (-) Payments/receipts from other assets	921	-4,319
Cash flow from investing activity	-68,170	-77,515
Free cash flow	-26,640	-31,256

EURk	H1 2020	H1 2019
Financing activity		
- Dividend payments to third parties	-26,251	-20,168
- Acquisition of own shares	-4,569	0
+ (-) Disposal/acquisition of non-controlling interests	-796	-202
+ Taking out non-current interest-bearing liabilities	0	119,880
- Repayment of lease liabilities	-9,202	-7,195
- Repayment of non-current interest-bearing liabilities	-5,217	-14,478
+ (-) Change in other current financial liabilities	54,090	-36,906
+ (-) Increase (decrease) from other financing activities	-1,366	276
Cash flow from financing activity	6,689	41,207
Total cash flow	-19,951	9,952
+ Opening balance of liquid funds within the group	160,864	89,347
- Effect of foreign currency fluctuations	-904	-538
Closing balance of liquid funds within the group	140,009	98,761

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST HALF-YEAR FROM 1/1/2020 THROUGH 6/30/2020

EURk

Balance as of January 1, 2020

Profit or loss for the period

Other comprehensive income

Total comprehensive income

Transactions with shareholders

Dividends to third parties

Acquisition/disposal of shares to subsidiaries

Acquisition of own shares

Balance as of June 30, 2020

EURk

Balance as of January 1, 2019

Profit or loss for the period

Other comprehensive income

Total comprehensive income

Transactions with shareholders

Dividends to third parties

Acquisition/disposal of shares to subsidiaries

First-time consolidation of Avocado GmbH

Miscellaneous

Balance as of June 30, 2019

Equity of the owners of the parent company								
Share capital	Capital reserves	Reserves including total earnings	Reserve in accordance with IFRS 9	Adjustment items currency translation	Reserves for own shares	Total	Shares of non-controlling shareholders	Total consolidated equity
22,539	9,949	310,986	-140	203	-5,220	338,317	280,316	618,633
0	0	-4,797	0	0	0	-4,797	-4,755	-9,552
0	0	-2	47	-657	0	-612	-104	-716
0	0	-4,799	47	-657	0	-5,409	-4,859	-10,268
0	0	0	0	0	0	0	-13,246	-13,246
0	0	-132	0	0	0	-132	-664	-796
0	0	0	0	0	-4,569	-4,569	0	-4,569
22,539	9,949	306,055	-93	-454	-9,789	328,207	261,547	589,754

Equity of the owners of the parent company								
Share capital	Capital reserves	Reserves including total earnings	Reserve in accordance with IFRS 9	Adjustment items currency translation	Reserves for own shares	Total	Shares of non-controlling shareholders	Total consolidated equity
22,539	9,949	264,556	699	-322	0	297,421	253,355	550,776
0	0	14,823	0	0	0	14,823	14,514	29,337
0	0	-758	-603	261	0	-1,100	-1,027	-2,127
0	0	14,065	-603	261	0	13,723	13,487	27,210
0	0	-6,762	0	0	0	-6,762	-13,406	-20,168
0	0	-83	0	0	0	-83	-119	-202
0	0	0	0	0	0	0	177	177
0	0	39	0	0	0	39	-48	-9
22,539	9,949	271,815	96	-61	0	304,338	253,446	557,784

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE FIRST HALF-YEAR 2020

COMPANY INFORMATION

The PIERER Mobility Group is the largest European motorcycle manufacturer specializing in highly innovative sports motorcycles and electric mobility. Its world-famous motorcycle brands KTM, HUSQVARNA Motorcycles, and GASGAS make it a technology and market leader, especially in the premium motorcycle segment. With the complete takeover of PEXCO GmbH in December 2019, a further growth step was taken in the field of two-wheel electric mobility in order to participate in the attractive market growth in the e-bicycle segment. The development into a major international player in this segment is being promoted by the HUSQVARNA E-Bicycles and R Raymon brands.

PIERER Mobility AG has its registered office at 4600 Wels, Edisonstraße 1, and is registered in the commercial register of the Provincial Court as Commercial Court of Wels under the number FN 78112 x.

The shares of PIERER Mobility AG are listed on the “Swiss Performance Index (SPI)” of the SIX Swiss Exchange in Zurich and, since March 3, 2020, also on the regulated market of the Frankfurt Stock Exchange. In addition, the company is also listed on the Vienna Stock Exchange in the standard market auction segment.

PRINCIPLES OF FINANCIAL REPORTING

The condensed interim consolidated financial statements for the reporting period from January 1 to June 30, 2020 of PIERER Mobility AG were prepared in accordance with the International Financial Reporting Standards (IFRS), as applied in the EU, applying IAS 34 (Interim Financial Reporting).

These condensed interim consolidated financial statements for the first half-year of 2020 have not been audited or reviewed by an auditor.

The condensed interim consolidated financial statements do not include all of the notes and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2019.

The interim consolidated financial statements are prepared in euros, which is the functional currency of the parent company. 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.

The accounting policies applied as at December 31, 2019 were unchanged, with the exception of the IFRS, the use of which is mandatory from January 1, 2020. Due to the COVID-19 pandemic, the accounting policies have been reviewed and re-evaluated. The financial reporting of the companies included in the condensed interim consolidated financial statements is subject to uniform accounting principles, and these principles were applied by all consolidated entities.

The income tax expenses for the interim consolidated financial statements have been estimated, in accordance with IAS 34, using the average annual tax rate expected for the entire financial year. The transfer price concept is reviewed on an ongoing basis, with appropriate adjustments being made in accordance with OECD principles and the functions and risks within the group.

The provisions for obligations for severance pay and anniversary bonuses were measured according to the years of service method (projected unit credit method). Actuarial reports for the measurement are generated as of the end of the reporting period. These values are adjusted for the interim consolidated financial statements. If significant changes to the parameters occur during the year, the net debt is revalued. The parameters were checked as of June 30, 2020. The change in the interest rate was below the materiality limit, which is why no revaluation was carried out.

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 January 1, 2020:

First-time application	New standards and interpretations	Published by the IASB
January 1 st 2020		
	Amendments to IAS 1 and IAS 8 – Definitions of Materiality	October 31 st 2018
	Amendments to IFRS 3 – Definitions of a Business	October 22 nd 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 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 fiscal year of 2020.

IMPACTS OF COVID-19 PANDEMIC

IMPACTS ON THE HALF-YEAR RESULT AND MEASURES TO SECURE LIQUIDITY

The business development in the first half of 2020 was substantially extent by the COVID-19 pandemic. Due to the interruption of production, especially at the Mattighofen site of KTM AG, revenue reduced in comparison to the previous year (see notes to the consolidated income statement).

As a result of the global COVID-19 crisis, support measures in terms of short-time work were taken up from March 2020 and recorded in the amount of round EUR 13 million in the result. The Austrian companies in the KTM Group took advantage of the Austrian federal government's short-time work scheme from mid-March to the end of May. The prerequisites for this were checked accordingly in advance. Most of the resulting compensation had already been received by June 30, 2020 and has been recorded as income in the income statement. Furthermore, deferrals of social security contributions and non-wage labor costs for the months of April and May were taken up and settled in July 2020.

At various subsidiaries abroad, short-time work was also requested for some employees. The fulfillment of the local requirements was checked in advance to ensure that there was sufficient certainty to be able to utilize this. Cost reimbursements or payments were recorded accordingly in the income statement. In some countries, support was also provided to ensure liquidity, such as the temporary deferral of tax and duty payments. Insofar as the local conditions were met, KTM made use of these reliefs at home and abroad.

Due to the global COVID-19 pandemic, the liquidity situation was also improved by taking up a special COVID refinancing line (KRR) of EUR 60 million from Oesterreichische Kontrollbank AG (OeKB) and the prolongation of the partial maturities of two long-term loans. The OeKB credit facility was not used as of June 30, 2020.

IMPACTS ON ESTIMATES AND UNCERTAINTIES IN JUDGMENTS AND ASSUMPTIONS

To a certain degree some estimates and assumptions must be made in the consolidated financial statements. These influence the recognized assets and liabilities, the disclosure of contingent liabilities as at the reporting date and the presentation of income and expenses for the respective 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.

Estimates and uncertainties in judgments and assumptions are explained in the consolidated financial statements of PIERER Mobility AG as of December 31, 2019 under Point 5. "Estimates and uncertainties in judgments and assumptions". As of June 30, 2020, these parameters were reviewed based on the impact of the COVID-19 pandemic, with particular reference to the following aspects:

- Assumptions were made to assess the recoverability of goodwill and intangible assets with an indefinite useful life. As of June 30, 2020, goodwill of EUR 130.7 million was recognized. The group's goodwill is divided between the two main cash-generating units (CGUs): KTM in the amount of EUR 109.7 million and PEXCO in the amount of EUR 19.5 million.

Since the development of the KTM CGU was below budget in the first half-year, it was tested for impairment as of June 30, 2020, the half-year reporting date. The key parameters in the measurement are the discount rate and the planned cash flows. These were reviewed in view of the current impact of the COVID-19 pandemic and adjusted accordingly (see notes to the consolidated statement of financial position and statement of changes in equity). The impairment test still showed significant surplus cover, as was the case on December 31, 2019.

As the development of the E-Bicycles segment exceeded planning, there was no event-related impairment test of the PEXCO CGU as of June 30, 2020. The estimates compared to December 31, 2019 remain unchanged as of June 30, 2020.

- In cash flow hedge accounting, assessments are made regarding the occurrence of future cash flows. The planning of future cash flows was updated due to changes in sales and order volume planning as a result of the COVID-19 pandemic, so that the slightly changed foreign currency exposure as basic data for currency hedges corresponds to the current situation.
- Estimates for provisions relating to guarantees and warranties include assumptions for probabilities based on experience. Updated revenue forecasts are included in the calculations. There were no material changes due to the COVID-19 pandemic.
- Estimates regarding the criteria for classifying leases were not affected by the effects of the COVID-19 pandemic, as there were no changes to the terms of the contracts or other contractual conditions.
- The assumptions used to calculate the default risk of trade receivables and other assets not impaired by creditworthiness (expected credit loss) were checked. The creditworthiness of customers (network of dealers) is constantly monitored and security is required. Risk management will also initiate appropriate test steps in response to the current COVID-19 crisis. Due to the positive development of the retail market, no significant impairment losses are expected.
- No reasons for changes due to the impact of the COVID-19 pandemic were identified for discretionary decisions in relation to factoring agreements and supplier finance programs.

SEASONALITY

Seasonal effects occur due to the different seasonality of offroad and street motorcycles. In the street segment, there are higher revenues in the first half of the year, whereas in the offroad segment, the main focus is on the second half of the year. Due to the increasing importance of the street segment in total revenues, seasonal effects are smoothed out over the year to a large extent.

SCOPE OF CONSOLIDATION

All subsidiaries that are either legally or de facto under the control of PIERER Mobility AG are included in the present interim consolidated financial statements as of June 30, 2020.

The number of companies included in the scope of consolidation changed in the first half-year 2020 as shown below:

	Fully consolidated companies	At-equity companies
Balance as of 12/31/2019	63	3
Additions to the scope of consolidation	5	0
Elimination of the scope of consolidation	-1	0
Balance as of 06/30/2020	67	3
thereof foreign companies	46	2

PIERER Mobility AG – as the parent company of the PIERER Mobility Group – was not included in this list.

▪ Changes in the scope of consolidation

In the first half of 2020, KTM Immobilien GmbH acquired 80% of the shares in KTM MOTOHALL GmbH, Mattighofen from PIERER IMMOREAL GmbH, Wels. The stake in KTM MOTOHALL GmbH was 90% as at the reporting date of June 30, 2020. The following assets and liabilities were acquired:

EURk	
Non-current assets	41,335
Current assets	1,351
Non-current liabilities	-16,111
Current liabilities	-24,990
Net assets	1,584
Addition of non-controlling interests	-158
Fair value of shares previously recognised in the balance sheet	-1,455
Goodwill	110
Consideration	-80
Acquired cash and cash equivalent	403
Net cash inflow on acquisition	323

Within the KTM Group in the current financial year, Red Bull KTM Factory Racing GmbH, Mattighofen and GASGAS Motorcycles Espana S.L.U. (formerly: Canepa Investments. S.L.). Terrassa, Spain, were also newly founded and fully consolidated. In addition, WP Components GmbH, Munderfing was merged with WP Immobilien GmbH, Munderfing with effect from January 1, 2020.

In the E-Bicycles segment, Husqvarna E-Bicycles GmbH (now: PIERER E-Bikes GmbH) was newly founded in the first half of the year with effect from February 25, 2020. In the first half-year 2020, bikes&wheels 2 Radhandels GmbH, Wels (formerly: (4) SPORTS Gesellschaft mbH, Wels) was acquired. The further restructuring and integration of PEXCO GmbH within the newly founded PIERER E-Bikes GmbH is planned and is currently being implemented. PIERER E-Bikes GmbH is wholly owned directly by PIERER Mobility AG.

SEGMENT REPORTING

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

MOTORCYCLES:

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, GASGAS, and WP brands. As of June 30, 2020, the KTM Group includes in its consolidated financial statements 56 companies located in Austria, the USA, Japan, South Africa, Mexico, India, Australia, and New Zealand, as well as in various other countries in Europe and Asia. In addition, the KTM Group has equity holdings in assembly companies in the Philippines and China.

E-BICYCLES:

Husqvarna E-Bicycles GmbH (now: PIERER E-Bikes GmbH), which was newly founded in 2020, forms a separate segment together with PEXCO GmbH, which was fully acquired in December 2019, together with its subsidiaries. The integration of PEXCO GmbH into the newly founded company PIERER E-Bikes GmbH is currently being implemented. In total, the segment comprises 6 fully consolidated companies. The focus of the two brands Husqvarna E-Bicycles and R RAYMON is on developing, manufacturing and trading e-bikes and bicycles. As the initial consolidation of the e-bicycle segment took place on December 31, 2019, the result from operating activities of the previous year relates to the current at equity consolidation of the first half of 2019 (40% share in PEXCO GmbH in the previous year).

OTHER:

In addition to the holding company PIERER Mobility AG, the segment "Other" includes KTM E-Technologies GmbH, KTM Innovation GmbH, and Avocado GmbH.

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

H1 2020 EUR million	MOTORCYCLES	E-BICYCLES	Other	Consolidation	TOTAL
Revenues (including revenues within the segments)	530.2	68.3	16.3	-14.8	600.0
External revenues	529.4	68.3	2.3	0.0	600.0
Result from operating activities	-2.5	3.5	0.7	0.0	1.7
Investments	71.9	0.9	0.1	0.0	72.9
Depreciation and amortization	59.7	2.1	0.7	0.0	62.5
Share in the result of companies accounted for using the equity method	-0.4	0.0	0.0	0.0	-0.3
Balance sheet total	1,546.4	66.1	317.5	-264.0	1,666.0
Equity	568.6	15.9	251.7	-246.5	589.8

H1 2019 EUR million	MOTORCYCLES	E-BICYLCES	Other	Consolidation	TOTAL
Revenues (including revenues within the segments)	749.9	0.0	18.5	-13.5	754.9
External revenues	749.9	0.0	5.0	0.0	754.9
Result from operating activities	46.2	-0.7	0.6	0.5	46.6
Investments ¹⁾	78.8	0.0	1.3	0.0	80.1
Depreciation and amortization	51.3	0.0	0.6	0.0	51.9
Share in the result of companies accounted for using the equity method	-0.3	-0.7	0.0	0.5	-0.5
Balance sheet total	1,427.1	0.0	292.4	-257.2	1,462.3
Equity	551.2	0.0	241.1	-234.5	557.8

1) excluding IFRS 16 first-time adoption effect of € 38.9 million as at 01/01/2019

NOTES TO THE CONSOLIDATED INCOME STATEMENT

The PIERER Mobility Group generated revenue of EUR 600.0 million in the first half-year. Due to the COVID-19 pandemic and the associated interruption to production at the Mattighofen site of KTM AG, revenue in the group as a whole decreased by around EUR 155 million for the same period of the previous year. Around 95% of the revenue was generated outside Austria. The breakdown of external revenue by geographical region is based on the location of the customers. The revenue by geographical region is composed of the following:

EUR million	H1 2020	H1 2019
Europe	406.9	462.2
North America (incl. Mexico)	92.4	159.1
Other	100.7	133.6
	600.0	754.9

Due to the decrease in revenue, the EBIT of EUR 1.7 million for the first half of 2020 is below the previous year's figure of EUR 46.6 million as a result of the impact of COVID-19. The EBIT margin is 0.3% (previous year: 6.2%). At EUR 64.2 million, the EBITDA is 34.8% below the previous year's level. The result for the period was EUR -9.6 million (previous year: EUR 29.3 million). The earnings per share were EUR -0.21 in the first half of 2020 (previous year: EUR 0.66).

NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In the reporting period, the cash flow hedge reserve increased the equity by EUR 0.6 million (previous year: EUR -1.2 million). Changes to the foreign currency translation reserve resulting from currency translation of EUR -1.3 million (previous year: EUR 0.5 million) were also recorded. In the previous year, actuarial losses of EUR -1.5 million were recognized as a result of the reduction in the interest rate used for the measurement of the obligations for employee benefits. All values are inclusive of non-controlling interests.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Non-current assets increased in the first half of the year by 5.3%. The increase is primarily due to the initial consolidation of KTM MOTOHALL GmbH and the resulting acquisition of the property, plant, and equipment. Current assets remained almost unchanged with a slight increase of 0.8%.

On the liabilities side, current liabilities increased by 19.7% in the first half of the year, mainly due to the increase in current financial liabilities. This increase is largely due to the factoring and supplier finance program completed between group companies. From the point of view of the PIERER Mobility Group, no exchange of services took place; it merely made use of external financing, which is reported under current financial liabilities. In addition, current and non-current liabilities also increased due to the initial consolidation of KTM MOTOHALL GmbH and the associated assumption of bank liabilities.

The consolidated equity decreased during the first six months by EUR 28.9 million to EUR 589.8 million. Dividend payments of the operating KTM AG to the minority shareholders in the amount of EUR 13.2 million, the half-year result of EUR -9.6 million and the purchase of treasury shares of EUR -4.6 million were the main reasons for the reduction in equity. The dividend, which KTM AG paid out to minority shareholders, will be returned by shareholders to KTM AG to strengthen liquidity. PIERER Mobility AG itself did not pay a dividend in the first half of 2020 (previous year: EUR 6.8 million). As of the reporting date, the equity ratio was 35.4% (December 31, 2019: 38.3%).

The receivables and inventories were tested for impairment. No extraordinary impairment was identified which could be attributed to the COVID-19 crisis.

The impairment of goodwill of the CGU KTM was also tested in relation to COVID-19 as at the half-year reporting date. The cash flow forecasts were analyzed and the forecast for the current fiscal year was adapted. The derivation of the WACC still does not take into account any growth discount on the discount rate in the perpetual annuity. There were no material changes with regard to the surplus cover compared to December 31, 2019. Sensitivities are at a similar level as in the prior year.

Certain financial ratios must be met for certain credit agreements. In the first half of the year, there was no failure to comply with contractually agreed financial covenants. Compliance with the covenants is also expected for the 2020 financial year.

At the end of the reporting period on December 31, 2019, property, plant, and equipment amounting to EUR 58.7 million was secured by pledge agreements recorded in the land register and deposited pledge certificates, primarily for liabilities owed to credit institutions. As of June 30, 2020, there were no changes.

NOTES TO THE STATEMENT OF CASH FLOWS

In the first half of 2020, the liquid funds of the group decreased by EUR 20.9 million to EUR 140.0 million. The change consists of the cash flow from operating activities of EUR 41.5 million, the cash flow from investing activities of EUR -68.2 million and the cash flow from financing activities of EUR 6.7 million. Foreign exchange effects of EUR -0.9 million also arose.

Free cash flow in the first half of 2020 improved by EUR 4.6 million compared to the same period in the previous year and amounted to EUR -26.6 million as of June 30, 2020. Despite the decline in earnings due to COVID-19, the free cash flow remained at the previous year's level, partly due to the significant reduction in net working capital and lower investing activity compared to the same period of the previous year.

The dividend payments in the amount of EUR -26.3 million shown in the cash flow from financing activities relate to dividends from the operating KTM AG to its minority shareholders in the amount of EUR 13.2 million as well as the recapitalization of KTM MOTOHALL GmbH in the course of the initial consolidation of the company at KTM AG level in the amount of EUR 13.0 million. PIERER Mobility AG did not pay a dividend in the first half of 2020 to its shareholders.

DISCLOSURES RELATING TO FINANCIAL INSTRUMENTS

The measurement categories of IFRS 9 were used to classify and measure the assets side. 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 input is not based on observable market data (Level 3).

The table below shows the carrying amounts and fair values of financial assets (financial instruments shown on the assets side), broken down by class and IFRS 9 measurement category. However, it does not provide any information in relation to financial assets not measured at fair value where the carrying amount is a reasonable approximation of fair value.

EURk	Carrying amount 06/30/2020	Classification under IFRS 9	Fair value 06/30/2020
Financial assets measured at fair value			
Other current assets - derivatives with positive market value that have already been assigned to receivables	873	FVPL	873
Other current assets - derivatives with positive market value (cash flow hedge)	5,315	FVOCI	5,315
Trade receivables	16,922	FVPL	16,922
Other non-current financial assets	1,263	FVOCI / FVPL	1,263
Total	24,373		
Financial assets not measured at fair value			
Cash and cash equivalents	140,009	AC	-
Trade receivables	157,802	AC	-
Other financial assets	41,298	AC	-
Total	339,109		
Total	363,482		

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		

Fair value				Carrying amount 06/30/2020				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair Value - Hedging Instruments
-	873	-	873	-	-	-	-	873
-	5,315	-	5,315	-	-	-	-	5,315
-	-	16,922	16,922	-	-	-	16,922	-
1,047	-	216	1,263	-	-	216	1,047	-
-	-	-	-	140,009	-	-	-	-
-	-	-	-	157,802	-	-	-	-
-	-	-	-	41,298	-	-	-	-

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	-	-	-	-

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 any information in relation to financial liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value.

EURk	Carrying amount 06/30/2020	Classification under IFRS 9	Fair value 06/30/2020
Financial liabilities measured at fair value			
Other financial liabilities - derivatives with negative market value that have already been assigned to receivables	131	FVPL	131
Other financial liabilities - derivatives with negative market value (cash flow hedge)	3,988	FVOCI	3,988
Total	4,119		
Financial liabilities not measured at fair value			
Interest-bearing liabilities	570,757	AC	584,230
Lease liabilities	58,657	AC	-
Trade payables	224,652	AC	-
Other financial liabilities (current and non-current)	25,251	AC	-
Total	879,317		
Total	883,436		

EURk	Carrying amount 12/31/2019	Classification under IFRS 9	Fair value 12/31/2019
Financial liabilities measured at fair value			
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			
Interest-bearing liabilities	494,535	AC	509,601
Lease liabilities	62,132	AC	-
Trade payables	222,628	AC	-
Other financial liabilities (current and non-current)	38,124	AC	-
Total	817,419		
Total	819,329		

Fair Value Determination

In relation to the valuation technique, please refer to Note 43 (Classification and Fair Value) of the consolidated financial statements of PIERER Mobility as of December 31, 2019.

Fair value				Carrying amount 06/30/2020				
Level 1	Level 2	Level 3	Total	AC Amortised Cost	FVOCI Fair Value through OCI	FVOCI Fair Value through OCI (without recycling)	FVPL Fair Value through P&L	Fair Value - Hedging Instruments
-	131	-	131	-	-	-	-	131
-	3,988	-	3,988	-	-	-	-	3,988
-	-	584,230	584,230	570,757	-	-	-	-
-	-	-	-	58,657	-	-	-	-
-	-	-	-	224,652	-	-	-	-
-	-	-	-	25,251	-	-	-	-

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	-	-	-	-

RELATED PARTY DISCLOSURES

In January 2020, KTM Immobilien GmbH acquired 80% of the shares in KTM MOTOHALL GmbH, Mattighofen from PIERER IMMOREAL GmbH, Wels. PIERER IMMOREAL GmbH is a subsidiary of Pierer Konzerngesellschaft mbH, Wels. For further information, please refer to “Changes in the scope of consolidation”.

All business transactions with related companies and individuals, as stated in the consolidated financial statements as of December 31, 2019, were carried out at arm’s length. As of June 30, 2020, there were no further material changes.

EVENTS AFTER THE BALANCE SHEET DATE

In July 2020, a 35% equity holding in DealerCenter Digital GmbH was acquired from Pierer Industrie AG. The company develops digital consulting and sales systems especially for the two-wheeler retail trade and is expected to play an important role in the transformation of the stationary retail sector to create the digitally integrated shop of the future. The purchase price was EUR 1.4 million.

In addition, 100% of the shares of GASGAS Motorcycles GmbH were acquired ahead of schedule in July 2020. The PIERER Mobility Group has thus positioned GASGAS as the group’s third brand in the off-road motorcycle segment for ambitious beginners and as the global market leader in the trial segment. GASGAS is also expanding its product range by including a sporty selection of high-end e-mountain bikes. The 40% stake held by Black Toro Capital as part of the industrial cooperation launched in October 2019 was acquired for a purchase price of around EUR 9 million.

There have been no further material events since June 30, 2020 that require inclusion in the reporting.

DECLARATION OF THE EXECUTIVE BOARD

PURSUANT TO SECTION 87 PARA 1 NO. 3 OF THE AUSTRIAN STOCK EXCHANGE ACT (§ 87 ABS 1 Z 3 BÖRSEGESETZ)

We confirm that to the best of our knowledge the condensed consolidated interim financial statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the PIERER Mobility Group. Furthermore, that the interim group management report gives a true and fair view of the assets, liabilities, financial position and profit or loss of the group in relation to the important events that occurred during the first six months of the financial year and their impact on the condensed interim consolidated financial statements in relation to the principal risks and uncertainties for the remaining six months of the financial year and in relation to material transactions with related companies and persons requiring disclosure.

Wels, August 31, 2020

The Executive Board of PIERER Mobility AG



Stefan Pierer



Friedrich Roithner



Hubert Trunkenpolz



Viktor Sigl

FINANCIAL CALENDAR

February 1, 2021	Announcement of preliminary annual results 2020
March 30, 2021	Publication of annual financial statements 2020
April 19, 2021	Record date annual general meeting
April 29, 2021	24 th annual general meeting
n/a	Ex-dividend date
n/a	Record date „dividends“
n/a	Dividend payment date
August 30, 2021	Report on the 1 st half-year 2021

IMPRINT

Owner and publisher
 PIERER Mobility AG
 Edisonstrasse 1
 4600 Wels, Austria
 FN 78112 x / Wels Provincial and Commercial Court

CONTACT

Michaela Friepess
 Investor Relations
 Telefon: +43 7242 69 402
 E-Mail: ir@pierermobility.com
 Website: www.pierermobility.com

Concept and design: Grafik-Buero Elena Gratzler, 4600 Wels, www.grafik-buero.at

Photos: KTM archive, Husqvarna archive, WP archive, Husqvarna E-Bicycles-/PEXCO-Archiv, GASGAS-Archiv, Cover: Red Bull KTM MotoGP Team Presentation 2020 / Foto: ©Sebas Romero.

The present half-year 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 half-year 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)