

PIERER Mobility adjusts guidance and responds to tougher global conditions

- **Sales fall short of expectations due to persistently high interest rates in the USA and volatile market environment in Europe**
- **Comprehensive package of measures being implemented:**
 - **Tighter cost management and reduction of production volumes in Austria**
 - **Expansion of the supply chain in India and China**
 - **Realignment of the bicycle division**
- **Adjustment of guidance for the 2024 financial year**

Sales fall short of expectations due to persistently high interest rates in the USA and the volatile market environment in Europe

In the current financial year, momentum in PIERER Mobility's core motorbike markets in the USA and Europe has slowed significantly. Due to the latest interest rate decisions in the USA, interest rates are expected to remain high, which will have a negative impact on sales expectations for the American market. Sales figures in Europe are also still volatile. Overall, PIERER Mobility's sales figures will fall short of expectations this year after three years of above-average success.

This means that dealers will have to reduce their inventories and thus continue to tie up considerable capital. The PIERER Mobility Group is therefore continuing its efforts to strengthen its dealer structure through extended payment terms and higher discounts. These measures have already led to a sharp increase in working capital in the past financial year. Management expects working capital and the associated capital commitment to remain high in 2024. This is expected to have a significant negative impact on EBIT and the financial result in the current financial year.

Tighter cost management and reduction of production volumes in Austria

The production costs of motorbikes in Europe have risen due to high wage settlements and increasing costs in connection with regulations and bureaucracy, putting a strain on competitiveness. Production volumes are therefore being significantly reduced at the production site in Mattighofen. At the same time, the company is tightening cost management throughout the Group.

With the growth in sales figures over the last ten years, the number of employees at the motorbike subsidiary KTM AG has more than doubled. In view of the changed location and market situation, the number of employees has now had to be adjusted. This reduction in personnel after years of rising employment is painful, but necessary in order to maintain and secure the competitiveness of the production site.

Expansion of the supply chain in India and China

Another priority in 2024 is to increase efficiency in product development. The focus will be on aligning and prioritizing activities in line with the Group's premium brand strategy and streamlining development processes. Following on from this, joint research and development with the strategic partner Bajaj Auto in India and the JV partner CFMOTO in China will be expanded at the respective locations.

Due to the increasingly fragile supplier industry in Europe, the PIERER Mobility Group is utilizing the favorable economic conditions in these regions to secure its competitiveness. An efficient and high-quality supplier industry is being established there.

Realignment of the bicycle division

During the coronavirus pandemic, demand for bicycles rose rapidly, leading to overheating in the bicycle market and disruptions throughout the entire supply chain. As a result, our own stocks and those of suppliers and dealers reached record levels. The reduction of these inventories to a normal level is continuing, while at the same time massive pressure is being exerted on sales prices.

Due to the developments described above, the extraordinary impairment and restructuring requirements in 2024 will lead to a significantly negative result in the Bicycles segment.

The realignment of the Bicycles segment initiated in the 2023 financial year with a focus on the premium segment will be systematically implemented and completed in 2024.

Adjustment of the guidance for the 2024 financial year

For the 2024 financial year, the Executive Board expects a decline in sales of 10% to 15% for both the motorcycles and bicycle divisions due to the current market developments.

In the Motorcycles segment, the Executive Board assumes that the cost savings introduced in the current financial year will be able to compensate for the negative effects of declining sales to such an extent that a balanced to slightly positive EBIT can be generated. The development of existing dealers and the further expansion of the dealer network to support the brand strategy will be key issues in 2024.

In the Bicycle division, however, the Executive Board anticipates a significantly negative EBIT of €-110 to €-130 million for the 2024 financial year, which is essentially due to the above-mentioned extraordinary impairment and restructuring requirements. The restructuring of the Bicycle division is therefore complete.

About the Group

PIERER Mobility AG is the holding company of Europe's leading manufacturer of powered two-wheelers, producing a full range of premium brands including KTM, GASGAS, Husqvarna and MV Agusta Motorcycles. With its innovative strength, PIERER Mobility is a pioneering technology leader in two-wheeled e-mobility through its motorcycle brands. In the bicycle sector, the focus is on the premium segment. In the bicycle sector, the focus is

on the premium segment. The premium brand range also includes high-performance components under the WP brand and special KTM X-BOW high-performance sports cars.

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