



PIERCE GROUP AB (publ)

Interim report

January – March 2024

Strong improvement

January – March 2024

- Net revenue increased by 3%, totalling SEK 356 (345) million.
- Operating profit (EBIT) was SEK 7 (-21) million. Adjusted operating profit (EBIT) was SEK 7 (-21) million and the adjusted operating margin was 2.0% (-6.2%).
- Cash flow for the period was SEK 57 (-33) million and the cash position at the end of the period was SEK 278 (105) million.
- Earnings per share before and after dilution was SEK 0.32 (-0.14).

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Net revenue	356	345	1,548	1,537
Growth (%) ¹	3%	-18%	-3%	-8%
Growth in local currencies (%) ¹	2%	-22%	-7%	-13%
Gross profit	162	137	632	607
Profit after variable costs ^{1 2}	82	54	285	256
Overhead costs ¹	-59	-61	-265	-267
EBITDA ¹	23	-7	-6	-36
Operating profit (EBIT) ³	7	-21	-82	-111
Adjusted EBITDA ^{1 5}	23	-7	20	-11
Adjusted operating profit (EBIT)^{1 3 5}	7	-21	-40	-69
Items affecting comparability ¹	0	0	-42	-42
Profit/loss for the period	25	-11	-60	-96
Gross margin (%) ¹	45.6%	39.7%	40.9%	39.5%
Profit after variable costs (%) ¹	23.1%	15.6%	18.4%	16.7%
Adjusted EBITDA (%) ^{1 5}	6.5%	-2.2%	1.3%	-0.7%
Adjusted operating margin (EBIT) (%) ^{1 5}	2.0%	-6.2%	-2.6%	-4.5%
Cash flow for the period	57	-33	181	91
Net debt (+) / Net cash (-) ⁴	-278	-105	-278	-222
Earnings per share before dilution (SEK)	0.32	-0.14	-0.75	-1.21
Earnings per share after dilution (SEK)	0.32	-0.14	-0.75	-1.21

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue. Other direct costs mainly consist of freight, invoicing and packaging.

³ Operating profit (EBIT) includes depreciation and amortisation. Amortisation attributable to business acquisitions¹ were SEK 19.6 million during the last twelve months' period, which included SEK 17 million impairment of goodwill excluded in the adjusted measure.

⁴ Net debt refers to the alternative performance measure net debt excluding IFRS 16.

⁵ Adjusted measures in the last twelve months' period and the last year exclude, among others, costs borne for transition to a permanent CEO and for organisational downsizing. Additionally, adjusted operating profit (EBIT) excludes cost of impairment of goodwill of SEK 17 million in the above mentioned periods.

Significant events after the end of the reporting period

On 13 May 2024 the Board of Directors revised the medium to long term financial targets regarding the net revenue growth and the adjusted EBIT margin to reflect the prevailing conditions in the market where Pierce operates. The capital structure target and the dividend policy remain unchanged.

CEO comments

We showed a strong improvement in the first quarter, despite it being the seasonally toughest quarter during the year for us. Our adjusted EBIT was SEK 7 million, marking a significant increase from last year's SEK -21 million. This is the result of sales growing with 3 percent and gross margin increasing with almost 6 percent.

Following a slow start, demand increased through the quarter. The margin improvement was a result of price increases to customers and reduced in-freight costs as well as changes in obsolescence provisions. The adjusted EBIT includes positive effects from changes in obsolescence provisions with SEK 9 million, which was a result of our increased focus on selling slow moving stock.

Our liquidity remains robust with a solid cash position of SEK 278 million at the end of the first quarter. Following our efforts put into stock management initiatives and changing the operating model, we are happy to see a material improvement in our net working capital, in addition to the effect from our changed assumptions for slow-moving stock. However, we expect somewhat increased stock levels going forward in support of seasonal fluctuations, the need to ensure product availability and to capture future growth opportunities.

We have successfully implemented our new, simplified operating model and fostered an action-oriented and empowered culture. Decisions are now made faster and more aligned with business requirements. The Pierce team is capable, committed and enabled and this has been instrumental in our achievements thus far.

Our transformation journey is however far from over. Our vision is to become the unquestionable leading e-tailer of the European market of gear, accessories, and parts for motorcycle riding. To realise this vision, which we call Pierce 2.0, we have identified seven strategic pillars that guide our efforts.

- To achieve absolute leadership in the Offroad segment and profitable growth in the Onroad segment
- To have the highest customer loyalty in the industry
- To create a simple and powerful go-to-market approach
- To be the best in the industry in pricing and purchasing
- To have market-leading value-for-money own brands
- A modern and scalable tech stack
- A lean, fast and agile organisation

True transformation takes time, which is why 2024 will be the crucial year of catapulting the start of the transformation for us.

In addition to organisational enhancements, we are undertaking a comprehensive overhaul of our technology infrastructure. We are

building a composable, cloud-based tech stack comprising best-in-class systems to enhance our operational capabilities.

Through process re-engineering and automation initiatives, we aim to streamline workflows and eliminate non-value adding process steps. Furthermore, we are exploring the integration of AI solutions to further optimise our operations.

Additionally, we are committed to consolidating and building real value-for-money own brands, and we are on track to launch our first loyalty program in the near future.

To reflect the prevailing conditions in the market where Pierce operates, the Board of Directors has reviewed and decided to revise the medium to long term financial targets regarding the net revenue growth and the adjusted operating margin (EBIT).

In conclusion, we remain firmly committed to our vision and strategic objectives.

On a personal note, I am proud and impressed by the energy, knowledge, commitment and drive that I witnessed when we recently gathered the entire company for a joint kick-off of Pierce 2.0.

Göran Dahlin



CEO, Pierce Group AB (publ)

Stockholm, 14 May 2024



Performance measures – Group

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Revenue measures				
Net revenue per geographical area				
Nordics	114	113	509	508
Outside the Nordics	242	232	1,039	1,029
Net revenue	356	345	1,548	1,537
Growth per geographical area				
Nordics (%) ¹	1%	-22%	-5%	-10%
Outside the Nordics (%) ¹	5%	-16%	-2%	-7%
Growth (%)¹	3%	-18%	-3%	-8%
Performance measures				
Gross margin (%) ¹	45.6%	39.7%	40.9%	39.5%
Profit after variable costs (%) ¹	23.1%	15.6%	18.4%	16.7%
Overhead costs (%) ¹	16.6%	17.8%	17.1%	17.4%
Adjusted EBITDA (%) ^{1 2}	6.5%	-2.2%	1.3%	-0.7%
Adjusted operating margin (EBIT) (%) ¹	2.0%	-6.2%	-2.6%	-4.5%
Earnings per share before dilution (SEK)	0.32	-0.14	-0.75	-1.21
Earnings per share after dilution (SEK)	0.32	-0.14	-0.75	-1.21
Cash flow and other financial measures				
Operating profit (EBIT)	7	-21	-82	-111
Investments	-1	-2	-7	-8
Operating profit (EBIT) minus investments	6	-23	-90	-118
Changes in net working capital	37	-22	164	105
Other non-cash items ^{1 3}	14	11	94	91
Operating cash flow¹	56	-35	169	78
Other cash flow ^{1 4}	1	2	12	13
Cash flow for the period	57	-33	181	91
Cash and cash equivalents ⁵	278	105	278	222
Net debt excluding IFRS 16 ^{1 5 7}	-278	-105	-278	-222
Net debt/EBITDA ^{1 6}	21.7	2.7	21.7	5.2
Inventory ⁵	332	464	332	344
Other current operating assets ^{1 5}	25	30	25	14
Other current operating liabilities ^{1 5}	-270	-223	-270	-251
Net working capital^{1 5}	86	272	86	107
Operating measures				
Number of orders (thousands) ¹	344	354	1,447	1,456
Average order value (AOV) (SEK) ¹	1,034	974	1,070	1,055
Net revenue from private brands ¹	142	145	638	640
Active customers last 12 months (thousands) ¹	1,016	1,106	1,016	1,021

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Adjusted EBITDA, excluding IFRS 16, amounted during the last twelve months' period to SEK -13 (-38) million.

³ Other non-cash items refer, in all significance, to amortisation and depreciation, excluding depreciation of right-of-use assets, and changes in current short term provisions. Amortisation in the last twelve months' period and in the last year was affected by goodwill impairment and amortisation of discontinued brands of total SEK 18 million. Additionally, the same periods show adjustments for non-cash items that included a provision for slow moving inventory of SEK 44 million.

⁴ Other cash flow mainly regards paid/received tax, paid financial net and new share issues and issue of warrants excluding paid issue costs.

⁵ Measures correspond to each period end.

⁶ Net debt refers to the alternative performance measure net debt excluding IFRS 16, and EBITDA refers to the measure adjusted EBITDA excluding IFRS 16.

⁷ Positive values refer to net debt, whereas negative values refer to net asset. The net debt/EBITDA ratio is positive due to the combination of both negative net debt and EBITDA.



Pierce – Riders in eCommerce

Pierce is a leading e-commerce Company that sells motorcycle and snowmobile gear, parts and accessories to riders across Europe. The Company has a unique and wide range of products, which includes a significant range of own brands. Sales are conducted through locally adapted websites that are divided in three segments: Offroad, Onroad, and Other. Offroad targets motocross and enduro riders through the website 24MX while Onroad targets customers who ride on traffic-filled roads through the website XLMOTO. The Other segment primarily targets snowmobile riders through the website Sledstore. Pierce is a European Company with headquarters in Stockholm, a centralised warehouse in Szczecin, where it also has an office with IT, Finance and Marketing expert teams, and a customer care function in Barcelona. The Company employs approximately 325 people.

Comments to the Group's profit/loss for the period

(Figures in parentheses refer to the equivalent period last year)

January – March 2024

Net revenue

Net revenue increased by 3 percent to SEK 356 (345) million. In local currencies the increase was 2 percent. Net revenue for the Onroad and Offroad segments increased by 4 and 5 percent respectively. The Other segment declined by 9 percent.

Gross profit and gross margin

Gross profit amounted to SEK 162 (137) million, equivalent to a gross margin of 45.6 (39.7) percent. The positive development of 5.9 percentage points was mainly achieved by increased prices to customers, reduced in-freight costs and a reversal of the obsolescence provision.

Our increased focus on slow moving stock successfully led to a positive effect of SEK 9 million (2.5 percent of net revenue), mainly from reversal of obsolescence provision.

Shipping costs from Asia of SEK -14 (-19) million correspond to 3.9 (5.5) percent of revenue. The ratio of shipping costs as a percentage of revenue decreased by 0.9 percentage points versus the fourth quarter of 2023. Due to the upsurge in geopolitical tensions within the Red Sea region, with shipping companies reportedly having taken the precaution of rerouting vessels around the Cape of Good Hope, there is a risk that in the coming quarters freight prices may increase.

Operating costs

Sales and distribution costs amounted to SEK -116 (-118) million, equivalent to 32.5 (34.2) percent of net revenue. Despite an increase in net revenues, variable costs for marketing and freight to customers decreased this quarter.

Administration costs were SEK -43 (-41) million, which included SEK -2 million of accelerated amortisation of trademarks to be discontinued.

Out of the above, Overhead costs were SEK -59 (-61) million. The outcome from the operational efficiency program undertaken in the fourth quarter of 2023 was in line with expectations and was successfully mitigating increases in Overhead costs, mainly from prevailing inflationary trends, negative impact of exchange rate effect and routine cost fluctuations.

Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK 7 (-21) million, equivalent to a margin of 2.0 (-6.2) percent.

Items affecting comparability totalled SEK 0 (0) million.

Operating profit (EBIT) totalled SEK 7 (-21) million.

Operating profit was affected positively by exchange rate fluctuations. The Company utilised currency derivatives to reduce risks related to these fluctuations, and the effect from these currency derivatives was SEK 3 (4) million and was reported as a financial item.

Financial items

Financial income was SEK 19 (10) million, primarily due to a SEK 14 (5) million positive impact from the revaluation of financial balance sheet items. Other financial income included gains from the revaluation of currency derivatives, SEK 3 (4) million, and income from short-term bank deposits.

Financial expenses were SEK -1 (-1) million. In both periods, financial expenses included leasing expenses and credit facility fees.

Taxes and result for the period

Tax totalled SEK 0 (2) million and the result for the period was SEK 25 (-11) million.

Comments to the Group's cash flow

(Figures in parentheses refer to the equivalent period last year)

January – March 2024

Cash flow from operating activities was SEK 65 (-25) million.

Compared with the same period in 2023, operating profit (EBIT) improved by SEK 28 million and amounted to SEK 7 (-21) million.

Changes in net working capital was SEK 37 (-22) million, which is a result of the continued improvement in inventory planning.

Cash flow from investments amounted to SEK -1 (-2) million and referred mainly to the purchase of equipment for the distribution warehouse, and last year to investments in IT systems.

Cash flow from financing activities was SEK -7 (-7) million and consisted of leasing payments in both periods.

Cash flow for the period was SEK 57 (-33) million and cash equivalents at the end of the period totalled SEK 278 (105) million.

Comments to the Group's financial position

(Figures in parentheses refer to the equivalent period last year)

Net working capital

Net working capital at the end of the period was SEK 86 (272) million, which is a significant improvement. The continuous efforts over recent quarters to optimise inventory levels and stock management, as well as the change in assumptions for the provision of slow moving stock, are the main drivers that have resulted in a decrease in inventory of SEK 132 million compared to the previous year.

Right-of-use assets and leasing liabilities

Right-of-use assets amounted to SEK 53 (67) million. The change was a result of depreciation for the period netted against new lease contracts. Leasing liabilities amounted to SEK 54 (72) million.

Net debt / net asset and credit facility

The net cash position at the end of the period equaled cash and cash equivalents and amounted to SEK 278 (105) million. Pierce has a credit facility of up to SEK 150 million that had not been utilised at the end of

the period. The credit facility is subject to, amongst other things, certain financial covenants regarding the Group's leverage ratio and interest coverage ratio. As of 31 March 2024, Pierce was not in breach of the covenants in accordance with the current agreements for the credit facility. Pierce has a sufficient cash balance and is not utilising the credit facility, but there is a risk that in the future Pierce will not be able to comply with the covenants and therefore not be able to utilise the credit facility. Covenants are reported quarterly.

Equity

The Group's equity at the end of the period amounted to SEK 654 (709) million. The SEK 54 million decrease in equity is explained primarily by the losses incurred in the last twelve month period, of SEK 60 million, and by adding back of the positive effect of the translation reserve of SEK 5 million.

Development per segment

(Figures in parentheses refer to the equivalent period last year)

Pierce's operations are, in all essential aspects, carried out in Europe and primarily within the segments Offroad and Onroad. Offroad refers to sales to motocross and enduro riders, and these products are sold under the store brand 24MX. Onroad refers to sales to motorcycle riders primarily using high roads, and the products are sold under the store brand XLMOTO. Within Offroad, Pierce has significantly larger market shares compared to Onroad. The Company's addressable market within Onroad is significantly larger and more exposed to competition compared to Offroad. Pierce's sales consist of gear, parts and accessories. Pierce has one additional segment, Other, which primarily focuses on sales to snowmobile riders in the Nordics and is naturally highly seasonal and e.g. dependent on snowfall.

Overall summary

SEKm	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Offroad	217	207	962	952
Onroad	106	102	500	496
Other	32	35	86	89
Net revenue	356	345	1,548	1,537
Offroad	104	86	412	393
Onroad	42	37	184	178
Other	16	14	38	37
Intra-group costs ¹	0	0	-1	-1
Gross profit	162	137	632	607
Offroad	56	40	205	188
Onroad	18	10	63	55
Other	8	3	18	14
Intra-group costs ¹	0	0	-1	-1
Profit after variable costs^{2 3}	82	54	285	256

¹ Intra-group costs, consist of exchange rate revaluation of net working capital items which are not divided between segments. These amounted in Q2 2023 SEK 0 (-2) million, Q3 2023 SEK -1 (-2) million, Q4 2023 SEK 0 (2) million and Q1 2024 SEK 0 (0) million.

² Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

³ Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue.

Other direct costs mainly consist of freight, invoicing and packaging.

For more information about the segment, see Note 4.

Offroad 24MX

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Net revenue	217	207	962	952
Growth (%) ¹	5%	-14%	0%	-5%
Gross profit	104	86	412	393
Gross margin (%) ¹	48.0%	41.5%	42.8%	41.3%
Profit after variable costs ^{1 2}	56	40	205	188
Profit after variable costs (%) ¹	25.9%	19.2%	21.3%	19.8%
Number of orders (thousands) ¹	208	206	870	868
Average order value (AOV) (SEK) ¹	1,046	1,006	1,106	1,096
Active customers last 12 months (thousands) ¹	590	618	590	585

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue.

Other direct costs mainly consist of freight, invoicing and packaging.

For more information about the segment, see Note 4.

January – March 2024

Net revenue increased by 5 percent to SEK 217 (207) million. In local currencies revenue improved by 3 percent. Net revenue outside the Nordics increased by 6 percent, and by 4 percent in local currencies. Net revenue in the Nordics declined by 2 percent, 1 percent in local currencies.

Profit after variable costs amounted to SEK 56 (40) million, which was equivalent to a margin of 25.9 (19.2) percent.

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Net revenue	106	102	500	496
Growth (%) ¹	4%	-24%	-7%	-13%
Gross profit	42	37	184	178
Gross margin (%) ¹	39.8%	35.8%	36.7%	35.9%
Profit after variable costs ^{1 2}	18	10	63	55
Profit after variable costs (%) ¹	16.8%	10.2%	12.6%	11.2%
Number of orders (thousands) ¹	107	114	504	511
Average order value (AOV) (SEK) ¹	996	898	991	969
Active customers last 12 months (thousands) ¹	372	425	372	378

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue.

Other direct costs mainly consist of freight, invoicing and packaging.

For more information about the segment, see Note 4.

January – March 2024

Net revenue increased by 4 percent to SEK 106 (102) million. The increase in local currencies was approximately 3 percent. The growth in the Nordics and outside the Nordics was 10 and 0 percent respectively. In local currencies the change was 12 and -3 percent respectively.

Profit after variable costs, SEK 18 (10) million, was equivalent to a margin of 16.8 (10.2) percent.

Other sledstore

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Net revenue	32	35	86	89
Growth (%) ¹	-9%	-22%	-7%	-13%
Gross profit	16	14	38	37
Gross margin (%) ¹	48.6%	40.1%	44.3%	41.1%
Profit after variable costs ^{1 2}	8	3	18	14
Profit after variable costs (%) ¹	24.9%	9.8%	21.1%	15.2%
Number of orders (thousands) ¹	30	34	72	77
Average order value (AOV) (SEK) ¹	1,088	1,040	1,189	1,162
Active customers last 12 months (thousands) ¹	55	62	55	58

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue.

Other direct costs mainly consist of freight, invoicing and packaging.

For more information about the segment, see Note 4.

January – March 2024

Net revenue decreased by 9 percent to SEK 32 (35) million compared with the previous year. In local currencies the decrease was 7 percent.

Profit after variable costs, SEK 8 (3) million, was equivalent to a margin of 24.9 (9.8) percent.

The Pierce Share

The Pierce share is listed on the Nasdaq Stockholm Small Cap and trades under the ticker symbol PIERCE and ISIN code SE0015658364.

On 14 March 2024 a total of 950,000 series C shares were registered through a directed share issue to ensure the delivery of performance shares to participants in LTIP 2023/2026 performance-based share program. The series C shares carry one-tenth of a vote per share and do not entitle the holder to dividends. As the Company holds all issued series C shares in treasury, the 95,000 votes they carry cannot be represented at any General Meeting.

As of 31 March 2024, the share capital consisted of 79,374,100 ordinary shares with one vote per share and 950,000 series C shares with one-tenth of a vote per share, totalling 80,324,100 shares and 79,469,100 votes, equivalent to a quota value of SEK 0.02.

The share price at the beginning of the year was SEK 6.5 and was SEK 8.0 on the last trading day of the period. The number of shareholders was 1,346, of which the largest were Verdane Capital (29.5%), Procuritas (25.1%), Fourth AP fund (Sw. *Fjärde AP-fonden*) (6.0%), Eric Thysell (5.1%) and Allianz France (4.9%).

The Company has two ongoing long-term incentive programs – LTIP, for CEO, Group Management and key employees. See the additional information provided below.

LTIP 2021/2024

LTIP 2021/2024 was issued in March 2021 as a part of an incentive program for certain senior executives and key employees of the Group. The program comprises 376,443 warrants, all of which were subscribed to as of 31 March 2021. The warrants were subscribed at market value, calculated applying the Black & Scholes model, equivalent to SEK 4 million. Each warrant entitles the holder to subscribe to 1.03 ordinary shares in the Company.

The warrants can be exercised from the day after publication of the interim report for the period 1 January – 31 March 2024 however, not earlier than on 1 April 2024, up to and including 31 August 2024, at an updated predetermined share price of SEK 71.2. With the full subscription of the warrants, the Company's share capital can increase with a maximum of SEK 7,528.9, based on the current quota value.

The Company has reserved the right to repurchase warrants if, amongst other circumstances, the Participant's employment with the Company is terminated.

LTIP 2023/2026

LTIP 2023/2026 was approved by the Annual General Shareholders' Meeting on 16 May 2023, as part of an incentive program in the form of a performance-based share program for the CEO, Group Management and key employees. The program is accounted for in accordance with IFRS 2 which stipulates that the right to receive performance shares shall be expensed as a personnel cost over the vesting period. Provided that specific targets are met, a maximum number of 950,000 shares can be issued to the participants for a subscription price of SEK 0.00. The vesting period ends on 16 May 2026 and participants will be awarded ordinary shares in accordance with the Terms and Conditions of the LTIP 2023/2026.

Significant events during the reporting period

Series C share issue

In March 2024, Pierce Group AB (publ) carried out a directed issue of 950,000 series C shares to Nordic Issuing AB to ensure the delivery of performance shares to participants in the LTIP 2023/2026 performance-based share program.

Impact of currency effects

In all material aspects, net revenue and the sum of total costs and investments are equivalent to payments received and payments made. Payments received during the last 12-month period in EUR, SEK and NOK accounted for 56, 14 and 10 percent respectively. With regards to payments made, EUR, SEK, USD and PLN accounted for 46, 24, 15 and 9 percent respectively. In order to reduce exposure to effects on earnings and cash flow due to exchange rate fluctuations, the Group utilised currency derivatives for certain currencies, including EUR, PLN and USD.

Furthermore, operating assets and operating liabilities in foreign currency are revalued at the end of each month. This revaluation refers primarily to operating liabilities including trade payables. Exchange rate fluctuations arising from revaluations of operating balance sheet items are reported net, primarily as a part of the cost of goods sold.

If leasing agreements have been signed in a currency other than the functional currency of each Group company, the leasing liability is revalued at each month-end close. These revaluation effects, as well as the revaluation of financial balance sheet items, are reported in financial net.

Employees

The average number of employees during the quarter amounted to 325 (407). Of these, 115 (139) worked at the distribution warehouse in Poland and 198 (256) were white collar workers in Sweden, Poland and Spain.

Excluding customer services personnel and certain production staff, the number of white-collar workers was 152 (194).

Seasonal variations

As "Black Week" and Christmas occur in the fourth quarter, that quarter most often shows the highest level of net revenue, while the first quarter often shows the lowest. Together, these two quarters account for about fifty percent of annual sales.

Parent Company

Pierce Group AB (publ), Corp. ID Number 556967-4392, is the Parent Company in the Pierce Group, and is a public company with registered offices in Stockholm, Sweden. Since 26 March 2021, Pierce Group AB (publ) is listed on the Nasdaq Stockholm Small Cap.

The object of the Parent Company's business is to own and manage real property and movable property and directly or indirectly, through subsidiaries, carry out sales of equipment, accessories, and spare parts for motorcycles and other vehicles, and carry out other operations consistent therewith.

During the quarter, net revenue totalled SEK 5 (5) million and was fully attributable to sales to Group companies. Financial net consisted of interest income from an intercompany loan. Net result before tax for the quarter was SEK 6 (6) million.

The Parent Company's equity at the end of the period was SEK 745 (745) million.

The CEO and CFO are employed in the Parent Company.

Risks and factors of uncertainty

The Group's operations and results are affected by a number of external factors. The Pierce Group is primarily exposed to operational risks which are largely comprised of competition and market developments in local markets, quality of delivered goods mainly from Asia, inventory and product assortment risks, IT-related risks, and dependency on key individuals. A more detailed description of risks and risk management can be found in Pierce's Annual Report for 2023.

As in previous periods, inflation and the prevailing economic climate affect consumer behavior and demand and continue to be factors of uncertainty.

On 24 February 2022, the conflict between Russia and Ukraine started and has continued since. On 7 October 2023, an armed conflict between Israel and Hamas-led Palestinian militant groups has been taking place chiefly in and around the Gaza Strip. The conflict has also spread locally and impacted some neighboring countries as well as the Red Sea area.

The general geo-political instability and the specifically mentioned conflicts might imply a major impact on prices, exchange rates, import and export restrictions, availability of raw materials and goods and resources where Russia, Belarus and/or Ukraine as well as Israel and other countries in the middle-East are involved.

The Pierce Group has no direct operations in any of these countries which implies that the direct impact of the events is assessed as low. However, the indirect effects can prove to be significant depending on the manner in which the situation develops and the length of time during which the conflict continues. The primary effect is the impact on customer demand in general in Europe as well as on shipping through the Red Sea. Since the beginning of the Ukraine conflict, the decrease in demand has had a negative effect on Pierce's sales. Furthermore, the impact on the financial and foreign exchange markets could have a negative effect on Pierce.

Financial risks include e.g., currency risks (see previous page), interest rate risks and the risk of not being able to obtain sufficient financing. E-commerce is characterised, amongst other things, by a sharp increase in sales during certain campaign periods. If Pierce's sales do not develop in line with the Group's expectations during these periods, this may affect both the result and financial position negatively.

Pierce has a credit facility with one of the larger Swedish banks of up to SEK 150 million that had not been utilised at the end of the period. The credit facility is subject to, amongst other things, certain financial covenants regarding the Group's leverage ratio and interest coverage ratio. As of 31 March 2024, Pierce was not in breach of the covenants in accordance with the current agreements for the credit facility. Pierce has a sufficient cash balance and is not utilising the credit facility, but there is a risk that in the future Pierce will not be able to comply with the covenants and therefore not be able to utilise the credit facility.

For further information, see Note 7.

Pierce performs impairment testing for assets applying a discount rate considering the risk-free interest level. There is a risk that the risk-free interest level will increase and, as a result, the discount rate used to calculate asset values will also increase, something that could lead to the recognition of impairment of assets.

Related party transactions

During the current interim period Pierce purchased goods (for resale in its ordinary business) from O'Neal Europe GmbH & Co. KG, a company controlled by Pierce Group AB Board Member Thomas Schwarz, for a price of SEK 6 (5) million. Transactions with this supplier were performed on commercial market terms.

For further information regarding related parties see Note 6.

Medium to long term financial targets

Pierce's Board of Directors has adopted the following medium to long term financial targets¹.

Net revenue growth

In the medium to long term (3-5 years), organically outgrow the European online market for motorcycle gear, accessories and parts.

Adjusted operating margin (EBIT)

In the medium to long term (3-5 years), achieve an adjusted operating margin (EBIT) of 5-8 percent.

Capital structure

Net debt/EBITDA² not exceeding 2.0x, subject to temporary flexibility for strategic initiatives.

Dividend policy

Over the next few years, free cash flows³ are planned to be used for the continued development⁴ of the Company and thus not distributed to the shareholders.

¹ The Board adopted the financial targets in May 2024.

² Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

³ Free cash flow refers to cash flow from operating activities and operations and investment activities.

⁴ Development of the company refers to e.g., investments in IT-hardware, IT-development, expansion of distribution warehouses, marketing, customer acquisition and business and asset acquisitions.

Q1/2024

Other

The interim report was not subject to review by the Company's auditors.

Upcoming financial events

17 May 2024

Annual General Meeting

23 August 2024

Interim report January – June 2024

15 November 2024

Interim report January – September 2024

Telephone and web conference in conjunction with the publication of quarterly report

CEO Göran Dahlin and CFO Fredrik Idestrom will hold a web telephone conference in English on 14 May 2024, 9.00 am CEST, in conjunction with the publication of the quarterly report.

To participate via telephone conference, please register via the link below.

<https://conference.financialhearings.com/teleconference/?id=50048917>

After registration, you will be provided with a telephone number and a conference ID to access the telephone conference. You can ask questions verbally via the telephone conference.

The presentation and conference can be followed via the following web link:

<https://ir.financialhearings.com/pierce-group-q1-report-2024>

The presentation material will be available prior to the start of the conference on Pierce Group's website via the following web link:

<https://www.piercgroup.com/en/reports-presentations/>

Contact information, Pierce

Göran Dahlin, CEO, +46 72 730 31 11

Fredrik Idestrom, CFO, +46 76 546 49 80

The information in this quarterly report comprises information which Pierce Group AB (publ) is obliged to disclose under the EU Market Abuse Regulation.

Signatures

The undersigned hereby confirm that the quarterly report provides a true and fair view of the Parent Company's and Group's operations, financial position and results, and that it describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 14 May 2024



Göran Dahlin

CEO

Condensed consolidated statement of profit/loss

SEKm (unless stated otherwise)	Note	Jan-Mar		Apr 2023-	Jan-Dec
		2024	2023	Mar 2024	2023
Net revenue	3.4	356	345	1,548	1,537
Cost of goods sold		-194	-208	-916	-930
Gross profit	4	162	137	632	607
Sales and distribution costs		-116	-118	-503	-505
Administration costs		-43	-41	-213	-212
Other operating income and expenses		3	1	2	-1
Operating profit	4	7	-21	-82	-111
Financial net		18	8	23	13
Profit/loss before tax	4	26	-13	-60	-98
Tax		0	2	0	2
Profit/loss for the period		25	-11	-60	-96
Attributable to shareholders of the parent company		25	-11	-60	-96
Earnings per share					
Earnings per share before dilution (SEK)		0.32	-0.14	-0.75	-1.21
Earnings per share after dilution (SEK)		0.32	-0.14	-0.75	-1.21
Average number of shares before dilution (thousands)		79,374	79,374	79,374	79,374
Average number of shares after dilution (thousands)		79,501	79,374	79,374	79,374

Consolidated statement of comprehensive income

SEKm	Note	Jan-Mar		Apr 2023-	Jan-Dec
		2024	2023	Mar 2024	2023
Profit/loss for the period		25	-11	-60	-96
Items that may subsequently be reclassified to income statement					
Translation difference		0	-1	8	5
Other comprehensive income for the period		0	-1	8	5
Comprehensive income for the period and attributable to shareholders of the parent company		26	-10	-52	-91

Condensed consolidated statement of financial position

SEKm	Note	Mar 31 2024	Mar 31 2023	Dec 31 2023
Assets				
Non-current assets				
Intangible assets		304	343	310
Property, plant and equipment		14	15	15
Right-of-use assets		53	67	53
Financial assets	7	3	4	3
Deferred tax assets		7	6	8
Total non-current assets		382	434	389
Current assets				
Inventory		332	464	344
Other current assets	5	27	39	15
Cash and cash equivalents		278	105	222
Total current assets		638	608	582
Total assets		1,020	1,042	970
Equity and liabilities				
Total equity attributable to shareholders of the parent company				
		654	709	627
Non-current liabilities				
Leasing liabilities		23	42	24
Deferred tax liabilities		26	27	26
Provisions		0	0	0
Total non-current liabilities		50	69	51
Current liabilities				
Leasing liabilities		30	29	30
Trade payables		83	78	81
Other current liabilities	5	203	157	181
Total current liabilities		316	264	292
Total equity and liabilities		1,020	1,042	970

Condensed consolidated statement of changes in equity

SEKm	Share capital	Treasury shares	Other capital contributions	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to shareholders of the Parent Company
Opening balance 2023-01-01	2	—	814	5	-101	719
Profit/loss for the year	—	—	—	—	-11	-11
Other comprehensive income for the year	—	—	—	-1	2	1
Total comprehensive income for the year	—	—	—	-1	-9	-10
Closing balance 2023-03-31	2	—	814	4	-110	709
Opening balance 2024-01-01	2	—	814	5	-193	627
Profit/loss for the year	—	—	—	—	25	25
Share-based compensation	—	—	—	—	—	—
Other comprehensive income for the year	—	—	—	0	1	2
Total comprehensive income for the year	—	—	—	0	26	27
Transactions with shareholders						
New share issue including issue costs	—	0	0	—	—	-0
Total	—	0	0	—	—	-0
Closing balance 2024-03-31	2	0	814	5	-166	654

Condensed consolidated statement of cash flow

SEKm	Note	Jan-Mar		Apr 2023-	Jan-Dec
		2024	2023	Mar 2024	2023
Operating activities					
Operating profit		7	-21	-82	-111
Adjustments for non-cash items ¹		21	18	125	122
Paid interest		-2	-2	-5	-5
Realised currency derivatives		1	3	7	9
Received interest		1	0	4	3
Paid/received tax		-1	-1	3	3
Cash flow from operating activities before changes in net working capital		29	-2	52	21
Changes in net working capital		37	-22	164	105
Cash flow from operating activities		65	-25	217	127
Investing activities					
Investments in non-current assets		-1	-2	-7	-8
Cash flow from investing activities		-1	-2	-7	-8
Financing activities					
Share issue costs		0	—	0	—
Repayment of leasing liabilities		-7	-7	-28	-28
Cash flow from financing activities		-7	-7	-28	-28
Cash flow for the period		57	-33	181	91
Cash and cash equivalents at the beginning of period		222	136	105	136
Exchange rate difference in cash and cash equivalents		-1	2	-8	-4
Cash and cash equivalents end of period		278	105	278	222

¹ Adjustments for non-cash items refer in all significance to amortisation and depreciation and changes in current short term provisions. In the last twelve months' period and the last year the item was affected by goodwill impairment of SEK 17 million and by a provision for slow moving inventory of SEK 44 million.

Condensed Parent Company statement of profit/loss

SEKm	Jan-Mar		Jan-Dec
	2024	2023	2023
Net revenue	5	5	21
Gross profit	5	5	21
Administration costs	-5	-5	-25
Operating profit	0	0	-5
Financial net	6	6	24
Profit/loss after financial items	6	6	19
Appropriations	—	—	-19
Profit/loss before tax	6	6	0
Tax	—	—	—
Profit/loss for the period	6	6	0

Profit/loss for the period equals comprehensive income for the period.

Condensed Parent Company balance sheet

SEKm	Mar 31	Mar 31	Dec 31
	2024	2023	2023
Assets			
Non-current assets			
Shares in group companies	409	308	409
Receivables from group companies	337	436	350
Total non-current assets	746	744	759
Current assets			
Receivables from group companies	3	2	—
Other current assets	1	2	1
Cash and cash equivalents	4	3	4
Total current assets	8	7	5
Total assets	753	751	763
Equity and liabilities			
Total equity	745	745	739
Current liabilities			
Liabilities to group companies	—	—	16
Other current liabilities	8	6	9
Total current liabilities	8	6	24
Total equity and liabilities	753	751	763

Note 1 - Accounting principles

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU. The Group's Interim Report has been prepared in accordance with IAS 34 Interim Financial Reporting and the applicable parts of the Swedish Annual Accounts Act.

The Interim Report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim reports, and RFR 2 Accounting for legal entities.

For the Group and the Parent Company, the same accounting principles, basis for calculations and assessments have been applied as applied in the Annual Report for 2023. For a description of the Group's applied accounting principles, see Note 1 and Note 2 in the Annual Report for 2023.

Disclosures in accordance with IAS 34.16A are shown in the financial statements and associated Notes in this information, in addition to pages 1–11 which form an integral part of this financial report.

All amounts in this report are stated in millions of Swedish kronor (SEKm) unless stated otherwise. Rounding variances may occur.

Information on future standards

A few standards and interpretations have been updated since January 1, 2024. These have had no impact on the preparation of these financial statements. None of the IFRS or IFRIC interpretations that are yet to come into force are expected to have any significant impact on the Group.

Note 3 – Revenue

The Group's revenue consists of the sale of goods via the Group's websites and, until the end of 2023, a physical store (reported among other revenues under the Segment "Other, Sweden"). Revenue is reported at a given point in time due to the fact that the conditions for control being transferred over time are not met. In addition to the segments, geographical area is also an important attribute when specifying revenue, and this is presented in the table below.

SEKm	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Sweden	16	16	91	91
Other Nordics	18	19	100	100
Outside the Nordics	183	173	772	761
Revenue Offroad	217	207	962	952
Sweden	18	16	87	86
Other Nordics	30	27	145	142
Outside the Nordics	59	59	267	268
Revenue Onroad	106	102	500	496
Sweden	16	18	47	49
Other Nordics	16	17	39	40
Outside the Nordics	—	—	—	—
Revenue Other	32	35	86	89
Sweden	50	51	224	225
Other Nordics	64	62	284	283
Outside the Nordics	242	232	1,039	1,029
Revenue Group	356	345	1,548	1,537

Note 2 - Estimations and assessments

The preparation of the Interim Report requires that the Company's management make assessments and estimates, as well as assumptions that affect the application of the accounting principles and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates. Changes in estimates are recognised in the period in which the change occurs, if the change affected only that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Important estimations and assessments can be found in Note 2 in the 2023 Annual Report. No changes have been made to these estimations and assessments that could have a significant impact on the interim report.

Note 4 - Segment reporting

SEKm	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Offroad	217	207	962	952
Onroad	106	102	500	496
Other	32	35	86	89
Net revenue	356	345	1,548	1,537
Offroad	104	86	412	393
Onroad	42	37	184	178
Other	16	14	38	37
Intra-group costs	0	0	-1	-1
Gross profit	162	137	632	607
Offroad	-48	-46	-207	-205
Onroad	-25	-26	-121	-122
Other	-8	-11	-20	-23
Variable sales and distribution costs¹	-80	-83	-348	-351
Offroad	56	40	205	188
Onroad	18	10	63	55
Other	8	3	18	14
Intra-group costs	0	0	-1	-1
Profit after variable costs^{1 2}	82	54	285	256
Other expenses in the operation ^{1 3}	-75	-75	-367	-367
Operating profit	7	-21	-82	-111
Financial net ³	18	8	23	13
Pre-tax income	26	-13	-60	-98

¹ Alternative performance measures (APM), see pages 21-23 for definitions and purpose of these measurements.

² Variable costs refers, in addition to cost of goods sold, to variable sales and distribution costs. These include direct marketing costs as well as other direct costs and correlates essentially with net revenue.

Other direct costs mainly consist of freight, invoicing and packaging.

³ Other expenses in the operation and financial net regards intra-group costs.

Pierce sells motorcycle and snowmobile gear, parts and accessories. The operating segments into which the Group's operations are divided are:

- **Offroad:** sales to motocross and enduro riders under the 24MX brand.
- **Onroad:** sales to customers who ride motorcycles on high roads. Sales are under the XLMOTO brand.
- **Other:** sales to snowmobile riders under the Sledstore brand and sales via a physical store in Stockholm.

▪ **Intra-group transactions:**

- Intra-group transactions included under Gross profit and Profit after variable costs refer to the revaluation of net working capital items, mainly included in cost of goods sold. These items are not allocated to segments.
- Intra-group costs, after Profit after variable costs, refers to expenses for group-wide functions, such as central administration, which are not allocated to segments.

No information is provided on segment assets or liabilities as no separate segmentation is performed in reporting the consolidated financial position.

Note 5 - Financial instruments, fair value

Currency derivatives are the only instruments reported at fair value through profit/loss. Other financial instruments are valued at amortised cost in the statement of financial position, and the reported values corresponded in all material respects with the fair value.

In accordance with IFRS 13, last year the asset regarding the currency derivatives was attributable to level 2 in the fair value hierarchy.

The valuation of currency derivatives is based on official market data for exchange rates. At the end of the period, the fair value amounted to SEK 1 (1) million and these derivatives have been classified as current assets.

Note 6 - Related party transactions

Other related party transactions

During the current interim period Pierce purchased goods (for resale in its ordinary business) from O'Neal Europe GmbH & Co. KG, a company controlled by Pierce Group AB Board Member Thomas Schwarz, for SEK 6 (5) million. Thomas Schwarz is a Board Member since June 2022, therefore O'Neal Europe GmbH & Co. KG was recognised as a related party since the second quarter 2022.

All transactions with this supplier were performed on commercial market terms.

There were no other related party transactions in the current and previous interim periods.

See Note 29 in the Annual Report for 2023 for more information.

Warrant program

The Group has a warrant program as a part of an incentive program for certain senior executives and key employees in the Group. See page 10 for further information.

All transactions are based on market terms and conditions.

Performance-based share program

The Group has a performance-based share program as a part of an incentive program for certain senior executives and key employees in the Group. See page 10 for further information.

All transactions are based on market terms and conditions.

Note 7 - Pledged assets and contingent liabilities

SEKm	Mar 31 2024	Mar 31 2023	Dec 31 2023
To credit institutions for the Group's own liabilities and provisions			
Deposits for fulfillment of payments	3	2	3
Total pledged assets	3	2	3

¹ Utilised credit facility refers to utilised overdraft, which does not include obtained loan or capitalised loan and interest expenses.

In conjunction with the listing, the previous financing structure was replaced by a SEK 300 million credit facility, which was first reduced during the second quarter of 2022 to SEK 200 million in connection with new share issue. During the second quarter of 2023 the credit facility was further reduced by agreement to SEK 150 million. At the end of the interim period Pierce had not utilised the credit facility, holding a positive cash position. There is a guarantee granted for the

credit facility to credit institutions provided by the Parent Company, Pierce Group AB, for the liabilities of its subsidiary, Pierce AB.

The credit facility includes certain financial covenants. See more information under the "Risks and factors of uncertainty" section, page 11.

Pledged assets at the end of the quarter referred to deposits paid.

Note 8 - Significant events after the end of the reporting period

On 13 May 2024 the Board of Directors revised the medium to long term financial targets regarding the net revenue growth and the adjusted EBIT margin to reflect the prevailing conditions in the market where Pierce operates. The capital structure target and the dividend policy remain unchanged.

No other significant events took place after the end of the reporting period.

Alternative Performance Measures

Financial measures not defined in accordance with IFRS

Pierce applies financial measurements in its interim reports which are not defined in accordance with IFRS. The Company believes that these measurements provide valuable supplementary information to investors and the Company's management. As not all companies calculate Alternative Performance Measures in the same manner, these measures are not always comparable with measures used by other companies. These financial measurements should, therefore, not be seen to comprise a replacement for measures defined according to IFRS. Following a review of the alternative performance measures, the Company updated the definition of "Items affecting comparability" while also reclassifying an impairment of goodwill recognised in 2023 as an item affecting comparability. These changes were made to improve period-to-period comparability, with a focus on better describing operational measures for Pierce.

Definitions

The interim report contains financial performance measures in accordance with the applied framework for financial reporting, which is based on IFRS. In addition, there are other performance measures and indicators which are used as a supplement to the financial information. These performance measures are applied to provide the Group's stakeholders with financial information for the purpose of analysing the Group's operations and goals. The various performance measures applied which are not defined according to IFRS are described below.

Financial Performance Measures – Group

Performance measure	Definition	Purpose
Adjusted EBITDA	EBITDA, excluding items affecting comparability.	This measure is used to measure the profit from the ongoing operations, excluding items affecting comparability, amortisation, depreciation and impairment.
Adjusted EBITDA (%)	Adjusted EBITDA in relation to net revenue.	The performance measure is used to assess the profitability generated by the ongoing operations, excluding items affecting comparability, amortisation, depreciation and impairment.
Adjusted EBITDA excluding IFRS 16	Operating profit (EBIT) excluding depreciation, amortisation and items affecting comparability, less rental costs for leasing agreements reported in the statement of financial position. Rental costs essentially correspond to depreciation on right-of-use assets and interest expenses on leasing liabilities.	The measure aims to measure the profit generated by the ongoing operations, including expenses for office rent but excluding items affecting comparability, amortisation, depreciation and impairment.
Adjusted operating margin (EBIT) (%)	Adjusted operating profit (EBIT) in relation to net revenue.	The performance measure is used to monitor the Company's profitability generated by the operating activities, including depreciation and amortisation, but excluding items affecting comparability.
Adjusted operating profit (EBIT)	Operating profit (EBIT) excluding items affecting comparability.	This measure is used to measure the profit generated by the ongoing operations, including amortisation, depreciation, and impairment, but excluding items affecting comparability.
Amortisation related to business acquisitions	Amortisation less amortisation excluding business acquisitions.	The purpose is to measure the performance measure's impact on operating profit (EBIT).
EBITDA	Operating profit (EBIT), excluding amortisation, depreciation, and impairment.	The measure is used to measure the profit generated by ongoing operations before amortisation, depreciation and impairment.
CAGR	Compound annual growth rate in percent over a given period. The formula to calculate CAGR is: $(\text{ending value}/\text{starting value})^{1/(\text{number of years between the ending value and starting value})} - 1$.	The measure shows the Company's growth over time.
Gross margin (%)	Gross profit in relation to net revenue.	This measure is used to measure profitability after deduction of cost of goods sold.
Growth (%)	Net revenue for the period compared with net revenue during the corresponding period last year.	This performance measure makes it possible to analyse the Group's and the segments' growth in net revenue.

Performance measure	Definition	Purpose
Growth in local currencies (%)	Change in net revenue, adjusted for exchange rate changes and business acquisitions, in comparison with the corresponding period last year.	This measure enables follow-up of the development of net revenue excluding exchange rate effects and business acquisitions.
Growth per geographical area (%)	Net revenue for the period for a geographical area compared to net revenue for the same geographical area during the corresponding period last year.	This measure makes it possible to analyse net revenue growth for the Group specified according to geographical area.
Items affecting comparability	<p>Items affecting comparability refers to material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly.</p> <p>These transactions include, for instance, advisory and integration costs in conjunction with business acquisitions, advisory and directly attributable costs in conjunction with essential restructuring or efficiency programs/projects, significant impairments or non-recurring value adjustments of assets, and share-based payments costs including related taxes (recognised under IFRS 2 and settled via issuing of shares).</p>	This measure is excluded in calculating adjusted measures which are used to monitor the Company's underlying earnings trend over time.
Net debt/EBITDA	Net debt excluding IFRS 16 in relation to adjusted EBITDA excluding IFRS, during the last twelve months.	This measure is used to measure the debt/equity ratio and to follow up on Pierce's financial targets on capital structure.
Net debt excluding IFRS 16	<p>Liabilities to credit institutions, decreased by cash and cash equivalents at the end of the period.</p> <p>Pierce's assessment of the Groups' actual net debt corresponds to liabilities to credit institutions, and that is why leasing liabilities are excluded.</p>	This measure is used to monitor the indebtedness, financial flexibility, and capital structure.
Net working capital	Inventory and other operating assets less other operating liabilities.	This measure is used to analyse the Company's short-term tied up capital.
Net working capital (%)	Net working capital in relation to net revenue.	This measure is a measure of how efficiently working capital is managed.
Operating cash flow	Cash flow from the ongoing operations, excluding paid interest, realised currency derivatives and tax paid/received, with deduction for investments in non-current assets, repayment of leasing liabilities and interest expenses on leasing liabilities.	This measure shows the underlying cash flow generated from the operating activities.
Other cash flow	Cash flow from financing activities, excluding net changes in loans and repayment of leasing liabilities, less realised currency derivatives, and tax paid/received as well as interest, less interest expenses on leasing liabilities.	This measure is used, together with operating cash flow, received/paid blocked funds and net changes in loans, to calculate the cash flow for the period.
Other non-cash items	Non-cash items less repayment of leasing liabilities and interest expenses on leasing liabilities.	This measure excludes other non-cash flow impacting items and is used to calculate the operating cash flow.
Other operating costs	Overhead costs, amortisation, depreciation, impairment and items affecting comparability.	This measure shows the costs for intra-Group functions such as central administration costs which are not distributed over segments.
Overhead costs	<p>Operating costs, excluding variable sales and distribution costs, amortisation, depreciation, impairment and items affecting comparability.</p> <p>Operating costs refer to sales and distribution costs, administration costs, and other operating revenue and costs.</p>	Costs that are not allocated to segments, but which each segment contributes to cover. These costs are largely fixed and semi-fixed. The measure is used to calculate the scalability of this part of the cost mass, see overhead costs (%) below for more information.
Overhead costs (%)	Overhead costs in relation to net revenue.	This measure shows the scalability of the Company's semi-fixed and fixed cost structure.
Profit after variable costs	Gross profit less variable sales and distribution costs.	The measure is used to measure contribution after all variable costs.

Performance measure	Definition	Purpose
Profit after variable costs (%)	Profit after variable costs in relation to net revenue.	This measure is used to illustrate profitability after deduction of all variable costs.
Variable sales and distribution costs	Sales and distribution costs less non-variable sales and distribution costs. Variable sales and distribution costs refer to direct marketing costs and other direct costs. Other direct costs essentially include costs for shipping to end customer, invoicing and packaging.	This measure is monitored at Group and segment level in order to calculate results after variable costs.

Operating performance measures – Group

Performance measure	Definition	Purpose
Active customers during the last 12 months	Number of customers making purchases on at least one occasion during the last 12 months in one of the online stores. One customer can be counted several times if they make purchases in different stores or use different personal identifiers.	This measure is primarily relevant at segment level and illustrates the number of individual customers choosing to order goods on several occasions, which shows the Company's capability to attract customers.
Average order value (AOV)	Net revenue for the period divided by number of orders.	This measure is used as an indicator of revenue generation per customer.
Net revenue from private brands	Net revenue for the period less net revenue for the period from external brands and net revenue not attributable to brands such as revenue from freight and accrued income.	Interesting to follow over time as these products are unique and can often be sold at attractive prices and at a relatively high gross margin.
Number of orders	Number of orders handled during the period.	This measure is used to measure customer activity generating sales.

Reconciliation of Alternative Performance Measures from statement of profit/loss

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023-	Jan-Dec
	2024	2023	Mar 2024	2023
Gross profit	162	137	632	607
Variable sales and distribution costs	-80	-83	-348	-351
Profit after variable costs	82	54	285	256
Operating profit (EBIT)	7	-21	-82	-111
Reversal of depreciation and amortisation	16	14	77	75
EBITDA	23	-7	-6	-36
Reversal of items affecting comparability	0	0	26	26
Adjusted EBITDA	23	-7	20	-11
Operating profit (EBIT), past twelve months	-82	-78	-82	-111
Reversal of depreciation and amortisation, past twelve months	77	51	77	75
Reversal of items affecting comparability, past twelve months	41	15	41	42
Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position ¹	-32	-27	-32	-32
Adjusted EBITDA excluding IFRS 16	4	-38	4	-26
¹ Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.				
Operating profit (EBIT)	7	-21	-82	-111
Reversal of items affecting comparability	0	0	42	42
Adjusted operating profit (EBIT)	7	-21	-40	-69
Sales and distribution costs	-116	-118	-503	-505
Reversal of non-variable sales and distribution costs	35	35	155	155
Variable sales and distribution costs	-80	-83	-348	-351
Sales and distribution costs	-116	-118	-503	-505
Administration costs	-43	-41	-213	-212
Other operating income and expenses	3	1	2	-1
Operating costs	-155	-158	-715	-718
Reversal of variable sales and distribution costs	80	83	348	351
Other expenses in the operation	-75	-75	-366	-367
Reversal of depreciation and amortisation	16	14	77	75
Reversal of items affecting comparability	0	0	26	26
Overhead costs	-59	-61	-265	-267
Amortisation	-7	-6	-43	-42
Reversal of amortisation excluding business acquisitions	6	6	24	24
Amortisation related to business acquisitions	-2	0	-20	-18
Restructuring expenses	0	—	-25	-25
Share-based payments	0	0	-1	-1
Share-based payments (social costs)	—	—	0	0
Other	—	0	—	0
Items affecting comparability	0	0	-26	-26
Goodwill amortisation	—	—	-17	-17
Items affecting comparability below EBITDA	—	—	-17	-17

Reconciliation of Alternative Performance Measures from statement of financial position

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Inventory	332	464	332	344
Other current assets	27	39	27	15
Current tax receivables	-2	-8	-2	-1
Other current operating assets	25	30	25	14
Trade payables	-83	-79	-83	-81
Other current liabilities	-203	-157	-203	-181
Reversal of:				
Current tax liabilities	2	2	2	2
Current provisions	14	11	14	8
Other current operating liabilities	-270	-223	-270	-251
Net working capital	86	272	86	107
Cash and cash equivalents	-278	-105	-278	-222
Net debt excluding IFRS 16¹	-278	-105	-278	-222
Net debt excluding IFRS 16 (A) ¹	-278	-105	-278	-222
Adjusted EBITDA excluding IFRS 16, past twelve months (B)	-13	-38	-13	-42
Net debt/EBITDA (A) / (B)	21.7	2.7	21.7	5.2

¹ Positive values refer to net debt, whereas negative values refer to net asset.

Reconciliation of Alternative Performance Measures from statement of cash flow

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Cash flow from operating activities	65	-25	217	127
Investments in non-current assets	-1	-2	-7	-8
Repayment of leasing liabilities	-7	-7	-28	-28
Interest expenses on leasing liabilities	-1	-1	-3	-3
Reversal of:				
Paid interest	2	2	5	5
Realised currency derivatives	-1	-3	-7	-9
Received interest	-1	0	-4	-3
Paid/received tax	1	1	-3	-3
Operating cash flow	56	-35	169	78
Adjustments for non-cash items ¹	21	18	125	122
Repayment of leasing liabilities	-7	-7	-28	-28
Interest expenses on leasing liabilities	-1	-1	-3	-3
Other non-cash items	14	11	94	91
Cash flow from financing activities	-7	-7	-28	-28
Paid interest	-2	-2	-5	-5
Realised currency derivatives	1	3	7	9
Received interest	1	0	4	3
Paid/received tax	-1	-1	3	3
Reversal of:				
Interest expenses on leasing liabilities	1	1	3	3
Repayment of leasing liabilities	7	7	28	28
Other cash flow	1	2	12	13

¹ Adjustments for non-cash items refer in all significance to amortisation and depreciation and changes in current short term provisions. In the last twelve months' period and the last year the item was affected by goodwill impairment of SEK 17 million and by a provision for slow moving inventory of SEK 44 million.

Reconciliation of other Alternative Performance Measures

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Net revenue (A)	356	345	1,548	1,537
Number of orders (thousands) (B)	344	354	1,447	1,456
Average order value (AOV) (SEK) (A) / ((B) / 1,000)	1,034	974	1,070	1,055
Net revenue	356	345	1,548	1,537
Reversal of net revenue from external brands	-208	-191	-835	-818
Non-branded net revenue	-6	-9	-75	-78
Net revenues from private brands	142	145	638	640

Reconciliation of Alternative Performance Measures concerning growth

SEKm (unless stated otherwise)	Jan-Mar		Apr 2023- Mar 2024	Jan-Dec 2023
	2024	2023		
Net revenue for the period (A)	356	345	1,548	1,537
Net revenue for the period previous year (B)	345	420	1,595	1,670
Growth (%) (A) / (B) - 1	3%	-18%	-3%	-8%
Net revenue for the period in local currencies ¹ (A)	353	328	1,476	1,453
Net revenue for the period previous year (B)	345	420	1,595	1,670
Growth in local currencies (%) (A) / (B) - 1	2%	-22%	-7%	-13%
<small>¹ Net revenue for both the period and the period last year in local currencies, converted to SEK using previous year's exchange rates.</small>				
Net revenue Nordics for the period (A)	114	113	509	508
Net revenue Nordics for the period previous year (B)	113	145	535	567
Growth Nordics (%) (A)/(B) - 1	1%	-22%	-5%	-10%
Net revenue outside the Nordics for the period (A)	242	232	1,039	1,029
Net revenue outside the Nordics for the period previous year (B)	232	275	1,060	1,103
Growth outside the Nordics (%) (A) / (B) - 1	5%	-16%	-2%	-7%
Net revenue (A)	356	345	1,548	1,537
Net revenue, 2 years ago (B)	420	369	1,645	1,594
Number of years calculated (C)	2	2	2	2
CAGR (%) ((A) / (B)) ^ (1 / (C)) - 1	-8%	-3%	-3%	-2%

