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Pierce Group makes an extraordinary provision of SEK 44m for slow-moving stock, affecting earnings in Q3, and a trademark impairment (approx SEK 20m) phased in starting in Q4

Pierce Group AB (publ) (the "Company") will make an extraordinary provision for obsolete and slow-moving inventory, affecting earnings in Q3 2023 by approximately SEK 44 million. Furthermore, an impairment relating to trademarks of approximately SEK 20 million, due to a consolidation of the brand portfolio, will affect the Company's financial results over the next few years, starting in Q4 2023. Neither have any cashflow implications.

In connection with the preparation of its third quarter interim report ("Q3 2023"), the Company has decided to adjust the assumptions underpinning write-down of inventory, facilitating work with shorter buying cycles and an accelerated speed to market. This enables an enhanced customer proposition that offers new products, more regularly. This will affect the profit and loss statement for Q3 2023 with approximately SEK 44 million.

Furthermore, to accelerate the development of market leading private brands, the Company has decided to consolidate its brand portfolio, spreading investments across fewer brands. Some private brands will be removed, and products merged into the remaining brands. This will result in an impairment relating to trademarks of approximately SEK 20 million that will be distributed over the next few years, starting in Q4 2023, as products are migrated to the remaining brands. The cost will be reported as an item affecting comparability.

Göran Dahlin, CEO says: *"The market dynamics and the competitive landscape have changed significantly in just a few years, and as such, these measures are necessary operational steps in achieving long-term profitable growth for the Company."*

The Q3 2023 Report will be published on 17 November 2023.



For further information, please contact:

Niclas Olsson, CFO

Email: niclas.olsson@piercigroup.com

Tel +46 708 89 05 75

Göran Dahlin, CEO

Email: Goran.Dahlin@piercigroup.com

Tel: +46 727 303 111

About Pierce Group

Pierce is a leading and fast-growing e-commerce company selling gear, parts and accessories to riders across all of Europe via some forty websites adapted to local markets. Pierce has two major segments, Offroad — sales to motocross and enduro riders, and Onroad — sales to street riders. Pierce also has a smaller segment, Other, which primarily focuses on snowmobile riders. With a large and unique product assortment, including several private brands, an excellent customer experience and attractive prices, Pierce is changing the motorcycle enthusiast market in Europe. Headquarters are located in Stockholm, the central warehouse is in Szczecin, Poland and the majority of our customer support services is located in Barcelona.

This information is information that Pierce Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person[s] set out above, at 2023-11-01 20:03 CET.

Attachments

Pierce Group makes an extraordinary provision of SEK 44m for slow-moving stock, affecting earnings in Q3, and a trademark impairment (approx SEK 20m) phased in starting in Q4