



PIERCE GROUP AB (publ)

Year-end report

January – December 2024

Growth, improving profitability and progress on transformation

October – December 2024

- Net revenue increased by 18%, totalling SEK 451 (382) million. In local currencies there was growth of 19%.
- Adjusted operating profit (EBIT) was SEK 1 (-7) million, and the adjusted operating margin was 0.3% (-1.9%). Operating profit (EBIT) amounted to SEK -5 (-45) million, corresponding to an operating margin of -1.1% (-11.7%).
- Cash flow for the period was SEK 32 (61) million and the cash position at the end of the period was SEK 297 (222) million.
- Earnings per share before and after dilution was SEK -0.01 (-0.62).

January – December 2024

- Net revenue increased by 6%, totalling SEK 1,628 (1,537) million. In local currencies growth was also 6%.
- Adjusted operating profit (EBIT) totalled SEK 25 (-69) million, and the adjusted operating margin was 1.5% (-4.5%). Operating profit (EBIT) was SEK 18 (-111) million, corresponding to an operating margin of 1.1% (-7.2%).
- Cash flow for the period was SEK 68 (91) million.
- Earnings per share before and after dilution was SEK 0.45 (-1.21).

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue	451	382	1,628	1,537
Growth (%) ¹	18%	-10%	6%	-8%
Growth in local currencies (%) ¹	19%	-15%	6%	-13%
Gross profit	195	171	724	607
Profit after variable costs ^{1 2}	93	80	361	256
Overhead costs ¹	-76	-72	-270	-267
EBITDA ¹	10	-13	84	-36
Operating profit (EBIT) ³	-5	-45	18	-111
Adjusted EBITDA ^{1 5}	16	8	91	-11
Adjusted operating profit (EBIT)^{1 3 5}	1	-7	25	-69
Items affecting comparability ¹	-6	-38	-7	-42
Profit/loss for the period	-1	-49	36	-96
Gross margin (%) ¹	43.2%	44.7%	44.5%	39.5%
Profit after variable costs (%) ¹	20.6%	20.9%	22.2%	16.7%
Adjusted EBITDA (%) ^{1 5}	3.6%	2.1%	5.6%	-0.7%
Adjusted operating margin (EBIT) (%) ^{1 5}	0.3%	-1.9%	1.5%	-4.5%
Cash flow for the period	32	61	68	91
Net debt (+) / Net cash (-) ⁴	-297	-222	-297	-222
Earnings per share before dilution (SEK)	-0.01	-0.62	0.45	-1.21
Earnings per share after dilution (SEK)	-0.01	-0.62	0.45	-1.21

¹ Alternative performance measures (APM), see pages 22-24 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, amortisation and impairment. Amortisation and impairment attributable to business acquisitions¹ were SEK 2 million in the current quarter, SEK 7 million in the current financial year, and SEK 18 million during both the comparison quarter and the previous financial year.

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

⁵ Adjusted measures in the current quarter and in the current financial year exclude mainly personnel costs following changes of roles.

Adjusted measures in the comparison quarter and in the previous financial year exclude, among others, costs of organisational downsizing, and additionally, adjusted operating profit (EBIT) excludes impairment of goodwill of SEK 17 million.

Significant events during the reporting period

On 5 December 2024, Kenneth Christensen announced his resignation from the board of directors following Procuritas¹ divestment of its shares in Pierce Group.

On 12 December 2024 Shu Sheng (Procuritas Capital Partners V LP) left the Nomination Committee, and Fabian Bengtsson (Siba Invest AB) was appointed as a member.

¹ Procuritas Capital Investors V GP, Limited, acting as a partner to Procuritas Capital Investors V, LP, and PCI V Co-Investment AB (together "Procuritas")

CEO comments

It is with great pleasure that I present a quarterly report that once again shows a positive adjusted EBIT. 2024 was the year where we took the first transformative steps in adjusting our strategy and business model to enable future growth and profitability. A transformation of our magnitude comes with numerous turn-around initiatives such as a new leaner organization and operating model, a massive upgrade of our tech stack and strong push to improve the health of our inventory. Such initiatives and associated costs are non-recurring in nature, making like for like comparisons to past performance more complex. I am very satisfied that we are now back in underlying black figures for the fourth quarter and for the year.

Sales in the fourth quarter showed strong growth, albeit at a lower margin, as we chose a more ambitious purchasing and sales strategy vs last year to reverse the trend of a declining customer base. The market remains highly price-sensitive, and our focus is to increase profit in absolute terms while strengthening our position. Net revenue increased with 18 percent, from SEK 382 million to SEK 451 million and the gross profit increased with 14 percent from SEK 171 million (44.7 percent) to SEK 195 million (43.2 percent). Adjusted EBIT was SEK 1 million, an improvement vs last year's SEK -7 million. Net cash at the end of the year was SEK 297 million. We had a reversal of the obsolescence provision of SEK 5 million in the fourth quarter but also an estimated SEK 6 million in transformation costs mainly in relation to our tech stack upgrade, primarily costs for external consultants and costs associated to systems not yet in use. On top of this we had SEK 2 million in amortization of discontinued brands, why the adjusted EBIT reflects the underlying business fairly well for the quarter. For the full year of 2024 we showed SEK 25 million in adjusted EBIT. The obsolescence reversal was SEK 19 million, the transformation costs SEK 10 million and the amortization of discontinued brands SEK 7 million, why the adjusted EBIT reflects the underlying business fairly well also for the full year of 2024.

This is temporarily satisfactory as a steppingstone for our future development – we are on the right track, but we have a lot left to do. It is promising that our customer base, which has been in decline since 2022, has started to grow again. But we have a long road left to go and customer acquisition and retention remain our top priority. To become the undisputed leader in our industry, we are focusing on excelling in the basics: offering the best product range at competitive prices with short delivery times. We have increased our

number of stocked articles with 50 percent during the year, to ensure we have the right products available and ready to ship to our customers. However, we still face challenges with product availability in certain strategic categories. To address this, we have implemented new purchasing processes, which will further enhance our availability. In preparation for the 2025 season our commercial teams have invested in upgrading our own brand assortment to ensure we have a revamped assortment for our value-for-money own brands in time for the season start.

The massive upgrade of our tech stack, in which we change our e-com platform, our warehouse management system, our customer data platform, and make a major upgrade to our PIM-system, is aimed at putting in place a modern and scalable structure to support future growth and customer retention. This work is progressing well and will continue throughout 2025.

Longer term, acquisitions to consolidate our position in a fragmented market remains an important potential driver to create value. As the global economic outlook remains highly uncertain, we maintain our full focus on our business, on what we can control, and we remain determined to realize our vision and achieve our strategic goals.

Göran Dahlin



CEO, Pierce Group AB (publ)

Stockholm, 21 February 2025



Performance measures – Group

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Revenue measures				
Net revenue per geographical area				
Nordics	119	107	517	508
Outside the Nordics	332	276	1,111	1,029
Net revenue	451	382	1,628	1,537
Growth per geographical area				
Nordics (%) ¹	11%	-11%	2%	-10%
Outside the Nordics (%) ¹	20%	-10%	8%	-7%
Growth (%)¹	18%	-10%	6%	-8%
Performance measures				
Gross margin (%) ¹	43.2%	44.7%	44.5%	39.5%
Profit after variable costs (%) ¹	20.6%	20.9%	22.2%	16.7%
Overhead costs (%) ¹	17.0%	18.8%	16.6%	17.4%
Adjusted EBITDA (%) ¹	3.6%	2.1%	5.6%	-0.7%
Adjusted operating margin (EBIT) (%) ¹	0.3%	-1.9%	1.5%	-4.5%
Earnings per share before dilution (SEK)	-0.01	-0.62	0.45	-1.21
Earnings per share after dilution (SEK)	-0.01	-0.62	0.45	-1.21
Cash flow and other financial measures				
Operating profit (EBIT)	-5	-45	18	-111
Investments	-3	-3	-6	-8
Operating profit (EBIT) minus investments	-8	-47	12	-118
Changes in net working capital	28	71	13	105
Other non-cash items ^{1, 2}	10	28	38	91
Operating cash flow¹	30	51	63	78
Paid/received blocked funds	0	—	-2	0
Other cash flow ^{1, 3}	2	10	6	13
Cash flow for the period	32	61	68	91
Cash and cash equivalents ⁴	297	222	297	222
Net debt excluding IFRS 16 ^{1, 4, 6}	-297	-222	-297	-222
Net debt/EBITDA ^{1, 5}	-5.0	5.2	-5.0	5.2
Inventory ⁴	419	344	419	344
Other current operating assets ^{1, 4}	24	14	24	14
Other current operating liabilities ^{1, 4}	-344	-251	-344	-251
Net working capital^{1, 4}	99	107	99	107
Operating measures				
Number of orders (thousands) ¹	411	342	1,502	1,456
Average order value (AOV) (SEK) ¹	1,098	1,119	1,084	1,055
Net revenue from private brands ¹	175	160	639	640
Active customers last 12 months (thousands) ¹	1,042	1,021	1,042	1,021

¹ Alternative performance measures (APM), see pages 22-24 for definitions and purpose of these measurements.

² 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 comparison quarter and in the previous financial year was affected by goodwill impairment of SEK 17 million. Additionally, in all reported periods, amortisation is also affected by discontinued brands.

The previous financial year also included an adjustment for non-cash items, which comprised a provision for slow-moving inventory of SEK 44 million.

³ Other cash flow mainly regards paid/received tax, paid financial net and new share issues and issue of warrants excluding paid issue costs.

⁴ Measures correspond to each period end.

⁵ Net debt refers to the alternative performance measure net debt excluding IFRS 16, and EBITDA refers to the measure adjusted EBITDA excluding IFRS 16.

⁶ 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 several 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 320 people.

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

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

October – December 2024

Net revenue

Net revenue increased by 18 percent to SEK 451 (382) million. In local currencies there was an increase of 19 percent. This is a result of a more ambitious purchasing and sales strategy versus last year when we took a conservative approach which contributed to a decline in net revenue in local currencies of 15 percent in the fourth quarter of 2023. Net revenue for the Offroad and Onroad segments increased by 16 percent and 30 respectively. Net revenue for the Other segment (which is highly seasonal and smaller than the other two segments) declined by 1 percent. The decrease in the Other segment is partly explained by the closure of Pierce's physical store in Stockholm at the end of 2023.

Gross profit and gross margin

Gross profit amounted to SEK 195 (171) million, equivalent to a gross margin of 43.2 (44.7) percent. In a price-sensitive market, we observed that while the gross margin was slightly lower, our strategy of prioritizing higher growth in the fourth quarter allowed us to enhance overall profitability in absolute terms.

Over the past year, we have been focused on optimizing our inventory levels, particularly working to reduce overstock. As part of this effort, we implemented measures to better manage slow-moving stock. This focus has not only helped streamline our operations but also led to a positive effect during the quarter in gross profit from reversal of obsolescence provision of SEK 5 million (1.2 percent of net revenue).

Shipping costs for purchase of goods of SEK -22 (-17) million correspond to 4.8 (4.4) percent of revenue. The shipping cost ratio as a percentage of revenue increased by 0.4 percentage points compared to the previous period, driven by higher freight prices and a larger share of products sold during the period with higher in-freight costs. Ongoing disruptions within the Red Sea region since December 2023 are causing global supply chain challenges. Please see *Risks and factors of uncertainty* section on page 12 for further details.

Operating costs

Sales and distribution costs amounted to SEK -141 (-137) million, equivalent to 31.3 (35.9) percent of net revenue, an improvement in ratio of 4.6 percentage points. Lower personnel costs partially offset an increase in fees to payment providers, freight costs to customers, marketing costs, and depreciation and amortisation expenses.

Administration costs were SEK -60 (-76) million, which included accelerated amortisation of trademarks to be discontinued. Excluding items affecting comparability, the administration costs totalled SEK -56 (-44) million.

Out of the above, Overhead costs were SEK -76 (-72) million. The outcome from the operational efficiency program undertaken in the fourth quarter of 2023 mitigated underlying cost increases, mainly from the prevailing inflationary trends. During the quarter, an estimated total of SEK 6 million was spent on transformation, primarily in the form of

external consultants and costs associated with systems that are not yet in use. The estimate does not include costs for in-house staff.

Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK 1 (-7) million, equivalent to a margin of 0.3 (-1.9) percent.

Items affecting comparability totalled SEK -6 (-38) million. Items affecting comparability refer to personnel costs following role changes primarily within the commercial teams to accelerate our development. Last year, they were related mainly to the operational efficiency program in personnel expenses and costs connected to closing the physical store in Stockholm, and to impairment of goodwill attributable to segment Other of SEK 17 million.

Adjusted EBIT was impacted by amortisation of discontinued trademarks of SEK -2 (-1) million.

Operating profit (EBIT) totalled SEK -5 (-45) million.

Financial items

Financial income was SEK 10 (3) million from interest income on deposits and gains from the revaluation of currency derivatives. There was a positive effect from the revaluation of financial balance sheet items.

Financial expenses were SEK -1 (-10) million and included leasing expenses and credit facility fees in both periods. Last year, there was a significant negative effect from the revaluation of financial balance sheet items.

Taxes and result for the period

Tax totalled SEK -5 (2) million and the result for the period was SEK -1 (-49) million.

January – December 2024

Net revenue

Net revenue increased by 6 percent to SEK 1,628 (1,537) million. In local currencies, the growth was also 6 percent. The increase within the main segments Offroad and Onroad was 7 percent and 7 percent, respectively. Net revenue for the Other segment (which is highly seasonal and smaller than the other two segments) declined by 9 percent. The decrease in the Other segment is partly explained by the closure of Pierce's physical store in Stockholm at the end of 2023.

Gross profit and gross margin

Gross profit amounted to SEK 724 (607) million, equivalent to a margin of 44.5 (39.5) percent.

Last year, gross profit and gross margin were negatively affected by an extraordinary increase in a provision for slow moving inventory. The Company made the decision to revise some of the base assumptions of its provision for slow moving inventory as a response to the market conditions. This resulted in an increased provision in the third quarter of 2023 of SEK 44 million, i.e. 2.9 percent of net revenue. If the effect of the extraordinary provision was excluded, gross profit would have amounted to SEK 651 million, and gross margin would have been 42.4 percent. Excluding the impact of the provision for slow moving inventory last year, there is a positive development of 2.1 percentage points in gross margin in 2024, achieved by increased prices to customers, reduced in-freight costs and a reversal of the obsolescence provision.

Over the past year, we have been focused on optimizing our inventory levels, particularly working to reduce overstock. As part of this effort, we implemented measures to better manage slow-moving stock. This focus has not only helped streamline our operations but also led to a positive effect in gross profit from reversal of obsolescence provision of SEK 19 million (1.2 percent of net revenue) during the year.

Shipping costs for purchase of goods totalled SEK -67 (-74) million. The reduction improved the ratio of shipping costs to net revenue by 0.7 percentage points (from 4.8 percent to 4.1 percent), although this is not considered a permanent improvement, and the last quarter of the year showed an increase again. Ongoing disruptions within the Red Sea region since December 2023 are causing global supply chain challenges. Please see *Risks and factors of uncertainty* section on page 12 for further details.

Operating costs

Sales and distribution costs amounted to SEK -515 (-505) million, equivalent to 31.6 (32.9) percent of net revenue, an improvement in the ratio of 1.3 percentage points. Lower variable costs, mainly for personnel costs, partially offset increased fees from payment providers, freight costs to customers, costs for the warehouse, located in Poland, and depreciation and amortisation expenses.

Administration costs were SEK -196 (-212) million and included accelerated amortisation of trademarks to be discontinued of SEK -7 (-1) million. Excluding items affecting comparability, the administration costs totalled SEK -192 (-174) million.

Out of the above, Overhead costs were SEK -270 (-267). The outcome from the operational efficiency program undertaken in the fourth quarter of 2023 mitigated increases, mainly from prevailing inflationary trends. During the year, an estimated total of SEK 10 million was spent on transformation, primarily in the form of external consultants and costs associated with systems that are not yet in use. The estimate does not include costs for in-house staff.

Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) amounted to SEK 25 (-69) million, corresponding to a margin of 1.5 (-4.5) percent. The gross margin improvement was impacted positively by a reversal of the obsolescence provision, contrary to the previous year, when it was negatively impacted by the increase in the provision in the third quarter.

Additionally, the gross margin included accelerated amortisation of trademarks to be discontinued of SEK -7 (-1) million.

Operating profit (EBIT) amounted to SEK 18 (-111) million and was impacted by items affecting comparability totalling SEK -7 (-42) million. Items affecting comparability refer to personnel costs following role changes primarily within the commercial teams to accelerate our efficiency and development pace. Last year, these were related mainly to the operational efficiency program in personnel expenses, costs connected to closing the physical store in Stockholm, and to impairment of goodwill attributable to segment Other of SEK 17 million.

Financial items

Financial income totalled SEK 28 (19) million, of which SEK 12 (6) million referred to exchange rate differences related to the revaluation of financial balance sheet items, and SEK 7 (8) million was attributable to gains from exchange rate effects from currency derivatives, and lastly SEK 10 (5) million was income from short-term bank deposits.

Financial expenses of SEK -5 (-6) million in both periods consisted of leasing expenses and credit facility fees.

Taxes and results for the period

Tax totalled SEK -6 (2) million and the result for the period was SEK 36 (-96) million.

Comments to the Group's cash flow

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

October – December 2024

Cash flow from operating activities was SEK 43 (71) million. Operating profit showed an improvement, increasing by SEK 40 million from SEK -45 million to SEK -5 million. Adjusted for non-cash items the improvement was SEK 21 million. Planned investments into stock resulted in a lower cash inflow from net working capital versus previous year, which dropped to SEK 28 from SEK 71 million. As a result, less cash was generated from operations.

Cash flow from investments at the end of the quarter totalled SEK -2 (-3) million and referred mainly to the purchase of equipment for the distribution warehouse.

Cash flow from financing activities was SEK -8 (-7) million and consisted of leasing payments.

Cash flow for the period was SEK 32 (61) million and cash equivalents at the end of the period totalled SEK 297 (222) 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 99 (107) million. An increase in current operating liabilities of SEK 93 million was mostly outweighed by an increase in inventory of SEK 74 million.

Right-of-use assets and leasing liabilities

Right-of-use assets amounted to SEK 54 (53) million. Leasing liabilities amounted to SEK 52 (55) 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 297 (222) 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,

January – December 2024

Cash flow from operating activities was SEK 105 (127) million. The improvement in operating profit of SEK 129 million (from a loss of SEK 111 million to a gain of SEK 18 million), adjusted for non-cash items the improvement was SEK 76 million. Planned investments into stock resulted in significantly less cash generated from changes in net working capital versus previous year, decreasing to SEK 13 million from SEK 105 million. As a result, despite the strong operating profit, the overall cash flow from operations ended up slightly lower than last year.

Cash flow from investments totalled SEK -8 (-8) million and referred to the purchase of equipment for the distribution warehouse, and last year also to investments in IT systems.

Cash flow from financing activities was SEK -29 (-28) million and consisted of leasing payments.

Cash flow for year to date was SEK 68 (91) million. Including exchange rate differences, which totalled SEK 7 (-4) million, cash and cash equivalents at the end of the period amounted to SEK 297 (222) million.

certain financial covenants regarding the Group's leverage ratio and interest coverage ratio. As of 31 December 2024, Pierce was not in breach of the covenants in accordance with the current agreements for the credit facility. Covenants are reported quarterly.

Equity

The Group's equity at the end of the period amounted to SEK 666 (627) million. The SEK 39 million increase in equity is explained primarily by the profit incurred in 2024, of SEK 36 million, and by adding back of the positive effect of the translation reserve of SEK 3 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 smaller segment, Other, which primarily focuses on sales to snowmobile riders in the Nordics and is naturally highly seasonal and e.g. dependent on snowfall. The Other segment also previously included sales made through Pierce's physical store in Stockholm, at which operations were discontinued at the end of 2023.

Overall summary

SEKm	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Offroad	300	258	1,017	952
Onroad	114	87	530	496
Other	37	37	81	89
Net revenue	451	382	1,628	1,537
Offroad	137	120	477	393
Onroad	45	34	213	178
Other	16	17	36	37
Intra-group costs ¹	-3	0	-2	-1
Gross profit	195	171	724	607
Offroad	71	61	257	188
Onroad	17	11	87	55
Other	8	8	18	14
Intra-group costs ¹	-3	0	-2	-1
Profit after variable costs^{2 3}	93	80	361	256

¹ Intra-group costs, consist of exchange rate revaluation of net working capital items which are not divided between segments. These amounted in Q1 2024 SEK 0 (0) million, Q2 2024 SEK -1 (0) million, Q3 2024 SEK 2 (-1) million and Q4 2024 SEK -3 (0) million.

² Alternative performance measures (APM), see pages 22-24 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)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue	300	258	1,017	952
Growth (%) ¹	16%	-9%	7%	-5%
Gross profit	137	120	477	393
Gross margin (%) ¹	45.8%	46.5%	46.9%	41.3%
Profit after variable costs ^{1 2}	71	61	257	188
Profit after variable costs (%) ¹	23.7%	23.7%	25.3%	19.8%
Number of orders (thousands) ¹	273	224	928	868
Average order value (AOV) (SEK) ¹	1,100	1,150	1,096	1,096
Active customers last 12 months (thousands) ¹	625	585	625	585

¹ Alternative performance measures (APM), see pages 22-24 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.

October – December 2024

Net revenue increased by 16 percent to SEK 300 (258) million. In local currencies net revenue improved by 18 percent. Net revenue in the Nordics increased by 12 percent, 13 percent in local currencies. Net revenue outside the Nordics increased by 17 percent, and by 19 percent in local currencies.

Profit after variable costs amounted to SEK 71 (61) million, which was equivalent to a margin of 23.7 (23.7) percent.

January – December 2024

Net revenue increased by 7 percent, totalling SEK 1,017 (952) million. In local currencies the increase was 7 percent. Net revenue in the Nordics increased by 1 percent and outside the Nordics it increased by 8 percent, both in reported and local currencies.

Profit after variable costs amounted to SEK 257 (188) million, equivalent to a margin of 25.3 (19.8) percent. Last year, profit after variable costs was affected negatively by an extraordinary provision for slow moving inventory. If the effect of the provision was excluded, profit after variable costs would have amounted to SEK 215 million, and margin would have increased to 22.6 percent.

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue	114	87	530	496
Growth (%) ¹	30%	-19%	7%	-13%
Gross profit	45	34	213	178
Gross margin (%) ¹	39.2%	38.9%	40.2%	35.9%
Profit after variable costs ^{1 2}	17	11	87	55
Profit after variable costs (%) ¹	14.9%	12.1%	16.5%	11.2%
Number of orders (thousands) ¹	106	86	502	511
Average order value (AOV) (SEK) ¹	1,074	1,012	1,054	969
Active customers last 12 months (thousands) ¹	363	378	363	378

¹ Alternative performance measures (APM), see pages 22-24 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.

October – December 2024

Net revenue increased by 30 percent to SEK 114 (87) million. In local currencies net revenue increased by 32 percent. The increase in the Nordics was 27 percent and outside the Nordics 32 percent. In local currencies the change was 29 and 33 percent respectively.

Profit after variable costs, SEK 17 (11) million, was equivalent to a margin of 14.9 (12.1) percent.

January – December 2024

Net revenue increased by 7 percent, totalling SEK 530 (496) million. The increase in local currencies was approximately 7 percent. The increase was 7 percent both in the Nordics and outside the Nordics. In local currencies the change was 8 and 6 percent, respectively.

Profit after variable costs amounted to SEK 87 (55) million, equivalent to a margin of 16.5 (11.2) percent. Last year, profit after variable costs was affected negatively by an extraordinary provision for slow moving inventory. If the effect of the provision was excluded, profit after variable costs would have amounted to SEK 67 million, and margin would have increased to 13.5 percent.

Other sledstore

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue	37	37	81	89
Growth (%) ¹	-1%	-1%	-9%	-13%
Gross profit	16	17	36	37
Gross margin (%) ¹	42.1%	45.1%	44.8%	41.1%
Profit after variable costs ^{1 2}	8	8	18	14
Profit after variable costs (%) ¹	21.3%	21.3%	22.1%	15.2%
Number of orders (thousands) ¹	32	31	72	77
Average order value (AOV) (SEK) ¹	1,158	1,197	1,124	1,162
Active customers last 12 months (thousands) ¹	54	58	54	58

¹ Alternative performance measures (APM), see pages 22-24 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.

October – December 2024

Net revenue amounted to SEK 37 (37) million and decreased by 1 percent. In local currencies the change was 0 percent.

Profit after variable costs, SEK 8 (8) million, was equivalent to a margin of 21.3 (21.3) percent. The activity was low because the winter season for snowmobiles had not yet commenced.

January – December 2024

Net revenue decreased by 9 percent to SEK 81 (89) million. In local currencies the decrease was 8 percent. The decrease is partly explained by the closure of Pierce's physical store in Stockholm at the end of 2023.

Profit after variable costs amounted to SEK 18 (14) million, equivalent to a margin of 22.1 (15.2) percent. Last year, profit after variable costs was affected negatively by an extraordinary provision for slow moving inventory. If the effect of the provision was excluded, profit after variable costs would have increased by SEK 1 million, and margin would have increased to 16.3 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. 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 December 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 7.6 on the last trading day of the period. The number of shareholders was 1,512, of which the largest were Verdane Capital (29.5%), Siba Invest AB (11.1%), Fourth AP fund (Sw. *Fjärde AP-fonden*) (6.0%), Investment AB Garnen (5.1%) and eQ Asset Management Oy (4.2%).

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

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 of 950,000 ordinary 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.

LTIP 2024/2027

LTIP 2024/2027 was approved by the Annual General Shareholders' Meeting on 17 May 2024, 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 of 1,025,000 ordinary shares can be issued to the participants for a subscription price of SEK 0.00. The vesting period ends on 17 May 2027 and participants will be awarded ordinary shares in accordance with the Terms and Conditions of the LTIP 2024/2027.

Significant events during the reporting period

On 5 December 2024, Kenneth Christensen announced his resignation from the board of directors following Procuritas' divestment of its shares in Pierce Group.

On 12 December 2024 Shu Sheng (Procuritas Capital Partners V LP) left the Nomination Committee, and Fabian Bengtsson (Siba Invest AB) was appointed as a member.

Significant events after the end of the reporting period

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

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 50, 22, 13 and 10 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 320 (388). Of these, 107 (126) worked at the distribution warehouse in Poland and 201 (250) were white collar workers in Sweden, Poland and Spain.

Excluding customer services personnel and certain production staff, the number of white-collar workers was 154 (198).

Seasonal variations

As the peak of the Offroad and Onroad motorcycle season occurs in the second quarter, this time of the year generates the highest net revenue level of about 30 percent of total sales. The fourth quarter, however, usually presents the second highest level of net revenue, due to "Black week" and Christmas sales, while the first quarter has the lowest impact on total net revenue, slightly exceeding 20 percent of total 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. The net result before tax for the quarter was SEK 3 (-15) million. The Parent Company's equity at the end of the period was SEK 756 (739) 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 and suppliers. 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.

Ongoing disruptions in the Red Sea region since December 2023 have been causing significant global supply chain challenges, with vessel diversions around Africa and capacity constraints impacting Asian exports to Europe via the Suez Canal and Oceania networks. These disruptions, along with port congestion and delays, are affecting global trade routes beyond the Red Sea.

Further details on risks and uncertainties arising from the geopolitical situation, including the ongoing conflicts in Ukraine and the Middle East, were provided in the previous quarter's report. While there have been no significant changes in their direct impact on Pierce Group, new global trade risks have emerged, particularly the potential for tariffs and consequences thereof following the outcome of the United States election.

These uncertainties may continue to have an impact in the coming quarters on freight prices and other costs, such as possible trade tariffs. While the current outlook is uncertain, there is a risk that shipping rates will continue to be volatile and (on average for the Company, like its competitors) higher.

Moreover, higher freight prices, which began rising in 2024, have already materialized in the current quarter influencing margins and costs. The Company is actively monitoring these developments and their potential impact on operations.

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 was not utilised by 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 December 2024, Pierce was not in breach of the covenants in accordance with the current agreements for the credit facility. Covenants are reported quarterly.

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 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 5 (6) million. Transactions with this supplier were performed on commercial market terms.

For further information regarding related parties see Note 6.

Annual General Meeting 2025

The Board of Directors has decided that the Annual General Meeting will be held on 20 May 2025. Additional information will be provided together with the notice of the Annual General Meeting. The Board of Directors' proposal to the annual meeting of shareholders is that no dividend will be distributed for the financial year 2024.

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 22-24 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.

Q4/2024

Other

The year-end report was not subject to review by the Company's auditors.

Upcoming financial events

21 March 2025

Annual report 2024

15 May 2025

Interim report January – March 2025

20 May 2025

Annual General Meeting

22 August 2025

Interim report April – June 2025

14 November 2025

Interim report July – September 2025

20 February 2026

Year-end report January – December 2025

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 21 February 2025, 9.00 am CET, in conjunction with the publication of the quarterly report.

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

<https://conference.inderes.com/teleconference/?id=50051426>

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 telephone conference.

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

<https://pierce-group.events.inderes.com/q4-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 was submitted for publication by the above-mentioned contact individuals on 21 February 2025 at 08:00 CET.

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 year-end 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, 21 February 2025



Göran Dahlin

CEO

Condensed consolidated statement of profit/loss

SEKm (unless stated otherwise)	Note	Oct-Dec		Jan-Dec	
		2024	2023	2024	2023
Net revenue	3.4	451	382	1,628	1,537
Cost of goods sold		-256	-211	-903	-930
Gross profit	4	195	171	724	607
Sales and distribution costs		-141	-137	-515	-505
Administration costs		-60	-76	-196	-212
Other operating income and expenses		1	-2	5	-1
Operating profit	4	-5	-45	18	-111
Financial net		9	-7	24	13
Profit/loss before tax	4	4	-51	42	-98
Income tax		-5	2	-6	2
Profit/loss for the period		-1	-49	36	-96
Attributable to shareholders of the parent company		-1	-49	36	-96
Earnings per share					
Earnings per share before dilution (SEK)		-0.01	-0.62	0.45	-1.21
Earnings per share after dilution (SEK)		-0.01	-0.62	0.45	-1.21
Average number of shares before dilution (thousands)		79,374	79,374	79,374	79,374
Average number of shares after dilution (thousands)		79,374	79,374	79,429	79,374

Consolidated statement of comprehensive income

SEKm	Note	Oct-Dec		Jan-Dec	
		2024	2023	2024	2023
Profit/loss for the period		-1	-49	36	-96
Items that may subsequently be reclassified to income statement					
Translation difference		2	-2	3	5
Other comprehensive income for the period		2	-2	3	5
Comprehensive income for the period and attributable to shareholders of the parent company		1	-51	39	-91

Condensed consolidated statement of financial position

SEKm	Note	Dec 31 2024	Dec 31 2023
Assets			
Non-current assets			
Intangible assets		281	310
Property, plant and equipment		15	15
Right-of-use assets		54	53
Financial assets	7	6	3
Deferred tax assets		2	8
Total non-current assets		358	389
Current assets			
Inventory		419	344
Other current assets	5	29	15
Cash and cash equivalents		297	222
Total current assets		745	582
Total assets		1,103	970
Equity and liabilities			
Total equity attributable to shareholders of the parent company		666	627
Non-current liabilities			
Leasing liabilities		25	24
Deferred tax liabilities		25	26
Provisions		0	0
Total non-current liabilities		50	51
Current liabilities			
Leasing liabilities		27	30
Trade payables		111	81
Other current liabilities	5	248	181
Total current liabilities		386	292
Total equity and liabilities		1,103	970

Condensed consolidated statement of changes in equity

SEKm	Share capital	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	—	—	—	-96	-96
Share-based compensation	—	0	—	—	0
Other comprehensive income for the year	—	—	5	—	5
Total comprehensive income for the year	—	0	5	-96	-91
Closing balance 2023-12-31	2	814	10	-198	627
Opening balance 2024-01-01	2	814	10	-198	627
Profit/loss for the year	—	—	—	36	36
Share-based compensation	—	1	—	—	1
Other comprehensive income for the year	—	—	3	—	3
Total comprehensive income for the year	—	1	3	36	39
Transactions with shareholders					
New share issue including issue costs	—	0	—	—	0
Total	—	0	—	—	0
Closing balance 2024-12-31	2	814	12	-162	666

Condensed consolidated statement of cash flow

SEKm	Note	Oct-Dec		Jan-Dec	
		2024	2023	2024	2023
Operating activities					
Operating profit		-5	-45	18	-111
Adjustments for non-cash items ¹		18	36	69	122
Paid interest		-1	-1	-4	-5
Realised currency derivatives		1	4	4	9
Received interest		2	1	8	3
Paid/received tax		-1	5	-4	3
Cash flow from operating activities before changes in net working capital		15	1	92	21
Changes in net working capital		28	71	13	105
Cash flow from operating activities		43	71	105	127
Investing activities					
Investments in non-current assets		-3	-3	-6	-8
Paid/received blocked funds		0	-0	-2	0
Cash flow from investing activities		-2	-3	-8	-8
Financing activities					
Share issue costs		—	—	0	—
Repayment of leasing liabilities		-8	-7	-29	-28
Cash flow from financing activities		-8	-7	-29	-28
Cash flow for the period		32	61	68	91
Cash and cash equivalents at the beginning of period		261	171	222	136
Exchange rate difference in cash and cash equivalents		3	-9	7	-4
Cash and cash equivalents end of period		297	222	297	222

¹ Adjustments for non-cash items refer in all significance to amortisation and depreciation and changes in current short term provisions. Amortisation in the comparison quarter and in the previous financial year was affected by goodwill impairment of SEK 17 million. Additionally, in all reported periods, amortisation is also affected by discontinued brands.

The previous financial year also included an adjustment for non-cash items, which comprised a provision for slow-moving inventory of SEK 44 million.

Condensed Parent Company statement of profit/loss

SEKm	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue	5	5	20	21
Gross profit	5	5	20	21
Administration costs	-6	-7	-22	-25
Operating profit	-1	-1	-2	-5
Financial net	4	6	19	24
Profit/loss after financial items	3	4	17	19
Appropriations	—	-19	—	-19
Profit/loss before tax	3	-15	17	0
Income tax	—	—	—	—
Profit/loss for the period	3	-15	17	0

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

Condensed Parent Company balance sheet

SEKm	Dec 31	Dec 31
	2024	2023
Assets		
Non-current assets		
Shares in group companies	409	409
Receivables from group companies	346	350
Total non-current assets	755	759
Current assets		
Receivables from group companies	7	4
Other current assets	1	1
Cash and cash equivalents	—	—
Total current assets	8	5
Total assets	763	763
Equity and liabilities		
Total equity	756	739
Current liabilities		
Liabilities to group companies	—	16
Other current liabilities	7	9
Total current liabilities	7	24
Total equity and liabilities	763	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 1–13 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.

A few standards and interpretations have been updated since January 1, 2024. These have had no impact on the preparation of these financial statements.

Information on future standards

None of the IFRS or IFRIC interpretations that are to come into force in 2025 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	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Sweden	23	20	94	91
Other Nordics	25	23	98	100
Outside the Nordics	252	215	825	761
Revenue Offroad	300	258	1,017	952
Sweden	13	10	91	86
Other Nordics	22	17	153	142
Outside the Nordics	79	60	286	268
Revenue Onroad	114	87	530	496
Sweden	20	21	41	49
Other Nordics	17	16	40	40
Outside the Nordics	—	—	—	—
Revenue Other	37	37	81	89
Sweden	55	50	227	225
Other Nordics	64	56	290	283
Outside the Nordics	332	276	1,111	1,029
Revenue Group	451	382	1,628	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 financial report.

Note 4 - Segment reporting

SEKm	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Offroad	300	258	1,017	952
Onroad	114	87	530	496
Other	37	37	81	89
Net revenue	451	382	1,628	1,537
Offroad	137	120	477	393
Onroad	45	34	213	178
Other	16	17	36	37
Intra-group costs	-3	0	-2	-1
Gross profit	195	171	724	607
Offroad	-66	-59	-220	-205
Onroad	-28	-23	-125	-122
Other	-8	-9	-18	-23
Variable sales and distribution costs¹	-102	-91	-363	-351
Offroad	71	61	257	188
Onroad	17	11	87	55
Other	8	8	18	14
Intra-group costs	-3	0	-2	-1
Profit after variable costs^{1 2}	93	80	361	256
Other expenses in the operation ^{1 3}	-98	-125	-342	-367
Operating profit	-5	-45	18	-111
Financial net ³	9	-7	24	13
Pre-tax income	4	-51	42	-98

¹ Alternative performance measures (APM), see pages 22-24 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 2 (-1) million and these derivatives were classified as current assets.

Note 6 - Related party transactions

Other related party transactions

During the current 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 5 (6) 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.

Besides remuneration to senior executives, 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.

Performance-based share program

The Group has two performance-based share programs as a part of an incentive program for certain senior executives and key employees in the Group. See page 11 for further information.

All transactions are based on market terms and conditions.

Note 7 - Pledged assets and contingent liabilities

SEKm	Dec 31 2024	Dec 31 2023
To credit institutions for the Group's own liabilities and provisions		
Deposits for fulfillment of payments	3	3
Paid blocked funds	2	—
Total pledged assets	5	3

Pierce has a credit facility of SEK 150 million, which was not utilised by the end of the reporting period or during the financial year, while maintaining 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 12.

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

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

No 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 in the first quarter of 2024, 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	Liabilities to credit institutions, decreased by cash and cash equivalents at the end of the period. Pierce's assessment of the Groups' actual net debt corresponds to liabilities to credit institutions, and that is why leasing liabilities are excluded.	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)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Gross profit	195	171	724	607
Variable sales and distribution costs	-102	-91	-363	-351
Profit after variable costs	93	80	361	256
Operating profit (EBIT)	-5	-45	18	-111
Reversal of depreciation and amortisation	15	15	66	58
Reversal of items affecting comparability below EBITDA	—	17	—	17
EBITDA	10	-13	84	-36
Reversal of items affecting comparability	6	21	7	26
Adjusted EBITDA	16	8	91	-11
Operating profit (EBIT), past twelve months	18	-111	18	-111
Reversal of depreciation and amortisation, past twelve months	66	58	66	58
Reversal of share-based payments, past twelve months	1	1	1	1
Reversal of items affecting comparability, past twelve months	6	26	6	26
Reversal of items affecting comparability below EBITDA, past twelve months	—	17	—	17
Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position ¹	-30	-32	-30	-32
Adjusted EBITDA excluding IFRS 16	60	-42	60	-42
¹ Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.				
Operating profit (EBIT)	-5	-45	18	-111
Reversal of items affecting comparability	6	38	7	42
Adjusted operating profit (EBIT)	1	-7	25	-69
Sales and distribution costs	-141	-137	-515	-505
Reversal of non-variable sales and distribution costs	40	46	151	155
Variable sales and distribution costs	-102	-91	-363	-351
Sales and distribution costs	-141	-137	-515	-505
Administration costs	-60	-76	-196	-212
Other operating income and expenses	1	-2	5	-1
Operating costs	-200	-216	-706	-718
Reversal of variable sales and distribution costs	102	91	363	351
Other expenses in the operation	-98	-125	-342	-367
Reversal of depreciation and amortisation	15	15	66	58
Reversal of items affecting comparability	6	21	7	26
Reversal of items affecting comparability below EBITDA	—	17	—	17
Overhead costs	-76	-72	-270	-267
Amortisation	-6	-7	-31	-25
Reversal of amortisation excluding business acquisitions	4	6	24	7
Amortisation related to business acquisitions	-2	-18	-7	-18
Restructuring expenses	0	-21	0	-25
Share-based payments	0	0	-1	-1
Share-based payments (social costs)	0	0	0	0
Other	-5	—	-5	0
Items affecting comparability	-6	-21	-7	-26
Goodwill impairment	—	-17	—	-17
Items affecting comparability below EBITDA	—	-17	—	-17

Reconciliation of Alternative Performance Measures from statement of financial position

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Inventory	419	344	419	344
Other current assets	29	15	29	15
Current tax receivables	-2	-1	-2	-1
Current investments	-2	—	-2	—
Other current operating assets	24	14	24	14
Trade payables	-111	-81	-111	-81
Other current liabilities	-248	-181	-248	-181
Reversal of:				
Current tax liabilities	3	2	3	2
Current provisions	12	8	12	8
Other current operating liabilities	-344	-251	-344	-251
Net working capital	99	107	99	107
Cash and cash equivalents	-297	-222	-297	-222
Net debt excluding IFRS 16¹	-297	-222	-297	-222
Net debt excluding IFRS 16 (A) ¹	-297	-222	-297	-222
Adjusted EBITDA excluding IFRS 16, past twelve months (B)	60	-42	60	-42
Net debt/EBITDA (A) / (B)	-5.0	5.2	-5.0	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)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Cash flow from operating activities	43	71	105	127
Investments in non-current assets	-3	-3	-6	-8
Repayment of leasing liabilities	-8	-7	-29	-28
Interest expenses on leasing liabilities	0	-1	-2	-3
Reversal of:				
Paid interest	1	1	4	5
Realised currency derivatives	-1	-4	-4	-9
Received interest	-2	-1	-8	-3
Paid/received tax	1	-5	4	-3
Operating cash flow	30	51	63	78
Adjustments for non-cash items ¹	18	36	69	122
Repayment of leasing liabilities	-8	-7	-29	-28
Interest expenses on leasing liabilities	0	-1	-2	-3
Other non-cash items	10	28	38	91
Cash flow from financing activities	-8	-7	-29	-28
Paid interest	-1	-1	-4	-5
Realised currency derivatives	1	4	4	9
Received interest	2	1	8	3
Paid/received tax	-1	5	-4	3
Reversal of:				
Interest expenses on leasing liabilities	0	1	2	3
Repayment of leasing liabilities	8	7	29	28
Other cash flow	2	10	6	13

¹ Adjustments for non-cash items refer in all significance to amortisation and depreciation and changes in current short term provisions. Amortisation in the comparison quarter and in the previous financial year was affected by goodwill impairment of SEK 17 million. Additionally, in all reported periods, amortisation is also affected by discontinued brands.

The previous financial year also included an adjustment for non-cash items, which comprised a provision for slow-moving inventory of SEK 44 million.

Reconciliation of other Alternative Performance Measures

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue (A)	451	382	1,628	1,537
Number of orders (thousands) (B)	411	342	1,502	1,456
Average order value (AOV) (SEK) (A) / ((B) / 1,000)	1,098	1,119	1,084	1,055
Net revenue	451	382	1,628	1,537
Reversal of net revenue from external brands	-255	-202	-924	-818
Non-branded net revenue	-21	-20	-65	-78
Net revenues from private brands	175	160	639	640

Reconciliation of Alternative Performance Measures concerning growth

SEKm (unless stated otherwise)	Oct-Dec		Jan-Dec	
	2024	2023	2024	2023
Net revenue for the period (A)	451	382	1,628	1,537
Net revenue for the period previous year (B)	382	427	1,537	1,670
Growth (%) (A) / (B) -1	18%	-10%	6%	-8%
Net revenue for the period in local currencies ¹ (A)	456	363	1,628	1,453
Net revenue for the period previous year (B)	382	427	1,537	1,670
Growth in local currencies (%) (A) / (B) -1	19%	-15%	6%	-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)	119	107	517	508
Net revenue Nordics for the period previous year (B)	107	120	508	567
Growth Nordics (%) (A)/(B) -1	11%	-11%	2%	-10%
Net revenue outside the Nordics for the period (A)	332	276	1,111	1,029
Net revenue outside the Nordics for the period previous year (B)	276	306	1,029	1,103
Growth outside the Nordics (%) (A) / (B) -1	20%	-10%	8%	-7%
Net revenue (A)	451	382	1,628	1,537
Net revenue, 2 years ago (B)	427	413	1,670	1,594
Number of years calculated (C)	2	2	2	2
CAGR (%) ((A) / (B)) ^ (1 / (C)) -1	3%	-4%	-1%	-2%

