

Gradually strengthening gross margins, rebalancing inventory and maintaining liquidity position

January – March 2023

- Net revenue decreased by 18%, totalling SEK 345 (420) million. In local currencies growth was -22%.
- EBITDA totalled SEK -7 (1) million. Adjusted EBITDA was SEK -7 (1) million, equivalent to a margin of -2.2% (0.1%).
- Operating profit (EBIT) was SEK -21 (-12) million. Adjusted operating profit (EBIT) was SEK -21 (-12) million and the adjusted operating margin was -6.2% (-2.9%).
- Cash flow for the period was SEK -33 (14) million.
- Profit/loss for the period amounted to SEK -11 (-14) million.
- Earnings per share before dilution was SEK -0.14 (-0.36) and SEK -0.14 (-0.36) after dilution.

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue	345	420	1,595	1,670
Growth (%) ¹	-18%	14%	-3%	5%
Growth in local currencies (%) ¹	-22%	10%	-7%	1%
Gross profit	137	172	622	657
Profit after variable costs ^{1 2}	54	62	243	252
Overhead costs ¹	-61	-62	-255	-256
Operating profit (EBIT) ³	-21	-12	-78	-68
Adjusted operating profit (EBIT)^{1 3}	-21	-12	-62	-53
Profit/loss for the period	-11	-14	-55	-58
Gross margin (%) ¹	39.7%	41.0%	39.0%	39.3%
Profit after variable costs (%) ¹	15.6%	14.9%	15.3%	15.1%
Adjusted operating margin (EBIT) (%) ¹	-6.2%	-2.9%	-3.9%	-3.2%
Cash flow for the period	-33	14	70	117
Net debt (+) / Net cash (-) ⁴	-105	138	-105	-136

¹ Alternative performance measures (APM), see pages 20 - 22 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 0.6 million during the last twelve months' period

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

CEO comments

Difficult market conditions put pressure on revenue, but a strong liquidity position allowed us to focus on strengthening margins.

Challenging market conditions put pressure on the first quarter's revenue. Due to our strong liquidity position, we were able to prioritize margin-improvement measures over market share and volumes, which resulted in a strengthening of gross margin compared to recent quarters. At the same time, we continued executing our program for improved profitability, which is progressing according to plan. As the market outlook remains challenging, we are taking care to preserve our cash position by cautiously managing costs and rebalancing our inventory, alongside our initiatives to increase profitability.

Net revenue decreased by 18 percent in the quarter, to SEK 345 million, compared to last year. Although it is difficult to accurately assess developments in the online market, we estimate that the market decline in the quarter was approximately 15-20 percent. In the comparison quarter in 2022, we had a strong focus on pushing sales to generate liquidity and reducing net debt. As a result of the rights issue in July 2022 and our ongoing efforts to reduce inventory levels and costs, our financial position has improved significantly.

The gross margin of 39.7 percent was 1.3 percentage points lower than the corresponding period last year, as the implemented consumer price increases did not fully compensate for the high purchase cost increases. Versus the fourth quarter 2022, however, the gross margin increased by 1.9 percentage points, mainly due to higher prices. Shipping costs in relation to revenue remained high at 5.5 percent, but have decreased gradually over recent quarters. We expect a continued positive effect from decreased shipping costs going forward.

Net cash decreased by SEK 31 million during the quarter, to SEK 105 million. This decrease was expected and is related to seasonality. Inventory at the end of the first quarter was SEK 464 million, a decrease of 9 percent in value and 23 percent in units versus last year.

Profitability improvement program progressing according to plan

The profitability improvement program that we have been executing since the second half of 2022 is progressing according to plan. In addition to the increased consumer price impact on the margin, we saw continued improvements from our marketing efficiency efforts, with a reduction of variable costs by 2.0 percentage points during first quarter versus the corresponding quarter last year.

The outlook remains uncertain

The overall market remains uncertain, but we have seen that the market development going into the second quarter has been slightly better versus the first quarter. We will however continue to be cautious in how we plan the business going forward, by taking a conservative approach towards purchasing, by carefully managing our cost base and by staying focused on executing on our profitability improvement program.

Short-term priorities

We believe that the underlying market fundamentals for the industry long term growth are still intact, and we are sharpening our operation and product offering to the current market conditions, which will also strengthen our position for when the market gradually normalizes. Our short-term priorities remain unchanged, and we will continue to execute on our plans to build a stronger company over time:

1. **Maintain a strong cash position:** To be able to implement the new pricing capabilities and to pass on the increased purchasing costs, it is important to have a stable cash balance so that we can continue to prioritize margin development over revenue.
2. **Execute the financial improvement program:** After our concerted effort in the previous quarter to renegotiate supplier contracts, new commercial terms will be applicable to new purchase orders placed earlier this year and in the coming months. This, together with improved consumer pricing and increased performance marketing efficiency, will gradually enhance margins over time.
3. **Ensure economies of scale:** We have been managing our cost base very carefully and have fewer staff today compared to a year ago, but we need to continue our work on initiatives to build a more scalable digital operation and to streamline our process and system landscape over time.

Stockholm, 12 May 2023



Willem Vos
Acting CEO, Pierce Group AB



Performance measures – Group

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022- Mar 2023	Jan-Dec 2022
	2023	2022		
Revenue measures				
Net revenue per geographical area				
Nordics	113	145	535	567
Outside the Nordics	232	275	1,060	1,103
Net revenue	345	420	1,595	1,670
Growth per geographical area				
Nordics (%) ¹	-22%	14%	-8%	1%
Outside the Nordics (%) ¹	-16%	13%	-0%	7%
Growth (%)¹	-18%	14%	-3%	5%
Performance measures				
Gross margin (%) ¹	39.7%	41.0%	39.0%	39.3%
Profit after variable costs (%) ¹	15.6%	14.9%	15.3%	15.1%
Overhead costs (%) ¹	17.8%	14.7%	16.0%	15.3%
Adjusted EBITDA (%) ^{1 2}	-2.2%	0.1%	-0.7%	-0.2%
Adjusted operating margin (EBIT) (%) ¹	-6.2%	-2.9%	-3.9%	-3.2%
Earnings per share before dilution (SEK)	-0.14	-0.36	-0.79	-0.98
Earnings per share after dilution (SEK)	-0.14	-0.36	-0.79	-0.98
Cash flow and other financial measures				
Operating profit (EBIT)	-21	-12	-78	-68
Investments	-2	-6	-12	-16
Operating profit (EBIT) minus investments	-23	-18	-89	-84
Changes in net working capital	-22	29	-26	25
Other non-cash items ^{1 3}	11	16	25	30
Operating cash flow¹	-35	27	-91	-29
Net change in loans	—	-9	-174	-184
Other cash flow ^{1 4}	2	-3	335	329
Cash flow for the period	-33	14	70	117
Cash and cash equivalents ⁵	105	32	105	136
Net debt excluding IFRS 16 ^{1 5 7}	-105	138	-105	-136
Net debt/EBITDA ^{1 6}	2.7	2.6	2.7	4.7
Inventory ⁵	464	511	464	488
Other current operating assets ^{1 5}	30	31	30	20
Other current operating liabilities ^{1 5}	-223	-316	-223	-262
Net working capital^{1 5}	272	227	272	246
Operating measures				
Number of orders (thousands) ¹	354	462	1,641	1,749
Average order value (AOV) (SEK) ¹	974	910	972	955
Net revenue from private brands ¹	145	171	623	650
Active customers last 12 months (thousands) ¹	1,106	1,165	1,106	1,165

¹ Alternative performance measures (APM), see pages 20 - 22 for definitions and purpose of these measurements.

² Adjusted EBITDA, excluding IFRS 16, amounted during the last twelve months' period to SEK -38 (52) million.

³ Other non-cash items refers in all significance to amortisation and depreciation, excluding depreciation of right-of-use assets, and change in current short term provisions.

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

 PIERCE



Pierce – Riders in eCommerce

Pierce is a leading 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 high road riders. Pierce also has a smaller segment, Other, which primarily focuses on sales to 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 is located in Stockholm, the distribution warehouse is located in Szczecin and our customer support services is located in Barcelona.

The Company has approximately 410 employees.

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

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

January – March 2023

Net sales

Net revenue decreased by 18 percent to SEK 345 (420) million. In local currencies the decrease was 22 percent. Net revenue for the Offroad and Onroad segment declined by 14 and 24 percent respectively. The Other segment declined by 22 percent.

The Company estimates that the total European online market declined by approximately 15-20 percent compared with the first quarter 2022. Due to a solid cash balance at the end of 2022, the focus during the quarter has shifted, compared with previous quarters, moving away from aggressive efforts to stimulate revenue and generate cash towards increasing customer prices and strengthening margins.

Gross profit and gross margin

Gross profit amounted to SEK 137 (172) million, equivalent to a gross margin of 39.7 (41.0) percent. Compared to the fourth quarter 2022 gross margin increased by 1.9 percent, mainly due to increased prices to customers.

Shipping costs from Asia, SEK -19 (-21) million, impacted the margin by -0.5 percentage points compared with the first quarter 2022, but compared with the second quarter 2022, when shipping costs were at their highest level, the margin effect was +1.1 percent, and a continued gradual improvement is expected.

Decline of 1.1 percentage points was driven by purchasing price increases, as price increases to customers have not fully compensated for the increased costs. Compared with the first quarter 2022, prices to customers have increased by 5-10 percent, mainly driven by the private brands.

The remaining margin change of 0.3 was driven by revaluation of currencies in net working capital.

Operating costs

Sales and distribution costs amounted to SEK -118 (-143) million and include, primarily, variable costs for marketing and freight to customers. In relation to net revenue, these costs were equivalent to 34.2 (34.1) percent. The cost for performance marketing has decreased, as a result from the profitability improvement program, but the positive effect has been offset by cost increases driven by inflation, especially within warehouse operations.

Administration costs were SEK -41 (-41) million.

Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK -21 (-12) million, equivalent to a margin of -6.2 (-2.9) percent. As there were no items affecting comparability in the current period, operating profit (EBIT) also totalled SEK -21 (-12) million.

Compared to the same period in 2022, exchange rate fluctuations impacted operating profit negatively, mainly due to the strengthening of the USD.

Financial items

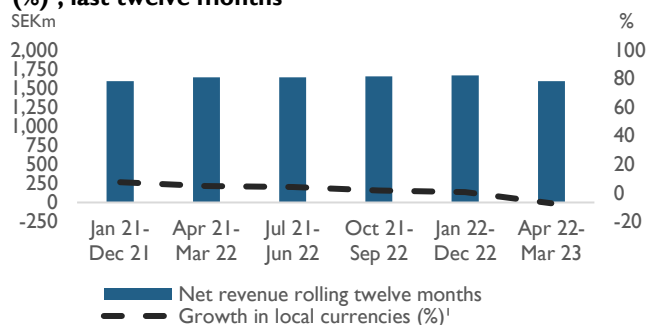
Financial income amounted to SEK 10 (0) million, of which SEK 5 (0) million referred to exchange rate differences from the revaluation of financial balance sheet items. Income from currency derivatives amounted to SEK 4 million. In the comparative period however, the financial net was impacted negatively by exchange rate effects on currency derivatives, SEK -2 million.

Financial expenses amounted to SEK -1 (-4) million. Apart from the losses on currency derivatives in the previous period, financial expenses consisted of, in both periods, leasing expenses and periodic expenses comprised of prepaid loan fees.

Taxes and result for the period

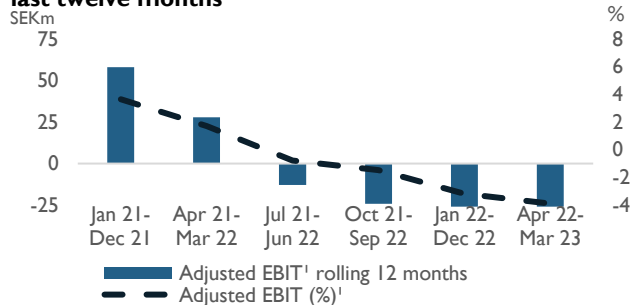
Tax result totalled SEK 2 (1) million and the result for the period was SEK -11 (-14) million.

Net revenue and growth in local currencies (%)¹, last twelve months



Alternative performance measures (APM), see pages 20 - 22 for definitions and purpose of these measurements.

Adjusted EBIT¹ and adjusted EBIT (%)¹, last twelve months



Comments to the Group's cash flow

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

January – March 2023

Cash flow from operating activities was SEK -25 (35) million. Compared with the same period in 2022, operating profit (EBIT) was SEK 9 million lower and amounted to SEK -21 (-12) million. The cash flow within net working capital in the current quarter was SEK -22 (29) million. The majority of the change in net working capital was related to the rebalancing of the inventory levels which resulted in a net change of SEK -12 million. During the comparison period, changes in net working capital were mainly related to a decrease in inventories of SEK 23 million and to an increase in current operating liabilities of SEK 9 million.

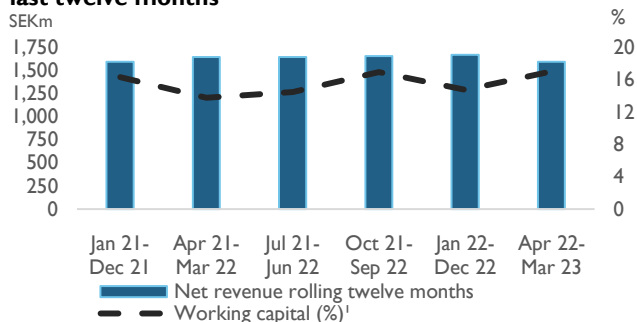
Additionally, the current quarter was affected by positive non-cash items on net working capital totalling SEK 3 million, arising from exchange rate effect.

Cash flow from investments amounted to SEK -2 (-6) million and referred mainly to investments in IT systems in both periods.

Cash flow from financing activities was SEK -7 (-15) million and consisted solely of leasing payments in the current period. In the comparative period, except for the outflow of leasing payments, Pierce repaid loans under the credit facility of SEK 10 million.

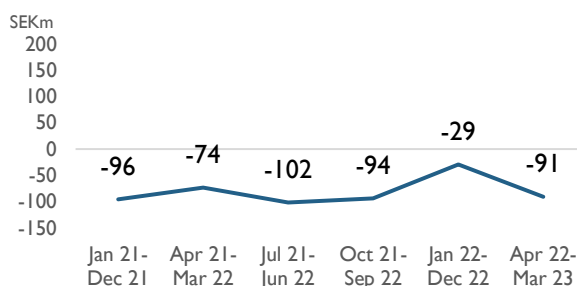
Cash flow for the period was SEK -33 (14) million and cash equivalents for the period totalled SEK 105 (32) million.

Net revenue and net working capital (%)¹, last twelve months



¹ Alternative performance measures (APM), see pages 20 - 22 for definitions and purpose of these measurements.

Operating cash flow¹, last twelve months



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 272 (227) million. A significant decrease in current operating liabilities was partially offset by a successful decrease in inventory.

Right-of-use assets and leasing liabilities

Right-of-use assets decreased by SEK 1 million to SEK 67 million, compared with the same period last year, largely as a result of depreciation for the period. Leasing liabilities decreased by SEK 3 million to SEK 72 million.

Net debt (net asset)

The net cash position at the end of the period equaled cash and cash equivalents and amounted to SEK 105 (32) million. In the comparison period, the net debt position, excluding IFRS 16, amounted to SEK 138 million. This significant increase in the level of cash and cash equivalents, SEK 73 million, together with a decrease in interest-bearing liabilities, SEK 170 million, was explained by a share issue and loan repayment. The share issue that took place in July 2022 resulted

in the receipt of proceeds totalling SEK 337 million. These proceeds were used to repay a bank loan facility of approximately SEK 180 million. The credit facility amounts to SEK 200 million and had not been utilised at the end of the period.

Equity

The Group's equity amounted to SEK 709 (428) million. The SEK 281 million increase in equity between comparative quarters is explained mainly by the rights issue effective in July 2022, totalled SEK 331 million after deducting issue costs and the loss for the period (SEK -52 million) as well as adding back the positive effect of the translation reserve of SEK 2 million.

Credit facility

The Pierce credit facility is subject, amongst other things, to certain financial covenants regarding the Group's leverage ratio and interest coverage ratio. As of 31 March 2023, there was no breach of covenant in accordance with the current agreement for the credit facility. Covenants are reported quarterly.

¹ Alternative Performance Measures (APM), see pages 20 - 22 for definitions and the purpose of these measures.

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 brand 24MX. Onroad refers to sales to motorcycle riders primarily using high roads, and the products are sold under the 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 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Offroad	207	241	965	999
Onroad	102	134	537	569
Other	35	45	92	102
Net revenue	345	420	1,595	1,670
Offroad	86	103	394	412
Onroad	37	50	194	208
Other	14	20	35	41
Intra-group costs ¹	0	-1	-2	-4
Gross profit	137	172	622	657
Offroad	40	40	176	177
Onroad	10	17	60	66
Other	3	7	9	13
Intra-group costs ¹	0	-1	-2	-4
Profit after variable costs^{2 3}	54	62	243	252

¹ Intra-group costs, consists of exchange rate revaluation of net working capital items which are not divided between segments. These amounted in Q2 2022 SEK -2 (0) million, Q3 2022 SEK -2 (0) million, Q4 2022 SEK 2 (2) million and Q1 2023 SEK 0 (-1) million.

² Alternative performance measures (APM), see pages 20 - 22 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 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue	207	241	965	999
Growth (%) ¹	-14%	9%	-3%	3%
Gross profit	86	103	394	412
Gross margin (%) ¹	41.5%	42.8%	40.9%	41.2%
Profit after variable costs ^{1 2}	40	40	176	177
Profit after variable costs (%) ¹	19.2%	16.7%	18.3%	17.7%
Number of orders (thousands) ¹	206	265	961	1,019
Average order value (AOV) (SEK) ¹	1,006	910	1,005	980
Active customers last 12 months (thousands) ¹	618	662	618	648

¹ Alternative performance measures (APM), see pages 20 - 22 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 2023

Net revenue declined by 14 percent to SEK 207 (241) million compared with the equivalent period in 2022. The decrease in local currencies was approximately 19 percent. Nordics net revenue decreased by 17 percent and outside the Nordics net revenue decreased by 13 percent. In local currencies the change was -18 and -19 percent, respectively. The negative revenue development compared with last year is mainly driven by the negative market development.

Profit after variable costs amounted to SEK 40 (40) million, which was equivalent to a margin of 19.2 (16.7) percent. Gross margin developed negatively as increased shipping costs and higher purchasing prices were not fully compensated by price increases. Profit after variable cost was higher compared to last year, driven by lower costs for performance marketing and a high AOV improving the distribution efficiency.

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue	102	134	537	569
Growth (%) ¹	-24%	33%	1%	14%
Gross profit	37	50	194	208
Gross margin (%) ¹	35.8%	37.5%	36.2%	36.6%
Profit after variable costs ^{1 2}	10	17	60	66
Profit after variable costs (%) ¹	10.2%	12.4%	11.2%	11.6%
Number of orders (thousands) ¹	114	154	596	635
Average order value (AOV) (SEK) ¹	898	870	902	895
Active customers last 12 months (thousands) ¹	425	432	425	449

¹ Alternative performance measures (APM), see pages 20 - 22 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 2023

Net revenue decreased by 24 percent to SEK 102 (134) million compared with the equivalent period in 2022. Growth in local currencies was approximately -27 percent. The decrease in the Nordics and outside the Nordics was 26 and 22 percent, respectively. In local currencies the change was 28 and 26 percent, respectively. The main driver for the negative revenue development was the market decline.

Last year's sales in the first quarter were supported by an aggressive pricing campaign driving revenue and new customers. The campaign was repeated this year but with less aggressive pricing.

Profit after variable costs, SEK 10 (17) million, was equivalent to a margin of 10.2 (12.4) percent. The decrease in margin was primarily attributable to increased costs for shipping from Asia and higher purchasing prices. Prices to customers have increased but not enough to fully offset cost increases.

Other sledstore

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue	35	45	92	102
Growth (%) ¹	-22%	-4%	-21%	-14%
Gross profit	14	20	35	41
Gross margin (%) ¹	40.1%	43.9%	38.2%	40.1%
Profit after variable costs ^{1 2}	3	7	9	13
Profit after variable costs (%) ¹	9.8%	15.0%	10.1%	12.4%

¹ Alternative performance measures (APM), see pages 20 - 22 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 2023

Net revenue decreased by 22 percent to SEK 35 (45) million compared with the equivalent period last year.

The margin decreased from 43.9 to 40.1 percent.

The Nordic market developed negatively compared with first quarter last year and product availability issues have also negatively affected revenue growth.

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 6 July 2022 a total of 39,687,050 shares were registered through a new share issue. The number of registered shares, and votes, as of 31 March 2023, amounted to 79,374,100, equivalent to a quota value of SEK 0.02.

The share price at the beginning of the year was SEK 9.0 and was SEK 8.9 on the last trading day of the period. The number of shareholders was 1,494, of which the largest were Verdane Capital (29.9%), Procuritas (25.4%), AP4 (Sw. *Fjärde AP-fonden*) (6.1%), Adrigo Asset Management (5.1%) and Allianz France (5.0%).

The Company has launched warrant programs, long-term incentive programs – LTIP (entitling the right to acquire shares according to certain terms and conditions). 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 right 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.

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 57, 15 and 10 percent respectively. With regards to payments made, EUR, SEK, USD and PLN accounted for 45, 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 utilises 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 407 (430). Of these, 139 (146) worked at the distribution warehouse in Poland and 256 (272) were white collar workers in Sweden, Poland and Spain.

Excluding customer services personnel and certain production staff, the number of white-collar workers was 194 (205).

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 (2) million and was fully attributable to sales to Group companies. The financial net consisted of interest income from an intercompany loan. The net result before tax for the quarter was SEK 6 (0) million.

The Parent Company's equity at the end of the period was SEK 745 (419) million.

The Acting 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 2022.

As in the previous periods, inflation and possible recession affect consumer behavior and demand and continue to be factors of uncertainty.

The ongoing conflict between Russia and Ukraine that started on 24 February 2022, is deemed to possibly 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 are involved.

The Pierce Group has no direct operations in any of these countries which means that the direct impact of the events is assessed as limited. However, the indirect effects might prove to be significant, depending on how the situation develops and how long the conflict continues. The primary risk is a general dampening effect on consumer demand in Europe. Since the beginning of the conflict, this decrease in demand in Europe has had a negative effect on Pierce's sales. Furthermore, the impact on the financial and foreign exchange markets could also 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.

The Group has a credit facility of SEK 200 million with one of the larger Swedish banks. The credit facility contains certain financial covenants and there is a risk that Pierce will not be able to comply with them in the future. As of 31 March 2023, there was no breach of covenants stipulated in the agreement for 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 a recognition of the 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 5 (7) million. Transactions with this supplier were performed on commercial market terms.

In the comparison interim period related party sales transactions totalled SEK 0 thousand and purchases totalled SEK 9 thousand.

For further information regarding related parties see Note 6.

Medium to long term financial targets

Pierce's Board of Directors has adopted the following financial targets¹.

Growth – 15-20%

In the medium to long term, grow net revenue by 15–20 percent on average per annum.

Adjusted operating margin – around 8%

In the medium to long term, reach an adjusted operating margin of around 8 percent.

Capital structure – 2.0x

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

Dividend policy

In the coming years, free cash flows³ are planned to be used for the continued development⁴ of the Company and will, therefore, not be distributed to shareholders.

¹ The Board adopted the financial targets in December 2020. Medium to long term should be understood as 3-5 years.

² Alternative performance measures (APM), see pages 20 - 22 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.

Q1/2023

Other

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

Upcoming financial events

16 May 2023

Annual General Meeting

25 August 2023

Interim report January – June 2023

17 November 2023

Interim report January – September 2023

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

Acting CEO Willem Vos and CFO Niclas Olsson will hold a web telephone conference in English on 12 May 2023, 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=200762>

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-q1-2023>

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

Willem Vos, Acting CEO, +46 72 164 47 05
Niclas Olsson, CFO, +46 70 889 05 75

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, 12 May 2023



Willem Vos
Acting CEO

Condensed consolidated statement of profit/loss

SEKm (unless stated otherwise)	Note	Jan-Mar		Apr 2022- Mar 2023	Jan-Dec 2022
		2023	2022		
Net revenue	3.4	345	420	1,595	1,670
Cost of goods sold		-208	-248	-973	-1,013
Gross profit	4	137	172	622	657
Sales and distribution costs		-118	-143	-514	-540
Administration costs		-41	-41	-188	-188
Other operating income and expenses		1	0	3	2
Operating profit	4	-21	-12	-78	-68
Financial net		8	-4	29	17
Profit/loss before tax	4	-13	-16	-49	-52
Tax		2	1	-6	-6
Profit/loss for the period		-11	-14	-55	-58
Attributable to shareholders of the parent company		-11	-14	-55	-58
Earnings per share					
Earnings per share before dilution (SEK)		-0.14	-0.36	-0.79	-0.98
Earnings per share after dilution (SEK)		-0.14	-0.36	-0.79	-0.98
Average number of shares before dilution (thousands)		79,374	39,687	68,936	59,150
Average number of shares after dilution (thousands)		79,374	39,687	68,936	59,150

Consolidated statement of comprehensive income

SEKm	Note	Jan-Mar		Apr 2022- Mar 2023	Jan-Dec 2022
		2023	2022		
Profit/loss for the period		-11	-14	-55	-58
Items that may subsequently be reclassified to income statement					
Translation difference		1	1	4	4
Other comprehensive income for the period		1	1	4	4
Comprehensive income for the period and attributable to shareholders of the parent company		-10	-13	-50	-53

Condensed consolidated statement of financial position

SEKm	Note	Mar 31 2023	Mar 31 2022	Dec 31 2022
Assets				
Non-current assets				
Intangible assets		343	350	345
Property, plant and equipment		15	18	16
Right-of-use assets		67	68	60
Financial assets	7	4	3	4
Deferred tax assets		6	11	6
Total non-current assets		434	450	431
Current assets				
Inventory		464	511	488
Other current assets	5	39	39	27
Cash and cash equivalents		105	32	136
Total current assets		608	582	651
Total assets		1,042	1,032	1,083
Equity and liabilities				
Total equity attributable to shareholders of the parent company				
		709	428	719
Non-current liabilities				
Leasing liabilities		42	49	39
Deferred tax liabilities		27	28	29
Provisions		0	0	0
Total non-current liabilities		69	78	68
Current liabilities				
Liabilities to credit institutions	7	—	170	—
Leasing liabilities		29	26	26
Trade payables		78	135	105
Other current liabilities	5	157	195	165
Total current liabilities		264	527	296
Total equity and liabilities		1,042	1,032	1,083

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 2022-01-01	1	484	0	-44	441
Profit/loss for the year	—	—	—	-14	-14
Other comprehensive income for the year	—	—	1	—	1
Total comprehensive income for the year	—	—	1	-14	-13
Closing balance 2022-03-31	1	484	1	-58	428
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

Condensed consolidated statement of cash flow

SEKm	Note	Jan-Mar		Apr 2022-	Jan-Dec
		2023	2022	Mar 2023	2022
Operating activities					
Operating profit		-21	-12	-78	-68
Adjustments for non-cash items ¹		18	22	53	56
Paid interest		-2	-2	-11	-11
Realised currency derivatives		3	2	14	13
Received interest		0	0	1	1
Paid/received tax		-1	-4	-4	-8
Cash flow from operating activities before changes in net working capital		-2	6	-25	-17
Changes in net working capital		-22	29	-26	25
Cash flow from operating activities		-25	35	-51	9
Investing activities					
Investments in non-current assets		-2	-6	-12	-16
Cash flow from investing activities		-2	-6	-12	-16
Financing activities					
New share issue including issue costs		—	—	331	331
Change in utilised credit facility		—	-2	-24	-27
Repayment of liabilities to credit institutions ²		—	-7	-150	-157
Repayment of leasing liabilities		-7	-5	-25	-23
Cash flow from financing activities		-7	-15	132	124
Cash flow for the period		-33	14	70	117
Cash and cash equivalents at the beginning of period		136	18	32	18
Exchange rate difference in cash and cash equivalents		2	0	3	1
Cash and cash equivalents end of period		105	32	105	136

¹ Adjustments for non-cash items mainly comprises depreciation and amortisation and changes in the short term provisions.

Condensed Parent Company statement of profit/loss

SEKm	Jan-Mar		Jan-Dec
	2023	2022	2022
Net revenue	5	2	11
Gross profit	5	2	11
Administration costs	-5	-3	-31
Operating profit	0	0	-20
Financial net	6	0	9
Profit/loss after financial items	6	0	-11
Appropriations	—	—	—
Profit/loss before tax	6	0	-11
Tax	—	—	—
Profit/loss for the period	6	0	-11

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

Condensed Parent Company balance sheet

SEKm	Mar 31	Mar 31	Dec 31
	2023	2022	2022
Assets			
Non-current assets			
Shares in group companies	308	308	308
Receivables from group companies	436	78	416
Total non-current assets	744	386	724
Current assets			
Receivables from group companies	2	29	29
Other current assets	2	1	1
Cash and cash equivalents	3	7	1
Total current assets	7	37	31
Total assets	751	422	755
Equity and liabilities			
Total equity	745	419	739
Current liabilities			
Other current liabilities	6	3	16
Total current liabilities	6	3	16
Total equity and liabilities	751	422	755

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 2022. For a description of the Group's applied accounting principles, see Note 1 and Note 2 in the Annual Report for 2022.

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, 2023. 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 exclusively of the sale of goods via the Group's websites and a physical store. 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 2022- Mar 2023	Jan-Dec 2022
	2023	2022		
Sweden	16	21	99	104
Other Nordics	19	21	99	101
Outside the Nordics	173	199	767	793
Revenue Offroad	207	241	965	999
Sweden	16	22	97	103
Other Nordics	27	36	147	156
Outside the Nordics	59	75	293	309
Revenue Onroad	102	134	537	569
Sweden	18	24	50	56
Other Nordics	17	21	42	46
Outside the Nordics	—	—	—	—
Revenue Other	35	45	92	102
Sweden	51	68	247	264
Other Nordics	62	78	288	304
Outside the Nordics	232	275	1,060	1,103
Revenue Group	345	420	1,595	1,670

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 2022 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 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Offroad	207	241	965	999
Onroad	102	134	537	569
Other	35	45	92	102
Net revenue	345	420	1,595	1,670
Offroad	86	103	394	412
Onroad	37	50	194	208
Other	14	20	35	41
Intra-group costs	0	-1	-2	-4
Gross profit	137	172	622	657
Offroad	-46	-63	-218	-235
Onroad	-26	-34	-135	-142
Other	-11	-13	-26	-28
Variable sales and distribution costs¹	-83	-110	-378	-405
Offroad	40	40	176	177
Onroad	10	17	60	66
Other	3	7	9	13
Intra-group costs	0	-1	-2	-4
Profit after variable costs^{1 2}	54	62	243	252
Other expenses in the operation ^{1 3}	-75	-74	-321	-320
Operating profit	-21	-12	-78	-68
Financial net ³	8	-4	29	17
Pre-tax income	-13	-16	-49	-52

¹ Alternative performance measures (APM), see pages 20 - 22 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 gear, parts and accessories to riders. 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

The 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 liability regarding the currency derivatives were attributable to level 2 in the fair value hierarchy.

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 5 (7) million. Thomas Schwarz is a Board Member since June 2022, therefore O'Neal Europe GmbH & Co. KG was recognized as a related party since second quarter 2022.

In March 2023 Pierce entered into an agreement to sell campaign advisory services to O'Neal Europe GmbH & Co. KG, with expected proceeds of approximately SEK 200 thousand.

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

There were no other related party transactions in the current interim period.

In the comparison interim period related party sales transactions totalled SEK 0 thousand and purchases totalled SEK 9 thousand. See Note 29 in the Annual Report for 2022 for more information.

Note 7 - Pledged assets and contingent liabilities

SEKm	Mar 31 2023	Mar 31 2022	Dec 31 2022
To credit institutions for the Group's own liabilities and provisions			
Deposits for fulfillment of payments	2	2	2
Total pledged assets	2	2	2

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 decreased during the second quarter of 2022 to SEK 200 million in connection with new share issue. At the end of the interim period Pierce had not utilised the credit facility, holding a positive cash position. There is a guarantee given on the credit facility provided by the Parent Company,

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 (0) million and these derivatives have been classified as current assets.

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 9 for further information.

All transactions are based on market terms and conditions.

Pierce Group AB, in relation to the liabilities of its subsidiary, Pierce AB, to credit institutions.

The credit facility includes certain financial covenants. See more information under the "Risks and factors of uncertainty" section, page 10.

Pledged assets at the end of the quarter 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.

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	Items affecting comparability refers to material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly. These transactions include, for instance, advisory and integration costs in conjunction with business acquisitions, IPO or new share issue costs, advisory and directly attributable costs in conjunction with essential restructuring or efficiency programs/projects, and changes in fair value regarding contingent consideration.	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 shareholders loans and 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 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	Operating costs, excluding variable sales and distribution costs, amortisation, depreciation, impairment, and items affecting comparability. Operating costs refer to sales and distribution costs, administration costs, and other operating revenue and costs.	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.
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 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.
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 refers 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 from 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 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 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Gross profit	137	172	622	657
Variable sales and distribution costs	-83	-110	-378	-405
Profit after variable costs	54	62	243	252
Operating profit (EBIT)	-21	-12	-78	-68
Reversal of depreciation and amortisation	14	13	51	49
EBITDA	-7	1	-27	-19
Reversal of items affecting comparability	0	—	15	15
Adjusted EBITDA	-7	1	-12	-4
Operating profit (EBIT), past twelve months	-78	27	-78	-68
Reversal of depreciation and amortisation, past twelve months	51	48	51	49
Reversal of items affecting comparability, past twelve months	15	1	15	15
Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position ¹	-27	-24	-27	-25
Adjusted EBITDA excluding IFRS 16	-38	52	-38	-29
¹ Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.				
Operating profit (EBIT)	-21	-12	-78	-68
Reversal of items affecting comparability	0	—	15	15
Adjusted operating profit (EBIT)	-21	-12	-62	-53
Sales and distribution costs	-118	-143	-514	-540
Reversal of non-variable sales and distribution costs	35	34	136	135
Variable sales and distribution costs	-83	-110	-378	-405
Sales and distribution costs	-118	-143	-514	-540
Administration costs	-41	-41	-188	-188
Other operating income and expenses	1	0	3	2
Operating costs	-158	-184	-699	-725
Reversal of variable sales and distribution costs	83	110	378	405
Other expenses in the operation	-75	-74	-320	-320
Reversal of depreciation and amortisation	14	13	51	49
Reversal of items affecting comparability	0	—	15	15
Overhead costs	-61	-62	-255	-256
Amortisation	-6	-6	-20	-20
Reversal of amortisation excluding business acquisitions	6	6	20	19
Amortisation related to business acquisitions	0	0	-1	-1
IPO costs	—	—	-1	-1
Restructuring expenses	—	—	-4	-4
Other	0	—	-11	-11
Items affecting comparability	0	—	-15	-15

Reconciliation of Alternative Performance Measures from statement of financial position

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022- Mar 2023	Jan-Dec 2022
	2023	2022		
Inventory	464	511	464	488
Other current assets	39	39	39	27
Current tax receivables	-8	-8	-8	-8
Current investments	-1	0	-1	—
Other current operating assets	30	31	30	20
Trade payables	-79	-135	-79	-105
Other current liabilities	-157	-195	-157	-165
Reversal of:				
Current tax liabilities	2	2	2	1
Current provisions	11	13	11	7
Other current operating liabilities	-223	-316	-223	-262
Net working capital	272	227	272	246
Liabilities to credit institutions	0	170	0	—
Cash and cash equivalents	-105	-32	-105	-136
Net debt excluding IFRS 16¹	-105	138	-105	-136
Net debt excluding IFRS 16 (A) ¹	-105	138	-105	-136
Adjusted EBITDA excluding IFRS 16, past twelve months (B)	-38	52	-38	-29
Net debt/EBITDA (A) / (B)	2.7	2.6	2.7	4.7

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 2022- Mar 2023	Jan-Dec 2022
	2023	2022		
Cash flow from operating activities	-25	35	-51	9
Investments in non-current assets	-2	-6	-12	-16
Repayment of leasing liabilities	-7	-5	-25	-23
Interest expenses on leasing liabilities	-1	-1	-3	-3
Reversal of:				
Paid interest	2	2	11	11
Realised currency derivatives	-3	-2	-14	-13
Received interest	0	0	-1	-1
Paid/received tax	1	4	4	8
Operating cash flow	-35	27	-91	-29
Adjustments for non-cash items	18	22	53	56
Repayment of leasing liabilities	-7	-5	-25	-23
Interest expenses on leasing liabilities	-1	-1	-3	-3
Other non-cash items	11	16	25	30
Cash flow from financing activities	-7	-15	132	124
Paid interest	-2	-2	-11	-11
Realised currency derivatives	3	2	14	13
Paid/received tax	-1	-4	-4	-8
Reversal of:				
Interest expenses on leasing liabilities	1	1	3	3
Net change in loans ¹	—	9	174	184
Repayment of leasing liabilities	7	5	25	23
Other cash flow	2	-3	335	329

¹ Net change in loans refers to changes in the utilised credit facility, repayment of shareholder loans, repayment of liabilities to credit institutions and paid contingent consideration.

Reconciliation of other Alternative Performance Measures

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue (A)	345	420	1,595	1,670
Number of orders (thousands) (B)	354	462	1,641	1,749
Average order value (AOV) (SEK) (A) / ((B) / 1,000)	974	910	972	955
Net revenue	345	420	1,595	1,670
Reversal of net revenue from external brands	-191	-233	-884	-925
Non-branded net revenue	-9	-16	-88	-95
Net revenues from private brands	145	171	623	650

Reconciliation of Alternative Performance Measures concerning growth

SEKm (unless stated otherwise)	Jan-Mar		Apr 2022-	Jan-Dec
	2023	2022	Mar 2023	2022
Net revenue for the period (A)	345	420	1,595	1,670
Net revenue for the period previous year (B)	420	369	1,645	1,594
Growth (%) (A) / (B) - 1	-18%	14%	-3%	5%
Net revenue for the period in local currencies ¹ (A)	328	407	1,525	1,603
Net revenue for the period previous year (B)	420	369	1,645	1,594
Growth in local currencies (%) (A) / (B) - 1	-22%	10%	-7%	1%
<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)	113	145	535	567
Net revenue Nordics for the period previous year (B)	145	127	581	563
Growth Nordics (%) (A)/(B) - 1	-22%	14%	-8%	1%
Net revenue outside the Nordics for the period (A)	232	275	1,060	1,103
Net revenue outside the Nordics for the period previous year (B)	275	242	1,064	1,031
Growth outside the Nordics (%) (A) / (B) - 1	-16%	13%	-0%	7%
Net revenue (A)	345	420	1,595	1,670
Net revenue, 2 years ago (B)	369	308	1,584	1,523
Number of years calculated (C)	2	2	2	2
CAGR (%) ((A) / (B)) ^ (1 / (C)) - 1	-3%	17%	0%	5%

