PIERCE

# Interim report

**January – March 2022**

## Continued challenging macro conditions

### January – March 2022

- Net sales increased by 14 percent, totaling SEK 420 (369) million. In local currencies growth was 10 percent.
- EBITDA totaled SEK 1 (19) million. Adjusted EBITDA was SEK 1 (29) million, equivalent to a margin of 0.1% (7.9%).
- Operating profit (EBIT) was SEK -12 (8) million. Adjusted operating profit (EBIT) was SEK -12 (18) million and the adjusted operating margin was -2.9% (4.9%). The decline was primarily due to the high shipping costs from Asia, a lower gross margin level and increased costs for online traffic-driving marketing activities.
- Cash flow for the period was SEK 14 (345) million. The comparative period's cash flow was impacted positively by the previous year's listing.
- Profit/loss for the period amounted to SEK -14 (0) million.
- Earnings per share before dilution was SEK -0.36 (0.01) and SEK -0.36 (0.01) after dilution.

### Significant events after the end of the quarter

- The Board of Directors has decided to undertake a new share issue, planned for the second quarter 2022, up to SEK 350 million, with preferential for the existing shareholders, subject to approval by an extraordinary general meeting. The purpose of the new share issue is, given the uncertainty in the external environment, to reduce Pierce's leverage ratio, increase Pierce's interest coverage ratio and to continue with the long-term growth strategy, as well as to undertake measures to increase profitability. The Company's largest shareholder, Procuritas, has stated its support for the share Issue, as well as its intention to subscribe for its pro rata share. For more information, see section "Comments to the Group's financial position".

| | Jan-Mar | | Apr 2021- | Jan-Dec |
|---|---|---|---|---|
| SEKm (unless stated otherwise) | 2022 | 2021 | Mar 2022 | 2021 |
| **Net revenue** | **420** | **369** | **1,645** | **1,594** |
| *Growth (%)[1]* | *14%* | *20%* | *4%* | *5%* |
| *Growth in local currencies (%)[1]* | *10%* | *25%* | *5%* | *7%* |
| Gross profit | 172 | 176 | 723 | 728 |
| Profit after variable costs[1 2] | 62 | 88 | 318 | 343 |
| Overhead costs[1] | -62 | -58 | -242 | -239 |
| Adjusted EBITDA[1] | 1 | 29 | 76 | 104 |
| **Adjusted operating profit (EBIT)[1 3]** | **-12** | **18** | **28** | **58** |
| Items affecting comparability[1] | — | -10 | -1 | -12 |
| EBITDA[1] | 1 | 19 | 74 | 93 |
| Operating profit (EBIT)[3] | -12 | 8 | 27 | 46 |
| Profit/loss for the period | -14 | 0 | 11 | 26 |
| Gross margin (%)[1] | 41.0% | 47.8% | 44.0% | 45.7% |
| Profit after variable costs (%)[1] | 14.9% | 23.7% | 19.3% | 21.5% |
| Adjusted EBITDA (%)[1] | 0.1% | 7.9% | 4.6% | 6.5% |
| Adjusted operating margin (EBIT) (%)[1] | -2.9% | 4.9% | 1.7% | 3.6% |
| Cash flow for the period | 14 | 345 | -402 | -71 |

[1] Alternative performance measures (APM), see pages 23 - 28 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 acquisitions[1] were SEK 1.3 million during the last twelve months' period and SEK 1.5 million in 2021.

This is a translation of the Swedish original of Pierce Group's interim report for the period 1 January – 31 March 2022. In the event of any discrepancies between the two versions, the original Swedish version shall apply.

## CEO comments

A terrible war is taking place in Europe and we feel for all of those who have been, and are, suffering in this conflict. I want to express a huge sense of gratitude, in particular, to our employees in Poland who are in many ways helping the unfortunate victims of this tragic situation.

We have not been directly impacted by the developments in Ukraine and Russia but, of course, have been indirectly affected as the level of concern and uncertainty effects both demand and product offerings. The market has been impacted by this war and we have also seen the continued effects of the pandemic. In the first half of the quarter, the market was on level with the previous year but during the second half we saw a clear negative downturn. During the quarter, the costs for shipping and raw materials continued at a high level. The most important message is that we have decided to do undertake a rights issue.

We mainly intend to use the net proceeds from the Rights Issue to reduce our indebtedness. This would place us in a better position to manage well-known industry challenges, such as previously communicated increases in costs for raw materials and freight, as well as supply-chain disruptions. The Rights Issue also improves our ability to manage other unpredictable future events.

### A focus on growth but profitability under pressure

Given the declining market conditions during the quarter, it was necessary for us to take action by driving sales even more intensely and by reducing the inventory and, as a consequence, reduce our net debt. This resulted in improved growth and increasing market shares, but it also reduced profitability for the quarter.

Net revenue amounted to SEK 420 million, an increase of 10 percent in local currencies. This is equivalent to an average annual growth rate (CAGR) since Q1 2020 of 17 percent. The online market benefited from pandemic restrictions in Q1 last year and the increasingly worrying external environment negatively affected consumer behaviour, resulting in a decrease in the market during the quarter. We continue to see only limited rises in consumer prices, in spite of large cost increases in the value chain; this is something that presses our gross margin.

We started the quarter with a high inventory level after lower than planned sales during the campaign-intensive Q4. Our main focus has been on stimulating sales in order to decrease the inventory and net debt. In conjunction with the weakened market during the second half of the quarter, we further increased campaign activities and investments in marketing. The aim was to counteract the risk of breaching our financing covenants. Lower inventory levels will also improve growth premises, now, during the forthcoming quarters through the enhanced possibility of optimising the assortment.

The growth in traffic on our sites was impacted by market developments and was negative, while price reductions, in particular, improved the conversation rate. This, together with an increased average value per order, drove the growth in net revenue. We noted continued record levels as regards customer satisfaction, which drives a positive development in terms of repeat customers.

### Growth at a good pace within Onroad

Compared with Q1 2021, Onroad grew in local currencies by approximately 30 percent and Offroad, facing a strong comparative quarter, increased by approximately 6 percent. The high level of growth within Onroad was driven mainly by an increasingly strong assortment and more competitive prices. This meant that we received almost 20 percent more new Onroad customers during the quarter compared with last year.

Our focus on driving sales implied pressure on margins due to increased campaign activities, cost savings which were not transferred to customers and increased investments in marketing. Adjusted EBIT totaled SEK -12 million, a clear decline compared with SEK 18 million in Q1 2021. The adjusted EBIT margin sank by 7.8 percentage points to -2.9 percent. The most important factors behind this development were:

- Higher shipping costs from Asia, SEK -21 (-13), equivalent to -1.5 percentage points.
- Other gross margin items, primarily reduced prices to customers and higher purchase prices, equivalent to approximately -5.4 percentage points.
- Increased variable costs primarily associated with marketing to drive traffic, equivalent to -2.0 percentage points.
- Overhead costs decreased in relation to net sales by 1.1 percentage points.

Since the end of the fourth quarter of 2021, inventories decreased, and net debt thereby declined from SEK 160 million to SEK 138 million.

### Continued uncertainties in the near future

The external environment is characterised by a major degree of uncertainty and the challenges we have experienced in recent quarters, with a weak market and cost increases, are expected to continue in the near future. The demand in the online market continued to be weak at the beginning of the second quarter and we also see a risk for a return to shortages of goods in certain categories going forward, due to raw material shortages, production and distribution disruptions.

Uncertainties and the threat of inflation can impact our customers' wallets, but we believe we are well positioned to meet these challenges. A significant portion of our customers are passionate motorcycle riders both on the road and when they are not riding. Enjoying their hobby or travelling to work will continue to be a prioritised expense item and, with our broad assortment and price-worthy products, we can continue to serve the more price-conscious customers.

### Price increases within certain segments

It is now high time for the market to secure an upward adjustment of prices to compensate for the strong cost increases hit by all of the players in the industry. As mentioned, to date, we have seen only limited increases in consumer prices in the market. This is probably due to a combination of high inventory levels, a declining online market, and that our industry is very fragmented at both the supplier and retail level. After a first quarter with the focus entirely on growth, we have now, at the beginning of the second quarter, raised prices within certain segments and, thereby, transferred cost increases to the customers to improve profitability. It is still too early to say how the market will react to these adjustments and we may need to revise this tactic.

### Preferential rights issue to strengthen the balance sheet

Pierce credit facility is subject to, among other things, financial covenants. The external environment, in combination with our plans to promote long-term successful business operations, can imply challenges in order to comply with these covenants. As a result, the Board of Directors has decided to undertake a preferential rights issue up to SEK 350 million, planned to take place during the second quarter 2022. The aim is, given the factors of uncertainty in the external environment, to reduce Pierce's leverage ratio, increase Pierce's interest coverage ratio and to continue the long-term growth strategy, as well as to undertake measures to increase profitability. The Company's largest shareholder, Procuritas, has stated its support for the share Issue, as well as its intention to subscribe for its pro rata share. For more information refer to the section "Comments regarding the Group's financial position".

### Continued premises for long-term profitability

In spite of this, there is all reason to be optimistic about the future. If we look as far back as Q1 2019, which is the most recent comparative quarter not affected by the pandemic, we have an average annual growth rate of 16 percent, which is on level with our long-term target, Motorcycle sales in Europe grew by 8 percent in 2021 and, together with a long-term shift in sales channels from physical shops to online, and an expected normalisation of price levels, we see continued good possibilities for long-term profitable growth.

In terms of profitability, we are of course not satisfied with today's situation. We deem that many of the macro-economic challenges we are facing are temporary and that market growth will return. In addition, consumer prices should adapt to the cost levels in the industry. Our major long-term profitability driver is the scalability of the operations and we work continuously with measures to increase the efficiency of our fixed costs. For instance, compared with Q1 2019, we have slightly fewer employees who handle about 60 percent more in sales, if we exempt our personnel working in the warehouse. As a result, overheads have, to date, decreased from 21 percent of net sales in 2018 to 15 percent. But we need to do more. Therefore, we have worked with a number of major process enhancement projects with the aim of securing further improvements in efficiency for some time. During Q2 we will significantly accelerate this work to adapt the level of our future costs and of working capital tied up. This will be done in order to ensure profitability and a positive cash flow.

Currently, we are facing headwinds but we are working to exit this situation with a stronger position when the winds subside. We will do this through a continuous improvement and sharpening of the offering, in particular within Onroad. For example, during the quarter, we entered into agreements with new brands, amongst others, Rizoma, Answer and EVS. In addition, we launched 20 new products within our private brands. We also launched mountain bike products in order to be able to serve many of the motocross riders who are interested in cycling. During recent months, we have also had the premier of our new campaign format in which we offered Onroad customers a whole set of clothes at attractive prices, which was a huge success.

Product launches and campaign updates are just a few of the examples of all of the improvements our staff undertake every day to strengthen our position as Europe's leading e-commerce company within our niche.

Stockholm, 10 May 2022

Henrik Zadig
CEO, Pierce Group AB

## Performance measures – Group

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| **Revenue measures** | | | | |
| Net revenue per geographical area | | | | |
| Nordics | 145 | 127 | 581 | 563 |
| Outside the Nordics | 275 | 242 | 1,064 | 1,031 |
| Net revenue | 420 | 369 | 1,645 | 1,594 |
| | | | | |
| Growth per geographical area | | | | |
| Nordics (%)[1] | 14% | 14% | 11% | 11% |
| Outside the Nordics (%)[1] | 13% | 23% | 0% | 1% |
| Growth (%)[1] | 14% | 20% | 4% | 5% |
| | | | | |
| **Performance measures** | | | | |
| Gross margin (%)[1] | 41.0% | 47.8% | 44.0% | 45.7% |
| Profit after variable costs (%)[1] | 14.9% | 23.7% | 19.3% | 21.5% |
| Overhead costs (%)[1] | 14.7% | 15.8% | 14.7% | 15.0% |
| Adjusted EBITDA (%)[1 2] | 0.1% | 7.9% | 4.6% | 6.5% |
| Adjusted operating margin (EBIT) (%)[1] | -2.9% | 4.9% | 1.7% | 3.6% |
| | | | | |
| Earnings per share before dilution (SEK) | -0.36 | 0.01 | 0.28 | 0.68 |
| Earnings per share after dilution (SEK) | -0.36 | 0.01 | 0.28 | 0.68 |
| | | | | |
| **Cash flow- and other financial measures** | | | | |
| Operating profit (EBIT) | -12 | 8 | 27 | 46 |
| Investments[3] | -6 | -6 | -25 | -26 |
| Operating profit (EBIT) minus investments | -18 | 1 | 2 | 20 |
| Changes in net working capital | 29 | -2 | -106 | -137 |
| Other non-cash items[1 4] | 16 | 6 | 31 | 21 |
| Operating cash flow[1] | 27 | 5 | -74 | -96 |
| Net change in loans | -9 | — | -340 | -331 |
| Paid/received blocked funds | — | — | 14 | 14 |
| Other cash flow[1 5] | -3 | 340 | -2 | 342 |
| Cash flow for the period | 14 | 345 | -402 | -71 |
| Cash and cash equivalents[6] | 32 | 435 | 32 | 18 |
| | | | | |
| Net debt excluding IFRS 16[1 6] | 138 | -24 | 138 | 160 |
| Net debt/EBITDA[1 7] | 2.6 | -0.2 | 2.6 | 2.0 |
| | | | | |
| Inventory[6] | 511 | 350 | 511 | 534 |
| Other current operating assets[1 6] | 31 | 39 | 31 | 30 |
| Other current operating liabilities[1 6] | -316 | -270 | -316 | -305 |
| Net working capital[1 6] | 227 | 119 | 227 | 260 |
| | | | | |
| **Operating measures** | | | | |
| Number of orders (thousands)[1] | 462 | 427 | 1,769 | 1,735 |
| Average order value (AOV) (SEK)[1] | 910 | 864 | 930 | 919 |
| Net revenue from private brands[1] | 171 | 157 | 622 | 609 |
| Active customers last 12 months (thousands)[1] | 1,165 | 1,174 | 1,165 | 1,148 |

[1] Alternative performance measures (APM), see pages 23 - 28 for definitions and purpose of these measurements.
[2] Adjusted EBITDA, excluding IFRS 16, amounted during the last twelve months' period period to SEK 52 (132) million.
[3] Investments regards cash flow from investments excluding paid/received blocked funds.
[4] 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.
[5] Other cash flow mainly regards paid/received tax, paid financial net and new share issues and issue of warrants excluding paid issue costs.
[6] Measures correspond to each period end.
[7] Net debt refers to the alternative performance measure net debt excluding IFRS 16, and EBITDA refers to the measure adjusted EBITDA excluding IFRS 16.


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# Q1/2022

## 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 are located in Stockholm, the central warehouse is in Szczecin in Poland, and, in addition, the major portion of our customer support services is located in Barcelona. The Company has approximately 430 employees.

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

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

**January – March 2022**

### Net sales

Net revenue amounted to SEK 420 (369) million, which was equivalent to growth of 14 percent. The increase in local currencies was 10 percent. Net revenue for Onroad and Offroad increased by 33 and 9 percent, respectively.

The Company's assessment is that the total traffic in the European online market declined compared with the equivalent quarter last year. A significant increase in the conversion rate driven by more competitive prices, implied, together with an increased average order value, that sales increased for Pierce, in spite of the lower volume of traffic.

### Gross profit and gross margin

Gross profit amounted to SEK 172 (176) million, which is equivalent to a gross margin of 41.0 (47.8) percent.

Higher shipping costs from Asia, SEK -21 (-13) million, impacted the margin by -1.5 percentage points, while an advantageous revaluation of currencies in net working capital, SEK -1 (-4), contributed positively by 0.7 percentage points. The remaining margin decline, -6.1 percentage points, was primarily attributable to increased campaign activities and higher purchase prices from suppliers, driven by increased raw materials costs.

Costs for shipping were in line with the previous quarter and are expected to remain at a high level in forthcoming quarters. A certain reduction in prices in the shipping market was noted, but prices remain high and it is deemed that any notable decrease in the impact of these high prices on results will take some time. This is due to the fact that changes in shipping prices directly increase inventory value but impact the cost of goods only when they are sold.

### Operating costs

Sales and distribution costs amounted to SEK -143 (-120) million and include, primarily, variable costs for marketing and freight costs to customers. In relation to net revenue, these costs were equivalent to 34.1 (32.5) percent. The increase was primarily attributable to increased online traffic-driving marketing activities.

Administration costs were SEK -41 (-47) million. Excluding items affecting comparability, these costs totaled SEK -41 (-39) million.

### Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK -12 (18) million, equivalent to a margin of -2.9 (4.9) percent. The decrease in operating profit was primarily due to a lower gross margin and increased costs for traffic-driving marketing activities. Operating profit (EBIT) totaled SEK -12 (8) million.

Operating income was positively impacted by exchange rate fluctuations compared with Q1 2021.

### Financial items

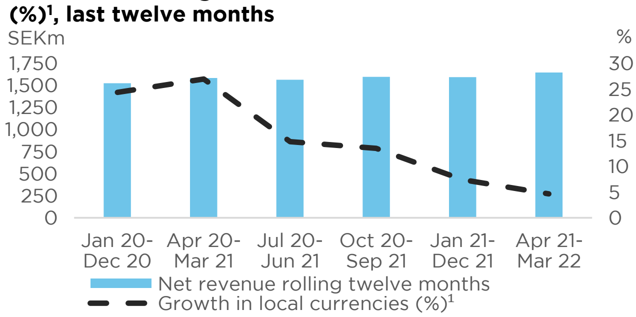
Financial items amounted to SEK -4 (-14) million, of which SEK 0 (3) million referred to exchange rate differences related to the revaluation of financial balance sheet items. In addition, exchange rate effects on cash hedges totaled SEK-2 (1) million.

Other financial items, SEK -2 (-10) million, during the quarter referred primarily to interest expenses on external financing. These expenses declined notably in conjunction with the listing which took place at the end of the first quarter 2021, at which time the Company's financing structure changed significantly.

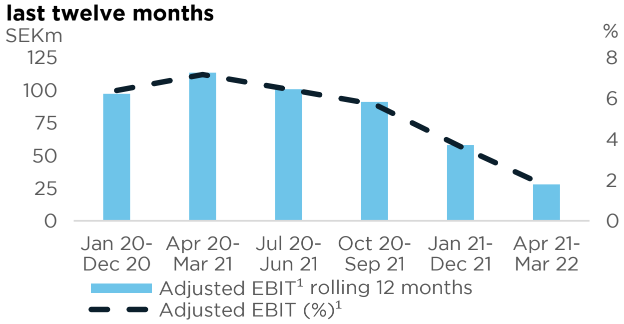
### Taxes and result for the period

Tax expenses totaled SEK 1 (7) million and the result for the period was SEK -14 (0) million.

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




**Adjusted EBIT[1] and adjusted EBIT (%)[1], last twelve months**




[1] Alternative Performance Measures (APM), see pages 23 - 28 for definitions and the purpose of these measures.

## Comments to the Group's cash flow

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

### January – March 2022

Cash flow from operating activities was SEK 35 (11) million. The difference compared with the same period 2021 was mainly due to changes in net working capital SEK 29 (-2) million and the operating profit (EBIT) of SEK -12 (8) million. Changes in net working capital during the quarter were primarily attributable to a reduction in inventories, SEK 23 million.

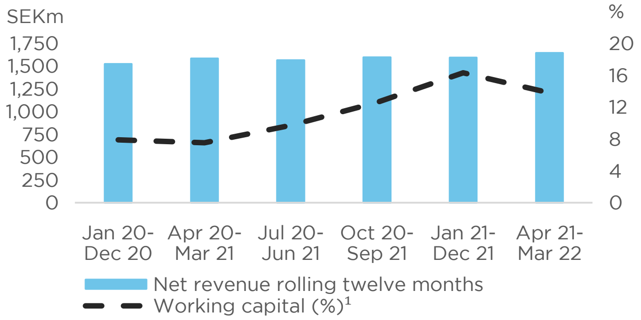
During the third quarter 2021, a new European VAT regulation was introduced, the "One-stop-shop", implying that VAT is paid quarterly instead of monthly. This impacted operating liabilities positively at the end of the first quarter in an amount of SEK 44 million compared with the same period last year.

Cash flow from investments amounted to SEK -6 (-6) million, and referred primarily to internal systems and the purchase of equipment for the distribution warehouse.

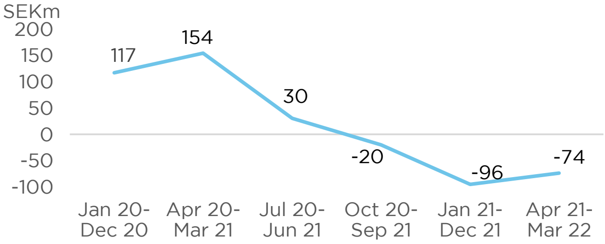
Cash flow from financing activities totaled SEK -15 (341) million and primarily referred to changes in the utilised credit facilities. The equivalent figure for the previous year was largely explained by the listing.

Cash flow for the period was SEK 14 (345) million and cash and cash equivalents for the period totaled SEK 32 (435) million.

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




**Operating cash flow[1], last twelve months**




## Comments to the Group's financial position

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

Net working capital at end of the period was SEK 227 (119) million and increased primarily due to higher inventory levels. This was counteracted, to some degree, by a higher level of current liabilities. Compared with the end of the fourth quarter 2021, net working capital decreased by SEK 29 million, which was primarily related to a decrease in inventory.

Right-of-use assets decreased by SEK 9 million to SEK 68 million, compared with the same period last year, largely as a result of depreciations for the period. Leasing liabilities decreased by SEK 10 million to SEK 75 million.

Of the Company's credit facility of SEK 300 million, a total of SEK 172[2] million had been utilised at the end of the period. Of the utilised credit facility, a total of SEK 172 million was comprised of short-term loans and SEK 0 million referred to the utilised overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 32 (435) million.

Net debt, excluding IFRS 16, amounted to SEK 138 million and was SEK 22 million lower than at the end of 2021. At the end of the first quarter 2021, net debt totaled SEK -24 million. The change of SEK 162 million is explained by a lower level of cash and cash equivalents, SEK 403 million, and reduced interest-bearing liabilities, SEK 241 million. The key performance measure, Net debt/EBITDA[1], amounted to 2.6x. This was in excess of the Group's target not to exceed 2,0x, subject to temporary flexibility for strategic initiatives.

The Group's equity amounted to SEK 428 (414) million. The change in equity was explained by total comprehensive income of SEK 11 million, issue of warrants of SEK 2 million and a translation reserve of SEK 1 million. The said warrant issue included issue costs.

The Pierce credit facility is subject to, amongst other things, financial covenants regarding the Group's leverage ratio and interest coverage ratio (refer to "Risks and factors of uncertainty"). As of 31 March 2022, Pierce fulfilled the covenants for the credit facility, which are reported quarterly.

Covid-19 related effects and the indirect impact of the conflict between Russia and Ukraine, as well as other negative macroeconomic factors, have implied that the Pierce's leverage ratio has increased and the interest coverage ratio has decreased. The conditions within the external environment, in combination with the measures Pierce may undertake in order to support long-term sustainable and successful business operations, can make it more difficult for the Company to comply with the cut-off points stipulated in the covenants applying to the credit facility. Should the market trend experienced during Q1 2022 continue during forthcoming quarters, it is probable that Pierce will not be able to comply with the financial covenants in place.

A lack of compliance with the financial covenants would mean that negotiations with the lender would be initiated. If an agreement between the parties cannot be reached, the lender has the right to terminate the credit and demand advance payment of the outstanding loan. In the event that alternative financing cannot be arranged at the time of a potential claim, Pierce is not expected to have sufficient financial resources to repay the outstanding loans and would thus experience a significant liquidity shortfall.

The Board of Directors resolved on 10 May 2022 to undertake a preferential rights issue (up to SEK 350 million) subject to approval by an extraordinary meeting of shareholders intended to be held towards the end of the second quarter 2022. The aim is, given the factors of uncertainty in the external environment, to reduce Pierce's leverage ratio, increase Pierce's interest coverage ratio and to continue the long-term growth strategy, as well as undertaking measures to increase profitability. The Company's largest shareholder, Procuritas, intends to subscribe to its pro rata share.

Should the described measures fail to give the desired effects and they cannot be executed as planned, significant factors of uncertainty can arise which could result in significant doubt regarding the Company's ability to continue its operations. The Board's assessment is that these measures will be able to be implemented and that the liquidity level can continue to be maintained. The Company's financial statements have been prepared according to the assumption of going concern.

Should the described measures fail to give the desired effects or if they cannot be executed as planned, significant factors

[1] Alternative Performance Measures (APM), see pages 23 - 28 for definitions and the purpose of these measures.
[2] The difference between "Utilised credit facility" in the Group's statement of cash flow and "Liabilities to credit institutions" in the balance sheet is explained by capitalised loans and interest expenses.

of uncertainty can arise which could result in significant doubt regarding the Company's ability to continue its operations. The Board's assessment is that these measures can be implemented, and that the liquidity level can continue to be maintained. The Company's financial reports have been prepared according to the assumption of going concern.

## 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 more segment, Other, which primarily focuses on sales to snowmobile riders.

### Overall summary

| | Jan-Mar | | Apr 2021- | Jan-Dec |
|---|---|---|---|---|
| SEKm | 2022 | 2021 | Mar 2022 | 2021 |
| Offroad | 241 | 221 | 994 | 974 |
| Onroad | 134 | 101 | 533 | 500 |
| Other | 45 | 47 | 118 | 119 |
| **Net revenue** | **420** | **369** | **1,645** | **1,594** |
| Offroad | 103 | 111 | 455 | 462 |
| Onroad | 50 | 44 | 215 | 209 |
| Other | 20 | 25 | 54 | 59 |
| Intra-group costs[1] | -1 | -4 | 0 | -2 |
| **Gross profit** | **172** | **176** | **723** | **728** |
| Offroad | 40 | 61 | 218 | 238 |
| Onroad | 17 | 17 | 78 | 78 |
| Other | 7 | 13 | 22 | 29 |
| Intra-group costs[1] | -1 | -4 | 0 | -2 |
| **Profit after variable costs[2 3]** | **62** | **88** | **318** | **343** |

[1] Intra-group costs, consists of exhange rate revaluation of net working capital items which are not divided between segments. These amounted in Q2 2021 SEK 0 (5) million, Q3 2021 SEK 0 (-1) million, Q4 2021 SEK 2 (6) million samt Q1 2022 SEK -1 (-4) million.

[2] Alternative performance measures (APM), see pages 23 - 28 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

| | Jan-Mar | | Apr 2021- | Jan-Dec |
|---|---|---|---|---|
| SEKm (unless stated otherwise) | 2022 | 2021 | Mar 2022 | 2021 |
| Net revenue | 241 | 221 | 994 | 974 |
| *Growth (%)[1]* | *9%* | *22%* | *0%* | *2%* |
| Gross profit | 103 | 111 | 455 | 462 |
| Gross margin (%)[1] | 42.8% | 50.1% | 45.7% | 47.5% |
| Profit after variable costs[1 2] | 40 | 61 | 218 | 238 |
| Profit after variable costs (%)[1] | 16.7% | 27.3% | 22.0% | 24.5% |
| Number of orders (thousands)[1] | 265 | 258 | 1,070 | 1,064 |
| Average order value (AOV) (SEK)[1] | 910 | 858 | 928 | 916 |
| Active customers last 12 months (thousands)[1] | 662 | 667 | 662 | 660 |

[1] Alternative performance measures (APM), see pages 23 - 28 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 2022

Net revenue increased by 9 percent to SEK 241 (221) million compared with the equivalent period in 2021. The increase in local currencies was approximately 6 percent. The change was driven by increased campaign and marketing activities. The Nordics increased net revenue by 14 percent and outside the Nordics net revenue increased by 8 percent. In local currencies the change was 11 and 5 percent, respectively.

Profit after variable costs amounted to SEK 40 (61) million, which is equivalent to a margin of 16.7 (27.3) percent. The decrease in the margin was primarily attributed to increased costs for shipping from Asia, price adjustments to drive growth and increased costs for online traffic-driving marketing activities.

**Onroad XLMOTO**

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Net revenue | 134 | 101 | 533 | 500 |
| *Growth (%)[1]* | *33%* | *20%* | *12%* | *8%* |
| Gross profit | 50 | 44 | 215 | 209 |
| Gross margin (%)[1] | 37.5% | 44.0% | 40.3% | 41.8% |
| Profit after variable costs[1] [2] | 17 | 17 | 78 | 78 |
| Profit after variable costs (%)[1] | 12.4% | 17.2% | 14.5% | 15.6% |
| Number of orders (thousands)[1] | 154 | 123 | 599 | 568 |
| Average order value (AOV) (SEK)[1] | 870 | 822 | 891 | 881 |
| Active customers last 12 months (thousands)[1] | 432 | 435 | 432 | 414 |

[1] Alternative performance measures (APM), see pages 23 - 28 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 2022

Net revenue increased by 33 percent to SEK 134 (101) million compared with the equivalent period in 2021. Growth in local currencies was approximately 28 percent. The growth in the Nordics and outside the Nordics was 34 and 31 percent, respectively. In local currencies the change was 30 and 26 percent, respectively.

Growth was primarily impacted by expanded assortment of both external and private brands, as well as by more competitive prices.

Profit after variable costs, SEK 17 (17) million, was equivalent to a margin of 12.4 (17.2) percent. The decrease in the margin was mainly due to increased costs for shipping from Asia and price reductions to drive growth.

**Övrigt sledstore**

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Net revenue | 45 | 47 | 118 | 119 |
| *Growth (%)[1]* | *-4%* | *12%* | *3%* | *9%* |
| Gross profit | 20 | 25 | 54 | 59 |
| Gross margin (%)[1] | 43.9% | 52.7% | 45.9% | 49.4% |
| Profit after variable costs[1] [2] | 7 | 13 | 22 | 29 |
| Profit after variable costs (%)[1] | 15.0% | 28.3% | 19.0% | 24.2% |

[1] Alternative performance measures (APM), see pages 23 - 28 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 2022

Net revenue decreased by 4 percent to SEK 45 (47) million compared with the equivalent period last year. The decline was due first and foremost to product availability problems.

The margin reduction from 52.7 to 43.9 percent was attributable to increased shipping costs from Asia, increased campaign activity and higher costs for online traffic-driving marketing.

## The Pierce Share

The Pierce share was listed on the Nasdaq Stockholm Mid Cap on 26 March 2021 and trades under the ticker symbol PIERCE and ISIN code SE0015658364. In conjunction with the listing, a total of 5,468,750 shares were issued.

On 6 April 2021, a total of 534,600 shares were registered through a new share issue based on the exercise of warrants from LTIP 2020/2025. The number of registered shares, and votes, as of 31 March 2022, amounted to 39,687,050, equivalent to a quota value of SEK 0.02.

The share price at the beginning of the year was SEK 68.6 and was SEK 28.0 on the last trading day of the period. The number of shareholders was 1,225, of which the largest were Procuritas (32.9%), Handelsbankens Fonder (7.6%), Daniel Petersen via company (7.0%), Stefan Rönn via company (7.0%) and Fourth AP fund (6.1%).

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 as of 31 March 2021. Each warrant grants the right to subscribe to one (1) ordinary share in the Company. The warrants were subscribed at market value, calculated applying the Black & Scholes model, equivalent to SEK 4 million.

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 a predetermined share price of SEK 73.6. With 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

Covid-19 related effects and the indirect impact of the conflict between Russia and Ukraine, as well as other negative macroeconomic factors have resulted in that Pierce's profitability has declined, its net leverage ratio increased and the interest coverage ratio decreased. The Company's granted credit facility is, amongst other things, subject to financial covenants regarding the Group's leverage ratio and interest coverage ratio (for further information see "Risks and factors of uncertainty"). On 31 March 2022, Pierce fulfilled the covenant terms and conditions for the credit facility which are reported quarterly.

The external environment, in combination with the measures the Company can undertake to support long-term sustainable and successful operations, can, however, reduce the possibility for Pierce to comply with the cut-off points stipulated in the financial covenants applying to the credit facility. As a result, the Board of Directors resolved on 10 May 2022 to undertake a preferential rights issue (up to SEK 350 million) subject to approval from an extraordinary general meeting intended to be held towards the end of the second quarter 2022. The purpose of the new share issue is, given the uncertainty in the external environment, to decrease Pierce's leverage ratio, increase interest coverage ratio and to continue with the long-term growth strategy, as well as undertaking measures to increase profitability. The Company's largest shareholder, Procuritas, has stated its support for the share Issue, as well as its intention to subscribe for its pro rata share. For more information, see section "Comments to the Group's financial position".

## 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 54, 19 and 11 percent respectively. With regards to payments, EUR, SEK, USD and PLN accounted for 46, 25, 13 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 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 430 (436). Of these, 146 (151) worked at the distribution warehouse in Poland and 272 (285) were white collar workers in Sweden, Poland and Spain.

Excluding customer services personnel and certain production staff, the number of white-collar workers was 205 (218).

## Seasonal variations

As "Black Week" and Christmas take place in the fourth quarter, this quarter normally shows the highest level of net revenue, while the first quarter often shows the lowest. Together, these two quarters account for approximately half of the 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 Mid Cap.

The Parent Company undertakes no business activities and is comprised of owning and managing the subsidiaries.

During the quarter, net revenue totaled SEK 2 (4) million and was fully attributable to sales to Group companies. Financial net mainly comprised of interest expenses regarding bond and shareholders' loans up and until April last year as the previous financing structure had been repaid. Profit/loss before tax during the quarter was SEK 0 (-19) million.

The Parent Company's equity at the end of the period was SEK 419 (394) million.

The CEO and CFO are employed by 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 2021. During the recent year, the Covid-19 pandemic has impacted the operations through certain product availability shortages in the market and through delays in deliveries. Shipping costs from Asia have increased significantly due to the global shortage of containers. There are continuing factors of uncertainty in the supply chain in the form of shortages of products and delays of certain goods which challenges both access to goods and purchase prices. All in all, this negatively impacts the gross margin. This negative effect is expected to continue during forthcoming quarters. The pandemic's impact on customer behavior and demand also continues to be factors of uncertainty.

On 24 February 2022, the conflict between Russia and Ukraine started. The conflict 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 implies that the direct impact of the events is assessed as low. However, the indirect effects can prove to be significant depending on the manner in which the situation develops and how long the conflict continues. The primary effect is the impact on customer demand in general in Europe Since the beginning of the conflict, the decrease in demand has had a negative effect on Pierce's sales. Furthermore, the impact on the financial and foreign exchange markets could have a negative effect on Pierce.

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

In conjunction with the listing, the Group entered into a new financing agreement with one of the larger Swedish banks for a credit facility totalling SEK 300 million.

The credit facility contains certain financial covenants stipulating that the Group's leverage ratio[1] may not exceed 3.5 times (3.0 times during the period within one year from the termination of the facility) and that the Group's interest coverage ratio[2] may not be less than 4.0 times. Pierce fulfilled the covenant terms associated with this credit facility as at the end of Q1 2022. The external environment, in combination with the measures the Company can undertake to support long-term sustainable and successful operations, can, however, reduce the possibility for Pierce to comply with the cut-off points stipulated in the financial covenants applying to the credit facility. For more information, see section "Comments to the Group's financial position".

For further information, see Note 7.

## Related party transactions

During the quarter, costs for consulting fees to Stefan Rönn, founder and shareholder in Pierce Group via companies, totaling SEK 9 thousand were charged against the Group's earnings. Transactions with related parties in the equivalent quarter 2021 totaled SEK 188 thousand. For further information regarding related parties see Note 6.

## Financial targets

Pierce's Board of Directors has adopted the following financial targets[3].

### Growth – 15-20%

In the medium to long term, grow net revenue by 15–20% 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/EBITDA[4] not exceeding 2.0x, subject to temporary flexibility for strategic initiatives.

### Dividend policy

In the coming years, free cash flows[5] are planned to be used for the continued development[6] of the Company and will, therefore, not be distributed to shareholders.

[1] Calculated according to the definition in the credit facility agreement, which differs slightly from the Net debt/EBITDA found in the Company's Alternative Performance Measures.
[2] The measure is equivalent to the Group's EBITDA excluding IFRS 16 as regards interest expenses, in the same manner as it is defined in the credit facility agreement, which differs slightly from the Company's definition.
[3] The Board adopted the financial targets in December 2020. Medium to long term should be understood as 3-5 years.
[4] Alternative performance measures (APM) – see pages 23 - 28 for the definitions and purposes of these measurements.
[5] Free cash flow refers to cash flow from operating activities and operations and investment activities.
[6] 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.

## Other

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

**Upcoming financial events**

**11 May 2022**

Annual Report 2021

**3 June 2022**

Annual General Meeting 2022

**24 August 2022**

Interim report January - June 2022

**11 November 2022**

Interim report January – September 2022

**Telephone and web conference in conjunction with the publication of quarterly reports**

CEO Henrik Zadig and CFO Tomas Ljunglöf will hold a web telephone conference in English on 11 May 2022, 9.00 am CEST, in conjunction with the publication of the quarterly report.

To participate in this conference, please call in on any of the following telephone numbers.

SE: +46 850 558 354

UK: +44 3333 009 031

US: +1 6319 131 422

The presentation and conference can be followed via the following web link: https://tv.streamfabriken.com/pierce-group-q1-2022

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.piercegroup.com/en/reports-presentations/

## Contact information, Pierce

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This information is such information as Pierce Group AB (publ) is required to publish according to the EU Market' Abuse Regulation.

## Signatures

The undersigned hereby confirm that the interim 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, 10 May 2022

Henrik Zadig

CEO

## Condensed consolidated statement of profit/loss

| SEKm (unless stated otherwise) | Note | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|---|
| Net revenue | 3.4 | 420 | 369 | 1,645 | 1,594 |
| Cost of goods sold | | -248 | -193 | -921 | -866 |
| **Gross profit** | **4** | **172** | **176** | **723** | **728** |
| Sales and distribution costs | | -143 | -120 | -535 | -512 |
| Administration costs | | -41 | -47 | -163 | -169 |
| Other operating income- and expenses | | 0 | -2 | 2 | -1 |
| **Operating profit** | **4** | **-12** | **8** | **27** | **46** |
| Financial net | | -4 | -14 | -10 | -20 |
| **Profit/loss before tax** | **4** | **-16** | **-7** | **17** | **26** |
| Tax | | 1 | 7 | -5 | 0 |
| **Profit/loss for the period** | | **-14** | **0** | **11** | **26** |
| **Attributable to shareholders of the parent company** | | **-14** | **0** | **11** | **26** |
| **Earnings per share** | | | | | |
| Earnings per share before dilution (SEK) | | -0.36 | 0.01 | 0.28 | 0.68 |
| Earnings per share after dilution (SEK) | | -0.36 | 0.01 | 0.28 | 0.68 |
| Average number of shares before dilution (thousands) | | 39,687 | 34,048 | 39,680 | 38,289 |
| Average number of shares after dilution (thousands) | | 39,687 | 34,377 | 39,684 | 38,378 |

## Consolidated statement of comprehensive income

| SEKm | Note | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|---|
| Profit/loss for the period | | -14 | 0 | 11 | 26 |
| **Items that may subsequently be reclassified to income statement** | | | | | |
| Translation difference | | 1 | 2 | 1 | 1 |
| **Other comprehensive income for the period** | | **1** | **2** | **1** | **1** |
| **Comprehensive income for the period and attributable to shareholders of the parent company** | | **-13** | **2** | **12** | **28** |

## Condensed consolidated statement of financial position

| SEKm | Note | Mar 31 2022 | Mar 31 2021 | Dec 31 2021 |
|---|---|---|---|---|
| **Assets** | | | | |
| Non-current assets | | | | |
| Intangible assets | | 350 | 354 | 351 |
| Property, plant and equipment | | 18 | 15 | 18 |
| Right-of-use assets | | 68 | 76 | 63 |
| Financial assets | 7 | 3 | 2 | 2 |
| Deferred tax assets | | 11 | 13 | 10 |
| Total non-current assets | | 450 | 461 | 445 |
| Current assets | | | | |
| Inventory | | 511 | 350 | 534 |
| Other current assets | 5 | 39 | 69 | 38 |
| Cash and cash equivalents | | 32 | 435 | 18 |
| Total current assets | | 582 | 855 | 591 |
| Total assets | | 1,032 | 1,316 | 1,035 |
| **Equity and liabilities** | | | | |
| Total equity attributable to shareholders of the parent company | | 428 | 414 | 441 |
| Non-current liabilities | | | | |
| Liabilities to credit institutions | 7 | — | 0 | — |
| Leasing liabilities | | 49 | 63 | 48 |
| Deferred tax liabilities | | 28 | 29 | 28 |
| Total non-current liabilities | | 78 | 92 | 76 |
| Current liabilities | | | | |
| Liabilities to credit institutions | 7 | 170 | 411 | 178 |
| Shareholder loans | | — | 64 | — |
| Leasing liabilities | | 26 | 22 | 23 |
| Contingent consideration | 5 | — | 30 | — |
| Trade payables | | 135 | 92 | 147 |
| Other current liabilities | 5 | 195 | 190 | 169 |
| Total current liabilities | | 527 | 810 | 517 |
| Total equity and liabilities | | 1,032 | 1,316 | 1,035 |

## 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 2021-01-01** | **0** | **128** | **-1** | **-70** | **57** |
| Profit/loss for the year | — | — | — | 0 | 0 |
| Other comprehensive income for the year | — | — | 2 | — | 2 |
| **Total comprehensive income for the year** | **—** | **—** | **2** | **0** | **2** |
| Bonus issue | 1 | -1 | — | — | — |
| **Transactions with shareholders** | | | | | |
| New share issue including issue costs | 0 | 350 | — | — | 351 |
| Issue of warrants including issue costs | — | 4 | — | — | 4 |
| Tax effect of issue costs | — | — | — | — | — |
| **Total** | **0** | **354** | **—** | **—** | **355** |
| **Outgoing balance 2021-03-31** | **1** | **482** | **1** | **-69** | **414** |
| **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** |
| **Outgoing balance 2022-03-31** | **1** | **484** | **1** | **-58** | **428** |

## Condensed consolidated statement of cash flow

| SEKm | Note | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Operating profit | | -12 | 8 | 27 | 46 |
| Adjustments for non-cash items[1] | | 22 | 12 | 55 | 45 |
| Paid interest | | -2 | -5 | -9 | -12 |
| Realised cash hedges | | 2 | 0 | 3 | 1 |
| Paid/received tax | | -4 | -2 | -7 | -4 |
| **Cash flow from operating activities before changes in net working capital** | | **6** | **13** | **69** | **76** |
| Changes in net working capital | | 29 | -2 | -106 | -137 |
| **Cash flow from operating activities** | | **35** | **11** | **-37** | **-61** |
| **Investing activities** | | | | | |
| Investments in non-current assets | | -6 | -6 | -25 | -26 |
| Paid/recieved blocked funds | | — | — | 14 | 14 |
| **Cash flow from investing activities** | | **-6** | **-6** | **-11** | **-12** |
| **Financing activities** | | | | | |
| New share issue including issue costs | | — | 343 | 7 | 350 |
| Issue of warrants including issue costs | | — | 3 | 1 | 4 |
| Change in utilised credit facility | | -2 | — | 175 | 177 |
| Repayment of shareholder loans[2] | | — | — | -64 | -64 |
| Repayment of liabilities to credit institutions[3] | | -7 | — | -421 | -414 |
| Repayment of leasing liabilities | | -5 | -5 | -21 | -20 |
| Paid contingent consideration | | — | — | -30 | -30 |
| **Cash flow from financing activities** | | **-15** | **341** | **-353** | **2** |
| Cash flow for the period | | 14 | 345 | -402 | -71 |
| Cash and cash equivalents at beginning of period | | 18 | 87 | 435 | 87 |
| Exchange rate difference in cash and cash equivalents | | 0 | 3 | -1 | 2 |
| **Cash and cash equivalents end of period** | | **32** | **435** | **32** | **18** |

[1] Adjustments for non-cash items mainly comprises depreciation and amortisation and changes in the short term provisions.
[2] Repaid amount referred to capitalised interest expenses, which for the last twelve months' period and the previous financial year amounted to SEK -3 million.
[3] Of which SEK -64 million referred to capitalised interest expenses during the last twelve months' period and the previous financial year.

## Condensed Parent Company statement of profit/loss

| SEKm | Jan-Mar 2022 | Jan-Mar 2021 | Jan-Dec 2021 |
|---|---|---|---|
| Net revenue | 2 | 4 | 12 |
| **Gross profit** | **2** | **4** | **12** |
| Administration costs | -3 | -11 | -21 |
| **Operating profit** | **0** | **-7** | **-9** |
| Financial net | 0 | -12 | -12 |
| **Profit/loss after financial items** | **0** | **-19** | **-21** |
| Appropriations | — | — | 27 |
| **Profit/loss before tax** | **0** | **-19** | **6** |
| Tax | — | — | -2 |
| **Profit/loss for the period** | **0** | **-19** | **4** |

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

## Condensed Parent Company balance sheet

| SEKm | Mar 31 2022 | Mar 31 2021 | Dec 31 2021 |
|---|---|---|---|
| **Assets** | | | |
| Non-current assets | | | |
| Shares in group companies | 308 | 308 | 308 |
| Receivables from group companies | 78 | 106 | 77 |
| Total non-current assets | 386 | 414 | 385 |
| Current assets | | | |
| Receivables from group companies | 29 | 146 | 28 |
| Other current assets | 1 | 15 | 2 |
| Cash and cash equivalents | 7 | 347 | 7 |
| Total current assets | 37 | 509 | 37 |
| Total assets | 422 | 922 | 422 |
| **Equity and liabilities** | | | |
| Total equity | 419 | 394 | 419 |
| Current liabilities | | | |
| Liabilities to credit institutions | — | 411 | — |
| Shareholder loans | — | 64 | — |
| Contingent consideration | — | 30 | — |
| Other current liabilities | 3 | 22 | 3 |
| Current liabilities | | | |
| Total current liabilities | 3 | 528 | 3 |
| Total equity and liabilities | 422 | 922 | 422 |

## 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 2021. For a description of the Group's applied accounting principles, see Note 1 and Note 2 in the Annual Report for 2021.

Disclosures in accordance with IAS 34.16A are shown, in the financial statements and associated Notes in the interim 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.

### Information on future standards

A number of new standards and interpretations are required to be applied during this financial year. 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 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 2021 Annual Report. No changes have been made to these estimations and assessments that could have a significant impact on the interim report.

## 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 as 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.

| | Jan-Mar | | Apr 2021- | Jan-Dec |
|---|---|---|---|---|
| SEKm | 2022 | 2021 | Mar 2022 | 2021 |
| Sweden | 21 | 21 | 114 | 113 |
| Other Nordics | 21 | 16 | 103 | 99 |
| Outside the Nordics | 199 | 185 | 777 | 763 |
| **Revenue Offroad** | **241** | **221** | **994** | **974** |
| Sweden | 22 | 17 | 95 | 90 |
| Other Nordics | 36 | 26 | 151 | 141 |
| Outside the Nordics | 75 | 57 | 287 | 269 |
| **Revenue Onroad** | **134** | **101** | **533** | **500** |
| Sweden | 24 | 28 | 66 | 70 |
| Other Nordics | 21 | 19 | 52 | 50 |
| Outside the Nordics | — | — | — | — |
| **Revenue Other** | **45** | **47** | **118** | **119** |
| Sweden | 68 | 66 | 275 | 273 |
| Other Nordics | 78 | 61 | 306 | 290 |
| Outside the Nordics | 275 | 242 | 1,064 | 1,031 |
| **Revenue Group** | **420** | **369** | **1,645** | **1,594** |

## Note 4 – Segment reporting

| SEKm | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Offroad | 241 | 221 | 994 | 974 |
| Onroad | 134 | 101 | 533 | 500 |
| Other | 45 | 47 | 118 | 119 |
| **Net revenue** | **420** | **369** | **1,645** | **1,594** |
| Offroad | 103 | 111 | 455 | 462 |
| Onroad | 50 | 44 | 215 | 209 |
| Other | 20 | 25 | 54 | 59 |
| Intra-group costs | -1 | -4 | 0 | -2 |
| **Gross profit** | **172** | **176** | **723** | **728** |
| Offroad | -63 | -50 | -236 | -224 |
| Onroad | -34 | -27 | -137 | -131 |
| Other | -13 | -11 | -32 | -30 |
| **Variable sales- and distribution costs[1]** | **-110** | **-89** | **-405** | **-384** |
| Offroad | 40 | 61 | 218 | 238 |
| Onroad | 17 | 17 | 78 | 78 |
| Other | 7 | 13 | 22 | 29 |
| Intra-group costs | -1 | -4 | 0 | -2 |
| **Profit after variable costs[1 2]** | **62** | **88** | **318** | **343** |
| Other expenses in the operation[1 3] | -74 | -80 | -291 | -297 |
| **Operating profit** | **-12** | **8** | **27** | **46** |
| Financial net[3] | -4 | -14 | -10 | -20 |
| **Pre-tax income** | **-16** | **-7** | **17** | **26** |

[1] Alternative performance measures (APM), see pages 23 - 28 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.

The segments' results are followed up by the CEO, who is the Chief Operating Decision Maker (CODM), to Profit after variable costs; in other words, gross profit less variable sales and distribution costs. Variable sales and distribution costs refer to direct marketing costs, as well as other direct costs. Other direct costs essentially include costs for freight, invoicing and packaging.

See the section titled “Alternative Performance Measures” for more information.

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 highroads. 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 revaluation of net working capital items, mainly included in cost of goods sold. These 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

Contingent consideration and 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.

The liability regarding the contingent consideration last year was attributable to level 3 and the currency derivatives to level 2 in the fair value hierarchy, in accordance with IFRS 13.

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

**Applied input for the valuation of level 3 financial liabilities**

The valuation of the contingent consideration took place in two steps; a probability adjustment was assigned to an assumed value in the case of a listing or sale, as well as a date for payment and, then, this probability-adjusted value was discounted to present value based on a discount rate. The contingent consideration was settled during the second quarter last year.

## Note 6 – Related party transactions

### Other related party transaction

During the current financial year, the Group has had a consulting agreement with Stefan Rönn, founder and shareholder in Pierce Group. In the equivalent quarter 2021, related party transactions totaled SEK 188 thousand See Note 29 in the Annual Report for 2021 for more information.

### Warrant program

The Group has a warrant program as a part of an incentive program for certain senior executives and key employees in the Group. See page 11 for further information.

All transactions are based on market terms and conditions.

## Note 7 – Pledged assets and contingent liabilities

| SEKm | Mar 31 2022 | Mar 31 2021 | Dec 31 2021 |
|---|---|---|---|
| **To credit institutions for the Group's own liabilities and provisions** | | | |
| Group's share of net assets in group companies | — | 329 | — |
| Deposits for fulfillment of payments | 2 | 2 | 2 |
| Paid blocked funds | — | 14 | — |
| Utilised credit facility[1] | — | — | 26 |
| **Total pledged assets** | **2** | **345** | **28** |

[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, of which SEK 172[1] million had been utilised as at the end of the quarter. There is a surety given on the credit facility provided by the Parent Company, Pierce Group AB, in favor of the subsidiary, Pierce AB's, liabilities to credit institutions.

The credit facility includes certain financial covenants. See more information under the "Risks and factors of uncertainty" section, page 12. See also the Board's description of uncertainty about going concern in the section "Comments to the Group's financial position".

Pledged shares in Pierce AB relating to bond loans, as well as blocked funds, were released in conjunction with the early redemption that took place in the beginning of the second quarter 2021. Pledged assets at the end of the quarter referred to deposits paid and utilised credit facility.

## Note 8 –Significant events after the end of the reporting period

Covid-19 related effects and the indirect impact of the conflict between Russia and Ukraine, as well as other negative macroeconomic factors have resulted in that Pierce's profitability has declined, its leverage ratio has increased, and its interest coverage ratio had decreased. The Company's granted credit facility is, amongst other things, subject to financial covenants regarding the Group's leverage ratio and interest coverage ratio (for further information see "Risks and factors of uncertainty"). On 31 March 2022, Pierce fulfilled the covenant terms and conditions for the credit facility which are reported quarterly.

The external environment, in combination with the measures the Company can undertake to support long-term sustainable and successful operations, can, however, reduce the possibility for Pierce to comply with the cutoff points stipulated in the financial covenants applying to the credit facility. As a result, the Board of Directors resolved on 10 May 2022 to undertake a preferential rights issue (up to SEK 350 million) subject to approval from an extraordinary general meeting intended to be held towards the end of the second quarter 2022. The purpose of the new share issue is, given the uncertainty in the external environment, to decrease Pierce's leverage ratio, increase interest coverage ratio and to continue with the long-term growth strategy, as well as to undertake measures to increase profitability. The Company's largest shareholder, Procuritas, has stated its support for the share Issue, as well as its intention to subscribe for its pro rata share. For more information, see section "Comments to the Group's financial position".

[1] The difference between "Utilised credit facility" in the Group's statement of cash flow and "Liabilities to credit institutions" in the balance sheet is explained by capitalised loans and interest expenses.

# 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.<br>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.<br>The formula to calculate CAGR is: (ending value/starting value) ^ (1/number of years between the ending value and strarting 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. |
| 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. |

| Performance measure | Definition | Purpose |
|---|---|---|
| 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, relocations of group-wide functions to Poland and Spain, advisory and integration costs in conjunction with business acquisitions, IPO costs, 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. | 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 cash hedges 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 cash hedges, 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. |
| 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. | 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 a relatively high gross margin. |
| Number of orders | Number of orders handled during the period. | This measure is used to measure customer activity generating sales. |

**Reconciliation of Alternative Performance Measures from statement of profit/loss**

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Gross profit | 172 | 176 | 723 | 728 |
| Variable sales- and distribution costs | -110 | -89 | -405 | -384 |
| **Profit after variable costs** | **62** | **88** | **318** | **343** |
| | | | | |
| Operating profit (EBIT) | -12 | 8 | 27 | 46 |
| Reversal of depreciation and amortisation | 13 | 11 | 48 | 46 |
| **EBITDA** | **1** | **19** | **74** | **93** |
| Reversal of items affecting comparability | — | 10 | 1 | 12 |
| **Adjusted EBITDA** | **1** | **29** | **76** | **104** |
| | | | | |
| Operating profit (EBIT), past twelve months | 27 | 87 | 27 | 46 |
| Reversal of depreciation and amortisation, past twelve months | 48 | 43 | 48 | 46 |
| Reversal of items affecting comparability, past twelve months | 1 | 26 | 1 | 12 |
| Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position[1] | -24 | -24 | -24 | -23 |
| **Adjusted EBITDA excluding IFRS 16** | **52** | **132** | **52** | **81** |

[1] Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Operating profit (EBIT) | -12 | 8 | 27 | 46 |
| Reversal of items affecting comparability | — | 10 | 1 | 12 |
| **Adjusted operating profit (EBIT)** | **-12** | **18** | **28** | **58** |
| | | | | |
| Sales and distribution costs | -143 | -120 | -535 | -512 |
| Reversal of non-variable sales- and distribution costs | 34 | 31 | 130 | 128 |
| **Variable sales- and distribution costs** | **-110** | **-89** | **-405** | **-384** |
| | | | | |
| Sales and distribution costs | -143 | -120 | -535 | -512 |
| Administration costs | -41 | -47 | -163 | -169 |
| Other operating income- and expenses | 0 | -2 | 2 | -1 |
| **Operating costs** | **-184** | **-169** | **-696** | **-681** |
| Reversal of variable sales- and distribution costs | 110 | 89 | 405 | 384 |
| **Other expenses in the operation** | **-74** | **-80** | **-290** | **-297** |
| Reversal of depreciation and amortisation | 13 | 11 | 48 | 46 |
| Reversal of items affecting comparability | — | 10 | 1 | 12 |
| **Overhead costs** | **-62** | **-58** | **-242** | **-239** |
| | | | | |
| Amortisation | -6 | -5 | -21 | -20 |
| | | | | |
| Reversal of amortisation excluding business acquisitions | 6 | 4 | 20 | 19 |
| **Amortisation related to business acquisitions** | **0** | **0** | **-1** | **-1** |
| | | | | |
| IPO costs | — | -7 | -1 | -9 |
| Change in fair value, contingent consideration | — | -3 | — | -3 |
| **Items affecting comparability** | **0** | **-10** | **-1** | **-12** |

### Reconciliation of Alternative Performance Measures from statement of financial position

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| **Inventory** | **511** | **350** | **511** | **534** |
| Other current assets | 39 | 69 | 39 | 38 |
| Current tax receivables | -8 | -1 | -8 | -5 |
| Current investments | — | 0 | — | -3 |
| **Other current operating assets** | **31** | **39** | **31** | **30** |
| Trade payables | -135 | -92 | -135 | -147 |
| Other current liabilities | -195 | -190 | -195 | -169 |
| Reversal of: | | | | |
| Current tax liabilities | 2 | 2 | 2 | 3 |
| Current investments | 0 | — | 0 | — |
| Current provisions | 13 | 11 | 13 | 8 |
| **Other current operating liabilities** | **-316** | **-270** | **-316** | **-305** |
| **Net working capital** | **227** | **119** | **227** | **260** |
| | | | | |
| Liabilities to credit institutions | 170 | 411 | 170 | 178 |
| Cash and cash equivalents | -32 | -435 | -32 | -18 |
| **Net debt excluding IFRS 16** | **138** | **-24** | **138** | **160** |
| | | | | |
| Net debt excluding IFRS 16 (A) | 138 | -24 | 138 | 160 |
| Adjusted EBITDA excluding IFRS 16, past twelve months (B) | 52 | 132 | 52 | 81 |
| **Net debt/EBITDA (A) / (B)** | **2.6** | **-0.2** | **2.6** | **2.0** |

### Reconciliation of Alternative Performance Measures from statement of cash flow

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Cash flow from operating activities | 35 | 11 | -37 | -61 |
| Investments in non-current assets | -6 | -6 | -25 | -26 |
| Repayment of leasing liabilities | -5 | -5 | -21 | -20 |
| Interest expenses on leasing liabilities | -1 | -1 | -4 | -4 |
| Reversal of: | | | | |
| Paid interest | 2 | 5 | 9 | 12 |
| Realised cash hedges | -2 | 0 | -3 | -1 |
| Paid/received tax | 4 | 2 | 7 | 4 |
| **Operating cash flow** | **27** | **5** | **-74** | **-96** |
| | | | | |
| Adjustments for non-cash items | 22 | 12 | 55 | 45 |
| Repayment of leasing liabilities | -5 | -5 | -21 | -20 |
| Interest expenses on leasing liabilities | -1 | -1 | -4 | -4 |
| **Other non-cash items** | **16** | **6** | **31** | **21** |
| | | | | |
| Cash flow from financing activities | -15 | 341 | -353 | 2 |
| Paid interest | -2 | -5 | -9 | -12 |
| Realised cash hedges | 2 | 0 | 3 | 1 |
| Paid/received tax | -4 | -2 | -7 | -4 |
| Reversal of: | | | | |
| Interest expenses on leasing liabilities | 1 | 1 | 4 | 4 |
| Net change in loans[1] | 9 | — | 340 | 331 |
| Repayment of leasing liabilities | 5 | 5 | 21 | 20 |
| **Other cash flow** | **-3** | **340** | **-2** | **342** |

[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 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Net revenue (A) | 420 | 369 | 1,645 | 1,594 |
| Number of orders (thousands) (B) | 462 | 427 | 1,769 | 1,735 |
| **Average order value (AOV) (SEK) (A) / ((B) / 1,000)** | **910** | **864** | **930** | **919** |
| | | | | |
| Net revenue | 420 | 369 | 1,645 | 1,594 |
| Reversal of net revenue from external brands | -233 | -199 | -921 | -888 |
| Non-branded net revenue | -16 | -13 | -101 | -98 |
| **Net revenues from private brands** | **171** | **157** | **622** | **609** |

### Reconciliation of Alternative Performance Measuring concerning growth

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Net revenue for the period (A) | 420 | 369 | 1,645 | 1,594 |
| Net revenue for the period previous year (B) | 369 | 308 | 1,584 | 1,523 |
| **Growth (%) (A) / (B) -1** | **14%** | **20%** | **4%** | **5%** |
| | | | | |
| Net revenue for the period in local currencies[1] (A) | 407 | 386 | 1,658 | 1,636 |
| Net revenue for the period previous year (B) | 369 | 308 | 1,584 | 1,523 |
| **Growth in local currencies (%) (A) / (B) -1** | **10%** | **25%** | **5%** | **7%** |

[1] Net revenue for both the period and the period last year in local currencies, converted to SEK using previous year's exchange rates.

| SEKm (unless stated otherwise) | Jan-Mar 2022 | Jan-Mar 2021 | Apr 2021-Mar 2022 | Jan-Dec 2021 |
|---|---|---|---|---|
| Net revenue Nordics for the period (A) | 145 | 127 | 581 | 563 |
| Net revenue Nordics for the period previous year (B) | 127 | 112 | 523 | 507 |
| **Growth Nordics (%) (A)/(B) -1** | **14%** | **14%** | **11%** | **11%** |
| | | | | |
| Net revenue outside the Nordics for the period (A) | 275 | 242 | 1,064 | 1,031 |
| Net revenue outside the Nordics for the period previous year (B) | 242 | 196 | 1,062 | 1,016 |
| **Growth outside the Nordics (%) (A) / (B) -1** | **13%** | **23%** | **0%** | **1%** |
| | | | | |
| Net revenue (A) | 420 | 369 | 1,645 | 1,594 |
| Net revenue, 2 years ago (B) | 308 | 268 | 1,283 | 1,243 |
| Number of years calculated (C) | 2 | 2 | 2 | 2 |
| **CAGR (%) ((A) / (B)) ^(1 / (C)) -1** | **17%** | **17%** | **13%** | **13%** |

Q1/2022

PIERCE

RIDERS IN E-COMMERCE

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