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Pierce announces the terms of its partially guaranteed rights issue and renegotiation of its financing terms

Pierce Group AB (publ) ("Pierce" or "the Company"), announced on 10 May 2022 that the Board of Directors have resolved, subject to approval by an extraordinary general meeting, to carry out a rights issue of up to SEK 350 million (the "Rights Issue"). As communicated in the interim report for the first quarter of 2022, Pierce continues to see a challenging macro-economic environment that affects both demand and supply of Pierce's products. The macro-economic environment also leads to high shipping costs and raw materials costs, which thus far, have not been possible to transfer to end customers through price increases. Thus, the purpose of the Rights Issue is, considering the global uncertainty and macro-economic environment, to reduce Pierce's net debt, increase Pierce's interest coverage ratio and strengthen the Company's financial capacity to implement Pierce's long-term growth strategy and carry out measures to increase Pierce's profitability. Pierce's Board of Directors has today resolved on the final terms of the Rights Issue. The rights issue of approximately SEK 347 million is guaranteed by approximately 81 percent through subscription undertakings and declarations of intent as well as through a guarantee commitment provided by Procuritas. The Company has also renegotiated certain terms in its credit facility (the "Credit Facility").

Summary and background to the Rights Issue

- Shareholders in Pierce on the record day have a preferential right to subscribe for one (1) new share per one (1) existing share, *i.e.* a subscription ratio of 1:1.
- The subscription price is SEK 8.75 per new share, which corresponds to total issue proceeds of approximately SEK 347 million before deduction of transaction costs.

- The record date for the Rights Issue is 10 June 2022 and the subscription period runs from 14 June 2022 up until 28 June 2022.
- The last day of trading in the Pierce share including the right to participate in the Rights Issue is 8 June 2022.
- The Rights Issue is subject to approval by the extraordinary general meeting to be held on 3 June 2022.
- The Company's largest shareholder, Procuritas[1], which as of 30 May 2022 represented approximately 33 percent of the total number of shares and votes in the Company, has expressed its support for the Rights Issue and has committed to vote in favor of the issue resolution at the extraordinary general meeting. Procuritas' pro rata share, approximately 33 percent of the Rights Issue, is covered by subscription undertakings from Procuritas and Verdane (in equal parts). Procuritas is positive about the opportunity to make room for Verdane as an additional competent and active owner of the Company. Moreover, Procuritas has provided a guarantee commitment corresponding to half of its pro rata share, approximately SEK 57 million, and has thus provided a subscription undertaking and a guarantee commitment corresponding to its entire pro rata share of the Rights Issue. No compensation will be paid for this undertaking and commitment.
- Verdane has today, 31 May 2022, entered into an agreement to acquire shares from the Company's founders Daniel Petersen[2] and Stefan Rönn [3] (together the "Founders") corresponding to a total of approximately 14 percent of the shares and votes in the Company. In addition to the subscription undertaking submitted in respect to part of Procuritas' pro rata share, Verdane has also entered into a subscription undertaking for its pro rata share of the Rights Issue based on the acquired shares. Verdane's total subscription undertaking thus amounts to approximately 31 percent of the Rights Issue.
- The Fourth Swedish National Pension Fund, Handelsbanken on behalf of investment funds and Skandia (together "the Major Shareholders"), who together held approximately 17 percent of the total number of shares and votes in the Company as of 30 May 2022, have declared their support for the Rights Issue and their intention to vote for the Rights Issue at the extraordinary general meeting as well as to subscribe for their pro rata share of the Rights Issue.
- The Company intends to use the proceeds of approximately SEK 347 million before transaction costs, to i) use SEK 175 million to lower Pierce's indebtedness by repaying its drawn credits under the Credit Facility, and ii) to use the remaining amount to strengthen the Company's financial capabilities to implement Pierce's long-term growth strategy, as well as to carry out strategic measures to improve Pierce's profitability.
- Provided that the outcome of the Rights Issue is announced with a subscription of at least SEK 280 million, certain changes in the Credit Facility will enter into force, which means that the Credit Facility's maturity is extended by one year until 2025, the total commitment under the Credit Facility is reduced from SEK 300 million to SEK 200 million and

the covenant regarding interest coverage ratio under the Credit Facility is not tested from the end of the second quarter of 2022 until the end of the fourth quarter of 2022, as long as the Company has not utilized the Credit Facility during the period and that available overdraft of the Credit Facility has not been utilized on the relevant test day. This would imply that the risk of the Company breaching its financial covenants in 2022 will be reduced.

Terms of the Rights Issue

Those who are registered shareholders on the record date of 10 June 2022 in the share register in Pierce receives one (1) subscription right for each share held in Pierce. The subscription right entitles the holder to subscribe for new shares with preferential rights, whereby one (1) subscription right entitle to subscribe for one (1) new share. The subscription price is SEK 8.75 per new share, which means that Pierce will receive approximately SEK 347 million before deduction of transaction costs, provided the Rights Issue is fully subscribed. In addition, investors are offered the possibility to subscribe for new shares without subscription rights.

If all new shares are not subscribed for with the support of subscription rights, the Board of Directors shall decide on the allotment of new shares without the support of subscription rights. Allocation will then take place as follows:

- firstly, allotment shall be made to those who have subscribed for subscription and subscribed for new shares through subscription rights, regardless of whether the acquirer was a shareholder on the record date or not, and in the event of oversubscription, in relation to the number of subscription rights each individual has exercised for subscription of new shares;
- secondly, allotment shall be made to others who have registered for subscription without the support of subscription rights and, in the event of oversubscription, in relation to the number of new shares submitted in the respective subscription notification and to the extent this cannot be done by drawing lots; and
- thirdly and lastly, allotment of shares subscribed for without the support of subscription rights shall take place to those who have entered into guarantee commitments in their capacity as issue guarantors, and in the event that allotment cannot be fully allotted, allotment shall be pro rata in proportion to the number of shares that each has guaranteed for subscription and, in so far as this cannot be done, by drawing lots.

Provided that the Rights Issue is fully subscribed, Pierce's share capital will increase by a maximum of SEK 793,741 through the issue of a maximum of 39,687,050 new shares.

The subscription period runs from 14 June 2022 until 28 June 2022. Pierce's Board of Directors has the right to extend the subscription period and the time for payment, which, if applicable, will be announced by the Company in a press release no later than 28 June 2022. Trading in subscription rights will take place on Nasdaq Stockholm during the period from 14 June 2022 until 22 June 2022 and trading in BTA (paid subscription shares) will take place on Nasdaq Stockholm during the period from 14 June 2022 until 4 July 2022

Shareholders who choose not to participate in the Rights Issue by subscribing for shares will be diluted by up to 50 percent, but are able to financially compensate for this dilution by selling their subscription rights.

The Rights Issue is subject to approval by the extraordinary general meeting to be held on 3 June 2022. The Board of Directors has decided to conduct the extraordinary general meeting as a meeting with only postal voting in accordance with the Act (2022:121) on temporary exceptions to facilitate the execution of general meetings in companies and other associations (Sw. *lagen (2022:121) om tillfälliga undantag för att underlätta genomförandet av bolags- och föreningsstämmor*). Notice of the extraordinary general meeting was published on 11 May 2022 and is available on Pierce's website, www.piercigroup.com.

Subscription undertakings and guarantee commitments as well as support from major shareholders

The Company's largest shareholder, Procuritas, which as of 30 May 2022 represented approximately 33 percent of the total number of shares and votes in the Company, has expressed its support for the Rights Issue and has committed to vote in favor of the issue resolution at the extraordinary general meeting. Procuritas' pro rata share, approximately 33 percent of the Rights Issue, is covered by subscription undertakings from Procuritas and Verdane (in equal parts). Procuritas is positive about the opportunity to make room for Verdane as an additional competent and active owner of the Company. Moreover, Procuritas has provided a guarantee commitment corresponding to half of its pro rata share and has thus provided subscription undertakings and guarantee commitments corresponding to its entire pro rata share of the Rights Issue.

Verdane has today, 31 May 2022, entered into an agreement to acquire shares from the Founders corresponding to a total of approximately 14 percent of the shares and votes in the Company. In addition to the subscription undertaking Verdane has submitted in respect to part of Procuritas' pro rata share, Verdane has entered into a subscription undertaking for its pro rata share of the Rights Issue based on the acquired shares. Verdane's total subscription undertaking thus amounts to approximately 31 percent of the Rights Issue.

Furthermore, the Fourth Swedish National Pension Fund, Handelsbanken on behalf of investment funds and Skandia, who together held approximately 17 percent of the total number of shares and votes in the Company as of 30 May 2022, have declared their support for the Rights Issue and their intention to vote for the Rights Issue at the extraordinary general meeting as well as to subscribe for their pro rata share of the Rights Issue.

The guarantee commitment together with the subscription undertakings from Procuritas and Verdane and the support from the Major Shareholders correspond to approximately 81 percent of the Rights Issue. The Board of Directors therefore assesses that the conditions for a successful execution of the Rights Issue are good. No compensation is paid for the provided subscription undertakings or guarantee commitment.

Lock-up undertakings

Procuritas and Verdane have undertaken, subject to customary exceptions, not to sell any shares in Pierce for a period of 180 days from the publication of the outcome of the Rights Issue.

Prospectus

Complete information regarding the Rights Issue and information about the Company will be reported in the prospectus that is expected to be published around 7 June 2022.

Preliminary timetable for the Rights Issue

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| Extraordinary general meeting to approve the Rights Issue | 3 June 2022 |
| Publication of the prospectus | 7 June 2022 |
| Last day of trading in shares including right to receive subscription rights | 8 June 2022 |
| First day of trading in shares excluding right to receive subscription rights | 9 June 2022 |
| Record date for right to receive subscription rights | 10 June 2022 |
| Trading in subscription rights | 14 June 2022 – 22 June 2022 |
| Subscription period | 14 June 2022 – 28 June 2022 |
| Trading in paid subscribed shares (BTA) | 14 June 2022 – 4 July 2022 |
| Announcement of the outcome of the Rights Issue | Around 29 June 2022 |

Renegotiation of certain conditions in the Credit Facility

In connection with the Rights Issue, Pierce has renegotiated certain terms in its Credit Facility. Of the issue proceeds from the Rights Issue, approximately SEK 175 million is intended to be used to reduce Pierce's indebtedness by repaying the Company's outstanding loans under the Credit Facility. Provided that the outcome of the Rights Issue is announced with a subscription corresponding to at least SEK 280 million by 30 June 2022, certain changes in the Credit Facility will enter into force, which means that the Credit Facility's maturity is extended by one year until 2025, the total commitment under the Credit Facility is reduced from SEK 300 million to SEK 200 million and the financial covenant regarding interest coverage ratio under the Credit Facility will not be tested from the end of the second quarter of 2022 until the end of the fourth quarter of 2022 as long as the Company has not utilized the Credit Facility during the period and that available overdraft under the Credit Facility has not been utilized on the relevant test day. This would imply that the risk of the Company breaching its financial covenants in 2022 will be reduced.

Advisers

Carnegie Investment Bank AB (publ) acts as financial adviser and White & Case Advokat AB is legal adviser to Pierce in connection with the Rights Issue.

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About Pierce

Pierce is a leading e-commerce company which, with its online shops, 24MX, XLMOTO and Sledstore, sells gear, parts and accessories to riders across all of Europe through some forty locally adapted websites. The Company has two major segments, Offroad – sales to motocross and enduro riders, and Onroad – sales to high road riders. In addition, Pierce 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, Sweden, the central warehouse in Szczecin in Poland, and the major portion of our customer support services are located in Barcelona, Spain. The Company has approximately 430 employees.

Important information

The information in this press release does not contain or constitute an offer to acquire, subscribe for or otherwise trade in shares, subscription rights or other securities in Pierce Group AB. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed by any person for any purpose on the information contained in this announcement or its accuracy, fairness or completeness.

This announcement is not a prospectus for the purpose of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (together with any related implementing and delegated regulations, the “**Prospectus Regulation**”). Investors should not invest in any securities referred to in this announcement except on the basis of information contained in a prospectus. Any invitation to those entitled to subscribe for shares in Pierce Group AB is made solely through the prospectus which Pierce Group AB estimates to publish on or about 7 June 2022.

This press release or information herein may not, in whole or partly, be released, published or distributed, directly or indirectly, in or into Australia, Hong Kong, Japan, Canada, New Zealand, South Africa, Switzerland, Singapore, the United States or any other jurisdiction where such action is wholly or partially subject to legal restrictions or where such action would require additional prospectuses, registrations or other actions in addition to what is required pursuant to Swedish law. Nor may the information in this press release be forwarded, reproduced or disclosed in a manner that contravenes such restrictions or would entail such requirements. Failure to comply with this instruction may result in a violation of applicable securities laws.

No subscription rights, paid subscribed shares (BTA) or new shares have or will be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or securities legislation in any state or other jurisdiction in the United States and may not be offered, subscribed, used, pledged, sold, resold, allotted, delivered or transferred, directly or indirectly, into or within the United States, other than pursuant to an exemption from, or in a transaction that is subject to, the registration requirements of the Securities Act. Furthermore, the securities mentioned in this press release have not been registered and will not be registered under any applicable securities law in Australia, Hong Kong, Japan, Canada, New Zealand, South Africa, Switzerland or Singapore and may, with certain exceptions, not be offered or sold within, or on behalf of a person or for the benefit of a person who is registered in, these countries. The Company has not made an offer to the public in to subscribe for or acquire the securities mentioned in this press release other than in Sweden.

In the EEA Member States, with the exception of Sweden, (each such EEA Member State, a “**Relevant State**”), this press release and the information contained herein are intended only for and directed to qualified investors as defined in the Prospectus Regulation. The securities mentioned in this press release are not intended to be offered to the public in any Relevant State and are only available to qualified investors except in accordance with exceptions in the Prospectus Regulation. Persons in any Relevant State who are not qualified investors should not take any actions based on this press release, nor rely on it.

In the United Kingdom, this announcement and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, “qualified investors” (within the meaning of the United Kingdom version of the EU Prospectus Regulation (2017/1129/EU) which is part of United Kingdom law by virtue of the European Union (Withdrawal) Act 2018) who (i) have professional experience in matters relating to investments which fall within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “**Order**”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This announcement is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this announcement relates is available only to relevant persons and will be engaged in only with relevant persons.

Matters discussed in this announcement may constitute forward-looking statements. Forward-looking statements are statements that are not historical facts and may be identified by words such as “believe”, “expect”, “anticipate”, “intends”, “estimate”, “will”, “may”, “continue”, “should”, and similar expressions. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant known and unknown risks, uncertainties, contingencies and other important factors which are difficult or impossible to predict and are beyond its control. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The information, opinions and forward-looking statements contained in this announcement speak only as at

its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this communication.

[1] "Procuritas" refers to Procuritas Capital Investors V LP with its General Partner Procuritas Capital Investors V GP Limited together with PCI V Co-Investment AB.

[2] Through DIMELA Ltd.

[3] Through FAIRY GLEN HOLDINGS Ltd.

This information is information that Pierce Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person[s] set out above, at 2022-05-31 22:25 CEST.

Attachments

[Pierce announces the terms of its partially guaranteed rights issue and renegotiation of its financing terms](#)