

## Stable second quarter, despite challenges

### April - June 2021

- Net revenue decreased by 5% to SEK 451 (472) million. In local currencies the decrease was 1%. Last year's second quarter was clearly positively impacted by Covid-19 effects.
- EBITDA totaled SEK 42 (53) million. Adjusted EBITDA was SEK 43 (54) million, equivalent to a margin of 9.5% (11.4%).
- Operating profit (EBIT) was SEK 31 (43) million. Adjusted operating profit (EBIT) totaled SEK 32 (44) million and the adjusted operating margin was 7.0% (9.4%).
- Cash flow for the period was SEK -407 (119) million, which was primarily explained by the repayment of previous financing.
- Earnings per share before dilution was SEK 0.54 (0.47) and SEK 0.54 (0.47) after dilution.
- Profit/loss for the period amounted to SEK 21 (16) million, positively impacted by a lower financial net, which was SEK -5 (-21) million, mainly related to the changed financing structure.

### January - June 2021

- Net revenue amounted to SEK 820 (780) million, equivalent to a growth of 5%. In local currencies, growth was 9%. The first half year of 2020 was positively impacted by Covid-19 related effects.
- EBITDA totaled SEK 61 (62) million. Adjusted EBITDA was SEK 72 (64) million, equivalent to a margin of 8.8% (8.2%).
- Operating profit (EBIT) was SEK 38 (45) million. Adjusted operating profit (EBIT) totaled SEK 50 (46) million and the adjusted operating margin was 6.1% (5.9%).
- Cash flow for the period was SEK -62 (86) million, primarily comprised of proceeds from the new share issue executed in conjunction with the listing, less the repayment of previous financing.
- Earnings per share before dilution was SEK 0.59 (0.07) and SEK 0.59 (0.07) after dilution.
- Profit/loss for the period amounted to SEK 22 (2) million.

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
<b>Net revenue</b>	<b>451</b>	<b>472</b>	<b>820</b>	<b>780</b>	<b>1,563</b>	<b>1,523</b>
Growth (%) <sup>1</sup>	-5%	39%	5%	28%	10%	23%
Growth in local currencies (%) <sup>1</sup>	-1%	39%	9%	27%	15%	24%
Gross profit	209	216	385	354	741	711
Profit after variable costs <sup>1 2</sup>	103	110	190	175	373	358
Overhead costs <sup>1</sup>	-60	-57	-118	-111	-228	-221
Adjusted EBITDA <sup>1</sup>	43	54	72	64	145	137
<b>Adjusted operating profit (EBIT)<sup>1 3</sup></b>	<b>32</b>	<b>44</b>	<b>50</b>	<b>46</b>	<b>101</b>	<b>97</b>
Items affecting comparability <sup>1</sup>	-1	-1	-11	-2	-26	-17
EBITDA <sup>1</sup>	42	53	61	62	119	121
Operating profit (EBIT) <sup>3</sup>	31	43	38	45	75	81
Profit/loss for the period	21	16	22	2	19	-1
Gross margin (%) <sup>1</sup>	46.3%	45.8%	47.0%	45.4%	47.4%	46.7%
Profit after variable costs (%) <sup>1</sup>	22.8%	23.4%	23.2%	22.5%	23.9%	23.5%
Adjusted EBITDA (%) <sup>1</sup>	9.5%	11.4%	8.8%	8.2%	9.3%	9.0%
Adjusted operating margin (EBIT) (%) <sup>1</sup>	7.0%	9.4%	6.1%	5.9%	6.4%	6.4%
Cash flow for the period	-407	119	-62	86	-167	-19

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> 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.

<sup>3</sup> Other direct costs mainly consist of freight, invoicing and packaging.

<sup>3</sup> Operating profit (EBIT) includes depreciation and amortisation. Amortisation attributable to business acquisitions<sup>1</sup> were SEK 1.5 million during the last twelve months and financial year.

## CEO's comments on the financial development

"The second quarter was stable, despite challenges from the pandemic. Our KPI's developed well, while net revenue in local currencies decreased by 1 percent. This is primarily due to last year's exceptionally strong second quarter with a growth of almost 40 percent, clearly driven by Covid-19 related effects. Compared to two years ago, Q2 2019, the average growth (CAGR) in local currencies was 17 percent. Adjusted EBIT during the second quarter was SEK 32 million, equivalent to an adjusted EBIT margin of 7.0 percent. This was SEK 13 million lower than in the previous year. However, we estimate that EBIT during last year's Q2 was positively impacted by pandemic effects exceeding SEK 15 million, primarily due to the high level of sales. The pandemic's impact on customer behavior, together with continued stock availability shortages and delivery disruptions, as well as increased shipping and raw materials prices, imply that it continues to be challenging to navigate in the short term."

*This is a translation of the Swedish original of Pierce Group's interim report for the period 1 January - 30 June 2021. In the event of any discrepancies between the two versions, the original Swedish version shall apply.*

## CEO's comments

### Stable second quarter, despite challenges

We are following our long-term plan to strengthen our leading position in the European online market for motorcycle equipment. During the second quarter, our KPI's developed well, while net revenue in local currencies decreased by 1 percent, primarily due to a challenging comparative quarter. Last year's second quarter was exceptionally strong, with a growth in net revenue of almost 40 percent, clearly driven by Covid-19 related effects. During the first half year 2021, our growth in local currencies was 9 percent. If we extend the perspective and compare Q2 in the current year with the equivalent quarter in 2019, average growth (CAGR) in local currencies was 17 percent. Corresponding average growth during the first quarter was 19 percent. During June, growth in local currencies was positive.

The second quarter comprised several challenges. Higher global market prices for container shipping increased the cost of goods from March. We have also continued to experience stock availability shortages in both our private and external brands due to global supply chain disruptions. Moreover, the online customer behavior changed compared with Q2 last year. A lower degree of browsing for various options was replaced by a more targeted shopping pattern. This decreased the traffic but was almost fully compensated by an increased conversion rate.

In this challenging environment, we have focused, through increased campaigns, pricing, and marketing activities, together with supplier negotiations, on maintaining a good margin after variable costs. Sales of private brands grew by a couple of percent, which implies that their share of total sales increased and somewhat positively impacted the gross margin.

Adjusted EBIT during the second quarter was SEK 32 million, equivalent to an adjusted EBIT margin of 7.0 percent. This was SEK 13 million lower than previous year. However, as previously explained, we estimate that EBIT during last year's Q2 was positively impacted by pandemic effects exceeding SEK 15 million, primarily thanks to the extraordinary high level of sales.

In the Offroad segment, net revenue decreased in the second quarter by approximately 3 percent in local currencies. For the first half year, growth was approximately 9 percent in local currencies, with a margin after variable costs which increased just below one percentage point compared with the first half year last year.

Within the segment Onroad, net revenue grew by about 2 percent in local currencies. In the first half year, growth was approximately 10 percent in local currencies, with a margin after variable costs which increased just over one percentage point compared with the first half of 2020. We have continued the work with strengthening the Onroad assortment. Amongst other things, we have signed agreements with Dainese and AGV, two leading global brands within motorcycle gear, and we now look forward to deliver an even stronger customer offering. We also launched 'Course Vento', this year's collection of motorcycle jackets and gloves under our private brand, Course.

In addition, net result developed positively as an effect of the refinancing we undertook in conjunction with the listing, as interest expenses decreased.

### Positive KPI development

Our KPI's developed well during the second quarter. Our online-community, where we engage daily with motocross, enduro and street riders all over Europe, has surpassed the 1.5 million followers mark – a true milestone!

Customer satisfaction, which we measure through Trustpilot and where, in June, we exceeded 100,000 customer reviews, was at 4.2/5. Amongst other things, we see a notable decrease in customer contacts compared with last year due to both a higher quality in the processes involved and since we offer several self-service solutions which are appreciated by the customers.

The number of active customers was 1,141,000, an increase of 13 percent compared with Q2 2020. The average order value (AOV) increased to SEK 944. Most notable is the increase within Onroad, thanks to a better assortment and less clearance activities.

### Continued uncertainty in the near future

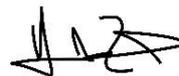
There is a large market of motorcycle riders all over Europe longing to get back on the tracks and roads again when the countries open up after the pandemic, and we continue to feel confident with the underlying growth in the online market, as well as the long-term trend. The pandemic's impact on customer behavior, together with continued stock availability shortages and delivery disruptions, as well as increased shipping and raw materials prices, imply that it continues to be challenging in the short-term.

As always, we must focus on what we can control, the customer offering and our scalability. These are two key factors in delivering profitable growth. We strive constantly to become the customer's first choice through adjusting and sharpening the offering with the right assortment, price, and delivery terms. Our ongoing initiatives to improve our processes and systems has resulted in good improvements while there still is a great deal to be done. There is clear potential for us to further strengthen, over time, our economies of scale and customer experience.

We are now intensely planning for the upcoming campaign season starting with Black Friday in November. Given the uncertain situation with the supply chain, we are working with extra safety margin and plan to build up our inventory during the next couple of months to ensure that we have a strong customer offering well in advance of the campaign season.

Finally, I wish to thank all employees for all their hard work to date and look forward to meeting up again, face-to-face, when Europe opens after the pandemic.

Stockholm, 27 July 2021



Henrik Zadig  
CEO, Pierce Group AB



## Performance measures – Group

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
<b>Revenue measures</b>						
<b>Net revenue per geographical area</b>						
Nordics	169	163	296	274	529	507
Outside the Nordics	282	310	524	506	1,034	1,016
<b>Net revenue</b>	<b>451</b>	<b>472</b>	<b>820</b>	<b>780</b>	<b>1,563</b>	<b>1,523</b>
<b>Growth per geographical area</b>						
Nordics (%) <sup>1</sup>	4%	18%	8%	16%	9%	13%
Outside the Nordics (%) <sup>1</sup>	-9%	53%	4%	36%	11%	28%
<b>Growth (%)<sup>1</sup></b>	<b>-5%</b>	<b>39%</b>	<b>5%</b>	<b>28%</b>	<b>10%</b>	<b>23%</b>
<b>Performance measures</b>						
Gross margin (%) <sup>1</sup>	46.3%	45.8%	47.0%	45.4%	47.4%	46.7%
Profit after variable costs (%) <sup>1</sup>	22.8%	23.4%	23.2%	22.5%	23.9%	23.5%
Overhead costs (%) <sup>1</sup>	13.3%	12.0%	14.4%	14.3%	14.6%	14.5%
Adjusted EBITDA (%) <sup>1 2</sup>	9.5%	11.4%	8.8%	8.2%	9.3%	9.0%
Adjusted operating margin (EBIT) (%) <sup>1</sup>	7.0%	9.4%	6.1%	5.9%	6.4%	6.4%
Earnings per share before dilution (SEK)	0.54	0.47	0.59	0.07	0.53	-0.02
Earnings per share after dilution (SEK)	0.54	0.47	0.59	0.07	0.52	-0.02
<b>Cash flow- and other financial measures</b>						
Operating profit (EBIT)	31	43	38	45	75	81
Investments <sup>3</sup>	-7	-6	-14	-18	-25	-29
<b>Operating profit (EBIT) minus investments</b>	<b>23</b>	<b>37</b>	<b>25</b>	<b>27</b>	<b>50</b>	<b>52</b>
Changes in net working capital	-30	78	-32	55	-42	45
Other non-cash items <sup>1 4</sup>	5	7	11	8	22	20
<b>Operating cash flow<sup>1</sup></b>	<b>-2</b>	<b>122</b>	<b>3</b>	<b>90</b>	<b>30</b>	<b>117</b>
Net change in loans	-424	—	-424	—	-539	-115
Paid/received blocked funds	14	—	14	—	—	-14
Other cash flow <sup>1 5</sup>	5	-4	345	-4	341	-8
<b>Cash flow for the period</b>	<b>-407</b>	<b>119</b>	<b>-62</b>	<b>86</b>	<b>-167</b>	<b>-19</b>
Cash and cash equivalents <sup>6</sup>	27	194	27	194	27	87
Net debt excluding IFRS 16 <sup>1 6</sup>	55	187	55	187	55	312
Net debt/EBITDA <sup>1 7</sup>	0.5	2.5	0.5	2.5	0.5	2.8
Inventory <sup>6</sup>	374	290	374	290	374	334
Other current operating assets <sup>1 6</sup>	43	73	43	73	43	29
Other current operating liabilities <sup>1 6</sup>	-265	-252	-265	-252	-265	-244
<b>Net working capital<sup>1 6</sup></b>	<b>152</b>	<b>110</b>	<b>152</b>	<b>110</b>	<b>152</b>	<b>120</b>
<b>Operating measures</b>						
Number of orders (thousands) <sup>1</sup>	477	521	905	875	1,753	1,724
Average order value (AOV) (SEK) <sup>1</sup>	944	906	906	891	892	884
Net revenue from private brands <sup>1</sup>	165	160	322	276	617	571
Active customers last 12 months (thousands) <sup>1</sup>	1,141	1,010	1,141	1,010	1,141	1,118

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> Adjusted EBITDA, excluding IFRS 16, amounted during the past twelve months' period to SEK 121 (76) million.

<sup>3</sup> Investments regards cash flow from investments excluding paid/received blocked funds.

<sup>4</sup> 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.

<sup>5</sup> Other cash flow mainly regards received/paid tax, paid financial net and new share issues and issue of warrants excluding paid issue costs.

<sup>6</sup> Measures correspond to each period end.

<sup>7</sup> Net debt refers to the alternative performance measure net debt excluding IFRS 16, and EBITDA refers to the measure adjusted EBITDA excluding IFRS 16.



## Pierce – Riders in eCommerce

Pierce is a leading and fast-growing e-commerce company selling gear, parts and accessories to riders across all of Europe via some forty websites adapted to local markets. Pierce has two major segments, Offroad – sales to motocross and enduro riders, and Onroad – sales to 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 450 employees.

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

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

### April – June 2021

#### Net revenue

Net revenue decreased by 5 percent to SEK 451 (472) million and was impacted by a strengthened SEK against EUR. The decrease in local currencies was 1 percent. In the previous year, net revenue was clearly positively impacted by Covid-19 related effects. Compared with the same quarter in 2019, average growth (CAGR) in local currencies was 17 percent. The equivalent growth during the first quarter was 19 percent.

Net revenue within Offroad and Onroad decreased by 7 and 1 percent, respectively. Average growth (CAGR) since Q2 2019 within Offroad was 17 percent and within Onroad, 13 percent. During the first quarter, the equivalent growth in Offroad, respective Onroad, was 22, respective, 10 percent.

#### Gross profit and gross margin

Gross profit amounted to SEK 209 (216) million, equivalent to a gross margin of 46.3 (45.8) percent.

During the second quarter, the gross margin was positively impacted by a lower share of price-reduced sales and a higher share of net revenue from private brands. In addition, it was deemed that improvements in the Company's processes for pricing had a positive effect on the margin.

The above positive effects on the gross margin were offset by increased shipping costs from Asia, related to the global shortage of containers. Total shipping costs to the distribution warehouse in Poland amounted to SEK 20 (12) million which reduced the gross margin by 1.9 percentage points compared with the second quarter 2020.

The gross margin is assessed to continuously have benefited from the weakening of USD against EUR from the third quarter 2020. This, as the Company only has outflows in USD for purchase of goods. Furthermore, exchange rate differences arising from revaluation of net working capital items impacted gross profit by SEK 0 (5) million. The above-mentioned exchange rate-related changes are assessed to be of the same amount as in previous year.

#### Operating costs

Sales and distribution costs amounted to SEK -138 (-135) million and include, primarily, variable costs for marketing and shipping to end customer. In relation to net revenue, these costs totaled 30.6 (28.6) percent. The increase was explained by, amongst other things, somewhat higher costs for performance marketing and the distribution warehouse in Poland, whose costs were unusually low previous year.

Administration costs were SEK -40 (-37) million.

#### Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK 32 (44) million, equivalent to a margin of 7.0 (9.4) percent.

All in all, it is deemed that adjusted operating profit (EBIT) during the second quarter 2020 was positively affected by Covid-19 related effects by more than SEK 15 million, primarily related to the high net revenue growth. Excluding Covid-19-related effects, adjusted operating profit (EBIT) current quarter is assessed to have been aligned with last year.

In addition, the increased shipping costs from Asia impacted the earnings trend. The improvement in adjusted operating profit (EBIT), excluding the above-mentioned effects, was explained primarily by the assessed underlying sales growth.

The change in margin was attributable to the net of an increased gross margin, higher costs for marketing, and increased overhead costs, in relation to net revenue. The latter was primarily due to the fact that net revenue during the second quarter 2020 was clearly positively impacted by Covid-19 related effects.

Operating profit (EBIT) amounted to SEK 31 (43) million. The change compared with the previous year was not significantly affected by exchange rate effects.

#### Financial items

Financial items amounted to SEK -5 (-21) million, of which SEK -1 (-5) million referred to exchange rate differences related to revaluation of financial balance sheet items.

Other financial items, of SEK -4 (-16) million referred, in all significance to interest expenses on external financing. These decreased as the Company's borrowing, directly after the listing, was reduced and replaced by a credit facility with a significantly lower interest rate than with the previous loans. Interest expenses regarding previous financing structure, bond and shareholder loans, totaled SEK -2 (-12) million during the period.

#### Taxes

Tax expenses totaled SEK -4 (-6) million and result for the period was SEK 21 (16) million.

## January - June 2021

### Net revenue

Net revenue increased by 5 percent to SEK 820 (780) million. In local currencies, growth was 9 percent. Growth within Offroad, respective Onroad, was 4 and 6 percent, respectively. The first half year 2020 was positively impacted by Covid-19 related effects. Compared with the first half year 2019, average growth (CAGR) in local currencies was 18 percent.

### Gross profit and gross margin

Gross profit amounted to SEK 385 (354) million, equivalent to gross margin of 47.0 (45.4) percent.

The gross margin is deemed to have been positively impacted by exchange rate effects related to the weakened USD against EUR starting from the third quarter 2020. This, as the Company only has outflows in USD related to purchase of goods. A lower share of price-reduced sales and a higher share of net revenue from private brands has also positively impacted the gross margin compared with the first half year 2020. Moreover, the improved processes for pricing are considered to have helped boost the margin.

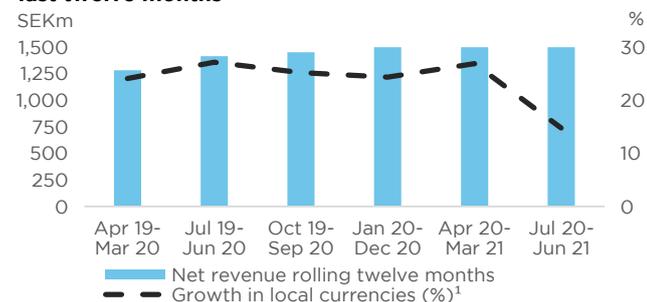
The above positive effects on the gross margin were offset by increased shipping costs from Asia related to the global shortage of containers. These effects impacted the first quarter marginally, but total shipping costs amounted to SEK 20 (12) million during the second quarter. Moreover, exchange rate differences referring to revaluation of working capital items impacted gross profit by SEK -4 (0) million.

### Operating costs

Sales and distribution costs amounted to SEK -258 (-238) million, equivalent to 31.5 (30.5) percent in relation to net revenue. This increase was explained by, amongst other, a somewhat higher level of costs for performance marketing, and the distribution warehouse in Poland, where the costs were unusually low last year.

Administration costs were SEK -86 (-71) million. Excluding items affecting comparability, administration costs amounted to SEK -78 (-71) million. The increase mainly referred to investments within sales and marketing, product development and IT.

**Net revenue and growth in local currencies (%)<sup>1</sup>, last twelve months**



<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

### Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) amounted to SEK 50 (46) million, equivalent to a margin of 6.1 (5.9) percent. All in all, it is deemed that operating profit (EBIT) was positively affected during the second quarter 2020 by Covid-19 related effects exceeding SEK 15 million.

Operating profit (EBIT) amounted to SEK 38 (45) million and was during the first quarter negatively affected by significant non-recurring expenses related to the Company's listing in March 2021. The change compared to last year is considered to not have been significantly impacted by exchange rate effects.

### Financial items

Financial items amounted to SEK -19 (-36) million, of which SEK 2 (-10) million referred to exchange rate differences related to revaluation of financial balance sheet items. In addition, financial items included SEK -8 (-) million referring to early redemption of bond loan, which, amongst other things, included previously capitalised arrangement fees of SEK -5 million.

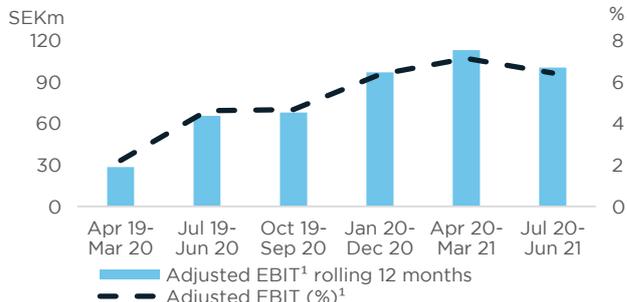
Other financial items of SEK -13 (-27) million referred primarily to interest expenses on bond and shareholder loans. The decrease compared with previous year was explained by the repayment of the previous financing structure at the beginning of the second quarter, which was replaced by a credit facility totalling SEK 300 million.

### Taxes

Tax income (costs) amounted to SEK 3 (-6) million and the net result for the period was SEK 22 (2) million.

The tax income of SEK 3 million referred to tax income of SEK 7 million and tax expenses of SEK -4 million. The first of these referred primarily to deferred tax receivables on previous years' non-deductible interest expenses. These expenses are deemed to be able to be treated as deductible costs in future income tax returns. The changed assessment is based on significantly lower expected interest expenses due to the new financing structure implemented shortly after the stock exchange listing.

**Adjusted EBIT<sup>1</sup> and adjusted EBIT (%)<sup>1</sup>, last twelve months**



## Comments to the Group's cash flow

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

## April - June 2021

Cash flow from operating activities was SEK 7 (130) million. The difference compared with the same period in 2020 referred mainly to changes in net working capital, SEK -30 (78) million, and by operating profit (EBIT) that amounted to SEK 31 (43) million.

Net working capital changes in 2020 were primarily due to high sales levels during the second quarter, which resulted in lower inventory levels and increased operating liabilities. During the current quarter, changes in net working capital are explained primarily by increased inventory, with operating liabilities at the same levels as last year. Changes in net working capital were negatively affected in the current quarter by SEK 15 million in suppliers' payments attributable to the stock exchange listing. Excluding the listing expenses, changes in net working capital therefore were SEK -15 million.

Cash flow from investments amounted to SEK 6 (-6) million, of which repaid blocked funds totaled SEK 14 (-) million. Investments, of SEK -7 (-6) million, referred mainly to development of internal systems and purchase of equipment for the distribution warehouse.

Cash flow from financing activities was SEK -421 (-6) million and was explained primarily by repayment of previous financing structure and changes in utilised credit facility.

Cash flow for the period was SEK -407 (119) million and cash and cash equivalents totaled SEK 27 (194) million at the end of the reporting period.

## January - June 2021

Cash flow from operating activities was SEK 18 (113) million. The difference referred to changes in net working capital, SEK -32 (55) million, and operating profit of SEK 38 (45) million.

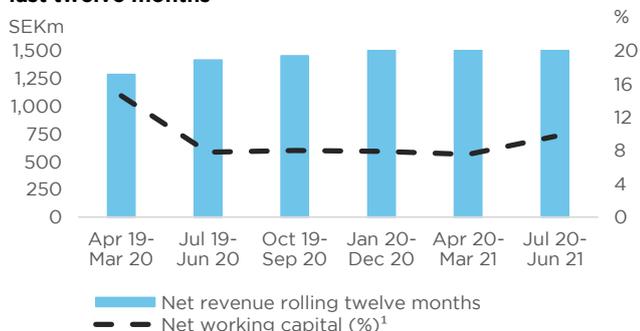
Cash flow from investments totaled SEK 0 (-18) million, of which repaid blocked funds amounted to SEK 14 (-) million. Investments, SEK -14 (-18) million, referred primarily to internal systems and purchase of equipment for the distribution warehouse. Last year, investments in the new e-commerce platform were included in this amount. The platform was completed during the second quarter 2020.

Cash flow from financing activities was SEK -80 (-9) million, primarily attributable to repayment of previous financing structure, proceeds received from the new share issue in conjunction with the listing and utilised credit facility.

Cash flow during the interim period was SEK -62 (86) million. Including exchange rate differences, which totaled SEK 2 (-3) million, cash and cash equivalents at the end of the period amounted to SEK 27 (194) million.

As shown below, operating cash flow during the last twelve months amounted to SEK 30 (108) million. The decrease compared with the high levels previous four quarters was primarily attributable to the second quarter 2020 when there was a major reduction in net working capital, clearly impacted by Covid-19 related effects. In addition, the last twelve month period was affected by payments of SEK 20 million related to the stock exchange listing.

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



<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for the definitions and purposes of these measurements.

Operating cash flow<sup>1</sup>, last twelve months

## Comments to the Group's financial position

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

Net working capital at the end of the period was SEK 152 (110) million and increased mainly due to increased inventory while operating liabilities were on the same levels as 2020.

Right-of-use assets decreased by SEK 22 million to SEK 73 million, compared with the same point in time last year, primarily due to depreciation for the period. Leasing liabilities decreased in total by SEK 21 million to SEK 80 million.

Net debt, excluding IFRS 16, amounted to SEK 55 (187) million at the end of the period. The reduction, since the end of the same period last year of SEK 132 million, was explained

by decreased cash and cash equivalents, SEK 167 million, and reduced interest-bearing liabilities of SEK 299 million.

During the second quarter of the current year, the previous financing structure was replaced by a SEK 300 million credit facility, of which SEK 82<sup>1</sup> million had been utilised at the end of the period. Cash and cash equivalents amounted to SEK 27 (194) million at the end of the period.

At the end of the period, the Group's equity totaled SEK 433 (62) million, an increase of SEK 376 million during the interim period. The change in equity was explained by total comprehensive income of SEK 22 million, new share issue of

<sup>1</sup> The variance between "Utilised credit facility" in the Group's statement of cash flow and "Liabilities to credit institutions" in the Group's statement of financial position is explained by capitalised loan and interest expenses.

Q2 : 2021

SEK 337 million, and issue of warrants, SEK 17 million, both including issue costs.

## 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

SEKm	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Offroad	267	286	488	469	972	952
Onroad	173	174	274	258	477	461
Other	11	12	58	54	113	110
<b>Net revenue</b>	<b>451</b>	<b>472</b>	<b>820</b>	<b>780</b>	<b>1,563</b>	<b>1,523</b>
Offroad	129	133	240	222	478	460
Onroad	75	74	119	108	206	195
Other	5	5	30	24	56	50
Intra-group costs <sup>1</sup>	0	5	-4	0	1	5
<b>Gross profit</b>	<b>209</b>	<b>216</b>	<b>385</b>	<b>354</b>	<b>741</b>	<b>711</b>
Offroad	69	73	130	122	262	254
Onroad	31	30	49	42	80	73
Other	3	2	16	12	30	26
Intra-group costs <sup>1</sup>	0	5	-4	0	1	5
<b>Profit after variable costs<sup>2 3</sup></b>	<b>103</b>	<b>110</b>	<b>190</b>	<b>175</b>	<b>373</b>	<b>358</b>

<sup>1</sup> Intra-group costs, consists of exchange rate revaluation of net working capital items which are not divided between segments.<sup>2</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.<sup>3</sup> 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 segments, see note 4 - Segment reporting.

Offroad  24MX

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net revenue	267	286	488	469	972	952
Growth (%) <sup>1</sup>	-7%	48%	4%	37%	13%	30%
Gross profit	129	133	240	222	478	460
Gross margin (%) <sup>1</sup>	48.4%	46.4%	49.2%	47.4%	49.2%	48.3%
Profit after variable costs <sup>1 2</sup>	69	73	130	122	262	254
Profit after variable costs (%) <sup>1</sup>	26.0%	25.6%	26.6%	25.9%	27.0%	26.7%
Number of orders (thousands) <sup>1</sup>	287	308	545	513	1,077	1,045
Average order value (AOV) (SEK) <sup>1</sup>	931	931	896	913	903	911
Net revenue from private brands <sup>1</sup>	104	101	198	173	384	360
Active customers last 12 months (thousands) <sup>1</sup>	658	554	658	554	658	630

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.<sup>2</sup> 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.<sup>3</sup> Other direct costs mainly consist of freight, invoicing and packaging.

For more information about the segment, see note 4 - Segment reporting.

## April - June 2021

Net revenue decreased by 7 percent to SEK 267 (286) million compared with the equivalent period last year, as net revenue in Q2 2020 were clearly positively impacted by Covid-19 related effects. The decrease in the Nordics and outside the Nordics was 2, respective 8, percent. The larger decrease outside the Nordics was primarily driven by a continued strengthened SEK against EUR. The challenges regarding stock availability shortages negatively impacted net revenue during the quarter.

Profit after variable costs amounted to SEK 69 (73) million, which was equivalent to a margin of 26.0 (25.6) percent. The margin improvement was positively impacted by a higher share of net revenue from private brands and an assessed positive exchange rate effect. These improvements were partially offset by increased shipping costs from Asia, connected to the global shortage of containers and increased variable costs for performance marketing.

## January - June 2021

Net revenue increased by 4 percent to SEK 488 (469) million compared with previous year when net revenue was positively impacted by Covid-19 related effects.

Profit after variable costs amounted to SEK 130 (122) million, equivalent to a margin of 26.6 (25.9) percent. This increase is deemed to have been positively impacted by exchange rate effects and a higher share of net revenue from private brands. This was partially offset by increased shipping costs from Asia and increased variable costs for performance marketing.

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net revenue	173	174	274	258	477	461
Growth (%) <sup>1</sup>	-1%	27%	6%	17%	5%	11%
Gross profit	75	74	119	108	206	195
Gross margin (%) <sup>1</sup>	43.2%	42.3%	43.5%	42.1%	43.1%	42.3%
Profit after variable costs <sup>1 2</sup>	31	30	49	42	80	73
Profit after variable costs (%) <sup>1</sup>	18.0%	17.5%	17.7%	16.3%	16.7%	15.9%
Number of orders (thousands) <sup>1</sup>	182	203	305	317	576	588
Average order value (AOV) (SEK) <sup>1</sup>	947	857	897	813	829	785
Net revenue from private brands <sup>1</sup>	57	54	96	82	175	162
Active customers last 12 months (thousands) <sup>1</sup>	420	398	420	398	420	428

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> 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 - Segment reporting.

### April - June 2021

Net revenue decreased by 1 percent to SEK 173 (174) million compared with the same period last year, as net revenue was clearly positively impacted by Covid-19 related effects.

Growth in the Nordics and outside the Nordics was 10 and -11 percent respectively. The decrease outside the Nordics was partially driven by a continued strengthened SEK against EUR. The increased average order value was primarily due to a better assortment and fewer price-reduced sales.

Profit after variable costs amounted to SEK 31 (30) million, equivalent to a margin of 18.0 (17.5) percent. The margin improvement referred mainly to fewer price-reduced sales, an assessed positive exchange rate effect and lower shipping costs associated with the increased average order value. This was partially offset by increased shipping costs from Asia related to the global shortage of containers and to increased variable costs for performance marketing.

### January - June 2021

Net revenue increased by 6 percent compared with previous year to SEK 274 (258) million. Compared with Offroad, the Onroad segment was deemed to have been less positively impacted by Covid-19 related effects last year. Profit after variable costs amounted to SEK 49 (42) million, equivalent to a margin of 17.7 (16.3) percent. The margin improvement was primarily explained by a lower share of price-reduced sales and positive exchange rate effects, as well as lower shipping costs due to the increased average order value. This was offset to some degree by increased shipping costs from Asia and increased variable costs for performance marketing.

### Other sledstore

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net revenue	11	12	58	54	113	110
Growth (%) <sup>1</sup>	-10%	23%	7%	21%	8%	14%
Gross profit	5	5	30	24	56	50
Gross margin (%) <sup>1</sup>	47.2%	39.9%	51.7%	44.2%	49.8%	46.1%
Profit after variable costs <sup>1 2</sup>	3	2	16	12	30	26
Profit after variable costs (%) <sup>1</sup>	23.8%	15.4%	27.5%	22.3%	26.2%	23.7%

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> 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 - Segment reporting.

### April - June 2021

Net revenue decreased by 10 percent to SEK 11 (12) million compared with the same period last year. The quarter was affected by availability issues related to the rich levels of snow during the winter which led to a high demand during the first quarter.

The segment has its largest activity during the first and fourth quarters as the operation are, in all significant aspects, focused on the sales to snowmobile riders

The margin after variable costs was positively impacted by fewer reduced-price sales compared with the snow-poor winter of 2020.

### January - June 2021

Net revenue increased by 7 percent to SEK 58 (54) million compared with the previous year.

The margin after variable costs was positively impacted by fewer reduced-price sales compared with the snow-poor winter of 2020.

## The Pierce share

At an extraordinary general meeting on 20 January 2021, a resolution was adopted regarding a division of Pierce Group AB's (publ) shares, a so-called share split with a 300:1 ratio. In conjunction with the change of company form from private to public company, it was resolved to increase the share capital through a bonus issue of SEK 0.5 million.

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

On 6 April 2021, 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 30 June 2021 amounted to 39,687,050, equivalent to a quota value of SEK 0.02.

The share price at listing was SEK 64.0, and was SEK 80.6 on the last trading day of the period. Number of shareholders was 1,442, of which the largest were Procuritas (33.3%), Daniel Petersen via company (7.0%), Stefan Rönn via company (7.0%), Handelsbanken Fonder (6.7%), and Fjärde AP-fonden (AP4) (4.0%).

The Company has launched warrant programs, long term incentive programs — LTIP, (right to acquire shares according to certain terms and conditions). See additional information provided below.

### LTIP 2020/2025

During 2020, a warrant program was launched for the CEO. The CEO subscribed to 1,782 warrants at market value, calculated using the Black & Scholes model. The subscription period ran from 30 January 2025 to 13 February 2025, alternatively earlier in the case of an ownership change.

In connection with the listing in March 2021, all warrants were exercised, whereby 534,600 shares<sup>1</sup> were subscribed at a subscription price of SEK 24.8. The new share issue was registered in April which contributed SEK 10,692 in share capital to Pierce Group.

### LTIP 2021/2024

LTIP 2021/2024 was issued in March 2021 as part of an incentive program for certain senior executives and key employees of the Group. The program comprises 376,443 warrants, all warrants were subscribed as of 31 March 2021. Each warrant grants the right to subscribe one (1) ordinary share in the Company. The warrants were subscribed at market value, calculated using the Black & Scholes model, equivalent to SEK 4 million.

The warrants can be exercised from the date after publication of the interim report for the period 1 January to 31 mars 2024, however not earlier than 1 April 2024, up to and including 31 August 2024, at a pre-determined 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

No significant events have taken place after the end of the reporting period.

## Impact of currency effects

In all material aspects, net revenue and the sum of total costs and investments are equivalent to payments received and payments made. During the last twelve months, EUR, SEK and NOK accounted for 57, 16 and 10 percent respectively of total payments received. Of payments made, EUR, SEK, USD and PLN amounted to 46, 25, 14 and 9 percent respectively. To reduce exposure to significant exchange rate fluctuations, the Group purchases, since 2020, currency derivatives for certain selected currencies, including EUR and USD.

Furthermore, operating assets and liabilities in foreign currencies are revalued at the end of each month. This revaluation relates 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.

## Change of functional currency in subsidiary

From 1 January 2021, the subsidiary Pierce AB has EUR as its functional currency. The background to this is the successively increased operations outside the Nordics which means that the subsidiary's operating assets and liabilities, as well as its purchases and sales, are, primarily, in currencies other than SEK. The currency having the single largest impact on the underlying transactions is EUR. With the change of functional currency from SEK to EUR in the subsidiary, exchange rate effects will have a more limited effect on the Group's financial reporting. However, upon consolidation of the subsidiary, the translation exposure of the profit and loss and net assets from EUR to SEK will increase and affect other comprehensive income. See Note 8 for a description of the effects on the Group's reporting and key ratios as a result of the change.

## Employees

The average number of employees during the second quarter was 457 (400). Of these, 159 (130) worked at the distribution warehouse in Poland, and 297 (271) were white-collar workers in Sweden, Poland and Spain.

## Seasonal variations

As "Black Week" and Christmas occur in the fourth quarter, this quarter most often shows the highest net revenue, while the first quarter often shows the lowest. Together, these two quarters account for about 50 percent of annual sales.

<sup>1</sup> Number of warrants adjusted for the 300:1 share split that took place in January 2021.

## Parent Company

Pierce Group AB (publ), Corporate ID No. 556967-4392, is the Parent Company in the Pierce Group, and is a public company registered in Sweden. Since 26 March 2021, Pierce Group AB (publ) is listed on Nasdaq Stockholm Mid Cap.

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

Net revenue during the second quarter amounted to SEK 3 (2) million and during the interim period to SEK 7 (5) million and was fully attributable to sales to Group companies.

Financial net mainly comprised of interest expenses regarding bond and shareholder loans up until April in the current year when the previous financing structure was repaid. Profit/loss before tax during the quarter amounted to SEK -1 (-6) million and during the interim period to SEK -21 (-10) million.

The Parent Company's equity at the end of the period was SEK 392 (71) million. This change was mainly attributable to the new share issue which took place in March 2021 in conjunction with the listing of the Company.

The CEO and CFO are employed in the Parent Company.

## Risks and factors of uncertainty

The Group's operations and results are affected by several 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 2020 and in the Company's listing prospectus.

Covid-19 has primarily affected the Group indirectly via the pandemic's effects on the macroeconomic development in the markets in which Pierce operates. Some of Pierce's main markets have been affected due to strict quarantine restrictions that have applied at certain times, and which affect the possibility of motorbike riding.

During the second quarter 2020, the Company's sales growth, which totaled 39 percent, was clearly positively impacted by Covid 19-related closing of physical stores with offerings similar to Pierce's. This took place in combination with the Company's internal decisions to drive short-term sales volume. During the third quarter 2020, net revenue was impacted somewhat negatively because of stock availability shortages due to the unexpected high level of net revenue experienced during the second quarter, and Covid-19 related production problems in supply chains.

During 2021, the Covid-19 pandemic have impacted operations through certain stock availability shortages in the market and delivery delays. Shipping costs from Asia have increased due to the global shortage in containers. This has only marginally affected the gross margin during the first quarter but had a negative effect during the second quarter when the sale of these purchases has taken place. This negative impact is expected to continue in the following quarters. Continuous uncertainties exists in the supply chain in the form of shortages of products and delays which challenges the stock availability and purchase prices. The pandemic's effect on customer behaviour and demand constitutes a factor of uncertainty.

## Financial risks

At the beginning of the quarter, the Group have received a credit facility from one of the major Swedish banks of SEK 300 million.

The credit facility contains certain financial covenants, stipulating that the Group's leverage ratio<sup>1</sup> 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<sup>2</sup> may not be less than 4.0 times. Pierce fulfills the covenant terms associated with the credit facility.

For further information, see Note 7 Pledged assets and contingent liabilities.

## Related party transactions

During the interim period, costs for consulting fees to Stefan Rönn and Daniel Petersen, founders, and shareholders in Pierce Group via companies, totalling SEK 188 (1,001) thousand were charged against the Group's earnings. All transactions with related parties have been entered into on arms-length terms. For further information regarding related parties, see Note 6.

## Financial targets

The Board of Directors of Pierce has adopted the following financial targets<sup>3</sup>: These are unchanged compared with previous quarter.

### Growth - 15-20%

In the medium to long term, grow net revenue by 15-20% in 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<sup>4</sup> not exceeding 2,0x, subject to temporary flexibility for strategic initiatives.

### Dividend policy

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

<sup>1</sup> 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.

<sup>2</sup> The measure is equivalent to the Group's EBITDA excluding IFRS 16, in the same manner as the measure defined in the credit facility agreement, which differs slightly from the Company's definition.

<sup>3</sup> The Board adopted the financial goals in December 2020. Medium to long term refers to 3-5 years.

<sup>4</sup> Alternative performance measures (APM), see pages 21-26 for the definitions and purposes of these measurements.

<sup>5</sup> Free cash flow refers to cash flow from operating activities and operations and investment activities.

<sup>6</sup> 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.

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## Other

The interim report has not been reviewed by the Company's auditors.

### Upcoming financial reports

#### 11 November 2021

Interim report January-September 2021

#### 16 February 2022

Year-end report January- December 2021

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

On 27 July at 09.00 CET, CEO Henrik Zadig and CFO Tomas Ljunglöf will hold a web telephone conference in English in conjunction with the publication of the quarterly report.

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

SE: +46 856 642 703

UK: +443 333 009 264

US: +16 467 224 902

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

<https://tv.streamfabriken.com/pierce-group-q2-2021>

The presentation material will be available prior to the start of the conference on Pierce Group's website via the following web link: <https://www.piercgroup.com/en/reports-presentations/>

## Contact information, Pierce

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Tomas Ljunglöf, CFO and Head of IR, +46 73 378 01 54

The information in this Interim report comprises information which Pierce Group AB (publ) is obliged to disclose under the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication by the above-mentioned contact individuals on 27 July 2021 at 08.00 CET.

## Signatures

The undersigned certifies that the interim report provides a true and fair view of the Parent Company's and Group's operations, financial positions, 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, 27 July 2021

Ketil Eriksen

Chairman of the Board

Henrik Zadig

CEO

Mattias Feiff

Board Member

Shu Sheng

Board Member

Gunilla Spongh

Board Member

Stefan Rönn

Board Member

Thomas Ekman

Board Member

## Q2 : 2021

### Condensed consolidated statement of profit/loss

SEKm (unless stated otherwise)	Note	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
		2021	2020	2021	2020	Jun 2021	2020
Net revenue	3	451	472	820	780	1,563	1,523
Cost of goods sold		-242	-256	-435	-426	-821	-812
<b>Gross profit</b>		<b>209</b>	<b>216</b>	<b>385</b>	<b>354</b>	<b>741</b>	<b>711</b>
Sales and distribution costs		-138	-135	-258	-238	-493	-473
Administration costs		-40	-37	-86	-71	-169	-154
Other operating income		0	0	1	1	2	1
Other operating expenses		-1	-1	-3	-1	-7	-5
<b>Operating profit</b>		<b>31</b>	<b>43</b>	<b>38</b>	<b>45</b>	<b>75</b>	<b>81</b>
Financial net		-5	-21	-19	-36	-56	-73
<b>Profit/loss before tax</b>		<b>26</b>	<b>22</b>	<b>19</b>	<b>8</b>	<b>19</b>	<b>8</b>
Tax		-4	-6	3	-6	0	-8
<b>Profit/loss for the period</b>		<b>21</b>	<b>16</b>	<b>22</b>	<b>2</b>	<b>19</b>	<b>-1</b>
<b>Attributable to shareholders of the parent company</b>		<b>21</b>	<b>16</b>	<b>22</b>	<b>2</b>	<b>19</b>	<b>-1</b>
<b>Earnings per share</b>							
Earnings per share before dilution (SEK) <sup>1</sup>		0.54	0.47	0.59	0.07	0.53	-0.02
Earnings per share after dilution (SEK) <sup>1</sup>		0.54	0.47	0.59	0.07	0.52	-0.02
Average number of shares before dilution (thousands) <sup>1</sup>		39,658	33,648	36,614	33,648	35,260	33,663
Average number of shares after dilution (thousands) <sup>1</sup>		39,695	33,648	36,800	33,648	35,511	33,663

<sup>1</sup> Adjusted for the share split (300:1) that occurred in January 2021.

### Consolidated statement of comprehensive income

SEKm	Note	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
		2021	2020	2021	2020	Jun 2021	2020
Profit/loss for the period		21	16	22	2	19	-1
<b>Items that may subsequently be reclassified to income statement</b>							
Translation difference		-1	-2	1	-1	-2	-3
<b>Other comprehensive income for the period</b>		<b>-1</b>	<b>-2</b>	<b>1</b>	<b>-1</b>	<b>-2</b>	<b>-3</b>
<b>Comprehensive income for the period</b>		<b>20</b>	<b>14</b>	<b>22</b>	<b>2</b>	<b>17</b>	<b>-4</b>
<b>Attributable to shareholders of the parent company</b>		<b>20</b>	<b>14</b>	<b>22</b>	<b>2</b>	<b>17</b>	<b>-4</b>

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Condensed consolidated statement of financial position

SEKm	Note	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		353	355	353
Property, plant and equipment		17	14	14
Right-of-use assets		73	95	79
Financial assets		2	4	16
Deferred tax assets		13	7	6
<b>Total non-current assets</b>		<b>458</b>	<b>476</b>	<b>469</b>
<b>Current assets</b>				
Inventory		374	290	334
Other receivables	5	43	73	30
Cash and cash equivalents		27	194	87
<b>Total current assets</b>		<b>444</b>	<b>556</b>	<b>451</b>
<b>Total assets</b>		<b>901</b>	<b>1,032</b>	<b>920</b>
<b>Equity and liabilities</b>				
<b>Total equity attributable to shareholders of the parent company</b>		<b>433</b>	<b>62</b>	<b>57</b>
<b>Non-current liabilities</b>				
Liabilities to credit institutions		—	381	399
Shareholder loans		—	171	—
Leasing liabilities		58	80	64
Contingent consideration	5	—	25	—
Deferred tax liabilities		29	27	29
<b>Total non-current liabilities</b>		<b>87</b>	<b>684</b>	<b>492</b>
<b>Current liabilities</b>				
Liabilities to credit institutions		82	—	—
Shareholder loans		—	—	63
Leasing liabilities		22	20	22
Contingent consideration	5	—	—	27
Trade payables		94	87	86
Other liabilities	5	183	178	172
<b>Total current liabilities</b>		<b>381</b>	<b>286</b>	<b>371</b>
<b>Total equity and liabilities</b>		<b>901</b>	<b>1,032</b>	<b>920</b>

Condensed consolidated statement of changes in equity

SEKm	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Opening balance beginning of period</b>	<b>57</b>	<b>59</b>	<b>59</b>
Profit/loss for the period	22	2	-1
Other comprehensive income for the period	1	-1	-3
<b>Comprehensive income for the period</b>	<b>22</b>	<b>2</b>	<b>-4</b>
<b>Transactions with shareholders</b>			
New share issue	350	0	1
Issue costs referring to new share issue	-13	0	0
Issue of warrants	18	2	2
Issue costs referring to warrants	0	—	0
<b>Closing balance end of period</b>	<b>433</b>	<b>62</b>	<b>57</b>

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Condensed consolidated statement of cash flow

SEKm	Note	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
		2021	2020	2021	2020		
<b>Operating activities</b>							
Operating profit		31	43	38	45	75	81
Adjustments for non-cash items		11	14	23	20	47	44
Paid interest		-4	-1	-9	-3	-16	-9
Received interest		0	1	0	1	0	1
Received/paid tax		0	-4	-2	-6	-1	-5
<b>Cash flow from operating activities before changes in net working capital</b>		<b>37</b>	<b>52</b>	<b>50</b>	<b>58</b>	<b>104</b>	<b>111</b>
Changes in net working capital		-30	78	-32	55	-42	45
<b>Cash flow from operating activities</b>		<b>7</b>	<b>130</b>	<b>18</b>	<b>113</b>	<b>61</b>	<b>156</b>
<b>Investing activities</b>							
Investments in non-current assets		-7	-6	-14	-18	-25	-29
Paid/received blocked funds		14	—	14	—	—	-14
<b>Cash flow from investing activities</b>		<b>6</b>	<b>-6</b>	<b>0</b>	<b>-18</b>	<b>-25</b>	<b>-42</b>
<b>Financing activities</b>							
New share issue including issue costs		-6	—	337	0	337	1
Issue of warrants including issue costs		14	—	17	2	17	2
Change in utilised credit facility		84	—	84	—	84	—
Repayment of shareholder loans <sup>1</sup>		-64	—	-64	—	-179	-115
Repayment of liabilities to credit institutions <sup>2</sup>		-414	—	-414	—	-414	—
Repayment of leasing liabilities		-5	-6	-10	-10	-20	-21
Paid contingent consideration		-30	—	-30	—	-30	—
<b>Cash flow from financing activities</b>		<b>-421</b>	<b>-6</b>	<b>-80</b>	<b>-9</b>	<b>-204</b>	<b>-133</b>
Cash flow for the period		-407	119	-62	86	-167	-19
Cash and cash equivalents at beginning of period		435	82	87	111	194	111
Exchange rate difference		-1	-7	2	-3	1	-4
<b>Cash and cash equivalents end of period</b>		<b>27</b>	<b>194</b>	<b>27</b>	<b>194</b>	<b>27</b>	<b>87</b>

<sup>1</sup> Repaid amount referred to capitalised interest expenses, which for the quarter and the interim period amounted to SEK -3 million, and for the previous twelve month period and the previous financial year, SEK -73 million and SEK -70 million respectively.

<sup>2</sup> Of which SEK 64 million referred to capitalised interest expenses during the quarter, the interim period and last twelve months.

Q2 : 2021

## Condensed Parent Company statement of profit/loss

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2021	2020	2021	2020	2020
Net revenue	3	2	7	5	11
<b>Gross profit</b>	<b>3</b>	<b>2</b>	<b>7</b>	<b>5</b>	<b>11</b>
Administration costs	-3	-2	-14	-5	-25
<b>Operating profit</b>	<b>0</b>	<b>0</b>	<b>-7</b>	<b>0</b>	<b>-14</b>
Financial net	-1	-6	-13	-10	-23
<b>Profit/loss after financial items</b>	<b>-1</b>	<b>-6</b>	<b>-21</b>	<b>-10</b>	<b>-37</b>
Appropriations	—	—	—	—	15
<b>Profit/loss before tax</b>	<b>-1</b>	<b>-6</b>	<b>-21</b>	<b>-10</b>	<b>-22</b>
Tax	—	—	—	—	—
<b>Profit/loss for the period</b>	<b>-1</b>	<b>-6</b>	<b>-21</b>	<b>-10</b>	<b>-22</b>

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

## Condensed Parent Company balance sheet

SEKm	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Shares in group companies	308	308	308
Receivables from group companies	81	336	236
<b>Total non-current assets</b>	<b>389</b>	<b>644</b>	<b>544</b>
<b>Current assets</b>			
Receivables from group companies	1	11	19
Other receivables	3	1	2
Cash and cash equivalents	2	0	3
<b>Total current assets</b>	<b>6</b>	<b>12</b>	<b>23</b>
<b>Total assets</b>	<b>395</b>	<b>656</b>	<b>567</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>392</b>	<b>71</b>	<b>59</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	—	381	399
Shareholder loans	—	171	—
Contingent consideration	—	30	—
<b>Total non-current liabilities</b>	<b>—</b>	<b>582</b>	<b>399</b>
<b>Current liabilities</b>			
Shareholder loans	—	—	63
Contingent consideration	—	—	30
Other liabilities	3	3	16
<b>Total current liabilities</b>	<b>3</b>	<b>3</b>	<b>109</b>
<b>Total equity and liabilities</b>	<b>395</b>	<b>656</b>	<b>567</b>

## 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, grounds for calculation and assessments have been applied as applied in the Annual Report for 2020. For a description of the Group's applied accounting principles, see Note 1 and 2 in the Annual Report for 2020.

Disclosures in accordance with IAS 34.16A are shown, in the financial statements and associated Notes in the interim information, in addition to pages 1-12 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**

The application of a number of new standards and interpretations which will be compulsory from the next financial year have not been applied in the preparation of these financial statements. None of the IFRS or IFRIC interpretations that are yet to come into force are expected to have any significant impact on the Group.

## Note 3 – Revenue

The Group's revenue consists exclusively of the sale of goods via the Group's websites and a physical store. Revenue is reported at a given point in time 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 shown in the table below.

SEKm	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Sweden	35	39	55	60	113	118
Other Nordics	30	27	46	42	89	84
Outside the Nordics	202	220	387	367	770	750
<b>Revenue Offroad</b>	<b>267</b>	<b>286</b>	<b>488</b>	<b>469</b>	<b>972</b>	<b>952</b>
Sweden	34	36	51	51	84	84
Other Nordics	59	49	86	67	129	111
Outside the Nordics	80	89	137	139	264	266
<b>Revenue Onroad</b>	<b>173</b>	<b>174</b>	<b>274</b>	<b>258</b>	<b>477</b>	<b>461</b>
Sweden	6	7	34	34	66	67
Other Nordics	5	4	24	20	47	43
Outside the Nordics	—	—	—	—	—	—
<b>Revenue Other</b>	<b>11</b>	<b>12</b>	<b>58</b>	<b>54</b>	<b>113</b>	<b>110</b>
Sweden	74	82	140	146	263	269
Other Nordics	95	80	156	128	265	238
Outside the Nordics	282	310	524	506	1,034	1,016
<b>Revenue Group</b>	<b>451</b>	<b>472</b>	<b>820</b>	<b>780</b>	<b>1,563</b>	<b>1,523</b>

## 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.

Pierce offers customers the option to return any unsuitable products for refund or exchange. To assess the size of the provision, several parameters have been used, such as the actual return rate over the last twelve months, as well as the average number of days from sale to return from customers based on the same period last year.

The critical assessments and sources of uncertainty in estimates, including estimates regarding the contingent consideration, see Note 5, are otherwise the same as in the latest Annual Report, page 20.

## Note 4 – Segment reporting

SEKm	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Offroad	267	286	488	469	972	952
Onroad	173	174	274	258	477	461
Other	11	12	58	54	113	110
<b>Net revenue</b>	<b>451</b>	<b>472</b>	<b>820</b>	<b>780</b>	<b>1,563</b>	<b>1,523</b>
Offroad	129	133	240	222	478	460
Onroad	75	74	119	108	206	195
Other	5	5	30	24	56	50
Intra-group costs	0	5	-4	0	1	5
<b>Gross profit</b>	<b>209</b>	<b>216</b>	<b>385</b>	<b>354</b>	<b>741</b>	<b>711</b>
Offroad	-60	-60	-110	-101	-216	-206
Onroad	-43	-43	-70	-66	-126	-122
Other	-3	-3	-14	-12	-27	-25
<b>Variable sales and distribution costs<sup>1</sup></b>	<b>-106</b>	<b>-106</b>	<b>-195</b>	<b>-179</b>	<b>-369</b>	<b>-353</b>
Offroad	69	73	130	122	262	254
Onroad	31	30	49	42	80	73
Other	3	2	16	12	30	26
Intra-group costs	0	5	-4	0	1	5
<b>Profit after variable costs<sup>1 2</sup></b>	<b>103</b>	<b>110</b>	<b>190</b>	<b>175</b>	<b>373</b>	<b>358</b>
Other expenses in the operation <sup>1 3</sup>	-72	-67	-152	-131	-298	-277
<b>Operating profit</b>	<b>31</b>	<b>43</b>	<b>38</b>	<b>45</b>	<b>75</b>	<b>81</b>
Financial net <sup>3</sup>	-5	-21	-19	-36	-56	-73
<b>Pre-tax income</b>	<b>26</b>	<b>22</b>	<b>19</b>	<b>8</b>	<b>19</b>	<b>8</b>

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> 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.

<sup>3</sup> 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 refers 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, therefore, in 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 is 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, fair value amounted to SEK 0 (0) million and these derivatives have been classified as current assets (liabilities).

### Change in level 3 financial liabilities

	Jun 30 2021	Jun 30 2020	Dec 31 2020
Contingent consideration, SEKm			
At beginning of period	27	23	23
Recalculation through profit/loss for the period	3	1	4
Repayment	-30	—	—
<b>At period end</b>	<b>—</b>	<b>25</b>	<b>27</b>

### Applied data for the valuation of level 3 financial liabilities

	Jun 30 2021	Jun 30 2020	Dec 31 2020
SEKm			
Discount rate	N/A	10.2%	10.3%
Probability	N/A	95%	95%
Expected payment date of contingent consideration	N/A	Dec 2021	2021 <sup>1</sup>

<sup>1</sup> Expected time of change of ownership is divided 60% in March 2021, and 40% in December 2021.

### Sensitivity analysis

	Jun 30 2021	Jun 30 2020	Dec 31 2020
- Other operating expenses/+ Other operating income			
Change of discount factor, +/- one percentage points	N/A	+/- 0	+/- 0
Change of probability: -/+ five percentage points	N/A	+/- 1	+/- 1
Change of expected date of payment: +/- one year	N/A	+/- 2	+/- 3

## Note 6 – Related party transactions

### Shareholder loans

At the beginning of the second quarter, there were eight loans from shareholders to Pierce Group, of which three were also board members. All shareholder loans have, during the quarter, been fully redeemed, totalling SEK 64 million, of which SEK 3 million referred to capitalised interest expenses.

### Contingent consideration

A contingent consideration was agreed upon when Pierce Group acquired the group in which Pierce AB was included. The liability referred to the Company's founders, one of whom is a board member in Pierce Group.

The contingent consideration was paid during the second quarter 2021, after Pierce Group was listed on the stock exchange. See Note 5 for more information.

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

The valuation of the contingent consideration takes place in two steps; a probability adjustment is 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 is discounted to present value based on a discount rate. The contingent consideration has been classified as a current liability since the end of the financial year 2020 and was paid during the second quarter 2021.

### Other related party transactions

The Group has consulting agreements with Stefan Rönn and Daniel Petersen, founders as well as shareholders in Pierce Group. These agreements relate primarily to advisory services in conjunction with business development and strategic decision-making. These costs amounted to SEK 0 (505) thousand during the quarter, and during the interim period the combined total was SEK 188 (1,001) thousand. In addition, the sale of goods has taken place to the above related parties, these costs amounted to SEK 9 (11) thousand. See Note 30 in the Annual Report for 2020 for more information.

### Warrant programs

The Group has warrant programs as part of an incentive program for certain senior executives and key employees of the Group. See page 10 for more information.

All transactions are based on market terms.

## Note 7 – Pledged assets and contingent liabilities

SEKm	Jun 30 2021	Jun 30 2020	Dec 31 2020
<b>To credit institutions for the Group's own liabilities and provisions</b>			
Group's share of net assets in group companies	–	294	303
Deposits for fulfillment of payments	2	2	2
Paid blocked funds	–	–	14
Utilised credit facility <sup>1</sup>	84	–	–
<b>Total pledged assets</b>	<b>86</b>	<b>296</b>	<b>319</b>

<sup>1</sup> The variance between a "Utilised credit facility" in the note and "Liabilities to credit institutions" in the Group's statement of financial position is explained by capitalised loan and interest expenses.

During the current quarter, the previous financing structure was replaced by an SEK 300 million credit facility, of which SEK 84 million had been utilised 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 "Financial risks" section, page 11.

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

## Note 8 – Change of functional currency

As of 1 January 2021, the subsidiary Pierce AB changed its functional currency from SEK to EUR, as EUR has become the dominant currency in the Company's transactions and net assets. The following table shows the most significant effects on the Group's financial statements and key figures as a result of this change.

SEKm	Effect on the Group	
	Apr-Jun	Jan-Jun
<b>Consolidated statement of profit/loss</b>		
Net revenue	0	0
Gross profit	-2	-2
Operating profit (EBIT)	-3	-2
Profit/loss for the period	-6	-1
Gross margin (%) <sup>1</sup>	-0.5%	-0.3%
Operating margin (EBIT) (%) <sup>1</sup>	-0.7%	-0.2%
<b>Consolidated statement of financial position<sup>2</sup></b>		
Non-current assets	-1	0
Inventory	-6	-2
Other current assets	0	0
Equity	7	1
Non-current liabilities	0	0
Current liabilities	0	0

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 26 for definitions and purpose of these measurements.

<sup>2</sup> Changes in equity and liabilities are presented as + (decrease) and - (increase).

## Note 9 – Significant events after the end of the reporting period

No significant events have occurred after the end of the reporting period.

## Alternative Performance Measures

### Financial measures not defined in accordance with IFRS

Pierce applies financial measurements in its interim reports which are not defined in accordance with IFRS. The Company believes that these measurements provide valuable supplementary information to investors and the Company's management. As not all companies calculate Alternative Performance Measures in the same manner, these measures are not always comparable with measures used by other companies. These financial measurements should, therefore, not be seen to comprise a replacement for measures defined according to IFRS.

### Definitions

The interim report contains financial performance measures in accordance with the applied framework for financial reporting, which is based on IFRS. In addition, there are other performance measures and indicators which are used as a supplement to the financial information. These performance measures are applied to provide the Group's stakeholders with financial information for the purpose of analysing the Group's operations and goals. The various performance measures applied which are not defined according to IFRS are described below.

### Financial Performance Measures – Group

Performance measure	Definition	Purpose
Adjusted EBITDA	EBITDA, excluding items affecting comparability.	This measure is used to measure the profit from the ongoing operations, excluding items affecting comparability, amortisation, depreciation, and impairment.
Adjusted EBITDA (%)	Adjusted EBITDA in relation to net revenue.	The performance measure is used to assess the profitability generated by the ongoing operations, excluding items affecting comparability, amortisation, depreciation, and impairment.
Adjusted EBITDA excluding IFRS 16	Operating profit (EBIT) excluding depreciation, amortisation and items affecting comparability, less rental costs for leasing agreements reported in the statement of financial position.  Rental costs essentially correspond to depreciation on right-of-use assets and interest expenses on leasing liabilities.	The measure aims to measure the profit generated by the ongoing operations, including expenses for office rent but excluding items affecting comparability, amortisation, depreciation, and impairment.
Adjusted operating margin (EBIT) (%)	Adjusted operating profit (EBIT) in relation to net revenue.	The performance measure is used to monitor the Company's profitability generated by the operating activities, including depreciation and amortisation, but excluding items affecting comparability.
Adjusted operating profit (EBIT)	Operating profit (EBIT) excluding items affecting comparability.	This measure is used to measure the profit generated by the ongoing operations, including amortisation, depreciation, and impairment, but excluding items affecting comparability.
Amortisation related to business acquisitions	Amortisation less amortisation excluding business acquisitions.	The purpose is to measure the performance measure's impact on operating profit (EBIT).
EBITDA	Operating profit (EBIT), excluding amortisation, depreciation, and impairment.	The measure is used to measure the profit generated by ongoing operations before amortisation, depreciation, and impairment.
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	<p>Items affecting comparability refers to material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly.</p> <p>These transactions include, for instance, 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.</p>	This measure is excluded in calculating adjusted measures which are used to monitor the Company's underlying earnings trend over time.
Net debt/EBITDA	Net debt excluding IFRS 16 in relation to adjusted EBITDA excluding IFRS.	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	<p>Liabilities to credit institutions, decreased by cash and cash equivalents at the end of the period.</p> <p>Pierce's assessment of the Groups' actual net debt corresponds to liabilities to credit institutions, and that is why shareholder loans and leasing liabilities are excluded.</p>	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 received/paid interest and tax, 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	<p>Operating costs, excluding variable sales and distribution costs, amortisation, depreciation, impairment, and items affecting comparability.</p> <p>Operating costs refer to sales and distribution costs, administration costs, and other operating revenue and costs.</p>	Costs that are not allocated to segments, but which each segment contributes to cover. These costs are largely fixed and semi-fixed. The measure is used to calculate the scalability of this part of the cost mass, see overhead costs (%) below for more information.
Overhead costs (%)	Overhead costs in relation to net revenue.	This measure shows the scalability of the Company's semi-fixed and fixed cost structure.
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, less interest expenses on leasing liabilities, excluding net changes in loans and repayment of leasing liabilities, less received/paid interest, and tax.	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	<p>Sales and distribution costs less non-variable sales and distribution costs.</p> <p>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.</p>	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, net revenue from Motobuyers 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)	Apr-Jun		Jan-Jun		Jul 2020-	Jan-Dec
	2021	2020	2021	2020	Jun 2021	2020
Gross profit	209	216	385	354	741	711
Variable sales and distribution costs	-106	-106	-195	-179	-369	-353
<b>Profit after variable costs</b>	<b>103</b>	<b>110</b>	<b>190</b>	<b>175</b>	<b>373</b>	<b>358</b>
Operating profit (EBIT)	31	43	38	45	75	81
Reversal of depreciation and amortisation	11	9	22	18	45	40
<b>EBITDA</b>	<b>42</b>	<b>53</b>	<b>61</b>	<b>62</b>	<b>119</b>	<b>121</b>
Reversal of items affecting comparability	1	1	11	2	26	17
<b>Adjusted EBITDA</b>	<b>43</b>	<b>54</b>	<b>72</b>	<b>64</b>	<b>145</b>	<b>137</b>
Operating profit (EBIT), past twelve months	75	65	75	65	75	81
Reversal of depreciation and amortisation, past twelve months	45	33	45	33	45	40
Reversal of items affecting comparability, past twelve months	26	1	26	1	26	17
Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position <sup>1</sup>	-24	-22	-24	-22	-24	-24
<b>Adjusted EBITDA excluding IFRS 16</b>	<b>121</b>	<b>76</b>	<b>121</b>	<b>76</b>	<b>121</b>	<b>113</b>
<sup>1</sup> Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.						
Operating profit (EBIT)	31	43	38	45	75	81
Reversal of items affecting comparability	1	1	11	2	26	17
<b>Adjusted operating profit (EBIT)</b>	<b>32</b>	<b>44</b>	<b>50</b>	<b>46</b>	<b>101</b>	<b>97</b>
Sales and distribution costs	-138	-135	-258	-238	-493	-473
Reversal of non-variable sales and distribution	32	29	63	59	124	120
<b>Variable sales and distribution costs</b>	<b>-106</b>	<b>-106</b>	<b>-195</b>	<b>-179</b>	<b>-369</b>	<b>-353</b>
Sales and distribution costs	-138	-135	-258	-238	-493	-473
Administration costs	-40	-37	-86	-71	-169	-154
Other operating income	0	0	1	1	2	1
Other operating expenses	-1	-1	-3	-1	-7	-5
<b>Operating costs</b>	<b>-178</b>	<b>-173</b>	<b>-347</b>	<b>-310</b>	<b>-667</b>	<b>-630</b>
Reversal of variable sales and distribution costs	106	106	195	179	369	353
<b>Other expenses in the operation</b>	<b>-72</b>	<b>-67</b>	<b>-152</b>	<b>-131</b>	<b>-298</b>	<b>-277</b>
Reversal of depreciation and amortisation	11	9	22	18	45	40
Reversal of items affecting comparability	1	1	11	2	26	17
<b>Overhead costs</b>	<b>-60</b>	<b>-57</b>	<b>-118</b>	<b>-111</b>	<b>-228</b>	<b>-221</b>
Amortisation	-5	-3	-9	-5	-19	-14
Reversal of amortisation excluding business acquisitions	4	2	9	4	17	12
<b>Amortisation related to business acquisitions</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>
IPO-cost	-1	0	-8	0	-20	-13
Change in fair value, contingent consideration	—	-1	-3	-1	-5	-4
<b>Items affecting comparability</b>	<b>-1</b>	<b>-1</b>	<b>-11</b>	<b>-2</b>	<b>-26</b>	<b>-17</b>

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

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
<b>Inventory</b>	<b>374</b>	<b>290</b>	<b>374</b>	<b>290</b>	<b>374</b>	<b>334</b>
Other receivables	43	73	43	73	43	30
Reversal of:						
Current tax receivables	0	0	0	0	0	0
<b>Other current operating assets</b>	<b>43</b>	<b>73</b>	<b>43</b>	<b>73</b>	<b>43</b>	<b>29</b>
Trade payables	-94	-87	-94	-87	-94	-86
Other liabilities	-183	-178	-183	-178	-183	-172
Reversal of:						
Current tax liabilities	3	2	3	2	3	1
Current investments	—	0	—	0	—	1
Current provisions	9	12	9	12	9	12
<b>Other current operating liabilities</b>	<b>-265</b>	<b>-252</b>	<b>-265</b>	<b>-252</b>	<b>-265</b>	<b>-244</b>
<b>Net working capital</b>	<b>152</b>	<b>110</b>	<b>152</b>	<b>110</b>	<b>152</b>	<b>120</b>
Liabilities to credit institutions	82	381	82	381	82	399
Cash and cash equivalents	-27	-194	-27	-194	-27	-87
<b>Net debt excluding IFRS 16</b>	<b>55</b>	<b>187</b>	<b>55</b>	<b>187</b>	<b>55</b>	<b>312</b>
Net debt excluding IFRS 16 (A)	55	187	55	187	55	312
Adjusted EBITDA excluding IFRS 16, past twelve months (B)	121	76	121	76	121	113
<b>Net debt/EBITDA (A) / (B)</b>	<b>0.5</b>	<b>2.5</b>	<b>0.5</b>	<b>2.5</b>	<b>0.5</b>	<b>2.8</b>

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

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Cash flow from operating activities	7	130	18	113	61	156
Investments in non-current assets	-7	-6	-14	-18	-25	-29
Repayment of leasing liabilities	-5	-6	-10	-10	-20	-21
Interest expenses on leasing liabilities	-1	-1	-2	-2	-4	-4
Reversal of:						
Paid interest	4	1	9	3	16	9
Received interest	0	-1	0	-1	0	-1
Received/paid tax	0	4	2	6	1	5
<b>Operating cash flow</b>	<b>-2</b>	<b>122</b>	<b>3</b>	<b>90</b>	<b>30</b>	<b>117</b>
Adjustments for non-cash items	11	14	23	20	47	44
Repayment of leasing liabilities	-5	-6	-10	-10	-20	-21
Interest expenses on leasing liabilities	-1	-1	-2	-2	-4	-4
<b>Other non-cash items</b>	<b>5</b>	<b>7</b>	<b>11</b>	<b>8</b>	<b>22</b>	<b>20</b>
Cash flow from financing activities	-421	-6	-80	-9	-204	-133
Paid interest	-4	-1	-9	-3	-16	-9
Received interest	0	1	0	1	0	1
Received/paid tax	0	-4	-2	-6	-1	-5
Reversal of:						
Interest expenses on leasing liabilities	1	1	2	2	4	4
Net change in loans <sup>1</sup>	424	—	424	—	539	115
Repayment of leasing liabilities	5	6	10	10	20	21
<b>Other cash flow</b>	<b>5</b>	<b>-4</b>	<b>345</b>	<b>-4</b>	<b>341</b>	<b>-8</b>

<sup>1</sup> Net change in loans refers to change in utilized 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)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net revenue (A)	451	472	820	780	1,563	1,523
Number of orders (thousands) (B)	477	521	905	875	1,753	1,724
<b>Average order value (AOV) (SEK) (A) / ((B) / 1000)</b>	<b>944</b>	<b>906</b>	<b>906</b>	<b>891</b>	<b>892</b>	<b>884</b>
Net revenue	451	472	820	780	1,563	1,523
Reversal of net revenue from private brands	-255	-282	-454	-460	-860	-865
Reversal of Motorbuyers <sup>1</sup> and freight income	-31	-30	-44	-45	-86	-87
<b>Net revenues from private brands</b>	<b>165</b>	<b>160</b>	<b>322</b>	<b>276</b>	<b>617</b>	<b>571</b>

<sup>1</sup> Motorbuyers only refers to the comparison year when the company was liquidated in December 2020.

## Reconciliation of performance measures concerning growth

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2020- Jun 2021	Jan-Dec 2020
	2021	2020	2021	2020		
Net revenue for the period (A)	451	472	820	780	1,563	1,523
Net revenue for the period previous year (B)	472	340	780	608	1,415	1,243
<b>Growth (%) (A) / (B) -1</b>	<b>-5%</b>	<b>39%</b>	<b>5%</b>	<b>28%</b>	<b>10%</b>	<b>23%</b>
Net revenue for the period in local currencies <sup>1</sup> (A)	468	471	854	774	1,624	1,545
Net revenue for the period previous year (B)	472	340	780	608	1,415	1,243
Acquired growth (%) (C)	-%	-%	-%	-%	-%	-%
<b>Growth in local currencies (%) (A) / (B) -1</b>	<b>-1%</b>	<b>39%</b>	<b>9%</b>	<b>27%</b>	<b>15%</b>	<b>24%</b>
<small><sup>1</sup> Net revenue for both the period and the period last year in local currencies, converted to SEK using previous year's exchange rates.</small>						
Net revenue Nordics for the period (A)	169	163	296	274	529	507
Net revenue Nordics for the period previous year (B)	163	138	274	236	486	447
<b>Growth Nordics (%) (A)/(B)-1</b>	<b>4%</b>	<b>18%</b>	<b>8%</b>	<b>16%</b>	<b>9%</b>	<b>13%</b>
Net revenue outside the Nordics for the period (A)	282	310	524	506	1,034	1,016
Net revenue outside the Nordics for the period previous year (B)	310	202	506	372	930	796
<b>Growth outside the Nordics (%) (A) / (B) -1</b>	<b>-9%</b>	<b>53%</b>	<b>4%</b>	<b>36%</b>	<b>11%</b>	<b>28%</b>



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