



**PIERCE**  
**Interim report**  
January - June 2022

## Net revenue holding up in a weak market

### April - June 2022

- Net revenues amounted to SEK 450 (451) million. In local currencies decline was 3%.
- EBITDA totaled SEK 1 (42) million. Adjusted EBITDA was SEK 3 (43) million, equivalent to a margin of 0.6% (9.5%).
- Operating profit (EBIT) was SEK -11 (31) million. Adjusted operating profit (EBIT) was SEK -9 (32) million and the adjusted operating margin was -2.1% (7.0%). The decline was primarily due to a lower gross margin level driven by continued high shipping costs from Asia and campaign activities to drive sales on a declining market.
- Cash flow for the period was SEK -10 (-407) million. The comparative period's cash flow was impacted negatively by the repayment of previous financing after listing.
- Profit/loss for the period amounted to SEK -1 (21) million.
- Earnings per share before dilution was SEK -0.01 (0.54) and SEK -0.01 (0.54) after dilution.

### January - June 2022

- Net revenue amounted to SEK 870 (820) million, a growth of 6%. In local currencies growth was 3%.
- EBITDA totaled SEK 2 (61) million. Adjusted EBITDA was SEK 3 (72) million, equivalent to a margin of 0.4% (8.8%).
- Operating profit (EBIT) was SEK -23 (38) million. Adjusted operating profit (EBIT) totaled SEK -21 (50) million and the adjusted operating margin was -2.5% (6.1%).
- Cash flow for the period was SEK 4 (-62) million. Cash flow during the comparative period primarily comprised of proceeds from the new share issue executed in conjunction with the listing, less the repayment of previous financing.
- Profit/loss for the period amounted to SEK -15 (22) million.
- Earnings per share before dilution was SEK -0.38 (0.59) and SEK -0.38 (0.59) after dilution.

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
<b>Net revenue</b>	<b>450</b>	<b>451</b>	<b>870</b>	<b>820</b>	<b>1,645</b>	<b>1,594</b>
Growth (%) <sup>1</sup>	0%	-5%	6%	5%	5%	5%
Growth in local currencies (%) <sup>1</sup>	-3%	-1%	3%	9%	4%	7%
Gross profit	178	209	350	385	693	728
Profit after variable costs <sup>1 2</sup>	69	103	132	190	284	343
Overhead costs <sup>1</sup>	-66	-60	-128	-118	-249	-239
Adjusted EBITDA <sup>1</sup>	3	43	3	72	36	104
<b>Adjusted operating profit (EBIT)<sup>1 3</sup></b>	<b>-9</b>	<b>32</b>	<b>-21</b>	<b>50</b>	<b>-13</b>	<b>58</b>
Items affecting comparability <sup>1</sup>	-1	-1	-1	-11	-2	-12
EBITDA <sup>1</sup>	1	42	2	61	34	93
Operating profit (EBIT) <sup>3</sup>	-11	31	-23	38	-15	46
Profit/loss for the period	-1	21	-15	22	-10	26
Gross margin (%) <sup>1</sup>	39.5%	46.3%	40.2%	47.0%	42.1%	45.7%
Profit after variable costs (%) <sup>1</sup>	15.3%	22.8%	15.1%	23.2%	17.3%	21.5%
Adjusted EBITDA (%) <sup>1</sup>	0.6%	9.5%	0.4%	8.8%	2.2%	6.5%
Adjusted operating margin (EBIT) (%) <sup>1</sup>	-2.1%	7.0%	-2.5%	6.1%	-0.8%	3.6%
Cash flow for the period	-10	-407	4	-62	-5	-71

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 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> Operating profit (EBIT) includes depreciation and amortisation. Amortisation attributable to business acquisitions<sup>1</sup> were SEK 1.1 million during the last twelve months' period and SEK 1.5 million in 2021.

### Significant events during the reporting period

On 28 June 2022 Pierce Group AB (publ) successfully finalized the subscription period for its preferential rights issue. As a result of the 100% subscribed rights issue, Pierce's share capital will increase by SEK 793,741 to 1,587,482 SEK and the number of shares will increase by 39,687,050 shares. The number of shares in Pierce Group AB after the rights issue will amount to 79,374,100 shares. For further information, see Note 8.

### Significant events after the end of reporting period

On 6 July 2022, a total of 39,687,050 shares were registered through a new share issue. On 7 July 2022, following a completion of the rights issue, Pierce received approximately SEK 337 million after deductions of issue costs. After receipt of the proceeds from the rights issue, Pierce repaid bank loans of approximately SEK 180 million. Considering the global uncertainty, the remaining proceeds from the rights issue will allow Pierce to strengthen the Company's financial capacity in order to continue Pierce's long-term growth strategy and to implement measures to increase profitability.

## CEO comments

**Continued weak market, strong balance sheet provides resilience and growth opportunities**

**The online market continued to be weak during the quarter with negative traffic growth. We continued to prioritize volume before profitability, at the same time the margins were impacted by higher costs for shipping, materials, and supplies. The successful preferential rights issue strengthens the balance sheet and our resilience in an environment which is, in the short-term, very uncertain. This provides a strong starting point for long-term profitable growth with the support of a structurally growing market, while, at the same time, we can focus on further enhancing operational efficiency.**

The worrisome external environment negatively impacts consumer behavior, and our online market of gear, parts and accessories continues to be weak, with negative growth also during the second quarter. Simultaneously, actual sales of motorcycles show good growth according to recent statistics. New motorcycle registrations in the five largest countries in Europe increased by 8 percent during 2021 and by 15 percent during the first quarter 2022.

Consumer prices are slowly and cautiously increasing in the market, but not on level with the rapid major cost increases in the value chain, which puts pressure on the gross margin. Continued high inventory levels limit the possibility of fully implementing price increases vis-à-vis customers. It is positive to see that the container shipping cost from Asia has decreased substantially during the recent months; however, it is expected to take a couple of quarters before this will be visible in the results.

In this weak market during the quarter, we continued to prioritize sales volumes and reduce the inventory and net debt. We drove sales through a continued high level of campaign activities and an improved offering within Onroad, which resulted in revenues on par with last year's. In local currency, the decline was 3 percent. The inventory level decreased by MSEK 21, equivalent to 4 percent.

**Continued growth within Onroad, decrease in sales within Offroad**

In local currency, Onroad grew by 10 percent while Offroad decreased by 12 percent. Growth within Onroad was primarily driven by an increasingly stronger assortment, together with successful campaign activities. We launched our new "Mega" campaign format which contributed to an increase in the number of new Onroad customers by 11 percent during the quarter. At the beginning of the period, we implemented larger price increases within, in particular, Offroad but saw that growth was affected so we re-adjusted the prices. As a result, the sales development in Offroad improved at the end of the quarter.

Our focus on driving sales implied continued pressure on margins through increased campaign activities and cost increases which could not be fully transferred to the customers. Adjusted EBIT was, therefore, MSEK -9 for the quarter compared with MSEK 32 for the comparative period last year. The most important factors behind the decline were lower gross margins (from container costs, raw material, and price adjustments), higher shipping costs within Europe and increased overhead costs where last year's figures were positively impacted by certain temporary items.

**Focus on operational efficiency**

We have since long prioritized operational efficiency. As a result, the number of employees, excluding warehouse personnel, decreased by 9 percent compared with the end of the first half year 2021 and is somewhat lower than in 2019 despite a volume growth since that time of approx. 50 percent. This shows the business model is highly scalable. During second quarter we prepared the next major stage in our efficiency improvement work, which includes several focused initiatives within purchasing, pricing, supply chain and overheads. We expect that this will impact the gross margin, shipping costs and overheads with a full effect in the second half of next year.

So far in the third quarter, the market shows marginal improvements, but the overall trends are the same as in previous quarters. The major uncertainty in the external environment is expected to remain in the near term and the challenges in recent quarters, with a weak market, cost inflation and supply chain disruptions, will continue during forthcoming quarters. We will continue our agile approach and find new ways to increase profitability with the market conditions at hand, and we will carefully prioritise purchase volumes. Our unique offering, with many strong and value-for-money private brand products, is a strength when customers' financial situations change. Our customers are comprised, largely, of passionate motorcycle riders who will continue enjoying their hobby or travelling to work; however, inflation and uncertain purchasing patterns have an impact.

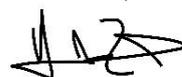
**Sales channel shift to online and a strong balance sheet reinforces the long-term growth prospects**

If we extend the horizon, a new and updated market study, which we commissioned, indicates that the market for motorcycle gear, parts and accessories is expected grow, in the long-term, by 11 percent per year between 2021-2026, primarily through the structural sales channel shift from physical shops to online. The total market, including physical shops, is expected to grow by 4 percent per year.

Our balance sheet was notably strengthened through the preferential rights issue, which we successfully completed in June and the beginning of July. Equity increased by MSEK 330, net of transaction costs. As a result, we paid off outstanding loans and secured a considerable net cash position which means we have a strong degree of resilience in the current uncertain external environment. The rights issue provides us with financial stamina and means that we can gradually shift focus towards also rebuilding margins and not only improving our cash situation. In conjunction with the rights issue, the credit facility was renegotiated ensuring, thereby, a greater freedom of action in the short-term.

We also welcomed a new main shareholder during the quarter, Verdane Capital, who has extensive competence and experience in successfully owning e-commerce companies.

Stockholm, 24 August 2022



Henrik Zadig  
CEO, Pierce Group AB



## Performance measures – Group

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
<b>Revenue measures</b>						
<b>Net revenue per geographical area</b>						
Nordics	177	169	323	296	590	563
Outside the Nordics	273	282	548	524	1,055	1,031
<b>Net revenue</b>	<b>450</b>	<b>451</b>	<b>870</b>	<b>820</b>	<b>1,645</b>	<b>1,594</b>
<b>Growth per geographical area</b>						
Nordics (%) <sup>1</sup>	5%	4%	9%	8%	12%	11%
Outside the Nordics (%) <sup>1</sup>	-3%	-9%	5%	4%	2%	1%
<b>Growth (%)<sup>1</sup></b>	<b>0%</b>	<b>-5%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
<b>Performance measures</b>						
Gross margin (%) <sup>1</sup>	39.5%	46.3%	40.2%	47.0%	42.1%	45.7%
Profit after variable costs (%) <sup>1</sup>	15.3%	22.8%	15.1%	23.2%	17.3%	21.5%
Overhead costs (%) <sup>1</sup>	14.7%	13.3%	14.7%	14.4%	15.1%	15.0%
Adjusted EBITDA (%) <sup>1 2</sup>	0.6%	9.5%	0.4%	8.8%	2.2%	6.5%
Adjusted operating margin (EBIT) (%) <sup>1</sup>	-2.1%	7.0%	-2.5%	6.1%	-0.8%	3.6%
Earnings per share before dilution (SEK)	-0.01	0.54	-0.38	0.59	-0.26	0.68
Earnings per share after dilution (SEK)	-0.01	0.54	-0.38	0.59	-0.26	0.68
<b>Cash flow and other financial measures</b>						
Operating profit (EBIT)	-11	31	-23	38	-15	46
Investments <sup>3</sup>	-3	-7	-9	-14	-21	-26
<b>Operating profit (EBIT) minus investments</b>	<b>-14</b>	<b>23</b>	<b>-32</b>	<b>25</b>	<b>-36</b>	<b>20</b>
Changes in net working capital	-24	-30	5	-32	-100	-137
Other non-cash items <sup>1 4</sup>	8	5	24	11	34	21
<b>Operating cash flow<sup>1</sup></b>	<b>-30</b>	<b>-2</b>	<b>-4</b>	<b>3</b>	<b>-102</b>	<b>-96</b>
Net change in loans	21	-424	12	-424	105	-331
Paid/received blocked funds	—	14	—	14	-0	14
Other cash flow <sup>1 5</sup>	-1	5	-4	345	-7	342
<b>Cash flow for the period</b>	<b>-10</b>	<b>-407</b>	<b>4</b>	<b>-62</b>	<b>-5</b>	<b>-71</b>
Cash and cash equivalents <sup>6</sup>	23	27	23	27	23	18
Net debt excluding IFRS 16 <sup>1 6</sup>	176	55	176	55	176	160
Net debt/EBITDA <sup>1 7</sup>	15.1	0.5	15.1	0.5	15.1	2.0
Inventory <sup>6</sup>	490	374	490	374	490	534
Other current operating assets <sup>1 6</sup>	36	43	36	43	36	30
Other current operating liabilities <sup>1 6</sup>	-288	-265	-288	-265	-288	-305
<b>Net working capital<sup>1 6</sup></b>	<b>238</b>	<b>152</b>	<b>238</b>	<b>152</b>	<b>238</b>	<b>260</b>
<b>Operating measures</b>						
Number of orders (thousands) <sup>1</sup>	483	477	944	905	1,775	1,735
Average order value (AOV) (SEK) <sup>1</sup>	933	944	922	906	927	919
Net revenue from private brands <sup>1</sup>	179	165	350	322	637	609
Active customers last 12 months (thousands) <sup>1</sup>	1,167	1,141	1,167	1,141	1,167	1,148

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 for definitions and purpose of these measurements.

<sup>2</sup> Adjusted EBITDA, excluding IFRS 16, amounted during the last twelve months' period to SEK 12 (121) 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 paid/received 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 e-commerce company selling gear, parts and accessories to riders across all of Europe via some forty websites adapted to local markets. Pierce has two major segments, Offroad – sales to motocross and enduro riders, and Onroad – sales to high road riders. Pierce also has a smaller segment, Other, which primarily focuses on sales to snowmobile riders. With a large and unique product assortment, including several private brands, an excellent customer experience and attractive prices, Pierce is changing the motorcycle enthusiast market in Europe. Headquarters is located in Stockholm, the distribution warehouse is in Szczecin in Poland, and, in addition, the major portion of our customer support services is located in Barcelona. The Company has approximately 430 employees.

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

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

### April – June 2022

#### Net sales

Net revenue amounted to SEK 450 (451) million. The decrease in local currencies was 3 percent. Net revenue for Offroad and Onroad changed by -9 and 14 percent respectively.

Company assesses that the total traffic on the European online market, declined compared with the equivalent quarter last year. The reduction in traffic was compensated by a higher conversion rate driven by more competitive pricing and improved assortment within Onroad segment.

#### Gross profit and gross margin

Gross profit amounted to SEK 178 (209) million, equivalent to a gross margin of 39.5 (46.3) percent.

Higher shipping costs from Asia, SEK -30 (-20) million, impacted the margin by -2.3 percentage points, while a disadvantageous revaluation of currencies in net working capital, SEK -2 (0) million, contributed negatively by -0.4 percentage points. The remaining margin decline, -4.0 percentage points, was primarily attributable to increased campaign activities and higher purchase prices from suppliers. These cost increases were mainly driven by higher raw materials costs.

Costs for shipping has increased with approximately 1.6 percentage points compared with first quarter. The increase is driven by a different product mix with more bulky items sold in the second quarter. There has been reduction of prices in the shipping market, however the impact of these reductions will take some time until materialized in the costs. This is because changes in shipping prices directly increase inventory value but impact the cost of goods only when they are sold.

#### Operating costs

Sales and distribution costs amounted to SEK -144 (-138) million and include, primarily, variable costs for marketing and freight costs to customers. In relation to net revenue, these costs were equivalent to 31.9 (30.6) percent. The increase was driven by freight cost as fuel prices grew.

Administration costs were SEK -47 (-40) million. Excluding items affecting comparability, these costs totaled SEK -46 (-40) million. Last year's costs were positively affected by temporary positive effects related to variable salaries and capitalizations.

#### Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) was SEK -9 (32) million, equivalent to a margin of -2.1 (7.0) percent. The decrease in operating profit was mainly driven by declined gross margin. Operating profit (EBIT) totaled SEK -11 (31) million.

Items affecting comparability totaled SEK -1 (-1). As regards 2022, these items referred to external expertise costs regarding the working capital efficiency enhancement program.

Operating income was negatively impacted by exchange rate fluctuations compared with second quarter 2022.

#### Financial items

Financial items amounted to SEK 10 (-5) million, of which SEK 0 (-1) million referred to exchange rate differences related to the revaluation of financial balance sheet items. In addition, exchange rate effects on cash hedges totaled SEK 11 (0) million.

Other financial items, SEK -2 (-4) million, during the quarter referred primarily to interest expenses on external financing. These expenses declined notably in conjunction with the listing which took place at the end of the first quarter 2021, at which time the Company's financing structure changed significantly.

#### Taxes and result for the period

Tax result totaled SEK 1 (-4) million and the result for the period was SEK -1 (21) million.

## January - June 2022

## Net revenue

Net revenue increased by 6 percent to SEK 870 (820) million. In local currencies growth was 3 percent. Growth within Offroad and Onroad was -1 percent and 21 percent respectively.

Company assesses that the total traffic on the European online market has declined since beginning of the year. Negative development in the general economic situation accelerated by the war in Ukraine, affected the total online traffic negatively. Lower traffic has been offset by higher conversion rate and increased AOV, leading to sales growth.

## Gross profit and gross margin

Gross profit amounted to SEK 350 (385) million, equivalent to a margin of 40.2 (47.0) percent.

The decline in the margin was primarily attributable to increased costs for shipping from Asia, SEK -51 (-33) million impacting the margin by -1.9 percentage points, price adjustments to drive growth since middle of first quarter and increased purchasing prices from suppliers.

Exchange rate differences, attributable to the revaluation of net working capital items, impacted gross profit by SEK -4 (-4) million.

## Operating costs

Sales and distribution costs amounted to SEK -287 (-258) million, equivalent to 32.9 (31.5) percent of net revenue. This increase in relation to net revenue referred to more spending on online traffic-driving marketing activities in the first quarter and somewhat higher freight costs to customers driven by increased fuel prices.

Administration costs were SEK -88 (-86) million. Excluding items affecting comparability, administration costs totaled SEK -87 (-78) million. The increase was primarily explained by activities within IT and temporary positive effects in second quarter related to variable salaries and capitalizations.

## Adjusted EBIT and EBIT

Adjusted operating profit (EBIT) amounted to SEK -21 (50) million, equivalent to a margin of -2.5 (6.1) percent. The margin decrease was mainly driven by the negative gross margin development of 6.8 percentage points.

Operating profit (EBIT) amounted to SEK -23 (38) million and was negatively impacted by items affecting comparability totalling SEK -1 (-11) million. The items affecting comparability 2022 was related to external expertise cost regarding the working capital efficiency enhancement program. Cost in 2021 attributed to the Company's stock market listing in March 2021.

Operating profit was positively impacted by exchange rate fluctuations compared with same period 2021.

## Financial items

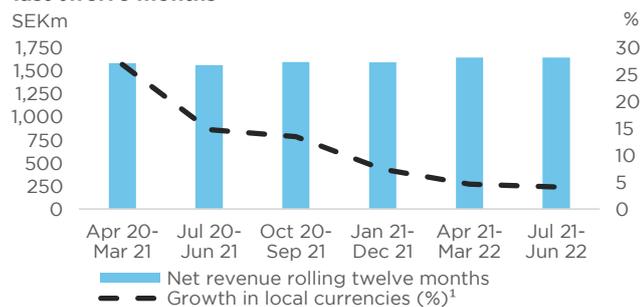
Financial items totaled SEK 6 (-19) million, of which SEK 1 (2) million referred to exchange rate differences related to the revaluation of financial balance sheet items, and SEK 10 (1) million was attributable to exchange rate effects on cash hedges.

Other financial items of SEK -5 (-22) million, were primarily attributable to interest expenses on external financing. The costs incurred last year related to early redemption of bond loan, interest expense on bond loan and shareholders loans. That was due to the previous financing structure being repaid, at the beginning of the second quarter, in conjunction with the listing and was replaced by a credit facility totaling SEK 300 million.

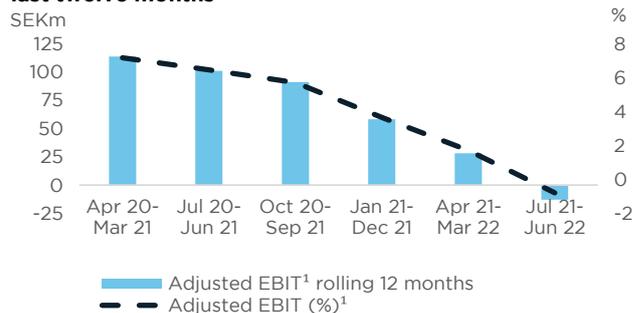
## Taxes and result for the period

Tax totaled SEK 2 (3) million and the result for the period was SEK -15 (22) million.

The tax result is comprised of tax income of SEK 2 (7) million and tax expenses of SEK 0 (-4) million. The tax income in comparative period 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 in conjunction with the stock exchange listing.

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

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 for definitions and purpose of these measurements.

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 2022

Cash flow from operating activities was SEK -22 (7) million. The difference compared with the same period 2021 was caused mainly by the operating profit (EBIT) of SEK -11 (31) million and changes in net working capital of SEK -24 (-30) million. Changes in net working capital during the quarter were primarily attributable to a reduction of inventories, SEK 21 million and to a decrease in working capital liabilities, SEK 28 million. Additionally, the quarter was affected by negative non-cash items on net working capital of total SEK -12 million. Non-cash items were arising from rights issue costs incurred and accrued for of SEK -16 million, and from exchange rates effect of SEK 4 million. During the comparison period, changes in net working capital were mainly related to increase in inventories of SEK 24 million.

Cash flow from investments amounted to SEK -3 (6) million and referred primarily to IT systems in current period. In previous period, this item was affected by repaid blocked funds of SEK 14 million.

Cash flow from financing activities totaled SEK 16 (-421) million and primarily referred to changes in the utilised credit facility. The equivalent figure for the previous year was largely explained by the listing.

Cash flow for the period was SEK -10 (-407) million and cash and cash equivalents for the period totaled SEK 23 (27) million.

### January - June 2022

Cash flow from operating activities was SEK 13 (18) million. The difference referred to changes in net working capital, SEK 5 (-32) million, and operating profit of SEK -23 (38) million. Net working capital was affected by non-cash items of SEK -17 million.

Cash flow from investments totaled SEK -9 (0) million and referred to investments in IT systems and to purchase of equipment for distribution warehouse of SEK -9 (-14) million. Additionally, the comparison period included repaid blocked funds of SEK 14 million.

Cash flow from financing activities was SEK 1 (-80) million. This net improvement was the result of the new loans secured less the utilized credit facility and amortized lease liabilities. The equivalent figure in comparative period is explained by repayment of previous financing structure and repaid earn-out, and also by proceeds received from share issue in conjunction with the listing and by utilised credit facility.

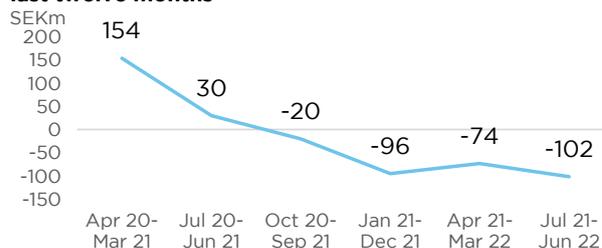
Cash flow during the interim period was SEK 4 (-62) million. Including exchange rate differences, which totaled SEK 0 (2) million, cash and cash equivalents at the end of the period amounted to SEK 23 (27) million.

Operating cash flow during the last twelve months amounted to SEK -102 (30) million.

### Net revenue and net working capital (%)<sup>1</sup>, last twelve months



### 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

Net working capital at the end of the period was SEK 238 (152) million and increased mainly due to higher inventory levels. Comparing to the end of the first quarter 2022, net working capital increased by SEK 24 million, which was primarily related to a decrease in current liabilities and was partially offset by lower inventory level.

### Right-of-use assets and leasing liabilities

Right-of-use assets decreased by SEK 9 million to SEK 64 million, compared with the same period last year, largely as a result of depreciations for the period. Leasing liabilities decreased by SEK 9 million to SEK 71 million.

### Net debt

Of the Company's credit facility of SEK 300 million, a total of SEK 200<sup>2</sup> million has been utilised at the end of the period. Of the utilised credit facility, a total of SEK 179 million was comprised of short-term loans and SEK 22 million referred to the utilised overdraft facility. Cash and cash equivalents at the end of the period amounted to SEK 23 (27) million.

Net debt, excluding IFRS 16, amounted to SEK 176 million and was SEK 16 million higher than at the end of 2021. At the end

of the second quarter 2021, net debt totaled SEK 55 million. The change of SEK 121 million is explained by a slightly lower level of cash and cash equivalents, SEK 4 million, and increased interest-bearing liabilities, SEK 117 million. The key performance measure, Net debt/EBITDA<sup>1</sup>, amounted to 15.1x. This was in excess of the Group's target not to exceed 2.0x, subject to temporary flexibility for strategic initiatives.

Pierce fulfilled the covenant terms associated with this credit facility as of 30 June 2022.

### Equity

The Group's equity amounted to SEK 414 (433) million. The change in equity between comparative quarters was explained by change of loss for the period of SEK -10 million, tax effect on issue cost within equity recognized in 2021 of SEK 3 million, share issue cost of SEK -16 million incurred and accrued for regarding the rights issue effective in July 2022 and a translation reserve of SEK 4 million.

### Credit facility

The Pierce credit facility is subject to, amongst other things, certain financial covenants. As of 30 June 2022, Pierce fulfilled the covenants for the credit facility, which are reported quarterly.

<sup>1</sup> Alternative Performance Measures (APM), see pages 21 - 23 for definitions and the purpose of these measures.

<sup>2</sup> The difference between "Utilised credit facility" in the Group's statement of cash flow and "Liabilities to credit institutions" in the balance sheet is explained by capitalised loans and interest expenses.

## 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 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Offroad	243	267	484	488	970	974
Onroad	197	173	331	274	558	500
Other	10	11	56	58	117	119
<b>Net revenue</b>	<b>450</b>	<b>451</b>	<b>870</b>	<b>820</b>	<b>1,645</b>	<b>1,594</b>
Offroad	103	129	207	240	429	462
Onroad	73	75	123	119	213	209
Other	4	5	24	30	53	59
Intra-group costs <sup>1</sup>	-2	0	-4	-4	-2	-2
<b>Gross profit</b>	<b>178</b>	<b>209</b>	<b>350</b>	<b>385</b>	<b>693</b>	<b>728</b>
Offroad	45	69	86	130	194	238
Onroad	25	31	42	49	71	78
Other	1	3	8	16	21	29
Intra-group costs <sup>1</sup>	-2	0	-4	-4	-2	-2
<b>Profit after variable costs<sup>2 3</sup></b>	<b>69</b>	<b>103</b>	<b>132</b>	<b>190</b>	<b>284</b>	<b>343</b>

<sup>1</sup> Intra-group costs, consists of exchange rate revaluation of net working capital items which are not divided between segments. These amounted in Q3 2021 SEK 0 (-1) million, Q4 2021 SEK 2 (6) million, Q1 2022 SEK -1 (-4) million and Q2 2022 SEK -2 (0) million.

<sup>2</sup> Alternative performance measures (APM), see pages 21 - 23 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 segment, see Note 4.

Offroad  24MX

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net revenue	243	267	484	488	970	974
Growth (%) <sup>1</sup>	-9%	-7%	-1%	4%	-0%	2%
Gross profit	103	129	207	240	429	462
Gross margin (%) <sup>1</sup>	42.5%	48.4%	42.7%	49.2%	44.2%	47.5%
Profit after variable costs <sup>1 2</sup>	45	69	86	130	194	238
Profit after variable costs (%) <sup>1</sup>	18.7%	26.0%	17.7%	26.6%	20.0%	24.5%
Number of orders (thousands) <sup>1</sup>	253	287	518	545	1,037	1,064
Average order value (AOV) (SEK) <sup>1</sup>	960	931	935	896	936	916
Active customers last 12 months (thousands) <sup>1</sup>	644	658	644	658	644	660

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 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.

## April - June 2022

Net revenue changed by -9 percent to SEK 243 (267) million compared with the equivalent period in 2021. The decrease in local currencies was approximately 12 percent. The Nordics decreased net revenue by 5 percent and outside the Nordics net revenue decreased by 10 percent. In local currencies the decrease was 7 and 13 percent, respectively.

Profit after variable costs amounted to SEK 45 (69) million, which is equivalent to a margin of 18.7 (26.0) percent. The decrease in the margin was primarily attributed to higher costs for shipping from Asia and extended campaigning to drive growth.

## January - June 2022

Net revenue changed by -1 percent to SEK 484 (488) million compared with 2021. The Nordics increased net revenue by 2 percent and outside the Nordics decreased by 2 percent. In local currencies the decrease was 0 and 5 percent respectively

Profit after variable costs amounted to SEK 86 (130) million, equivalent to a margin of 17.7 (26.6) percent. The decrease in the margin was primarily attributed to the higher shipping costs from Asia, extended campaigning activities and higher costs for online traffic-driving marketing activities.

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net revenue	197	173	331	274	558	500
Growth (%) <sup>1</sup>	14%	-1%	21%	6%	17%	8%
Gross profit	73	75	123	119	213	209
Gross margin (%) <sup>1</sup>	37.2%	43.2%	37.3%	43.5%	38.3%	41.8%
Profit after variable costs <sup>1 2</sup>	25	31	42	49	71	78
Profit after variable costs (%) <sup>1</sup>	12.7%	18.0%	12.6%	17.7%	12.8%	15.6%
Number of orders (thousands) <sup>1</sup>	221	182	374	305	637	568
Average order value (AOV) (SEK) <sup>1</sup>	893	947	884	897	875	881
Active customers last 12 months (thousands) <sup>1</sup>	453	420	453	420	453	414

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 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.

### April - June 2022

Net revenue increased by 14 percent to SEK 197 (173) million compared with the equivalent period in 2021. Growth in local currencies was approximately 10 percent. The growth in the Nordics and outside the Nordics was 13 and 15 percent, respectively. In local currencies the change was 10 and 10 percent, respectively.

Growth was impacted by expanded assortment of both external and private brands, as well as by more competitive prices. During the quarter a new campaign format, "Mega-Kit", was launched with success driving sales and a large share of new customers.

Profit after variable costs, SEK 25 (31) million, was equivalent to a margin of 12.7 (18.0) percent. The decrease in the margin was mainly due to increased costs for shipping from Asia and more competitive pricing to drive growth.

### January - June 2022

Net revenue increased by 21 percent compared to 2021, totaling SEK 331 (274) million. Growth in the Nordics and outside the Nordics amounted to 20 and 22 percent respectively. In local currencies the change was 17 and 17 percent, respectively.

Profit after variable costs amounted to SEK 42 (49) million, equivalent to a margin of 12.6 (17.7) percent. The decrease in the margin was mainly due to increased shipping costs and more competitive pricing.

### Other sledstore

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net revenue	10	11	56	58	117	119
Growth (%) <sup>1</sup>	-5%	-10%	-4%	7%	3%	9%
Gross profit	4	5	24	30	53	59
Gross margin (%) <sup>1</sup>	36.2%	47.2%	42.5%	51.7%	44.9%	49.4%
Profit after variable costs <sup>1 2</sup>	1	3	8	16	21	29
Profit after variable costs (%) <sup>1</sup>	11.2%	23.8%	14.3%	27.5%	17.9%	24.2%

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 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.

### April - June 2022

Net revenue decreased by 5 percent to SEK 10 (11) million compared with the equivalent period last year.

The margin decreased from 47.2 to 36.2 percent.

The activity level was low as the winter season was over.

### January - June 2022

Net revenue decreased by 4 percent to SEK 56 (58) million compared with the previous year.

The margin after variable costs decreased from 51.7 to 42.5 percent and was positive mainly due to increased shipping costs from Asia and availability problems within some private brand products with strong gross margin.

## The Pierce Share

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

On 6 April 2021, a total of 534,600 shares were registered through a new share issue based on the exercise of warrants from LTIP 2020/2025. The number of registered shares, and votes, as of 30 June 2022, amounted to 39,687,050, equivalent to a quota value of SEK 0.02.

The share price at the beginning of the year was SEK 68.6 and was SEK 8.7 on the last trading day of the period. The number of shareholders was 1,350, of which the largest were Procuritas (16.4%), Verdane Capital (14.1%), Allianz Global (9.0%), Handelsbankens Fund (7.2%) and Allianz (5.0%).

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

### LTIP 2021/2024

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

The warrants can be exercised from the day after publication of the interim report for the period 1 January – 31 March 2024, however not earlier than on 1 April 2024, up to and including 31 August 2024, at a predetermined share price of SEK 73.6. With full subscription of the warrants, the Company's share capital can increase with a maximum of SEK 7,528.9, based on the current quota value.

The Company has reserved the right to repurchase warrants if, amongst other circumstances, the Participant's employment with the Company is terminated.

## Significant events after the end of the reporting period

On 6 July 2022, a total of 39,687,050 shares were registered through a new share issue. The number of shares in Pierce after the rights issue amounted to 79,374,100 shares and Pierce's share capital increased by SEK 793,741 to 1,587,482 SEK.

On 7 July 2022, following a completion of the rights issue, Pierce received approximately SEK 337 million after deductions of issue costs. After receipt of the proceeds from the rights issue, Pierce repaid bank loans of approximately SEK 180 million. Moreover, the Company decreased its credit facility from SEK 300 million to SEK 200 million.

Considering the global uncertainty, the remaining proceeds from the rights issue will allow Pierce to strengthen the Company's financial capacity in order to continue Pierce's long-term growth strategy and to implement measures to increase profitability.

## Impact of currency effects

In all material aspects, net revenue and the sum of total costs and investments are equivalent to payments received and payments made. Payments received during the last 12-month period in EUR, SEK and NOK accounted for 54, 19 and 11 percent respectively. With regards to payments, EUR, SEK, USD and PLN accounted for 45, 26, 14 and 9 percent respectively. In order to reduce exposure to effects on earnings and cash flow due to exchange rate fluctuations, the Group utilises currency derivatives for certain currencies, including EUR and USD.

Furthermore, operating assets and operating liabilities in foreign currency are revalued at the end of each month. This revaluation refers primarily to operating liabilities including trade payables. Exchange rate fluctuations arising from revaluations of operating balance sheet items are reported net, primarily as a part of the cost of goods sold.

If leasing agreements have been signed in a currency other than the functional currency of each Group company, the leasing liability is revalued at each month-end close. These revaluation effects, as well as the revaluation of financial balance sheet items, are reported in financial net.

## Employees

The average number of employees during the quarter amounted to 426 (457). Of these, 146 (159) worked at the distribution warehouse in Poland and 269 (297) were white collar workers in Sweden, Poland and Spain.

Excluding customer services personnel and certain production staff, the number of white-collar workers was 203 (228).

## Seasonal variations

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

## Parent Company

Pierce Group AB (publ), Corp. ID Number 556967-4392, is the Parent Company in the Pierce Group, and is a public company with registered offices in Stockholm, Sweden. Since 26 March 2021, Pierce Group AB (publ) is listed on the Nasdaq Stockholm Mid Cap.

The Parent Company is comprised of owning and managing the subsidiaries.

During the quarter, net revenue totaled SEK 3 (3) million and was fully attributable to sales to Group companies. Financial net mainly comprised of interest expenses regarding bond and shareholders' loans up and until April last year as the previous financing structure had been repaid. Net result before tax during the quarter was SEK -1 (-1) million.

The Parent Company's equity at the end of the period was SEK 402 (392) million.

The CEO is employed by the Parent Company.

## Risks and factors of uncertainty

The Group's operations and results are affected by a number of external factors. The Pierce Group is primarily exposed to operational risks which are largely comprised of competition and market developments in local markets, quality of delivered goods mainly from Asia, inventory and product assortment risks, IT-related risks, and dependency on key individuals. A more detailed description of risks and risk management can be found in Pierce's Annual Report for 2021. During the recent year, the Covid-19 pandemic has impacted the operations through cost increases, certain product availability shortages in the market and through delays in deliveries. Shipping costs from Asia have increased significantly due to the global shortage of containers. There are continuing factors of uncertainty in the supply chain in the form of shortages of products and delays of certain goods, which challenges both access to goods and purchase prices. All in all, this negatively impacts the gross margin. This negative effect is expected to continue during forthcoming quarters. The pandemic's impact on customer behavior and demand also continues to be factors of uncertainty.

On 24 February 2022, the conflict between Russia and Ukraine started. The conflict is deemed to possibly imply a major impact on prices, exchange rates, import and export restrictions, availability of raw materials and goods and resources where Russia, Belarus and/or Ukraine are involved.

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

Financial risks include e.g., currency risks (see previous page), interest rate risks and the risk of not being able to obtain

sufficient financing. E-commerce is characterised, amongst other things, by a sharp increase in sales during certain campaign periods. If Pierce's sales do not develop in line with the Group's expectations during these periods, this may affect both the result and financial position negatively.

In conjunction with the listing, the Group entered into a new financing agreement with one of the larger Swedish banks for a credit facility totalling SEK 300 million. After the end of the reporting period, in connection with new share issue, the credit facility was decreased to SEK 200 million.

The credit facility contains certain financial covenants and there is a risk that Pierce will not be able to comply with them in the future. As of 30 June 2022, Pierce fulfilled the covenant terms associated with this credit facility.

For further information, see Note 7.

In Interim Report for January - March 2022 and in Annual Report for 2021 the Board of Directors disclosed a material uncertainty of not being able to comply with the financial covenants, which could lead to a significant risk of going concern. That risk was mitigated by the rights issue completed in July 2022. For further information regarding the rights issue, see Significant events after the end of the reporting period on page 10. In the Board's assessment, the material uncertainty of going concern is no longer relevant.

During second quarter, we prepared the next major stage in our efficiency enhancement work, which includes a number of initiatives within purchasing, pricing, the supply chain and overheads. There is a risk that we will not achieve the expected effect of these initiatives to improve the gross margin, shipping costs and overheads.

## Related party transactions

During the current interim period the Group did not have any related party transactions.

For further information regarding related parties see Note 6.

## Financial targets

Pierce's Board of Directors has adopted the following financial targets<sup>1</sup>.

### Growth - 15-20%

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

### Adjusted operating margin - around 8%

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

### Capital structure - 2.0x

Net debt/EBITDA<sup>2</sup> not exceeding 2.0x, subject to temporary flexibility for strategic initiatives.

### Dividend policy

In the coming years, free cash flows<sup>3</sup> are planned to be used for the continued development<sup>4</sup> of the Company and will, therefore, not be distributed to shareholders.

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

<sup>2</sup> Alternative performance measures (APM), see pages 21 - 23 for definitions and purpose of these measurements.

<sup>3</sup> Free cash flow refers to cash flow from operating activities and operations and investment activities.

<sup>4</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 subject to a review by the Company's auditors.

### Upcoming financial events

#### 11 November 2022

Interim report January – September 2022

#### 17 February 2023

Interim report January – December 2022

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

CEO Henrik Zadig and acting CFO Niclas Olsson will hold a web telephone conference in English on 24 August 2022, 9.00 am CET, in conjunction with the publication of the quarterly report.

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

SE: +46-8-5051-6386

UK: +44-20-319-84884

US: +1-412-317-6300

Pin: 0093686#

The presentation and conference can be followed via the following web link:  
<https://tv.streamfabriken.com/pierce-group-q2-2022>

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

## Contact information, Pierce

Henrik Zadig, CEO, +46 73 146 14 60

Niclas Olsson, acting CFO, +46 70 889 05 75

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.

## Signatures

The undersigned hereby confirm that the interim report provides a true and fair view of the Parent Company's and Group's operations, financial position and results, and that it describes the significant risks and uncertainties to which the Parent Company and the companies included in the Group are exposed.

Stockholm, 24 August 2022

Henrik Theilbjørn Chairman of the Board	Henrik Zadig CEO
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Mattias Feiff Board Member	Shu Sheng Board Member
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Gunilla Spongh Board Member	Thomas Schwarz Board Member
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Thomas Ekman  
Board Member

## Condensed consolidated statement of profit/loss

SEKm (unless stated otherwise)	Note	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
		2022	2021	2022	2021	Jun 2022	2021
Net revenue	3,4	450	451	870	820	1,645	1,594
Cost of goods sold		-272	-242	-520	-435	-952	-866
<b>Gross profit</b>	<b>4</b>	<b>178</b>	<b>209</b>	<b>350</b>	<b>385</b>	<b>693</b>	<b>728</b>
Sales and distribution costs		-144	-138	-287	-258	-541	-512
Administration costs		-47	-40	-88	-86	-170	-169
Other operating income and expenses		2	0	2	-2	4	-1
<b>Operating profit</b>	<b>4</b>	<b>-11</b>	<b>31</b>	<b>-23</b>	<b>38</b>	<b>-15</b>	<b>46</b>
Financial net		10	-5	6	-19	5	-20
<b>Profit/loss before tax</b>	<b>4</b>	<b>-1</b>	<b>26</b>	<b>-17</b>	<b>19</b>	<b>-10</b>	<b>26</b>
Tax		1	-4	2	3	-0	0
<b>Profit/loss for the period</b>		<b>-1</b>	<b>21</b>	<b>-15</b>	<b>22</b>	<b>-10</b>	<b>26</b>
<b>Attributable to shareholders of the parent company</b>		<b>-1</b>	<b>21</b>	<b>-15</b>	<b>22</b>	<b>-10</b>	<b>26</b>
<b>Earnings per share</b>							
Earnings per share before dilution (SEK)		-0.01	0.54	-0.38	0.59	-0.26	0.68
Earnings per share after dilution (SEK)		-0.01	0.54	-0.38	0.59	-0.26	0.68
Average number of shares before dilution (thousands)		39,687	39,658	39,687	36,614	39,687	38,289
Average number of shares after dilution (thousands)		39,687	39,695	39,687	36,800	39,687	38,378

## Consolidated statement of comprehensive income

SEKm	Note	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
		2022	2021	2022	2021	Jun 2022	2021
Profit/loss for the period		-1	21	-15	22	-10	26
<b>Items that may subsequently be reclassified to income statement</b>							
Translation difference		2	-1	3	1	4	1
<b>Other comprehensive income for the period</b>		<b>2</b>	<b>-1</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>1</b>
<b>Comprehensive income for the period and attributable to shareholders of the parent company</b>		<b>2</b>	<b>20</b>	<b>-12</b>	<b>22</b>	<b>-7</b>	<b>28</b>

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Condensed consolidated statement of financial position

SEKm	Note	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets		351	353	351
Property, plant and equipment		17	17	18
Right-of-use assets		64	73	63
Financial assets	7	3	2	2
Deferred tax assets		10	13	10
<b>Total non-current assets</b>		<b>445</b>	<b>458</b>	<b>445</b>
<b>Current assets</b>				
Inventory		490	374	534
Other current assets	5	56	43	38
Cash and cash equivalents		23	27	18
<b>Total current assets</b>		<b>569</b>	<b>444</b>	<b>591</b>
<b>Total assets</b>		<b>1,014</b>	<b>901</b>	<b>1,035</b>
<b>Equity and liabilities</b>				
<b>Total equity attributable to shareholders of the parent company</b>				
		<b>414</b>	<b>433</b>	<b>441</b>
<b>Non-current liabilities</b>				
Leasing liabilities		45	58	48
Deferred tax liabilities		28	29	28
<b>Total non-current liabilities</b>		<b>74</b>	<b>87</b>	<b>76</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	7	199	82	178
Leasing liabilities		25	22	23
Trade payables		96	94	147
Other current liabilities	5	206	183	169
<b>Total current liabilities</b>		<b>526</b>	<b>381</b>	<b>517</b>
<b>Total equity and liabilities</b>		<b>1,014</b>	<b>901</b>	<b>1,035</b>

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Condensed consolidated statement of changes in equity

SEKm	Share capital	Other capital contributions	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to shareholders of the Parent Company
<b>Opening balance 2021-01-01</b>	<b>0</b>	<b>128</b>	<b>-1</b>	<b>-70</b>	<b>57</b>
Profit/loss for the year	—	—	—	22	22
Other comprehensive income for the year	—	—	1	—	1
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>1</b>	<b>22</b>	<b>22</b>
Bonus issue	1	-1	—	—	—
<b>Transactions with shareholders</b>					
New share issue including issue costs	0	350	—	—	350
Issue of warrants including issue costs	—	4	—	—	4
<b>Total</b>	<b>0</b>	<b>354</b>	<b>—</b>	<b>—</b>	<b>354</b>
<b>Closing balance 2021-06-30</b>	<b>1</b>	<b>481</b>	<b>0</b>	<b>-48</b>	<b>433</b>
<b>Opening balance 2022-01-01</b>	<b>1</b>	<b>484</b>	<b>0</b>	<b>-44</b>	<b>441</b>
Profit/loss for the year	—	—	—	-15	-15
Other comprehensive income for the year	—	—	3	—	3
<b>Total comprehensive income for the year</b>	<b>—</b>	<b>—</b>	<b>3</b>	<b>-15</b>	<b>-12</b>
<b>Transactions with shareholders</b>					
New share issue including issue costs <sup>1</sup>	—	-16	—	—	-16
<b>Total</b>	<b>—</b>	<b>-16</b>	<b>—</b>	<b>—</b>	<b>-16</b>
<b>Closing balance 2022-06-30</b>	<b>1</b>	<b>468</b>	<b>4</b>	<b>-58</b>	<b>414</b>

<sup>1</sup> New share issue including issue costs referred to costs incurred and accrued for in June, in connection to rights issue that was finalized in July 2022.

## Condensed consolidated statement of cash flow

SEKm	Note	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
		2022	2021	2022	2021	Jun 2022	2021
<b>Operating activities</b>							
Operating profit		-11	31	-23	38	-15	46
Adjustments for non-cash items <sup>1</sup>		14	11	37	23	59	45
Paid interest		-3	-4	-5	-9	-8	-12
Realised cash hedges		2	0	4	0	5	1
Paid/received tax		-1	0	-5	-2	-8	-4
<b>Cash flow from operating activities before changes in net working capital</b>		<b>2</b>	<b>37</b>	<b>8</b>	<b>50</b>	<b>33</b>	<b>76</b>
Changes in net working capital		-24	-30	5	-32	-100	-137
<b>Cash flow from operating activities</b>		<b>-22</b>	<b>7</b>	<b>13</b>	<b>18</b>	<b>-67</b>	<b>-61</b>
<b>Investing activities</b>							
Investments in non-current assets		-3	-7	-9	-14	-21	-26
Paid/received blocked funds		—	14	—	14	0	14
<b>Cash flow from investing activities</b>		<b>-3</b>	<b>6</b>	<b>-9</b>	<b>0</b>	<b>-21</b>	<b>-12</b>
<b>Financing activities</b>							
New share issue including issue costs		—	7	—	350	0	350
Issue of warrants including issue costs		—	1	—	4	—	4
Change in utilised credit facility		21	84	19	84	112	177
Repayment of shareholder loans <sup>2</sup>		—	-64	—	-64	—	-64
Repayment of liabilities to credit institutions <sup>3</sup>		0	-414	-7	-414	-7	-414
Repayment of leasing liabilities		-6	-5	-11	-10	-21	-20
Paid contingent consideration		—	-30	—	-30	—	-30
<b>Cash flow from financing activities</b>		<b>16</b>	<b>-421</b>	<b>1</b>	<b>-80</b>	<b>83</b>	<b>2</b>
Cash flow for the period		-10	-407	4	-62	-5	-71
Cash and cash equivalents		32	435	18	87	27	87
Exchange rate difference		0	-1	0	2	0	2
<b>Cash and cash equivalents end of period</b>		<b>23</b>	<b>27</b>	<b>23</b>	<b>27</b>	<b>23</b>	<b>18</b>

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

<sup>2</sup> Repaid amount referred to capitalised interest expenses, which for the last quarter, the last interim period and for the previous financial year amounted to SEK -3 million.

<sup>3</sup> Of which SEK 64 million referred to capitalised interest expenses during the last quarter, the last interim period and the previous financial year.

Q2/2022

Condensed Parent Company statement of profit/loss

SEKm	Apr-Jun		Jan-Jun		Jan-Dec
	2022	2021	2022	2021	2021
Net revenue	3	3	6	7	12
<b>Gross profit</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>7</b>	<b>12</b>
Administration costs	-5	-3	-8	-14	-21
<b>Operating profit</b>	<b>-2</b>	<b>0</b>	<b>-2</b>	<b>-7</b>	<b>-9</b>
Financial net	1	-1	1	-13	-12
<b>Profit/loss after financial items</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-21</b>	<b>-21</b>
Appropriations	—	—	—	—	27
<b>Profit/loss before tax</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-21</b>	<b>6</b>
Tax	—	—	—	—	-2
<b>Profit/loss for the period</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-21</b>	<b>4</b>

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

Condensed Parent Company balance sheet

SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Shares in group companies	308	308	308
Receivables from group companies	78	81	77
<b>Total non-current assets</b>	<b>386</b>	<b>389</b>	<b>385</b>
<b>Current assets</b>			
Receivables from group companies	29	1	28
Other current assets	2	3	2
Cash and cash equivalents	6	2	7
<b>Total current assets</b>	<b>37</b>	<b>6</b>	<b>37</b>
<b>Total assets</b>	<b>423</b>	<b>395</b>	<b>422</b>
<b>Equity and liabilities</b>			
<b>Total equity</b>	<b>402</b>	<b>392</b>	<b>419</b>
<b>Current liabilities</b>			
Other current liabilities	21	3	3
<b>Total current liabilities</b>	<b>21</b>	<b>3</b>	<b>3</b>
<b>Total equity and liabilities</b>	<b>423</b>	<b>395</b>	<b>422</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, basis for calculations and assessments have been applied as applied in the Annual Report for 2021. For a description of the Group's applied accounting principles, see Note 1 and Note 2 in the Annual Report for 2021.

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

A number of new standards and interpretations are required to be applied during this financial year. These have had no impact on the preparation of these financial statements. None of the IFRS or IFRIC interpretations that are yet to come into force are expected to have any significant impact on the Group.

## Note 3 – Revenue

The Group's revenue consists exclusively of the sale of goods via the Group's websites and a physical store. Revenue is reported at a given point in time as the conditions for control being transferred over time are not met. In addition to the segments, geographical area is also an important attribute when specifying revenue, and this is presented in the table below.

SEKm	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Sweden	32	35	53	55	111	113
Other Nordics	30	30	50	46	103	99
Outside the Nordics	181	202	381	387	756	763
<b>Revenue Offroad</b>	<b>243</b>	<b>267</b>	<b>484</b>	<b>488</b>	<b>970</b>	<b>974</b>
Sweden	41	34	63	51	103	90
Other Nordics	64	59	101	86	156	141
Outside the Nordics	92	80	167	137	298	269
<b>Revenue Onroad</b>	<b>197</b>	<b>173</b>	<b>331</b>	<b>274</b>	<b>558</b>	<b>500</b>
Sweden	6	6	30	34	66	70
Other Nordics	5	5	26	24	51	50
Outside the Nordics	—	—	—	—	—	—
<b>Revenue Other</b>	<b>10</b>	<b>11</b>	<b>56</b>	<b>58</b>	<b>117</b>	<b>119</b>
Sweden	79	74	146	140	280	273
Other Nordics	99	95	177	156	310	290
Outside the Nordics	273	282	548	524	1,055	1,031
<b>Revenue Group</b>	<b>450</b>	<b>451</b>	<b>870</b>	<b>820</b>	<b>1,645</b>	<b>1,594</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. Changes in estimates are recognised in the period in which the change occurs, if the change affected only that period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Important estimations and assessments can be found in Note 2 in the 2021 Annual Report. No changes have been made to these estimations and assessments that could have a significant impact on the interim report.

## Note 4 – Segment reporting

SEKm	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Offroad	243	267	484	488	970	974
Onroad	197	173	331	274	558	500
Other	10	11	56	58	117	119
<b>Net revenue</b>	<b>450</b>	<b>451</b>	<b>870</b>	<b>820</b>	<b>1,645</b>	<b>1,594</b>
Offroad	103	129	207	240	429	462
Onroad	73	75	123	119	213	209
Other	4	5	24	30	53	59
Intra-group costs	-2	0	-4	-4	-2	-2
<b>Gross profit</b>	<b>178</b>	<b>209</b>	<b>350</b>	<b>385</b>	<b>693</b>	<b>728</b>
Offroad	-58	-60	-121	-110	-235	-224
Onroad	-48	-43	-82	-70	-142	-131
Other	-3	-3	-16	-14	-32	-30
<b>Variable sales and distribution costs<sup>1</sup></b>	<b>-109</b>	<b>-106</b>	<b>-218</b>	<b>-195</b>	<b>-408</b>	<b>-384</b>
Offroad	45	69	86	130	194	238
Onroad	25	31	42	49	71	78
Other	1	3	8	16	21	29
Intra-group costs	-2	0	-4	-4	-2	-2
<b>Profit after variable costs<sup>1 2</sup></b>	<b>69</b>	<b>103</b>	<b>132</b>	<b>190</b>	<b>284</b>	<b>343</b>
Other expenses in the operation <sup>1 3</sup>	-80	-72	-154	-152	-299	-297
<b>Operating profit</b>	<b>-11</b>	<b>31</b>	<b>-23</b>	<b>38</b>	<b>-15</b>	<b>46</b>
Financial net <sup>3</sup>	10	-5	6	-19	5	-20
<b>Pre-tax income</b>	<b>-1</b>	<b>26</b>	<b>-17</b>	<b>19</b>	<b>-10</b>	<b>26</b>

<sup>1</sup> Alternative performance measures (APM), see pages 21 - 23 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.

Pierce sells gear, parts and accessories to riders. The operating segments into which the Group's operations are divided are:

- **Offroad:** sales to motocross and enduro riders under the 24MX brand.
- **Onroad:** sales to customers who ride motorcycles on highroads. Sales are under the XLMOTO brand.
- **Other:** sales to snowmobile riders under the Sledstore brand and sales via a physical store in Stockholm.
- **Intra-group transactions:**

- Intra-group transactions included under Gross profit and Profit after variable costs refer to revaluation of net working capital items, mainly included in cost of goods sold. These are not allocated to segments.
- Intra-group costs, after Profit after variable costs, refers to expenses for group-wide functions, such as central administration, which are not allocated to segments.

No information is provided on segment assets or liabilities as no separate segmentation is performed in reporting the consolidated financial position.

## Note 5 - Financial instruments, fair value

Contingent consideration and currency derivatives are the only instruments reported at fair value through profit/loss. Other financial instruments are valued at amortised cost in the statement of financial position and the reported values corresponded in all material respects with the fair value.

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

The valuation of currency derivatives is based on official market data for exchange rates. At the end of the period, the fair value amounted to SEK 9 (0) million and these derivatives have been classified as current assets.

## Note 6 - Related party transactions

### Other related party transaction

During the current interim period the Group did not have any related party transactions. In the comparison quarter 2021, related party sales transactions totaled SEK 2 thousand. In the comparison interim period related party sales transactions totaled SEK 9 thousand and purchases totaled SEK 188 thousand. See Note 29 in the Annual Report for 2021 for more information.

## Note 7 - Pledged assets and contingent liabilities

SEKm	Jun 30 2022	Jun 30 2021	Dec 31 2021
<b>To credit institutions for the Group's own liabilities and provisions</b>			
Deposits for fulfillment of payments	3	2	2
Utilised credit facility <sup>1</sup>	22	84	26
<b>Total pledged assets</b>	<b>25</b>	<b>86</b>	<b>28</b>

<sup>1</sup> Utilised credit facility refers to utilised overdraft, which does not include obtained loan or capitalised loan and interest expenses.

In conjunction with the listing, the previous financing structure was replaced by a SEK 300 million credit facility, of which SEK 200<sup>1</sup> million had been utilised as at the end of the quarter. There is a surety given on the credit facility provided by the Parent Company, Pierce Group AB, in favor of the subsidiary, Pierce AB's, liabilities to credit institutions.

The credit facility includes certain financial covenants. See more information under the "Risks and factors of uncertainty" section, page 11.

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

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

### Warrant program

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

All transactions are based on market terms and conditions.

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

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

On 6 July 2022, a total of 39,687,050 shares were registered through a new share issue. The number of shares in Pierce after the rights issue amounted to 79,374,100 shares and Pierce's share capital increased by SEK 793,741 to 1,587,482 SEK.

On 7 July 2022, following a completion of the rights issue, Pierce received approximately SEK 337 million after deductions of issue costs. After receipt of the proceeds from the rights issue, Pierce repaid bank loans of approximately SEK 180 million. The Company decreased its credit facility from SEK 300 million to SEK 200 million, and in this manner the purpose of the share issue was fulfilled.

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

## Alternative Performance Measures

**Financial measures not defined in accordance with IFRS**

Pierce applies financial measurements in its interim reports which are not defined in accordance with IFRS. The Company believes that these measurements provide valuable supplementary information to investors and the Company's management. As not all companies calculate Alternative Performance Measures in the same manner, these measures are not always comparable with measures used by other companies. These financial measurements should, therefore, not be seen to comprise a replacement for measures defined according to IFRS. Following a review of the alternative performance measures, an update and clarification of "Items affecting comparability" measure has taken place in connection with the quarterly report in June 2022. The item was amended to better describe operational measures for Pierce.

**Definitions**

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

**Financial Performance Measures - Group**

<b>Performance measure</b>	<b>Definition</b>	<b>Purpose</b>
Adjusted EBITDA	EBITDA, excluding items affecting comparability.	This measure is used to measure the profit from the ongoing operations, excluding items affecting comparability, amortisation, depreciation, and impairment.
Adjusted EBITDA (%)	Adjusted EBITDA in relation to net revenue.	The performance measure is used to assess the profitability generated by the ongoing operations, excluding items affecting comparability, amortisation, depreciation, and impairment.
Adjusted EBITDA excluding IFRS 16	Operating profit (EBIT) excluding depreciation, amortisation and items affecting comparability, less rental costs for leasing agreements reported in the statement of financial position.  Rental costs essentially correspond to depreciation on right-of-use assets and interest expenses on leasing liabilities.	The measure aims to measure the profit generated by the ongoing operations, including expenses for office rent but excluding items affecting comparability, amortisation, depreciation, and impairment
Adjusted operating margin (EBIT) (%)	Adjusted operating profit (EBIT) in relation to net revenue.	The performance measure is used to monitor the Company's profitability generated by the operating activities, including depreciation and amortisation, but excluding items affecting comparability.
Adjusted operating profit (EBIT)	Operating profit (EBIT) excluding items affecting comparability.	This measure is used to measure the profit generated by the ongoing operations, including amortisation, depreciation, and impairment, but excluding items affecting comparability.
Amortisation related to business acquisitions	Amortisation less amortisation excluding business acquisitions.	The purpose is to measure the performance measure's impact on operating profit (EBIT).
EBITDA	Operating profit (EBIT), excluding amortisation, depreciation, and impairment.	The measure is used to measure the profit generated by ongoing operations before amortisation, depreciation, and impairment.
CAGR	Compound annual growth rate in percent over a given period.  The formula to calculate CAGR is: $(\text{ending value}/\text{starting value})^{1/\text{number of years between the ending value and starting value}} - 1$ .	The measure shows the Company's growth over time.
Gross margin (%)	Gross profit in relation to net revenue.	This measure is used to measure profitability after deduction of cost of goods sold.
Growth (%)	Net revenue for the period compared with net revenue during the corresponding period last year.	This performance measure makes it possible to analyse the Group's and the segments' growth in net revenue.
Growth in local currencies (%)	Change in net revenue, adjusted for exchange rate changes and business acquisitions, in comparison with the corresponding period last year.	This measure enables follow-up of the development of net revenue excluding exchange rate effects and business acquisitions.
Growth per geographical area (%)	Net revenue for the period for a geographical area compared to net revenue for the same geographical area during the corresponding period last year.	This measure makes it possible to analyse net revenue growth for the Group specified according to geographical area.

Performance measure	Definition	Purpose
Items affecting comparability	Items affecting comparability refers to material transactions lacking a clear connection to the ordinary operations, and which are not expected to occur regularly. These transactions include, for instance, advisory and integration costs in conjunction with business acquisitions, IPO or new share issue costs, advisory and directly attributable costs in conjunction with essential restructuring or efficiency programs/projects, and changes in fair value regarding contingent consideration.	This measure is excluded in calculating adjusted measures which are used to monitor the Company's underlying earnings trend over time.
Net debt/EBITDA	Net debt excluding IFRS 16 in relation to adjusted EBITDA excluding IFRS, during the last twelve months.	This measure is used to measure the debt/equity ratio and to follow up on Pierce's financial targets on capital structure.
Net debt excluding IFRS 16	Liabilities to credit institutions, decreased by cash and cash equivalents at the end of the period. Pierce's assessment of the Groups' actual net debt corresponds to liabilities to credit institutions, and that is why shareholders loans and leasing liabilities are excluded.	This measure is used to monitor the indebtedness, financial flexibility, and capital structure.
Net working capital	Inventory and other operating assets less other operating liabilities.	This measure is used to analyse the Company's short-term tied up capital.
Net working capital (%)	Net working capital in relation to net revenue.	This measure is a measure of how efficiently working capital is managed.
Operating cash flow	Cash flow from the ongoing operations, excluding paid interest, realised cash hedges and tax paid/received, with deduction for investments in non-current assets, repayment of leasing liabilities and interest expenses on leasing liabilities.	This measure shows the underlying cash flow generated from the operating activities.
Other operating costs	Overhead costs, amortisation, depreciation, impairment, and items affecting comparability.	This measure shows the costs for intra-Group functions such as central administration costs which are not distributed over segments.
Overhead costs	Operating costs, excluding variable sales and distribution costs, amortisation, depreciation, impairment, and items affecting comparability. Operating costs refer to sales and distribution costs, administration costs, and other operating revenue and costs.	Costs that are not allocated to segments, but which each segment contributes to cover. These costs are largely fixed and semi-fixed. The measure is used to calculate the scalability of this part of the cost mass, see overhead costs (%) below for more information.
Overhead costs (%)	Overhead costs in relation to net revenue.	This measure shows the scalability of the Company's semi-fixed and fixed cost structure.
Other non-cash items	Non-cash items less repayment of leasing liabilities and interest expenses on leasing liabilities.	This measure excludes other non-cash flow impacting items and is used to calculate the operating cash flow.
Other cash flow	Cash flow from financing activities, excluding net changes in loans and repayment of leasing liabilities, less realised cash hedges, and tax paid/received as well as interest, less interest expenses on leasing liabilities.	This measure is used, together with operating cash flow, received/paid blocked funds and net changes in loans, to calculate the cash flow for the period.
Profit after variable costs	Gross profit less variable sales and distribution costs.	The measure is used to measure contribution after all variable costs.
Profit after variable costs (%)	Profit after variable costs in relation to net revenue.	This measure is used to illustrate profitability after deduction of all variable costs.
Variable sales and distribution costs	Sales and distribution costs less non-variable sales and distribution costs. Variable sales and distribution costs refers to direct marketing costs and other direct costs. Other direct costs essentially include costs for shipping to end customer, invoicing, and packaging.	This measure is monitored at Group and segment level in order to calculate results after variable costs.

### Operating performance measures – Group

Performance measure	Definition	Purpose
Active customers during the last 12 months	<p>Number of customers making purchases on at least one occasion during the last 12 months in one of the online stores.</p> <p>One customer can be counted several times if they make purchases in different stores.</p>	This measure is primarily relevant at segment level and illustrates the number of individual customers choosing to order goods on several occasions, which shows the Company's capability to attract customers.
Average order value (AOV)	Net revenue for the period divided by number of orders.	This measure is used as an indicator of revenue generation per customer.
Net revenue from private brands	Net revenue for the period less net revenue for the period from external brands from and net revenue not attributable to brands such as revenue from freight and accrued income.	Interesting to follow over time as these products are unique and can often be sold at attractive prices and at a relatively high gross margin.
Number of orders	Number of orders handled during the period.	This measure is used to measure customer activity generating sales.

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

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Gross profit	178	209	350	385	693	728
Variable sales and distribution costs	-109	-106	-218	-195	-408	-384
<b>Profit after variable costs</b>	<b>69</b>	<b>103</b>	<b>132</b>	<b>190</b>	<b>284</b>	<b>343</b>
Operating profit (EBIT)	-11	31	-23	38	-15	46
Reversal of depreciation and amortisation	12	11	25	22	49	46
<b>EBITDA</b>	<b>1</b>	<b>42</b>	<b>2</b>	<b>61</b>	<b>34</b>	<b>93</b>
Reversal of items affecting comparability	1	1	1	11	2	12
<b>Adjusted EBITDA</b>	<b>3</b>	<b>43</b>	<b>3</b>	<b>72</b>	<b>36</b>	<b>104</b>
Operating profit (EBIT), past twelve months	-15	75	-15	75	-15	46
Reversal of depreciation and amortisation, past twelve months	49	45	49	45	49	46
Reversal of items affecting comparability, past twelve months	2	26	2	26	2	12
Rental costs, past twelve months, regarding leasing agreements reported in the statement of financial position <sup>1</sup>	-24	-24	-24	-24	-24	-23
<b>Adjusted EBITDA excluding IFRS 16</b>	<b>12</b>	<b>121</b>	<b>12</b>	<b>121</b>	<b>12</b>	<b>81</b>
<sup>1</sup> Refers in all significance to depreciation of right-of-use assets and interest expenses on leasing liabilities.						
Operating profit (EBIT)	-11	31	-23	38	-15	46
Reversal of items affecting comparability	1	1	1	11	2	12
<b>Adjusted operating profit (EBIT)</b>	<b>-9</b>	<b>32</b>	<b>-21</b>	<b>50</b>	<b>-13</b>	<b>58</b>
Sales and distribution costs	-144	-138	-287	-258	-541	-512
Reversal of non-variable sales and distribution costs	35	32	68	63	133	128
<b>Variable sales and distribution costs</b>	<b>-109</b>	<b>-106</b>	<b>-218</b>	<b>-195</b>	<b>-408</b>	<b>-384</b>
Sales and distribution costs	-144	-138	-287	-258	-541	-512
Administration costs	-47	-40	-88	-86	-170	-169
Other operating income and expenses	2	0	2	-2	4	-1
<b>Operating costs</b>	<b>-189</b>	<b>-179</b>	<b>-373</b>	<b>-347</b>	<b>-708</b>	<b>-681</b>
Reversal of variable sales and distribution costs	109	106	218	195	408	384
<b>Other expenses in the operation</b>	<b>-80</b>	<b>-73</b>	<b>-154</b>	<b>-152</b>	<b>-298</b>	<b>-297</b>
Reversal of depreciation and amortisation	12	11	25	22	49	46
Reversal of items affecting comparability	1	1	1	11	2	12
<b>Overhead costs</b>	<b>-66</b>	<b>-61</b>	<b>-128</b>	<b>-118</b>	<b>-249</b>	<b>-239</b>
Amortisation	-5	-5	-11	-9	-22	-20
Reversal of amortisation excluding business acquisitions	5	4	11	9	21	19
<b>Amortisation related to business acquisitions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>
IPO costs	0	-1	0	-8	-1	-9
Change in fair value, contingent consideration	—	—	—	-3	—	-3
Other	-1	—	-1	—	-1	—
<b>Items affecting comparability</b>	<b>-1</b>	<b>-1</b>	<b>-1</b>	<b>-11</b>	<b>-2</b>	<b>-12</b>

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

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
<b>Inventory</b>	<b>490</b>	<b>374</b>	<b>490</b>	<b>374</b>	<b>490</b>	<b>534</b>
Other current assets	56	43	56	43	56	38
Current tax receivables	-11	0	-11	0	-11	-5
Current investments	-9	—	-9	—	-9	-3
<b>Other current operating assets</b>	<b>36</b>	<b>43</b>	<b>36</b>	<b>43</b>	<b>36</b>	<b>30</b>
Trade payables	-96	-94	-96	-94	-96	-147
Other current liabilities	-206	-183	-206	-183	-206	-169
Reversal of:						
Current tax liabilities	2	3	2	3	2	3
Current provisions	11	9	11	9	11	8
<b>Other current operating liabilities</b>	<b>-288</b>	<b>-265</b>	<b>-288</b>	<b>-265</b>	<b>-288</b>	<b>-305</b>
<b>Net working capital</b>	<b>238</b>	<b>152</b>	<b>238</b>	<b>152</b>	<b>238</b>	<b>260</b>
Liabilities to credit institutions	199	82	199	82	199	178
Cash and cash equivalents	-23	-27	-23	-27	-23	-18
<b>Net debt excluding IFRS 16</b>	<b>176</b>	<b>55</b>	<b>176</b>	<b>55</b>	<b>176</b>	<b>160</b>
Net debt excluding IFRS 16 (A)	176	55	176	55	176	160
Adjusted EBITDA excluding IFRS 16, past twelve months (B)	12	121	12	121	12	81
<b>Net debt/EBITDA (A) / (B)</b>	<b>15.1</b>	<b>0.5</b>	<b>15.1</b>	<b>0.5</b>	<b>15.1</b>	<b>2.0</b>

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

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Cash flow from operating activities	-22	7	13	18	-67	-61
Investments in non-current assets	-3	-7	-9	-14	-21	-26
Repayment of leasing liabilities	-6	-5	-11	-10	-21	-20
Interest expenses on leasing liabilities	-1	-1	-2	-2	-3	-4
Reversal of:						
Paid interest	3	4	5	9	8	12
Realised cash hedges	-2	0	-4	0	-5	-1
Paid/received tax	1	0	5	2	8	4
<b>Operating cash flow</b>	<b>-30</b>	<b>-2</b>	<b>-4</b>	<b>3</b>	<b>-102</b>	<b>-96</b>
Adjustments for non-cash items	14	11	37	23	59	45
Repayment of leasing liabilities	-6	-5	-11	-10	-21	-20
Interest expenses on leasing liabilities	-1	-1	-2	-2	-3	-4
<b>Other non-cash items</b>	<b>8</b>	<b>5</b>	<b>24</b>	<b>11</b>	<b>34</b>	<b>21</b>
Cash flow from financing activities	16	-421	1	-80	83	2
Paid interest	-3	-4	-5	-9	-8	-12
Realised cash hedges	2	0	4	0	5	1
Paid/received tax	-1	0	-5	-2	-8	-4
Reversal of:						
Interest expenses on leasing liabilities	1	1	2	2	3	4
Net change in loans <sup>1</sup>	-21	424	-12	424	-105	331
Repayment of leasing liabilities	6	5	11	10	21	20
<b>Other cash flow</b>	<b>-1</b>	<b>5</b>	<b>-4</b>	<b>345</b>	<b>-7</b>	<b>342</b>

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

## Reconciliation of other Alternative Performance Measures

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net revenue (A)	450	451	870	820	1,645	1,594
Number of orders (thousands) (B)	483	477	944	905	1,775	1,735
<b>Average order value (AOV) (SEK) (A) / ((B) / 1,000)</b>	<b>933</b>	<b>944</b>	<b>922</b>	<b>906</b>	<b>927</b>	<b>919</b>
Net revenue	450	451	870	820	1,645	1,594
Reversal of net revenue from external brands	-252	-255	-485	-454	-918	-888
Non-branded net revenue	-19	-31	-35	-44	-89	-98
<b>Net revenues from private brands</b>	<b>179</b>	<b>165</b>	<b>350</b>	<b>322</b>	<b>637</b>	<b>609</b>

## Reconciliation of Alternative Performance Measures concerning growth

SEKm (unless stated otherwise)	Apr-Jun		Jan-Jun		Jul 2021-	Jan-Dec
	2022	2021	2022	2021	Jun 2022	2021
Net revenue for the period (A)	450	451	870	820	1,645	1,594
Net revenue for the period previous year (B)	451	472	820	780	1,563	1,523
<b>Growth (%) (A) / (B) -1</b>	<b>-0%</b>	<b>-5%</b>	<b>6%</b>	<b>5%</b>	<b>5%</b>	<b>5%</b>
Net revenue for the period in local currencies <sup>1</sup> (A)	437	468	844	854	1,627	1,636
Net revenue for the period previous year (B)	451	472	820	780	1,563	1,523
<b>Growth in local currencies (%) (A) / (B) -1</b>	<b>-3%</b>	<b>-1%</b>	<b>3%</b>	<b>9%</b>	<b>4%</b>	<b>7%</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)	177	169	323	296	590	563
Net revenue Nordics for the period previous year (B)	169	163	296	274	529	507
<b>Growth Nordics (%) (A)/(B) -1</b>	<b>5%</b>	<b>4%</b>	<b>9%</b>	<b>8%</b>	<b>12%</b>	<b>11%</b>
Net revenue outside the Nordics for the period (A)	273	282	548	524	1,055	1,031
Net revenue outside the Nordics for the period previous year (B)	282	310	524	506	1,034	1,016
<b>Growth outside the Nordics (%) (A) / (B) -1</b>	<b>-3%</b>	<b>-9%</b>	<b>5%</b>	<b>4%</b>	<b>2%</b>	<b>1%</b>
Net revenue (A)	450	451	870	820	1,645	1,594
Net revenue, 2 years ago (B)	472	340	780	608	1,415	1,243
Number of years calculated (C)	2	2	2	2	2	2
<b>CAGR (%) ((A) / (B)) ^ (1 / (C)) -1</b>	<b>-2%</b>	<b>15%</b>	<b>6%</b>	<b>16%</b>	<b>8%</b>	<b>13%</b>



# PIERCE

RIDERS IN E-COMMERCE

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