

RIDERS IN  E-COMMERCE

# PIERCE

## Interim Report

Q3 2024

November 15<sup>th</sup> 2024





## Today's Presenters



**Göran Dahlin**  
CEO



**Fredrik Idestrom**  
CFO

# Agenda

## 1. Pierce in Brief

2. Financial update
3. Looking forward
4. Q&A



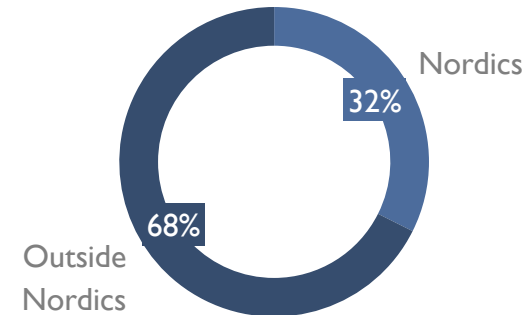
# THIS IS PIERCE

## Online leader in a fragmented market

- Pierce is a leading e-tailer in the European market for Gear, Parts and Accessories for motorcycle riding
- The total European market, which was estimated to some 100 bnSEK in 2021<sup>1</sup>
- The market is still fragmented, mainly served by traditional offline retailers while well suited for ecommerce and will likely consolidate at some point
- Pierce is the clear leader in the Offroad segment and one of the larger players in the Onroad segment
- Pierce is the only true pan-European company in the market with localized sites in 16 markets
- Pierce has a uniquely attractive assortment, offering a wide range of top brands as well as the largest range of own brands in the market
- Pierce has a turnover of approx. 1.5 bnSEK, HQ in Stockholm and 320<sup>2</sup> employees across Europe

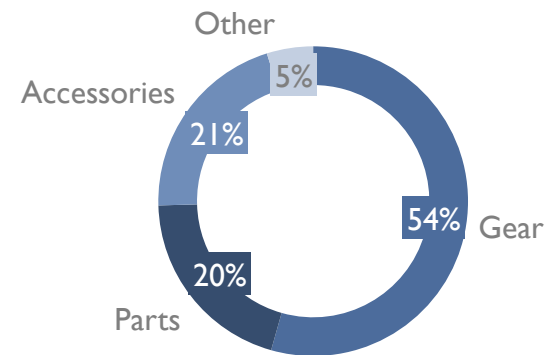
## Pan-European company

Net revenue split, Q3 2024 LTM



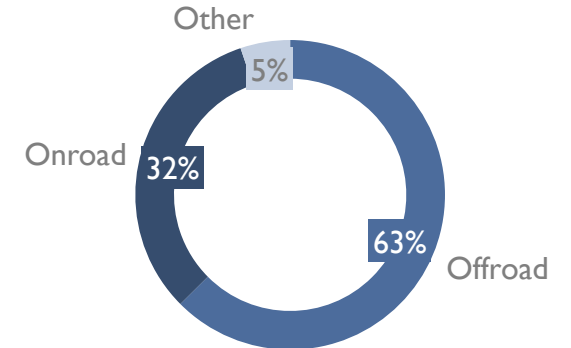
## One-stop-shop offering

Net revenue split, Q3 2024 LTM



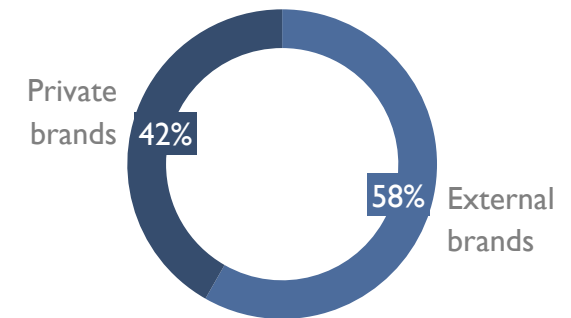
## Motorcycle specialist

Net revenue split, Q3 2024 LTM



## Strong private brands

Brand revenue split<sup>3</sup>, Q3 2024 LTM

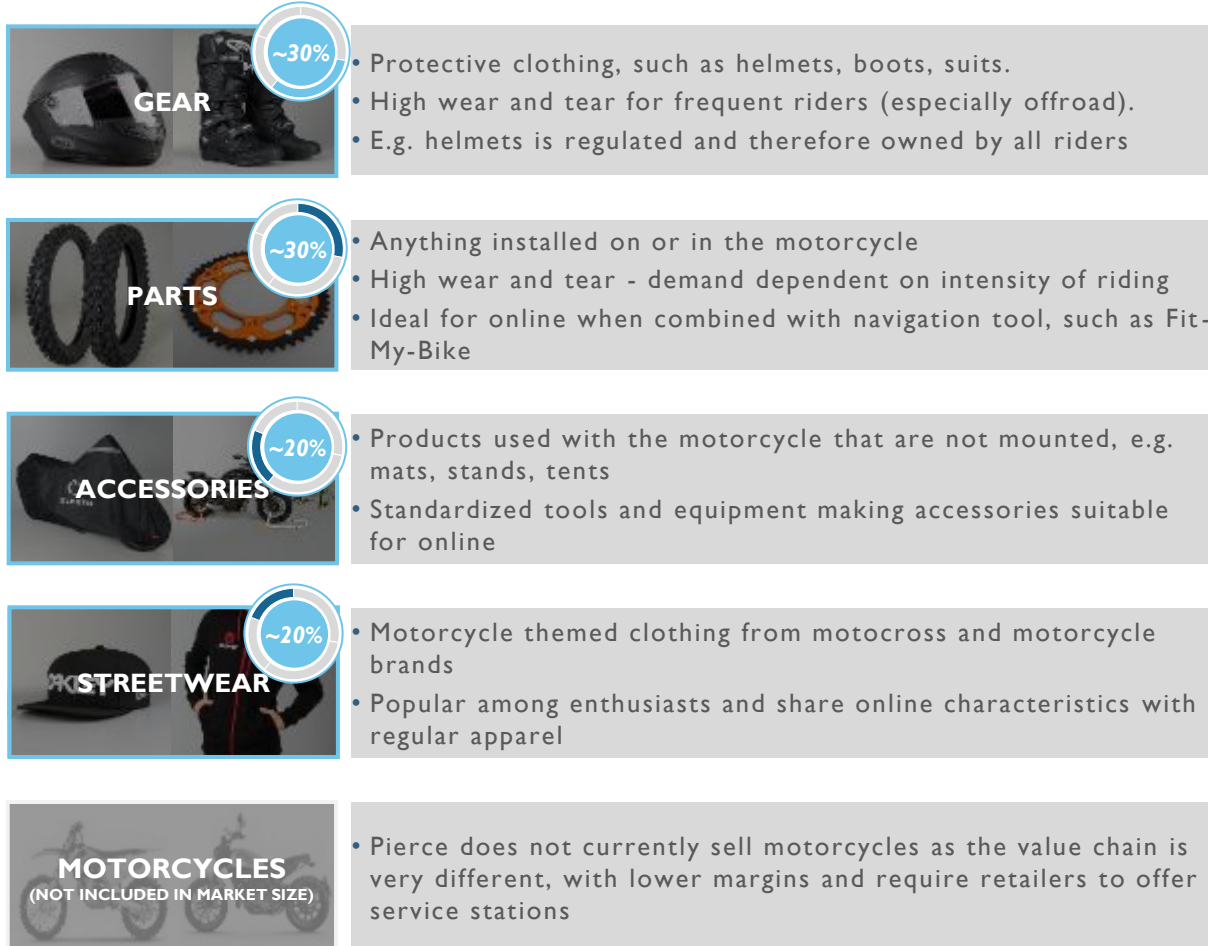


1) 'Pierce Group AB prospectus, Rights Issue 2022, page 52. Market estimated to have declined in size since 2021, but no official market data is available. 2) Total headcount of which approximately 200 white-collar employees and 120 blue-collar employees. Blue-collar workers are employed in the warehouse 3) Net revenue, freight income and other fees.

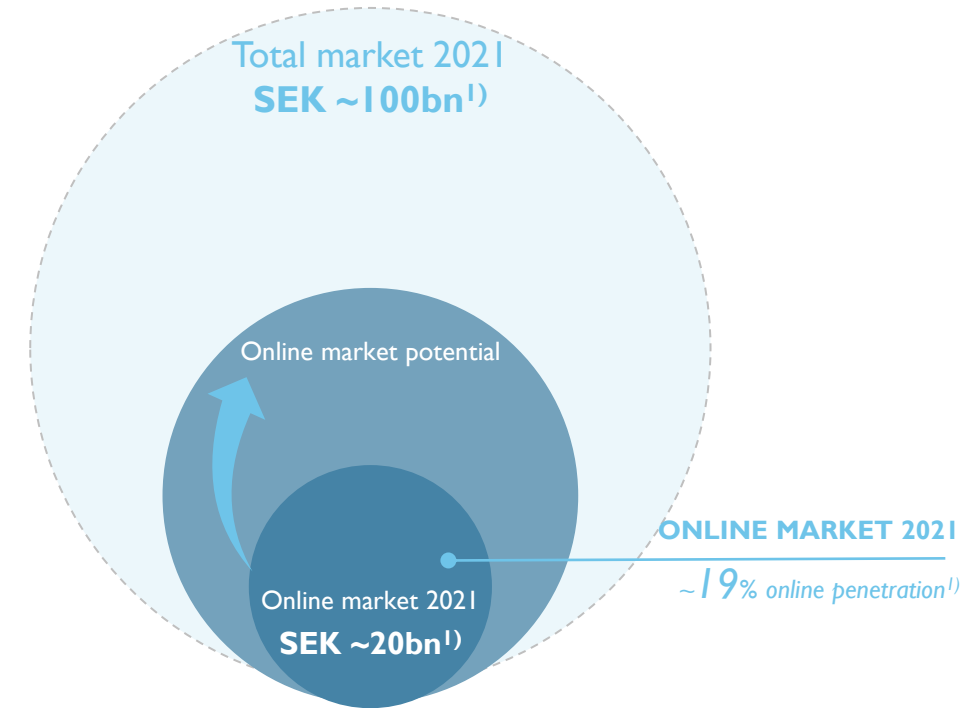


# THE MARKET FOR MOTORCYCLE GEAR, PARTS AND ACCESSORIES

## The market for Gear, Parts and Accessories<sup>1</sup>



## 100bn SEK market where the majority is still offline<sup>1</sup>



### Online expected to grow faster than offline – key drivers



Source: (1) Data from Pierce Group AB prospectus, Rights Issue 2022, pages 42 and 52. Market estimated to have declined in size since 2021, but no official market data is available.

# FRAGMENTED LANDSCAPE

## Competitive landscape

Leading online retailers in Europe	
General / diversified online and marketplaces	
Leading European omni channel retailers	
Brick-and-mortar	
Direct-to-consumer	

## Direct Competitors

Player	Home	Go-to-market <sup>1</sup>	Ownership	Comment
Pierce	Nordics	Online	Listed	<u>Nordic Champion. Pan European leader in offroad</u>
FC-Moto	DE	Online	Private	<u>DE champion online, onroad</u>
Motoblouz	FR	Online	Financial, Part of Polo Group	<u>FR champion online, onroad</u>
Sportsbikeshop	UK	Online	Financial, Part of Polo Group	<u>UK champion onroad</u>
Motocard	ES	Omni	Financial	<u>ES champion, onroad</u>
Motea	DE	Online	Private	PB Parts & Accessories onroad
Polo	DE	Omni	Financial, Part of Polo Group	Offline leader with online presence.
Louis	DE	Omni	Financial	Offline leader with online presence
Maciag	DE	Online	Private	MX (and MTB) online challenger offroad.



Notes: (1) Assessed primary go-to-market

# Q3 SUMMARY

## Net revenue +1% in local currencies, -1% in SEK

- Q3 (together with Q1) is the seasonally smallest quarter
- Weaker consumer sentiment from end of Q2 continued throughout the quarter
- Looking ahead, the global geopolitical situation gives a continued uncertain consumer sentiment as well as in-freight prices

## Continued underlying margin improvements

- Gross margin increased vs. last year with 14.8 ppt to 45.5%, the increase was 2.7ppt excluding the extraordinary increase in the provision for slow moving inventory last year
- Main drivers are price increases, lower shipping costs and minor reversal of obsolescence provisions

## Adjusted EBIT

- Adjusted EBIT improved from -47 SEKm last year to -0 SEKm (or from -3 SEKm excluding extraordinary increase in the provision for slow moving inventory last year)
- The outcome of the efficiency program from 2023 is in line with expectations which has mitigated the effects from underlying inflation and investments in the modernization of our IT infrastructure as part of our transformation journey

## Solid cash position

- Cash end of Q3 was 261 SEKm
- Stock levels expected to increase going forward due to seasonal effects, to ensure availability and capture growth opportunities in line with strategy

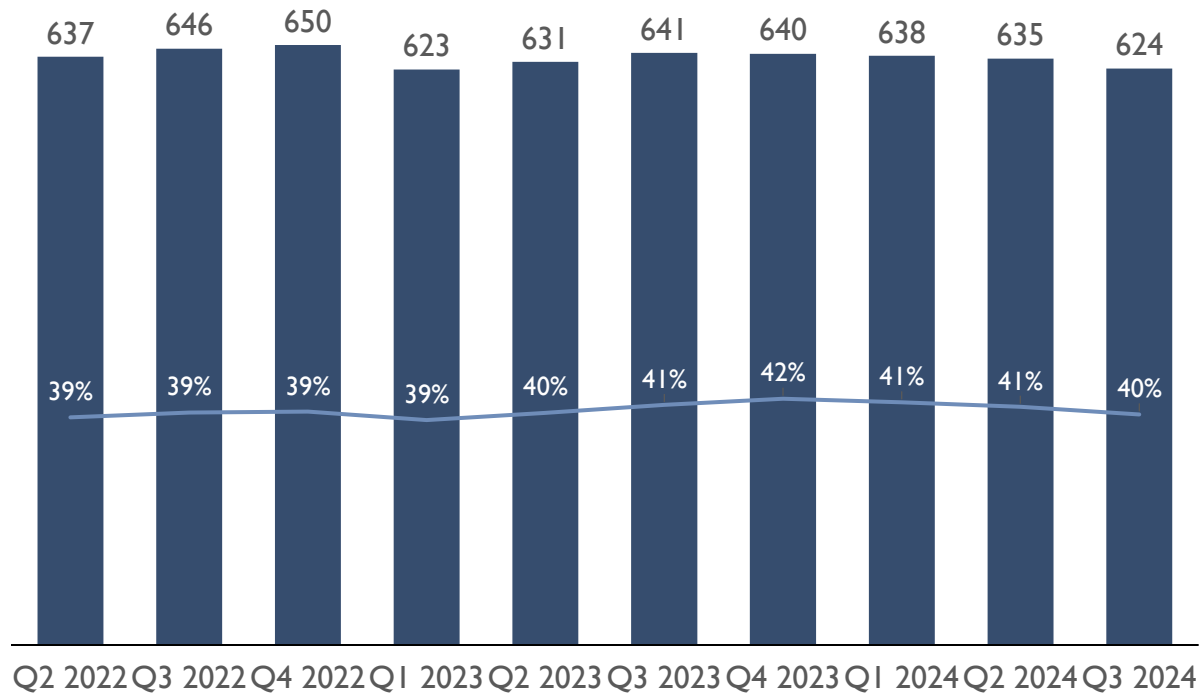
SEKm	Q3 2023	Q3 2024	Variance	
			Reported	Local currencies
<b>Net Revenue</b>	<b>369</b>	<b>365</b>	<b>-1%</b>	<b>1%</b>
Private Brands	148	137	-7%	
<b>Adjusted EBIT</b>	<b>-47</b>	<b>0</b>	<b>47</b>	
Adjusted EBIT %	-12.7%	0.0%	12.6 ppt	
Net Profit	-61	-2	59	
Operating Cash Flow	-3	-106	-103	



# KPI HIGHLIGHTS LTM

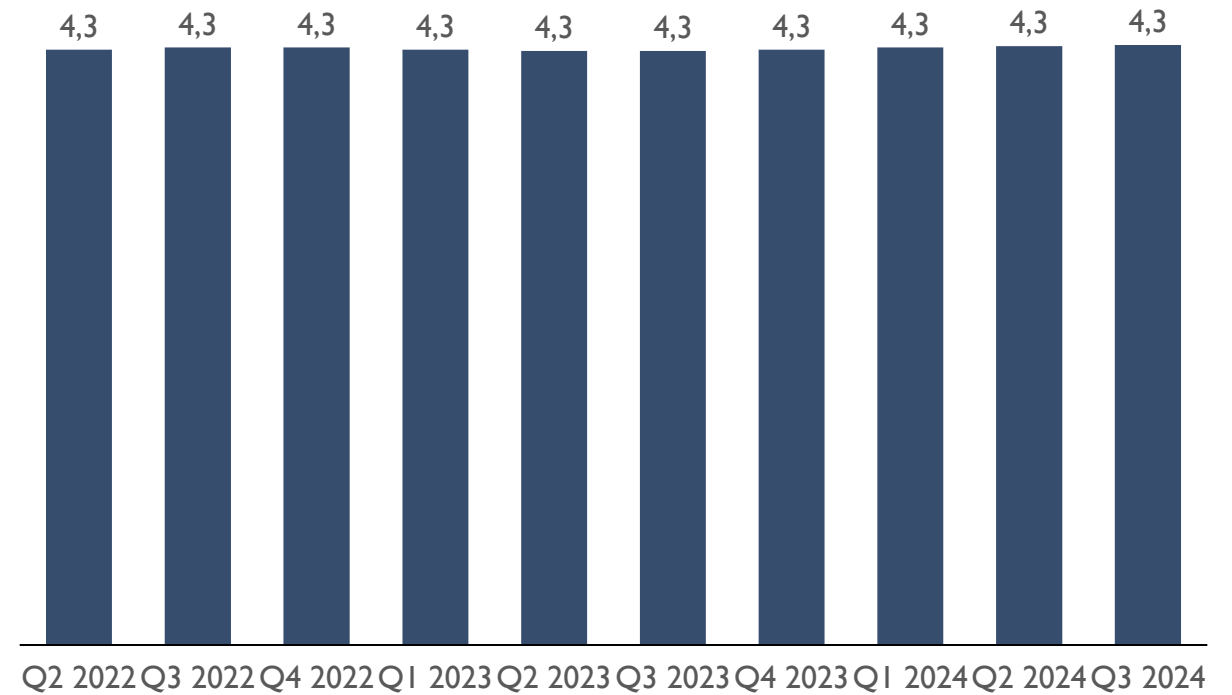
## Resilient private brand revenue

■ Net revenues, Private brand LTM (SEKm)  
— Net Revenue, Private brand (% of net revenue)



## Stable Trustpilot score, 4.3/5.0

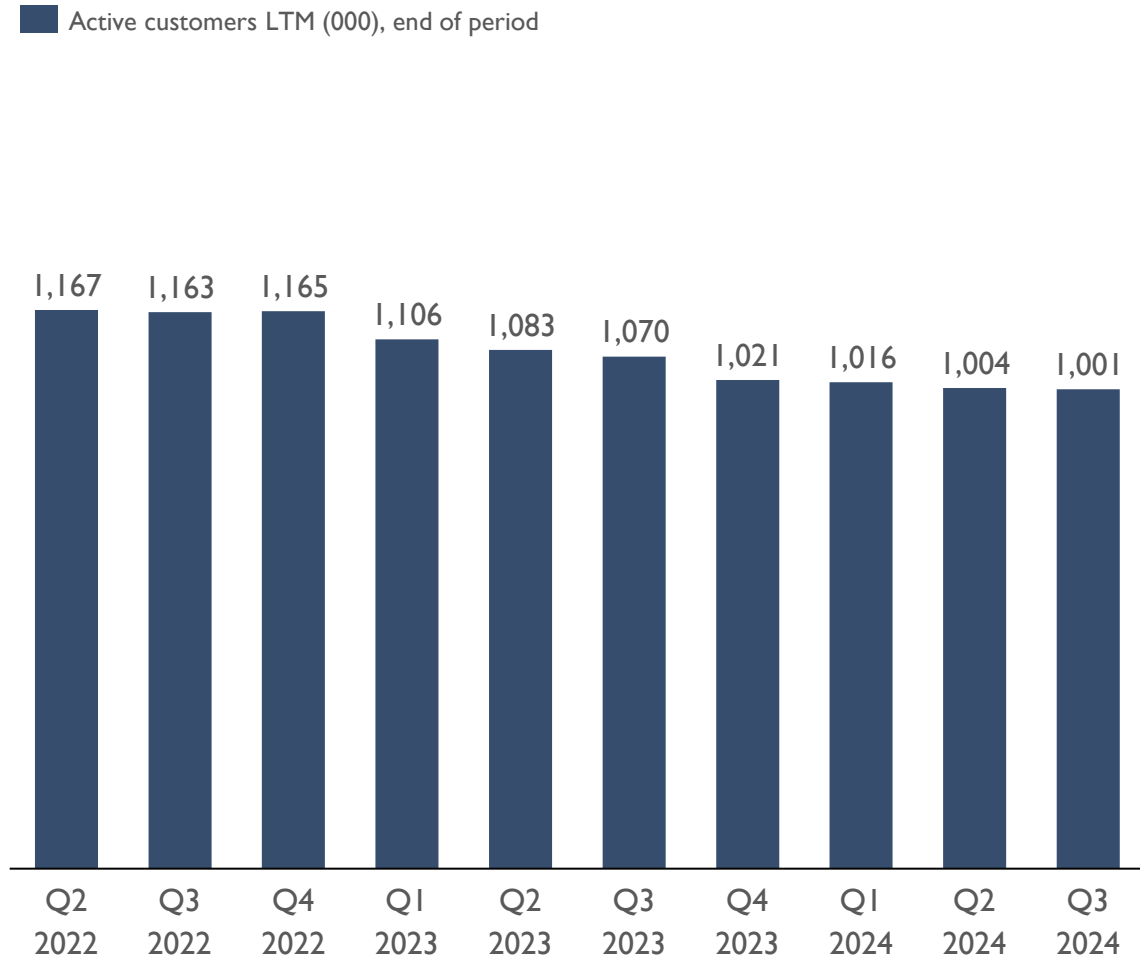
■ Aggregated Trustpilot scores



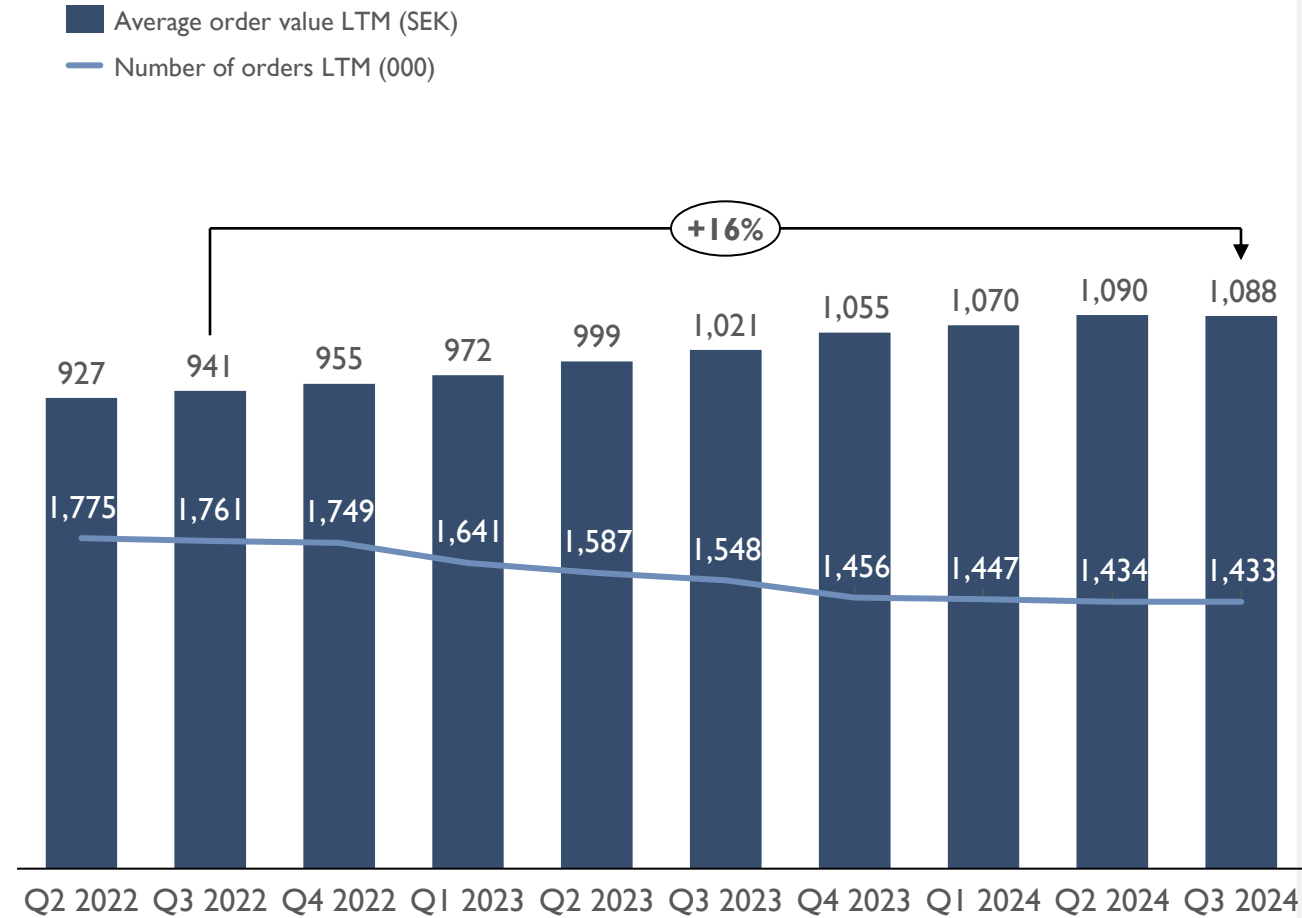


# KPI HIGHLIGHTS LTM (CONTINUED)

## Customer base stabilizing



## AOV on similar level as previous quarter



# Agenda

1. Pierce in Brief

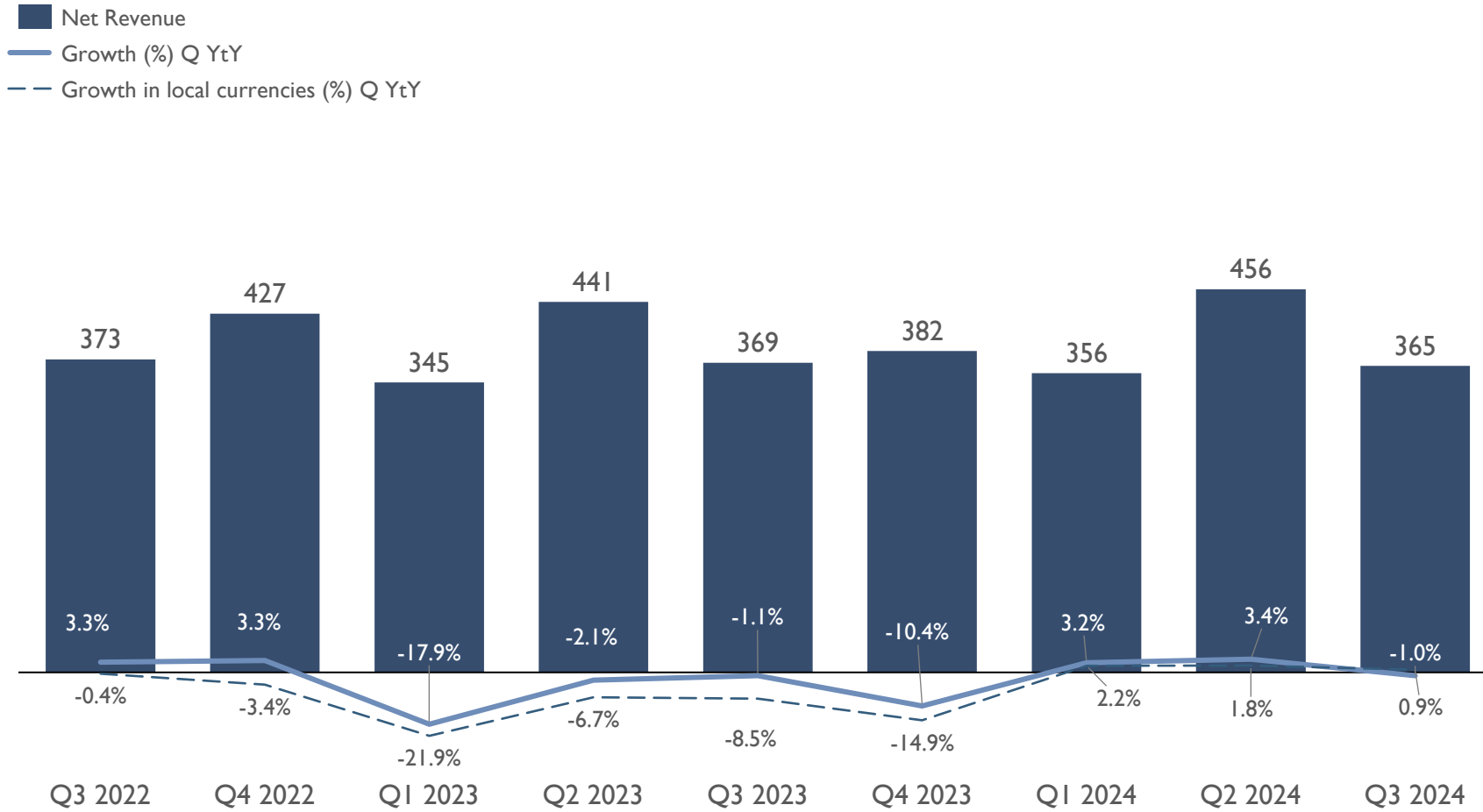
**2. Financial update**

3. Looking forward

4. Q&A



# QUARTERLY REVENUE DEVELOPMENT



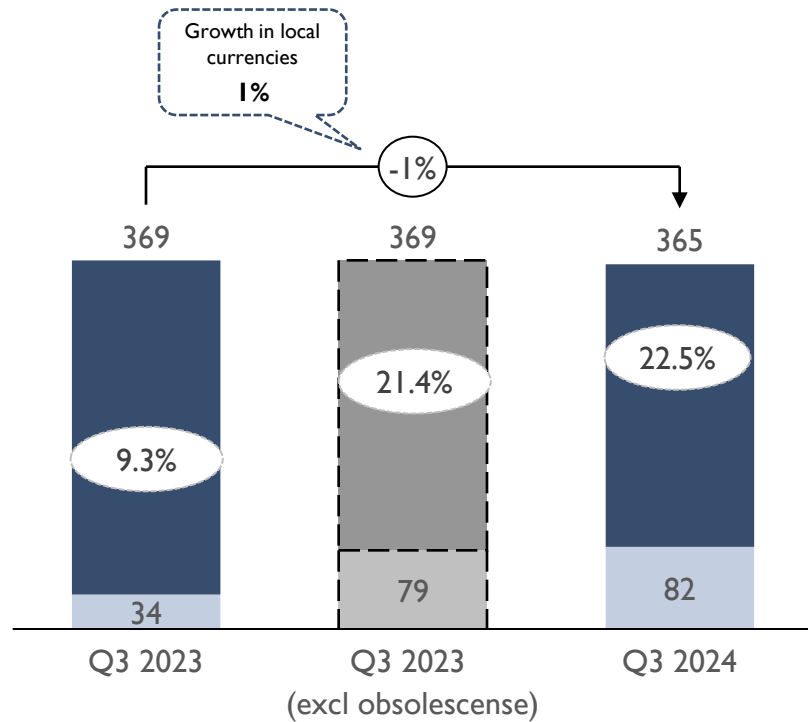
- 2024 YTD has shown growth following a period of declining sales
- All three quarters 2024 growing in local currencies



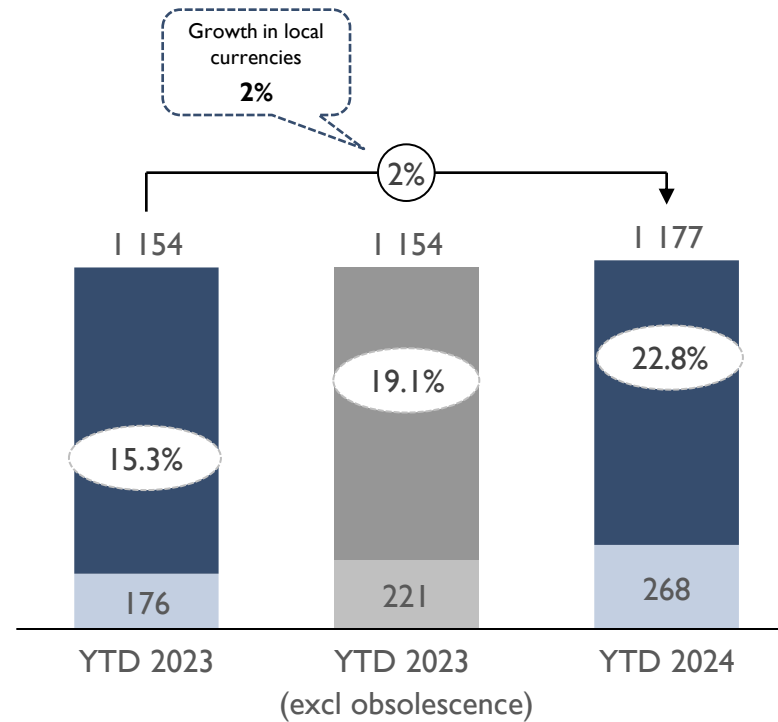
# GROUP FINANCIALS

## Revenue growth in local currencies – profit improved YoY

- Net revenue (SEKm)
- Profit after variable costs (SEKm)
- Profit after variable costs (%)



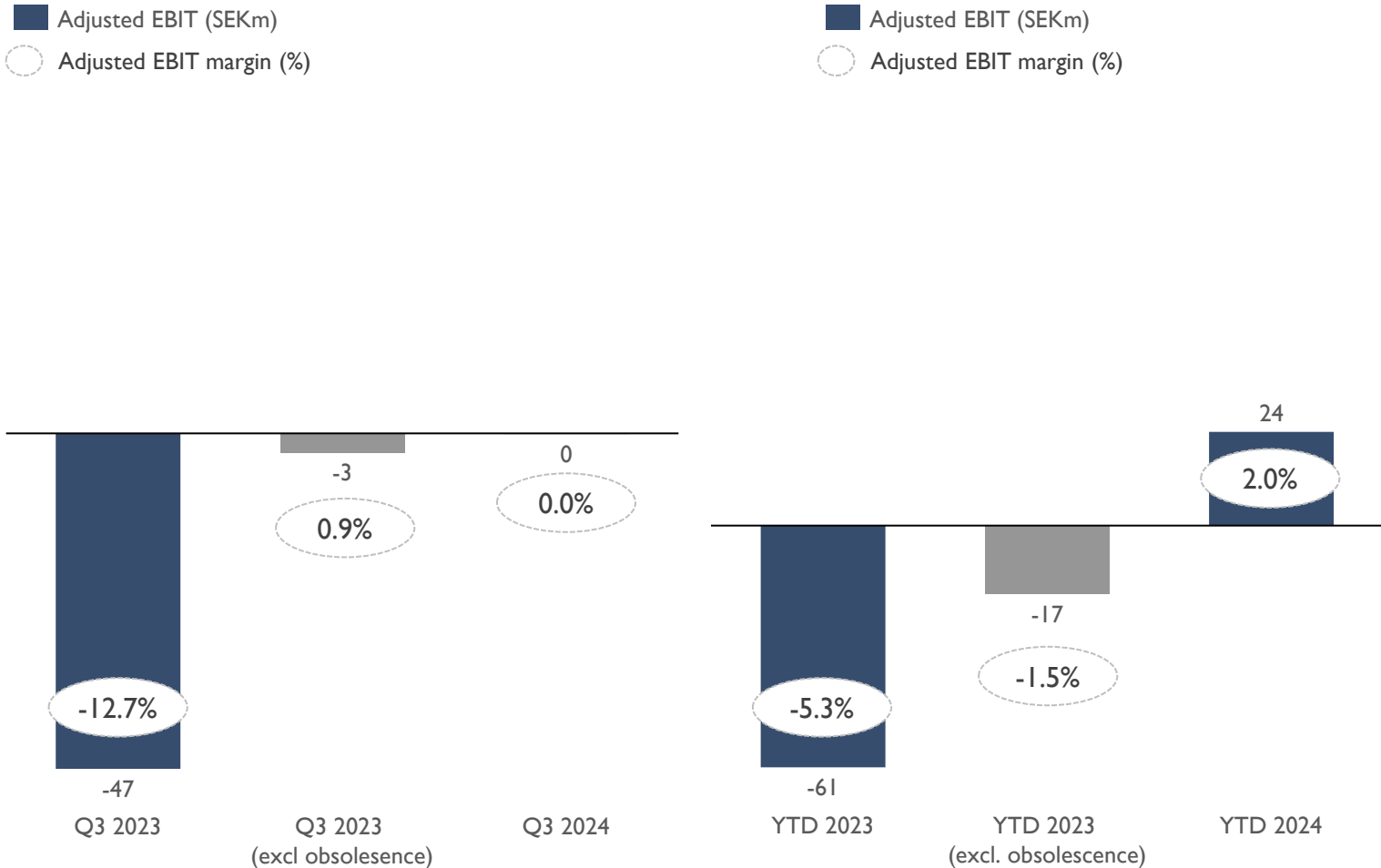
- Net revenue (SEKm)
- Profit after variable costs (SEKm)
- Profit after variable costs (%)



- Net revenue growth during Q3 by segment:
  - Offroad -1% and 1% in local currencies
  - Onroad 0% and 1% in local currencies
  - Onroad revenue share higher in Sweden
- Profit after valuable costs improved vs last year in both Offroad and Onroad segments
- Q3 2023 was negatively impacted by extraordinary change in obsolescence provision with 44 MSEK (c. 12% of net revenue)

# ADJUSTED EBIT

## Continuous adjusted EBIT improvement

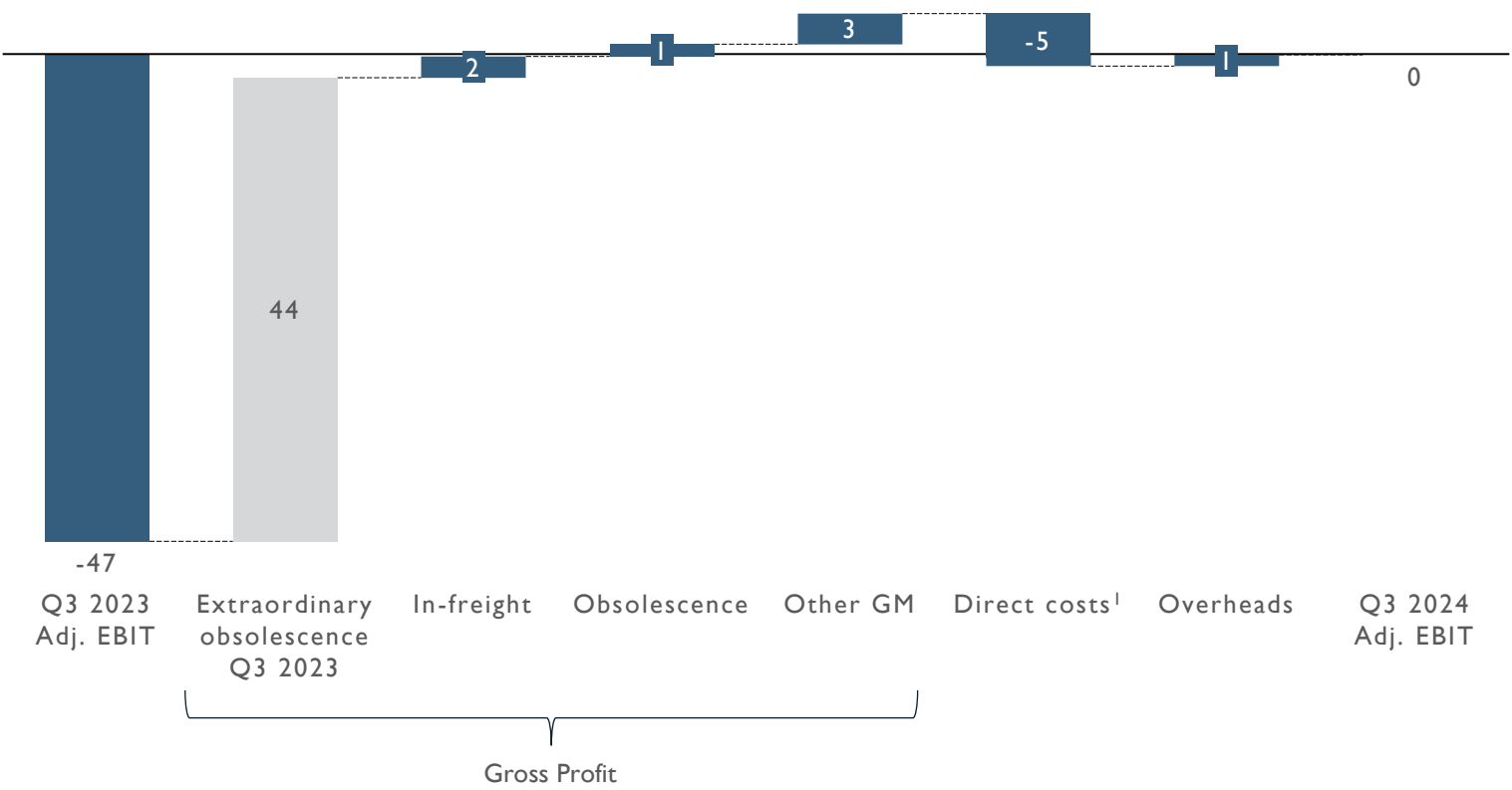


- Adjusted EBIT
  - Adjusted EBIT in Q3 2024 improved from -47 SEKm last year to 0 SEKm
  - YTD the improvement was from -61 SEKm to 24 SEKm
- Q3 2023 was negatively impacted by an extraordinary obsolescence provision
  - Excluding the provision, Adjusted EBIT improved with 3 SEKm in the quarter and 41 SEKm YTD
- Overhead costs
  - Outcome from operational efficiency program from 2023 in line with expectations in the quarter and mitigating increases from underlying inflationary pressure and costs associated with execution of strategy to modernize tech stack



# ADJUSTED EBIT BRIDGE

Gross margin improvement main driver

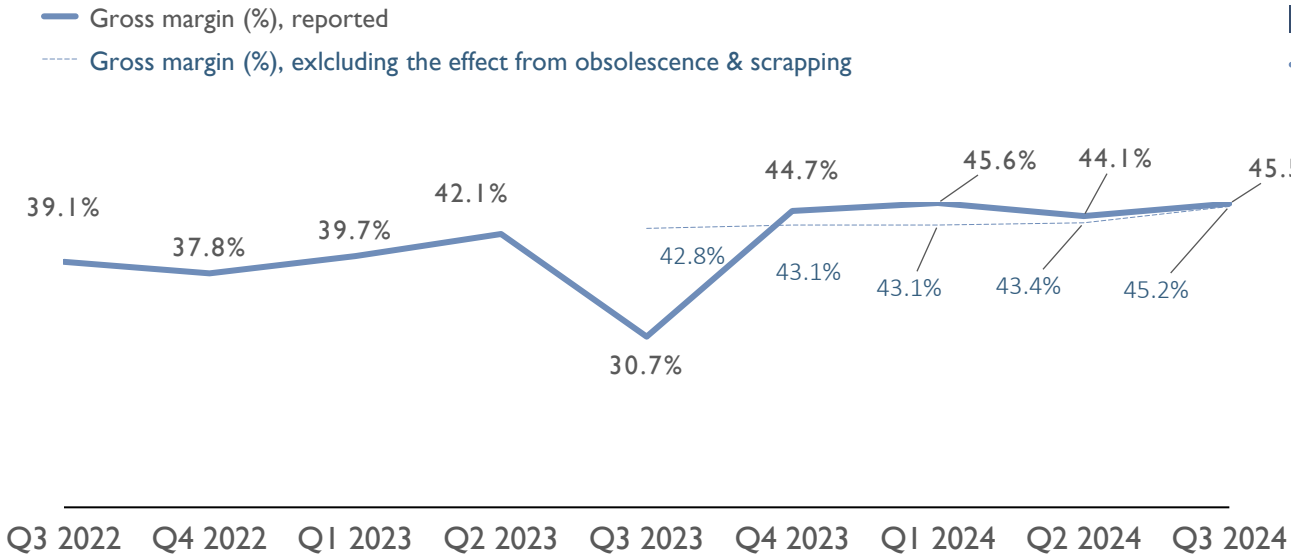


- Adjusted EBIT improvements driven by lower in-freight and other improved gross margin factors and overheads in addition to a minor obsolescence reversal
- Slightly higher direct costs<sup>(1)</sup> offset the improvements

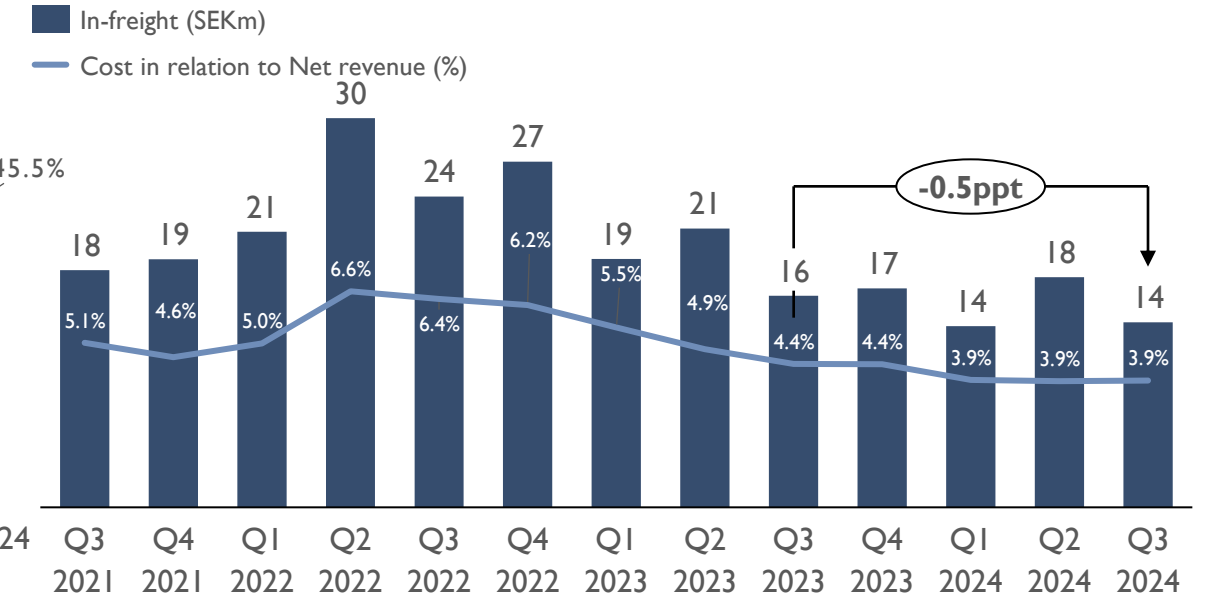
Note: (1) Direct costs here refer to Direct marketing, Invoicing costs, Outgoing freight and Packaging materials

# GROSS MARGIN

## Trend shift in gross margin since Q3 2023



## Shipping costs in relation to revenues stable in 2024



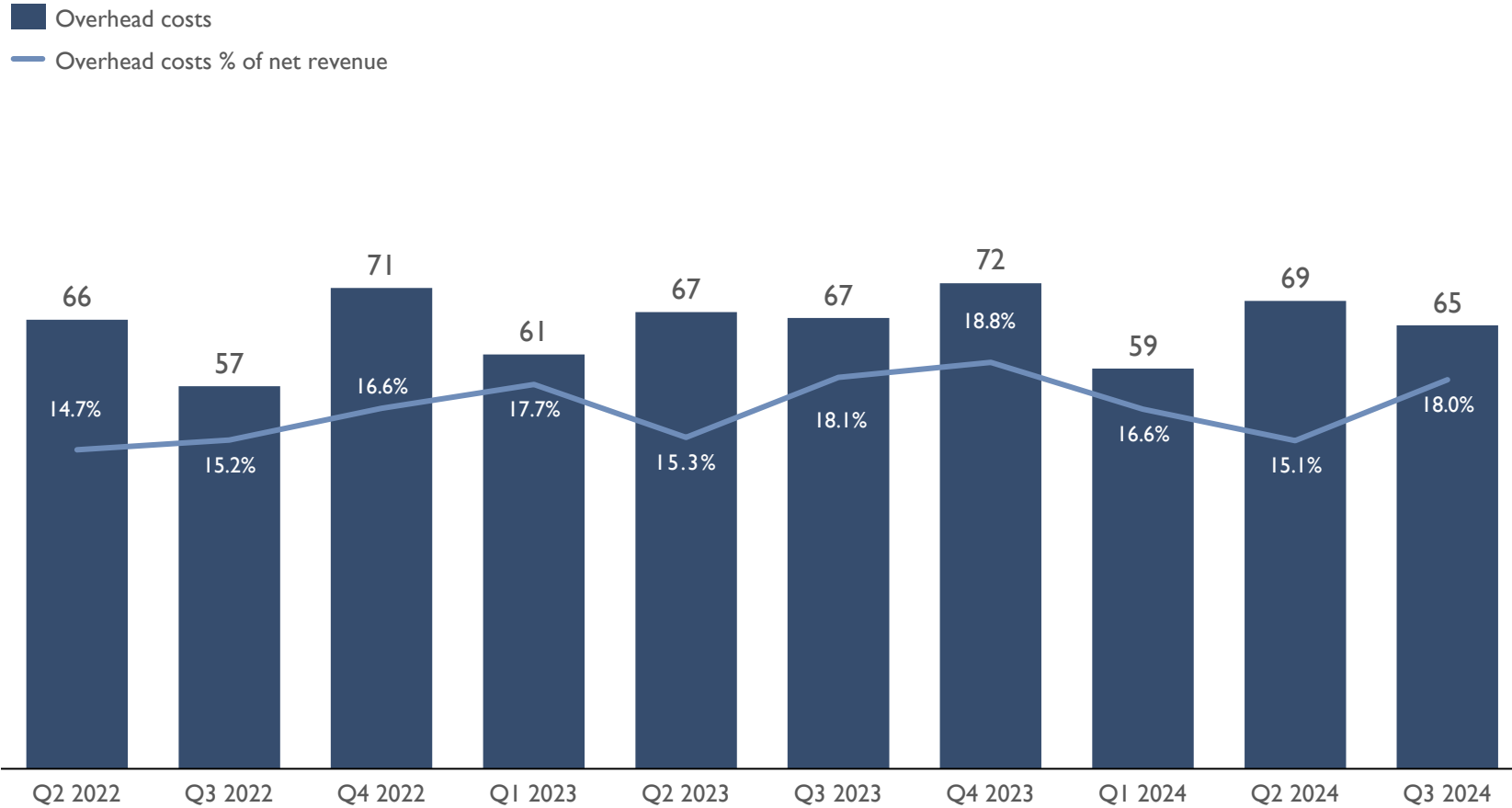
- Due to a strong cash position from end of 2022, our focus has gradually shifted from driving sales and generating cash to margin improvements.
- Q3 saw continued improvements in gross margin with an increase of 14.8 ppt vs last year to 45.5% and with 1.4 ppt vs Q2.
- The increase in Q3 vs last year was +2.7 ppt excluding the 44 SEKm extraordinary increase in the provision for slow moving inventory in Q3 last year.
- Main drivers in 2024 have been price increases and lower shipping costs, as well as reversals of obsolescence provisions

- We observed flat in-freight costs in Q3 2024 vs the previous quarter and a reduction of 0.5 ppt vs the same quarter previous year.
- Market shipping rates from Asia for in-freight have generally been higher in 2024 than in end 2023. They have also been more volatile.
- In-freight shipping prices impact cash and net working capital when inventory is purchased but are accounted for as costs of goods sold in the P&L at the point of sale - hence fluctuating shipping prices do not materialise in the P&L immediately.
- We foresee continuing volatility in market freight prices (but unclear near-term trend in overall levels). We are taking active measures to limit the impact of volatility on actual (average) prices paid and manage any impact on future margins.



Note: The negative gross margin trend since 2021 primarily attributed to escalated shipping and supplier costs. The effect of these cost hikes have gradually been mitigated by passing them on to customers, initiated in Q1 2023. The significant drop in the margin during first half of 2022 was due to our focus on generating cash and reducing net debt.

# OVERHEAD COSTS DEVELOPMENT



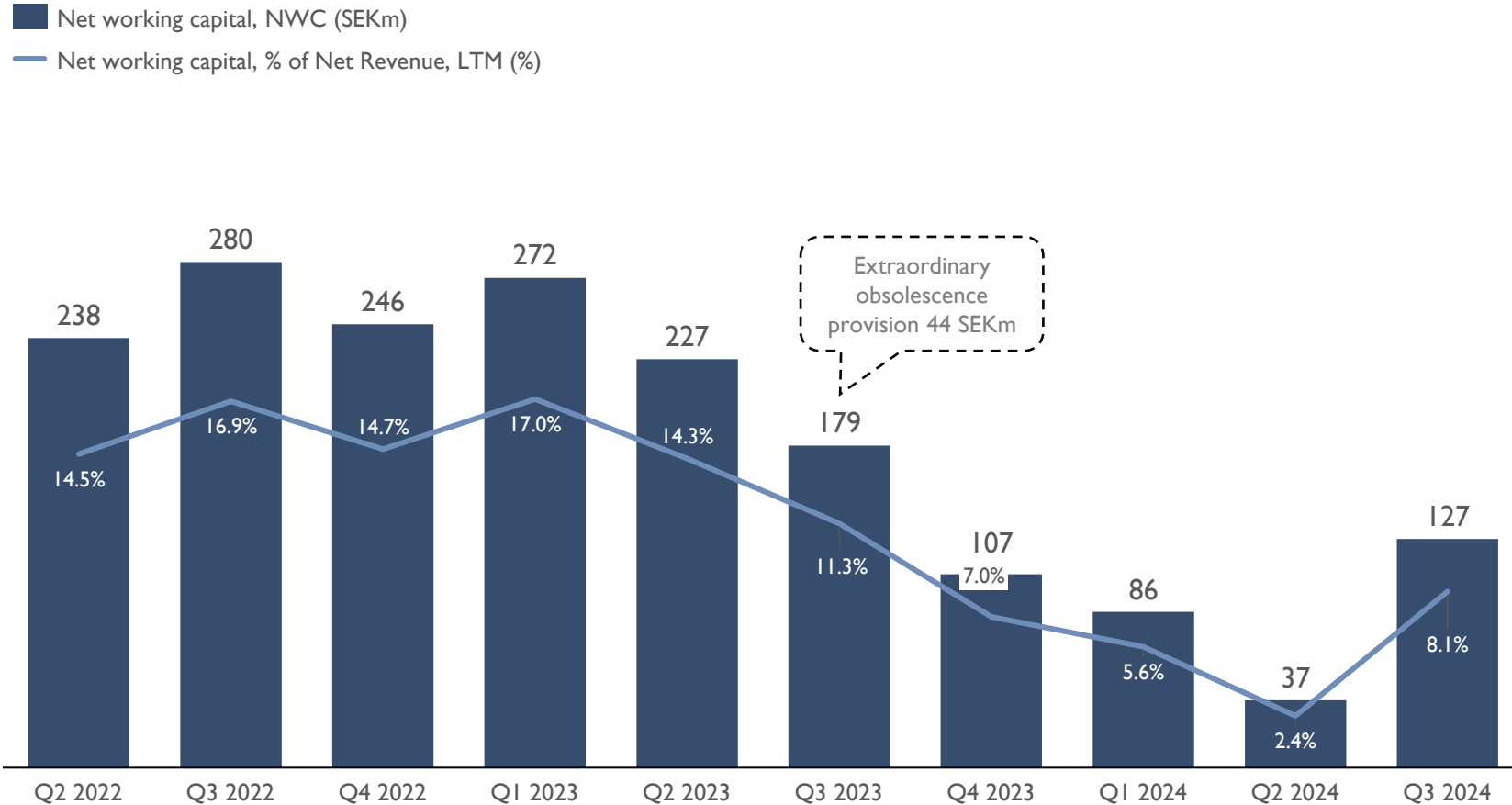
- The outcome of the restructuring program is in line with expectations 2024 YTD
- Savings are mitigating negative effects in 2024 YTD vs previous year such as underlying inflationary pressure, FX and costs associated with execution of our strategy to modernize the tech stack





# NET WORKING CAPITAL DEVELOPMENT

NWC decreased in Q3 2024 despite low season



- Net working capital (NWC) increased vs previous quarter but remains below Q3 2023 with SEKm 52:
  - Total inventory increased with SEKm 23 YoY
- Due to seasonality, NWC in relation to Revenue LTM has historically normally been lower in Q2 (end of high season) and Q4 (end of campaign season) compared with Q1 and Q3
- NWC is going forward likely increase in support of seasonal fluctuations, the need to ensure product availability and to capture future growth opportunities in line with the strategy



# FINANCIAL POSITION

Debt-free, net cash positive and a solid equity position

SEKm (unless stated otherwise)	31 Dec 2023	30 Sep 2024
Interest-bearing liabilities <sup>1</sup>	-	-
Cash and cash equivalents	222	261
<b>Net debt excl. IFRS 16</b>	<b>-222</b>	<b>-261</b>
<b>Equity</b>	<b>627</b>	<b>666</b>

<sup>1</sup> Interest-bearing liabilities does not include leasing liabilities.

- Cash positive since new share issue in 2022.
- Solid equity position of SEKm 666.



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# Pierce 2.0 - Strategic goals

Becoming “The undisputed leader in e-commerce for motorcycle equipment and accessories across the European market”

Strategic Goal	Progress YTD
To achieve uncontested leadership in the Offroad segment and drive profitable growth in the Onroad segment	<ul style="list-style-type: none"> <li>Increased the number of MX-riders in our organization to improve our technical assortment where we have lost some momentum in the last years.</li> <li>Re-balanced our marketing resources more towards 24MX.</li> <li>Focusing our efforts on XLMOTO in the most profitable markets and the most profitable products.</li> </ul>
To attain the highest customer loyalty in the industry	<ul style="list-style-type: none"> <li>One of the largest improvements ever in our stocked assortment. Increased the number of stocked articles with close to 50%. We now have the largest stocked range in Europe.</li> <li>Implemented a more amicable and swift way of treating our customers in our customer care.</li> <li>Large improvements in delivery transparency.</li> <li>Launched our first ever loyalty program, which was done in our 24MX store.</li> </ul>
To develop a simple and effective go-to-market strategy	<ul style="list-style-type: none"> <li>Pending new tech stack.</li> </ul>
To be the best in the industry in pricing and procurement	<ul style="list-style-type: none"> <li>Launched new state-of-art pricing software end 2023.</li> <li>Implementing new approach, working more closely with our core suppliers to attain mutual gains.</li> </ul>
To establish market-leading "value-for-money" own brands	<ul style="list-style-type: none"> <li>Consolidated our own brand portfolio from 8 to three brands, and we are preparing for the largest expansion of our own brand ever.</li> </ul>
To build a modern and scalable IT platform	<ul style="list-style-type: none"> <li>The complete change of our tech stack is progressing. We are implementing state-of-the-art, modular, and cloud-based systems. These exhaustive changes take time, and we expect the project to continue throughout 2025.</li> </ul>
To culture a lean and agile organization	<ul style="list-style-type: none"> <li>Established a lean and agile organization through the re-organization Q4 2023.</li> </ul>



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A row of motorcycles is parked in a dark garage. The motorcycle in the foreground is blue with yellow accents and is labeled 'TÉNÉRÉ 600'. It has a blue kickstand and yellow shock absorbers. Other motorcycles of various colors are visible in the background. The word 'Appendix' is overlaid in the center of the image.

Appendix

# Q3 SUMMARY – PROFIT AND LOSS

SEKm (unless stated otherwise)	Q3 2023					Q3 2024				
	Offroad	Onroad	Other	Intra-group costs <sup>1</sup>	Total	Offroad	Onroad	Other	Intra-group costs <sup>1</sup>	Total
<b>Net Revenue</b>	<b>238</b>	<b>124</b>	<b>6</b>	<b>-</b>	<b>369</b>	<b>236</b>	<b>123</b>	<b>5</b>	<b>-</b>	<b>365</b>
<i>Growth (y/y) (%)</i>	3%	-5%	-29%	-%	-1%	-1%	0%	-16%	-%	-1%
<b>Gross Profit</b>	<b>76</b>	<b>36</b>	<b>2</b>	<b>-1</b>	<b>113</b>	<b>112</b>	<b>50</b>	<b>2</b>	<b>2</b>	<b>166</b>
<i>Gross margin (%)</i>	31.9%	29.2%	24.4%	-%	30.7%	47.3%	40.8%	40.7%	-%	45.5%
Variable sales- and distribution costs	-48	-30	-1	-	-79	-51	-32	-1	-	-84
<i>Variable sales- and distribution costs (%)</i>	-20.0%	-24.2%	-18.1%	-%	-21.4%	-21.5%	-25.8%	-25.6%	-%	-23.0%
<b>Profit after variable costs</b>	<b>28</b>	<b>6</b>	<b>0</b>	<b>-1</b>	<b>34</b>	<b>61</b>	<b>19</b>	<b>1</b>	<b>2</b>	<b>82</b>
<i>Profit after variable costs (%)</i>	11.9%	5.0%	6.3%	-%	9.3%	25.8%	15.1%	15.1%	-%	22.5%
Overhead costs					-67					-65
<i>Overhead costs (%)</i>					-18.1%					-18.0%
<b>Adjusted EBITDA</b>					<b>-32</b>					<b>17</b>
<i>Adjusted EBITDA margin (%)</i>					-8.7%					4.6%
Depreciation, amortisation and impairment					-15					-17
<i>D&amp;A (% of net revenue)</i>					-3.9%					-4.6%
<b>Adjusted EBIT</b>					<b>-47</b>					<b>0</b>
<i>Adjusted EBIT margin (%)</i>					-12.7%					-0.0%
Items affecting comparability (IAC)					-1					0
<i>IAC (% of net revenue)</i>					-0.2%					-0.0%

<sup>1</sup> Intra-group costs, consists of exchange rate revaluation of net working capital items which are not divided between segments.



# CONSOLIDATED FINANCIAL INFORMATION

SEKm (unless stated otherwise)	2022	2023 Q3	2024 LTM
<b>Net Revenue</b>	<b>1,670</b>	<b>1,537</b>	<b>1,559</b>
<i>Growth (y/y) (%)</i>	5%	-8%	-1%
<i>Growth in local currencies (y/y) (%)</i>	1%	-13%	-3%
<i>Growth in private brand sales (y/y) (%)</i>	7%	-1%	-3%
<b>Gross Profit</b>	<b>657</b>	<b>607</b>	<b>701</b>
<i>Gross margin (%)</i>	39.3%	39.5%	44.9%
Variable sales- and distribution costs	-405	-351	-353
<i>Variable sales- and distribution costs (%)</i>	-24.2%	-22.8%	-22.6%
<b>Profit after variable costs</b>	<b>252</b>	<b>256</b>	<b>348</b>
<i>Profit after variable costs (%)</i>	15.1%	16.7%	22.3%
Overhead costs	-256	-267	-265
<i>Overhead costs (%)</i>	-15.3%	-17.4%	-17.0%
<b>Adjusted EBITDA</b>	<b>-4</b>	<b>-11</b>	<b>82</b>
<i>Adjusted EBITDA margin (%)</i>	-0.2%	-0.7%	5.3%
Depreciation, amortisation and impairment	-49	-75	-82
<i>D&amp;A (% of net revenue)</i>	-3.0%	-4.9%	-5.3%
<b>Adjusted EBIT</b>	<b>-53</b>	<b>-69</b>	<b>17</b>
<i>Adjusted EBIT margin (%)</i>	-3.2%	-4.5%	1.1%
Items affecting comparability (IAC)	-15	-42	-38
<i>IAC (% of net revenue)</i>	-0.9%	-2.7%	-2.4%





# SEGMENT FINANCIAL INFORMATION

SEKm (unless stated otherwise)	2022	2023 Q3	2024 LTM
<b>Offroad</b>			
<b>Net Revenue</b>	<b>999</b>	<b>952</b>	<b>975</b>
<i>Growth (y/y) (%)</i>	3%	-5%	0%
<b>Gross Profit</b>	<b>412</b>	<b>393</b>	<b>460</b>
<i>Gross margin (%)</i>	41.2%	41.3%	47.1%
Variable sales- and distribution costs	-235	-205	-212
<i>Variable sales- and distribution costs (%)</i>	-23.5%	-21.5%	-21.8%
<b>Profit after variable costs<sup>1</sup></b>	<b>177</b>	<b>188</b>	<b>247</b>
<i>Profit after variable costs (%)</i>	17.7%	19.8%	25.4%
<b>Onroad</b>			
<b>Net Revenue</b>	<b>569</b>	<b>496</b>	<b>503</b>
<i>Growth (y/y) (%)</i>	14%	-13%	-2%
<b>Gross Profit</b>	<b>208</b>	<b>178</b>	<b>202</b>
<i>Gross margin (%)</i>	36.6%	35.9%	40.2%
Variable sales- and distribution costs	-142	-122	-121
<i>Variable sales- and distribution costs (%)</i>	-24.9%	-24.7%	-24.1%
<b>Profit after variable costs<sup>1</sup></b>	<b>66</b>	<b>55</b>	<b>81</b>
<i>Profit after variable costs (%)</i>	11.6%	11.2%	16.1%
<b>Other</b>			
<b>Net Revenue</b>	<b>102</b>	<b>89</b>	<b>81</b>
<i>Growth (y/y) (%)</i>	-14%	-13%	-9%
<b>Gross Profit</b>	<b>41</b>	<b>37</b>	<b>37</b>
<i>Gross margin (%)</i>	40.1%	41.1%	46.1%
Variable sales- and distribution costs	-28	-23	-19
<i>Variable sales- and distribution costs (%)</i>	-27.7%	-25.9%	-24.1%
<b>Profit after variable costs<sup>1</sup></b>	<b>13</b>	<b>14</b>	<b>18</b>
<i>Profit after variable costs (%)</i>	12.4%	15.2%	22.1%

1) Excluding intra-group costs, which are not allocated on segments, of SEKm -4, SEKm -1 and SEKm 1 respectively. Intra-group costs refers to exchange rate revaluation of net working capital items that are not divided between segments.



# QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEKm (unless stated otherwise)	2022					2023					2024			
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY23	Q1	Q2	Q3	Q3 LTM
<b>Net Revenue</b>	420	450	373	427	1,670	345	441	369	382	1,537	356	456	365	1,559
Growth (yly) (%)	14%	0%	3%	3%	5%	-18%	-2%	-1%	-10%	-8%	3%	3%	-1%	-1%
Growth in local currencies (yly) (%)	10%	-3%	0%	-3%	1%	-22%	-7%	-9%	-15%	-13%	2%	2%	1%	-3%
Growth in private brand sales (yly) (%)	9%	9%	7%	3%	7%	-15%	5%	7%	-1%	-1%	-2%	-2%	-7%	-3%
<b>Gross Profit<sup>1</sup></b>	<b>172</b>	<b>178</b>	<b>146</b>	<b>161</b>	<b>657</b>	<b>137</b>	<b>186</b>	<b>113</b>	<b>171</b>	<b>607</b>	<b>162</b>	<b>201</b>	<b>166</b>	<b>701</b>
Gross margin (%)	41.0%	39.5%	39.1%	37.8%	39.3%	39.7%	42.1%	30.7%	44.7%	39.5%	45.6%	44.1%	45.5%	44.9%
Variable sales- and distribution costs	-110	-109	-85	-101	-405	-83	-98	-79	-91	-351	-80	-98	-84	-353
Variable sales- and distribution costs (%)	-26.1%	-24.2%	-22.8%	-23.7%	-24.2%	-24.1%	-22.1%	-21.4%	-23.8%	-22.8%	-22.5%	-21.4%	-23.0%	-22.6%
<b>Profit after variable costs</b>	<b>62</b>	<b>69</b>	<b>60</b>	<b>60</b>	<b>252</b>	<b>54</b>	<b>88</b>	<b>34</b>	<b>80</b>	<b>256</b>	<b>82</b>	<b>104</b>	<b>82</b>	<b>348</b>
Profit after variable costs (%)	14.9%	15.3%	16.2%	14.0%	15.1%	15.6%	20.0%	9.3%	20.9%	16.7%	23.1%	22.7%	22.5%	22.3%
Overhead costs	-62	-66	-57	-71	-256	-61	-67	-67	-72	-267	-59	-69	-65	-265
Overhead costs (%)	-14.7%	-14.7%	-15.2%	-16.6%	-15.3%	-17.7%	-15.3%	-18.1%	-18.8%	-17.4%	-16.6%	-15.1%	-18.0%	-17.0%
<b>Adjusted EBITDA</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>-11</b>	<b>-4</b>	<b>-7</b>	<b>21</b>	<b>-32</b>	<b>8</b>	<b>-11</b>	<b>23</b>	<b>35</b>	<b>17</b>	<b>82</b>
Adjusted EBITDA margin (%)	0.1%	0.6%	1.1%	-2.6%	-0.2%	-2.1%	4.7%	-8.7%	2.1%	-0.7%	6.5%	7.6%	4.6%	5.3%
Depreciation, amortisation and impairment	-13	-12	-13	-12	-49	-14	-14	-15	-32	-75	-16	-18	-17	-82
D&A (% of net revenue)	-3.0%	-2.7%	-3.4%	-2.8%	-3.0%	-4.0%	-3.2%	-3.9%	-8.4%	-4.9%	-4.4%	-3.9%	-4.6%	-5.3%
<b>Adjusted EBIT</b>	<b>-12</b>	<b>-9</b>	<b>-9</b>	<b>-23</b>	<b>-53</b>	<b>-21</b>	<b>6</b>	<b>-47</b>	<b>-7</b>	<b>-69</b>	<b>7</b>	<b>17</b>	<b>0</b>	<b>17</b>
Adjusted EBIT margin (%)	-2.9%	-2.1%	-2.4%	-5.4%	-3.2%	-6.2%	1.5%	-12.7%	-1.9%	-4.5%	2.0%	3.7%	-0.0%	1.1%
Items affecting comparability (IAC)	-	-1	-6	-8	-15	0	-4	-1	-38	-42	0	0	0	-38
IAC (% of net revenue)	-%	-0.3%	-1.6%	1.9%	-0.9%	-0.0%	-0.9%	-0.2%	-9.8%	-2.7%	-0.0%	0.0%	0.0%	-2.4%
<sup>1</sup> Revaluation of working capital items	-1	-2	-2	2	-3	-	-	-1	-	1	-1	-1	2	-
Number of orders (000)	462	483	371	433	1,749	354	429	332	342	1,456	344	416	332	1,433
Average order value (AOV) (SEK)	910	933	1,004	985	955	974	1,028	1,110	1,119	1,055	1,034	1,097	1,100	1,088
Net revenue from private brands	171	179	138	161	650	145	187	148	160	640	142	185	137	624
Active customers, LTM (000)	1,165	1,167	1,163	1,165	1,165	1,106	1,083	1,070	1,021	1,021	1,016	1,004	1,001	1,001

1) Exchange rate revaluation of working capital items are included in cost of goods sold.



# QUARTERLY SEGMENT FINANCIAL INFORMATION

SEKm (unless stated otherwise)	2022					2023					2024			
	Q1	Q2	Q3	Q4	FY22	Q1	Q2	Q3	Q4	FY23	Q1	Q2	Q3	Q3 LTM
<b>Offroad</b>														
<b>Net Revenue</b>	<b>241</b>	<b>243</b>	<b>233</b>	<b>282</b>	<b>999</b>	<b>207</b>	<b>248</b>	<b>238</b>	<b>258</b>	<b>952</b>	<b>217</b>	<b>264</b>	<b>236</b>	<b>975</b>
Growth (y/y) (%)	9%	-9%	3%	8%	3%	-14%	2%	3%	-9%	-5%	5%	6%	-1%	0%
<b>Gross Profit</b>	<b>103</b>	<b>103</b>	<b>95</b>	<b>110</b>	<b>412</b>	<b>86</b>	<b>111</b>	<b>76</b>	<b>120</b>	<b>393</b>	<b>104</b>	<b>124</b>	<b>112</b>	<b>460</b>
Gross margin (%)	42.8%	42.5%	40.7%	39.1%	41.2%	41.5%	44.8%	31.9%	46.5%	41.3%	48.0%	46.9%	47.3%	47.1%
Variable sales- and distribution costs	-63	-58	-50	-63	-235	-46	-52	-48	-59	-205	-48	-55	-51	-212
Variable sales- and distribution costs (%)	-26.1%	-23.9%	-21.6%	-22.5%	-23.5%	-22.3%	-21.1%	-20.0%	-22.8%	-21.5%	-22.1%	-20.7%	-21.5%	-21.8%
<b>Profit after variable costs<sup>1</sup></b>	<b>40</b>	<b>45</b>	<b>45</b>	<b>47</b>	<b>177</b>	<b>40</b>	<b>59</b>	<b>28</b>	<b>61</b>	<b>188</b>	<b>56</b>	<b>69</b>	<b>61</b>	<b>247</b>
Profit after variable costs (%)	16.7%	18.7%	19.1%	16.6%	17.7%	19.2%	23.7%	11.9%	23.7%	19.8%	25.9%	26.2%	25.8%	25.4%
<b>Onroad</b>														
<b>Net Revenue</b>	<b>134</b>	<b>197</b>	<b>131</b>	<b>107</b>	<b>569</b>	<b>102</b>	<b>183</b>	<b>124</b>	<b>87</b>	<b>496</b>	<b>106</b>	<b>186</b>	<b>123</b>	<b>503</b>
Growth (y/y) (%)	33%	14%	2%	8%	14%	-24%	-7%	-5%	-19%	-13%	4%	2%	0%	-2%
<b>Gross Profit</b>	<b>50</b>	<b>73</b>	<b>49</b>	<b>36</b>	<b>208</b>	<b>37</b>	<b>71</b>	<b>36</b>	<b>34</b>	<b>178</b>	<b>42</b>	<b>76</b>	<b>50</b>	<b>202</b>
Gross margin (%)	37.5%	37.2%	37.4%	33.2%	36.6%	35.8%	38.9%	29.2%	38.9%	35.9%	39.8%	40.6%	40.8%	40.2%
Variable sales- and distribution costs	-34	-48	-32	-28	-142	-26	-43	-30	-23	-122	-25	-41	-32	-121
Variable sales- and distribution costs (%)	-25.0%	-24.5%	-24.8%	-25.7%	-24.9%	-25.6%	-23.5%	-24.2%	-26.8%	-24.7%	-23.1%	-22.3%	-25.8%	-24.1%
<b>Profit after variable costs<sup>1</sup></b>	<b>17</b>	<b>25</b>	<b>16</b>	<b>8</b>	<b>66</b>	<b>10</b>	<b>28</b>	<b>6</b>	<b>11</b>	<b>55</b>	<b>18</b>	<b>34</b>	<b>19</b>	<b>81</b>
Profit after variable costs (%)	12.4%	12.7%	12.6%	7.5%	11.6%	10.2%	15.4%	5.0%	12.1%	11.2%	16.8%	18.4%	15.1%	16.1%
<b>Other</b>														
<b>Net Revenue</b>	<b>45</b>	<b>10</b>	<b>9</b>	<b>38</b>	<b>102</b>	<b>35</b>	<b>10</b>	<b>6</b>	<b>37</b>	<b>89</b>	<b>32</b>	<b>6</b>	<b>5</b>	<b>81</b>
Growth (y/y) (%)	-4%	-5%	22%	-30%	-14%	-22%	-4%	-29%	-1%	-13%	-9%	-40%	-16%	-9%
<b>Gross Profit</b>	<b>20</b>	<b>4</b>	<b>4</b>	<b>14</b>	<b>41</b>	<b>14</b>	<b>4</b>	<b>2</b>	<b>17</b>	<b>37</b>	<b>16</b>	<b>3</b>	<b>2</b>	<b>37</b>
Gross margin (%)	43.9%	36.2%	39.6%	36.6%	40.1%	40.1%	40.6%	24.4%	45.1%	41.1%	48.6%	44.7%	40.7%	46.1%
Variable sales- and distribution costs	-13	-3	-2	-10	-28	-11	-2	-1	-9	-23	-8	-2	-1	-19
Variable sales- and distribution costs (%)	-28.9%	-25.0%	-25.7%	-27.4%	-27.7%	-30.3%	-23.0%	-18.1%	-23.8%	-25.9%	-23.7%	-26.5%	-25.6%	-24.1%
<b>Profit after variable costs<sup>1</sup></b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>13</b>	<b>3</b>	<b>2</b>	<b>0</b>	<b>8</b>	<b>14</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>18</b>
Profit after variable costs (%)	15.0%	11.2%	13.9%	9.2%	12.4%	9.8%	17.6%	6.3%	21.3%	15.2%	24.9%	18.2%	15.1%	22.1%

1) Excluding intra-group costs, which are not allocated on segments. Intra-group costs refers to exchange rate revaluation of net working capital items that are not divided between segments. See previous slide, row "Revaluation for working capital items" for quarterly details.



# QUARTERLY CONSOLIDATED NET WORKING CAPITAL

SEKm (unless stated otherwise)	2022		2023			2024		
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Physical stock	414	420	401	317	283	274	233	280
Goods in transit	74	44	58	60	61	58	74	121
Inventory	488	464	459	377	344	332	307	400
Working capital assets	20	30	28	20	14	25	27	26
Working capital liabilities	-262	-223	-260	-219	-251	-270	-297	-299
<b>Net working capital</b>	<b>246</b>	<b>272</b>	<b>227</b>	<b>179</b>	<b>107</b>	<b>86</b>	<b>37</b>	<b>127</b>
As % of net revenue LTM	14.7%	17.0%	14.3%	11.3%	7.0%	5.6%	2.4%	8.1%
Stock turnover <sup>1</sup>	2.1x	2.1x	2.1x	2.6x	2.7x	2.8x	3x	2.1x
Inventory % of net revenue LTM	29.2%	29.1%	28.9%	23.8%	22.4%	21.5%	19.7%	25.7%

1) Defined as cost of goods sold LTM divided by end of quarter inventory.



# CONDENSED CONSOLIDATED STATEMENT OF PROFIT/LOSS

SEKm	Jul-Sep		Jan-Sep		Oct 2023-	Jan-Dec
	2024	2023	2024	2023	Sep 2024	2023
Net revenue	365	369	1,177	1,154	1,559	1,537
Cost of goods sold	-199	-255	-647	-718	-859	-930
<b>Gross profit</b>	<b>166</b>	<b>113</b>	<b>530</b>	<b>436</b>	<b>701</b>	<b>607</b>
Sales and distribution costs	-120	-115	-373	-368	-511	-505
Administration costs	-47	-45	-137	-135	-213	-212
Other operating income- and expenses	1	-1	4	1	4	-1
<b>Operating profit</b>	<b>0</b>	<b>-47</b>	<b>23</b>	<b>-66</b>	<b>-21</b>	<b>-111</b>
Financial net	-1	-14	15	20	8	13
<b>Profit/loss before tax</b>	<b>-1</b>	<b>-61</b>	<b>38</b>	<b>-47</b>	<b>-13</b>	<b>-98</b>
Tax	-1	0	-1	0	1	2
<b>Profit/loss for the period</b>	<b>-2</b>	<b>-61</b>	<b>37</b>	<b>-47</b>	<b>-13</b>	<b>-96</b>



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEKm	30 Sep 2024	30 Sep 2023	31 Dec 2023
Intangible assets	286	335	310
Property, plant and equipment	14	13	15
Right-of-use assets	40	60	53
Financial assets	5	3	3
Deferred tax assets	7	5	8
<b>Total non-current assets</b>	<b>352</b>	<b>417</b>	<b>389</b>
Inventory	400	377	344
Other current assets	28	30	15
Cash and cash equivalents	261	171	222
<b>Total current assets</b>	<b>690</b>	<b>578</b>	<b>582</b>
<b>Total assets</b>	<b>1,041</b>	<b>995</b>	<b>970</b>
<b>Total equity</b>	<b>666</b>	<b>677</b>	<b>627</b>
Leasing liabilities	10	31	24
Deferred tax liabilities	25	27	26
Provisions	0	0	0
<b>Total non-current liabilities</b>	<b>36</b>	<b>58</b>	<b>51</b>
Leasing liabilities	29	32	30
Trade payables	119	68	81
Other current liabilities	193	160	181
<b>Total current liabilities</b>	<b>340</b>	<b>259</b>	<b>292</b>
<b>Total equity and liabilities</b>	<b>1,041</b>	<b>995</b>	<b>970</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEKm	NOTE	Jul-Sep		Jan-Sep		Oct 2023-	Jan-Dec
		2024	2023	2024	2023	Sep 2024	2023
Operating profit	A	0	-47	23	-66	-21	-111
Adjustments for non-cash items	B	12	53	52	86	88	122
Paid interest		-1	-1	-3	-4	-4	-5
Received interest		2	1	6	1	7	3
Realised currency derivatives		0	1	2	5	6	9
Paid/received tax		-1	-1	-3	-2	3	3
<b>Cash flow from operating activities before changes in net working capital</b>		<b>12</b>	<b>6</b>	<b>78</b>	<b>21</b>	<b>78</b>	<b>21</b>
Changes in net working capital	C	-108	1	-15	35	55	105
<b>Cash flow from operating activities</b>		<b>-96</b>	<b>7</b>	<b>62</b>	<b>55</b>	<b>134</b>	<b>127</b>
<b>Investing activities</b>							
Investments in non-current assets	D	-2	-2	-4	-5	-6	-8
Paid/received blocked funds		0	0	-2	0	-2	0
<b>Cash flow from investing activities</b>		<b>-2</b>	<b>-2</b>	<b>-6</b>	<b>-5</b>	<b>-9</b>	<b>-8</b>
<b>Financing activities</b>							
Share issue costs		0	-	0	-	0	-
Change in utilised credit facility		-	-	-	-	-	-
Repayment of liabilities to credit institutions <sup>1</sup>		-	-	-	-	-	-
Repayment of leasing liabilities	E	-7	-7	-21	-21	-29	-28
<b>Cash flow from financing activities</b>		<b>-7</b>	<b>-7</b>	<b>-21</b>	<b>-21</b>	<b>-29</b>	<b>-28</b>
<b>Cash flow for the period</b>		<b>-105</b>	<b>-1</b>	<b>35</b>	<b>30</b>	<b>96</b>	<b>91</b>
Cash and cash equivalents at the beginning of period		350	179	222	136	171	136
Exchange rate difference		16	-7	4	5	-6	-4
<b>Cash and cash equivalents end of period</b>		<b>261</b>	<b>171</b>	<b>261</b>	<b>171</b>	<b>261</b>	<b>222</b>
<b>Operating cash flow before IFRS 16 interest</b>	<b>A+B+C+D+E</b>	<b>-106</b>	<b>-2</b>	<b>35</b>	<b>29</b>	<b>87</b>	<b>81</b>
Interest IFRS 16		0	-1	-2	-2	-2	-3
<b>Operating cash flow</b>		<b>-106</b>	<b>-3</b>	<b>33</b>	<b>27</b>	<b>85</b>	<b>78</b>

1) Including capitalised interest expenses.



# RECONCILIATION OF ADJUSTED FINANCIALS

SEKm	Jul-Sep		Jan-Sep		Oct 2023-	Jan-Dec
	2024	2023	2024	2023	Sep 2024	2023
Net revenue	365	369	1,177	1,154	1,559	1,537
Cost of goods sold	-199	-255	-647	-718	-859	-930
Variable sales- and distribution costs	-84	-79	-262	-260	-353	-351
Other costs <sup>1</sup>	-82	-82	-245	-243	-369	-367
<b>Operating profit (EBIT)</b>	<b>0</b>	<b>-47</b>	<b>23</b>	<b>-66</b>	<b>-21</b>	<b>-111</b>
<b>Reconciliation of adj. EBIT and adj. EBITDA</b>						
<b>Operating profit (EBIT)</b>	0	-47	23	-66	-21	-111
IAC related to:						
IPO-costs	-	-	-	-	-	-
Restructuring expenses	0	0	0	-4	-21	-25
Share-based payments	0	0	0	-1	0	-1
Share-based payments (social costs)	0	0	0	0	0	0
Goodwill impairment	-	-	-	-	-17	-17
Other costs (XO)	-	-	-	0	-	0
<b>Adjusted operating profit (EBIT)</b>	<b>-0</b>	<b>-47</b>	<b>24</b>	<b>-61</b>	<b>17</b>	<b>-85</b>
<b>Adjusted EBIT margin (%)</b>	<b>0.0%</b>	<b>-12.7%</b>	<b>2.0%</b>	<b>-5.3%</b>	<b>1.1%</b>	<b>-5.6%</b>
Depreciation	-9	-9	-26	-25	-34	-33
Amortisation	-8	-6	-25	-18	-32	-25
Goodwill impairment	-	-	-	-	-17	-17
<i>(of which PPA amortisations included in adjusted EBIT)</i>	-2	0	-5	0	-23	-18
<b>Adjusted EBITDA</b>	<b>17</b>	<b>-32</b>	<b>74</b>	<b>-19</b>	<b>82</b>	<b>-11</b>
<b>Adjusted EBITDA margin (%)</b>	<b>4.6%</b>	<b>-8.7%</b>	<b>6.3%</b>	<b>-1.6%</b>	<b>5.3%</b>	<b>-0.7%</b>

1) Other costs mainly consist of non-variable sales- and distribution costs, administration costs and other operating expenses/income.





# Pierce Group's mid to long term financial targets

## Financial targets

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- **Net revenue growth:** In the medium to long term (3-5 years), organically outgrow the European online market for motorcycle gear, accessories and parts.
- **Adjusted operating margin (EBIT):** In the medium to long term (3-5 years), achieve an adjusted operating margin (EBIT) of 5-8%.
- **Capital structure:** Net debt/ EBITDA \* not exceeding 2.0x, subject to temporary flexibility for strategic initiatives.
- **Dividend policy:** Over the next few years, the Company plans to use free cashflows\*\* for continued development\*\*\* and does not intend to pay dividends to shareholders.

\* Net debt in relation to last twelve month adjusted EBITDA, excluding IFRS 16 effects.

\*\* Free cashflow refers to cashflow from ongoing operations and investment activities.

\*\*\* Development means investments in, for instance, IT-hardware, IT-development, expansion of distribution warehouse, marketing, customer acquisitions, business acquisitions and acquisitions of net assets.



RIDERS IN  E-COMMERCE

# PIERCE



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