

Duell Corporation

Financial Report
September 2022-May 2023
July 6, 2023

Jarkko Ämmälä, CEO

Pellervo Hämäläinen, IR



A leading Nordic and European powersports aftermarket distributor

120 M€ (124)

Net sales
9/2022–8/2023

7.0% (7.0)

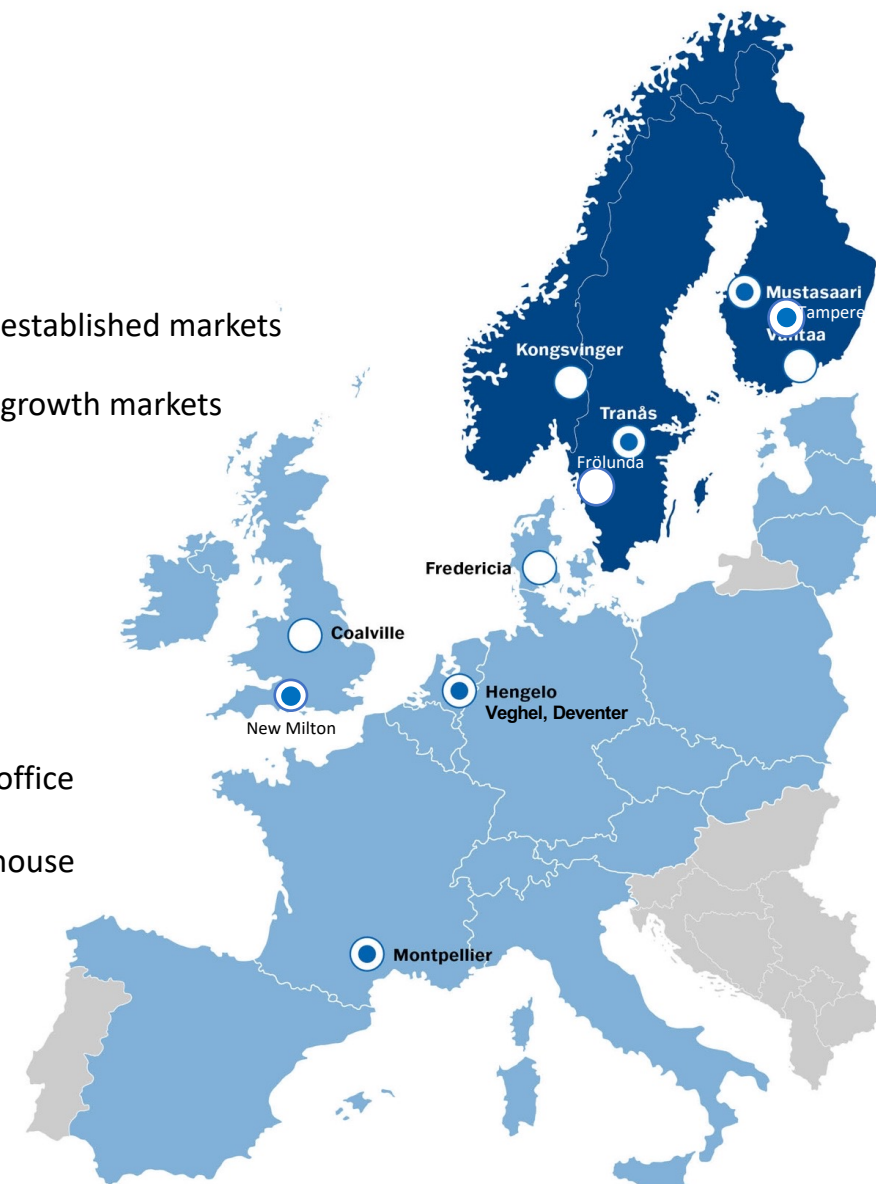
Adjusted EBITA
9/2022–8/2023

Key figures*

- 150,000 SKUs
- 500 brands
- 600 suppliers
- 8,500 active dealers
- >200 employees

■ Duell's established markets
■ Duell's growth markets

○ Sales office
● Warehouse



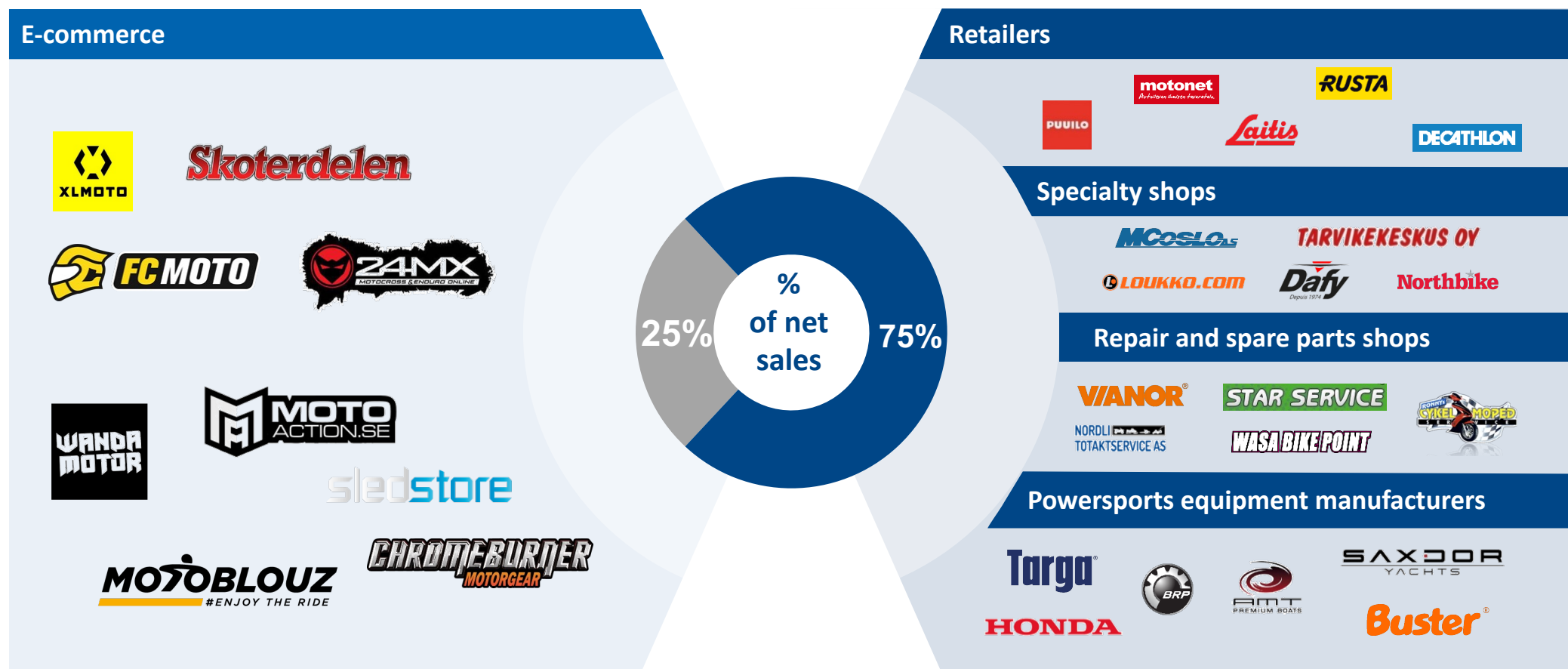
*) Approximately

All powersports accessories from motorbikes to marine



Strong presence in all dealer channels

Sales split by customer type



Q3 Business Report



YEARS

Q3: Focus on cost structure and net working capital optimisation



Net sales increased
by 7.4 %

- Constant currency growth was 8.1%
- Organic sales decreased 10.3%

Adjusted EBITA EUR 3.8
million, adjusted EBITA
margin 10.1%

- Adjusted EBITA margin increased to 10.1% (8.6%)
- Gross margin decreased from Q2 26.5% to Q3 24.7%
- Fixed cost decreased by approx. EUR 0.9 million Q2 (including impact of TranAm)

Consumer demand

- Uncertainty and weak consumer demand continued
- Dealers reduced inventory levels

Summary of Q3 and 1-9 2023 financials

Net sales Q3

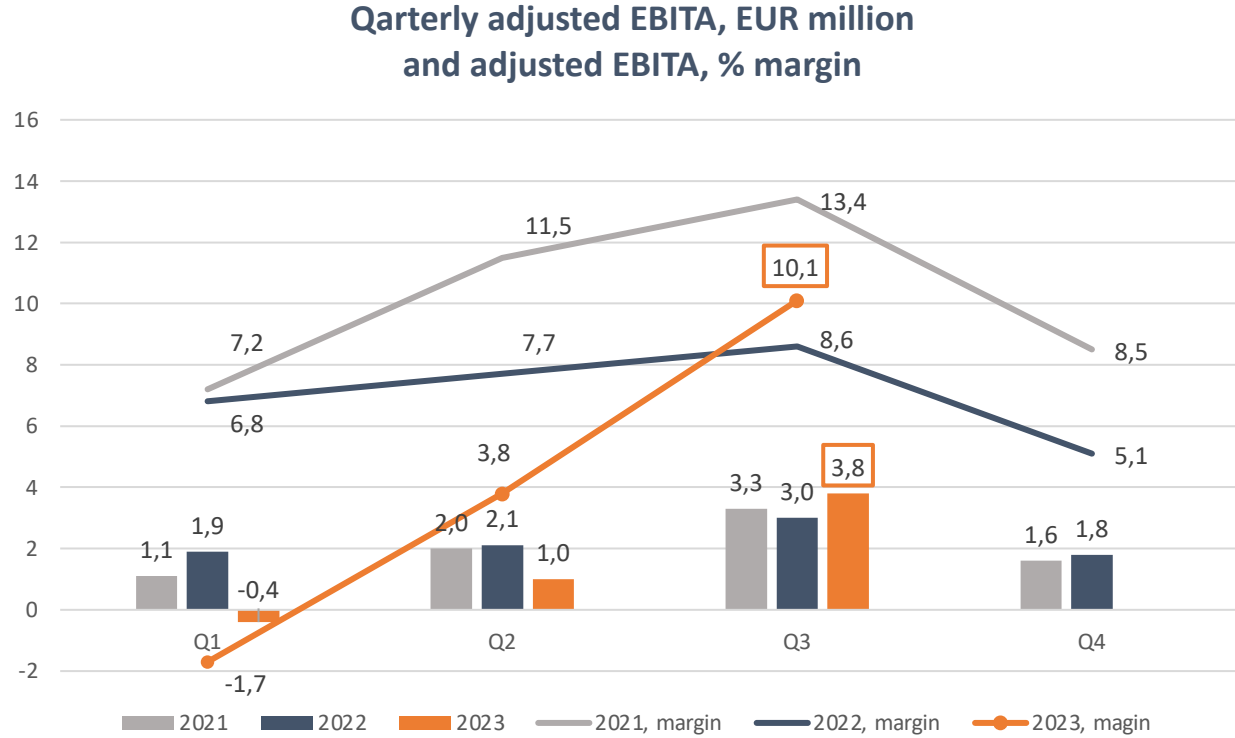
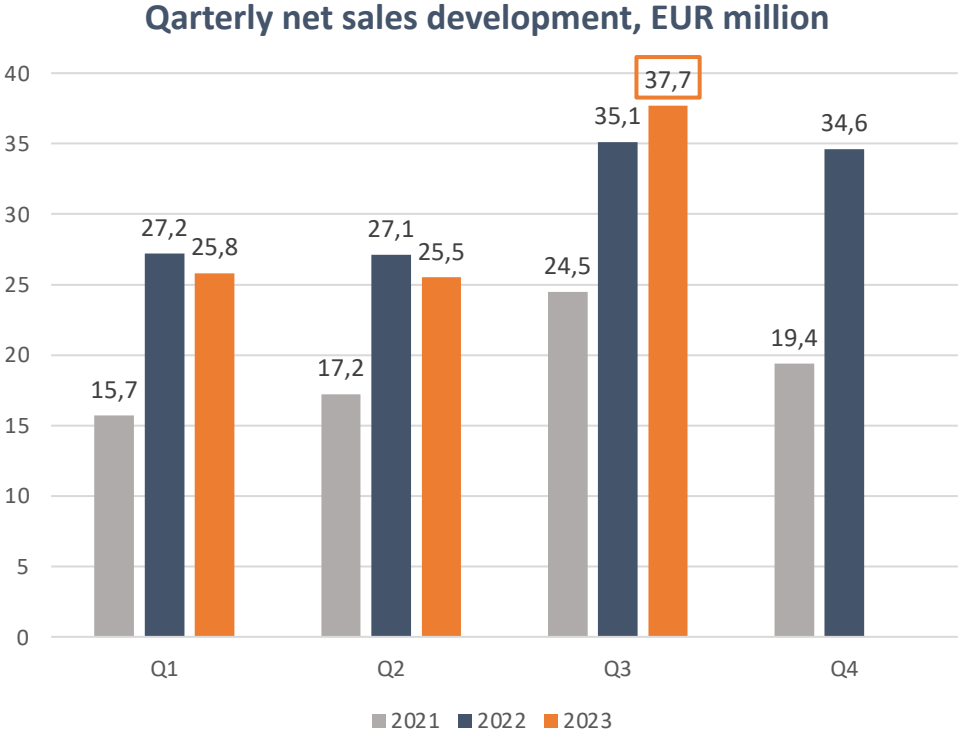
- Nordics
 - 58% of net sales (62%)
- Other Europe
 - 42% of net sales (38%)

Focus on operational and cost efficiency continues

- Optimisation of networking capital by decreasing inventory levels
- Cost structure optimisation ongoing
- Expected to realise later in Q4 2023 and FY 2024
- Margin improvement program ongoing

Key figures and ratios EUR thousand	Q3 2023 (3/2023- 5/2023)	Q3 2022 3/2022- 5/2022)	1-9 2023 (9/2022- 5/2023)	1-9 2022 (9/2021- 5/2022)	FY 2022 (9/2021- 8/2022)
Net sales	37,673	35,098	88,967	89,335	123,991
Net sales growth, %	7.4	43.5	-0,4	55.5	61.5
Organic net sales growth, %	-10.3	5.4	-14.7	14.6	15.7
Gross margin	9,301	8,863	21,794	22,197	29,607
Gross margin, %	24.7	25.3	24.5	24.8	23.9
EBITDA	3,472	3,194	4,205	5,401	7,383
Items affecting comparability, EBITDA	584	2	823	2,074	2,074
Adjusted EBITDA	4,056	3,196	5,028	7,474	9,457
Adjusted EBITDA margin, %	10.8	9.1	5.7	8,4	7.6
Adjusted EBITA	3,819	3,005	4,370	6,952	8,726
Adjusted EBITA margin, %	10.1	8.6	4.9	7.8	7.0
Adjusted operating profit	3,138	2,572	2,692	5,709	6,978
Adjusted operating profit margin, %	8.3	7.3	3.0	6.4	5.6
Earnings per share (EUR)	0.02	0.07	-0,04	0.05	0.08
Investments in tangible and intangible assets excluding brand acquisitions	394	327	1,477	462	915
Net debt*	48,585*	51,297	48,585*	51,297	-44,571
Net working capital**	61,756**	63,915	61,756**	63,915	57,718
Operating free cash flows	12,177	2,205	5,793	-11,199	-1,818

Seasonality is typical in Duell's sales by quarters



Uncertainty continued in the operating environment

External factors

- Market uncertainty will continue
- High inflation will weaken consumer confidence in 2023 affecting Duell's business
- Geographical expansion and entry into new markets involves various risks that may adversely affect Duell's business and growth

Focus during financial year 2023

- Despite challenging market conditions Duell continue growth strategy supported by TranAm acquisition
- To strengthen profitability and financial position Duell is focusing on reducing inventory levels, lowering fixed cost structure, optimising brand portfolio and continuing cost-saving programme



Outlook for financial year 2023 (unchanged)

- Duell updated the outlook and guidance for financial year 2023 on 17 May 2023.
- The market and business cycle continues to be weak and uncertain. The continuing inflation and the overall economic environment have decreased consumer confidence. These factors will reduce predictability. Duell is adjusting its operating costs to meet lower than expected demand. Duell will continue to execute its growth strategy despite uncertain market conditions.
- Duell expects net sales to be close to previous year's level and adjusted EBITA to decrease from the previous year's level in the current financial year ending 31 August 2023.

Duell medium-term financial targets (unchanged)

	Target	Description	Latest audited report
Growth	Net sales of €200–300m	“Net sales between €200-300m by the end of 2025, achieved through yearly growth organically and inorganically”	Net sales FY 2022 €124m
Profitability	Adjusted EBITA margin >13%	“Adjusted EBITA-margin of at least 13% in the medium-term”	Adjusted EBITA margin FY 2022 7.0%
Leverage	Net debt ratio 2–3x	“Net debt to adj. EBITDA in the range of 2-3x. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions)”	Net debt ratio in FY 2022 4.7x

Strategic objectives and cornerstones

Key strategic objectives

- To become the best partner for dealers and brand owners throughout Europe
- Strengthen the leading market position in the Nordics

Strategic cornerstones

- Geographical market expansion
- Partner for building online sales
- Brand portfolio development



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