

Duell Corporation

Full-year Financial Report
September 2022-August 2023

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Jarkko Ämmälä, CEO

Riitta Niemelä, CFO

Pellervo Hämäläinen, IR

The Duell logo features the word "DUELL" in a bold, italicized, sans-serif font, followed by a stylized circular emblem containing a horizontal line.The "40 Years" logo consists of the number "40" in a large, bold, white font with a blue outline, set against a dark blue background with a horizontal blue light streak.

Y E A R S

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A leading Nordic and European powersports aftermarket distributor

119 M€ (124)

Net sales
9/2022–8/2023

3.9% (7.0)

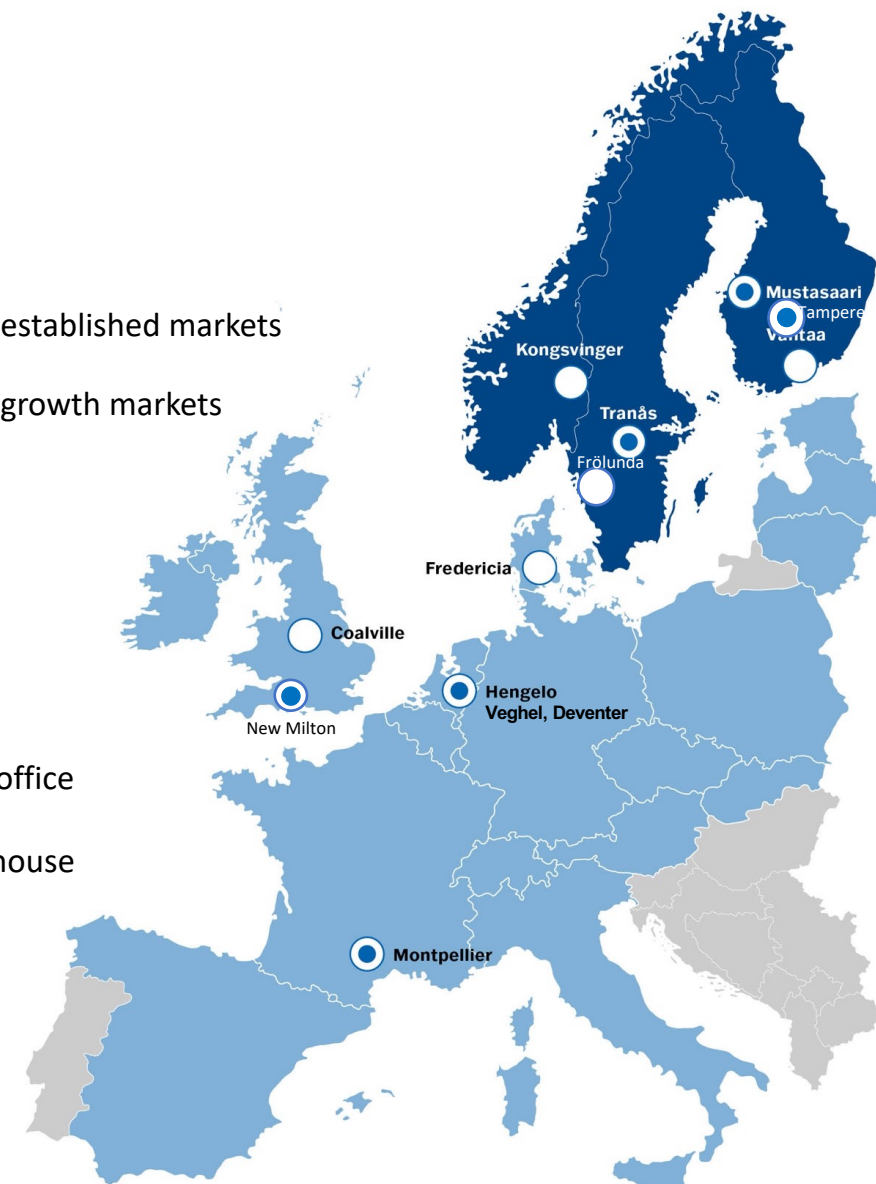
Adjusted EBITA
9/2022–8/2023

Key figures*

- 150,000 SKUs
- >550 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

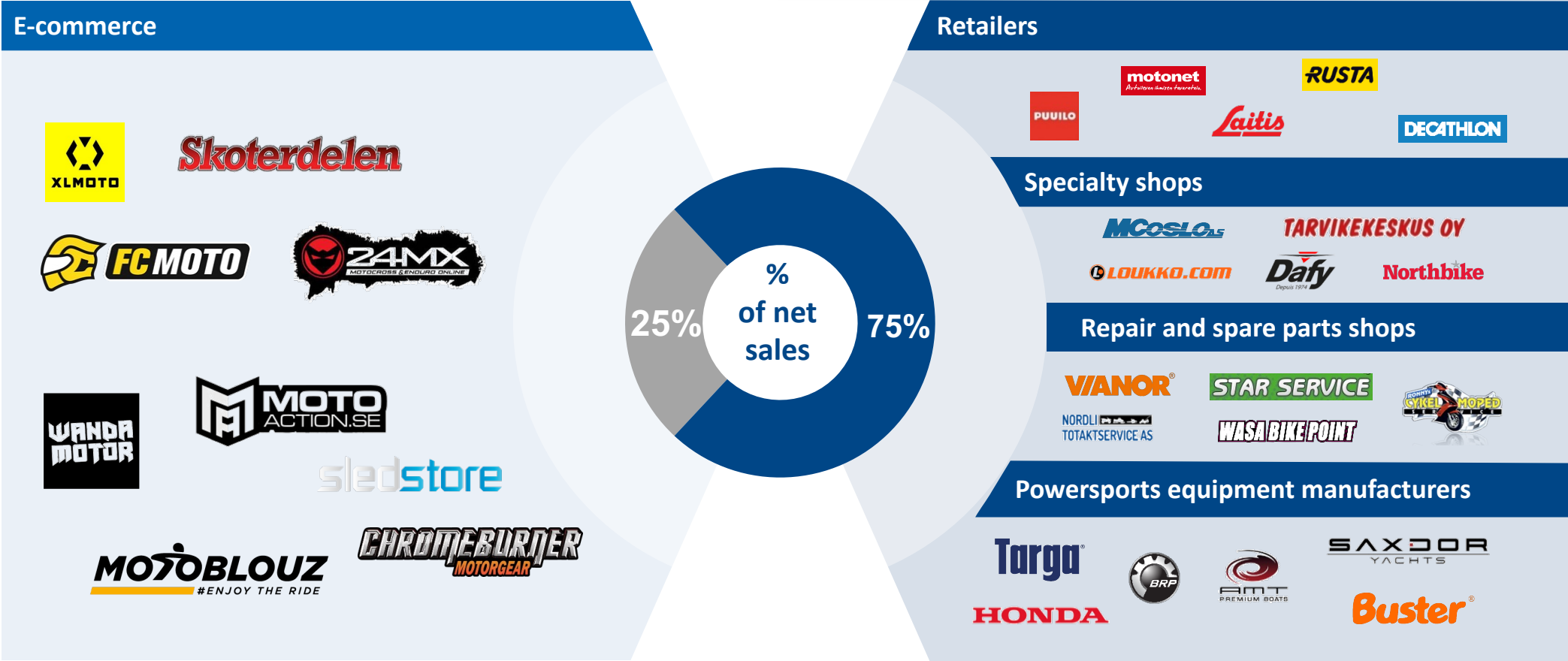


Technical and spare parts 2/3

Personal equipment 1/3

Strong presence in all dealer channels

Sales split by customer type



Q4 Business Report



YEARS

Q4: Market uncertainty reduced net sales and profitability



Net sales decreased by 14.0% in line with market development

- Constant currency growth was -9.5%
- Organic sales decreased by 16.2%

Improved gross margin 0.5 p.p., and decreased adjusted EBITA margin to 0.8%

- Gross margin increased y-o-y from 21.4% (Q4/22) to 21.9% (Q4/23)
- Adjusted EBITA margin decreased to 0.8% (5.1%)
- Fixed cost managed to maintain in same level compared to previous year
 - Reported increase due to TranAm
 - Impact of cost savings mainly to FY 2024

Strong cash flow

- Operating free cash flow improved to EUR 10.6 million (9.4)
- Optimisation of net working capital and improved gross margin decreased inventory levels

Major factors affecting Duell in FY 2023

- Duell estimates that the company has maintained its market position and market share despite the challenging market situation
 - Net sales has followed the decreasing market trend in the Nordics and rest of Europe
- Significant improvement of operating free cash flow of EUR 16.4 million (-1.8)
- Currency rate fluctuations have had a negative impact on net sales (approx. EUR 4 million) and profitability accordingly
- TranAm's figures have been included in Duell's figures for six months as of March 2023
 - TranAm's performance has been strong



Summary of Q4 and FY 2023 financials

Net sales Q4

- Nordics, 15.2 M€ (20.1)
 - 50.7% of net sales (58.0%)
- Other Europe, 14.7 M€ (14.6)
 - 49.3% of net sales (42.0%)
 - TranAm not in comparable figures

Focus on profitability improvement and strengthening of capital structure

- Profitability improvement programme ongoing
- Optimisation of net working capital will continue by decreasing inventory levels and improving procurement terms further
- Impact of completed restructuring program will be realised mainly in FY 2024

Key figures and ratios EUR thousand	Q4 2023 (6/2023- 8/2023)	Q4 2022 6/2022- 8/2022)	FY 2023 (9/2022- 8/2023)	FY 2022 (9/2021- 8/2022)
Net sales	29,866	34,636	118,832	123,991
Net sales growth, %	-14.0	79.6	-4.2	61.5
Constant currency net sales growth, %	-9.5	80.7	-1.0	61.9
Organic net sales growth, %	-16.2	19.2	-15.6	15.7
Gross margin	6,550	7,410	28,344	29,607
Gross margin, %	21.9	21.4	23.9	23.9
EBITDA	101	1,984	4,307	7,383
Items affecting comparability, EBITDA	370	0	1,193	2,074
Adjusted EBITDA	471	1,984	5,499	9,457
Adjusted EBITDA margin, %	1.6	5.7	4.6	7.6
Adjusted EBITA	225	1,776	4,594	8,726
Adjusted EBITA margin, %	0.8	5.1	3.9	7.0
Adjusted operating profit	-458	1,271	2,234	6,978
Adjusted operating profit margin, %	-1.5	3.7	1.9	5.6
Earnings per share (EUR)	-0.06	0.03	-0.10	0.08
Investments in tangible and intangible assets excluding brand acquisitions	1,004	453	2,481	915
Net debt*	38,248	44,571	38,248	44,571
Net working capital**	49,873	57,718	49,873	57,718
Operating free cash flows	10,599	9,380	16,392	-1,818

Duell is considering a rights issue to strengthen its balance sheet and to ensure further execution of its strategy

- Duell's operating environment has recently changed significantly due to an increased inflation, decreased customer demand and lower market activity
 - Following these, Duell's profitability has decreased and subsequently its net debt to adjusted EBITDA ratio has increased
- To strengthen the balance sheet and to enable further execution of its strategy, Duell is considering a rights offering and reviewing its financing alternatives
 - According to preliminary plans, the size of the potential offering would be up to approximately EUR 20 million, and the completion and timing are dependent and conditional on certain factors
 - Duell has not made any decisions regarding the completion of the offering, and there is no certainty about its completion, timing for the completion or the terms and conditions of the offering, including the size

Uncertainty continues in the operating environment

External factors

- Market uncertainty will continue
- Continuing inflation, overall economic environment and weak consumer confidence in 2024 will affect Duell's business

Focus during financial year 2024

- Profitability improvement programme will continue throughout 2024
- Optimisation of net working capital will continue by decreasing inventory levels and improving procurement terms further



The purpose the Profitability Improvement Program is to strengthen our performance



Duell's key programme in 2024

- Started in May 2023 and will continue throughout 2024
- Improving operational and commercial efficiency and capabilities
- Target is to improve profitability by EUR 3-4 million in FY 2024



FOCUS AREAS

- Pricing, discounting and procurement
- Optimisation of portfolio complexity by cutting overlaps
- Actions are based on data analysis, interviews and process mappings
- Defined and prioritised improvement initiatives
- Include subprojects with clear action plans, targets and ownership

Outlook for financial year 2024

- Market uncertainty and weakness will persist in financial year 2024. Continued inflation and the overall challenging market situation has lowered consumer confidence and demand. These factors will weaken the predictability and therefore Duell is not giving outlook for net sales for financial year 2024.
- Duell will continue its profitability improvement programme and plans to strengthen its capital structure in financial year 2024. Duell estimates adjusted EBITA to improve from previous year's level.

Duell medium-term financial targets (changed)

	Target	Description	
Growth*	Net sales of €200–300m	“Net sales between €200-300m in medium-term, achieved through yearly growth organically and inorganically”	Net sales FY 2023 €119m
Profitability	Adjusted EBITA margin >13%	“Adjusted EBITA-margin of at least 13% in the medium-term”	Adjusted EBITA margin FY 2023 3.9%
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 2023 7.0x

*) The growth target remains unchanged, but the timeframe has been changed to the medium-term from the previous by the end of 2025 target.

Strategic objectives and cornerstones

Key strategic objectives

- To be 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



HQ | Mustasaari, Finland

T | +358 (0) 20 118 000

E | info@duell.eu | forename.surname@duell.eu

W | www.duell.eu

HQ | Duell Oyj | Kauppatie 19 | 65610 Mustasaari | Finland

**Offices & warehouses | Finland | Sweden | Norway | Denmark
| Netherlands | Germany | France | United Kingdom**