

# ***Duell Corporation***

***Financial Report  
September 2022 - November 2022***

***January 18, 2023***



# A leading Nordic and European powersports aftermarket distributor

**124 M€ (77 M€)**

NET SALES  
9/2021–8/2022

**+61.5%**

NET SALES GROWTH  
9/2021–8/2022

**7.0% (10.5%)**

Adjusted EBITA  
9/2021–8/2022

## Key figures\*

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

■ DUELL'S ESTABLISHED MARKETS  
■ DUELL'S GROWTH MARKETS

○ SALES OFFICE  
● WAREHOUSE



\*) Approximately

# All powersports accessories from motorbikes to marine

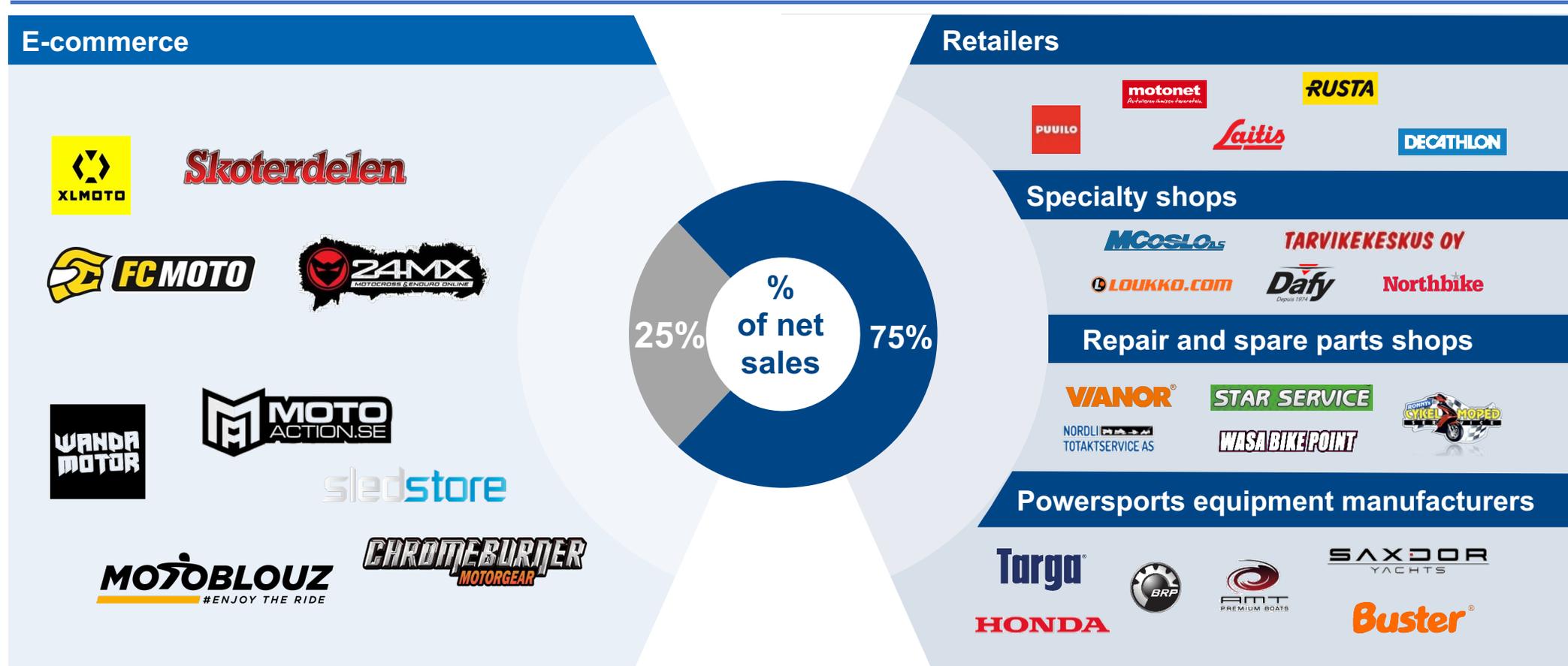


TECHNICAL AND SPARE PARTS 2/3

PERSONAL EQUIPMENT 1/3

# Strong presence in all dealer channels

Sales split by customer type



***Business report:***  
***September 2022-November 2022***



# Q1: Uncertain market impacted first quarter – operational efficiency in focus



Net sales decreased by 5.2%

EBITA temporarily decreased

Consumer demand

- Constant currency growth was -3.4%
- Integration of the acquisitions proceeding as planned

- Adjusted EBITA margin decreased to -1.7% (6.8%)
- Gross margin 22.3% (24.1%) improved from Q4 (21.4%)
- Negative impact of one-off items
- Effects of cost saving program not yet realised in Q1

- Continued market uncertainty and weak consumer demand
- Dealers reduced inventory levels

# Summary of Q1 financials

- **Net sales**

- Nordics -2.6%
- Other Europe -9.1%
- Growth in new geographical markets

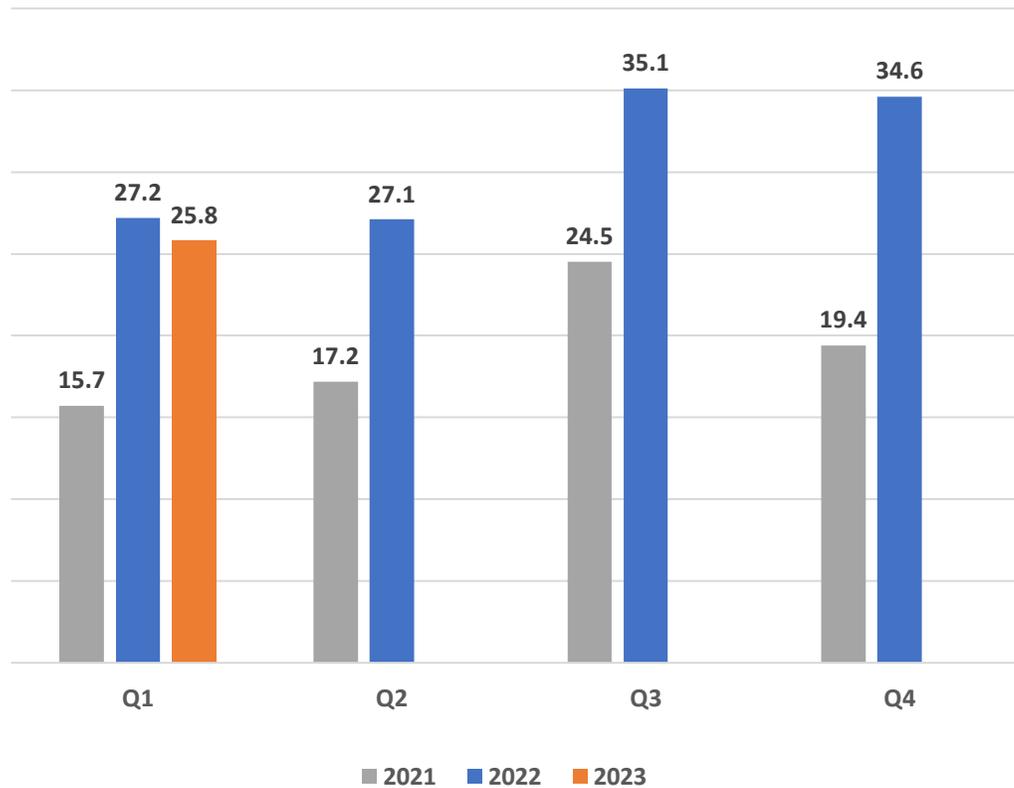
- **Focus on operational and cost efficiency**

- Optimisation of networking capital by decreasing inventory levels
- Expected to realise later in FY 2023

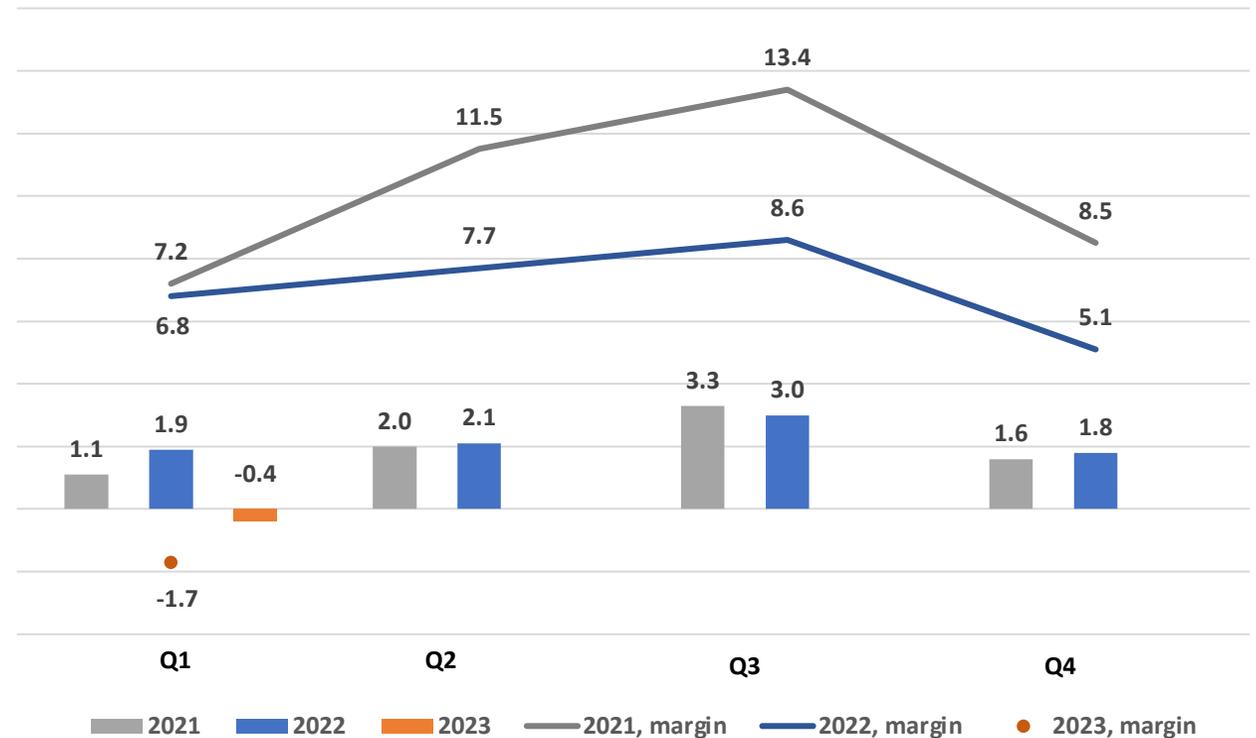
Key figures and ratios EUR thousand	Q1 2023 (9/2022- 11/2022)	Q1 2022 (9/2021- 11/2021)	FY 2022 (9/2021- 8/2022)
<b>Net sales</b>	<b>25,751</b>	<b>27,154</b>	<b>123,991</b>
Net sales growth, %	-5.2	73.0	61.5
<b>Organic net sales growth, %</b>	<b>-19.0</b>	<b>32.2</b>	<b>15.7</b>
EBITDA	-357	-31	7,383
Items affecting comparability, EBITDA	135	2,051	2,074
Adjusted EBITDA	-222	2,020	9,457
Adjusted EBITDA margin, %	-0.9	7.4	7.6
<b>Adjusted EBITA</b>	<b>-426</b>	<b>1,856</b>	<b>8,726</b>
<b>Adjusted EBITA margin, %</b>	<b>-1.7</b>	<b>6.8</b>	<b>7.0</b>
Adjusted operating profit	-924	1,465	6,978
Adjusted operating profit margin, %	-3.6	-5.4	5.6
Earnings per share (EUR)	-0.06	-0.07	0.08
Investments in tangible and intangible assets excluding brand acquisitions	413	40	915
Net debt	-50,398	-27,627	-44,571
Net working capital	62,108	41,080	57,718
Operating free cash flows	-4,972	-7,480	-1,818

# Seasonality is typical in Duell's sales by quarters

Quarterly Net Sales, EUR million



Quarterly Adjusted EBITA, EUR million and Adjusted EBITA margin (%)



# Uncertainty continued in the operating environment

## External factors

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- The market uncertainty continues due to the causes of the war in Ukraine
- Increased inflation impacting customer confidence
- The turbulent market conditions are expected to have an impact on FY 2023

## Focus during financial year 2023

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- Continue European growth strategy
- Optimising inventory levels
- Cost and operational efficiency program



## ***Outlook for financial year 2023 (unchanged)***

- The market continues to be uncertain. The accelerating inflation and the overall economic environment have decreased consumer confidence. These factors will reduce predictability. Duell will continue to execute its growth strategy despite the uncertain market conditions.
- Duell expects to have net sales growth organically and inorganically. Adjusted EBITA is expected to grow both in absolute and relative terms for the current financial year ending August 31, 2023. Organic net sales growth is calculated excluding the impact of acquisitions and divestments.

# Duell medium-term financial targets (unchanged)

	<u>Target</u>	<u>Description</u>	<u>Latest audited report</u>
<b>Growth</b>	Net sales of <b>€200–300m</b>	<p><i>“Net sales between €200-300m by the end of 2025, achieved through yearly growth organically and inorganically”</i></p> <p><i>(The growth target remains unchanged, but the part of organic growth has been updated on November 10, 2022. Previous: “Net sales between €200-300m by the end of 2025, achieved through a combination of an organic growth rate of clearly above 10% p.a. and acquisitions”)</i></p>	Net sales FY 2022 <b>€124m</b>
<b>Profitability</b>	Adjusted EBITA margin <b>&gt;13%</b>	<i>“Adjusted EBITA-margin of at least 13% in the medium-term”</i>	Adjusted EBITA margin FY 2022 <b>7.0%</b>
<b>Leverage</b>	Net debt ratio <b>2–3x</b>	<i>“Net debt to adj. EBITDA in the range of 2-3x. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions)”</i>	Net debt ratio in FY 2022 <b>4.7x</b>

# 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

***DUELL*** 