

# *Duell Corporation*

*Financial Report  
September 2021 - May 2022  
and Third Quarter*

*7 July 2022*

*Jarkko Ämmälä, CEO  
Pellervo Hämäläinen, IR*



# A leading Nordic and European powersports and bicycle aftermarket distributor

## +29.1%

NET SALES GROWTH  
9/2020–8/2021

## 10.5%

Adjusted EBITA  
9/2020–8/2021

## 77 M€ (102)

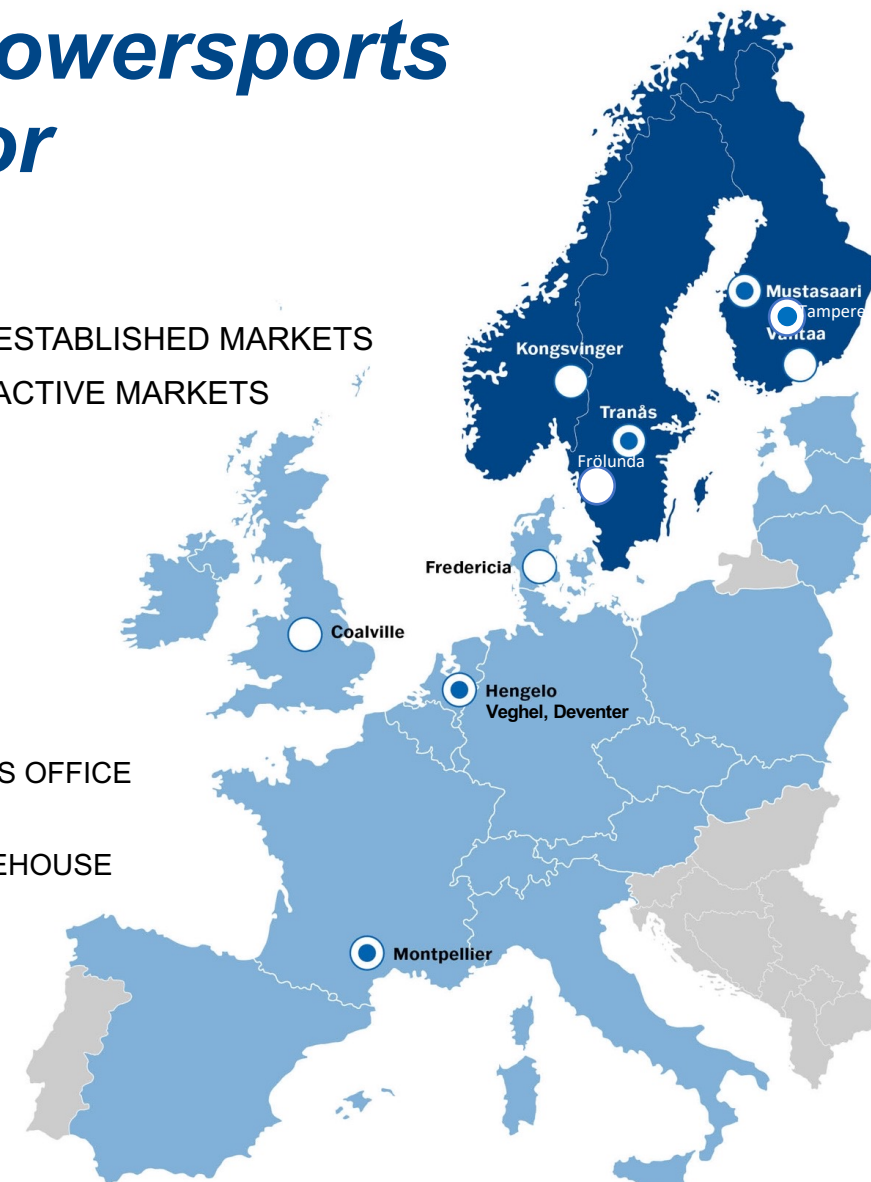
NET SALES (PRO FORMA)  
9/2020–8/2021

### Around

- 150,000 SKUs
- 500 brands
- over 8,000 active dealers
- 90% of orders in digital format
- 250 employees

■ DUELL'S ESTABLISHED MARKETS  
■ DUELL'S ACTIVE MARKETS

○ SALES OFFICE  
● WAREHOUSE



# All powersports accessories from motorbikes to marine



**DUELL** 

*We cover all fields of powersports products: apparel, accessories, and parts of ATV/UTV, bicycle, marine, offroad and onroad motorcycles as well as snowmobile.*

**TECHNICAL AND SPARE PARTS 63% <sup>1)</sup>**

**PERSONAL EQUIPMENT 37% <sup>1)</sup>**



**Break/clutch handling**



**Tires**



**Shock absorbers**



**Helmets**



**Motorcycle boots**



**Protective wear**



**Engines**



**Engine parts**



**Chains**



**Life jackets**



**Goggles**

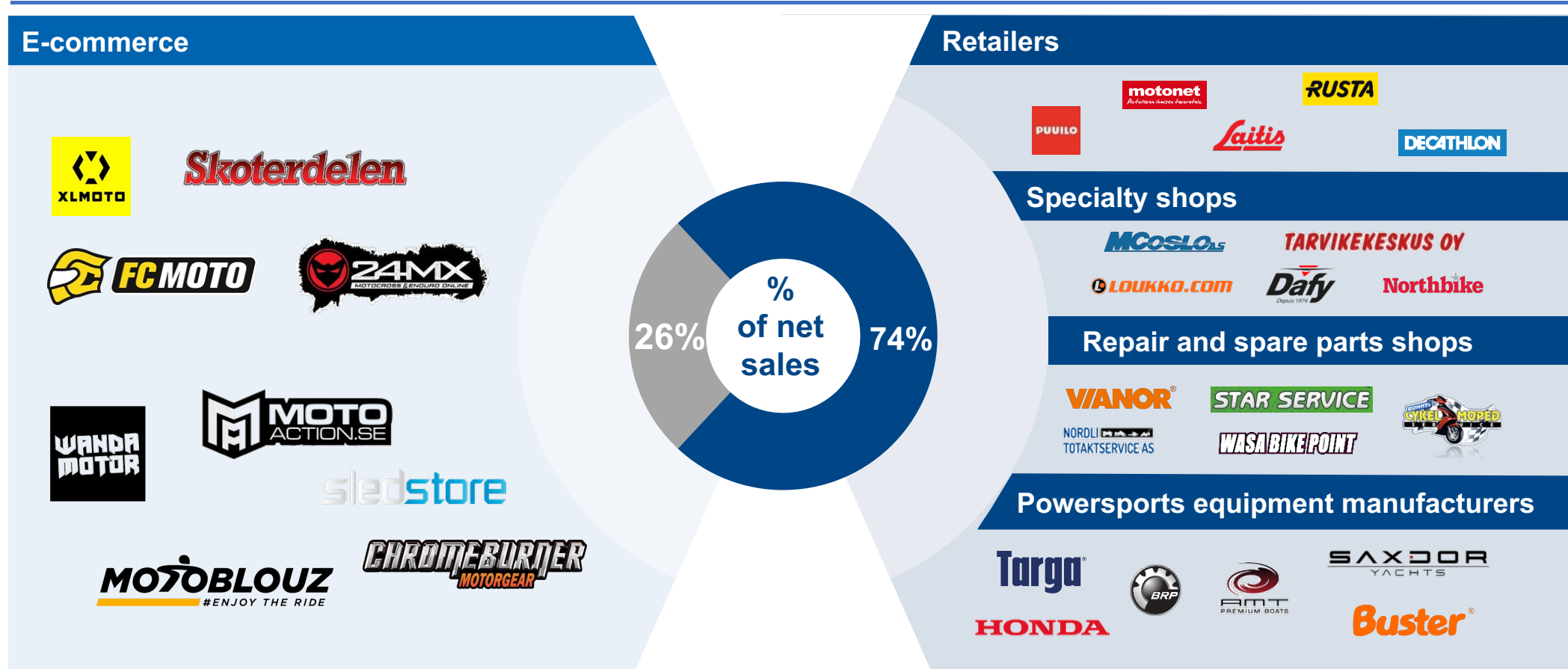


**Bike GPS trackers**

1) 9/2020-8/2021, does not include Tecno Globe, Duell TMV and PowerFactory Nordic

# Strong presence in all dealer channels

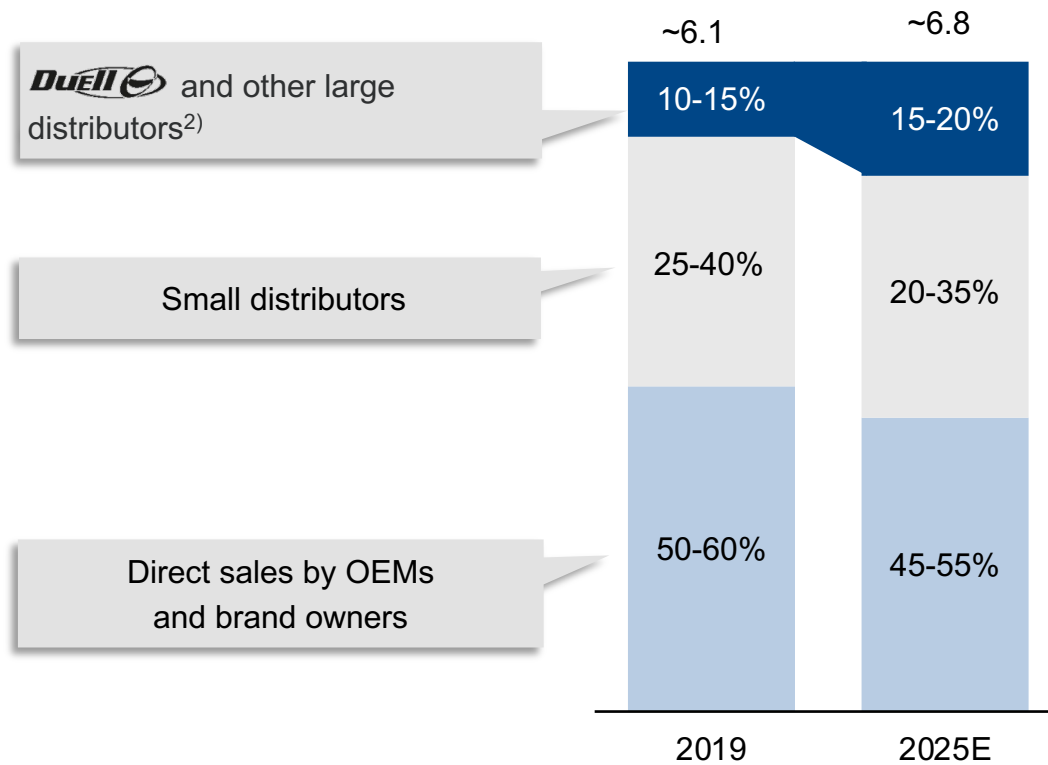
Sales split by customer type (FY 08/21)



# Large distributors are growing and taking market share

Consolidation and scale benefits  
will increase the role of large players

Market development (EURbn, %)<sup>1)</sup>



Fragmented market with few dominating players

Selected players



1) Source: Third party market study commissioned by Duell in the spring of 2021 informed by multiple sources including desktop research and company websites

***Q3 and 9/2021-5/2022***

***Business update***



# Q3: Executing growth strategy in uncertain market conditions



Net sales grew  
by 43.5 %

Adjusted EBITA  
decreased  
by 8.6 %

PowerFactory Nordic  
acquisition in Finland

- Organic growth 5.4 %
- Significantly lower sales in April (lost of EUR 4 million sales) due to slowed down consumer demand impacted negatively on net sales in Q3
- Adjusted EBITA margin 8.6 % (13.4 %)
- Significantly lower sales in April impacted negatively on profitability in Q3
- Investments in operating expenses in accordance with the growth strategy and increased logistics costs had a negative impact on the adjusted EBITA
- Entry to Nordic bicycle market
- Growth potential in European market
- Synergies with current operations



# Net sales grew by 43.5 % and adjusted EBITA improved by 8.4 % in 9/2021-5/2022

- Significantly slowed down consumer demand in April in all markets had negative impact in Q3
- Measures to mitigate the impacts of the increased uncertainties in Duell's operating environment drove higher cost and working capital. The acquisitions has increased the net working capital amounted to approximately EUR 20 million
- Respectively, the growth in net working capital has increased the net debt which at the same time has been increased by acquisitions and consolidation of entities amounted to approximately EUR 35 million and decreased by share issue amounted to EUR 20 million
- IPO costs of EUR 2,1 million in 9/2021-5/2022 affecting comparability in 2022

Key figures and ratios EUR thousand	(9/2021- 5/2022)	(9/2020- 5/2021)	Q3 2022 (3/2022- 5/2022)	Q3 2021 (3/2021- 5/2021)	FY 2021 (9/20- 8/21)
<b>Net sales</b>	<b>89,335</b>	<b>57,458</b>	<b>35,098</b>	<b>24,466</b>	<b>76,756</b>
Net sales growth, %	55.5	29.5	43.5	48.5	29.1
<b>Organic net sales growth, %</b>	<b>14.6</b>	<b>26.0</b>	<b>5.4</b>	<b>44.6</b>	<b>24.1</b>
EBITDA	5,401	6,748	3,194	3,389	8,322
Items affecting comparability, EBITDA	2,074	94	2	53	333
Adjusted EBITDA	7,474	6,842	3,196	3,442	8,655
Adjusted EBITDA margin, %	8.4	11.9	9.1	14.1	11.3
<b>Adjusted EBITA</b>	<b>6,952</b>	<b>6,411</b>	<b>3,005</b>	<b>3,288</b>	<b>8,044</b>
<b>Adjusted EBITA margin, %</b>	<b>7.8</b>	<b>11.2</b>	<b>8.6</b>	<b>13.4</b>	<b>10.5</b>
Adjusted operating profit	5,709	5,951	2,572	3,135	7,615
Adjusted operating profit margin, %	6.4	10.4	7.3	12.8	9.9
Earnings per share	0.05	-	0.07	-	-
Investments in tangible and intangible assets excluding acquisitions	-462	-398	-327	-174	-398
Net debt	51,297	25,647	51,297	25,647	38,683
Net working capital	63,915	29,848	63,915	29,848	33,744
Operating free cash flows	-11,119	-3,753	2,205	3,032	2,329

Note: Q3 & Q4 for 2021 have been adjusted for correctness of comparative data

# *Increased uncertainty in the operating environment*

## External factors

- Consumer confidence and predictability has reduced due to the economic environment and war in Ukraine
- Consumer demand slowed down significantly in April, but recovered back to normal levels in May
- The market uncertainty caused by COVID-19 pandemic continues

## Mitigation

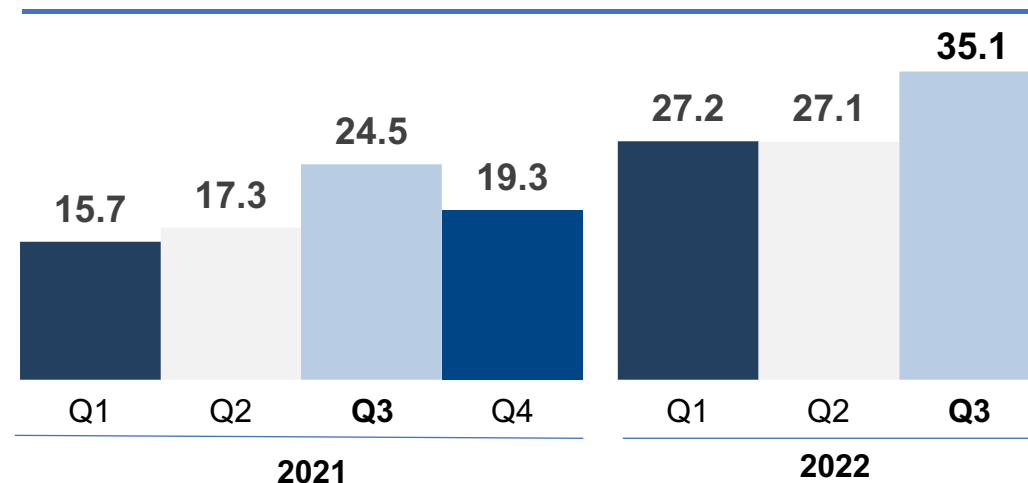
- Duell has been mitigating the situation caused by continuous challenges to the supply chain
- Major part of increased costs has been transferred to sales prices
- Despite uncertain market conditions, Duell continues to implement the growth strategy



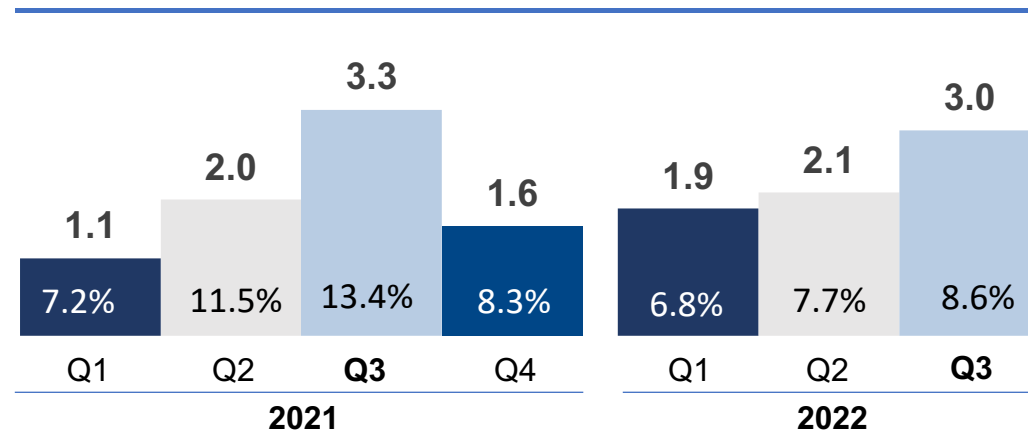
# Seasonality is typical in Duell's sales by quarters

- Significantly slowed down consumer demand in April decreased sales with EUR 4 million in Q3
- First nine months 2022 includes the impact from the acquisitions
- Q3 and Q4 are the strongest sales quarters due to summer season pre-sales and increasing European impact
- Q3 & Q4 for 2021 have been adjusted for correctness of comparative data

Quarterly net sales development, EUR million



Quarterly adjusted EBITA, EUR million and adjusted EBITA margin



# Duell outlook 2022 and mid-term financial targets

	Target	Description	Latest audited report
<b>Outlook 2022</b>	Organic net sales growth in 2022 <b>15%</b>	<i>"In 2022, Duell expects its net sales growth to be at least 15%. Organic net sales growth is calculated excluding the impact of acquisitions and divestments."</i>	Organic net sales growth in FY 2021 <b>24.1%</b>
<b>Growth</b>	Net sales of <b>€200–300m</b>	<i>"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>	Pro forma net sales FY 2021 <b>€102m</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 2021 <b>10.5%</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 2021 <b>4.5x</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 and related achievements

- **Geographical market expansion**
  - PowerFactory acquisition gives access to the Nordic bicycle parts and accessories market
- **Partner for building online sales**
  - Development of new e-commerce platform ongoing
- **Brand portfolio development**
  - Brand portfolio expansion with PowerFactory acquisition

# Four important acquisitions to drive market expansion

 <b>Deal highlights (May 2022)</b>	
<ul style="list-style-type: none"> <li>• Strong bicycle position in Finland and Sweden</li> <li>• Access to 2,000 dealers</li> <li>• Entry to Nordic bicycle market</li> <li>• Cross-selling potential</li> <li>• 40 employees</li> </ul>	<p>Portfolio of attractive brands</p>    

 <b>Deal highlights (February 2022)</b>	
<ul style="list-style-type: none"> <li>• Strong offroad position in Benelux, also in the rest of Europe</li> <li>• Access to 600 dealers</li> <li>• New growth leg for Duell's own brands</li> <li>• Cross-selling potential</li> <li>• 7 employees</li> </ul>	<p>Portfolio of attractive brands</p>     

 <b>Deal highlights (August 2021)</b>	
<ul style="list-style-type: none"> <li>• Strong position in France</li> <li>• Access to 3,000 dealers</li> <li>• Strengthening operational platform and presence in European market</li> <li>• Entry to bike business with cross-selling potential</li> <li>• 44 employees</li> </ul>	<p>Portfolio of attractive brands</p>     

 <b>Deal highlights (June 2021)</b>	
<ul style="list-style-type: none"> <li>• Strong position in Benelux and Germany</li> <li>• Access to 800 dealers</li> <li>• New growth leg for Duell's own brands</li> <li>• Cross-selling potential</li> <li>• 10 employees</li> </ul>	<p>Portfolio of attractive brands</p>     

# Summary of Q3 and first nine months (9/2021-5/2022)

- Market uncertainty and significantly slowed down consumer demand in April impacted negatively to net sales and profitability in Q3
- Duell entered to Nordic bicycle spare parts and accessories market with PowerFactory acquisition
- Duell will continue to execute its growth strategy despite uncertain market conditions



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