



Duell Corporation
Nine Months Financial Report
September 2021-May 2022



July 7, 2022 | Duell Corporation | Inside Information

This is not an interim report in accordance with IAS 34. The company complies with the semi-annual reports required by the Securities Markets Act and normally publishes business reports for the first three and first nine months of the year, which present key information describing the company's financial development.

Executing growth strategy in uncertain market conditions

Unaudited financials presented below:

March 2022 - May 2022 "Q3 2022" (comparable figures in parenthesis 3/2021-5/2021):

- Net sales increased 43.5% to EUR 35.1 million (EUR 24.5 million). Organic net sales growth was 5.4%
- Adjusted EBITDA decreased 7.2% to EUR 3.2 million (EUR 3.4 million) with an adjusted EBITDA margin of 9.1% (14.1%)
- Adjusted EBITA decreased 8.6% to EUR 3.0 million (EUR 3.3 million) with an adjusted EBITA margin of 8.6% (13.4%)
- Adjusted operating profit was EUR 2.6 million (EUR 3.1 million) with a margin of 7.3% (12.8%)

September 2021 - May 2022 "1-9/2022" (comparable figures in parenthesis 9/2020-5/2021):

- Net sales increased 55.5% to EUR 89.3 million (EUR 57.5 million). Organic net sales growth was 14.6%.
- Adjusted EBITDA increased 9.2% to EUR 7.5 million (EUR 6.8 million) with an adjusted EBITDA margin of 8.4% (11.9%). EBITDA was EUR 5.4 million (EUR 6.7 million). The differences between adjusted and reported figures are explained by items affecting comparability. Items affecting comparability included EUR 2.1 million fees and expenses related to the listing of Duell Corporation.
- Adjusted EBITA increased 8.4 % to EUR 6.9 million (EUR 6.4 million) with an adjusted EBITA margin of 7.8% (11.2%).
- Adjusted operating profit decreased 4.1% to EUR 5.7 million (EUR 6.0 million) with an adjusted operating profit margin of 6.4% (10.4%).
- Earnings per share was EUR 0.05 at the end of May 2022.

Duell Corporation submitted a listing application with Nasdaq Helsinki Ltd on November 15, 2021, to list the Company's shares on the First North Growth Market maintained by Nasdaq Helsinki. Trading in Duell's shares commenced on the First North Growth Market of Nasdaq Helsinki on November 24, 2021.

Outlook for financial year 2022 (outlook unchanged)

The market is facing uncertainty caused by COVID-19, the economic environment and the war in Ukraine. This has reduced predictability. Duell has been mitigating the situation caused by continuous challenges to the supply chain. The actions have led to temporarily higher inventories and working capital to ensure the availability of products for the customers. Duell will continue to execute its growth strategy despite uncertain market conditions.

Duell expects organic net sales growth of at least 15% for the financial year ending August 31, 2022. Organic net sales growth is calculated excluding the impact of acquisitions and divestments.

CEO Jarkko Ämmälä:

In uncertain market conditions the demand for our products varied from month to month in the third quarter. After a good demand in March, in April the consumer demand significantly slowed down in all countries. It was impacted by the war in Ukraine, accelerating inflation and late spring, but recovered back to normal levels in May. Due to the weak demand in April, we lost EUR 4 million of sales. Based on the weaker than expected April, organic growth in the third quarter was 5.4%. Net sales grew strongly by 43.5% including the impact of acquisitions. The share of sales in the third quarter in the Nordics was 63% and in the rest of Europe 37%.

The increasing logistics and transportation costs as well as uneven flow of inbound deliveries from suppliers continued in the third quarter. We have transferred major part of the increased costs to our prices. Inventory levels remained high to ensure the availability of products for dealers. The inventory level increased more than planned caused by the weak April. The high inventory level at end of the third quarter will decrease, as typical for our operations, towards the end of the fourth quarter. To enhance the logistics capabilities supporting higher business volumes, we are expanding the capacity of the warehouse in Finland and intend to take a larger warehouse in use in France in 2022.

Adjusted EBITA decreased by 8.6% to EUR 3.0 million (EUR 3.3 million), driven by decrease in organic net sales growth in April. Adversely, investments in operating expenses in accordance with the growth strategy and increased logistics costs had a negative impact on the adjusted EBITA.

In May, we acquired the shares of the Finnish company PowerFactory Nordic Oy Ab, a leading importer and wholesaler of bicycle spare parts and accessories. The acquisition is part of our growth strategy, which will give us access to the Nordic bicycle parts and accessories market offering new growth potential and synergies in the European bicycle segment. The arrangement also complements the offering of other categories with new brands in addition to bicycle spare parts and accessories. The integration has started to combine the operations and to realise the synergies. We continue executing our growth strategy to strengthen our market position in Europe.

Market visibility continues to be uncertain due to war in Ukraine, COVID-19 pandemic and accelerating inflation impacting the purchasing power of consumers. The acquisitions in France, Netherlands and Finland support the geographical expansion and brand portfolio development. A new e-commerce platform project to support online business is proceeding as planned and the new service will be implemented during end of 2022. Also, the efforts to grow our own brand assortment continues to be in focus for further growth. Despite the uncertain market conditions, we have a good position to implement our growth strategy.

| Figures and ratios EUR thousand | Q3 2022 (3/2022- 5/2022) | Q3 2021 (3/2021- 5/2021) | (9/2021- 5/2022) | (9/2020- 5/2021) | FY 2021 (9/2020- 8/2021) |
|--|--------------------------------|--------------------------------|---------------------|---------------------|--------------------------------|
| Net sales | 35,098 | 24,466 | 89,335 | 57,458 | 76,756 |
| Net sales growth, % | 43.5 | 48.5 | 55.5 | 29.5 | 29.1 |
| Constant currency net sales growth, % | 45.6 | 43.9 | 55.6 | 27.2 | 26.7 |
| Organic net sales growth, % | 5.4 | 44.6 | 14.6 | 26.0 | 24.1 |
| EBITDA | 3,194 | 3,389 | 5,401 | 6,748 | 8,322 |
| EBITDA margin, % | 9.1 | 13.9 | 6.0 | 11.7 | 10.8 |
| Items affecting comparability, EBITDA* | 2 | 53 | 2,074 | 94 | 333 |
| Adjusted EBITDA | 3,196 | 3,442 | 7,474 | 6,842 | 8,655 |
| Adjusted EBITDA margin, % | 9.1 | 14.1 | 8.4 | 11.9 | 11.3 |

| | | | | | |
|--|------------|--------|------------|--------|--------|
| EBITA | 3,003 | 3,235 | 4,878 | 6,317 | 7,711 |
| EBITA margin, % | 8.6 | 13.2 | 5.5 | 11.0 | 10.0 |
| Adjusted EBITA | 3,005 | 3,288 | 6,952 | 6,411 | 8,044 |
| Adjusted EBITA margin, % | 8.6 | 13.4 | 7.8 | 11.2 | 10.5 |
| Operating profit | 2,571 | 3,082 | 3,635 | 5,857 | 7,282 |
| Operating profit margin, % | 7.3 | 12.6 | 4.1 | 10.2 | 9.5 |
| Adjusted operating profit | 2,572 | 3,135 | 5,709 | 5,951 | 7,615 |
| Adjusted operating profit margin, % | 7.3 | 12.8 | 6.4 | 10.4 | 9.9 |
| Earnings per share, basic, EUR | 0.07 | - | 0.05 | - | - |
| Earnings per share, diluted, EUR | 0.07 | - | 0.05 | - | - |
| Number of outstanding shares at the end of the period, basic | 25,454,574 | - | 25,454,574 | - | - |
| Number of outstanding shares at the end of the period, diluted | 25,454,574 | - | 25,454,574 | - | - |
| Weighted average number of shares, basic | 25,454,574 | - | 25,454,574 | - | - |
| Weighted average number of shares, diluted | 25,454,574 | - | 25,454,574 | - | - |
| Investments in tangible and intangible assets excluding acquisitions | -327 | -174 | -462 | -398 | -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 | 2,205 | 3,032 | -11,199 | -3,753 | 2,329 |

* Items affecting comparability:

IPO costs EUR 2 thousand in Q3 2022 (EUR 53 thousand in Q3 2021).

IPO costs of EUR 2,074 thousand in 9/2021-5/2022 (IPO costs EUR 53 thousand and M&A costs EUR 41 thousand in 9/2020-5/2021).

IPO costs EUR 292 thousand and M&A costs EUR 41 thousand in FY 2021.

The increase in net working capital was mainly driven by the net working capital of acquired entities, amounted to approximately EUR 20 million. Rest of the increase is caused by temporarily higher inventories due to uncertain market conditions to ensure the availability of products for the customers. 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.

| Operational key figures | Q3 2022 (3/2022- 5/2022) | Q3 2021 (3/2021- 5/2021) | (9/2021- 5/2022) | (9/2020- 5/2021) | FY 2021 (9/2020- 8/2021) |
|--------------------------------------|--------------------------------|--------------------------------|---------------------|---------------------|--------------------------------|
| Number of brands | 509 | 257 | 509 | 257 | 291 |
| Share of own brand sales, % of total | 21.5 | 20.4 | 22.5 | 22.5 | 20.7 |
| Share of online sales, % of total | 25.5 | 25.7 | 25.1 | 26.1 | 26.1 |
| Equity ratio, % | 28.7 | 21.2 | 28.7 | 21.2 | 15.2 |
| Full-time equivalent employees | 199 | 112 | 180 | 106 | 112 |

Significant events during the reporting period

On 12th of May, Duell acquired all the shares of the Finnish company PowerFactory Nordic Oy Ab. PowerFactory is a leading importer and wholesaler of bicycle spare parts and accessories. The purchase price of the shares is EUR 9.17 million and it was carried out as a cash transaction. PowerFactory has been included in Duell Corporation's figures from May onwards.

Founded in 1964, PowerFactory had net sales of EUR 15.1 million and EBITDA of EUR 1.4 million in 2021. Approximately 75% of net sales consists of bicycle spare parts and accessories. About 70% of the net sales comes from the Finnish market and 30% from Sweden. Significant part of the sales growth is generated from the Swedish market in recent years. PowerFactory's product portfolio includes 12,000 product titles, which it offers to approximately 2,000 customers. PowerFactory has approximately 40 employees. The company's headquarters and logistics operations are in Tampere, Finland. The Swedish office is in Frölunda.

Duell had no significant events after the review period.

Medium term financial targets (3-5 years) (Targets unchanged)

Growth: net sales in the range of EUR 200–300 million by the end of 2025, achieved through a combination of clearly above 10% annual organic growth and acquisitions.

Profitability: adjusted EBITA margin of at least 13%.

Leverage: net debt to adjusted EBITDA ratio in the range of 2–3. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions).

Financial reporting and Annual General Meeting in 2022

- Financial Statements Bulletin for the fiscal year 9/2021-8/2022 on November 10, 2022 at around 8.30 am (EET).
- Annual Report will be published the week starting on November 14, 2022.

The Annual General Meeting is scheduled for December 1, 2022. The Board of Directors of the company will convene the meeting.

Further information

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Duell Corporation is an import company based in Mustasaari, Finland and established in 1983, whose imported and manufactured products are sold through an extensive distribution network in Finland, Sweden, Norway, Denmark, Estonia, Latvia, Lithuania, the Netherlands, Belgium, Germany, France, the UK, Ireland, Spain, the Czech Republic and Romania. Duell's range of imported products includes all motorcycling, snowmobiling and boating equipment, accessories and spare parts. It also includes equipment, accessories and spare parts for bicycling, ATVs/UTVs, mopeds and scooters. Duell's modern logistics centres are situated at Mustasaari in Finland, Tranås in Sweden, Hengelo in the Netherlands and Montpellier in France. The Group currently employs nearly 250 people internationally. The Duell share (DUELL) is listed on the First North Marketplace. www.duell.eu.