



Duell Corporation
Nine Months Financial Report
September 2022-May 2023



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. Unaudited financials presented below:

Focus on cost structure and net working capital optimisation

March 2023 - May 2023 "Q3 2023" (comparable figures in parenthesis 3/2023-5/2023):

- Net sales increased 7.4% to EUR 37.7 million (35.1 EUR million). Organic net sales decreased 10.3%. Constant currency net sales increased 8.1%.
- Adjusted EBITDA increased 26.9% to EUR 4.1 million (EUR 3.2 million) with an adjusted EBITDA margin of 10.8 % (9.1%).
- Adjusted EBITA increased 27.1% to EUR 3.8 million (EUR 3.0 million) with an adjusted EBITA margin of 10.1 % (8.6%).
- Adjusted operating profit was EUR 3.1 million (EUR 2.6 million) with a margin of 8.3% (7.3%).

September 2022 - May 2022 "1-9/2023" (comparable figures in parenthesis 9/2021-5/2022):

- Net sales decreased 0.4 % to EUR 89.0 million (EUR 89.3 million). Organic net sales decreased 14.7%. Constant currency net sales increased 1.7%.
- Adjusted EBITDA decreased 32.7% to EUR 5.0 million (EUR 7.5 million) with an adjusted EBITDA margin of 5.7% (8.4%). EBITDA was EUR 4.2 million (EUR 5.4 million). The differences between adjusted and reported figures are explained by items affecting comparability. Items affecting comparability included EUR 0.8 million expenses related to directed share issue and restructuring costs incurred by Duell Group.
- Adjusted EBITA decreased 37.1% to EUR 4.4 million (EUR 7.0 million) with an adjusted EBITA margin of 4.9% (7.8%).
- Adjusted operating profit decreased to EUR 2.7 million (EUR 5.7 million) with a margin of 3.0% (6.4%)
- Earnings per share at the end of May 2023 was -0.04 EUR (0.05).

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.

CEO Jarkko Ämmälä:

Market uncertainty and lower demand had an impact on sales and profitability in the third quarter. Dealers continued to reduce inventory levels, which particularly affected sales in April, especially in the Nordic countries. The bicycle segment showed a more positive development compared to the powersport segment. As a result of weaker than expected demand, we lowered our outlook and guidance for financial year 2023 in May.

We continued to reduce inventory levels, and to streamline our cost structure to be aligned with lower demand. We also started change negotiations to reduce personnel in Finland and Sweden.

Despite the challenging market conditions, we continued to execute our growth strategy by closing the acquisition of TranAm in the UK, the first instalment of which was made with the proceeds of a directed share issue. The acquisition strengthens Duell's position in the UK motorcycle accessories market.

We will continue to reduce inventory levels in the fourth quarter with the aim of achieving permanently lower inventory levels and strengthening the company's balance sheet.

Overall, the seasonality will be more pronounced between quarters, with the third and fourth quarters being higher than the first two quarters in terms of both net sales and profitability.

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
Constant currency net sales growth, %	8.1	45.6	1.7	55.6	61.9
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
EBITDA margin, %	8.7	9.1	4.7	6.0	6.0
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
EBITA	3,235	3,003	3,547	4,878	6,652
EBITA margin, %	7.7	8.6	4.0	5.5	5.4
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
Operating profit	2,554	2,571	1,869	3,635	4,904
Operating profit margin, %	6.8	7.3	2.1	4.1	4.0
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, basic, EUR	0.02	0.07	-0.04	0.05	0.08
Earnings per share, diluted, EUR	0.02	0.07	-0.04	0.05	0.08
Number of outstanding shares at the end of the period, basic	30,545,474	25,454,574	30,545,474	25,454,574	25,454,574
Number of outstanding shares at the end of the period, diluted	30,545,474	25,454,574	30,545,474	25,454,574	25,454,574
Weighted average number of shares, basic	30,213,459	25,454,574	27,058,301	25,454,574	25,454,574
Weighted average number of shares, diluted	30,213,459	25,454,574	27,058,301	25,454,574	25,454,574
Investments in tangible and intangible assets excluding 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

*) Items affecting comparability:

Directed Share Issue costs of EUR 295 thousand in 1-9 2023 (IPO Costs EUR 2,074 thousand in 1-9 2022).

Cost saving program costs of EUR 528 thousand in 1-9 2023 (EUR 0 thousand in 1-9 2022).

Operational key figures	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)
Number of brands	557	509	557	509	496
Share of own brand sales, % of total	19.1	21.5	23.0	22.5	20.7
Share of online sales, % of total	24.4	25.5	23.7	25.1	25.2
Equity ratio, %	34.3	28.7	34.3	28.7	33.4
Full-time equivalent employees*	218	199	229	180	193

*) Including seasonal employees

Significant events during the reporting period

Duell announced on March 1, 2023, that it intends to carry out an issue of up to 5,090,900 new shares in a directed share issue to a limited number of institutional and other investors in deviation of the pre-emptive subscription right of the shareholders. The maximum number of shares corresponds to approximately 20 per cent of all the issued shares in Duell immediately prior to the Share Issue. The proceeds from the Share Issue will be used to finance the first instalment of the purchase price in relation to the acquisition of Tran-Am Ltd.

Duell announced on March 1, 2023, that it has successfully completed directed share issue raising EUR 8.7 million in a directed share issue to finance the Tran-Am Ltd. acquisition. The number of shares totalled 30,545,474 after the share issue.

Duell announced on March 8, 2023, that it has closed the acquisition of Tran-Am Ltd by paying the first instalment of approximately 60% of the total purchase price of GBP 11.9 million on 8 March 2023. The second instalment of approximately 40% of the purchase price, which will be financed with the company's cash reserves, will be paid by the end of 2023.

Duell's announced on 19 April 2023 that the ICT Manager and acting Chief Operating Officer (COO), Marko Viita-aho, has resigned from the company. Viita-aho has been responsible for Group's ICT since 2020 and has served as acting COO since January 2023. In addition, Viita-aho has been part of Duell's Management Team since 2021. Viita-aho continued in his current position until the end of May 2023. Duell has started the recruitment process to appoint new ICT Director and COO.

Duell lowered its outlook and guidance for financial year 2023 on 17 May 2023 due to weaker than expected market and lower sales.

Duell announced on 17 May 2023 that it will initiate change negotiations starting on 23 May 2023 to enhance cost savings programme and to adjust operating costs to lower than expected demand. The aim is to achieve additional annual cost savings of approximately EUR 1 million in the Duell Group, mainly from personnel cost reductions. The estimated total number of reductions in the Duell Group is up to a maximum of 20 employees. The savings from the cost savings programme will mainly be achieved in the financial year 2024.

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 yearly growth organically and inorganically.

Profitability: adjusted EBITA margin of at least 13% in the medium-term.

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 Meetings in 2022 and 2023

- Business reports for financial year 2023
 - o September 2022-August 2023 including fourth quarter: Thursday, November 9, 2023
- The Annual General Meeting is scheduled for December 5, 2023. The Board of Directors of the company will convene the meeting.

Further information

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Duell Corporation (Duell) is an import and wholesale company based in Mustasaari, Finland, established in 1983. Duell imports, manufactures, and sells products through an extensive distribution network in Europe covering 8,500 dealers. The range of products includes 150,000 items under 500 brands. The assortment covers spare parts and accessories for motorcycling, bicycling, ATVs/UTVs, mopeds and scooters, snowmobiling and boating. Logistics centres are located in Finland, Sweden, Netherlands, France and the UK. Duell's net sales in 2022 was EUR 124 million and it employs over 200 people. Duell's shares were listed in November 2021 and are traded on the First North Marketplace. www.duell.eu