



Duell Corporation
First Quarter 2024 Financial Report
September 2023-November 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:

Focusing on profitability improvement in challenging market conditions

September 2023 - November 2023 "Q1 2024" (comparable figures in parenthesis 9/2022-11/2022):

- Net sales increased 4.9% to EUR 27.0 million (EUR 25.8 million). Net sales with comparable currencies increased 7.4%. Organic net sales decreased 7.5%.
- Adjusted EBITDA increased 342.7% to EUR 0.5 million (EUR -0.2 million) with an adjusted EBITDA margin of 2.0% (-0.9%).
- Adjusted EBITA increased 164.4% to EUR 0.3 million (EUR -0.4 million) with an adjusted EBITA margin of 1.0% (-1.7%).
- Adjusted operating profit was EUR -0.4 million (EUR -0.9 million) with a margin of -1.5 % (-3.6%).
- Earnings per share was EUR -0.06 (-0.06) at end of November 2023.

Outlook for financial year 2024 (unchanged)

Market uncertainty and weakness will persist in financial year 2024. 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 enhance the net working capital position in financial year 2024. Duell estimates adjusted EBITA to improve from previous year's level.

As planned, the company has strengthened its capital structure through a rights issue at the end of 2023.

CEO Jarkko Ämmälä:

The first quarter of 2024 was in line with our expectations. Net sales increased by 4.9% and the gross margin rose from 22.3% to 23.9% as planned. Adjusted EBITA was EUR 0.3 million. Net debt and net working capital decreased as planned.

Winter season demand started early in the Nordic countries, but the market situation overall continued to be challenging having a negative impact on consumer demand.

We started planning a fully guaranteed rights offering during the first quarter to strengthen the balance sheet and support the execution of the strategy. At the Extraordinary General Meeting at the end of November, the Board of Directors was authorised to implement the offering of EUR 20.2 million. The subscription period for the offering ended after the reporting period on 21 December. We received gross proceeds of approximately EUR 20.2 million and net proceeds will be approximately EUR 17.7 million from the issue.

During the 2024 financial year, we will continue our profitability improvement programme and managing working capital in a continued challenging market environment.

Key figures and ratios EUR thousand	Q1 2024 (9/2023-11/2023)	Q1 2023 (9/2022-11/2022)	FY 2023 (9/2022-8/2023)
Net sales	27,014	25,751	118,832
Net sales growth, %	4.9	-5.2	-4.2
Net sales with comparable currencies, %	7.4	-3.4	-1.0
Organic net sales growth, %	-7.5	-19.0	-15.6
Gross margin	6,456	5,736	28,344
Gross margin, %	23.9	22.3	23.9
EBITDA	-193	-357	4,307
EBITDA margin, %	-0.7	-1.4	3.6
Items affecting comparability, Gross margin*	0	0	131
Items affecting comparability, EBITDA*	731	135	1,193
Adjusted EBITDA	538	-222	5,499
Adjusted EBITDA margin, %	2.0	-0.9	4.6
EBITA	-457	-561	3,401
EBITA margin, %	-1.7	-2.2	2.9
Adjusted EBITA	274	-426	4,594
Adjusted EBITA margin, %	1.0	-1.7	3.9
Operating profit	-1,148	-1,060	1,041
Operating profit margin, %	-4.3	-4.1	0.9
Adjusted operating profit	-417	-924	2,234
Adjusted operating profit margin, %	-1.5	-3.6	1.9
Earnings per share, basic, EUR	-0.06	-0.06	-0.10
Earnings per share, diluted, EUR	-0.06	-0.06	-0.10
Number of outstanding shares at the end of the period, basic	30,545,474	25,454,574	30,545,474
Number of outstanding shares at the end of the period, diluted	30,545,474	25,454,574	30,545,474
Weighted average number of shares, basic	30,545,474	25,454,574	27,937,259
Weighted average number of shares, diluted	30,545,474	25,454,574	27,937,259
Investments in tangible and intangible assets excluding acquisitions	267	413	2,481
Net debt	45,177	50,398	38,248
Net working capital	55,456	62,108	49,873
Operating free cash flows	-6,160	-4,972	16,392

*) Items affecting comparability:

Cost saving program costs of EUR 48 thousand and Rights offering costs of 683 thousand in Q1 2024 (Cost saving program costs of EUR 135 thousand in Q1 2023).

Operational key figures	Q1 2024 (9/2023-11/2023)	Q1 2023 (9/2022-11/2022)	FY 2023 (9/2022-8/2023)
Number of brands	559	484	562
Share of own brand sales, % of total	21.7	19.1	21.8
Share of online sales, % of total	24.3	19.4	24.7
Equity ratio, %	34.8	28,8	38.6
Full-time equivalent employees*	211	214	218

*) Including seasonal employees

Net sales, EUR thousand	Q1 2024 (9/2023-11/2023)	Q1 2023 (9/2022-11/2022)	FY 2023 (9/2022-8/2023)
Nordics	15,089	16,005	69,926
Rest of Europe	11,925	9,746	48,906
Total	27,014	25,751	118,832

Financial position and cash flow

Duell's net cash flow from operating activities in the full was negative EUR -7.0 million (-5.2). The decrease in net cash flow from operating activities was attributable on net working capital. Net working capital amounted to EUR 55.5 million (62.1) on November 30, 2023, a decrease of EUR 6.6 million, whilst the TranAm acquisition had increasing effect of EUR 7 million.

Duell's net debt was EUR 45.2 million on November 30, 2023 (50.4). Duell net debt comprises of cash and cash equivalents, loans from credit institutions and the deferred payment debt of TranAm Acquisition, which amounted to EUR 5.6 Million.

Duell entered into a new financing agreement on November 29, 2023, including an EUR 57.4 million senior term and revolving facilities agreement amending the current financing agreement. It replaced the existing financing arrangement without changes to principal amounts of outstanding term loans and available amounts of revolving facilities for working capital needs. Duell and Nordea renegotiated certain terms and conditions of the Facilities Agreement, including the financial covenants.

Significant events during the reporting period

As part of the cost savings programme Duell completed change negotiations in the Finnish company Duell Bike-Center Oy and the Swedish company Duell AB on September 7, 2023, which are estimated to result in additional annual cost savings of EUR 1.0 million. The savings from the cost savings programme will mainly be achieved in the financial year starting on 1 September 2023.

Duell announced on September 9, 2023, that Magnus Miemois M.Sc. (Tech.) will start as COO and Deputy CEO of Duell Corporation latest on 1st of January 2024. Initially, Magnus Miemois is responsible for Duell's Operations and related development activities. The plan is for Magnus Miemois to become Duell's CEO during 2024. In connection with this change, the current CEO Jarkko Ämmälä will become Duell's Commercial Director with responsibility for Key Accounts, Key suppliers, and strategic initiatives.

Duell announced on October 9, 2023, that it is considering a rights offering, which would be up to approximately EUR 20 million. The Extraordinary General Meeting held on 30th of November authorised the Board of Directors to resolve on a share issue and the terms and conditions of its fully guaranteed rights offering of approximately EUR 20.2 million. The Extraordinary General Meeting decided also that section 12 (Notification on the Change of Holdings) and section 13 (Obligation to Make a Tender Offer) of the articles of association of the Company are removed in their entirety.

Significant events after review period

The Annual General Meeting and Board's organisational meeting was held on 5th of December.

The rights offering took place between December 7, 2023-December 21, 2023, which was oversubscribed. The total number of shares increased from 30,545,474 shares to 1,038,546,116 shares. Duell received gross proceeds of approximately EUR 20.2 million and net proceeds of approximately EUR 17.7 million from the share issue. Trading in the new shares started on January 3, 2024.

Duell paid out the deferred purchase price relating to the acquisition of Tran-Am Ltd (approximately GBP 4.9 million) on December 28, 2023.

The renegotiated financing agreement between Duell and Nordea entered into force as all subsequent conditions of the agreement were fulfilled.

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

Growth: Net sales in the range of EUR 200-300 million in medium term, 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).

Duell's Financial Reporting and Annual General Meeting in 2024

Duell will publish financial information in 2024 as follows:

- Half-year financial report September 2023–February 2024 (Q2 2024) on Thursday, April 4, 2024.
- Business report September 2023–May 2024 (Q3 2024) on Wednesday, July 3, 2024.
- Financial Statements Bulletin for the fiscal year 9/2023–8/2024 (Q4 2024) on Wednesday, October 9, 2024.

Annual Report the week starting on October 21, 2024.

Duell's Annual General Meeting of shareholders is scheduled for Wednesday, November 20, 2024.

The financial reviews and the annual report will be available after publication on the company's investor website at (https://investors.duell.eu/en/reports_and_presentations).

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 approximately 8,500 dealers. The range of products includes approximately 150,000 items under more than 550 brands. The assortment covers spare parts and accessories for motorcycling, bicycling, ATVs/UTVs, mopeds and scooters, snowmobiling, and boating. Logistics centres are in Finland, Sweden, Netherlands, France, and the UK. Duell's net sales in 2023 was EUR 119 million and it employs over 200 people. Duell's shares are listed on the Nasdaq First North Growth Market Finland marketplace. www.duell.eu