

Duell Corporation

Half-Year Financial Report
September 2022-February 2023
April 5, 2023

Jarkko Ämmälä, CEO

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YEARS

A leading Nordic and European powersports aftermarket distributor

124 M€ (77)

Net sales
9/2021–8/2022

7.0% (10.5)

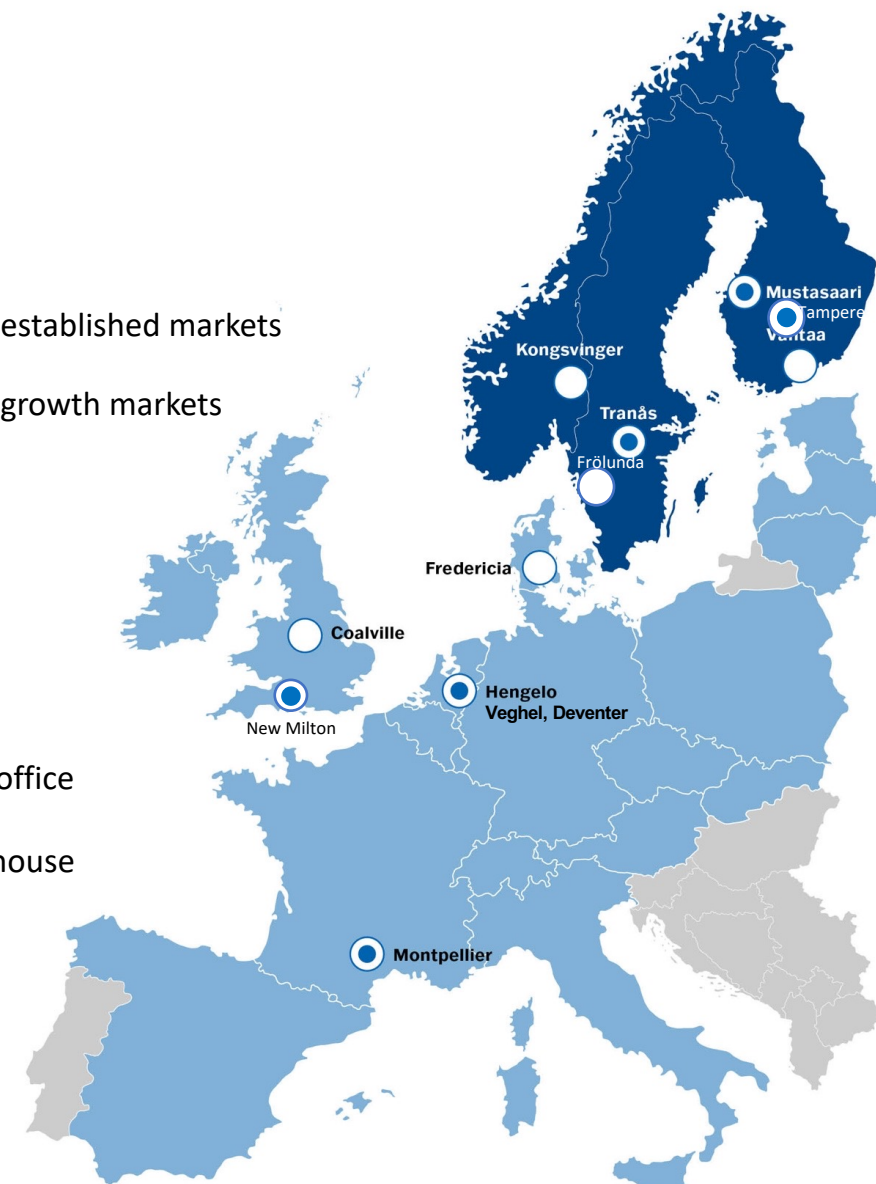
Adjusted EBITA
9/2021–8/2022

Key figures*

- 150,000 SKUs
- 500 brands
- 600 suppliers
- 8,500 active dealers
- >200 employees

- Duell's established markets
- Duell's growth markets

- Sales office
- Warehouse



*) Approximately

All powersports accessories from motorbikes to marine

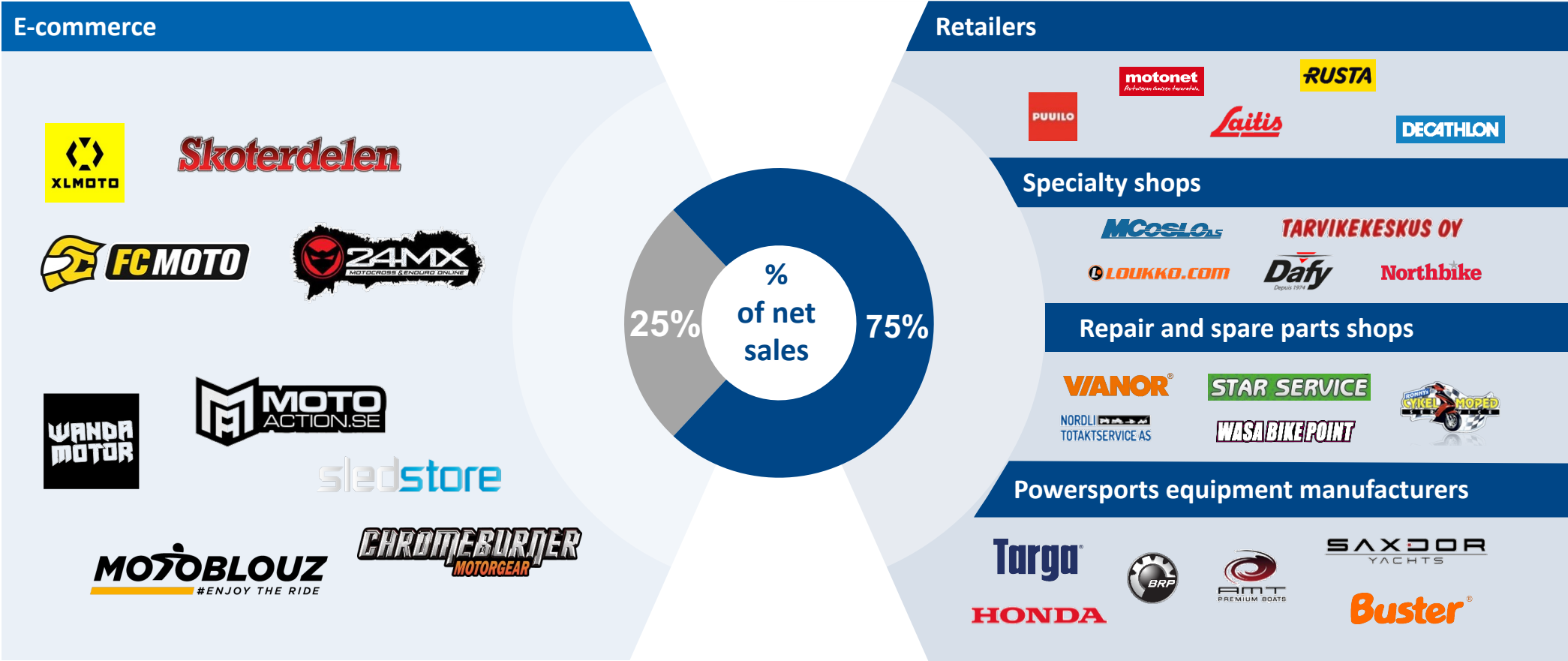


Technical and spare parts 2/3

Personal equipment 1/3

Strong presence in all dealer channels

Sales split by customer type



Business Report

Q2 (December 2022-February 2023)

H1 (September 2022-February 2023)

DUELL 

40

YEARS

Q2: Challenging market conditions continue



Net sales decreased
by -5.7%

EBITA EUR 1.0 million,
EBITA margin 3.4%

Consumer demand

- Constant currency growth was -2.5%
- Integration of the acquisitions proceeding as planned
- Adjusted EBITA margin decreased to 3.8% (7.7%)
- Gross margin improved from Q1 22.3% to Q2 24.4%
- Fixed cost decreased by approx. EUR 0.5 million from Q1
- Uncertainty and weak consumer demand continued
- Dealers reduced inventory levels

Summary of Q2 and H1 2023 financials

Net sales Q2

- Nordics -8.2%
 - 64% of net sales (66%)
- Other Europe -1.0%
 - 36% of net sales (34%)

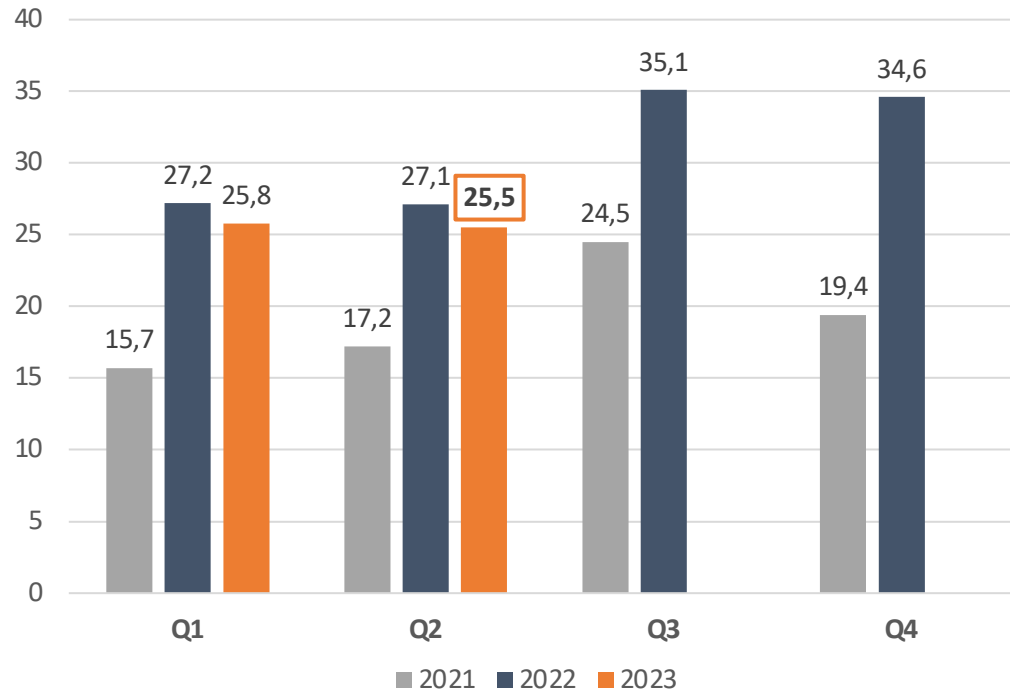
Focus on operational and cost efficiency continues

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

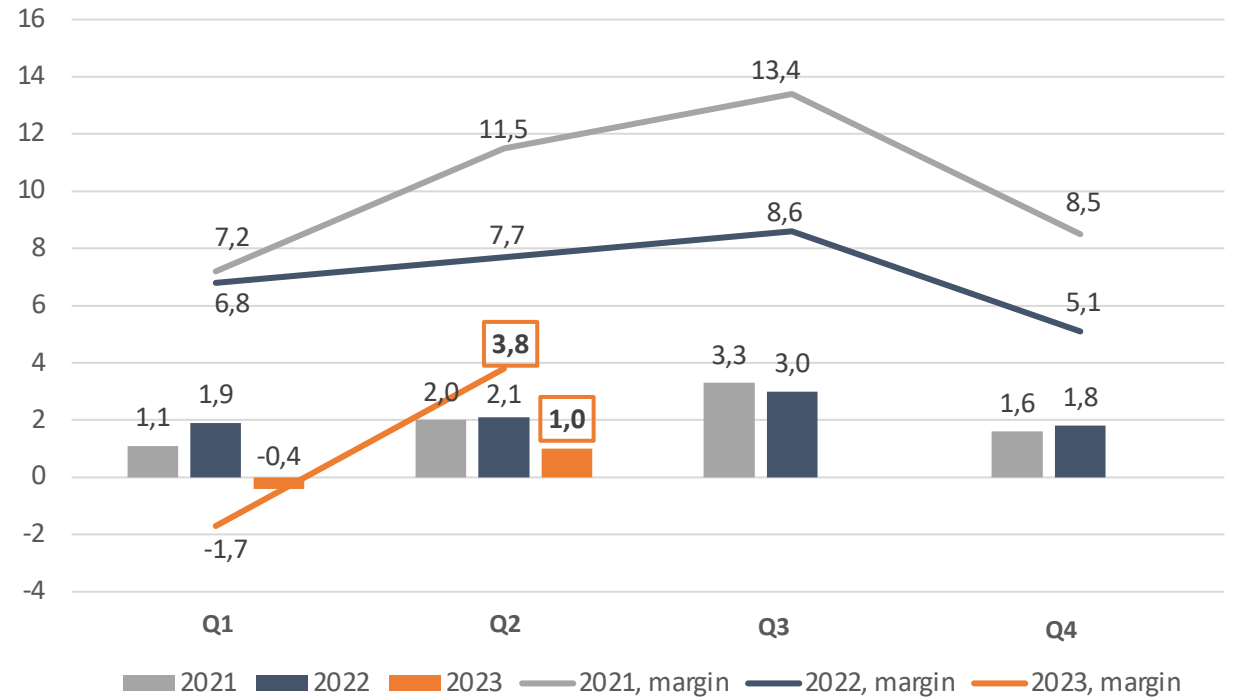
Key figures and ratios EUR thousand	Q2 2023 (12/2022- 2/2023)	Q2 2022 (12/2021- 2/2022)	H1 2023 (9/2022- 2/2023)	H1 2022 (9/2021- 2/2022)	FY 2022 (9/2021- 8/2022)
Net sales	25,543	27,103	51,294	54,237	123,991
Net sales growth, %	-5.7	57.4	-5.4	64.4	61.5
Organic net sales growth, %	-17.3	55.4	-18.6	21.4	15.7
EBITDA	1,090	2,236	733	2,207	7,383
Items affecting comparability, EBITDA	103	21	239	2,072	2,074
Adjusted EBITDA	1,193	2,257	972	4,279	9,457
Adjusted EBITDA margin, %	4.7	8.3	1.9	7.9	7.6
Adjusted EBITA	976	2,089	550	3,947	8,726
Adjusted EBITA margin, %	3.8	7.7	1.1	7.3	7.0
Adjusted operating profit	478	1,669	-446	2,817	6,978
Adjusted operating profit margin, %	1.9	6.2	-0.9	5.8	5.6
Earnings per share (EUR)	-	-	-0.1	-0,02	0.08
Investments in tangible and intangible assets excluding brand acquisitions	669	95	1,083	134	915
Net debt*	62,785	37,606	62,785	37,606	-44,571
Net working capital**	66,912	51,222	66,912	51,222	57,718
Operating free cash flows	-1,412	-5,484	-6,384	-12,965	-1,818

Seasonality is typical in Duell's sales by quarters

Quarterly net sales development, EUR million



Quarterly adjusted EBITA, EUR million and adjusted EBITA, % margin



Acquisition of TranAm

The acquisition

- Acquisition is part of Duell's growth strategy supporting geographical expansion and brand portfolio development
- Purchase price GBP 11.875 million
 - First instalment was financed by directed share issued of approx. 60% of purchase price on March 8, 2023
 - Directed share issue of approx. 20% new shares was completed on March 1, 2023, raising EUR 8.7 million
 - Second instalment of approx. 40% of purchase price will be accomplished by end of 2023 with cash reserves



Company background

- A leading UK based distributor and wholesaler of premium clothing and accessories for motorcycling, as well as for ski, snowboarding and pets
 - Motorcycle category >90% of sales
- Net sales approx. EUR 12 million and EBITA approx. EUR 2 million
- Over 400 dealers including the largest UK retail chains and shops
- Founded 1976, office and warehouse in New Milton, UK
- 28 employees
- Owned by Lloyd family

rukka

tomtom 



Strategic rationale for Duell

- TranAm acquisition supports Duell's geographical expansion and brand portfolio development strategy
- It provides strong and establish platform for growth in the large UK market compared to Duell's current presence
 - Duell will reach the most important chains and shops in the UK
 - Cross-selling synergies supported by wide dealer network to facilitate sales growth of selected Duell own brands
 - Post-Brexit operational benefits to deliver products directly into and from UK warehouse for Duell
- TranAm's strong balance sheet with net cash position and high profitability strengthens Duell's financial position



Uncertainty continued in the operating environment

External factors

- Market uncertainty will continue
- High inflation will weaken consumer confidence in 2023 affecting Duell's business
- Geographical expansion and entry into new markets involves various risks that may adversely affect Duell's business and growth

Focus during financial year 2023

- Despite challenging market conditions Duell continue growth strategy supported by TranAm acquisition
- To strengthen profitability and financial position Duell is focusing on reducing inventory levels, optimising brand portfolio and continuing cost-saving programme



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)

	Target	Description	Latest audited report
Growth	Net sales of €200–300m	“Net sales between €200-300m by the end of 2025, achieved through yearly growth organically and inorganically”	Net sales FY 2022 €124m
Profitability	Adjusted EBITA margin >13%	“Adjusted EBITA-margin of at least 13% in the medium-term”	Adjusted EBITA margin FY 2022 7.0%
Leverage	Net debt ratio 2–3x	“Net debt to adj. EBITDA in the range of 2-3x. Leverage may temporarily exceed the target range (for example, in conjunction with acquisitions)”	Net debt ratio in FY 2022 4.7x

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



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