



ANNUAL REPORT FY 2022

(DUELL FINANCIAL YEAR: SEPTEMBER 2021-AUGUST 2022)



CONTENTS

- Introduction** 3
- CEO’s review** 4
- Duell in brief** 5
- Highlights 2022**..... 6
 - Customers, products & brands 7
 - M&A 8
- Market development**..... 9
- Duell target market and competition**..... 10
- Outlook, growth strategy and financial targets**..... 12
- Geographical growth, online sales and brand portfolio development** 13
- Duell as an investment case** 14
- Duell’s vision, mission and values** 15
- Introduction to Duell sustainability approach**..... 16
 - Environment 17
 - Social 18
 - Governance 20
- Governance and remuneration**..... 22
- Summary of Remuneration 2022** 24
- Report of Board of Directors** 26
- Financial statements** 33
- Notes to the financial statements**..... 37



INTRODUCTION

Duell Corporation is an import and wholesale company based in Mustasaari, Finland, established in 1983. Its imported and manufactured products are sold through an extensive distribution network in Europe covering 8,500 dealers. Duell's 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 watersports. Logistics centres are located in Finland, Sweden, the Netherlands, and France. Duell's net sales in FY 2022 amounted to EUR 124 million and the Group currently employs over 200 people. Duell shares (DUELL) are listed on the NASDAQ First North Growth Market.



CEO'S REVIEW

The financial year 2022 included important milestones. Our shares were listed in November, and we carried out two important acquisitions as part of our geographical and brand portfolio expansion. At the same time, we witnessed severe market uncertainty as the unexpected war in Ukraine broke out in addition to the continued COVID-19 pandemic. These two factors followed by increasing inflation, caused decline in consumer confidence and in the demand from the spring 2022 onwards.

Despite the market turmoil, we achieved our growth targets. Net sales including the impact of acquisitions grew by 61.5 percent to EUR 124 million, and organic growth excluding acquisitions was 15.7 percent. Share of European sales was 38 percent compared to previous years' 18 percent. Correspondingly, the Nordic countries' share of total sales was 62 percent. Major part of our sales growth came from the European market. Adjusted EBITA margin decreased from 10.5 percent to 7.0 percent.

The share of online sales decreased slightly, from the previous years' 26.1 percent to 25.2 percent. The share of own brands' sales remained the same, at 20.7 percent. Our goal is to increase the share of our own brands to 25 percent in 2025. We successfully expanded our brand portfolio both organically and through acquisitions, from 290 to close to 500 brands. Our assortment currently includes some 150,000 items.

The two acquisitions we accomplished were Dutch based Techno Motor Veghel B.V. (TMV, currently Duell TMV B.V.) in February and Finnish based PowerFactory Nordic Oy Ab in May. The TMV acquisition provides us with a growth platform for the off-road market and cross-selling potential, especially in Benelux, as well as enhanced logistic capabilities for other European countries. The PowerFactory acquisition opens the market for the bicycling segment in the Nordic countries.

We made a strategic decision to increase our inventory levels due to supply chain challenges, to ensure the availability of products for our dealers. However, the delivery delays and deliveries received after the season led us with higher inventory levels. Therefore, one of our key focus areas for the current financial year is to decrease networking capital by lowering inventory levels to improve our financial position. We also prioritise the cost structure optimisation with cost consciousness across all our operations. With four acquisitions within the past 18 months, implementing integration measures and achieving synergy benefits – both by cutting overlaps and utilising synergy opportunities for cross selling – and growth are our key focus areas.

We have three key strategic objectives: geographical market expansion, to be the partner for supporting online sales, and further developing our brand portfolio. Our aim is to achieve significant growth organically and through acquisitions. Our objective is to become the

»A year of growth in an uncertain market.

best partner for dealers and brand owners by providing broad offering of leading brands, local market knowledge and insight with timely deliveries throughout Europe, and to strengthen our leading market position in the Nordics. We continue to execute the growth strategy despite uncertain market conditions. It will potentially include acquisitions.

We expect 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 31 August, 2023.

I want to thank our employees, customers, suppliers, shareholders, and other stakeholders for the Financial year 2022.

Jarkko Ämmälä

CEO

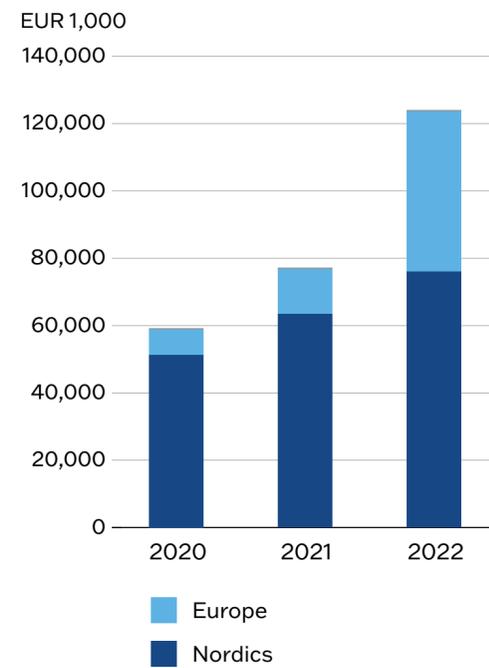
Duell Corporation



DUELL IN BRIEF

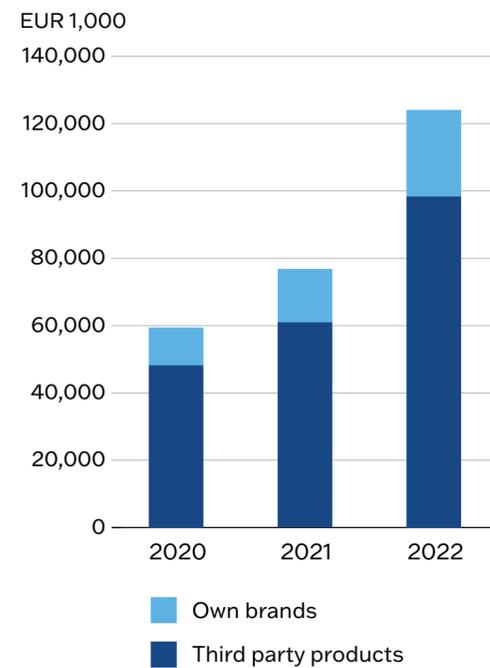
GEOGRAPHICAL GROWTH

Sales by areas

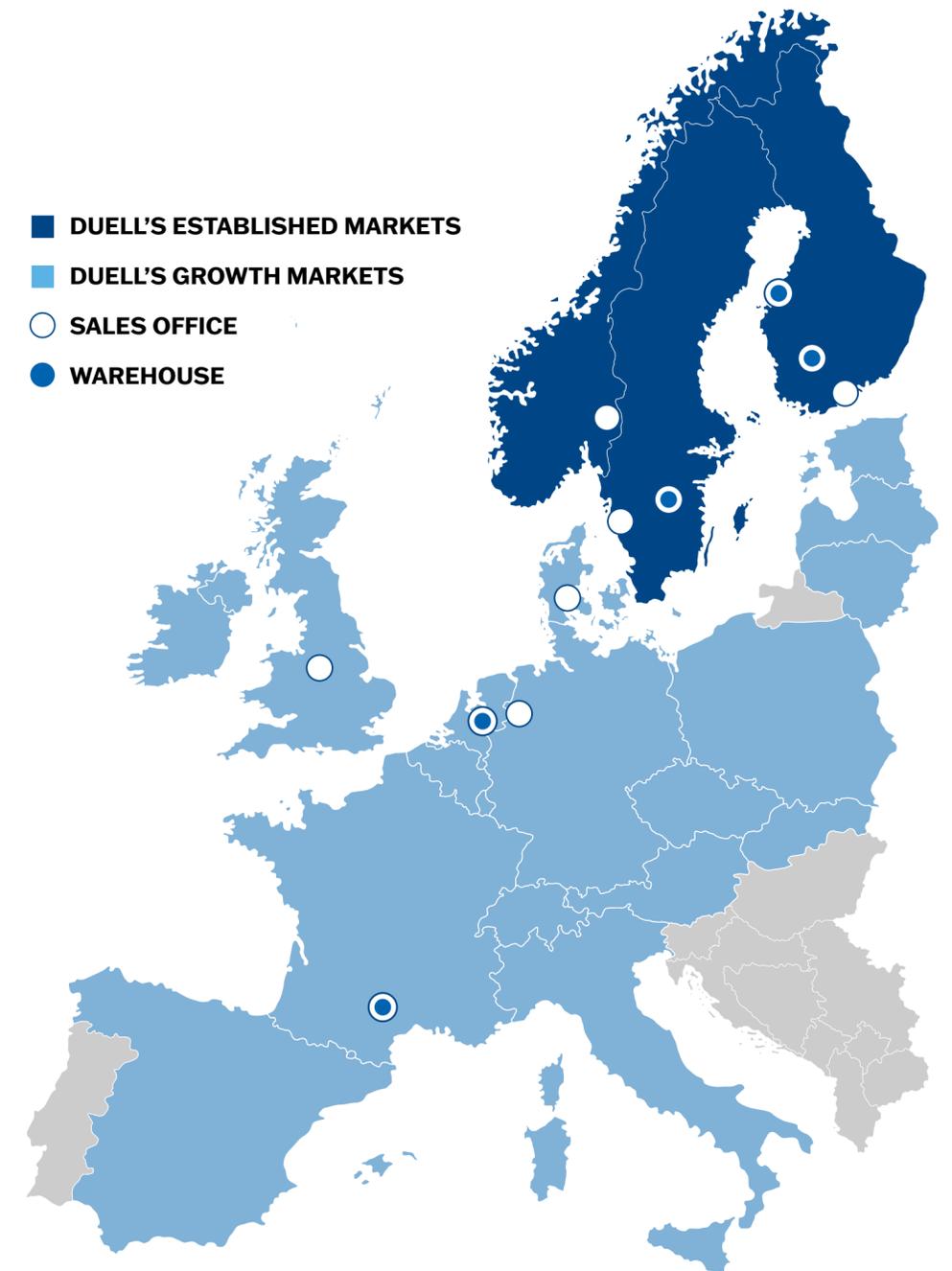
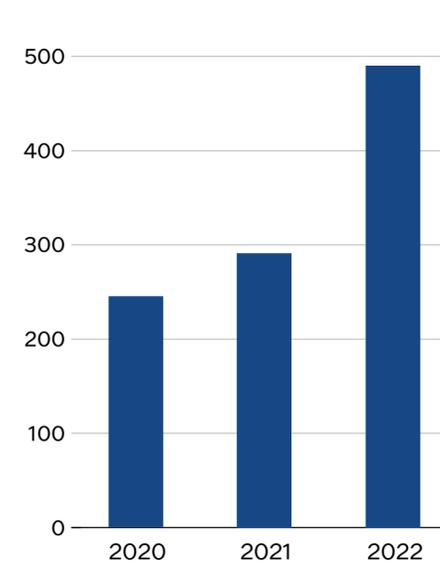


DEVELOPMENT OF BRAND PORTFOLIO

Sales of third party brands and own brand



Number of brands



124 M€

NET SALES IN FY 2022

62%

NET SALES GROWTH IN FY 2022

7%

ADJUSTED EBITA MARGIN IN FY 2022

232

NUMBER OF EMPLOYEES AT THE END OF FY 2022



HIGHLIGHTS 2022

12 MAY 2022

Duell acquired the entire share capital of the Finnish company PowerFactory Nordic Oy Ab. PowerFactory is a leading importer and wholesaler of bicycle spare parts and accessories.

26 AUGUST 2022

The Board of Directors agreed to establish a People and Remuneration committee.

2 MAY 2022

Duell introduced its house brand collection AMOQ MX for motocross garments. AMOQ also has a collection for the snow segment.

12 APRIL 2022

Duell entered into a significant distribution agreement with Just1, a well-known motocross equipment brand. Duell became the exclusive distributor of Just1 products in the Nordic countries and in several other European countries.

23 FEBRUARY 2022

Duell acquired Techno Motor Veghel BV (currently Duell TMV BV), a Dutch distributor of motocross and offroad products, enabling expansion into the motocross market, especially in the Benelux region, and in the rest of Europe.

1 DECEMBER 2021

Duell entered into a significant distribution agreement with Michelin, one of the world's leading tire manufacturers, which includes Michelin's motorcycle and scooter tires into Duell's import assortment in Finland, Sweden and Denmark.

24 NOVEMBER 2021

Duell's shares were listed on NASDAQ First North Growth Market Finland (DUELL).

13 NOVEMBER 2021

Duell announced plans to prepare for an initial public offering and listing on NASDAQ First North Growth Market Finland.





HIGHLIGHTS 2022: CUSTOMERS, PRODUCTS & BRANDS

CUSTOMERS

Duell had approximately 8,500 active customers in total, including around 4,500 dealers in the Nordics and approximately 4,000 dealers in the rest of Europe. Duell's customer base is diverse and highly fragmented, with customers comprising offline dealers such as retail shops, specialty shops, repair shops, and powersport manufacturers representing 75 percent of the customer base, while the share of online dealers is 25 percent. Duell sells only business-to-business.

Duell provides dealers with a broad and relevant product offering at competitive prices with a one-stop-shop approach, an efficient electronic ordering process and stock availability, and strategically placed warehouses that enable fast and reliable deliveries. Duell offers its products across all its sales channels and believes that, while traditional offline dealers currently provide a stable base for sales, online dealers are growing faster. Duell logistics processes

are developed to serve selected online customers with dropshipping. This allows online dealers to take orders from their own customers without having an own inventory themselves.

Duell provides business-to-business online stores and system integrations that enable cross-docking, drop-shipping, automated processes and orders, and the ability to check stock availability in real-time. It is continuously improving its PIM platform to increase the overall transparency and coverage of product information that adds value to dealers by, among other things, showing the compatibility of spare parts.

PRODUCTS AND BRANDS

Duell promotes safer ways to ride, and the company makes sustainable choices when developing its product portfolio and offering, to be able to provide the industry with top-quality safety products. As a distributor, Duell operates between brand owners and dealers by sourcing

from brand owners' collections and distributing them to dealers, who then sell the products to end customers. Duell also offers products that it procures directly from manufacturers and sells under its own brands to complement its offering. Duell can offer its portfolio of 500 brands comprising approximately 150,000 SKUs to dealers, from which two-thirds are technical spare parts and accessories, and one-third personal equipment. The share of third-party products sales is some 80 percent. The number of brands represented by Duell increased from 290 to some 500 in 2022, mainly as a result of acquisitions.

Duell has over 20 high-quality house brands under own labels, which are available in all markets. All house brands offer a wide range of products for each of our product categories: motorcycle, bicycle accessories and spare parts, as well as water sports, marine accessories, and snowmobile accessories and spare parts. The share of own brands sales is some 20 percent.

Duell has more than 600 different suppliers that are geographically spread around the world, and Duell's own brand products are manufactured by third-party suppliers mainly located in Asia. This diversified approach to sourcing allows Duell to cover the full portfolio of brands and products that its customers seek, while retaining control over its relationships with suppliers and optimising its sourcing across multiple countries. In addition to its primary suppliers, Duell strives to keep optional suppliers in place for its critical product categories to ensure smooth supply in case of any disruptions.

In terms of third-party brands, by using major, known suppliers, Duell benefits from the suppliers' existing requirements regarding quality control, sustainability, working conditions and anti-corruption.

8,500

ACTIVE DEALERS

4,500

DEALERS IN NORDICS

4,000

DEALERS IN EUROPE

500

HIGH QUALITY BRANDS

>20

HIGH QUALITY HOUSE BRANDS

>600

SUPPLIERS AROUND THE WORLD





HIGHLIGHTS 2022: M&A

Duell accomplished two acquisitions during financial year 2022: the Dutch Techno Motor Veghel BV (TMV) in February and Finnish PowerFactory Nordic Oy Ab (PowerFactory) in May. TMV has a strong foothold in the motorcycle and especially motocross segment in Benelux and PowerFactory is a leading importer and wholesaler of bicycle spare parts and accessories.

TMV is a distributor of motocross and offroad products. The acquisition enables Duell to expand into the motocross market, especially in the Benelux region, but also in the rest of Europe. This significantly grows new brands in Duell's product portfolio. It also opens access to 600 dealers. TMV was founded in 1977. The company had seven employees at the time of acquisition. The purchase price was not published.

PowerFactory's acquisition enables Duell to access to the Nordic bicycle parts and accessories market and

offers new growth potential in the European bicycle segment. The arrangement also complemented the offering of other categories with new brands. The majority of net sales come from the Finnish market, but the company has also significantly increased sales to the Swedish market in recent years. PowerFactory, founded in 1964, had net sales of EUR 15.1 million and EBITDA of EUR 1.4 million in 2021. Its product portfolio includes 12,000 SKUs, which it offers to approximately 2,000 customers in Finland and Sweden. The company had in total 40 employees at the time of acquisition. The purchase price of the shares is EUR 9.17 million and this was carried out as a cash transaction.

Duell has made in total four acquisitions since June 2021. In addition to the TMV and PowerFactory transactions were the IGM acquisition in the Netherlands (including Grand Canyon GmbH in Germany) in June 2021 and TecnoGlobe in France in August 2021.



MARKET DEVELOPMENT

Duell is a leading powersports aftermarket wholesaler and distributor in the Nordics with a rapidly growing presence in the rest of Europe. Duell's main market has grown steadily and, the growth is expected to continue in the following years.

Duell operates in the European Powersports Aftermarket within the onroad motorcycle, offroad motorcycle, bicycle, ATV, snowmobile and marine segments. However, Duell determines its main addressable market as the onroad motorcycle and offroad motorcycle components market segments in Europe.

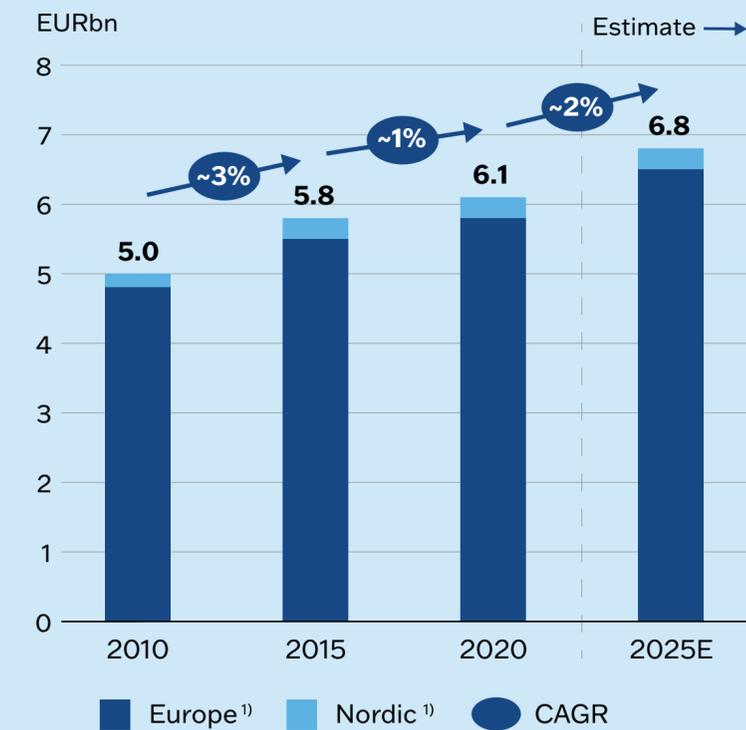
Duell's main addressable market was estimated to be worth approximately EUR 6.1 billion in 2019. It was estimated that in 2019, Duell's main addressable market in the Nordics amounted to approximately EUR 0.3 billion, and the corresponding for the rest of Europe amounted to approximately EUR 5.8 billion. In 2019, the addressable market for onroad motorcycle and offroad motorcycle components market segments in Europe amounted to approximately EUR 5.2 billion and EUR 0.9 billion, respectively.

Between 2019 and 2025, Duell's main addressable market is estimated to grow at a compound annual growth rate ("CAGR") of approximately 2 percent. Between 2010 and 2019, the onroad motorcycle

and offroad motorcycle market segments grew at a CAGR of approximately 2.3 percent and 0.9 percent, respectively, with no significant differences in market growth between the Nordics and the rest of Europe.

The markets for onroad motorcycles and offroad motorcycles have historically been resilient to economic downturns. The low cyclical nature of Duell's addressable market is primarily based on a large European fleet of motorcycles and on the replacement demand for spare parts and personal equipment, which in many cases are necessities for the end customer. The onroad motorcycle market segment is Duell's largest market in both the Nordics and in the rest of Europe. The onroad motorcycle market segment in Europe is expected to grow at a CAGR of approximately 2.1 percent between 2019 and 2025.

Development of Duell's addressable market size



Note: 1) Nordic and Rest of Europe includes onroad & offroad MC spare parts and personal equipment market sizes. Source: Third party market study commissioned by Duell in the spring of 2021, informed by multiple sources, including IMF, Market specialist interviews, Eurostat, BMI and Orbis.

DUELL TARGET MARKET AND COMPETITION

DUELL'S COMPETITORS ARE DIVIDED INTO THE FOLLOWING THREE CATEGORIES:

- 1** **LARGE INTERNATIONAL DISTRIBUTORS** into which also Duell identifies itself. These include only a handful of companies in Europe that typically have strongholds in a selection of geographical markets, while also conducting market expansion and scaling of distribution reach.
- 2** **LARGE REGIONAL DISTRIBUTORS** have focused on a few selected markets where they have gained a significant position.
- 3** **SMALL LOCAL DISTRIBUTORS** include competitors with a relevant foothold in one country or a part of a country, often with less market power and a smaller brand portfolio.



MARKET TRENDS AND DRIVERS



MOTORCYCLE FLEET AND RIDER BASE

Between 2019 and 2025, the rider base for onroad motorcycles is estimated to continue growing at a CAGR of approximately 1.5 percent, whereas the offroad motorcycle rider base is expected to remain relatively constant.¹



INCREASING AVERAGE SPEND PER DRIVER

Both onroad motorcycle and offroad motorcycle spends per rider are expected to continue to grow at a CAGR of approximately 1 percent between 2019 and 2025.²



ELECTRIFICATION

Environmental pressures and product innovation are driving an increase in the availability of electric powersports vehicles. Interest in the electric vehicle ("EV") market is promoted by the low noise levels and zero emissions that EVs offer, improving usability in urban areas. Furthermore, tightening emission regulations are expected to push electrification across mobility segments.



STRUCTURAL ONLINE MIGRATION

The online market for onroad motorcycle and offroad motorcycle spare parts and personal equipment in Europe is expected to grow from approximately EUR 1.0 billion in 2019 (corresponding to an online share of approximately 17 percent of the entire market), to approximately EUR 2.1 billion (corresponding to an online share of approximately 30 percent of the entire market) in 2025 (the figures for online market share have been estimated from comparisons to online market share forecast in a similar fit industry).²



INCREASING ROLE OF LARGE DISTRIBUTORS

Duell believes that, between 2019 and 2025, the role of large distributors will increase mainly due to the scale benefits that they offer to both brands and dealers. Distributor scale enables broader dealer reach, consistent ordering, cost of sales reduction, branding and marketing support and better supplier financing, which Duell believes are key distributor selection criteria for brands. On the other hand, dealers benefit from broader brand reach, one-stop-shop simplicity, flexibility in payment terms, efficient ordering processes and local customer experiences. It is estimated that the market share of large distributors will experience above-market growth between 2019 and 2025.³

¹ Source: BMI, a forecast concerning Onroad-motorcycles based on the country specific growth rate of the number of motorcycles.

² Source: Third-party market study commissioned by Duell in the spring of 2021, Euromonitor.

³ Source: Third-party market study commissioned by Duell in the spring of 2021, mostly at the expense of smaller distributors as the market consolidates.

OUTLOOK, GROWTH STRATEGY AND FINANCIAL TARGETS

OUTLOOK FOR FY 2023

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 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 31 August 2023. Organic net sales growth is calculated excluding the impact of acquisitions and divestments.

GROWTH STRATEGY

Organic growth and M&A's in new geographical markets

- Capturing market share by attracting new customers and growing share of the market.
- Expanding into new markets and product categories. Increasing country-specific product offerings.
- Mergers and acquisitions: Duell has identified over 20 potential targets.
- In larger scale M&A's, Duell may consider a combination of debt and equity financing.

Partner for building online sales

- Duell believes that it is a trustworthy partner for online dealers in the growing online business-to-consumer market, as it can provide fast and accurate order processing, a one-stop-shop approach in product sourcing, extensive available information on over 150,000 SKUs, dynamic and flexible deliveries, pick-up points and, drop-shipping availability, enabled by system integrations.
- Duell also provides business-to-business online stores and system integrations that enable cross-docking, drop-shipping, automated processes and orders, as well as the ability to check stock availability in real-time.
- Duell also aims to effectively support traditional offline customers in making the shift towards the online dealer space, in addition to providing local services and knowledge of the market in their local language.

Brand portfolio development

- Duell continues to focus on including more brands in its product portfolio
- Duell continues to attract the best brand suppliers by offering a strong value proposition
- In addition to the best brands, Duell distributes top and transitional brands that have the potential to be converted into own brands when certain volume requirements are met and Duell finds a suitable supplier that generally has higher margins than third-party brands.
- Duell will consider acquiring own brands, of which Duell would own the intellectual property over product design.

FINANCIAL TARGETS (3-5 YEARS)

DUELL'S MEDIUM-TERM FINANCIAL TARGETS CAN BE LISTED AS FOLLOWS:

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%.

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).

Note: Growth target has been updated. Previous growth target: 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.

Dividend policy: annually growing the dividend, which on an annual basis is at least 30 percent of reported net profit.



GEOGRAPHICAL GROWTH, ONLINE SALES AND BRAND PORTFOLIO DEVELOPMENT

GEOGRAPHICAL GROWTH

Growth targets:

- Growth share of wallet of existing customers with cross-selling and expanded product offerings
- Acquire new customers
- M&A

To support geographical growth, Duell accomplished two acquisitions during the financial year 2022: TMV in the Netherlands in February and PowerFactory in Finland in May. TMV opens motorcycle and especially the motocross segment in Benelux with 600 dealer customers, and PowerFactory opens the bicycle spare parts and accessories market in the Nordics with 2,000 dealer customers. Duell also increased its sales representatives in several European countries such as Spain and Benelux.

PARTNER FOR ONLINE SALES

- Strengthen Duell's capabilities to serve online sales of both brands and dealers

Duell has been building a new web shop service for customers which is planned to be in use in early 2023. The service provides a modern platform with great and optimised functionalities for the customers.

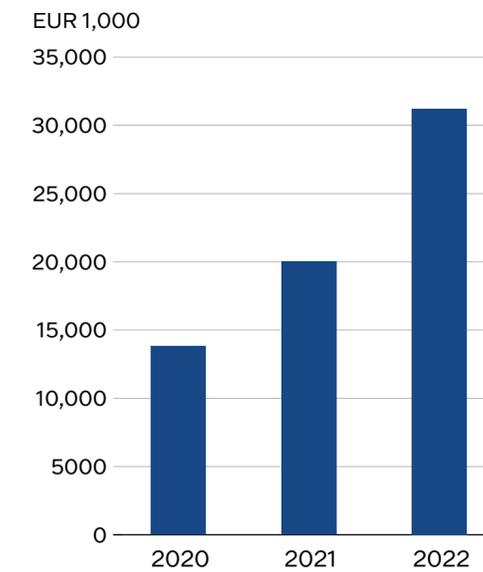
DEVELOPMENT OF BRAND PORTFOLIO

- Own brands and private label commercialisation
- Addition of new third-party brands

Duell can offer its dealers a brand portfolio of 500 brands, consisting of approximately 150,000 SKUs of which two-thirds are technical spare parts and one-third personal equipment. The share of third-party products sales is some 80 percent, and own brands 20 percent. Duell has over 20 house brands under own labels, which are available in all markets. The number of brands represented by Duell increased from 290 to 500 in 2022, mainly because of acquisitions. PowerFactory's acquisition increased the number of product items by 12,000 products.

In December 2021, Duell entered into a significant distribution agreement with Michelin, one of the world's leading tire manufacturers. This adds Michelin's motorcycle and scooter products into Duell's assortment in Finland, Sweden and Denmark. In April another significant distribution agreement was signed with Just1, a well-known motocross equipment brand. Duell will be the exclusive distributor of Just1 products in the Nordic countries and in several other European countries. In May, Duell introduced its house brand collection AMOQ MX for motocross garments. AMOQ also has its own collection for the snow segment.

Online sales development



DUELL AS AN INVESTMENT CASE

1 **DUELL IS WELL-POSITIONED TO GROW ORGANICALLY AND THROUGH M&A**

2 **MARKET LEADING POSITION IN THE NORDICS WITH A RAPIDLY GROWING PRESENCE IN THE REST OF EUROPE**

3 **BROAD PORTFOLIO OF RENOWNED BRANDS**

4 **STRONG VALUE PROPOSITION TO BRANDS AND DEALERS**

5 **DUELL HAS A STRONG AND STABLE POSITION IN KEY SALES CHANNELS**

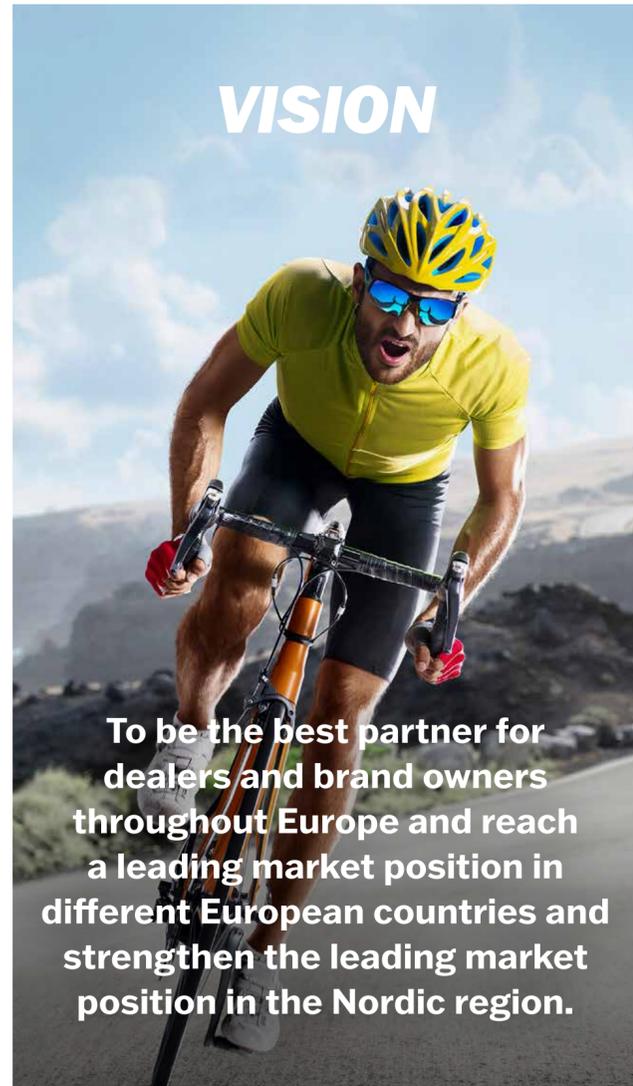
6 **DUELL HAS CONTROL OVER CRITICAL PARTS OF THE VALUE CHAIN**

7 **TRACK-RECORD OF STRONG ORGANIC GROWTH, M&A AND PROFITABILITY**

8 **SKILLED, EXPERIENCED AND PASSIONATE MANAGEMENT TEAM AND PERSONNEL**

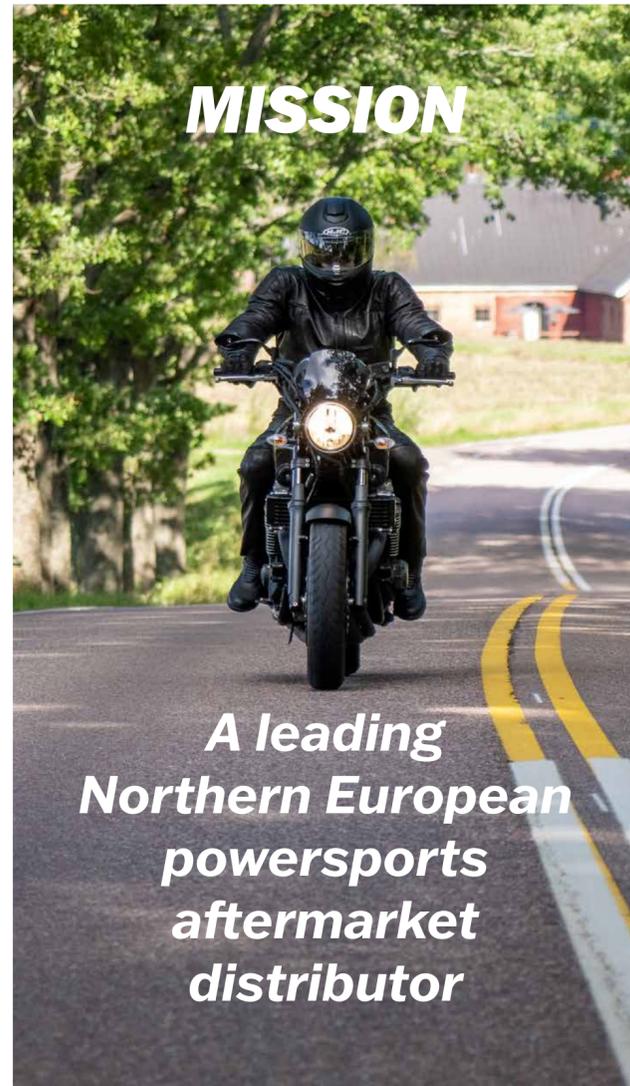
DUELL'S VISION, MISSION AND VALUES

VISION



To be the best partner for dealers and brand owners throughout Europe and reach a leading market position in different European countries and strengthen the leading market position in the Nordic region.

MISSION



A leading Northern European powersports aftermarket distributor

VALUES



Duell's goal is to distribute the world's best known quality powersport brands at competitive prices and in a timely manner.

This is provided by skilled and committed personnel, based on commonly shared values:

- Passion
- Boldness
- Trust
- Commitment to Customers
- Easy-going



INTRODUCTION TO DUELL'S SUSTAINABILITY APPROACH

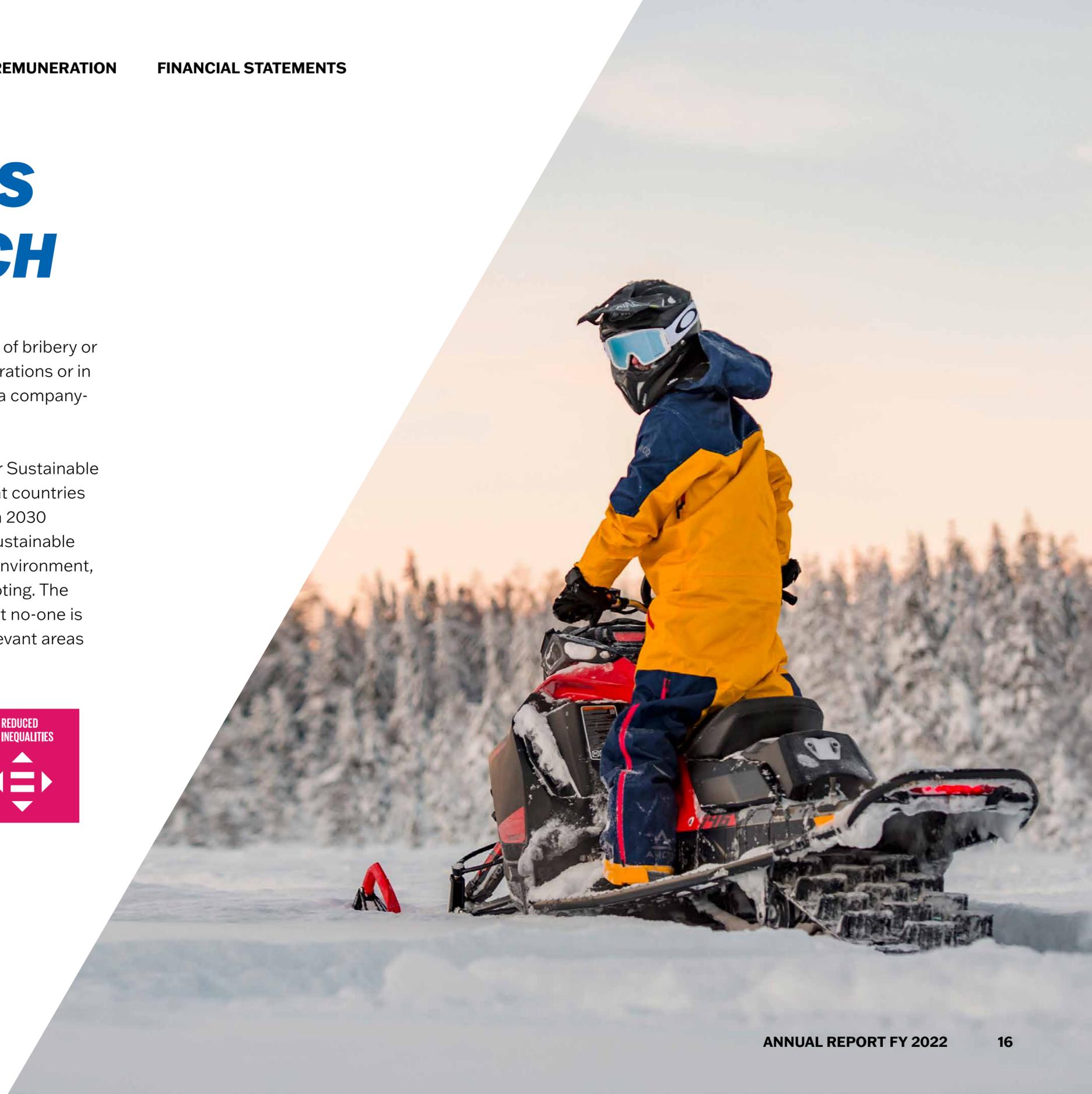
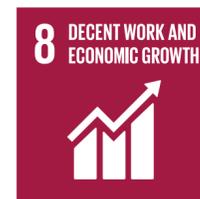
In its decision making, corporate governance and sustainability practices, Duell complies with applicable Finnish legislation and its articles of association. Duell follows the Nasdaq First North Growth Market Rulebook. Duell is not obliged to comply with the Finnish Corporate Governance Code 2020, issued by the Finnish Securities Market Association ("Corporate Governance Code"). However, Duell aims to align its corporate governance practices in-line with the Corporate Governance Code, excluding the reporting obligations included therein. Duell also aims to develop its Environment, Social and Governance -related targets, measures, policies, and reporting in-line with the expected EU legislation. Most of the development work is expected to take place between the fiscal years 2023–2024.

Agenda 2030 for sustainable development

Responsibility is an important part of Duell's company values and operations. Duell's sustainability is based on the United Nations Agenda for Sustainable Development (Agenda 2030), from which the most important areas have been selected for operations and partners. Duell is committed to respect human rights and ensures they are respected throughout our operations. The operations are conducted in an

ethical and honest manner, and any form of bribery or corruption is not accepted in its own operations or in partners operations. Duell will introduce a company-level Code of Conduct in 2023.

The United Nations Program of Action for Sustainable Development includes 17 global goals that countries should achieve together by 2030. Agenda 2030 aims to eradicate extreme poverty and sustainable development, with consideration to the environment, the economy, and people on an equal footing. The underlying principle of the program is that no-one is left behind in development. The most relevant areas for Duell include:



ENVIRONMENT

Logistics

Logistics are essential to Duell’s business and Duell can deliver more than 95 percent of its products within 24 hours. Duell is committed to offering its customers the right product at the right time and to the right place. Duell uses external logistics service providers to execute its deliveries to its customers. Duell has agreed to start co-operation with an external partner during the financial year 2023, who will collect outbound logistics statistics from all of Duell’s logistics centres and from logistics companies to be able to optimise and minimise transports and lower emissions.

Duell’s logistics model aims to reduce the environmental impact of the sector by decreasing individual shipments to dealers by combining shipments of products from several brands. According to Duell’s estimates, by combining the shipments of several brands, it can decrease the number of shipments by 10–15 percent compared to direct sales from brands.

In addition, Duell has a localised warehouse strategy that enables shorter delivery distances and Duell estimates, that during the past three years it has increased the amount of package sizes it offers by over 50 percent, which has reduced Duell’s use of packaging materials.

Duell has prepared the implementation of a new Warehouse Management System (“WMS”) that is expected to further improve the efficiency of Duell’s warehouse management, hasten product deliveries, and strengthen Duell’s scalable operations. The new system will be introduced in Finland in late 2022 and in Sweden during the latter part of 2023. The evaluation phase to implement the system in France is ongoing. In the Netherlands, the system is already in use.

Optimisation supports sustainable development. For example, post-deliveries are combined and sent with daily orders. The aim is to combine intercontinental deliveries and always deliver full containers. The warehouses are local and distributed close to the customer. The optimisation and purchasing system helps us to act more responsibly in terms of orders and product deliveries, as well as warehousing by optimising the quantity and storage of products in the right place and at the right time. Extra travel is avoided and, the remote meeting policy is enabled with technologies. Duell offers the dealers a dropship solution, which means that products are delivered directly to the end customers. This allows us to avoid unnecessary packaging and transportation.

Duell focuses on sustainability when it comes to packaging, so that boxes and packages are the ideal size, with only necessary amount of packaging material are used. Plastic is also minimised in

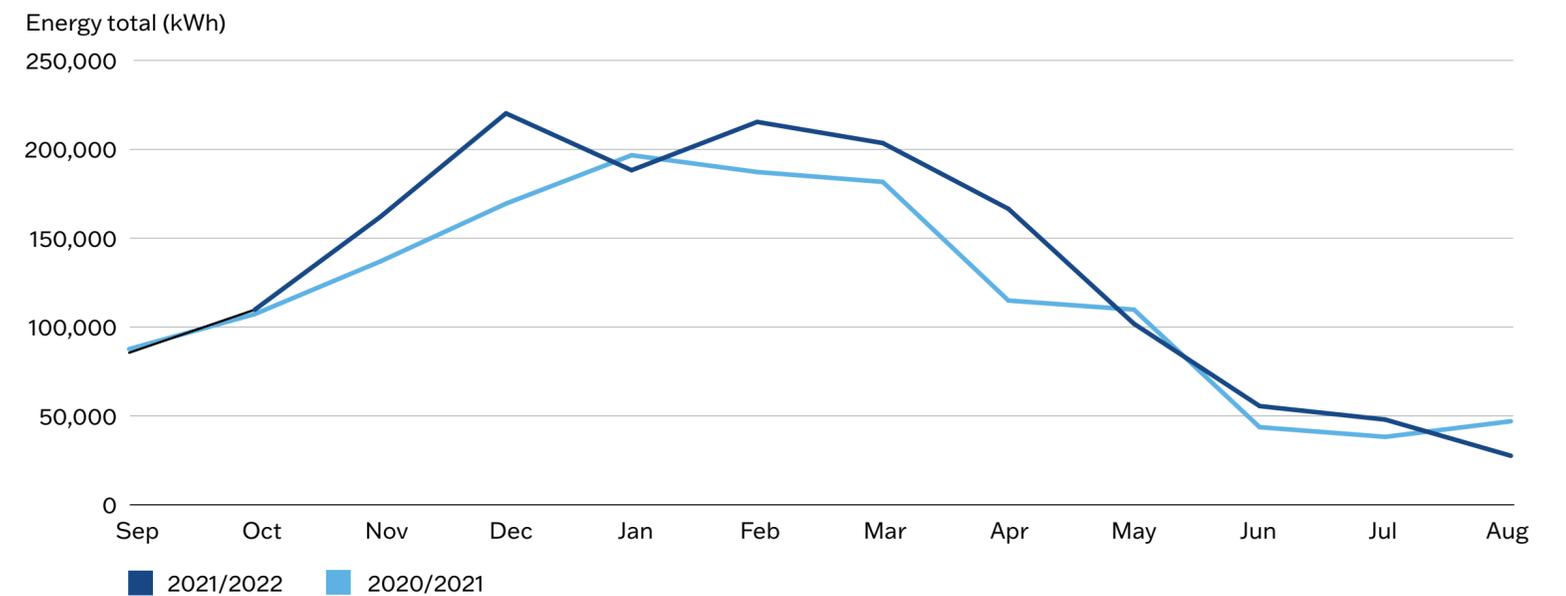
packing lines. Boxes and packaging materials are re-used whenever possible. Duell has also taken the decision to reduce number of printed materials and the use of papers, and will cease production of printed product catalogues in the financial year 2023 and move to digital formats. The impact of this measure is estimated to reduce printed materials by approximately 40% annually.

Energy consumption in Finland and Sweden

Duell prefers to use renewable energy. In Mustasaari, Finland, our local energy company provider uses 100

percent renewable energy and certification has been provided to guarantee the energy source. The origin is Europe-based and its sources include hydro, wind, solar, bio and geothermal energy. Also, in Tranås, Sweden, the local energy company provider uses 100 percent renewable energy from hydro, wind, biofuel, and solar as sources. Duell will work further for other company locations to prefer the use of renewable energy. Duell will emphasize its preference among all its group companies to use renewable energy.

Energy consumption – Finland (Mustasaari & Kivihaka) and Sweden (Tranås)



SOCIAL

Organisation and Personnel

Employees are Duell's most important asset. Duell wants to take care of the health and well-being of the employees and guarantee a safe working environment for all. The stable foundation and long history of the company enables long-term working relationships. Duell actively offers for opportunities and diverse benefits for the development of staff. Comprehensive occupational health services (in Finland), a competitive bonus system, and an exercise benefit are valued in the work community.

Duell's objective is to maintain an open and positive work culture, where the employee is valued and listened to. Equality means equal treatment and opportunities regardless of gender, background, or any other non-professional reason. The company adheres to equality in the work community and wants to promote equality at the societal level as well. Duell has information sharing sessions for all employees, utilising collaboration tools. During the sessions, company management shares information regarding important topics, for example business development, gives updates on key projects and personnel-related topics, followed by a questions and answers section.

On 31 August 2022, Duell had a total of 232 employees, of which 78 percent were based in the Nordics and 22 percent in the rest of Europe.

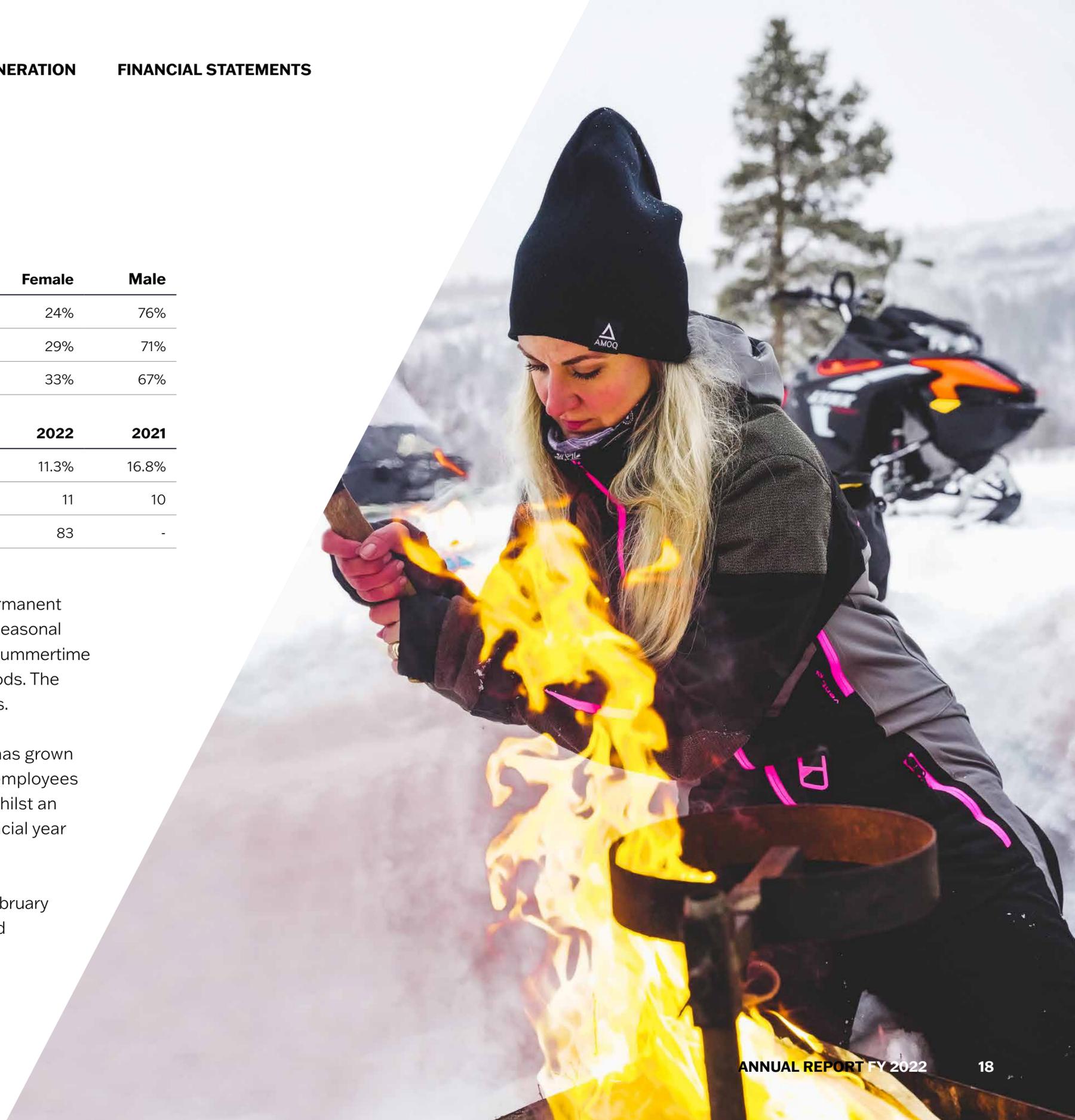
Statistics of Duell's personnel

Gender division, %	Female	Male
Duell employees	24%	76%
Management Team (7)	29%	71%
Board of Directors (6)	33%	67%
Other personnel key indicators	2022	2021
Retentions rates of Duell's personnel	11.3%	16.8%
Sick leaves, days (2021 only Duell Finland)	11	10
Training, average per employee, EUR	83	-

The Group's personnel primarily work under permanent employment contracts. Additionally, Duell has seasonal workforce in logistics during the high season at summertime cover for the ordinary staff during vacation periods. The company also provides traineeships to students.

In recent years, Duell's number of employees has grown steadily. Duell had an average of 193 full-time employees for the financial year ending August 31, 2022, whilst an average of 112 full-time employees for the financial year ending 31 August 2021.

The acquisitions of TMV in the Netherlands in February 2022 and the PowerFactory acquisition in Finland in May 2022 increased the headcount of Duell by 47 employees.



**People and Remuneration Committee**

Duell's Board of Directors established the People and Remuneration Committee in August 2022 and started its work in September 2022. The committee's mission is to enable and ensure Duell's success in terms of remuneration, personnel and corporate culture, and to support the Board's work on these themes. It shall evaluate, monitor and guide the development of people and remuneration issues which are vital for company's strategy execution.

Several measures were taken to support the company's growth strategy and internationalisation through the development of the personnel and organisation. The Management Team and the specialist teams have been strengthened during the last 18 months. New skills and experience were recruited to secure the needed competencies for developing and implementing Duell's three strategic cornerstones: expansion to new markets, product portfolio development and support for online sales.

Duell launched an employee satisfaction survey in August 2022 for the entire company. In total, 73 percent of employees answered the survey, and the total average score was 78/100. The employee net promoter score, based on the survey, was 18. The survey will be conducted regularly on an annual basis to develop the operations and well-being within the company. The main results are on the right. Based

on the employee survey's results, Duell will focus on developing the following areas: competence development and opportunities to advance in the company, supervisors to set clear goals, wellbeing of employees, and business process development. The most positive results were related to working culture and good relationships with colleagues, and employees being treated equally and fairly by their employer.

Anti-corruption

Duell has an approved whistleblowing policy for reporting an abuse. The whistleblowing policy is adopted to ensure high standards of corporate governance and maintaining customer and public confidence in our business. It supports Duell's stakeholders, such as employees, customers, suppliers, and partners, to report deviations or violations of, for example, laws, regulations, or good business practices.

Whistleblowing policy is part of induction process and mandatory for all new employees. During financial year 2022, the company provided internal training about Duell Group corporate governance to employees. Duell Group corporate governance related policies, standards and guidelines are published in Duell's Intranet to all employees. Whistleblowing policy has been approved and the technical application (for the reporting channel) will be taken in use during financial year 2023 according to plan.

ME AND THE COMPANY

Question	Average	Standard deviation
I enjoy coming to work	80.7	20.0
I have opportunities to influence my work	75.3	20.7
I have good quality tools for my work	72.1	23.8
I have good conditions to do my work	80.4	17.7
My workload is reasonable	69.8	22.3
I feel that I am important to the company	70.0	25.1
I have opportunities to advance in my career within the company	61.2	23.8
I want to work here for a long time	75.7	23.8
Total: (Disagree - Agree) (0-100)	73.2	23.0

THE COMPANY AS A WORKPLACE

Question	Average	Standard deviation
Employees treat each other in a fair way	81.8	20.1
Employees are treated equally regardless of age, gender, ethnicity or sexual orientation	85.9	17.8
Possible conflicting situations between employees are handled and closed properly	76.8	22.9
Employees' well-being is taken care of in a sufficient way	70.5	25.0
We have a good and energetic mood and motivation at work	78.8	20.1
We have a kind atmosphere	81.7	19.4
Total: (Disagree - Agree) (0-100)	79.2	21.5



GOVERNANCE

Value Chain

As a distributor, Duell operates between brand owners and dealers by sourcing from brand owners' collections and distributing them to dealers that sell the products to end customers that are mostly consumers. Duell also offers products that it procures directly from manufacturers and sells under its own brands to complement its offering.

Duell believes that the most important way to bring value to both directions of the value chain, the brand owners and the customers, is through economies of scale and quality service to both brand owners and customers. Economies of scale are enabled by Duell's warehousing capabilities and efficient logistics operations, which allow extensive stockkeeping for brands. This simultaneously ensures the availability of products from many brands, enabling a one-stop-shop approach towards dealers. Duell has a broad portfolio of 500 brands and approximately 150,000 product items it can offer its 8,500 dealers.

Customers

Striving towards more responsible solutions, Duell actively develops customer service processes to serve customers as thoroughly and efficiently as possible. Duell's goal is to establish the longest possible relationships with both suppliers and business-to-business customers. Product safety and product information are an integral part of our operations. The product managers, employees responsible for products, are professionals in their field and always have up-to-date information regarding products and product safety. Brand owners provide product training for Duell's product managers, related to product safety and related requirements. Duell has 8,500 business-to-business customers around Europe. Duell is planning to launch a customer satisfaction survey in 2023.

Development of product portfolio

Duell promotes safer ways to ride and the company makes sustainable choices when developing its product portfolio and offering, to be able to provide the industry with top-quality safety products. Warranty issues are carefully handled and immediate actions are taken regarding possible product recalls.

Purchasing and Quality Control

Duell has more than 600 suppliers that are geographically diversified around the world. Duell's own brand products are manufactured by third-party suppliers mainly located in Asia. This diversified approach to sourcing allows Duell to cover the full portfolio of brands and products that its customers demand, while retaining control over its relationships with suppliers and optimising its sourcing across multiple countries. In addition to its primary suppliers, Duell strives to manage its relations with optional suppliers to ensure supply in case of any disruptions.





In terms of third-party brands, by using major known suppliers, Duell benefits from the suppliers' existing requirements regarding quality control, sustainability, working conditions and anti-corruption. For Duell's own brand products, such as garments for motorcycling, the responsibility for product quality and safety and product approval processes lies with Duell. For example, some of Duell's products are subject to European safety regulations and as such must be CE-certified. These products are tested by responsible authorities.

Manufacturers have the sole responsibility for declaring conformity with relevant safety regulations and subsequently identifying their products with a CE marking. Duell also uses third-party service providers to review and test new products. Duell's own brand products are manufactured by trusted third-party suppliers that also manufacture some of the third-party brand products included in Duell's product offering.

Duell aims to ensure that both its suppliers and the products it distributes satisfy certain quality, safety and sustainability requirements. Quality control in purchasing activities is based on the professional skills of Duell's purchasers, as well as the terms and conditions of the supply agreements and the suppliers' references and other customer relationships. Quality control is also based on how suppliers document their activities and products, and whether a supplier is a member of well-known cooperation alliances or organisations for improving ethics and sustainability.

Risk management

Risk management is a systematic activity aimed at ensuring the comprehensive and appropriate identification, assessment, management and control of risks. It is an integral part of the Duell's strategy process, decision-making, day-to-day management and operations and control and reporting procedures in all operating countries. Duell's Management Team reviews and updates the risks based on risk assessments and mitigation actions in various risk areas, which are shared with the Board of Directors.

Duell must comply with laws and regulations enacted at both the national and EU level concerning its operations in relation to matters including health, environment, safety, consumer protection, marketing, general product safety, employment, competition, company law, data protection, international trade and taxation in all countries in which Duell pursues business. For example, sales of certain products that Duell distributes are more affected by regulation than others such as helmets in the clothing market or must-have technical and spare parts that require regular replacements such as tires.



GOVERNANCE AND REMUNERATION

Board of Directors

The tasks and responsibilities of the Board of Directors of the Company are determined on the basis of the Finnish Companies Act as well as other applicable legislation. The Board of Directors of the Company has the general authority to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of the Company's articles of association. The general task of the Board of Directors of the Company is to duly organise Duell's management and operations. In all situations, the Board of Directors of the Company must act in accordance with Duell's best interests.

According to the company's Articles of Association, The Board of Directors of the company has a minimum of four (4) and a maximum of eight (8) members. The term of office of members of the Board of Directors ends at the close of the annual general meeting of shareholders following their election.

The Board of Directors of the Company is quorate when more than one half of its members are present. A decision by the Board of Directors of the Company is the opinion supported by more than one half of the members present at a meeting. In the event of a tie, the Chairman has the casting vote. The Board of Directors of the Company meet according to a predetermined schedule between six and ten times in a year and, when necessary, holds additional meetings. The Board of Directors of Duell Corporation has agreed to establish a People and Remuneration Committee that evaluates and prepares the structure and allocation of the salary and incentives system, as well as performance incentive rules. The Board of Directors of the Company may consider establishing committees in the future in order to function effectively, taking into account the scope and nature of Duell's operations and the operating principles of the Board of Directors.

https://investors.duell.eu/en/corporate_governance/board_of_directors



Kim Ignatius

Born 1956
Chair, 2021-
B.Sc. (Econ.)
Direct ownership 0.04%



Sami Heikkilä

Born 1971
Member, 2018-
M.Sc. (Econ.)
Direct ownership 0.31%



Anu Ora

Born 1973
Member, 2021-
M.Sc. (Econ.)
Member of the People and
Remuneration Committee
Direct ownership 0.04%



Thomas Sandvall

Born 1975
Member, 2018-
Doctor of Philosophy (Econ.)
Direct ownership 0.31%



Anna Hyvönen

Born 1968
Member, 2021-
Licentiate of Science (Tech.)
Chair of the People and
Remuneration Committee
Direct ownership 0.00%



Niko Mokka

Born 1979
Member, 2021-
M.Sc. (Econ.) and M.Sc. (Tech.)
Member of the People and
Remuneration Committee
Direct ownership 0.00%

Management Team

The Board of Directors appoints and dismisses the CEO, decides on the financial benefits and other terms of the employment within the framework of the valid remuneration policy presented at the Annual General Meeting, and supervises the CEO's operations.

The CEO is responsible for managing Duell's operations in accordance with the instructions and regulations issued by the Company's Board of Directors. The CEO is responsible for the day-to-day administration and day-to-day management of the Company in accordance with the Limited Liability Companies Act, and the instructions and regulations issued by the Board of Directors. The company's management team supports the CEO in handling of operational matters.



Jarkko Ämmälä

Born 1971
Chief Executive Officer (since 2017)
Part of the management since 2007
Direct ownership 4.7%



Riitta Niemelä

Born 1981
Chief Financial Officer
Part of the management since 2020
Direct ownership 0.94%



Dennis Nylund

Born 1986
Chief Operating Officer
Part of the management since 2017
Direct ownership 2.8%



Pellervo Hämäläinen

Born 1966
Communications, Marketing and
Investor Relations Manager
Part of the management since 2022
Direct ownership 0.00%



Joakim Vest

Born 1978
Logistics Manager
Part of the management since 2021
Direct ownership 0.02%



Pia Hoseus

Born 1987
HR Manager
Part of the management since 2021
Direct ownership 0.01%



Marko Viita-aho

Born 1985
ICT Manager
Part of the management since 2021
Direct ownership 0.01%

https://investors.duell.eu/en/corporate_governance/board_of_executives

SUMMARY OF REMUNERATION 2022

The summary of remuneration 2022 (1 September 2021–31 August 2022) includes the remuneration of Duell Group’s (“Duell”) governing bodies: Board of Directors and the CEO. The summary of remuneration is an overview of Duell’s current remuneration system and does not yet comply to Duell’s remuneration policy: Duell’s remuneration policy is constructed during the autumn 2022 and is presented for approval to the Annual General Meeting in December 2022. The summary of remuneration does not comply to the full extent to the Corporate Governance Code which is not mandatory for a company listed on First North Growth Market.

BOARD OF DIRECTORS’ REMUNERATION 2022

Principles of the Remuneration of Board of Directors

The remuneration of the Board of Directors is decided by the Annual General Meeting. According to the decisions made in the Annual General Meeting 2021, the remuneration of the Board of Directors consists solely of a fixed monthly fee paid in cash. The members of the Board of Directors are not eligible for any incentive plan or any other variable incentives, nor supplementary pension plans. Board work related travel expenses are reimbursed to the Board members according to the Duell Group travel policy.

Starting from the FN Listing (24 November 2021), the Chair of the Board of Directors receive a monthly remuneration of EUR 4,000 and each member of the Board of Directors receive a monthly remuneration of EUR 2,000. Prior listing, that is until 23 November 2021 Chair of the Board of Directors received a monthly remuneration of EUR 2,500 and each member of the Board of Directors received a monthly remuneration of EUR 1,700.

The holdings of Duell Corporation shares per 31 December 2022 of the Board of Directors are presented in the Annual Report 2022. Additionally, the holdings of the insiders’ group are shared in Duell Group’s investor’s pages <https://investors.duell.eu/>

Board of Directors’ Remuneration 2022

The Board of Directors were paid the following remuneration of their Board work and other tasks during the financial year 2022:

Name	Position	Committee membership	Total Annual Remuneration 2022, EUR	Total Annual Remuneration 2021, EUR
Kim Ignatius	Chair since 24 Nov 2021	-	41,623	500 ²⁾
Sami Heikkilä	Member since 24 Nov 2021 Chair until 23 Nov 2021	-	25,386	30,000
Anna Hyvönen	Member since 24 Nov 2021	People & Remuneration (Chair) ¹⁾	18,455	-
Niko Morkkila	Member since 24 Nov 2021	People & Remuneration ¹⁾	18,455	-
Anu Ora	Member	People & Remuneration ¹⁾	23,168	500 ²⁾
Thomas Sandvall	Member		23,168	20,400
Tom Nylund	Member until 23 Aug 2021		-	19,900
Total			150,255	71,300

¹⁾ People & Remuneration committee was established 26 August 2022 and held its first meeting on 26 September 2022.

²⁾ Member of the Board of Directors since 23 August 2021.

CEO'S REMUNERATION 2022

Principles of the Remuneration of CEO

The Board of Directors determines the remuneration paid and the basic principles of remuneration for the CEO. The remuneration paid to the CEO consists of a monthly salary, fringe benefits and bonus. Additionally, the CEO's total remuneration includes contributions to a supplementary pension plan.

Duell has established an incentive scheme under which the CEO is awarded cash bonuses in addition to fixed salary. The objective of the incentive scheme is to incentivise the CEO to stay engaged and motivate him/her to improve their performance. In addition, the incentive scheme aims to steer the work in a way that supports Duell's growth and competitiveness. Payments under the incentive scheme are discretionary and tied to Duell's profitability. The terms and objectives of the incentive are determined by the Board of Directors.

CEO's Remuneration 2022

In financial year 2022, CEO Jarkko Ämmälä's total paid remuneration amounted to EUR 201,981. The total remuneration includes base salary and benefits, contribution to supplementary pension plan, and a short-term bonus paid on the performance of the financial year 2021 amounting EUR 15,607. Statutory pension contributions are excluded in the total paid remuneration.

The CEO's holdings of Duell Corporation shares per 31 September 2022 are presented in the Annual Report 2022. Additionally, the holdings of the insiders' group are shared in Duell Group's investor's pages <https://investors.duell.eu/>.

The following table sets forth the salaries and fees paid to the CEO for the financial years indicated:

Name	Annual Base Salary, 2022, EUR*	Short-term bonus plan EUR of performance (paid 2022) 2021, EUR	Total Annual Remuneration 2022, EUR	Total Annual Remuneration 2021, EUR
CEO Jarkko Ämmälä	186,374	15,607	201,981	139,000

*Annual base salary including annual base salary and tax value of benefits. For the CEO annual base salary also includes contribution to supplementary pension plan.



REPORT OF BOARD OF DIRECTORS

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 and France. Duell's shares were listed in November 2021 and are traded on the First North Growth Market.

OPERATING ENVIRONMENT

The operating environment was impacted by the continued COVID-19 pandemic and the unexpected war in Ukraine. These two factors have caused uncertainty in the market. The supply challenges caused by the pandemic have eased gradually towards the end of the financial year. However, the war in Ukraine followed by increasing inflation, caused decline in consumer confidence and in the demand from spring 2022 onwards. Market visibility continues to be uncertain due to these conditions.

BUSINESS REVIEW

Duell's shares were listed in November 2021 and this financial period is its first as a listed company. Duell has three key strategic objectives: geographical market expansion, being the partner for supporting online sales and developing its brand portfolio.

Two important acquisitions were carried out as part of the geographical and brand portfolio expansion strategy. The first acquisition was done in The Netherlands where Duell acquired the entire share capital of Duell TMV B.V. (TMV, previously Techno Motor Veghel B.V.). The acquisition of TMV provides a growth platform for motorcycle's motocross market and cross selling potential especially in Benelux. It will also enhance logistics capability for sales to other European countries. In the second acquisition Duell acquired the entire share capital of PowerFactory Nordic Oy Ab (PowerFactory) in Finland. Through the acquisition of PowerFactory Duell enters the market for the bicycling segment in the Nordic countries and strengthens the bicycle category in its portfolio.

Duell made a strategic decision to increase inventory levels due to supply chain challenges caused by COVID-19 pandemic to ensure the availability of products for dealers. However, the delivery delays

and deliveries received after the season have led with higher inventory levels. Therefore, one of the key focus areas for the current financial year is to decrease networking capital by lowering inventory levels.

FINANCIAL RESULT

Net sales increased to EUR 124.0 million from previous years' EUR 76.8 million. The increase was 61.5% including net sales in acquired companies. The organic growth for the financial year was 15.7% and 19.2% for the fourth quarter.

Net sales from the rest of Europe amounted to 38.4% of Duell's net sales, compared to 17.6% in the comparable period. The increase was attributable to two acquisitions done in Netherlands and acquisitions in France and Finland. The proforma net sales of Duell amounted to EUR 102 million, of which the share of rest of Europe for financial year ended August 31, 2021, amounted to 38% of Duell's net sales. The distribution between the European and Nordic markets has remained unchanged due to the significant acquisition in Finland, whilst the organic growth in Europe continued.

Duell's adjusted EBITA increased by 8.5% to EUR 8.7 million (EUR 8.0 million) driven by higher sales volumes. However, adjusted EBITA margin declined to 7.0% (10.5%), impacted by higher logistics costs related to deliveries and by increased personnel and

other operating expenses supporting organic and inorganic growth. Duell's EBITA declined to EUR 6.7 million (EUR 7.7 million). The decrease was attributable to IPO costs of EUR 2.1 million, presented as items affecting comparability.

Share of online sales decreased slightly from previous years' 26.1% to 25.2%. The decrease was attributable to lower share of online sales in the acquired companies. The share of company's own brands sales remained the same at 20.7%. Duell's goal is to increase the share of own brands to 25% in 2025. Brand portfolio increased both organically and through acquisitions from 290 to almost 500 brands. The assortment currently includes some 150,000 items.

BALANCE SHEET, FINANCING AND INVESTMENTS

Duell's consolidated balance sheet on August 31, 2022 was total of EUR 95.5 million (EUR 69.1 million). The amount of consolidated goodwill in the balance sheet was EUR 16.4 million (EUR 13.5 million). The most significant balance sheet changes compared to the comparison period were the increased net working capital by EUR 24.0 million, increased net debt by EUR 5.9 million and increased goodwill by EUR 2.9 million. The increase was driven by organic growth, acquisitions and increase of inventory.

KEY FIGURES

EUR 1,000	FY 2022 (Sep 2021–Aug 2022)	FY 2021 (Sep 2020–Aug 2021)
Net sales	123,991	76,756
Net sales growth, %	61.5	29.1
Constant currency net sales growth, %	61.9	26.7
Organic net sales growth, %	15.7	24.1
EBITDA	7,383	8,322
EBITDA margin, %	6.0	10.8
Items affecting comparability, EBITDA*	2,074	333
Adjusted EBITDA	9,457	8,655
Adjusted EBITDA margin, %	7.6	11.3
EBITA	6,652	7,711
EBITA margin, %	5.4	10.0
Adjusted EBITA	8,726	8,044
Adjusted EBITA margin, %	7.0	10.5
Operating profit	4,904	7,282
Operating profit margin, %	4.0	9.5
Adjusted operating profit	6,978	7,615
Adjusted operating profit margin, %	5.6	9.9
Earnings per share, basic, EUR	0.08	n/a
Earnings per share, diluted, EUR	0.08	n/a
Number of outstanding shares at the end of the period, basic	25,454,574	n/a
Number of outstanding shares at the end of the period, diluted	25,454,574	n/a
Weighted average number of shares, basic	25,454,574	n/a
Weighted average number of shares, diluted	25,454,574	n/a
Investments in tangible and intangible assets excluding acquisitions	915	398
Net debt	44,571	38,683
Net working capital	57,718	33,744
Operating free cash flows	-1,818	2,329

*Items affecting comparability: IPO costs EUR 2,074 thousand in September 2021–August 2022 (IPO costs EUR 292 thousand and M&A costs EUR 41 thousand in September 2020–August 2021).

OPERATIONAL KEY FIGURES

EUR 1,000	FY 2022 (Sep 2021–Aug 2022)	FY 2021 (Sep 2020–Aug 2021)
Number of brands	496	291
Share of own brand sales, % of total	20.7	20.7
Share of online sales, % of total	25.2	26.1
Equity ratio, %	33.4	15.2
Full-time equivalent employees, average*	193	112

*Includes seasonal workforce.

Duell's cash and cash equivalents amounted to EUR 4.1 million and total interest-bearing liabilities amounted to EUR 48.6 million on 31 August 2022. Equity ratio was 33.4% (15.2%) on 31 August 2022, and the Group's return on equity was 9.1% (37.8%). The equity ratio increased by the share issue done in the IPO, which, accordingly, reduced return on equity due to significant IPO costs.

Duell's net cash flow from operating activities in the full year 2022 was negative EUR 6.5 million (EUR 0.1 million), a decrease of EUR 6.6 million. The decrease in net cash flow from operating activities was primarily attributable to growth in inventory. Net cash flow from financing activities in the full year 2022 was EUR 20.9 million (11.5 EUR million), a change of EUR 9.4 million. The increase in net cash flow from financing activities was primarily attributable to the share issue, the financing of acquisitions as well as the usage of revolving credit facility (RCF). Correspondingly, the final repayment of long-term convertible loans and the final repayment of Tecno Globe's and PowerFactory

Nordic's loans to financial institutions had a reducing effect on the change.

Duell's net debt was EUR 44.6 million on August 31, 2022 (EUR 38.7 million). Duell's net debt to adjusted EBITDA ratio for the last 12 months was 4,7 on August 31, 2022 (4,5).

Duell's net cash flow used in investing activities in 2022 was EUR 12,5 million (EUR 15,9 million) a decrease of EUR 3,4 million. The investments were primarily attributable to the TMV and PowerFactory acquisitions. Duell continued to have low capital expenditure for maintenance.

SHARES AND SHAREHOLDERS

In November 2021, Duell announced that it intends to launch an initial public offering and is listing shares on Nasdaq Helsinki First North Growth Market Finland. Demand in Duell's public offering was very strong from Finnish and international investors and it was oversubscribed multiple times. The listing consisted of a share issue, and the company raised gross proceeds of approximately EUR 20 million. The total number of issued and outstanding shares in the company increased to 25,454,574. The final subscription price in the institutional and public offering was EUR 5.16 per share, resulting in a market value for the company of approximately EUR 131 million immediately after the IPO.

Trading in Duell's shares commenced on the First North Growth Market Finland marketplace maintained by Nasdaq Helsinki Ltd on November 24, 2021. Duell's trading symbol is DUELL. Duell's industry classification is Automobiles and Parts.

At the end of the review period, the company's fully paid-up share capital, as recorded in the Trade Register, amounted to EUR 80,000 and the number of shares totalled 25,454,574.

The closing price of the share on the first day of trading, November 24, 2021, was EUR 6.06. On the last trading day of the financial period, August 31, 2022, the closing price of the share was EUR 2.25. The highest price quoted in the financial period was

EUR 8.49 and the lowest EUR 2.25. The average closing price of the share during the financial period was EUR 5.25 and the average daily trading volume was 106,031 shares. Duell's market capitalisation on August 31, 2022, was EUR 57,272,792.

Duell had 2,679 shareholders on August 31, 2022. The company's 100 largest shareholders are presented on the company's investor website at <https://investors.duell.eu>.

BOARD'S AUTHORISATIONS

The Board has a valid authorisation for a paid directed share issue. According to the authorisation a maximum of 4,500,000 new shares of the company may be issued, deviating from the shareholders' pre-emptive right, if there is a compelling reason for this. This authorisation is valid until 31 December 2022. The amount of unutilised shares under this authorisation is 607,951 at 31 August 2022.

The board has a valid authorisation for a directed share issue. According to the authorisation, a maximum of 3,000,000 new company shares may be issued, however, no more than 10 percent of the company's number of shares after the listing, deviating from the shareholders' pre-emptive right, if there is a compelling reason for this. The board has the right to decide on the other conditions for the share issue. The authorization is valid until 31 December 2022. This authorisation has not been used by the Board by 31 August 2022.

TEN LARGEST SHAREHOLDERS INCLUDING NOMINEE REGISTER:

Name	Nominee registered	Number of shares	% of shares
1. Hartwall Capital Oy Ab		5,232,558	20.56
2. Skandinaviska Enskilda Banken Ab (publ) Helsingin sivukonttori	X	2,746,422	10.79
3. Sponsor Capital Oy		2,578,847	10.13
4. Säästöpankki Fonder		1,359,690	5.34
5. Jarkko Ämmälä		1,200,000	4.71
6. Keskinäinen Työeläkevakuutusyhtiö Varma		1,169,199	4.59
7. Op Fonder		1,002,923	3.94
8. Keskinäinen Eläkevakuutusyhtiö Ilmarinen		968,992	3.81
9. Fondita Fonder		763,203	3.00
10. Dennis Nylund		720,000	2.83
Total 10 largest shareholders		17,741,834	69.7

MANAGEMENT SHAREHOLDING:

Insider	Position	Number of shares	% of shares
Jarkko Ämmälä	CEO	1,200,000	4.71
Dennis Nylund	COO	720,000	2.83
Riitta Niemelä	CFO	240,000	0.94
Sami Heikkilä	Chairman	79,785	0.31
Thomas Sandvall	Board member	79,785	0.31
Kim Ignatius	Board member	10,800	0.04
Anu Ora	Board member	10,750	0.04
Joakim Vest	Other position	5,000	0.02
Pia Hoseus	Other position	3,226	0.01
Marko Viita-aho	Other position	2,500	0.01
Pellervo Hämäläinen	Other position	0	0.00
Total		2,352,277	9.24

REMUNERATION

The remuneration of the Board of Directors is decided by the Annual General Meeting. According to the decisions made in the Annual General Meeting 2021, the members of the Board of Directors are paid a fixed monthly fee. The members of the Board of Directors are not eligible for any incentive plan or any other variable incentives, nor supplementary pension plans. Board work related travel expenses are reimbursed to the Board members according to the Duell Group travel policy.

Commencing from the listing (24 November 2021), the Chair of the Board of Directors receives a monthly remuneration of EUR 4,000 and each member of the Board of Directors receives a monthly remuneration of EUR 2,000. Prior listing, that is until 23 November 2021 the Chair of the Board of Directors received a monthly remuneration of EUR 2,500 and each member of the Board of Directors received a monthly remuneration of EUR 1,700.

The Board of Directors determines the remuneration paid and the basic principles of remuneration for the CEO and the other members of the management team included in the executive management ("Management Team"). The remuneration paid to the CEO and the other members of the management team consists of a monthly salary, fringe benefits and bonus. Additionally, the CEO's total remuneration includes contributions to a supplementary pension plan.

Duell has established a short-term incentive scheme for the personnel where the incentive bonus is connected to the achievement of financial and operational targets. The objective of the incentive scheme is to engage the participants and motivate them to improve performance that supports Duell's growth and competitiveness. Payments under the incentive scheme are discretionary. The terms and objectives of the incentive are determined by the Board of Directors

The Board of Directors agreed to establish a People and Remuneration committee on 26 August 2022. The task of the Committee is to assist the Board in matters related to the nomination and remuneration of CEO and other members of management. In addition, the Committee assists the Board in matters related to the development of the Group's corporate culture and personnel policy.

The People and Remuneration Committee evaluates and prepares structure and allocation of the salary and incentives system as well as performance incentive rules. For the success of the company the identification, development of the key talents and successor planning of the management is utmost important. The Committee reports to the Board of Directors and gives the Board an annual summary of its actions during the financial year, including any observations made or recommendations given.

RISKS AND RISK ASSESSMENT

Risk management is a systematic activity aimed at ensuring the comprehensive and appropriate identification, assessment, management, and control of risks. It is an integral part of the Duell's strategy process, decision-making, day-to-day management, and operations and control and reporting procedures in all operating countries.

Duell's Management Team reviews and updates the risks based on risk assessments and mitigation actions in various risk areas, which is shared with the Board of Directors. Duell must comply with laws and regulations enacted at both the national and EU level concerning its operations in relation to matters including health, environment, safety, consumer protection and marketing, general product safety, employment, competition, company law, data protection, international trade, and taxation in all countries in which Duell pursues business.

The Russian invasion of Ukraine affects market conditions and have therefore indirect impact on Duell's business. The increasing inflation causes declined customer purchasing power. This leads to higher inventory levels as Duell is committed to offering its customers the right product at the right time and to the right place. In most cases, Duell aims to make orders available to customers overnight, which requires significant inventory.

The covid-19 pandemic and its impact on availability of product supply is a recognised risk, however Duell has been successful in mitigating the situation by proactive purchasing. The delivery delays and deliveries received after the peak season have caused higher inventory levels. This factor in addition to the decline in the demand emphasises the importance of operational efficiency and management of net working capital.

Geographical expansion and entry into new markets involves various risks that may adversely affect Duell's business and growth, such as the competitive situation in the new markets, challenges in establishing new supplier and customer relationships and lack of local brand recognition.

BOARD OF DIRECTORS, MANAGEMENT TEAM, AND AUDITORS

Name	Position	Committee membership
Kim Ignatius	Chair since 1 November 2021	-
Sami Heikkilä	Chair until 31 October 2021 Member since 1 November 2021	-
Anna Hyvönen	Member since 10 November 2021	People & Remuneration (Chair) ¹⁾
Niko Mokka	Member since 10 November 2021	People & Remuneration ¹⁾
Anu Ora	Member	People & Remuneration ¹⁾
Thomas Sandvall	Member	

¹⁾ People & Remuneration committee was established 26 August 2022 and held its first meeting on 26 September 2022.

Members of Duell's Management Team at the end of the financial period were Jarkko Ämmälä (Chief Executive Officer), Riitta Niemelä (Chief Financial Officer), Dennis Nylund (Chief Operating Officer), Joakim Vest (Logistics Manager), Pia Hoseus (HR Manager), Marko Viita-aho (ICT Manager) and Pellervo Hämäläinen, (Communications, Marketing, and IR Manager)

According to the Articles of Association, the Company must have an auditor, which is an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office ends at the end of the first Annual General Meeting following the election.

The Board of Directors prepares a proposal for the election of the auditor and the auditor's fee for the General Meeting, and the General Meeting elects the Company's auditor and decides on the auditor's fee.

Duell's statutory auditor is KPMG Oy Ab, Authorised Public Accountants, with Authorised Public Accountant Mari Kaasalainen as the auditor with principal responsibility. Mari Kaasalainen is registered in the Finnish Register of Auditors pursuant to Chapter 6, Section 9 of the Finnish Auditing Act maintained by the Trade Register.

ORGANISATION AND PERSONNEL

On August 31, 2022, Duell had a total of 232 full-time-equivalent employees, of which 78 percent were based in the Nordics 22 percent in the rest of Europe.

Employees are Duell's most important asset. Duell wants to take care of the health and well-being of employees and guarantee a safe working environment for all personnel. The stable foundation and long history of the company enables long-term working relationships. Duell actively offers for opportunities and diverse benefits for the development of staff. Comprehensive occupational health services (in Finland), a competitive incentive bonus system, and an exercise benefit are valued in the work community.

Duell's objective is to maintain an open and positive work culture, where the employee is valued and listened to. Equality means equal treatment and opportunities regardless of gender, background, or any other non-professional reason. The company adheres to equality in the work community and wants to promote equality at the societal level as well.

Several measures were taken to support the company's growth strategy and internationalisation. New skills were recruited to secure the needed competencies for developing and implementing three strategic cornerstones: expansion to new markets, product portfolio development and support for online sales. The Management Team was reinforced with logistics, information technology, human resources, and investor relations competencies.

New product specialists were hired to further address the development of Duell's product portfolio of external brands as well as inhouse brands.

During the market turmoil the company focused on the well-being of employees. Duell enabled and supported remote working practices by providing needed applications and tools for the personnel. Warehouse operations were naturally operating on-site ensuring smooth customer deliveries to maintain high customer satisfaction. In the summer of 2022, an employee satisfaction survey was carried out for entire personnel. This has given a good insight into the company's strengths and development areas which will be addressed and worked further in teams and within the whole company.

SUSTAINABILITY

In its decision making, corporate governance and sustainability practices, Duell complies with applicable Finnish legislation and its articles of association. Duell follows the First North Growth Market Rulebook. Duell is not obliged to comply with the Finnish Corporate Governance Code 2020, issued by the Finnish Securities Market Association ("Corporate Governance Code"). However, Duell aims to align its corporate governance practices in-line with the Corporate Governance Code, excluding the reporting obligations included therein. Duell also aims to develop its sustainability-related targets, measures, policies, and reporting in-line with the expected EU legislation. Most of the sustainability-related development work is expected to take place between



the fiscal years 2023–2024.

Responsibility is an important part of Duell's company values and operations. Duell's sustainability is based on the United Nations Agenda for Sustainable Development (Agenda 2030), from which the most important areas have been selected for operations and partners. Duell is committed to respect human rights and is ensuring they are respected throughout our operations. The operations are conducted in an ethical and honest manner, and any form of bribery or corruption is not accepted in its own operations or in partners operations. Duell will introduce a company-level Code of Conduct in 2023.

MAJOR EVENTS AFTER REVIEW PERIOD

The covenants for loans from financial institutions relate to the share of net debt in EBITDA (Leverage) and the share of net debt of equity (Gearing). The conditions for the covenants were exceptionally not met at financial year-end due to cash tied into inventory value. A waiver was received from the bank that the condition for loans remains. The next review of covenants is on 30 November 2022, when according to the Corporation's forecast, the conditions will not be met. For the review, the bank has given a preliminary approval for the loan conditions to remain.

The Corporation has launched a net working capital optimisation project and a cost-saving program to improve profitability. The Corporation is currently negotiating the renewal of the financing package which includes a review of covenants and conditions.

Duell announced on October 4, 2022, a global cost saving programme in order to eliminate overlaps, making operations more efficient and achieving synergy benefits within the Group companies to improve profitability. In alignment with the announcement, the company informed to start the change negotiations in Finnish companies on October 4, 2022, in accordance with the Co-operation Act regarding the need to reduce the workforce on production, financial and operational reorganisation grounds. The goal is to achieve annual cost savings of around EUR 1 million in the Duell Group. The cost savings estimate for the current financial year is approximately EUR 600,000. The estimated personnel reduction need is at its most totally 25 employees in Duell Group.

MEDIUM TERM FINANCIAL TARGETS (3–5 YEARS)

(Targets changed)

Growth: net sales in the range of EUR 200–300 million by the end of 2025, achieved through yearly growth organically and inorganically. (The growth target remains the same, but the part of organic growth has been updated: Growth target from previous year: 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).

OUTLOOK FOR FINANCIAL YEAR 2023

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 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.

ANNUAL GENERAL MEETING ON 1 DECEMBER 2022

The Annual General Meeting will take place on 1 December 2022, at 15.00 EET in Helsinki, Sanomatalo, Eliel-sali. Invitation, registration, and agenda with Board's proposals for the Annual General Meeting are presented on Duell's website <https://investors.duell.eu>.

THE BOARD'S PROPOSAL TO THE ANNUAL GENERAL MEETING

Duell Group's profit for the FY 2022 was EUR 1.9 million. The distributable funds on 31 August 2022, was EUR 23,060,137. The Board of Directors will propose to the Annual General Meeting on 1 December 2022, that the distributable funds will be retained in equity and that no dividend will be distributed.

BUSINESS REPORTS FOR FINANCIAL YEAR 2023

- September 2022–November 2022, first quarter: Wednesday, 18 January 2023
- September 2022–February 2023 including second quarter: Tuesday, 4 April 2023
- September 2022–May 2023 including third quarter: Thursday, 6 July 2023
- September 2022–Autust 2023 including fourth quarter: Thursday, 9 November 2023
- The Annual General Meeting is scheduled for 5 December 2023. The Board of Directors of the company will convene the meeting.

GROUP KEY FIGURES

MEUR	1 Sep 2021– 31 Aug 2022	1 Sep 2020– 31 Aug 2021	1 Sep 2019– 31 Aug 2020
Net sales	124.0	76.8	59.4
Operating profit	4.9	7.3	4.1
Operating profit -%	4.0%	9.5%	6.9%
Return to equity -%	9.1%	37.8%	23.7%
Equity-to-asset ratio (excl. convertible bonds in equity)	33.4%	15.2%	17.0%
Equity-to-asset ratio (incl. convertible bonds in equity)	33.4%	22.6%	39.3%
Average number of employees	193	112	93
Wages and salaries	-8.8	-5.1	-4.0

PARENT COMPANY KEY FIGURES

MEUR	1 Sep 2021– 31 Aug 2022	1 Sep 2020– 31 Aug 2021	1 Sep 2019– 31 Aug 2020
Net sales	0.6	0.4	0.4
Operating profit	-2.3	-0.2	-0.1
Operating profit -%	-410.1%	-46.4%	-24.3%
Equity-to-asset ratio (excl. convertible bonds in equity)	58.6%	13.2%	11.8%
Equity-to-asset ratio (incl. convertible bonds in equity)	58.6%	32.8%	41.8%

PARENT COMPANY AND CONSOLIDATED GROUP INCOME STATEMENT

EUR	Group 1 Sep 2021– 31 Aug 2022	Group 1 Sep 2020– 31 Aug 2021	Parent company 1 Sep 2021– 31 Aug 2022	Parent company 1 Sep 2020– 31 Aug 2021
NET SALES	123,991,276	76,756,265	572,102	425,617
Other operating income	411,226	220,042	0	0
Materials and services				
Materials and consumables				
Purchases during the financial period	-94,966,909	-56,022,670	0	0
Change in Inventories	6,551,360	1,966,189	0	0
External services	-5,968,822	-3,724,107	0	0
Materials and services, total	-94,384,371	-57,780,588	0	0
Personnel expenses				
Wages and salaries	-8,821,449	-5,080,061	-422,699	-325,547
Other personnel expenses				
Pension expenses	-949,241	-647,349	-57,441	-37,168
Other social expenses	-1,469,934	-644,279	-796	-13,648
Personnel expenses, total	-11,240,624	-6,371,689	-480,936	-376,363
Depreciation according to plan	-2,479,094	-1,039,930	0	0
Other operating expenses	-11,394,246	-4,502,245	-2,437,599	-246,861
OPERATING PROFIT (-LOSS)	4,904,167	7,281,855	-2,346,433	-197,607

EUR	Group 1 Sep 2021– 31 Aug 2022	Group 1 Sep 2020– 31 Aug 2021	Parent company 1 Sep 2021– 31 Aug 2022	Parent company 1 Sep 2020– 31 Aug 2021
Financial income and expenses				
Interest and other financial income				
from Group companies	0	0	412,348	248,203
from others	1,078,244	933,976	373,247	439,887
Interest and other financial expenses				
from Group companies	0	0	0	0
from others	-2,989,104	-3,636,193	-593,919	-2,337,530
Financial income and expenses, total	-1,910,860	-2,702,217	191,676	-1,649,441
PROFIT (-LOSS) BEFORE APPROPRIATIONS AND TAXES	2,993,307	4,579,638	-2,154,757	-1,847,048
Appropriations				
Group contributions	0	0	1,855,287	1,650,000
Income taxes				
Taxes for the financial period	-915,775	-1,249,414	-1,176	-40,239
Changes in deferred taxes	-149,093	1,537	0	0
Income taxes, total	-1,064,868	-1,247,877	-1,176	-40,239
PROFIT (-LOSS) FOR THE FINANCIAL YEAR	1,928,439	3,331,761	-300,646	-237,287

PARENT COMPANY AND CONSOLIDATED GROUP BALANCE SHEET

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
ASSETS				
FIXED ASSETS				
Intangible assets				
Intangible rights	702,348	1,006,688	0	0
Other intangible assets	338,155	356,840	0	0
Assets under construction	283,491	0	0	0
Goodwill	16,370,652	13,515,788	0	0
Total intangible assets	17,694,646	14,879,316	0	0
Tangible assets				
Machinery and equipment	935,372	607,772	0	0
Investments				
Other shares and investments	0	0	20,889,340	20,889,340
FIXED ASSETS, TOTAL	18,630,018	15,487,088	20,889,340	20,889,340

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
CURRENT ASSETS				
Current assets				
Inventories	47,879,508	34,899,436	0	0
Advance payments	3,366,717	2,381,804	0	0
Total current assets	51,246,225	37,281,240	0	0
Receivables				
Non-current				
Loan receivables	0	0	16,000,000	3,000,000
Other non-current receivables	166,542	118,167	0	0
Current				
Trade receivables	20,306,615	11,669,701	94,282	87,577
Loan receivables	3,500	0	28,038	0
Other current receivables	200,203	80,335	77,160	77,160
Pre-paid expenses and accrued income	848,919	1,679,424	2,423,213	2,052,177
Total current receivables	21,525,779	13,547,627	18,622,694	5,216,914
Cash and cash equivalents	4,066,317	2,814,608	0	15,045
CURRENT ASSETS, TOTAL	76,838,321	53,643,475	18,622,694	5,231,959
ASSETS, TOTAL	95,468,339	69,130,563	39,512,033	26,121,299

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
EQUITY AND LIABILITIES				
EQUITY				
Capital and reserves				
Share capital	80,000	2,500	80,000	2,500
Other reserves				
Reserve for invested unrestricted equity	24,232,507	4,310,005	24,232,507	4,310,005
Retained earnings	5,612,331	2,875,327	-871,724	-634,437
Profit (-loss) for the financial year	1,928,439	3,331,761	-300,646	-237,287
Equity, total	31,853,277	10,519,593	23,140,137	3,440,781
LIABILITIES				
Non-current				
Convertible bonds	0	5,118,403	0	5,118,403
Loans from financial institutions	45,497,592	32,783,837	13,011,478	15,074,223
Deferred tax liabilities	78,370	62,780	0	0
Other liabilities	92,815	147,193	0	0
Non-current liabilities, total	45,668,777	38,112,213	13,011,478	20,192,626
Current				
Loans from financial institutions	3,140,000	3,595,181	1,690,000	1,690,000
Trade liabilities	7,592,965	9,708,457	1,524,116	102
Other current liabilities	3,976,071	3,282,543	21,506	49,196
Accrued expenses and deferred income	3,237,248	3,912,576	124,795	748,594
Current liabilities, total	17,946,284	20,498,757	3,360,418	2,487,892
LIABILITIES, TOTAL	63,615,061	58,610,970	16,371,896	22,680,518
EQUITY AND LIABILITIES, TOTAL	95,468,339	69,130,563	39,512,033	26,121,299

PARENT COMPANY AND CONSOLIDATED GROUP CASH FLOW

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Cash flow from operating activities				
Operating profit (-loss)	4,904,168	7,281,855	-2,346,433	-197,607
Adjustments of operating profit (-loss)	730,789	610,273	0	0
Depreciation according to plan	1,748,305	429,657	0	0
Other income and expenses not associated with payment	-859,471	359,139	5,951	1,076
Changes in working capital	-10,360,501	-5,927,790	1,115,971	174,591
Financial expenses and income	-1,676,389	-1,519,673	-316,821	-646,982
Income taxes	-1,015,115	-1,113,485	-41,411	-6,299
Net cash flow from operating activities	-6,528,214	119,976	-1,582,742	-675,221
Cash flow from investing activities				
Investment of intangible and tangible assets	-914,805	-398,176	0	0
Loans granted to group companies	0	0	-13,000,000	0
Repayment of loans from group companies	0	0	0	5,000,000
Acquired shares in subsidiaries	-11,587,887	-16,094,947	0	0
Adjustment of the purchase price of subsidiary shares	0	566,115	0	566,115
Net cash flow from investing activities	-12,502,692	-15,927,008	-13,000,000	5,566,115

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Cash flow from financing activities				
Withdrawals of long-term loans	10,000,000	23,399,999	0	8,900,000
Repayment of non-current debt	-16,663,325	-14,395,099	-7,358,105	-14,395,099
Interest and charges for financial expenses	-134,200	-768,392	-134,200	-768,392
Credit limit change	7,676,500	3,209,614	0	0
Group contribution	0	0	2,060,000	1,366,170
Share issue	20,000,002	0	20,000,002	0
Net cash flow from financing activities	20,878,977	11,446,122	14,567,697	-4,897,321
Cash and cash equivalents at the beginning of the financial year	2,814,608	7,031,047	15,045	21,473
Changes in cash and cash equivalents	1,848,072	-4,360,910	-15,045	-6,427
Currency translation differences	-596,357	144,471	0	0
Cash and cash equivalents at the end of the financial year	4,066,323	2,814,608	0	15,045

NOTES TO THE FINANCIAL STATEMENTS

DUELL CORPORATION NOTES

ACCOUNTING AND VALUATION PRINCIPLES

GENERAL ABOUT THE GROUP

The Duell Group comprises the parent company Duell Corporation as well as Oy Duell Bike-Center Ab (registered office: Mustasaari, Finland), Duell AB (registered office: Tranås, Sweden), Duell AS (registered office: Kongsvinger, Norway), Duell UK Ltd (registered office: Coalville, Great Britain), Duell TMV B.V. (registered office: Veghel, the Netherlands), Duell GmbH (registered office: Meppen, Germany), Duell SAS (registered office: Montpellier, France), Tecno Globe SAS (registered office: Montpellier, France) and PowerFactory Nordic Oy Ab (registered office: Tampere, Finland). The consolidated financial statements are combined with the parent company's financial statements and are available at the head office at Kauppatie 19, 65610 Mustasaari, Finland.

SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

In addition to Duell Corporation, the consolidated financial statements cover the subsidiaries in which the Group exercises control. Control is constituted when the Group holds more than half of the voting power in the subsidiary or otherwise exercises control. Control refers to the right to determine a company's financial and business policies in order to derive benefit from its operations.

GOING CONCERN

The covenants for loans from financial institutions relate to the share of net debt in EBITDA (Leverage) and the share of net debt of equity (Gearing). The conditions for the covenants were exceptionally not met at financial year-end due to cash tied into inventory value. A waiver was received from the bank that the condition for loans remains. The next review of covenants is on 30 November 2022, when according to the Corporation's forecast, the conditions will not be met. For the review, the bank has given a preliminary approval for the loan conditions to remain. The Corporation has launched a net working capital optimisation project and a cost-saving program to improve profitability. The Corporation is currently negotiating the renewal of the financing package which includes a review of covenants and conditions.

ELIMINATION OF OWNERSHIP WITHIN THE GROUP

Intra-group ownership has been eliminated using the acquisition cost method.

BUSINESS TRANSACTIONS WITHIN THE GROUP

All business transactions within the Group, internal receivables and liabilities, unrealised profits, and internal distribution of profit are eliminated in the consolidated financial statements.

DEFERRED TAXES

Deferred taxes are calculated from temporary differences between the carrying amount and the taxable amount, and are presented separately in the consolidated financial statements.

ITEMS IN FOREIGN CURRENCY

Business transactions denominated in foreign currencies are recognised in euro according to the exchange rate prevailing on the transaction date. Receivables and liabilities denominated in foreign currencies are translated into euro using the exchange rates of the balance sheet date. Exchange rate gains and losses arising from such transactions, receivables and liabilities are recognised in the income statement.

Income and expense items in the income statements and balance sheets denominated in foreign currencies of Group companies are translated into euros using the exchange rates confirmed by the European Central Bank. Items on the income statements are translated using the average exchange rates and items on the balance sheets using the exchange rates of the end date of the reporting period. The income statements of Group companies outside the Eurozone are translated into euro using the average exchange rates of the reporting period and the balance sheets using the exchange rates of the end date of the reporting period. Different exchange rates result in a translation difference, which is recognised under equity, likewise the translation differences due to the elimination of the acquisition cost related to subsidiaries outside the Eurozone.

VALUATION OF FIXED ASSETS

Intangible assets are mainly composed of trademarks and other long-term expenditure. Tangible fixed assets are mainly composed of machinery and equipment. Tangible fixed assets are recognised at the original acquisition cost less depreciation according to plan and, when applicable, impairment.

Depreciation according to plan is based on the estimated useful lives of the assets.

APPLIED RULES FOR DEPRECIATION

Intangible assets	
Goodwill	linear depreciation in 10 years
Other intangible expenditure	linear depreciation in 3 years
Trademarks	linear depreciation in 5 years
Tangible assets	
Machinery and equipment	25% depreciation of residual value
Vehicles	25% depreciation of residual value

INVENTORIES

Inventories are recognised according to the FIFO principle, at the lower of their acquisition cost or net realisable value or reacquisition cost. The value of inventories only includes variable expenses.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development costs are recognised as an annual expense in the income statement.

RELATED PARTY TRANSACTIONS, PARENT COMPANY

Related party transactions between the Group companies during the financial year were as follows:

EUR	2022	2021
Sales of services	563,288	425,617
Financial income	412,348	248,203
Group contribution	1,855,287	1,650,000

Related party loans transactions, Parent company

EUR	2022	2021
Convertible bonds	5,764,243	5,630,241

EVENTS DURING THE FINANCIAL YEAR

The parent company's shares were listed through an initial public offering on 24 November 2021 on First North Growth Market Finland – a trade market maintained by Nasdaq Helsinki Oy.

The operating environment was impacted by the continued COVID-19 pandemic and the unexpected war in Ukraine. These two factors have caused uncertainty in the market. During the financial year the effects can be seen in higher freight costs and an increase in inventory. In addition, the increasing inflation causes impact on the demand.

The Group grew by two companies during the financial year 2022. Oy Duell Bike-Center Ab has acquired the entire shares of Duell TMV B.V., a Dutch company, and of PowerFactory Nordic Oy Ab, a Finnish company. With regards to the financial results, Duell TMV B.V. has been included in the Group for six months and PowerFactory Nordic Oy Ab for four months. A group company merger has taken place between IGM Trading B.V. and Duell TMV B.V. during the financial year whereafter IGM Trading B.V. ceased to exist.

EVENTS AFTER THE FINANCIAL YEAR

Duell announced on October 4, 2022 a global cost saving programme in order to eliminate overlaps, making operations more efficient and achieving synergy benefits within the Group companies to improve profitability. In alignment with the announcement, the company informed to start the change negotiations in Finnish companies on October 4, 2022, in accordance with the Co-operation Act regarding the need to reduce the workforce on production, financial and operational reorganisation grounds.

The Board of Oy Duell Bike-Center Ab has approved on 5 September 2022, a merger plan, according to which PowerFactory Nordic Oy Ab will be merged into Oy Duell Bike-Center Ab in January 2023.

NOTES TO INCOME STATEMENT

	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Net sales split EUR				
Domestic	36,094,589	29,923,088	572,102	425,617
Other Europe	87,484,550	46,604,310	0	0
Other	412,137	228,867	0	0
Total	123,991,276	76,756,265	572,102	425,617

The Group's net sales consists of the sale of equipment, supplies and spare parts for motorcycles, snowmobiles, mopeds, ATVs and bicycles. In addition, the range also includes watersports and marine accessories.

The net sales of the Group's parent company Duell Corporation consists of administrative services charges to Group companies.

	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Average number of employees during the financial year	193	112	2	2
Number of employees at the end of reporting period	232	168	2	2
Notes regarding the personnel and governance bodies				
Board of Directors' and Managing director's salaries and remuneration	215,735	198,076	215,735	198,076

LOANS TO RELATED PARTIES IN THE PARENT COMPANY OR IN THE GROUP

The Group companies have not granted loans to related parties.

DEPRECIATION AND IMPAIRMENT

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Depreciation of tangible assets	-230,018	-179,227	0	0
Depreciation of intangible assets	-2,249,076	-860,704	0	0
Depreciation, total	-2,479,094	-1,039,930	0	0

FINANCIAL INCOME AND EXPENSES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Interest income				
from Group companies	0	0	412,348	252,690
from others	14,720	21,086	22	0
Other financial income	1,063,525	912,890	373,224	444,688
Interest and other financial expenses	-2,989,104	-3,636,193	-593,919	-2,379,717
Financial items, total	-1,910,859	-2,702,217	191,676	-1,682,338

AUDITOR'S FEES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Audit firm				
Audit	222,387	55,655	20,000	5,000
Other services	149,286	0	3,900	0
Total	371,673	55,655	23,900	5,000

NOTES TO BALANCE SHEET

INTANGIBLE AND TANGIBLE ASSETS

Group	Intangible rights	Other intangible assets	Assets under construction	Goodwill	Total intangible assets	Machinery and equipment	Total tangible assets
Acquisition cost on 1 Sep	2,196,722	989,237	0	15,333,269	18,519,228	1,684,926	1,684,926
Additions	21,857	149,451	283,491	4,603,168	5,057,967	399,607	399,607
Decreases	0	0	0	0	0	12,028	12,028
Group companies assets at acquisition	0	42,578	0	0	42,578	152,597	152,597
Adjustments	10,389	-8,694	0	0	1,695	-1,695	-1,695
Currency translation diff.	-68,371	-10,955	0	0	-79,327	-10,791	-10,791
Acquisition cost on 31 Aug	2,160,596	1,161,617	283,491	19,936,438	23,542,141	2,236,671	2,236,671
Accumulated depreciation on 1 Sep	-1,190,034	-632,398	0	-1,817,481	-3,639,913	-1,077,153	-1,077,153
Depreciation during financial year	-300,454	-200,317	0	-1,748,305	-2,249,076	-230,018	-230,018
Group companies accumulated depreciation at acquisition	0	0	0	0	0	-2,592	-2,592
Currency translation diff.	32,239	9,251	0	0	41,490	8,467	8,467
Accumulated depreciation on 31 Aug	-1,458,248	-823,463	0	-3,565,786	-5 847 499	-1,301,297	-1,301,297
Carrying amount on 31 Aug	702,348	338,155	283,491	16,370,652	17,694,643	935,372	935,372

Parent Company

	Investments in subsidiaries
Acquisition cost on 1 Sep	20,889,340
Additions	0
Decreases	0
Acquisition cost on 31 Aug	20,889,340

Subsidiaries

Company	Registered office	Holding
Oy Duell Bike-Center Ab	Mustasaari	100%
Duell AB	Tranås	100%
Duell AS	Kongsvinger	100%
Duell UK Ltd	Coalville	100%
Duell TMV B.V.	Veghel	100%
Duell GmbH	Meppen	100%
Duell SAS	Montpellier	100%
Tecno Globe SAS	Montpellier	100%
PowerFactory Nordic Oy Ab	Tampere	100%

RECEIVABLES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Non-current receivables				
Loan receivables from Group companies	0	0	16,000,000	3,000,000
Other non-current receivables	450,034	118,168	0	0
Current receivables				
Trade receivables	20,306,615	11,669,701	94,282	87,577
Receivables from Group companies				
Pre-paid expenses and accrued income	0	0	2,406,189	2,052,177
Interest receivables	0	0	1,113,789	701,441
Group contribution from Group company	0	0	733,825	933,825
Other pre-paid expenses and accrued income	0	0	558,575	416,911
Other current receivables				
Other current receivables	200,203	80,335	94,184	77,160
Pre-paid expenses and accrued income	848,919	1,679,424	0	0
	21,355,737	13,429,460	18,594,656	5,216,914

SHARES IN THE PARENT COMPANY

Each share entitles the holder to one vote at the Annual General Meeting. All shares have equal rights to dividends and company assets.

	Parent company 31 Aug 2022
Shares in the Parent company	25,454,574 shares

At the end of the financial year one share of the company was valued at 2.25 euro and the company's market value was 57,272,792 euro.

EQUITY

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Share capital on 1 Sep	2,500	2,500	2,500	2,500
Increase in share capital	77,500	0	77,500	0
Share capital on 31 Aug	80,000	2,500	80,000	2,500
Reserve for invested unrestricted equity on 1 Sep	4,310,005	4,310,005	4,310,005	4,310,005
Share issue	20,000,002	0	20,000,002	0
Increase in share capital	-77,500	0	-77,500	0
Reserve for invested unrestricted equity on 31 Aug	24,232,507	4,310,005	24,232,507	4,310,005
Retained earnings on 1 Sep	6,207,088	1,459,221	-871,724	-322,432
Adjustment to retained earnings	-236,000	0	0	0
Currency translation differences	-358,753	66,488	0	0
Retained earnings on 31 Aug	5,612,334	2,875,327	-871,724	-634,437
Profit (loss) for the period	1,928,439	3,331,761	-300,646	-237,287
Equity, total	31,853,280	10,519,593	23,140,137	3,440,781
Distributable funds on 31 Aug				
Reserve for invested unrestricted equity			24,232,507	4,310,005
Retained earnings			-871,724	-634,437
Profit (loss) for the period			-300,646	-237,287
Total distributable funds at 31 Aug			23,060,137	3,438,281

The adjustment to retained earnings is related to a correction of an accrual from the previous financial period 1 September 2020–31 August 2021.

NON-CURRENT LIABILITIES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Loans from financial institutions	45,497,592	32,783,837	13,011,478	15,074,223
Convertible bond loans	0	5,118,403	0	5,118,403
Other non-current debt	92,815	147,193	0	0
Deferred tax liabilities	78,370	62,780	0	0
Non-current liabilities, total	45,668,777	38,112,213	13,011,478	20,192,626

Deferred tax liability consists of the accrual of the Swedish subsidiary's profit of the financial year to the upcoming financial years (Periodiseringsfond) and of adjustments to the acquisition calculations.

CURRENT LIABILITIES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Loans from financial institutions	3,140,000	3,595,181	1,690,000	1,690,000
Trade payables	7,592,965	9,708,457	1,524,116	102
Other current liabilities	3,976,071	3,282,543	21,506	49,196
Accrued expenses and deferred income	3,237,246	3,912,576	124,795	748,594
Wages and salaries	1,167,147	3,187,634	38,985	43,286
Interest expenses	77,235	40,385	23,173	493,740
Other accrued expenses and deferred income	1,992,864	684,557	62,637	211,568
Current liabilities, total	17,946,282	20,498,757	3,360,418	2,487,892

COLLATERALS AND OFF-BALANCE SHEET COMMITMENTS

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Loans and other liabilities pledged with collaterals				
Loans from financial institutions	48,637,592	33,169,404	14,701,478	16,764,223
Credit limits	19,000,000	11,496,568	0	0
whereof used	10,886,114	3,209,614	0	0
Import letter of credit	2,500,000	1,500,000	0	0
whereof used	1,759,708	1,178,248	0	0
Other collaterals	469,591	230,024	0	93
whereof used	344,552	104,146	0	93

GIVEN COLLATERALS

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Corporate mortgage	120,640,000	55,000,000	120,640,000	55,000,000
Subsidiary shares	0	0	36,889,340	23,889,340

Oy Duell Bike-Center Ab has provided liability for the parent company's loans, and the liability for the guarantee is 15,079,001. The parent company has provided security for the loans of the subsidiary Oy Duell Bike-Center Ab and the amount of the guarantee liability is 13,460,615 of which 410,615 relates to the undrawn portion.

In addition, the parent company and Oy Duell Bike-Center Ab have provided security for the liabilities of its subsidiary Duell AB.

RENTAL COMMITMENTS

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Current rental commitments	2,294,529	1,522,785	0	0
Non-current rental commitments	9,289,798	2,611,707	0	0
Total	11,584,328	4,134,492	0	0

LEASE COMMITMENTS

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Current lease commitments	299,038	177,632	16,245	16,245
Non-current lease commitments	226,896	270,516	10,830	27,075
Total	525,934	448,148	27,075	43,320

Rental and leasing liabilities are divided for comparative purposes. Rental commitments relate to leases for premises and lease commitments relate to rental of machinery and equipment.

DERIVATIVES

EUR	Group 31 Aug 2022	Group 31 Aug 2021	Parent company 31 Aug 2022	Parent company 31 Aug 2021
Fair value of interest hedging	33,642	-27,064	33,642	-27,064
Target value of interest hedging	4,995,739	42,187,500	4,995,739	42,187,500
Fair value of currency hedging	80	-71,793	0	0
Target value of currency hedging	348,063	8,215,672	0	0

Currency hedging is applied to hedge the exchange rate fluctuations of the purchases in the subsidiary acquired during financial year. The hedging is done for purchases in foreign currencies during the financial year. The impact of fair value has not been taken into account in the consolidated income statement. Adversely, the interest rate hedging applied by the parent company has also not been taken into account in the income statement. The realisation of the impacts of hedges is expected to take place in the next financial year.



SIGNATURES FOR THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

Finland on 9 November 2022

Kim Ignatius
Chairman of the Board

Sami Heikkilä
Board member

Anna Hyvönen
Board member

Anu Ora
Board member

Thomas Sandvall
Board member

Niko Mokka
Board member

Jarkko Ämmälä
Managing director

AUDITOR'S NOTE

A report on the audit performed has been issued today.

Finland on 10 November 2022

KPMG Oy Ab

Mari Kaasalainen
CPA



Kauppatie 19, 65610 Mustasaari, Finland
Telephone +358 (0) 20 118 000
www.duell.eu