PUUILO

ANNUAL REPORT 2024

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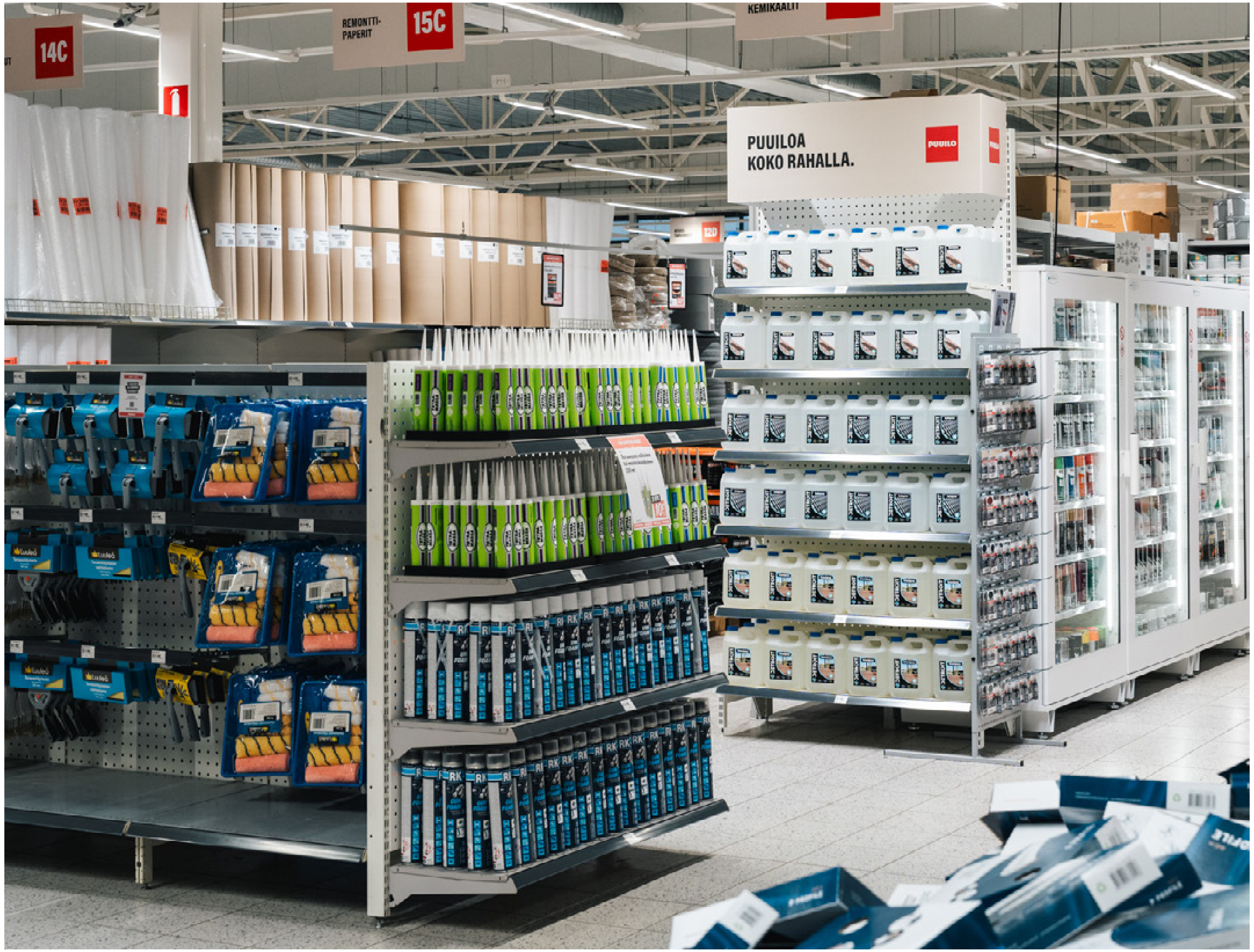
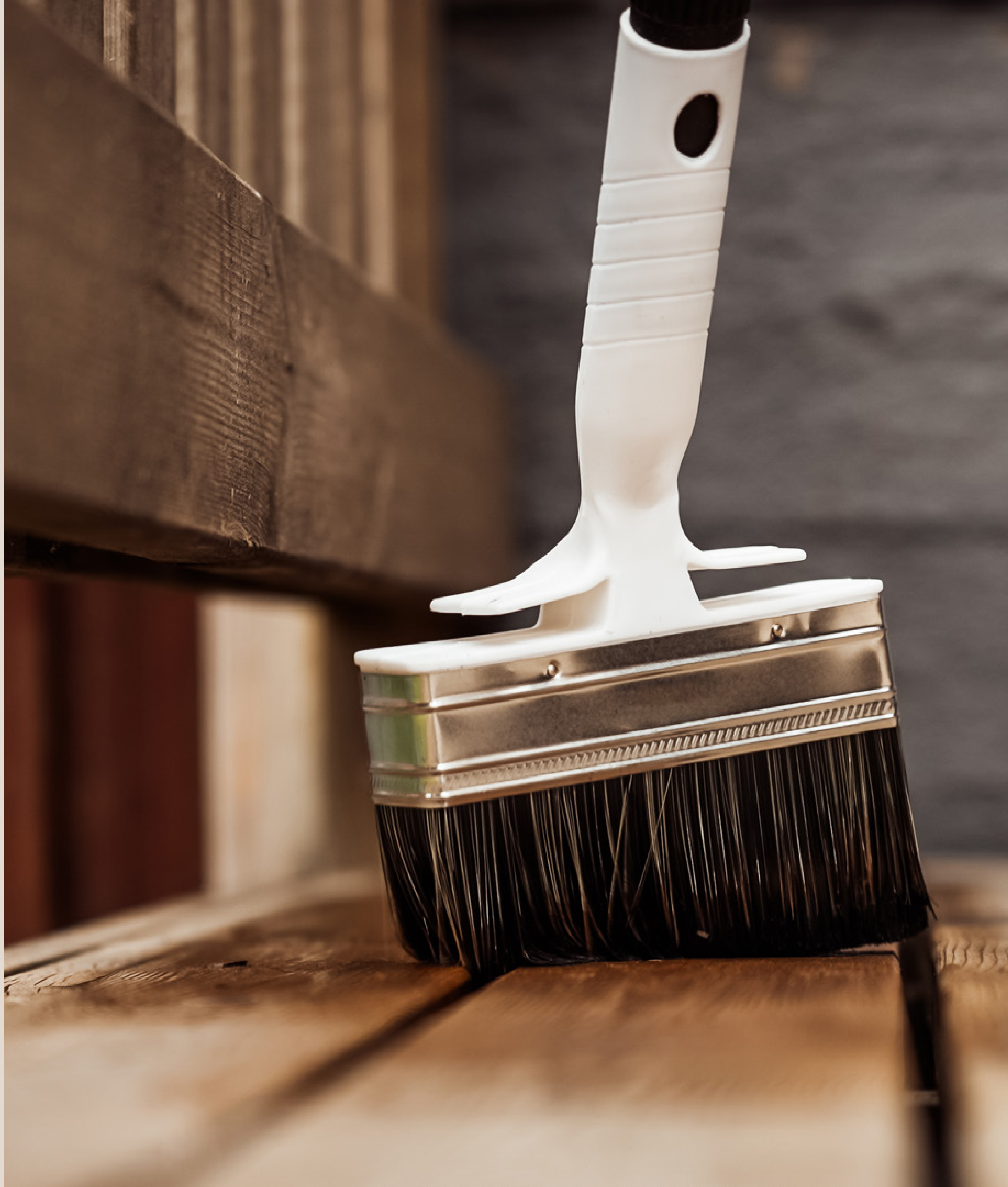


PUUILO

REPORT BY THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS



Report by the Board of Directors

PUUILO'S BUSINESS OPERATIONS

Puuilo is a Finnish discount retail chain. At the end of the financial period that ended on 31 January 2025, the strongly growing chain had 49 stores in different parts of Finland. In addition, customers are served through an online store. The product assortment includes building supplies, tools, HVAC and electrical accessories, pet food and supplies, car accessories, groceries, household products, garden supplies, free-time and other accessories as well as services. Puuilo is one of the leading discount retailers in Finland and it serves both consumers and B2B customers in the repair and maintenance as well as construction sector. The company is known for its affordable prices and extensive product assortment. During the financial period, three former Hurrikaani stores were opened: Ylöjärvi, Nokia and Forssa. They were converted into Puuilo stores before opening. In addition, four other stores were opened: Tampere Lahdesjärvi, Oulu Karjasilta, Äänekoski and Kirkkonummi.

COMPANY STRUCTURE

Puuilo Group's parent company is Puuilo Plc, which engages in the business operations of selling management services to the operative company of the Group. The Group also includes a retail business company Puuilo Tavaratalot Ltd, which is 100% owned by Puuilo Plc. There were no changes in the Group structure in the 2024 financial period.

OUTLOOK FOR THE FINANCIAL YEAR 2025

Puuilo forecasts that net sales will be EUR 425 – 455 million and the adjusted operating profit (adjusted EBITA) will be EUR 70 – 80 million in the financial year 2025.

The forecast includes elements of uncertainty related to changes in consumer purchasing power and behaviour. Additionally, geopolitical crises and international tensions may affect product availability and prices.

PUUILO'S LONG-TERM TARGETS

The company's long-term financial targets for the strategy period 2024 – 2028:

- Growth: Net sales above EUR 600 million by the end of financial year 2028 (ends in January 2029)
- Profitability: Adjusted EBITA margin above 17% of net sales
- Profit distribution: The company aims to distribute at least 80% of net income for each financial year
- Leverage: Net debt to adjusted EBITDA below 2.0x

SIGNIFICANT EVENTS

Performance matching share plan for key employees

The Board of Directors decided to launch a new share-based incentive plan for years 2024 – 2026. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term. In the plan, it is possible to earn time-vested matching reward shares and performance-based matching reward shares. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and Puuilo Group's adjusted EBITA. The maximum number of matching shares (gross before taxes) to be paid was 738,000 Puuilo Plc shares. The final number of matching shares depends on the key employees' participation and savings rate in the plan and the fulfilment of the prerequisites for receiving matching shares. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes. (Stock exchange release 16 April 2024)

At the end of the financial year, the maximum number of shares to be paid as award was 196,251 shares.

Puuilo Plc's updated long-term financial targets for the strategy period 2024 – 2028

Puuilo released updated long-term financial targets for the strategy period 2024 – 2028. (Stock exchange release 22 April 2024)

Composition of the Shareholders' Nomination Board

Representatives of the three largest shareholders registered in Puuilo Plc's shareholder register as of 1 October 2024 were elected to the Puuilo's Shareholders' Nomination Board along with the Chairman of the Board of Directors, Lasse Aho, as an expert member. The three largest shareholders nominated the following representatives to the Nomination Board: Ampfield Management, L.P., represented by Emerson Moore, Markku Tuomaala, represented by Janne Koikkalainen and Mutual Pension Insurance Company Ilmarinen, represented by Esko Torsti. (Stock exchange release 18 December 2024)

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Adjusted EBITA exceeded guidance for financial year 2024, preliminary information on financial year 2024 results

Puuilo released preliminary information about the financial year 2024 results. Puuilo's net sales for the financial year 2024 (February 2024 – January 2025) were EUR 383.4 million, and the adjusted EBITA was EUR 67.0 million, or 17.5% of net sales. Previously, Puuilo had guided that the net sales for the financial year 2024 would be between EUR 380 – 400 million and the adjusted EBITA would be between EUR 60–66 million. (Stock exchange release 10 March 2025)

Proposals of the Shareholders' Nomination Board
The Shareholders' Nomination Board of Puuilo Plc proposes to the Annual General Meeting that the number of the members of the Board of Directors will be five (previously six). The Nomination Board proposes that current members of the Board of Directors Jens Joller, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Susanne Hounsgaard and Markku Tuomaala be elected as new members to the Board of Directors. Current members of the Board of Directors Lasse Aho, Bent Holm and Anne-Mari Paapio have notified the company that they are no longer available to be elected as a members of the Board of Directors. All proposed persons are independent of the company and its major shareholders except Jens Joller who is independent of the company, but dependent of the major shareholder. The Nomination Board proposes to the Annual General Meeting that Mammu Kaario be elected as the Chair of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors are as follows:

-EUR 65,000 (earlier EUR 60,000) to the Chair of the Board of Directors as annual remuneration

-EUR 33,000 (earlier EUR 30,000) to the other members of the Board of Directors as annual remuneration

-In addition, the Chair of the Audit Committee will be paid EUR 6,000 (earlier EUR 5,000) as annual remuneration and other members of the Audit Committee EUR 3,000 (earlier EUR 2,500) as annual remuneration

All remunerations will be paid in cash. (Stock exchange release 19 March 2025)

Refinancing
Puuilo has signed a new EUR 100 million long-term financing agreement with OP Corporate Bank Plc. The new financing agreement has a maturity of 36 months and includes two 12-month extension options. The new financing agreement replaces the previous agreement signed in 2021.

The financing agreement includes a total of EUR 70 million term loan and EUR 30 million revolving credit facility (RCF). The funds will be used to repay existing loans, working capital financing and for the Group's other general financing needs. The terms of the financing agreement include one covenant: net debt/EBITDA ratio.

The agreement also includes a EUR 30 million uncommitted additional financing option (accordion option). However, this accordion option requires a separate financing decision from the bank. (Stock exchange release 27 March 2025)

Change in the holding of Puuilo Plc's treasury shares
A total of 126,481 Puuilo shares held by the company has been conveyed without consideration to 28 key employees who participated in the 2022–2024 share-based incentive program. The program was announced on 20 April 2022 with stock exchange release. The conveyance is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 15 May 2024. After the share transfer on 14 April 2025, the company holds a total of 428,519 own shares. (Stock exchange release 15 April 2025)

Board of Directors established a new long-term incentive plan for company's key employees
The Board of Directors of Puuilo Plc has resolved to establish a new Long-Term Incentive Plan for the key employees of the Company and its subsidiaries ("LTI") and launch the first LTI plan period for 2025–2027.

The purpose of the LTI is to encourage the key employees to acquire and own the Company's shares. The LTI also aims to align the interests of the shareholders and the key employees as well as to increase key employees' motivation and long-term commitment to the Company. The LTI is intended to consist of annually commencing plan periods, each with a 12-month savings period followed by a holding period of approximately one and a half year. The Board of Directors will resolve annually on the launch of a new plan period. Participation in the LTI is voluntary, and key employees are invited to participate in each plan period separately.

The first LTI plan period 2025–2027 begins on 1 June 2025 and ends on 31 May 2028. The first savings period ends on 31 May 2026. The holding period begins at the first acquisition of savings shares. In the 2025–2027 plan period, the LTI is offered to approximately 100 key employees of the Group, including also the Management Team and the CEO. As part of the LTI, the key employees have an opportunity to make a one-off investment and/or save a proportion of their salaries and invest those savings in Puuilo shares. With the savings of the 2025–2027 plan period, Puuilo shares will be acquired in four tranches estimated in September 2025, December 2025, March 2026 and June 2026.

In the 2025–2027 plan period, as a reward for their commitment, the Company grants the key employees participating in the LTI a gross reward of one free matching share for every savings share acquired with their savings. The participants have also an opportunity to earn one to three performance-based matching shares (gross) for each savings share acquired with their savings if the performance criteria set for the plan period are met. The performance criteria of the plan are tied to the total shareholder return of the share (TSR), the company's adjusted earnings before interest, taxes and amortisation (EBITA) and return on invested capital (ROIC). Continuity of employment and holding of acquired savings shares for the duration of the holding period, ending on the day following the 2027 financial statement release, are prerequisites for receiving the award. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes and statutory social security contributions arising from the award. Matching shares will be freely transferable after their registration in a participant's book-entry account. The savings shares and matching share are Puuilo shares.

The maximum number of matching shares (gross before taxes) for the first plan period of 2025–2027 is approximately 519 000 shares, calculated at the share price on 16 April 2025. The final number of matching shares depends on the key employees' participation and savings rate in the plan, the fulfilment of the prerequisites for receiving matching shares and the number of shares acquired from the market with savings. (Stock exchange release 17 April 2025)

GROWTH STRATEGY

Puuilo's target is to continue strengthening its position as one of the leading discount retailers in Finland by utilising its key strengths: maintaining an attractive and wide product assortment, low prices and convenient shopping experience.

In line with its updated growth strategy, the company aims to open at least 5 – 6 new stores per year and to continue to increase its like-for-like net sales by further increasing Puuilo's brand awareness. The company has an efficient and standardised store opening process, which enables the opening of several stores each year without negatively affecting other operational activities. New stores are, on average, profitable after the first full month of opening.

Puuilo aims to continue to develop its value proposition by continuing to provide wide product assortment satisfying the needs of the customer base always with low prices. Puuilo also aims to continue investing in the development and growth of its online store to offer its customers a possibility to shop diversely both in the stores and the online store.

STORE NETWORK DEVELOPMENT

During the financial year 2024, Puuilo opened a total of seven new stores. During the beginning of the year, the company opened stores acquired from Hurrikaani in Nokia, Ylöjärvi, and Forssa. These stores were converted into Puuilo stores before opening. Additionally, Puuilo opened stores in Tampere Lahdesjärvi and Oulu Karjasilta. In the last quarter, the company opened stores in Äänekoski and Kirkkonummi. During the financial year 2025, Puuilo will open stores in Varkaus, Savonlinna, Lohja, Mäntsälä, Jyväskylä Keljo, Iisalmi and Heinola. For the financial year 2026, Puuilo has announced a store opening in Espoonlahti, with additional openings to be announced for the financial year 2026 as they are finalised. According to the Puuilo's definition, a store is considered new during the year of opening and the following financial year. Relocated stores are considered like-for-like stores.

On 31 January 2025, Puuilo had a total of 49 stores (42 stores) across Finland. The current store network is young, approximately half of the stores have been opened during the last five years.

FINANCIAL DEVELOPMENT

Seasonality

Puuilo's business is, in part, seasonal in nature. As such, there are seasonal peaks in Puuilo's net sales, operating result, and cash flows, although seasonal dependence is relatively low compared to the retail sector in general. Historically, Puuilo's most important seasons in terms of net sales have been the second and third quarter of each financial year. Additionally, Puuilo's net sales are partly impacted by exceptional, harsh, or seasonally atypical weather.

Net sales, result and profitability

In financial year 2024, Puuilo's net sales increased by 13.3% (+14.2%) to EUR 383.4 million (338.4). Net sales of Puuilo's stores were EUR 374.4 million (329.5) and net sales of the online store were EUR 9.1 million (8.9), which corresponded to 2.4% (2.6%) of net sales. Like-for-like store net sales increased by 1.5 % (+5.2%). Online store net sales increased by 1.7% (-11.2%).

The development of net sales was positively impacted by the increase in net sales of both new and like-for-like stores. Customer traffic continued to increase also in like-for-like stores. The growth of like-for-like store net sales was slowed down by the decrease in average basket size.

Puuilo's gross profit was EUR 144.6 million (123.9) and the gross margin was 37.7% (36.6%). The increase in gross margin was driven by a change in the sales mix and growth in the share of private label products. The share of private label products in net sales increased significantly and was 21.7% (20.6%). Additionally, the expansion of the store network has led to an increase in purchase volumes, which has had a positive impact on purchasing terms.

Operating expenses were EUR 61.0 million (56.3), which corresponds to 15.9% of net sales (16.6%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 38.5 million (35.4), which corresponds to 10.0% (10.4%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA as well as EBITA were EUR 67.0 million (54.1), which corresponds to 17.5% (16.0%) of net sales. Adjusted EBITA increased by 23.8% compared to the previous year. There were no items affecting comparability.

Operating profit was EUR 65.1 million (52.8), which corresponds to an EBIT margin of 17.0% (15.6%).

Net financial expenses were EUR -5.2 million (-4.4). Net financial expenses excluding the effect of IFRS 16 were EUR -2.3 million (-2.4).

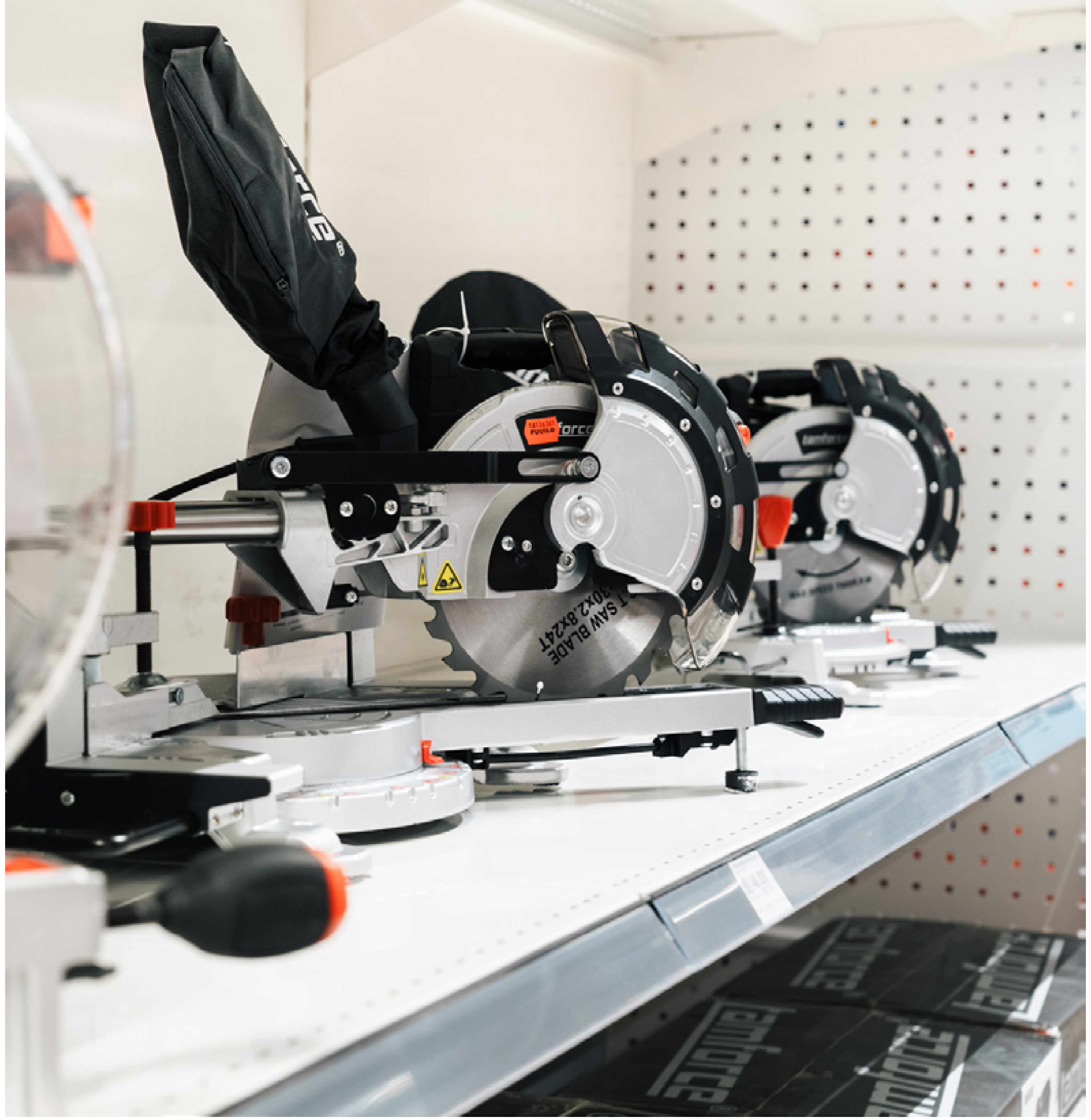
Profit before taxes was EUR 59.9 million (48.4). Total income taxes were EUR 12.0 million (9.7). The net result was EUR 47.9 million (38.7) and earnings per share were EUR 0.57 (0.46).

BALANCE SHEET, FINANCING AND CASH FLOW

At the end of the financial year, Puuilo's inventories were EUR 115.5 million (93.1). The increase in inventories was due to the opening of seven new stores and private label inventories of five stores opening during the spring 2025. Additionally, the import volume of private label products increased as planned and the company also prepared for adequacy of products in anticipation of possible supply chain disturbances. All of these factors contributed to the increase in inventory value. However, our aim is to further improve inventory turnover.

Operating free cash flow was EUR 44.0 million (54.8). Operating free cash flow was supported by strong operating profit. However, inventories increased for the above-mentioned reasons and cash flow also reflects items related to the Hurrikaani arrangement. The operating free cash flow for the comparison period was positively impacted by the normalisation of excess inventories.

At the end of the financial year cash and cash equivalents were EUR 18.3 million (21.5) and the company's financial position is stable.



At the end of the financial year, Puuilo's interest-bearing liabilities totalled EUR 133.1 million (122.8), of which non-current financial loans amounted to EUR 50.0 million (50.0). The Group did not have any current financial loans at the end of the financial year (-). Other interest-bearing liabilities consisted of lease liabilities reported in accordance with IFRS 16. At the end of the financial year, the ratio of net debt to adjusted EBITDA was 1.4 (1.5), which is in line with the long-term target. The ratio of net debt to adjusted EBITDA excluding the impact of IFRS 16 was 0.5 (0.5). Net debt excluding the impact of IFRS 16 was approximately EUR 31.7 million (28.5).

INVESTMENTS

Puuilo's investments were EUR 7.1 million (4.7). Investments were mainly related to the acquisition of Hurrikaani store chain and the furnishing of new stores. Comparison period investments were mainly related to furnishing of new stores and to development of IT-systems.

PERSONNEL

The number of personnel converted into full-time employees (FTE) was 849 (791). The average number of personnel was 1,005 (938). Personnel expenses were EUR 38.5 million (35.4).

SHARES AND SHAREHOLDERS

Share information and share trading

Puuilo Plc has one class of shares. Each share carries one vote at the company's Annual General Meeting. The shares have no nominal value. Puuilo Plc's share capital was EUR 80,000 at the end of the reporting period and the company had 84,776,953 shares.

On the last trading day of the financial year, 31 January 2025, the closing price of the share was EUR 10.23. The share turnover during the reporting period was EUR 244 million and 25,139,636 shares. The highest intra-day share price during the financial year was EUR 10.90 and the lowest intra-day price was EUR 8.50. At the end of the financial year, the market value of the shares was EUR 862 million.

The company held 555,000 treasury shares at the end of the reporting period.

Further information on Puuilo's shares and shareholders is available on the investor website at www.investors.puuilo.fi/en/investors/share_information/shareholders and on the management's holdings at https://www.investors.puuilo.fi/en/investors/share_information/management_shareholding.

Shareholders

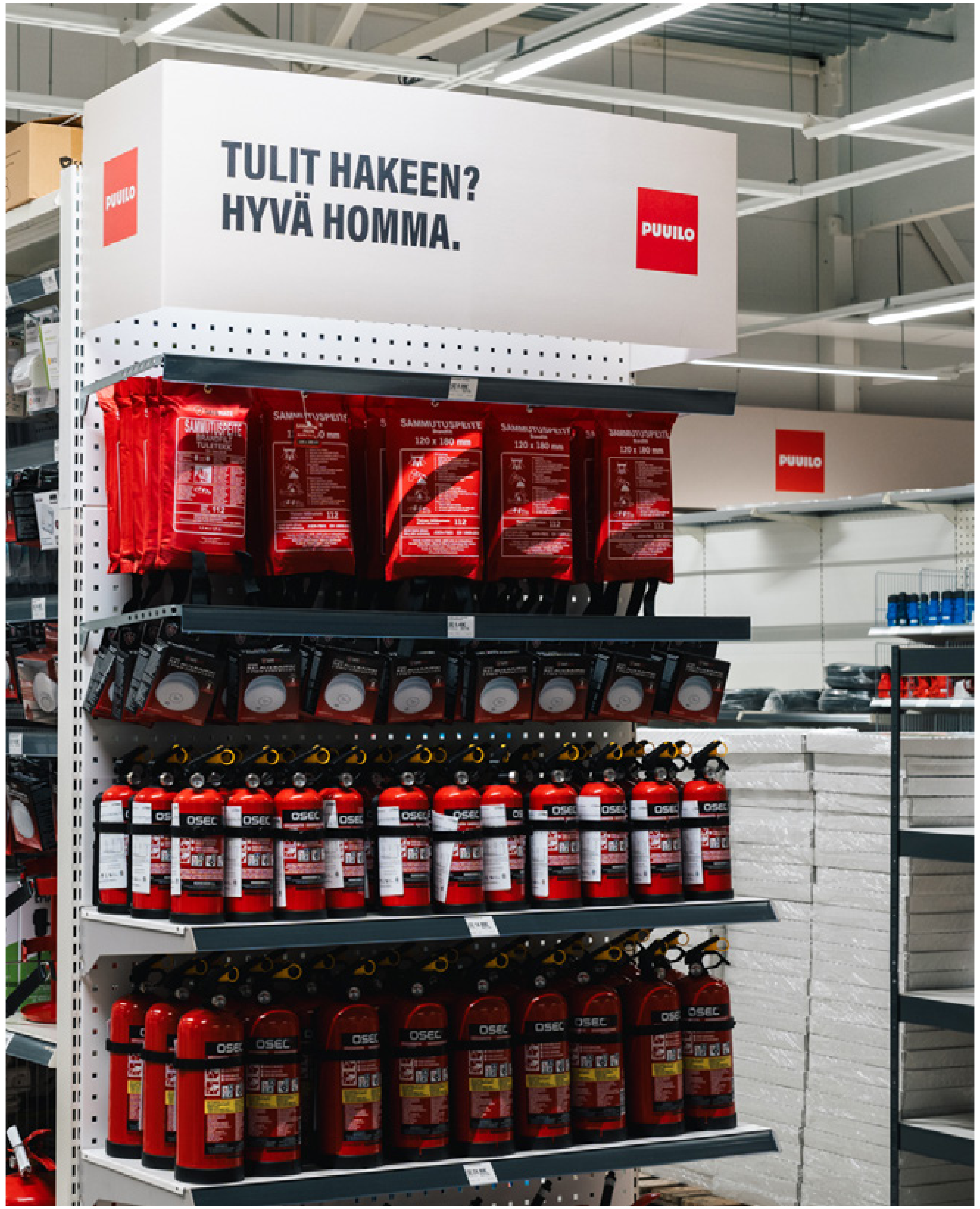
At the end of the financial year, Puuilo had 32 948 registered shareholders.

Puuilo has through a flagging notification in August 2022 from The Capital Group Companies, Inc, been informed that the company's indirect holdings are 10.03% of Puuilo's shares.

Puuilo has through a flagging notification in September 2023 from Ampfield Management LP, Inc, been informed that the company's indirect holdings are 10.11% of Puuilo's shares.

MAJOR SHAREHOLDERS ON 31 JANUARY 2025

	NUMBER OF SHARES	% OF SHARES
1. Tuomaala Markku	4,112,069	4.85%
2. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,814,000	2.14%
3. Elo Keskinäinen Työeläkevakuutusyhtiö	1,704,000	2.01%
4. Evli Finnish Small Cap Fund	1,484,000	1.75%
5. Danske Invest Finnish Equity Fund	1,437,005	1.70%
6. Evli Finland Select Fund	1,365,000	1.61%
7. Säästöpankki Kotimaa-Sijoitusrahasto	888,114	1.05%
8. Op-Suomi -Sijoitusrahasto	695,446	0.82%
9. Tuomaala Henri Aleksi	648,653	0.77%
10. Op-Henkivakuutus Oy	600,869	0.71%
10 largest total	14,749,156	17.40%
100 largest total	24,012,915	28.32%
Nominee registered total	49,372,480	58.24%
Total	**84,776,953**	**100.00%**



OWNERSHIP STRUCTURE ON 31 JANUARY 2025

	NUMBER OF SHARES	% OF SHARES
Private Individuals	17,335,946	20.45%
Pension & Insurance	5,109,202	6.03%
Companies	4,924,907	5.81%
Fund company	3,795,202	4.48%
Others	3,690,803	4.35%
Foundation	548,413	0.65%
Total	**35,404,473**	**41.76%**
Nominee registered	**49,372,480**	**58.24%**

BREAKDOWN BY SIZE OF HOLDING ON 31 JANUARY 2025

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
0-100	15,584	47.30%	753,542	0.89%
101-500	12,225	37.10%	2,984,170	3.52%
501-1,000	2,944	8.94%	2,207,281	2.60%
1,001-5,000	1,887	5.73%	3,754,061	4.43%
5,001-10,000	147	0.45%	1,026,961	1.21%
10,001-50,000	107	0.32%	2,299,113	2.71%
50,001-100,000	7	0.02%	498,312	0.59%
100,001-	37	0.11%	21,881,033	25.81%
Nominee registered	10	0.03%	49,372,480	58.24%
Total	32,948	100.00%	84,776,953	100.00%

MANAGEMENT SHAREHOLDING

On 31 January 2025, Puuilo Plc's Board members and the CEO owned a total of 234,111 Puuilo Plc's shares, which corresponded to 0.28% of the company's shares and votes.

On 31 January 2025, the CEO had 201,220 Puuilo Plc's shares, which corresponded to 0.24% of the company's shares and votes. On 31 January 2025, Puuilo Plc's Management Team incl. CEO owned 632,694 Puuilo Plc's shares, which corresponded to 0.75% of the company's shares and votes.

FLAGGING NOTIFICATIONS

During the financial year, Puuilo received the following shareholder flagging notifications in accordance with the Finnish Securities Markets Act:

- On 9 February 2024, Puuilo received a notification in accordance with the Chapter 9, Section 5 of the Finnish Securities Market Act from Evli Plc. According to the notification Evli Rahastoyhtiöt Ltd's ("Evli") (100% owned by Evli Plc) direct holding of the shares and votes of the Company has decreased below the 5% threshold and was 4,94%.
- On 2 January 2025, Puuilo received a notification in accordance with the Chapter 9, Section 5 of the Finnish Securities Market Act from Evli Plc. According to the notification Evli Rahastoyhtiöt Ltd's ("Evli") (100% owned by Evli Plc) direct holding of the shares and votes of the Company has decreased below the 5% threshold and was 4,85%.

Further information on Puuilo's shares and shareholders is available on the investor website at www.investors.puuilo.fi/en/investors/share_information/shareholders and on the management's holdings at https://www.investors.puuilo.fi/en/investors/share_information/management_shareholding.

RISKS AND BUSINESS UNCERTAINTIES

Puuilo Group's risk management is based on the risk management policy approved by the Board of Directors. The purpose of the risk management policy is to define the framework, processes, governance and responsibilities of risk management in Puuilo.

The primary objective of risk management in Puuilo is to support the company's strategy execution, continuity of operations and realization of business objectives by anticipating any risks involved in the company's operations and managing them in a proactive manner. Enterprise risk management emphasizes the role of corporate culture and is an integrated part of Puuilo's operations, planning and decision-making.

The Board of Directors is responsible for monitoring and ensuring that the Puuilo's risk management process functions are comprehensive. The Board defines the risk appetite and tolerance, according to the current conditions. The Board of Directors is also responsible for approving enterprise risk management related company policies. Puuilo's operative management is responsible for achieving the set objectives and controlling, managing, and mitigating risks that threaten them. The operative management is also responsible for the risk management work, and for ensuring the performance of the risk management process and the availability of sufficient resources.

Risks are assessed regularly and managed comprehensively. The Group's risk map and the most significant risks and uncertainties are regularly reported to Puuilo's Board of Directors, whereas the most significant risks and uncertainties are reported to the market in the report of the Board of Directors and significant changes within them are reported in the business reviews and half-year reports.

Most significant risks and uncertainties in Puuilo

The activities of competitors and the entry of new competitors

The Finnish retail market is competitive, so the actions of competitors and the entry of new competitors may affect Puuilo's position in the market.

It is possible to react to the various actions of competitors through marketing, pricing, and assortment management, as well as through a rapid expansion of our store network. In addition, risk is managed by actively monitoring competitors and evaluating their actions.

Changes in purchase power and customer behaviour

Changes in purchase power and consumer behaviour may occur due to factors such as the general economic situation, confidence in the economy, employment rate, inflation, energy prices, and interest rates.

Puuilo strives to influence consumer behaviour through advertising, as well as to maintain a favourable price image and careful pricing decisions.

Pricing Strategy

Puuilo is a discount store, and price level important to Puuilo's customers. Too high price level can lead to a deterioration in price perception and a decline in sales. Puuilo actively monitors prices, and sales pricing is managed through a clear pricing strategy.

Industrial disputes

Potential industrial disputes can have an impact on Puuilo's operations and cause disruptions in, for example, supply chains and store operations.

Puuilo manages the risk by monitoring the situation and preparing for possible exceptional situations.

Implementation of Relex

The company has implemented a replenishment order system, and its failure could lead to stock shortages or excessive inventory levels.

The risk is mitigated by closely monitoring inventory levels and system parameters.

Slowdown of product assortment development

The development of the company's product assortment may lag behind competitors, and emerging trends may not be identified. In addition, the attractiveness of the assortment may decrease among customers.

Puuilo manages risk by actively monitoring the operating environment and its changes, and open-mindedly experimenting with new trends.

Risks Related to China

A significant portion of products procured by Puuilo and its suppliers originates from China. Any significant changes in the Chinese supplier environment or supply chain could result in risks for Puuilo.

The risk related to China can be mitigated by monitoring the situation and increasing the number of procurement countries.

Geopolitical Risks

The war in Ukraine and other geopolitical tensions have caused significant uncertainty in Europe and increased security policy tensions. The potential escalation of conflicts could lead to significant changes in the supplier environment, affecting Puuilo's supply chains and increasing procurement costs. The geopolitical situation and its indirect market impacts may increase customer price sensitivity.

Puuilo aims to manage risk by monitoring the situation and reacting proactively to changes. Additionally, efforts are made to geographically diversify the supplier chain.

Product safety

A failure in product safety control or in the quality assurance of the supply chain could result in financial losses, the loss of customer trust or reputation, or in the worst case, endanger the health of customers.

The company manages the risk primarily through careful supplier selection, which includes reviewing suppliers' product safety and quality documentation and customer references. In addition, the company manages product risk by requiring independent laboratory verification of product safety for higher-risk products.

Key personnel risks

Failure in recruiting or retaining management and other key personnel may adversely affect Puuilo.

The company manages the risk by striving to improve the employer image, by focusing on the quality of supervisory work, through incentive programs, and by offering meaningful tasks. In addition, recruitment processes are carried out carefully and suitability assessments are used.

Failure and quality problems of products imported by Puuilo

Products imported by Puuilo imports may have quality problems, which may have negative impact on the reputation of private label products and among customers. In addition, the expansion and development of the assortment of private label products may have adverse impact on other supplier relations.

The risk is mitigated by private label product quality control and active selection management.

Cybersecurity

Despite technical and administrative protective measures, Puuilo's IT systems can be attacked. If the intrusion is not detected, it results in a data breach or denial of service. Additionally, the staff's insufficient knowledge and skills in data protection and handling can lead to information falling into the wrong hands.

Practices, documentation, and guidelines related to cybersecurity are continuously developed. The risk is also mitigated by regularly training the employees.

Disruptions in supply chains

Disruptions in the company's warehousing and logistics chain of suppliers or its own stores as well as possible strikes in the logistics sector may have an adverse effect on Puuilo's business, financial position, profit, and cash flows.

Puuilo manages the risk by decentralizing the supply chain and maintaining inventory levels in stores and central warehouses at an adequate level.

Slowdown of online sales growth

Puuilo's online sales may slowdown.

The online shopping experience can be improved among other things by developing delivery times, payment methods and delivery methods, to ensure that the growth of e-commerce does not stall. In addition, marketing methods can be used to increase sales.

The general principles of Puuilo's risk management are also described on the investor website https://www.investors.puuilo.fi/en/investors/corporate_governance/risk_management.

DECISIONS BY THE ANNUAL GENERAL MEETING AND THE BOARD OF DIRECTOR'S ORGANISATION MEETING

Puuilo Plc's Annual General Meeting was held on 15 May 2024 in Vantaa, Finland. The Annual General Meeting adopted the Company's annual accounts and the consolidated financial statements for the financial year 1 February 2023 – 31 January 2024, discharged the persons who have acted as members of the Company's Board of Directors and as CEO from liability and approved all proposals made to the Annual General Meeting by the Board of Directors and the Shareholders' Nomination Board.

Dividend

The Annual General Meeting resolved that an aggregate dividend of EUR 0.38 per share be paid based on the balance sheet adopted for the financial year ended on 31 January 2024. The dividend was paid in two instalments of EUR 0.19 per share. The record date of the first dividend instalment was 22 May 2024 and the pay date was 29 May 2024. The record date of the second dividend instalment is 17 October 2024 and the pay date 24 October 2024. The Board was authorized to decide, if necessary, on new dividend payment record date and pay date for the second instalment, if the rules and statutes of the Finnish book-entry system change or otherwise so require. The remaining distributable assets will remain in equity.

Composition of the Board of Directors

The number of members of the Board of Directors was confirmed to as six (6). Lasse Aho, Bent Holm, Mammu Kaario and Tuomas Piirtola were re-elected, and Jens Joller and Anne-Mari Paapio were elected as new members of the Board of Directors for a term ending at the end of the next Annual General Meeting.

The Annual General Meeting elected Lasse Aho as the Chairman of the Board of Directors.

Remuneration of the members of the Board of Directors

The Annual General Meeting resolved that the annual remuneration to the members of the Board of Directors will be paid as follows: to the Chairman of the Board of Directors EUR 60,000 and to the other members EUR 30,000 each. In addition, the Annual General Meeting resolved that the annual remuneration to the members of the Audit Committee will be paid as follows: to the Chairman of the Audit Committee EUR 5,000 and to the other members of the Audit Committee EUR 2,500.

Auditor
PricewaterhouseCoopers Oy, a firm of authorized public accountants, was re-elected as auditor of the Company for the financial year 1 February 2024 – 31 January 2025. Mikko Nieminen, APA, acted as the auditor with principal responsibility.

The auditor's remuneration is paid against an invoice approved by the Company.

Authorization for the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of the Company's own shares
The Annual General Meeting authorized the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of an aggregate maximum of 8,477,695 Company's own shares provided, however, that the number of shares held by the Company at any time does not exceed 10 per cent of the total number of shares in the Company. Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or on the acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization cancels the authorization granted on 16 May 2023 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2025.

Authorization for the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares
The Annual General Meeting decided to authorize the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 8,477,695 shares, which corresponds to approximately 10 per cent of all the shares in the Company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization cancels the authorization granted on 16 May 2023 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2025.

Authorizing the Board of Directors to resolve on donations for charitable purposes
The Annual General Meeting resolved to authorize the Board of Directors to resolve on donations for charitable or corresponding purposes in a total maximum of EUR 50,000. The Board of Directors was authorized to decide on the donation recipients, purposes of use and other terms of the donations. The authorization was proposed to remain effective until the end of the Annual General Meeting 2025, however, no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

Antti Ihamuotila, attorney-at-law, chaired the meeting.

The minutes of the Annual General Meeting is available on the Puuilo investor website at ww.investors.puuilo.fi/en/corporate-governance/general-meeting.

Decisions by the Board of Director's organisation meeting
The following members were elected to the Audit Committee: Mammu Kaario (Chair), Tuomas Piirtola and Jens Joller.

PROPOSAL FOR PROFIT DISTRIBUTION

The Board of Directors of Puuilo Plc proposes for the Annual General Meeting to be held on 15 May 2025 that a dividend of total of EUR 0.70 per share be paid based on the balance sheet to be confirmed for the financial year 1 February 2024 – 31 January 2025 on shares held outside the company. Of the proposed dividend, EUR 0.46 will be distributed based on the financial year 2024 result and EUR 0.24 will be distributed as a special dividend. The remaining distributable assets will remain in equity. The Board of Directors proposes that the dividend be paid in two instalments.

The first instalment, EUR 0.35 per share, will be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 26 May 2025. The board proposes that the first dividend instalment payment date be 2 June 2025.

The second instalment, EUR 0.35 per share, will be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 16 October 2025. The board proposes that the second instalment payment date be 23 October 2025. The Board proposes it be authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second instalment, if the rules and statutes of the Finnish book-entry system change or otherwise so require.

As at the date of the proposal for the distribution of profit, 26 March 2025, a total of 84,221,953 shares were held outside the company, and the corresponding total amount of dividends was EUR 58,955,367.10.

The distributable assets of the Group's parent company total EUR 134,624,715.28 which profit for the financial year is EUR 50,176,011.13. The proposed dividend based on the financial year 2024 result corresponds to approximately 81% of Puuilo Group's net income for the financial year.

Annual General Meeting
Puuilo's Annual General Meeting will be held on 15 May 2025.

Key figures

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Net sales	383.4	338.4	296.4
Net sales development (%)	13.3%	14.2%	9.7%
Like-for-like store net sales development (%)	1.5%	5.2%	5.5%
Online store net sales development (%)	1.7%	-11.2%	3.9%
Gross profit	144.6	123.9	107.2
Gross margin (%)	37.7%	36.6%	36.2%
Adjusted EBITA*	67.0	54.1	48.8
Adjusted EBITA margin (%)*	17.5%	16.0%	16.5%
Adjusted EBITA* margin development (%)	23.8%	10.9%	0.7%
EBITA*	67.0	54.1	48.2
EBITA margin (%)*	17.5%	16.0%	16.2%
EBIT	65.1	52.8	47.0
EBIT margin (%)	17.0%	15.6%	15.9%
Net income	47.9	38.7	35.1
EPS (EUR)	0.57	0.46	0.41
EPS excl. listing expenses (EUR)	0.57	0.46	0.42
Dividend (EUR per share)	0.70**	0.38	0.34
Operating free cash flow	44.0	54.8	52.7
Net debt / adjusted EBITDA	1.4	1.5	1.5
Net debt / adjusted EBITDA excl. impact of IFRS 16	0.5	0.5	0.8
Number of stores (end of period)	49	42	37
Number of personnel converted into full-time employees (FTE)	849	791	693

* Operating profit before the amortisation and impairment of intangible rights

** Proposal of Board of Directors

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES AND OTHER KEY FIGURES

Puuilo uses alternative performance measures to reflect the changes in business performance and profitability. These indicators should be examined together with key the performance indicators compliant with IFRS Accounting Standards.

Like-for-like store net sales development is used to reflect the changes in Puuilo's business volume between periods. The indicator reflects the change in the net sales excluding the impact of new stores. Like-for-like stores include the stores that have existed during both the review period and the comparison period.

Adjusted profit and profitability indicators are used to improve the comparability of operational performance between periods. Items affecting comparability include unusual material items outside the ordinary course of the business such as listing expenses and business arrangements.

Alternative performance measures, adjusted for the effect of IFRS 16, are used to monitor the achievement of financial targets. EBITDA excluding the effect of IFRS corresponds to EBITDA before the adoption of IFRS 16.

In addition, financial performance indicators for the group have been presented as alternative performance measures. The management uses these indicators to monitor and analyse business performance, profitability, and financial position.

CALCULATION OF ALTERNATIVE PERFORMANCE MEASURES AND OTHER KEY FIGURES

KEY FIGURE	DEFINITION
Like-for-like store net sales development (%)	Like-for-like store net sales development is calculated as the net sales development of the comparable stores that are not considered new or closed stores. A store is considered a new store during the opening year and the following financial year after the opening. Relocated stores are considered as like-for-like stores.
Online net sales development (%)	Change in online store net sales for the period divided by online store net sales for the previous period
Gross profit	Net sales – materials and services
Gross margin (%)	Gross profit as percentage of net sales
EBITA	Operating profit before amortisation and impairment of intangible rights
EBITA margin (%)	EBITA as percentage of net sales
Adjusted EBITA	EBITA adjusted with items affecting comparability
Adjusted EBITA development (%)	Change in adjusted EBITA for the period divided by adjusted EBITA for the previous period
Adjusted EBITA margin (%)	Adjusted EBITA as percentage of net sales
EBIT (operating profit)	Profit before income taxes and finance income and finance costs (operating profit)
EBIT margin (%)	EBIT as percentage of net sales
Earnings per share (basic) (EUR)	Earnings per share have been calculated by dividing the profit for the period according to the consolidated income statement by the weighted average number of shares issued.

KEY FIGURE	DEFINITION
Earnings per share (diluted) (EUR)	Earnings per share have been calculated by dividing the profit for the period according to the consolidated income statement by the weighted average diluted number of shares issued.
Earnings per share excluding listing expenses (EUR)	Earnings per share have been calculated by dividing the profit for the period excluding the listing expenses recognised in profit and loss according to the consolidated income statement by the weighted average number of shares issued.
EBITDA	Operating profit before depreciation, amortisation, and impairment
Adjusted EBITDA	EBITDA before items affecting comparability
Operating free cash flow	Adjusted EBITDA – depreciation of right-of-use assets – change in net working capital in cash flow statement – net capital expenditure
Net debt / Adjusted EBITDA	Interest-bearing liabilities (loans from financial institutions + lease liabilities) – cash and cash equivalents divided by annualised adjusted EBITDA
Net debt / Adjusted EBITDA excl. IFRS 16 impact	Interest-bearing liabilities excluding IFRS 16 lease liabilities – cash and cash equivalents divided by adjusted EBITDA – lease expenses

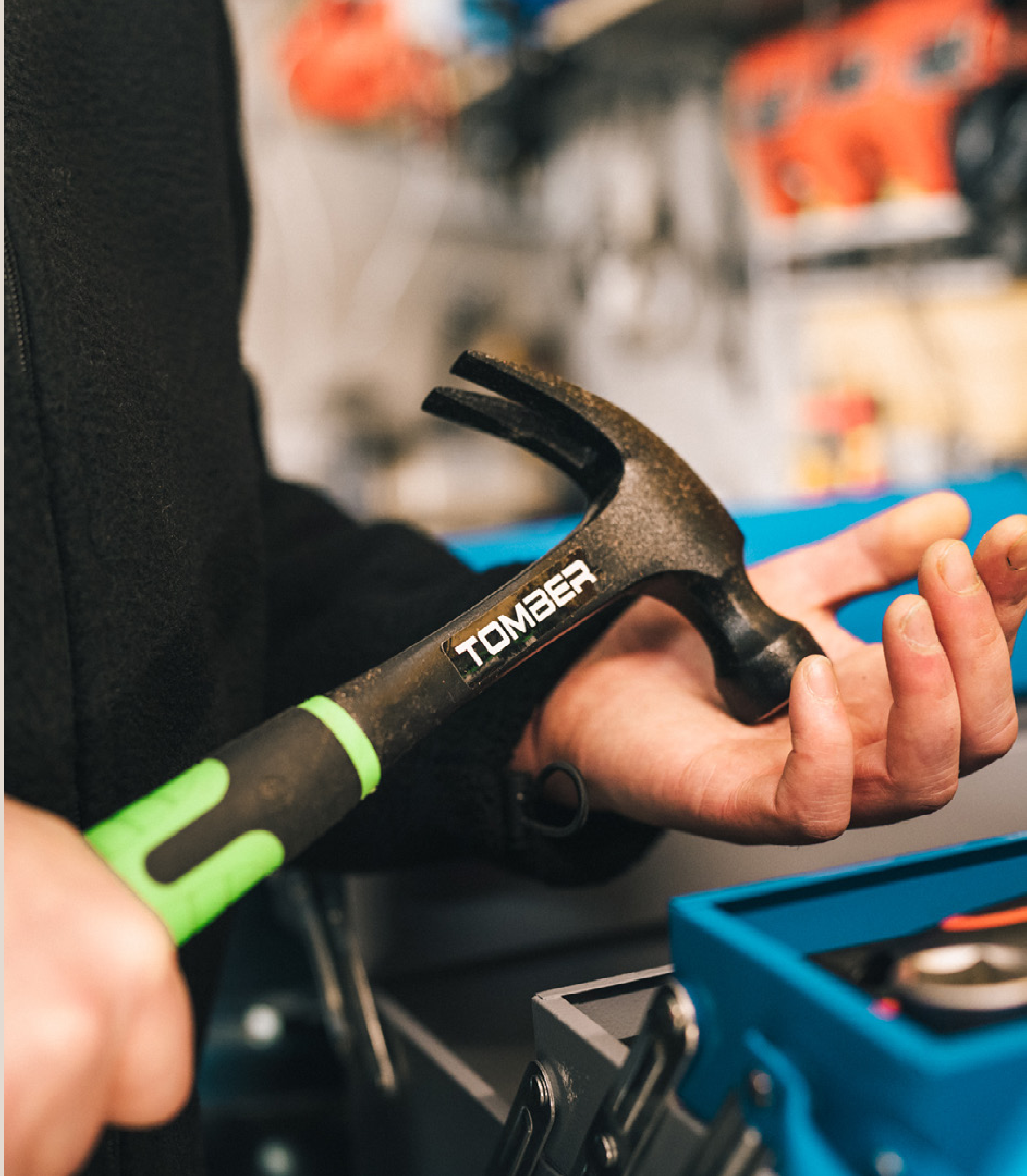
RECONCILIATION OF CERTAIN ALTERNATIVE PERFORMANCE MEASURES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Items affecting comparability			
Strategic projects	-	-	0.1
Listing expenses	-	-	0.5
Items affecting comparability	**-**	**-**	**0.6**
Gross profit			
Net sales	383.4	338.4	296.4
Materials and services	238.8	214.5	189.3
Gross profit	**144.6**	**123.9**	**107.2**
EBITA and adjusted EBITA			
Operating profit	65.1	52.8	47.0
Amortisation and impairment of intangible rights	1.9	1.3	1.1
EBITA	**67.0**	**54.1**	**48.2**
Items affecting comparability	-	-	0.6
Adjusted EBITA	**67.0**	**54.1**	**48.8**
EBITDA and Adjusted EBITDA			
Operating profit	65.1	52.8	47.0
Depreciation, amortisation and impairments	19.0	15.2	13.5
EBITDA	**84.1**	**68.0**	**60.6**
Items affecting comparability	-	-	0.6
Adjusted EBITDA	**84.1**	**68.0**	**61.2**

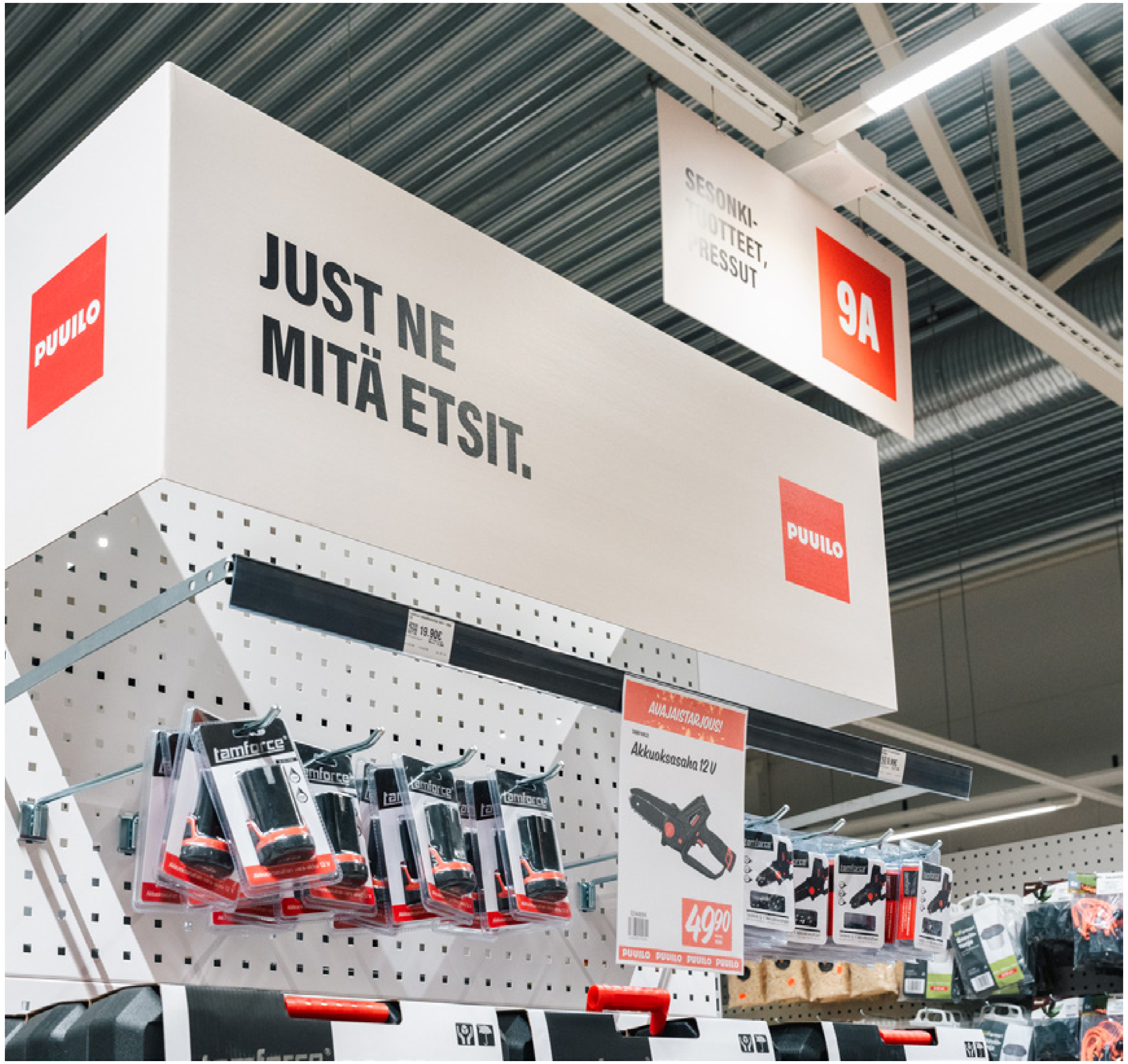
EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Operating free cash flow			
Adjusted EBITDA	84.1	68.0	61.2
Net capital expenditure	-7.1	-4.7	-2.6
Depreciation on right-of-use assets	-14.8	-11.9	-9.8
Changes in working capital	-18.2	3.4	3.9
Operating free cash flow	**44.0**	**54.8**	**52.7**
Net debt / Adjusted EBITDA			
Net debt	114.8	101.3	94.4
Adjusted EBITDA	84.1	68.0	61.2
Net debt / Adjusted EBITDA	**1.4**	**1.5**	**1.5**
Net debt / adj. EBITDA excl. impact of IFRS 16			
Net debt	114.8	101.3	94.4
IFRS 16 lease liabilities	-83.1	-72.8	-53.4
Net debt excl. impact of IFRS 16	**31.7**	**28.5**	**41.1**
Adjusted EBITDA, rolling 12 mths	84.1	68.0	61.2
Rents from lease agreements, rolling 12 mths	-16.0	-12.3	-10.0
Adjusted EBITDA excl. impact of IFRS 16	**68.1**	**55.7**	**51.2**
Net debt / adj. EBITDA excl. impact of IFRS 16	**0.5**	**0.5**	**0.8**

PUUILO

SUSTAINABILITY STATEMENT



Sustainability statement



PUUILO IN BRIEF

Puuilo is a Finnish discount retail chain. The strongly growing chain had 49 stores in different parts of Finland at the end of the financial year that ended on 31 January 2025. In addition, customers are served through an online store. The product assortment includes building supplies, tools, HVAC and electrical accessories, pet food and supplies, car accessories, groceries, household products, garden supplies, free-time and other accessories as well as services. Puuilo is one of the leading discount retailers in Finland and it serves both consumers and B2B customers in the repair and maintenance as well as construction sector. The company is known for its affordable prices and extensive product assortment.

Puuilo Group's parent company is Puuilo Plc, which is a Finnish public limited company established under Finnish law. The company is headquartered in Helsinki, Finland. Puuilo Plc is listed on the Nasdaq OMX Helsinki Stock Exchange.

GENERAL DISCLOSURES

Preparation basis

BP-1 General basis for preparation of the sustainability statement

Puuilo's sustainability report has been prepared for the financial year from February 1, 2024, to January 31, 2025. It covers the entire Puuilo group, including the parent company Puuilo Plc and its 100%-owned subsidiary Puuilo Tavaratalot Oy. The scope of consolidation of the sustainability report is thus the same as in the financial statements. The assessment of impacts, risks, and opportunities at the beginning and end of the value chain has been included in the principles of action and attempts have been made to include indicators as accurately as the availability of information on product groups allows.

The reported sustainability topics are based on the double materiality analysis conducted in 2024. The sustainability statement has been prepared in accordance with Chapter 7 of the Finnish Accounting Act and the European Sustainability Reporting Standards (ESRS). Puuilo uses the transitional rule of the ESRS 1 General Requirements standard, which allows the company not to provide comparative data in the sustainability statement for the first year of preparation according to the ESRS standards.

No information related to intellectual property, know-how, or results of innovation has been omitted from the sustainability statement.

BP-2 Disclosures in relation to specific circumstances

The statement follows the time horizons of the ESRS.

The availability and quality of information related to the beginning and end of the value chain can cause uncertainty in the reported data. The methods used in carbon footprint calculations and the uncertainties and limitations related to data quality are detailed in section E1-6. The value chain information regarding resource inflows in section E5-4 has been assessed using the company's internal data, as Puuilo does not manufacture or further process products itself and does not have access to detailed information about the value chain.

The reported metrics have been verified only by the verification service provider.

In its 2024 reporting, Puuilo uses the following transitional provisions in accordance with Appendix C of ESRS 1:

- SBM-1 Strategy, business model and value chain: paragraph 40 (b) and (c)
- SBM-3 Material impacts, risks, and opportunities and their interaction with strategy and business model: paragraph 48 (e)
- E1-9 Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E5-6 Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
- S1-13 Training and skills development
- S1-14 Health and safety: data points on the number of days lost due to work-related health issues, injuries, accidents, fatalities, and occupational diseases
- S1-15 Work-life balance

The Sustainability Audit Firm PricewaterhouseCoopers Oy has issued the company with a third-party sustainability reporting auditor's limited assurance engagement on Puuilo's sustainability statement in accordance with ISAE 3000 (revised). Puuilo's Board of Directors has approved this sustainability statement for publication.

Governance

GOV-1, G1.GOV-1 The role of the administrative, management and supervisory bodies

Puuilo's Board of Directors consisted of six members during the reporting period. Members included Lasse Aho (chairman), Tuomas Piirtola, Bent Holm, Mammu Kaario, Rasmus Molander (until May 15, 2024), Markku Tuomaala (until May 15, 2024), Jens Joller (from May 15, 2024), and Anne-Mari Paapio (from May 15, 2024). Until May 15, 2024, the Board of Directors consisted of 83% men and 17% women. From May 15, 2024, onwards, the ratio was 67% men and 33% women. Based on the independence assessment, all members of the Board of Directors were independent of the company and significant shareholders except for Jens Joller (from May 15, 2024) and Rasmus Molander (until May 15, 2024), who were independent of the company but not significant shareholders. The gender ratio of the Board of Directors was 1:5 until May 15, 2024, and 2:4 from May 15, 2024. The proportion of independent Board members remained 83% throughout the financial year.

Puuilo's management team was composed of seven members, all of whom participated in the management of business operations: CEO Juha Saarela, CFO Ville Ranta, Marketing Director Perttu Partanen, Purchasing and Logistics Director Markku Lampela, HR Director Sirkkaliisa Kulmala, Sales Director Markus Kaatranen, and IT Director Juha Parviainen. The gender ratio of the management team was 1:6 throughout the reporting period.

There are no employee representatives in the management team or the Board of Directors.

Board of Directors' Responsibilities

Puuilo's Board of Directors oversees the company's operations and administration and decides on significant matters related to the company's strategy, investments, organization, and financing. The Board of Directors has general authority in all matters not explicitly assigned to other bodies or entities by law or the company's articles of association. The responsibilities of the Board of Directors include approving the financial statements and the report by the Board of Directors, including the sustainability statement, as well as half-year and business reviews, deciding on strategically significant business matters, confirming policies to be followed in the Puuilo group, and ensuring proper risk management and internal audit arrangements. The Board of Directors also appoints the CEO and the management team members and decides on the terms of their employment. The Board of Directors has prepared a written rule for its operations defining its main duties and principles.

The audit committee members of the Board of Directors are Mammu Kaario (chair), Jens Joller (from May 15, 2024), Tuomas Piirtola (from May 15, 2024), Rasmus Molander (until May 15, 2024), and Markku Tuomaala (until May 15, 2024). The duties of the Audit Committee include overseeing financial and sustainability reporting, risk management, the arrangement of audit and assurance of sustainability reporting, internal audit, as well as matters related to compliance and governance. The committee does not have independent decision-making power but prepares matters for decision by the Board of Directors or the Annual General Meeting.

Members of the Board of Directors must have the required qualifications and expertise to perform their duties. The Board of Directors collectively has sufficient knowledge and experience of Puuilo's business environment, industry, and product range.

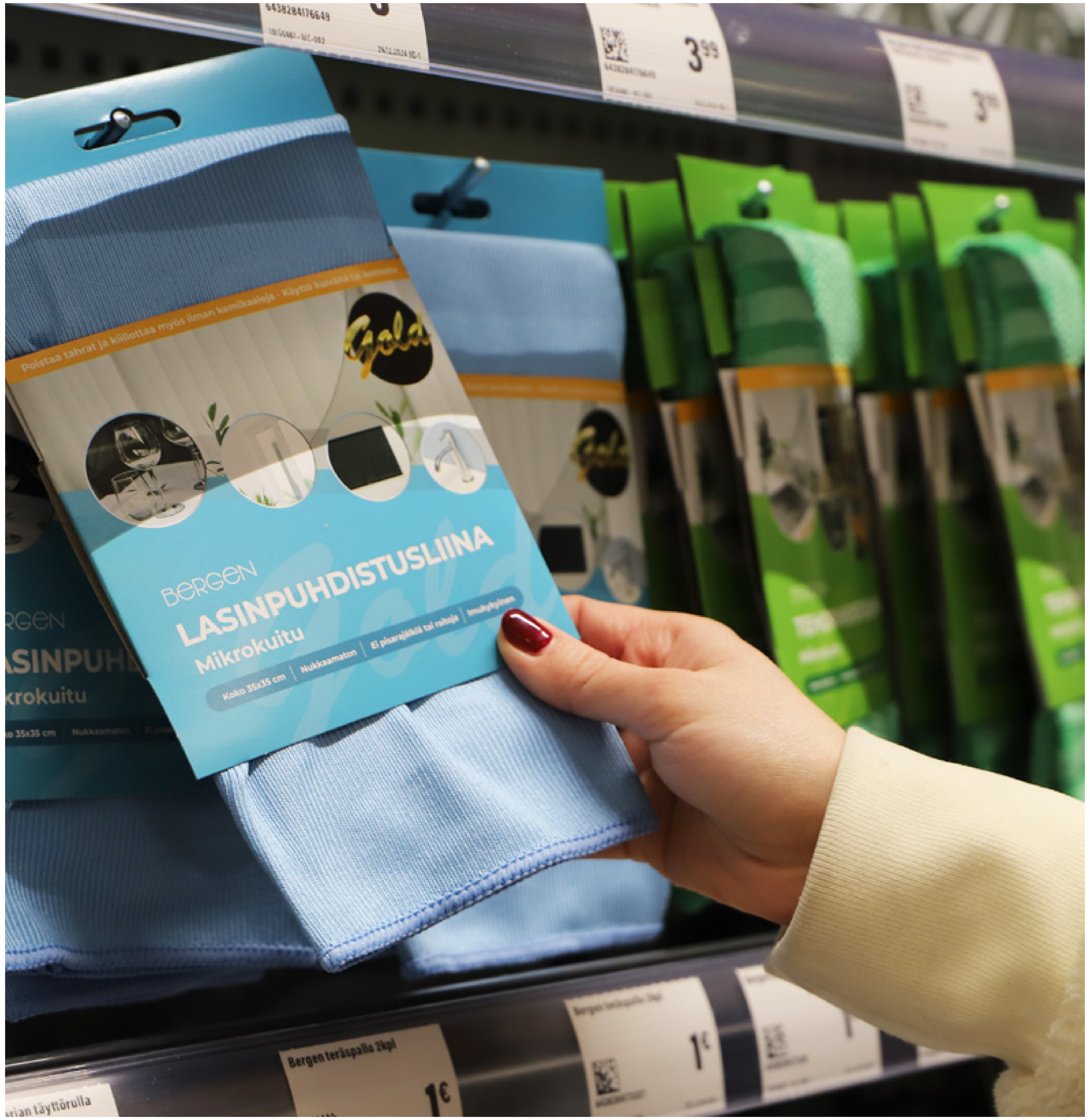
Management Team Responsibilities

The management team acts as the top operational decision-maker in the group. The management team participates in key strategic and operational decision-making and is responsible for resource allocation and performance assessment. The CEO serves as the chair of the management team. The management team reports strategically significant issues to the Board of Directors and prepares matters that fall under the Board of Directors' decision-making authority.

The management team members are responsible, among other duties, for Puuilo's sustainability efforts. The CEO is responsible for overall sustainability, including economic, environmental, and social responsibility. The Purchasing and Logistics Director is responsible for the supply chain (product responsibility, logistics, and value chain employees), and the HR Director is responsible for social responsibility regarding the company's own workforce. The CFO is responsible for administration and reporting.

The management team has access to Puuilo's internal sustainability expertise, and external experts are consulted when necessary.

The same control measures and procedures used in other company operations are applied to manage sustainability impacts, risks, and opportunities. These are integrated into internal control processes. The management team is responsible for ensuring that risk management and internal control are organized appropriately.



GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The management team regularly addresses sustainability topics related to its own workforce. Additionally, management monitors the development of sustainability metrics. During the reporting period, the management team and the Board of Directors closely followed preparations for meeting sustainability reporting obligations.

The management team has participated in identifying impacts, risks and opportunities, as well as in the assessment of double materiality. The assessment of material impacts has also included the implementation of a due diligence process, in accordance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, to identify adverse impacts on people and the environment.

The results of the double materiality analysis were reported to the audit committee and the Board of Directors. The Board of Directors has approved the analysis.

Metrics and targets for Puuilo's strategy have been created and integrated into the company's regular financial reporting. Strategically significant sustainability metrics are reported to the management team and the Board of Directors either semi-annually or annually, depending on the metric.

The Board of Directors regularly addresses personnel and data security matters. Emission data from transportation is reported to the Board of Directors twice a year. The audit committee of the Board of Directors addresses key sustainability issues twice a year.

Puuilo's sustainability statement is presented to the Board of Directors along with the financial statements. The Board of Directors approves the sustainability statement as part of the report by the Board of Directors.

GOV-3 Integration of sustainability-related performance in incentive schemes

Sustainability performance is not included in incentive systems.

GOV-4 Statement on due diligence

Core elements of due diligence	Paragraph in the sustainability statement
a) Embedding due diligence in governance, strategy and business mode	ESRS 2 GOV-2 ESRS 2 SBM-1, ESRS SBM-3 ESRS 2 IRO-1
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 SBM-2 S1-2 S4-2 G1-2
c) Identifying and assessing adverse impacts	ESRS 2 SBM-3
d) Taking actions to address those adverse impacts	E1-3, E5-2, S1-3, S1-4, S2-4, S4-3, S4-4
e) Tracking the effectiveness of these efforts and communicating	S1-5, S2-5, S4-5

GOV-5 Risk management and internal controls over sustainability reporting

Puuilo's sustainability reporting risk management follows the company's general risk management approach. Puuilo group's risk management is guided by the risk management policy approved by the Board of Directors. The policy aims to define the framework, processes, management, and responsibilities of risk management at Puuilo.

The primary goal of risk management at Puuilo is to support the company's strategy, business continuity, and achievement of business objectives by proactively identifying and managing risks related to the company's operations. Comprehensive risk management emphasizes the role of corporate culture and is integrated into Puuilo's business operations, planning, and decision-making.

The Board of Directors is responsible for overseeing and ensuring that the company's risk management processes are comprehensive. The Board of Directors determines the risk appetite and tolerance according to prevailing conditions. The Board of Directors is also responsible for approving company policies related to risk management. Operational management is responsible for achieving set objectives and controlling, managing, and mitigating risks that threaten them. Operational management is also responsible for risk management work and ensuring the performance and availability of sufficient resources for risk management.

Risks are regularly assessed and managed comprehensively. Puuilo's risk map and the most significant risks and uncertainties are reported to the Board of Directors regularly. Significant risks and uncertainties are reported to the market in the report by the Board of Directors and in interim and half-year reviews.

Puuilo has defined roles and responsibilities for sustainability reporting. The finance department is responsible for qualitative information in the report, which is based on interviews with responsible persons or previous year's reporting when applicable. The responsible person for each area is involved in validating the content.

The finance department collects quantitative information from responsible persons and combines the data when necessary. The CFO is responsible for collecting, reporting, and publishing sustainability information as part of the report by the Board of Directors.

Internal control of reporting is based on monitoring and controls through self-assessment, with the results reported to the Board of Directors. Puuilo has no separate internal audit function. The finance department is responsible for monitoring internal control. The Board of Directors may use internal or external resources to conduct separate internal audits if necessary.

The audit committee monitors the preparation and progress of the report. The most significant identified risks are related to estimating emissions and other primary data. Efforts are made to mitigate these risks by developing data collection processes.

Strategy

SBM-1 Strategy, business model and value chain

Puuilo is a Finnish store chain founded in 1982, specializing in DIY, household goods, and pet products. By the end of the financial year 2024, Puuilo had 49 stores in different parts of Finland and an online store, which is an essential part of Puuilo's multichannel business model. Puuilo serves both private customers and companies focused on maintenance, repair, or construction. Puuilo operates only domestically.

Each store's product range is the same. It consists of ten main product groups: building supplies, tools, HVAC and electrical accessories, pet food and supplies, car accessories, groceries, household products, garden supplies, free-time and other accessories as well as services. The share of seasonal products is small. The product range includes approximately 30,000 items.

The number of full-time employees in the group at the end of the reporting period was 849. All staff work in Finland. The group's net sales was EUR 383.4 million.

Puuilo's sustainability theme for the strategy is ”Responsible Retailer.” The company's growth strategy focuses on Puuilo's commercial strengths: low prices, a wide range of products, and an easy shopping experience. The easy shopping experience and low prices directly link to consumers and end users. A wide and affordable product range is linked to essential environmental sustainability issues (circular economy, climate change) and working conditions for value chain employees. The global supply chain requires extensive logistics, includes several disposable products, and products that stand out for their quality and durability. The competence of the staff is crucial in the shopping experience, as customers often need help solving their problems.

Puuilo's sustainability strategy is divided into three areas: Responsible Supply Chain, Good Workplace, and Environmental and Social Responsibility. Key goals include increasing the share of certified suppliers, employee commitment and job satisfaction, and reducing the carbon footprint. These are directly related to Puuilo's current services, markets, and customer groups. Key goals for customers and investors are customer satisfaction and profitable business growth.

Puuilo's most significant production inputs are skilled personnel, products for sale, retail locations, and necessary logistics services. Puuilo does not manufacture the products it sells but operates in the value chain between manufacturers and business and consumer customers. Product manufacturing and transportation are part of the value chain, while other production inputs are part of Puuilo's operations. Puuilo ensures the availability of production inputs with a broad, decentralized network of suppliers. Continuous improvement of staff skills is an essential part of ensuring and developing production inputs.

The beginning of the value chain includes manufacturing products for sale and acquiring raw materials needed for production.

Special attention is paid to supplier selection, as the impacts of the global supply chain extend widely. Puuilo has approximately 700 suppliers. About 80 percent of purchases are made from domestic suppliers, while the remaining 20 percent are from Asia or other EU countries. Puuilo uses the amfori BSCI system to verify the responsibility of the supply chain, and supplier commitment to it is part of the supplier selection criteria. Puuilo's ethical guidelines for procurement are included in cooperation agreements with all new suppliers and added to existing agreements when they are renewed. Risks related to supply chain disruptions are managed by diversifying supply chains across different countries and continents.

Puuilo's principle is to operate in rented premises rather than owning store premises. The owners of store properties are among the most important business partners. Finding suitable rental spaces in collaboration with property owners is a prerequisite for opening new stores.

Puuilo transports products to stores across Finland and imports products from Asia and Europe. Logistics significantly impact both operational quality and the environment. Efforts are made to reduce emissions from land, sea, and air transport in collaboration with logistics partners.

Strong and sustainable growth is possible only with skilled and motivated personnel. Puuilo aims to be a good workplace where staff want to commit. Staff availability is promoted by offering stable and permanent employment relationships, investing in the quality of management, and with commitment and incentive programs.

Puuilo offers suppliers a growing distribution channel for their manufactured products and a long-term business partnership.

At the end of the reporting period, Puuilo had 32,948 registered shareholders. They expect an attractive return on their invested capital. Financiers expect Puuilo to act as a debtor accurately and reliably.

At the end of the value chain are Puuilo's consumer and business customers, the use of products, and after use, recycling or final disposal.

For its customers, Puuilo offers affordable prices, a wide range of products, and an easy shopping experience. Through its business customers, Puuilo's value chain is connected to these clients and the use of products in their business operations. The growth of e-commerce also increases product deliveries to customers and the related logistics, along with environmental impacts.

Product durability enhances customer satisfaction. Reducing product complaints decreases related transport emissions and waste volumes. The indirect benefits contribute to both environmental and societal well-being.

SBM-2 Interests and views of stakeholders

Puuilo's key stakeholders are customers, analysts and investors, suppliers, and its own personnel. These stakeholders have been widely consulted during the double materiality assessment by conducting a stakeholder survey. The results of this survey were utilized in the materiality assessment.

In addition, the company conducts regular customer surveys and an annual employee satisfaction survey. Active dialogue is maintained with investors and analysts, particularly in connection with business reviews as well as investor and analyst meetings. The significance of suppliers to Puuilo's business is very high, and communication with them is continuous. The methods of supplier cooperation are described in more detail in disclosure requirement G1-2. Interaction and cooperation between management and personnel are promoted through the cooperation negotiation committee and continuous informal discussions between management and staff.

Furthermore, value chain workers have been identified as a significant stakeholder group that Puuilo's operations impact considerably. Due to the nature of the supply chain and the geographical location of suppliers, there is practically no interaction with value chain workers. Puuilo recognizes that its growth strategy affects value chain workers. Potential negative impacts on them are sought to be mitigated by developing supplier relationships, conducting country risk assessments, and increasing the proportion of certified suppliers.

The purpose of stakeholder interaction is to understand the wishes and expectations of stakeholders towards Puuilo. The needs and preferences of stakeholders, especially consumers, directly guide retail operations. Stakeholders have been consulted through a survey conducted in connection with the materiality analysis. The most important sustainability topics identified by stakeholders include occupational well-being, health and safety, customer privacy and data security, as well as product quality, longevity, reparability, and upgradability. Stakeholder views, including the respect for their human rights, have been considered by analysing the results of the stakeholder survey and Puuilo's current strategy. The analysis of the results did not reveal any need to change the company's strategy. Puuilo's strategy aligns with the company's understanding of stakeholder views. Stakeholder perspectives are taken into account in Puuilo's ways of working to support the implementation of the company's growth strategy.

The results of customer surveys and employee satisfaction surveys are regularly reviewed by the management team. The Board of Directors reviews HR and marketing reports according to the annual calendar, and significant findings are reported to the Board of Directors in connection with these reviews.

SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The material impacts on people and the environment associated with Puuilo's operations and business relationships are typical for the retail sector. In line with its growth strategy, Puuilo is expanding its store network, e-commerce, and product range, and these factors are also reflected in the impacts, risks, and opportunities identified in the double materiality assessment. The ability of Puuilo's strategy and business model to address material impacts and risks or to leverage material opportunities is based on a wide product range, an extensive supplier network, and a broad domestic store network. A separate resilience analysis of the company's strategy and business model's climate resilience has not been conducted.

Material impacts, risks, and opportunities have been identified in Puuilo's strategy and business model, and no significant changes have been made to them. The strategy focuses on business growth and profitability, which is enabled by the personnel. For the growth strategy, the quality and data security of products must meet the expectations of customers and other stakeholders.

Regarding material risks and opportunities, no significant financial impacts on the company's financial position, financial performance, or cash flows have been identified at this time. Sustainability-related risks and opportunities are integrated into Puuilo Group's risk management process, and they are managed with necessary measures. As a result of these actions, the company has not identified any material risks or opportunities that would pose a significant risk of making material adjustments to related financial statement items.

Material Environmental Impacts, Risks, and Opportunities

The most material environmental impacts are related to greenhouse gas emissions from the production and logistics of the product range, the materials required for product manufacturing and packaging, as well as the energy consumption, emissions, and waste from Puuilo's own operations. Positive environmental impacts are sought by tightening procurement criteria, utilizing renewable energy, switching to more environmentally friendly packaging materials, and improving the quality, reparability, and longevity of the product range.

The material climate change-related risks for Puuilo are transition risks. Production costs may increase due to stricter climate and other environmental regulations or taxation. It may not be possible to fully pass on the cost increases to customer prices.

Stricter emission and other environmental regulations may indirectly or directly increase Puuilo's own or the value chain's costs. Dependence on virgin raw materials may, in the long term, lead to supply chain disruptions and a reduction in the product range if the availability of these raw materials decreases.

Puuilo can gain a competitive advantage by responding to potential customer demand for more sustainable, recyclable, and low-emission products. Transitioning to cleaner energy sources is seen as an opportunity that reduces uncertainties related to the price and availability of more polluting fossil energy. Energy efficiency and waste minimization reduce costs.

The double materiality assessment did not identify any significant physical climate risks for Puuilo. Puuilo's stores and offices are located in Finland, and the risks of extreme weather conditions affecting them were assessed as relatively low. Disruptions affecting suppliers' production facilities and logistics located abroad may impact Puuilo, but the knowledge base for a more detailed climate risk assessment or resilience analysis is currently insufficient.

Material Impacts, Risks, and Opportunities Related to People and Society

The material impacts on customers are related to product safety and privacy, affecting all of Puuilo's business and consumer customers and the end users of the products. Special requirements for children's products have been taken into account. Potential individual product defects or misuse of products can, in some cases, cause accidents. There are data security risks associated with online payment transactions and the handling of other customer information.

The identified material risks include product safety risks and potential costs associated with product recalls. Positive impacts are related to product safety and quality, safety standards, and secure payment methods and other data security measures. Key means to promote positive impacts include careful supplier and product selection and managing data security risks. Investing in the safety of products and services can strengthen the company's brand and reputation as a reliable operator, thereby increasing customer loyalty and market share. Conversely, deficiencies in product safety or data security can cause reputational damage and a decline in sales.

The material impacts, risks, and opportunities arise from Puuilo's business model, which offers a wide range of products and customers pay for their purchases using electronic payment methods.

Permanent and secure employment relationships provide economic and mental benefits to the personnel. An equal and fair workplace promotes job satisfaction. The company culture also reflects on the customer experience. Negative impacts on the personnel can include occasional dissatisfaction with working conditions or terms, or mental strain. The material impacts, risks, and opportunities related to personnel are connected to Puuilo's growth strategy, as strong growth can, for example, reflect on the mental strain of employees. Business growth and profitability are enabled by skilled and motivated personnel, so material risks and opportunities depend on the company's own workforce.

Puuilo's employees are divided into permanent, fixed-term, and those working with variable hours, as well as full-time and part-time employees. The material impacts, risks, and opportunities related to personnel were found in the double materiality assessment to affect the entire workforce equally, and no employee groups were identified as being at greater risk.

In Puuilo's strategy and business model, supply chains are global, and their upstream ends may be located in countries at risk for human rights and fair working conditions. Operations may be linked to forced labour, child labour, poor occupational safety, or otherwise inadequate working conditions. This poses a reputational risk for Puuilo.

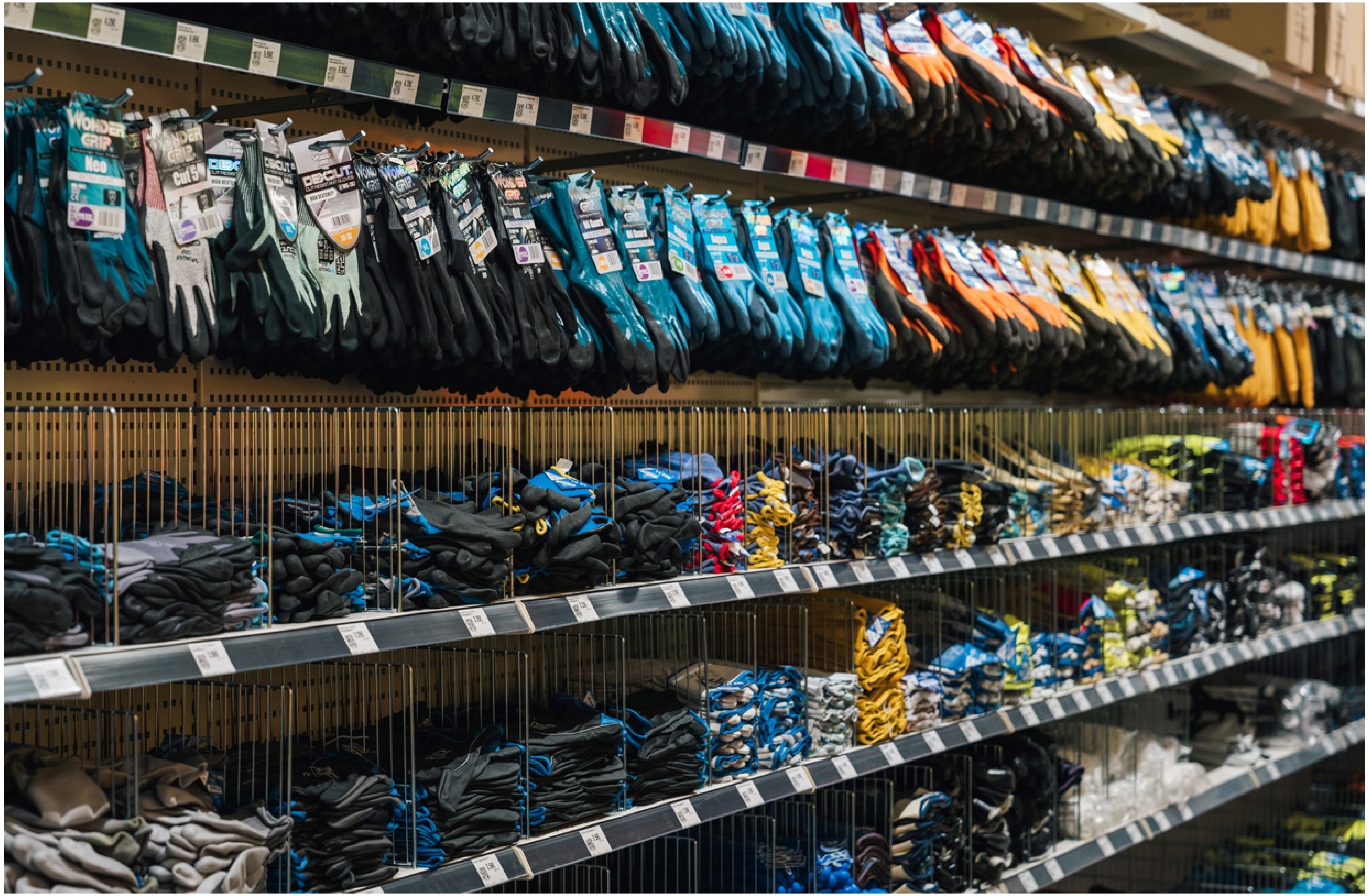
The double materiality assessment examined all employee groups in the value chain. The employees to whom material sustainability impacts or risks apply in Puuilo's value chain are those working outside the EU for Puuilo's suppliers. They work at the upstream end of the value chain in the production facilities or logistics tasks of suppliers or their subcontractors and participate in the procurement, processing, manufacturing, transportation, and other handling of goods. The material impacts and risks are related to their working conditions and the realization of their human rights.

A significant portion of the products sold by Puuilo are manufactured in Asia. Some of the manufacturing countries are classified as high-risk countries for working conditions and human rights according to the amfori BSCI classification, where the risk of potential negative impacts is higher. The high-risk countries from which purchases were made during the reporting period were China, India, Pakistan, Turkey, and Vietnam. The potential negative impacts on employees are systemic.

Failure to monitor product safety or ensure the quality of the supply chain can lead to financial losses and a decline in customer trust. Puuilo's reputation as an employer is linked to risks related to the availability of labour and employee well-being. Deficiencies in occupational health and safety practices could lead to increased sick leave, higher costs, and operational disruptions. The origin risks related to the treatment of value chain workers can affect Puuilo's reputation and, consequently, its long-term profitability.

Material Impacts, Risks, and Opportunities Related to Governance

Maintaining a safe and reliable product range, as well as a value-based corporate culture, strengthens Puuilo's brand value for customers. Corporate culture and employee satisfaction enhance the employer image and facilitate recruitment. Good supplier relationships strengthen the ability to ensure the financial profitability of the business.



Material Environmental Impacts, Risks, and Opportunities

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Climate change mitigation	ESRS E1 Climate change	GHG emissions from own operations	Actual negative	Own operations	Short-term
Climate change mitigation	ESRS E1 Climate change	GHG emissions from product transportation and other logistics	Actual negative	Upstream	Short-term
Climate change mitigation	ESRS E1 Climate change	GHG emissions from product manufacturing	Actual negative	Upstream	Medium-term
Climate change mitigation	ESRS E1 Climate change	Increase in sustainable products through portfolio expansion	Potential positive	Upstream	Medium-term
Climate change mitigation	ESRS E1 Climate change	Enhancing logistics and packaging with more environmentally friendly packaging solutions	Potential positive	Own operations	Medium-term
Climate change mitigation	ESRS E1 Climate change	Increase in production costs due to the transition to more sustainable production processes	Risk	Upstream	Medium-term
Climate change mitigation	ESRS E1 Climate change	Additional costs due to regulatory changes and increased taxation	Risk	Own operations	Medium-term
Climate change mitigation	ESRS E1 Climate change	New markets and innovations (products, services, business models) related to climate change challenges increase market share	Opportunity	Own operations	Medium-term
Energy	ESRS E1 Climate change	Energy use in own operations (including energy consumption of buildings)	Actual negative	Own operations	Short-term
Energy	ESRS E1 Climate change	Use of low-emission energy in own operations	Actual positive	Own operations	Short-term
Energy	ESRS E1 Climate change	Energy efficiency and the savings brought by energy-saving measures	Opportunity	Own operations	Long-term
Energy	ESRS E1 Climate change	With the use of renewable energy, dependence on traditional energy sources decreases, leading to potential cost savings	Opportunity	Own operations	Long-term

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Resources inflows, including resource use	ESRS E5 Resource use and circular economy	Overconsumption and material choices lead to the overuse of natural resources	Potential negative	Upstream	Medium-term
Waste	ESRS E5 Resource use and circular economy	The negative environmental impacts of waste, as well as waste management and transportation	Actual negative	Own operations and downstream	Short-term
Outflows of resources related to products and services	ESRS E5 Resource use and circular economy	Providing customers with high-quality, durable, and repairable products, as well as spare parts	Potential positive	Own operations	Medium-term
Resource inflows, including resource use	ESRS E5 Resource use and circular economy	The decreasing availability of raw materials in the long-term increase costs	Risk	Upstream	Long-term
Outflows of resources related to products and services	ESRS E5 Resource use and circular economy	New innovations and product categories related to the circular economy increase net sales	Opportunity	Own operations	Medium-term
Waste	ESRS E5 Circular economy	Minimizing waste management costs	Opportunity	Own operations	Medium-term
Waste	ESRS E5 Circular economy	The harmful environmental impacts of packaging materials	Potential negative	Own operations	Medium-term

Significant Impacts, Risks, and Opportunities Related to People and Society

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Secure employment, Working time, Adequate wage, Social dialogue, Freedom of association, Collective bargaining, Work life balance	ESRS S1 Own workforce	Dissatisfaction with working conditions, workload, and financial challenges	Potential negative	Own operations	Medium-term
Secure employment	ESRS S1 Own workforce	Offering permanent employment to staff	Actual positive	Own operations	Short-term
Working time, Adequate wage	ESRS S1 Own workforce	High job satisfaction due to good working conditions	Potential positive	Own operations	Medium-term
Working time, Adequate wage	ESRS S1 Own workforce	Decreased job satisfaction leads to lower work motivation, efficiency, and commitment, which in turn reduces productivity	Risk	Own operations	Medium-term
Secure employment, Working time, Adequate wage, Social dialogue, Freedom of association, Collective bargaining, Work life balance	ESRS S1 Own workforce	Recruitment challenges caused by a poor employer image reduce productivity	Risk	Own operations	Medium-term
Secure employment, Training and skills development	ESRS S1 Own workforce	A high level of customer service and employee satisfaction, resulting from staff retention, increases market share and productivity	Opportunity	Own operations	Medium-term
Secure employment, Working time, Adequate wage, Work life balance	ESRS S1 Own workforce	Improved productivity and strong workforce availability	Opportunity	Own operations	Medium-term
Health and safety	ESRS S1 Own workforce	Absences due to occupational accidents, health problems, or employee well-being challenges lead to increased operational costs	Risk	Own operations	Short-term

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Gender equality and equal pay, Measures against harassment in the workplace, Diversity	ESRS S1 Own workforce	Equality has positive impacts on employee competence, career progression, and overall well-being	Potential positive	Own operations	Short-term
Secure employment, Working time, Adequate wage, Social dialogue, Freedom of association, Collective bargaining, Work life balance, Health and safety	ESRS S2 Workers in the value chain	Adverse working conditions within the value chain and their effects on individuals' well-being and means of livelihood	Potential negative	Upstream	Short-term
Secure employment, Working time, Adequate wage, Social dialogue, Freedom of association, Collective bargaining, Work life balance, Health and safety	ESRS S2 Workers in the value chain	Poor labour conditions in the supply chain pose a reputational risk, potentially resulting in financial liabilities	Risk	Upstream	Medium-term
Health and safety	ESRS S2 Workers in the value chain	Health problems and occupational accidents affecting employees throughout the value chain	Potential negative	Upstream	Short-term
Child labour, Forced labour, Adequate housing, Water and sanitation, Privacy	ESRS S2 Workers in the value chain	Serious human rights violations and inhumane living conditions within the supply chain	Potential negative	Upstream	Short-term
Child labour, Forced labour, Adequate housing, Water and sanitation, Privacy	ESRS S2 Workers in the value chain	Reputational risk arising from severe human rights abuses within the supply chain, negatively affecting market share	Risk	Upstream	Medium-term

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Privacy	ESRS S4 Consumers and end-users	Secure payment methods and e-commerce security	Actual positive	Downstream	Short-term
Privacy	ESRS S4 Consumers and end-users	Secure payment methods and e-commerce security	Risk	Downstream	Short-term
Health and safety	ESRS S4 Consumers and end-users	Risks related to product safety	Potential negative	Downstream	Short-term
Health and safety, Protection of children	ESRS S4 Consumers and end-users	Product safety standards and the mitigation of consumer risks, including the protection of children	Actual positive	Downstream	Short-term
Health and safety	ESRS S4 Consumers and end-users	Financial impact of product recalls	Risk	Downstream	Short-term
Health and safety	ESRS S4 Consumers and end-users	Strengthening the brand through product safety, increasing market share	Opportunity	Own operations	Medium-term

Significant Impacts, Risks, and Opportunities Related to Governance

Sub-topic	ESRS topic	Description of impact, risk or opportunity	Nature of impact	Value chain	Time horizon
Corporate culture	ESRS G1 Business conduct	Poor customer service due to weak organizational culture	Potential negative	Own operations	Short-term
Corporate culture	ESRS G1 Business conduct	Employee satisfaction, overall well-being, and organizational commitment	Potential positive	Own operations	Medium-term
Corporate culture	ESRS G1 Business conduct	A strong corporate culture contributing to a positive brand image and market share growth	Opportunity	Own operations	Medium-term
Corporate culture	ESRS G1 Business conduct	A strong employer brand enhances employee engagement and contributes to higher productivity	Opportunity	Own operations	Medium-term
Relationships with suppliers	ESRS G1 Business conduct	Insufficient monitoring of the value chain may lead to adverse impacts on people and the environment	Potential negative	Own operations	Medium-term
Relationships with suppliers	ESRS G1 Business conduct	Reputational risks arising from adverse social and environmental impacts in the supply chain may weaken market share	Risk	Own operations	Medium-term
Relationships with suppliers	ESRS G1 Business conduct	Long-term partnerships contributing to increased efficiency	Opportunity	Own operations	Medium-term
Relationships with suppliers	ESRS G1 Business conduct	Collaboration with suppliers enables innovation and creates opportunities for growth	Opportunity	Own operations	Medium-term

Impact, risk, and opportunity management

IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities

Puuilo's material sustainability impacts, risks, and opportunities were identified and assessed during the fall of 2023 and early 2024. The process consisted of three stages:

1. Understanding the context: background analysis and forming stakeholder understanding
2. Identifying and preliminarily assessing sustainability-related impacts, risks, and opportunities
3. Evaluating, analysing, and defining the materiality of identified impacts, risks, and opportunities, and validating them

The process utilized a combination of research based on public and internal sources, stakeholder surveys, personal technical materiality assessments, and working group meetings. Puuilo's management team participated in the assessment in a validating role.

In the background analysis, the potential types of impacts, risks, and opportunities across Puuilo's entire value chain were determined. The materials used included Puuilo's previous sustainability statement and its background materials, customer and employee surveys, reports from peer companies, industry-specific standard topic recommendations, and the stakeholder survey. Based on these, an understanding of potentially material sustainability topics was formed. Themes that were not supported by background material or stakeholder views were already excluded as non-material at this stage.

For each potentially material topic, relevant actual or potential negative and positive sustainability impacts, as well as business risks and opportunities, were identified. These were identified at a general level across Puuilo's entire value chain, without detailed analysis of individual operations, business relationships, or geographical areas.

The identified impacts, risks, and opportunities were analysed in more detail and grouped according to ESRS standards. At the same time, the views of key stakeholder representatives were also heard. In a workshop with Puuilo's management and experts, the impacts, risks, and opportunities were refined and prioritized.

In the prioritization, the severity of negative and positive impacts (scale, scope, and in the case of negative impacts, also the irreversibility of the impact), the magnitude of the financial impacts of risks and opportunities, and the likelihood of their occurrence were each assessed on a scale of 1–5. The assessment was conducted over short, medium, and long-term periods.

Preliminary materiality values for impacts were calculated based on severity and likelihood scores for each impact. Preliminary materiality values for risks and opportunities were calculated based on the magnitude and likelihood scores of their associated financial impacts.

As a result of the assessments, the relative importance of all identified impacts, risks, and opportunities was determined, with the median of the materiality values serving as the preliminary threshold for materiality. The assessed impacts, risks, and opportunities were matched to the corresponding ESRS sustainability topics for validation by Puuilo's management team. The sustainability topics deemed material for reporting were determined based on the identified material impacts, risks, and opportunities. The results of the double materiality assessment were reviewed by Puuilo's management team. In accordance with the company's internal control principles, the audit committee has reviewed the double materiality analysis, and the Board of Directors has approved it.

The responsibility for monitoring identified potential and actual impacts lies with the management of each business unit.

The goal of risk management is to achieve a competitive advantage by reducing threats and increasing opportunities. The roles in risk management have been defined and integrated into business operations, planning, and decision-making. Identified material sustainability risks are included in the management team's annual risk map update as part of the company's other risks. The entire company's risk map is approved annually by the Board of Directors.

Identifying, assessing, and managing opportunities related to sustainability issues is part of business management. Data collection and assessment related to changes in demand for different product groups also cover sustainability issues and related opportunities, such as circular economy or energy efficiency.

E1.IRO-1

Puuilo's climate impacts have been identified as part of the double materiality assessment. Greenhouse gas emissions are generated in the value chain of the products sold, from production, logistics, and in many cases also from use, as well as from Puuilo's own operations and the production of purchased energy.

The assessment did not identify any material physical climate risks or transition risks. Even in the long term, the risks of extreme weather conditions affecting stores located in Finland and their surrounding areas are relatively small. Physical risks are more focused on suppliers' production facilities and logistics centers and transport routes located abroad. Disruptions affecting these can impact the availability and price of products for Puuilo.

A separate climate risk assessment or scenario analysis has not been conducted.

E2.IRO-1, E3.IRO-1 ja E4.IRO-1

The thematic standards related to pollution (E2), water and marine resources (E3), and biodiversity and ecosystems (E4) were not assessed as material for Puuilo's sustainability reporting in the double materiality assessment.

The impacts, risks, and opportunities related to pollution, water and marine resources, and biodiversity and ecosystems were evaluated based on the best available information without screening analyses. Stakeholder views were surveyed as part of the double materiality assessment, which covered all environmental topics of the ESRS standards. Physical, transition, or systemic risks related to biodiversity and ecosystems were not separately assessed. Puuilo's stores are located in leased properties in urban areas, and their impacts on the surrounding environment have been considered in zoning and building permit processes. No need for measures related to biodiversity has been identified.

E5.IRO-1

The material impacts, risks, and opportunities related to resource use and circular economy have been identified and assessed as part of Puuilo's double materiality assessment. The assessment considered the main features of Puuilo's supply chain, product range, and waste management. A broad engagement of domestic stakeholders was conducted during the double materiality assessment. However, it has not yet been possible to hear the views of communities affected by the supply chains of the product range.

The identified material negative impacts include the effects on the sufficiency of natural resources and other environmental impacts resulting from the use of virgin materials, mass production, and potentially poor product quality. The production of packaging materials and low recycling rates are associated with several negative environmental impacts. Excessive packaging and hard-to-recycle packaging materials increase material consumption and waste.

Potential legislative changes affecting the products sold and their characteristics have been identified as a material risk. This risk is generally mitigated by applicable transition periods, during which products already in stock can be sold before the end of the transition period. Consumer preferences may change, and on the other hand, it is possible to respond flexibly to changes in demand since there is no in-house manufacturing.

Utilizing renewable and recyclable raw materials, as well as more sustainable and recyclable products, are opportunities if demand starts to favour such products. Minimizing waste brings cost savings.

A broader transition to a circular economy does not pose a material risk, as its impacts are expected to affect individual products or product groups, and Puuilo itself is not a manufacturer of products.

G1.IRO-1

The material impacts, risks, and opportunities related to governance have been identified and assessed as part of Puuilo's double materiality assessment. The assessment considered Puuilo's operating environment in Finland, global supply chains, and structures typical of the retail sector.

IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Puuilo reports the material sustainability topics identified in the double materiality assessment in accordance with the standards ESRS E1, E5, S1, S2, S4, and G1, and additionally, general information about the company according to the standard ESRS 2. The assessment process is described in section IRO-1 of the report.

For each standard, the material information requirements have been reported as per the accompanying table.

Standard	Disclosure requirement	Page
ESRS 2	BP-1 – General basis for preparation of the sustainability statement	18
	BP-2 – Disclosures in relation to specific circumstances	18
	GOV-1 – The role of the administrative, management and supervisory bodies	18
	GOV-2 – Information provided to and sustainability matters addressed by the administrative, management, and supervisory bodies	20
	GOV-3 – Integration of sustainability-related performance in incentive schemes	20
	GOV-4 – Statement on due diligence	20
	GOV-5 - Risk management and internal controls over sustainability reporting	21
	SBM-1 – Strategy, business model and value chain	21
	SBM-2 – Interests and views of stakeholders	22
	SBM-3 - Material impacts, risks, and opportunities and their interaction with strategy and business model	22
	IRO-1 - The identification and assessment of material impacts, risks, and opportunities	31
	IRO-2 – Disclosure requirements in ESRS covered by the sustainability statement	32
ESRS E1	ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	20
	E1-1 – Transition plan for climate change mitigation	45
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	22
	ESRS 2 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks and opportunities	31
	E1-2 – Policies related to climate change mitigation and adaptation	45
	E1-3 – Actions and resources in relation to climate change policies	45
	E1-4 – Targets related to climate change mitigation and adaptation	45
	E1-5 – Energy consumption and mix	45
	E1-6 – Gross scopes 1, 2, 3 and Total GHG emissions	46

Standard	Disclosure requirement	Page
ESRS E5	E5. IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	31
	E5-1 Policies related to resource use and circular economy	52
	E5-2 Actions and resources related to resource use and circular economy	52
	E5-3 Targets related to resource use and circular economy	52
	E5-4 Resource inflows	52
	E5-5- Resource outflows	52
ESRS S1	ESRS 2 SBM-2 – Interests and views of stakeholders	22
	ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	22
	S1-1 – Policies related to own workforce	54
	S1-2 – Processes for engaging with own workers and workers' representatives about impacts	54
	S1-3 – Processes to remediate negative impacts and channels for own workers to raise concerns	54
	S1-4 – Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	55
	S1-5 – Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	56
	S1-6 – Characteristics of the undertaking's employees	56
	S1-9 – Diversity metrics	58
	S1-10 – Adequate wages	58
	S1-14 – Health and safety metrics	58
	S1-16 – Remuneration metrics (pay gap and total remuneration)	58
	S1-17 – Incidents, complaints and severe human rights impacts	58

Standard	Disclosure requirement	Page
ESRS S2	SBM-2 Interests and views of stakeholders	22
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	22
	S2-1 Policies related to value chain workers	58
	S2-2 Processes for engaging with value chain workers about impacts	59
	S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	59
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	59
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	59
ESRS S4	SBM-2 Interests and views of stakeholders	22
	SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	22
	S4-1 Policies related to consumers and end-users	60
	S4-2 Processes for engaging with consumers and end-users about impacts	60
	S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	60
	S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	61
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	61
ESRS G1	ESRS 2 GOV-1 The role of the administrative, management and supervisory bodies	18
	G1-1 Business conduct policies and corporate culture	62
	G1-2 Management of relationships with suppliers	62
	G1-6 – Payment practices	63

List of Other Data Points Required by EU Legislation

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	X		X		General disclosures
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			X		General disclosures
ESRS 2 GOV-4 Statement on due diligence paragraph 30	X				General disclosures
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	X	X	X		Non-material
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	X		X		Non-material
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	X		X		Non-material
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			X		Non-material
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				X	Environment
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		X	X		Non-material
ESRS E1-4 GHG emission reduction targets paragraph 34	X	X	X		Environment

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	X				Environment
ESRS E1-5 Energy consumption and mix paragraph 37	X				Environment
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	X				Environment
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	X	X	X		Environment
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	X	X	X		Environment
ESRS E1-7 GHG removals and carbon credits paragraph 56				X	Environment
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			X		Non-material
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a), ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		X			Non-material
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		X			Non-material
ESRS E1-9 Degree of exposure of the portfolio to climate related opportunities paragraph 69			X		Non-material

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS E2-4 Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Re-lease and Transfer Register) emitted to air, water and soil, paragraph 28	X				Non-material
ESRS E3-1 Water and marine resources paragraph 9	X				Non-material
ESRS E3-1 Dedicated policy paragraph 13	X				Non-material
ESRS E3-1 Sustainable oceans and seas paragraph 14	X				Non-material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	X				Non-material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	X				Non-material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	X				Non-material
ESRS 2- IRO 1 - E4 paragraph 16 (b)	X				Non-material
ESRS 2- IRO 1 - E4 paragraph 16 (c)	X				Non-material
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	X				Non-material
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	X				Non-material
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	X				Non-material

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS E5-5 Non-recycled waste paragraph 37 (d)	X				Environment
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	X				Environment
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	X				Non-material
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	X				Non-material
ESRS S1-1 Human rights policy commitments paragraph 20	X				Social
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organizati-on Conventions 1 to 8, paragraph 21			X		Social
ESRS S1-1 processes and measures for preventing trafficking in human beings paragraph 22	X				Social
ESRS S1-1 workplace accident prevention policy or management system paragraph 23	X				Social
ESRS S1-3 grievance/complaints handling mechanisms paragraph 32 (c)	X				Social
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	X		X		Social
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	X				Social

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	X		X		Social
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	X				Social
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	X				Social
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	X		X		Social
ESRS 2- SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	X				General disclosures
ESRS S2-1 Human rights policy commitments paragraph 17	X				Social
ESRS S2-1 Policies related to value chain workers paragraph 18	X				Social
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	X		X		Social
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organization Conventions 1 to 8, paragraph 19			X		Social
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	X				Social

Disclosure requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU climate law reference	Location in the report
ESRS S3-1 Human rights policy commitments paragraph 16	X				Non-material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	X		X		Non-material
ESRS S3-4 Human rights issues and incidents paragraph 36	X				Non-material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	X				Social
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	X		X		Social
ESRS S4-4 Human rights issues and incidents paragraph 35	X				Social
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	X				Governance
ESRS G1-1 Protection of whistleblowers paragraph 10 (d)	X				Governance
ESRS G1-4 Fines for violation of anti-corruption and antibribery laws paragraph 24 (a)	X		X		Non-material
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	X				Non-material

ENVIRONMENT

EU Taxonomy

Puuilo reports information related to the EU Sustainable Finance Taxonomy in accordance with EU Regulation 2020/852 and the requirements of the Finnish Accounting Act. The EU Taxonomy is a classification system aimed at directing capital flows towards sustainable investments and facilitating the achievement of a climate-neutral European Union by 2050. At this stage, the Taxonomy only includes economic activities that can potentially have a significant impact on climate change mitigation and adaptation. Activities typical of the retail sector are not currently specifically mentioned in the classification system. The company's business consists of retail. The company has reviewed its operations to identify activities eligible for and aligned with the classification system.

The majority of Puuilo's business activities do not fall within the scope of the Taxonomy. The company has not identified any taxonomy-aligned net sales, capital expenditures (CapEx), or operating expenditures (OpEx). The company has Taxonomy-eligible capital expenditures related to store renovations and the transition to LED lighting. These capital expenditures are detailed in the accompanying table. The performance indicators required by the Taxonomy Regulation for net sales, CapEx, and OpEx are reported in their respective tables as defined in the regulation. The same IFRS-compliant accounting principles applied in Puuilo's consolidated financial statements have been used in the calculations.

Comparative information for the financial year 2023 is included as part of the tables of key figures for net sales, CapEx, and OpEx in accordance with the Taxonomy Regulation. The comparative information for the financial year 2023 has not been subject to assurance procedures by the sustainability reporting auditor.

EU Taxonomy Key Figures

Puuilo presents the key figures for net sales, capital expenditures (CapEx), and operating expenditures (OpEx) in accordance with the table defined in the taxonomy regulation for non-financial companies. The key figure tables show the proportion of the group's net sales, CapEx, and OpEx derived from economic activities aligned with the classification system.

Comparative information for the financial year 2023 is included as part of the tables of key figures for net sales, CapEx, and OpEx in accordance with the Taxonomy Regulation.

Accounting policies

Net sales

Puuilo applies the same IFRS-compliant preparation principles for calculating the net sales key figure as it applies in its consolidated financial statements. The net sales recognition principles of the financial statements are presented in Note 2.1 of the consolidated financial statements. The total net sales used in the calculation of the key figure is the net sales shown in the group's income statement. The company has not identified any taxonomy-aligned or taxonomy-eligible net sales.

Capital Expenditures (CapEx)

The capital expenditures defined by the Taxonomy Regulation include additions to tangible and intangible assets during the financial year before depreciation, impairments, and revaluations. The company has not identified any capital expenditures in line with the Taxonomy. The company has Taxonomy-eligible capital expenditures related to the renovation of existing buildings and the installation of energy efficiency equipment. Puuilo includes in the calculation of capital expenditures, in accordance with the Taxonomy Regulation, investments in tangible and intangible assets and additions to right-of-use assets recognized on the balance sheet based on lease agreements. Additions to intangible assets are presented in Note 4.2 of the consolidated financial statements, additions to tangible assets in Note 4.3, and additions to right-of-use assets related to leases in Note 4.4.

The definition of capital expenditures in the Taxonomy Regulation differs from Puuilo's reported investment key figure definition. According to Puuilo's definition, the investment key figure includes investments in tangible and intangible assets. The key figure does not include additions to right-of-use assets recognized on the balance sheet from lease agreements. Puuilo's investments in the financial year 2024 were EUR 7.1 million (4.7). Additions to right-of-use assets were EUR 20.9 million (20.6).

Operating Expenditures (OpEx)

The operating expenditures defined by the taxonomy regulation include direct non-capitalized costs related to research and development, building renovations, maintenance and repairs, and all other direct costs related to the maintenance of tangible fixed assets performed by the company or outsourced to a third party, which are necessary to ensure the continuous and efficient operation of these assets.

The company has not identified any operating expenditures (OpEx) that are taxonomy-aligned or taxonomy-eligible under the Taxonomy. In the group's income statement, the operating expenditures defined by the Taxonomy Regulation are included in the other operating expenses related to property maintenance, which amounted to EUR 4.9 million in the financial year 2024 (4.5). Other operating expenses are detailed in Note 2.3 of the consolidated financial statements. In addition to costs related to property maintenance and repairs, this figure includes costs related to heating, electricity, water consumption, and waste management, which are not included in the taxonomy regulation's definition of operating expenditures.

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	Turnover	Proportion of turnover, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		€ million	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														0.0%		
Of which enabling		0.0	0.0%														0.0%		
Of which transitional		0.0	0.0%														0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.0**	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		0.0	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		383.4	100,0 %																
TOTAL		**383.4**	**100,0 %**																

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	CapEx	Proportion of CapEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
		€ million	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														**0.0%**		
Of which enabling		0.0	0.0%														0.0%		
Of which transitional		0.0	0.0%														0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Renovation of existing buildings	CCM 7.2	0.4	1.5%	*EL*	*EL*	*N/EL*	*N/EL*	*EL*	*N/EL*								1.2%		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.2	0.6%	*EL*	*EL*	*N/EL*	*N/EL*	*N/EL*	*N/EL*								1.1%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.6**	**2.1%**	**2.1%**	0.0%	0.0%	0.0%	0.0%	0.0%								**2.3%**		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		**0.6**	**2.1%**	**2.1%**	0.0%	0.0%	0.0%	0.0%	0.0%								**2.3%**		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		27.4	97.9%																
TOTAL		**28.0**	**100.0%**																

Financial year 2024	2024			Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities	Code	OpEx	Proportion of OpEx, year 2024	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Climate Change Mitigation	Climate Change Adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
		€ million	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.0**	**0.0%**														0.0%		
Of which enabling		0.0	0.0%														0.0%		
Of which transitional		0.0	0.0%														0.0%		
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		**0.0**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**								0.0%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		4.9	100.0 %																
TOTAL		**4.9**	**100.0 %**																

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

ESRS E1 CLIMATE CHANGE

Governance

E1-1 – Transition plan for climate change mitigation

Puuilo does not currently have numerical climate targets or a transition plan. According to the preliminary plan, the transition plan will be prepared during the financial year 2026.

Impact, risk and opportunity management

E1-2 – Policies related to climate change mitigation and adaptation

Puuilo aims to reduce its greenhouse gas emissions by focusing on energy efficiency and the climate impacts of transportation and waste management. Puuilo has not developed a written climate policy or commitments, nor policies related to energy efficiency or the adoption of renewable energy.

Puuilo assessed its current level of greenhouse gas emissions for the first time in 2024. Policies and targets related to climate change and energy efficiency will be developed after assessing the current situation. According to the preliminary plan, the climate policy will be prepared during the financial year 2025.

E1-3 – Actions and resources in relation to climate change policies

The key actions related to climate change mitigation focus on energy efficiency and energy choices. Greenhouse gas emissions from logistics are mitigated by optimizing transportation. Emissions are monitored using the emissions data provided by the most significant logistics partner.

During the reporting year, Puuilo procured electricity produced from renewable sources or nuclear power. The company's own electricity procurement covers most of the stores, while in some locations, the store property owner procures the electricity.

Opportunities for improving energy efficiency have been identified both in logistics optimization and in optimizing store heating.

Greenhouse gas emissions from Puuilo's waste management are offset by purchasing permanent carbon sinks from afforestation projects. The amount of emission offsets includes emissions from both waste transportation and treatment. In 2024, the amount of emission offsets was 31 CO2 equivalent tons.

Metrics and targets

E1-4 – Targets related to climate change mitigation and adaptation

Puuilo does not have numerical emission reduction targets due to the lack of a baseline. The carbon footprint calculation for the year 2024 is the first to cover the group's scope 1, 2, and 3 emissions. Targets will be set based on the emission data from 2024.

E1-5 – Energy consumption and energy mix

Energy consumption and energy mix	2024
Fuel consumption from coal and coal products (MWh)	0
Fuel consumption from crude oil and petroleum products (MWh)	281.8
Fuel consumption from natural gas (MWh)	0
Fuel consumption from other fossil sources (MWh)	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	3,149.2
Total fossil energy consumption (MWh)	**3,431.0**
Consumption from nuclear sources (MWh)	**253.0**
Fuel consumption for renewable sources (MWh)	11.3
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	13,136.9
The consumption of self-generated non-fuel renewable energy (MWh)	0
Total renewable energy consumption (MWh)	**13,148.1**
Total energy cunsumption (MWh)	**16,832.2**

The distribution of market-based purchased electricity has been calculated using data from 2023.

Energy intensity	2024
Energy intensity from activities in high climate impact sectors based on net sales (MWh/€ million)	43.90

Puuilo's business belongs to sectors with significant climate impacts (NACE main category G: Wholesale and retail trade), so energy intensity has been calculated based on the group's total net sales.

E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective
	Year 2024
Scope 1 GHG emissions	
Gross Scope 1 GHG emissions (tCO2eq)	68.4
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0
Scope 2 GHG emissions	
Gross location-based Scope 2 GHG emissions (tCO2eq)	1,963.0
Gross market-based Scope 2 GHG emissions (tCO2eq)	1,428.1
Significant Scope 3 GHG emissions	
Total Gross indirect (Scope 3) GHG emissions (tCO2eq)	150,834.5
1 Purchased goods and services	144,271.4
2 Capital goods	1,137.0
3 Fuel and energy-related Activities	609.3
4 Upstream transportation and distribution	3,394.6
5 Waste generated in operations	567.4
6 Business travel	87.8
7 Employee commuting	766.9
Total GHG emissions	
Total GHG emissions (location- based) (tCO2eq)	152,865.9
Total GHG emissions (market- based) (tCO2eq)	152,331.0

Scope	Tons of biogenic CO2e
Scope 1	3.0

There is not enough information available on biogenic CO2 for Scope 2 and 3.

GHG intensity per net sales

GHG intensity	2024
Total GHG emissions (location-based) per net sales (tCO2eq/€ million)	398.7
Total GHG emissions (market-based) per net sales (tCO2eq/ €million)	397.3

Greenhouse gas intensity is calculated based on the group's total net sales.

The methods used in the calculation of greenhouse gas emissions, as well as the uncertainties and limitations related to the quality of the data, are detailed in the tables below

Scope 1 and 2

	Primary data	Methods, allocation methodologies, or assumptions	Uncertainties and limitations in data quality	Sources of emission factors
Scope 1	• Fuel usage in machinery and vehicles	• Primary data was gathered and reported using the relevant emission factor. • Average blend ratios for gasoline and diesel were applied.	• The exact biofuel blend ratio is unknown; however, this does not significantly impact the overall results.	4
Scope 2	• Measured electricity and heating consumption • Averages based on measured heating and electricity consumption • Office building floor area (m2)	• The primary data collected was reported using the corresponding emission factor. • The energy consumption of the headquarters was estimated based on floor area. The energy consumption reference used was from Motiva statistics, with an assumed room height of 3.5 meters. • For two of the company's three electric vehicles, the average distance driven annually was estimated and multiplied by the WLTP consumption figures. **Market-based:** • Contract-based emission factors were applied for electricity at all sites where the company holds its own electricity contracts. Local district heating providers' emission factors were used for heating. If the heating provider was unknown, an assumption was made regarding the local district heating supplier. • Residual mix emission factors were applied when the type of electricity contract was unknown. **Location-based:** • Country-specific emission factors were applied to purchased electricity and heating.	• The actual energy consumption of the company's electric vehicles is unknown. This is not estimated to have a significant impact on the results of the calculation. • For purchased electricity, emissions calculated using the residual mix account for 100% of the total market-based scope 2 emissions. The emission factor for electricity covered by Puuilo's contractual agreements is 0 kgCO2e. • For purchased heating, the market-based emission factor was assumed to be 82% of the total scope 2 emissions. This assumption has no significant impact on the results, regardless of the share. • The estimated energy consumption at the headquarters represents 2.9% of the total market-based and 0.9% of the total location-based scope 2 emissions. • The share of purchased electricity derived from contract-based instruments is 86%. • The share of purchased heating derived from contract-based instruments is 2%.	**Market-based:** 1, 9, 10, 11, 14 **Location-based:** 2, 6, 7, 13

Scope 3

	Primary data	Methods, allocation methodologies, or assumptions	Uncertainties and limitations in data quality	Sources of emission factors
1. Purchased goods and services	• Mass of products purchased • Volume of purchased water (m3) • Calculated averages based on the volume of purchased water. • Total expenditure on purchased products or services (€)	• Data was collected using a hybrid approach, aiming to move from the most accurate applicable method to the least accurate • Some purchased packaging materials and water were collected on a volumetric basis. • For sites where measured water consumption was not available, the arithmetic average consumption of other stores was used. Data from the calendar year 2024, which aligns closely with consumption during the financial period, was used in the calculation. • The consumption-based [€] method was applied in determining other purchased products. Non-resalable purchased products (and services) were categorized based on accounting records, which were refined where necessary using invoice data. Data on resalable products was collected based on purchase receipt values and categorized according to the available emission factor categories.	• The volume-based emission factors used for water and packaging materials are averages. • The uncertainty level of euro-based emission factors is typically higher. The factors are from 2021 and have been inflation-adjusted for 2024. • Certain accounts had to be excluded from the calculation as they contain distinct products and/or services, and the emission factor could not be determined. Their contribution does not materially affect the results of the calculation.	3, 8, 15
2. Capital goods	• Amount of purchased capital goods (€)	• The collected data has been reported using a euro-based emission factor. The source data has been categorized into groups used in the calculation based on purchase invoices.	• The uncertainty level of euro-based emission factors is typically higher. These factors are from 2021 and have been adjusted for inflation to 2024.	3, 8
3. Fuel and energy-related Activities	• Amount and type of fuel used. • Total kilometers driven by the company's own and leased vehicles. • Total volume of purchased electricity and heat.	• WTT emissions from vehicle fuels have been calculated based on Scope 1 data. The data collected has been reported using the corresponding emission factors. • For purchased heat and electricity, both WTT and T&D emissions have been calculated using both market-based and location-based approaches. The emissions are reported on a location-based basis. • The emission factor for the fuels used in the production of purchased heat has been determined using the weighted average of fuel and WTT emissions. • Except for heat production, the emission factors for this category are readily available from databases.	• Upstream emissions from the fuels used in purchased heat do not consider the use of combined heat and power (CHP) plants in district heating networks or losses in energy production and distribution.	2, 4, 6

	Primary data	Methods, allocation methodologies, or assumptions	Uncertainties and limitations in data quality	Sources of emission factors
4. Upstream transportation and distribution	• Emissions data provided by logistics companies. • Expenditure on logistics services (€).	• The emissions reported by logistics service providers include both upstream and downstream transportation costs covered by the reporting company. • While the transportation fee for products purchased online is included, it is primarily paid by Puuilo rather than the customer. Therefore, it is accounted for in the upstream. • Data has been primarily collected from partners, with secondary data from accounting records on the scale of purchases. • Approximately 80% of the products received by the company are delivered directly to stores from level 1 suppliers. The freight cost is included in the product price, and these costs cannot be broken down. Therefore, they are classified under scope 3 category 1.	• The data received from logistics service providers has been categorized as measured data points. The quality of the data, however, is not known. • The uncertainty level of the euro-based emission factors applied in the calculation is generally higher. These factors are from 2021 and have been adjusted for inflation to the year 2024.	3, 8, 16, 17, 18
5. Waste generated in operations	• Amount and disposal method of waste streams • Number of employees, industry, and waste type • Water consumption (m3)	• The amounts of waste generated during retail store operations, categorized by waste stream, have been gathered from the waste management partner's portal. The waste streams have been allocated to the appropriate emission categories based on the reported treatment methods. • Wastewater generation has been determined based on measured water consumption. It is assumed that the amount of tap water consumed, as monitored by water meters, is equivalent to the amount of wastewater produced. • For locations with no available measured water consumption data, the arithmetic mean consumption from other stores has been used. • Waste generated at the headquarters has been estimated using HSY statistics based on the number of employees and the industry type.	• There is uncertainty regarding the compatibility between the waste stream treatment method and the emission factor. However, this does not significantly affect the overall results of the calculation. • The waste amount generated at the headquarters is based on an estimate, and as such, involves a level of uncertainty. However, the volume of waste is negligible relative to the retail business operations.	5, 19
6. Business travel	• Mileage allowances	• The calculation includes mileage allowances paid to employees. The total kilometres driven were estimated based on the official 2024 mileage allowance rate published by the tax authority	• Flights, trains, and taxis have been excluded from the calculation due to lack of available data. This exclusion is estimated to have a moderate impact on the results of this specific category, but not on the overall calculation.	4
7. Employee commuting	• Commuting survey, considering modes of transport, trips, and their frequency • Number of employees	• The base data was collected through a survey, with responses from 305 out of 847 employees. The results were extrapolated to cover the entire workforce. • 252 working days were assumed.	• There is no measured data available regarding employees' commuting patterns.	4, 12

Scope 3 greenhouse gas emission categories excluded from the inventory

Excluded from the inventory	Justification
Scope 3: Category 8: Upstream leased assets	Emissions during the use phase are consolidated into the Scope 1 and 2 emissions of the reporting company according to the chosen methodology.
Scope 3: Category 9: Downstream transportation	N/A
Scope 3: Category 10: Processing of sold productsi	N/A
Scope 3: Category 11: Use of sold products	Not assessable due to the number of products and their numerous different use-phase scenarios.
Scope 3: Category 12: End-of-life treatment of sold products	Not assessable due to the number of products and their numerous different end-use scenarios.
Scope 3: Category 13: Downstream leased assets	N/A
Scope 3: Category 14: Franchising	N/A
Scope 3: Category 15: Investments	N/A

N/A = not applicable, e.g., no emissions are generated from the respective category.

Scope 3 category	tCO2e - supplier- specific data	%-share of total emissions calculated using supplier-specific data
1. Purchased goods and services	0.0	0%
2. Capital goods	0.0	0%
3. Fuel and energy-related Activities	0.0	0%
4. Upstream transportation and distribution	3.386,2	99.75%
5. Waste generated in operations	0.0	0%
6. Business travel	0.0	0%
7. Employee commuting	0.0	0%

Emission Factor Sources:

1 AIB (2023). European Residual Mixes. https://www.aib-net.org/sites/default/files/assets/facts/residual-mix/2023/AIB_2023_Residual_Mix_FINALResults09072024.pdf

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ESRS E5 RESOURCE USE AND CIRCULAR ECONOMYS

Impact, Risk, and Opportunity management

E5-1 Policies related to resource use and circular economy

In retail, resource use and circular economy affect every stage of the value chain: raw material procurement and natural resource use, product design and manufacturing, logistics and packaging, maintenance and repair, as well as waste management and recycling.

Puuilo does not yet have policies related to resource use and the circular economy that have been approved by the Board of Directors, as operations have so far been guided by practical procedures.

In its own operations, the company strives to produce as little landfill waste as possible. Waste is sorted to the greatest extent possible. The recycling rate is monitored at both the store and company levels. Detailed instructions for waste handling and sorting are part of the store work guidelines.

Puuilo offsets the carbon footprint of its waste management by purchasing permanent carbon sinks through afforestation projects with its waste management partner.

E5-2 Actions and resources related to resource use and circular economy

Key actions focus on ensuring product quality, training staff and suppliers on ethical guidelines, and reducing waste and increasing the recycling rate.

The durability of products improves customer satisfaction and reduces environmental impact by decreasing logistics emissions and waste. Product quality is primarily ensured through careful supplier selection. Products imported by Puuilo are evaluated and tested considering the specific characteristics required for each product.

The purchasing organization is responsible for the ethical guidelines of procurement and for training suppliers and its own staff on them. Puuilo representatives also conduct factory visits for quality assurance purposes.

The change in waste volume was 13.4% compared to the previous financial year. At the same time, the number of stores increased by seven, corresponding to a 16.7% growth. Store managers monitor store-specific and chain-wide waste production. During the financial year 2024, staff training on waste management and recycling continued to achieve the recycling target.

The Easy Waste pilot project aimed at improving the recycling rate was implemented in nine stores. It included a store-specific mapping of waste areas, an analysis of waste billing, and the creation of guidelines.

Due to the implementation of waste volume monitoring, staff training, and the Easy Waste project, it is anticipated that waste sorting and recycling processes will become more efficient in the stores.

Metrics and targets

E5-3 Targets related to resource use and circular economy

Puuilo aims to further develop waste management and sorting. These targets are voluntarily set by Puuilo and relate to recycling within the waste hierarchy. To reduce the harmful environmental impacts of packaging materials and minimize waste management costs, the goal is to increase the recycling rate of Puuilo's own operations to 73% by the end of the financial year 2025. No specific targets have been set for different waste types. Stakeholders have not participated in setting the recycling rate target.

No other targets related to resource use and circular economy have been set.

Emission offsets for waste management are described in section E1-3.

E5-4 Resource inflows

Puuilo's product range includes approximately 30,000 items. The main product groups are building supplies, HVAC and electrical accessories, car accessories, household products, garden supplies, pet food and supplies, tools, free-time accessories, groceries, and services. The products mainly contain plastics, rubber, wood, and metals, some of which include critical raw materials and rare earth metals. The products sold are procured ready-made from the supply chain: Puuilo does not manufacture or further process products itself, nor does it have detailed information about the raw materials of the products.

In Puuilo's own operations, water consumption is very low. Fixed assets mainly consist of store fixtures and equipment.

Puuilo uses conventional packaging materials such as plastic wraps, cardboard, and paperboard for incoming goods and the transportation of products sold in the online store.

E5-5 Resource outflows

Puuilo sells products to consumer and business customers, which are divided into ten product groups: building supplies, HVAC and electrical accessories, car accessories, household products, garden supplies, pet food and supplies, tools, free-time accessories, groceries, and services. The expected durability and reparability of the products generally correspond to the average durability and reparability of products in the same category.

The largest waste groups generated in Puuilo's operations are cardboard, energy waste, mixed waste, and plastics. Additionally, the operations produce construction, metal, and wood waste. The proportion of waste classified as hazardous, such as batteries or aerosols, is less than 1% of the total waste volume.

In e-commerce, the materials used for packaging products for customer deliveries, such as cardboard and plastics, are 100% recyclable. Orders are packed as compactly as possible to keep the package size small and to take up less space in delivery vehicles. Cardboard received at the warehouse is reused for packing online orders. Deliveries are carried out using electric vehicles whenever possible.

The operational metric for waste management is the recycling rate, which was 67% in 2024.

Information on Puuilo's Waste
The waste data is based on data and reporting from the waste management partner.

Total non-hazardous waste	
Non-hazardous waste, preparation for reuse	
Non-hazardous waste, recycling	
Non-hazardous waste, other recovery operations	
Non-hazardous waste, final disposal total	
Non-hazardous waste, incineration	
Non-hazardous waste, landfill	
Non-hazardous waste, other disposal operations	
Total hazardous waste	
Hazardous waste, preparation for reuse	
Hazardous waste, recycling	
Hazardous waste, other recovery operations	
Hazardous waste, final disposal total	
Hazardous waste, incineration	
Hazardous waste, landfill	
Hazardous waste, other disposal operations	
Total amount of waste in metric tons	**1,742**
Total amount of non-recycled waste in metric tons	**555**

Percentage of non-recycled waste	31.9%

Summary of waste generated during the reporting period in tonnes (t)

Total amount of waste in metric tons	1,742
Total amount of hazardous waste in metric tons	14
Total amount of non-recycled waste in metric tons	555
Total amount of non-recycled waste in metric tons	32

Waste directed to other than final disposal by type of recovery in tonnes (t)

Hazardous waste	
Preparation for reuse	0
Recycling	7
Other recovery options	5
Total	12
Non-hazardous waste	
Preparation for reuse	3
Recycling	1,158
Other recovery options	548
Total	1,709

Waste directed to final disposal by type of treatment in tonnes (t)

Hazardous waste	
Incineration (without energy recovery)	0
Landfilling	0
Other final disposal	2
Total	2
Non-hazardous waste	
Incineration (without energy recovery)	0
Landfilling	0
Other final disposal	0
Total	0

Other final disposal includes waste treated by other methods and transloaded waste for final disposal.

SOCIAL
ESRS S1 OWN WORKFORCE

Impacts, risks, and opportunities management

S1-1 Policies related to own workforce

All Puuilo's own workforce works in Finland. The principles related to the own workforce are described in Puuilo's House Book, the Code of Conduct for employees, and the Equality, Non-Discrimination, and Personnel Development Plan. These principles apply to all Puuilo employees. No groups have been identified within the workforce that would require or be subject to special principles or measures.

The House Book contains a wide range of principles, practices, and practical guidelines related to working at Puuilo. Familiarization with the House Book is part of every employee's induction at the workplace. One of its goals is to enhance the well-being of the work community and the creation of a good customer experience. The CEO is responsible for the implementation of the House Book, and each member of the management team is responsible for the operating instructions within their area of responsibility.

The Code of Conduct for employees forms the basis for all our activities, and every Puuilo employee must follow the guidelines provided therein. The Code of Conduct adheres to the Universal Declaration of Human Rights by the United Nations and the Declaration on Fundamental Principles and Rights at Work by the International Labour Organization (ILO). The use of human trafficking, child labour, or any form of forced labour is not accepted.

The purpose of the Code of Conduct is to help Puuilo employees act responsibly in their work. The principles of conduct are:

- We comply with laws and commitments
- We do not accept corruption or bribery
- We avoid conflicts of interest and compete fairly
- We respect human rights and care about our work community
- We promote more sustainable consumption
- We are a responsible retailer
- We communicate openly and truthfully
- We handle information confidentially
- We comply with insider regulations and Puuilo's insider guidelines
- Reporting concerns and violations

The principles presented in the Equality, Non-Discrimination, and Personnel Development Plan are:

- All employees have equal opportunities to succeed and develop in their work
- The goal is to create a work community where employees treat each other equally and fairly
- Equal and non-discriminatory treatment of everyone in both daily operations and decision-making
- No one should be discriminated against based on gender, age, origin, nationality, language, religion, belief, opinion, political activity, trade union activity, family relationships, health status, disability, sexual orientation, or any other personal reason.

The HR unit is responsible for the content of the House Book, the Code of Conduct, and the Equality, Non-Discrimination, and Personnel Development Plan, and the management team approves them.

Employees have full freedom of association, and representatives have been elected for all staff groups.

The principles for preventing occupational accidents are established as part of a three-year occupational safety program. The goal of occupational health care is preventive and work ability-maintaining activities. Employees are offered occupational health services that go beyond statutory requirements. The hazards and risk factors of work have been assessed on a unit-by-unit basis. It is the supervisor's task to guide employees in safe working practices. All Puuilo store employees undergo annual occupational safety training.

S1-2 Processes for engaging with own workers and workers' representatives about impacts

Interaction with the staff is based on openness. The CEO organizes staff meetings four times a year. Internal team collaboration has been increased with regular weekly and monthly meetings throughout the organization.

The cooperation negotiation committee meets four times a year. The committee addresses matters in accordance with the Cooperation Act as well as common issues affecting the entire staff that are significant for the staff's access to information and opportunities to influence.

Puuilo complies with the Cooperation Act and its regulations on cooperation and dialogue with the staff and their representatives. The occupational safety committee monitors the implementation of occupational safety, identifies development needs related to well-being at work and the work community, and proposes solutions to them. The staff elects four regional occupational safety representatives and their deputies. Both the occupational safety representatives and their deputies are members of the occupational safety committee.

The occupational health steering group meets four times a year. The HR director has monthly meetings with the staff representatives.

The effectiveness of communication is evaluated through staff surveys with questions related to communication and leadership culture.

The HR director is responsible for communication with staff representatives. If necessary, matters are discussed in the management team or among the members of the management team.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

Negative impacts on staff are addressed by intervening in working conditions and work-related stress. Observations or reports of such issues lead to a thorough investigation of the working conditions, consultation with the concerned parties, and, if necessary, improvement of tools or methods and updating of guidelines.

Every employee has the responsibility and duty to address any issues they observe, such as inappropriate behaviour or deficiencies in occupational safety or working conditions. Observations are reported to the employer. There is a dedicated PRO24 system for reporting occupational safety observations. The employer is obligated to address the reported issues upon receiving the information.

Puuilo follows a consistent model for addressing situations where an employee's behaviour is unacceptable for any reason. Any observed concerning or poor behaviour is addressed by the supervisor whenever necessary. This model is described and instructed in the House Book.

The annual staff survey also includes open questions where concerns can be raised. Based on the survey results, development measures are planned, and their implementation is monitored. Store managers receive store-specific reports.

The House Book describes the occupational safety and staff representative organizations along with their contact information. This information is electronically available to all staff.

Puuilo has an external service provider-maintained whistleblowing channel for reporting cases that violate ethical principles, suspicions of such cases, or other concerns. The whistleblowing channel is publicly available on the company's website and internally to all staff via the Teams channel. Information about the whistleblowing channel and its operating principles is provided during induction, in the House Book, on the Teams channel and in the Code of Conduct for employees.

Reports can be made anonymously. If desired, the reporter can receive information about the handling and actions taken based on the report. Written operating principles are defined for handling reports and taking actions. The system classifies reported cases, and they are regularly reported to the management team and the Board of Directors.

The whistleblowing channel is designed to protect the identity of the reporter in all situations related to making a report. If desired, the reporter can remain anonymous throughout the entire report management and investigation process. Puuilo also does not attempt to identify the reporter in any way. Reports are investigated promptly, and potentially conflicted individuals are excluded from the internal investigation.

In the staff survey, 95% of respondents completely or somewhat agreed with the statement "I know how to report misconduct that I have experienced or observed".

S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Puuilo aims to be a workplace that employees want to commit to. Employee well-being and job satisfaction are promoted by investing in leadership, occupational safety, employee skills, the smoothness of daily work, and a reasonable workload.

The importance of human rights and equality is emphasized to all employees during induction and in the Code of Conduct. In 2024, no human rights impacts were observed that would have required specific corrective actions.

The Equality and Non-Discrimination Plan and its implementation are monitored in the cooperation negotiation committee and discussed with staff representatives. Puuilo's goals for an equal and non-discriminatory workplace are considered in workforce recruitment, task allocation, career progression, compensation, job diversification, and support for participation in training.

The training of employees on the Code of Conduct is systematically continued.

Employee retention is seen as a success factor at Puuilo, affecting the level of customer service and employee satisfaction. For this reason, employees are primarily offered full-time employment contracts.

Employee well-being is supported by offering employment benefits to all staff. These include staff discounts, an employee benefit program, and a well-being benefit that can be used to purchase desired sports, cultural, and wellness services. Employees are rewarded for long service and on special occasions. Recreational activities are also organized for the staff.

Annual assessments of accident risks and work ergonomics are conducted in stores and other locations. A more comprehensive workplace survey on the physical and mental workload is conducted every five years. Mandatory occupational safety training is organized regularly. Additionally, it is ensured that employees have appropriate tools that support well-being and occupational safety.

Puuilo's growth and the introduction of new operating models and systems require continuous development of employee skills. The focus areas for 2024 were:

- Training related to the implementation of the Relex replenishment ordering system
- Induction training and further development of the induction process
- Expansion of leadership training to include all supervisors at Puuilo
- Expansion of professional qualification opportunities, including the introduction of the JYET qualification (for store managers and chain support specialists)
- Partial qualification in logistics for warehouse workers in collaboration with Taitotalo

Puuilo supports the personal development of employees and encourages them to pursue independent training. Studying alongside work is facilitated through various work arrangements such as study leave or temporary part-time work. PuuiloOpisto, implemented in collaboration with Taitotalo, offers further and supplementary training related to sales, customer service, and supervisory tasks for employees in permanent and over one-year fixed-term employment.

The early intervention model supports employees' ability to cope at work. Possible actions are always evaluated on a case-by-case basis.

Occupational accidents and near-miss incidents are reported in the system. Cases are investigated to determine how they can be prevented in the future.

The principles and practices described in the Code of Conduct and the Equality and Non-Discrimination Plan aim to ensure that potential negative impacts on employees are managed. According to business cycles, negative impacts such as the need to adjust the workforce in stores cannot be completely ruled out.

Employee matters are handled by Puuilo's HR team under the HR director. The team consists of six full-time equivalents. The occupational safety organization includes the occupational safety manager and elected occupational safety representatives. The cooperation negotiation committee consists of 17 members in total. The chief shop steward is a full-time position.

Metrics and targets

S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Puuilo's significant potential negative sustainability impacts on its own workforce include dissatisfaction with working conditions, workload, and financial challenges. These impacts are not systemic but related to individual cases.

Puuilo's significant potential positive sustainability impacts on its own workforce include offering permanent employment contracts and high job satisfaction due to good working conditions. Additionally, the positive impacts of equality on employees' skills, career development, and well-being were identified as potential positive impacts. These impacts affect all employees, especially those in permanent and full-time positions.

Puuilo does not have time-bound goals. The impacts on the workforce are monitored by the proportion of full-time employment contracts and employee surveys. The goals are:

- Proportion of full-time employment contracts at 80%
- Conducting employee surveys and improving results compared to the previous year

The proportion of full-time employment contracts was 74%.

Employee well-being is measured by an annual employee survey. The PeoplePower index of the survey decreased to 70.1 points from 71.9 points the previous year and was 0.5 points above the retail industry norm.

The PeoplePower index represents the overall result of the employee survey. It is calculated based on 22 index questions. The result is 0 if all respondents were extremely critical and 100 if all respondents were extremely positive in answering all index questions.

S1-6 Characteristics of the undertaking's employees

All Puuilo employees are covered by this disclosure requirement.

In 2024, the number of employees converted to full-time equivalents was 849 (791 in the previous period). The number of employees at the end of the financial year was 1,093 (1,037 in the previous period). Of the employees, 51 percent were women, 41 percent were men, and 8 percent did not disclose their gender.

Gender Distribution of Employees

Gender	Number of employees
Women	558
Men	446
Other	1
Not reported	88
Number of employees	1,093

Country of Employment for Employees

Country	Number of employees
Finland	1,093
Other countries	0

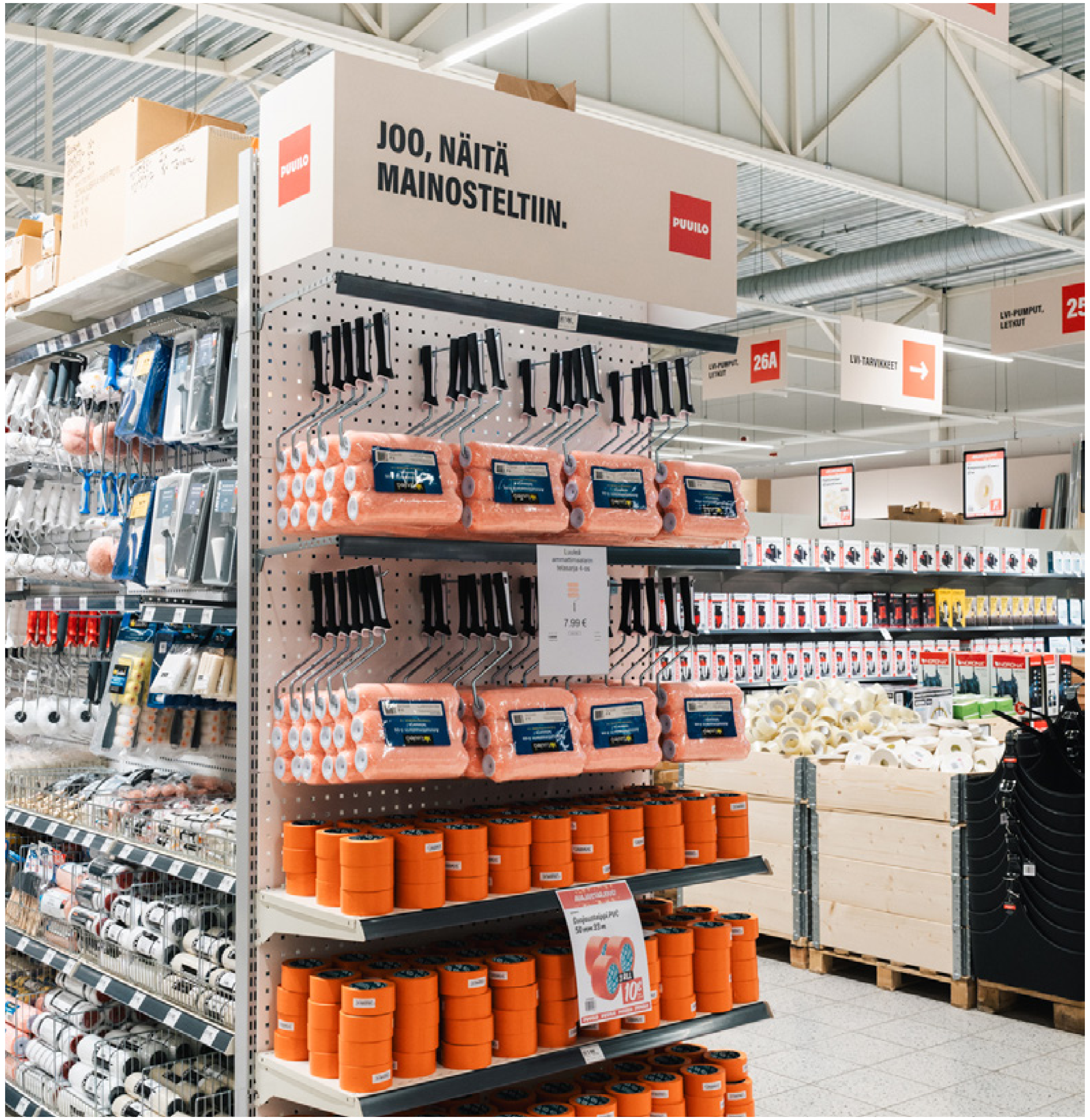
Information About Employees

2024	WOMEN	MEN	OTHER*	NOT REPORTED	TOTAL
Number of employees (FTE)	433	346	1	68	849
Number of permanent employees (FTE)	341	259	1	31	632
Number of temporary employees (FTE)	71	66	0	28	166
Number of non-guaranteed hours employees (FTE)	22	21	0	9	51
Number of full-time employees (FTE)	345	259	1	27	631
Number of part-time employees (FTE)	89	88	0	41	218

The information is reported as full-time equivalents (FTE) at the end of the financial year, calculated by dividing the hours worked by employees by the standard hours of a full-time employee. The same figures are used in the financial statements. The number of employees working variable hours is considered as a separate group and is not included in the numbers of permanent or fixed-term employees. Employees working variable hours are on-call workers and are included in the number of part-time employees.

The nature of the employment contract is recorded in the personnel information system for each employment relationship.

During the reporting period, 476 employment contracts ended. The turnover rate was 44 percent. The turnover rate is calculated by dividing the number of employment contracts that ended during the reporting period by the number of employees at the end of the financial year. The turnover figures include summer workers and those working variable hours.



S1-9 Diversity metrics

Gender Distribution of Management

	Men		Women		Other		Not reported	
	Number	%	Number	%	Number	%	Number	%
Board of directors	4	67	2	33	0	0	0	0
Management team	6	86	1	14	0	0	0	0

Personnel by age group

	Head count	Percentage
Under 30 years	411	48%
30–50 years	328	39%
Over 50 years	110	13%

The information is reported as full-time equivalents (FTE), calculated by dividing the hours worked by employees by the standard hours of a full-time employee. The same figures are used in the financial statements.

S1-10 Adequate wages

The salary paid to an employee is based on the demands of the job and the employee's personal skills, qualifications, and performance. Puuilo pays all its employees at least the salary stipulated by the collective agreement for the retail sector. The exception is senior employees, whose terms of employment are not covered by the collective agreement.

S1-14 Health and safety metrics

Occupational accidents among Puuilo's staff are typically minor, such as falls, sprains, or cuts, and they result in at most short-term absences.

Health and Safety Metricst

Share of employees with employment contracts covered by occupational health services (%)	100 %
Number of fatalities due to work related injuries and occupational health issues	0
Occupational accidents	20
Accident frequency	13,99

The number of recorded occupational accidents is estimated based on the total number of accidents and the length of the resulting absence. A recorded occupational accident is defined as an absence of more than four days, as such an absence usually requires a doctor's visit. The accident frequency is calculated by dividing the number of recorded occupational accidents by the total number of hours worked, multiplied by one million hours.

S1-16 Compensation metrics (pay gap and total compensation)

In the financial year 2024, the gender pay gap for all employees of the Puuilo Group was 10.6%. The calculation of pay gaps used gross monthly salaries, including experience bonuses. Bonuses were not considered in the calculation. Overtime pay was also not considered, as it is based on the collective agreement and paid equally to everyone.

The Company estimates that, the ratio of the total earnings of Puuilo's highest-paid person to the median total earnings of other employees was 6.5.

S1-17 Incidents, complaints and severe human rights impacts

During the reporting period, four cases of discrimination or harassment were recorded through Puuilo's supervisors or the whistleblowing channel. One of these cases was reported through the whistleblowing channel and three through supervisors. There were two other complaints made through the whistleblowing channel. The data for this metric is provided by the whistleblowing channel administrator and the HR unit.

No serious human rights cases were identified during the reporting period.

No cases were handled in court. No fines, penalties, or damages were paid.

ESRS S2 WORKERS IN THE VALUE CHAIN

Impact, risk and Opportunity management

S2-1 Policies related to value chain workers

The principles concerning value chain workers are documented in Puuilo's procurement ethical guidelines, which are based on the UN Global Compact corporate responsibility initiative and the OECD Guidelines for Multinational Enterprises. The procurement ethical guidelines are attached to procurement contracts and apply to all Puuilo's procurements and all countries in the supply chain.

Puuilo respects internationally recognized human rights and is committed to promoting universal fundamental principles and rights at work, such as the right to organize and negotiate, occupational health and safety, the prohibition of forced or child labour and human trafficking, non-discrimination, reasonable working hours, and fair compensation for work performed.

Puuilo aims to reduce potential human rights violations in its value chain and, if necessary, to remedy any harmful impacts that have occurred. Puuilo's suppliers and partners are similarly required to recognize and promote the realization of human rights and labour rights. Suppliers and partners report on the promotion of responsibility upon request. If deficiencies are found in their operations, corrective actions are sought primarily through cooperation. Cooperation may be terminated if the situation does not improve.

The Director of Procurement and Logistics is responsible for procurement and compliance with the related principles.

Puuilo has not become aware of any cases related to value chain workers where the principles of the UN, ILO, or OECD regarding human rights have not been followed.

S2-2 Processes for engaging with value chain workers about impacts

Puuilo maintains close contact with its suppliers, but there is no regular direct communication with value chain workers. Due to the large number of value chain workers, such communication is currently not seen as realistic. Communication is carried out indirectly through social responsibility audits conducted by third parties. In practice, this means audits based on the amfori BSCI Code of Conduct principles or similar. These audits provide information about the working conditions of employees, including the safety of production working conditions, employee compensation and working hours, and the realization of the right to organize and negotiate.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

Puuilo requires amfori BSCI certification or equivalent from suppliers whose country of operation is classified as high-risk for human rights compliance. The classification is based on the amfori risk country classification. Certification is a prerequisite for entering into a new contract or renewing an existing one. The entity granting the certification is responsible for auditing the suppliers.

If there are suspicions regarding the working conditions or human rights compliance of a supplier's employees, the case is investigated together with the supplier. The supplier is given the opportunity to take corrective actions within a reasonable time. The company evaluates the results of the corrective actions together with the supplier. On a case-by-case basis, cooperation with the supplier may be terminated if the supplier does not commit to corrective actions.

Value chain workers have the opportunity to communicate through Puuilo's whistleblowing channel on the company's website. In practice, Puuilo has no means to inform value chain workers of its existence or ensure they are aware of it. The channel and its operating principles are described in disclosure requirement S1-3.

S2-4 Taking Action on material impacts, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions and approaches

Domestic suppliers and suppliers from countries classified as low-risk for human rights compliance are required to commit to Puuilo's procurement ethical guidelines. These guidelines also consider the working conditions and human rights of value chain workers. Suppliers from high-risk countries are required to have an amfori BSCI or equivalent internationally recognized responsibility certificate. Updated procurement practices are applied to both new suppliers and the renewal of contracts with existing suppliers.

The commitments and certificates aim to ensure that the working conditions of value chain workers are adequate and that their human rights are respected. The use of contract terms provides an incentive for the supply chain to take responsibility. Cooperation with suppliers is described in more detail in section G1-2 of the report.

In 2024, no specific actions were taken as Puuilo did not receive any reports of serious human rights or labour rights violations.

The procurement department, led by the Director of Procurement and Logistics, is responsible for supplier selection and related processes as part of daily tasks. In 2024, no separate appropriations were used, nor were any investments made related to supplier selection or value chain workers.

Metrics and goals

S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

The goal is to expand the coverage of amfori BSCI or equivalent certification in supplier contracts from high-risk countries. These certifications demonstrate the suppliers' commitment to ensuring the working conditions and human rights of their employees. This goal is set by Puuilo's management team without direct communication with value chain workers.

The metric used is a ratio comparing purchases in euros from certified suppliers in high-risk countries to all purchases from high-risk countries. The metric was reviewed in 2024, which serves as the base year. The baseline value of the metric, or the actual figure for 2024, was 85.5 percent. The goal is to increase the proportion to 90 percent by 2028. During the reporting period, purchases were made from high-risk countries such as China, India, Pakistan, Turkey, and Vietnam.

Basis for Metrics Related to Value Chain Workers

The classification into high-risk and other countries in the supply chain is based on the amfori BSCI risk country classification. Information about the supplier's certification is obtained from the amfori BSCI portal.

ESRS S4 CONSUMERS AND END-USERS

Management of Impacts, Risks, and Opportunities

S4-1 Policies related to consumers and end-users

The key sustainability issues for consumers and end users relate to product safety. The principles guiding product safety are described in Puuilo's ethical guidelines and the amfori BSCI principles.

The amfori BSCI principles are a commitment by Amfori members and their business partners to respect human rights and protect the environment in the global supply chain in accordance with internationally recognized principles. These principles help identify, prevent, mitigate, report, and remedy adverse impacts on human rights and the environment, which also applies to consumers and end users.

In Puuilo's ethical guidelines, consumers and end users are particularly considered in the section "we communicate openly and truthfully." Product, service, price, and other factors are presented clearly and truthfully in marketing communications, and misleading expressions are not used. Additionally, the section "we handle information confidentially" describes the absolute confidentiality of customer data and other personal information. The ethical principles are described in more detail in section G1-1.

Puuilo's data protection and information security policy aims to ensure the confidentiality, integrity, and availability of information that requires protection. In all personal data processing, the following principles are adhered to:

- The processing of personal data is always lawful and fair
- The person whose data is being processed is provided with sufficient information about the processing in an easily accessible and understandable form
- Personal data is processed only for a predefined specific and lawful purpose
- The rights of data subjects are implemented without delay
- Only necessary and appropriate personal data for the purpose of processing is collected and processed
- The accuracy and updating of data are appropriately ensured
- Personal data processing activities are documented
- Personal data is retained only for the time required by its purpose
- Personal data is protected against accidental or unlawful destruction, loss, alteration, unauthorized disclosure, or access
- Data protection and information security guidelines are followed in processing

The Director of Procurement and Logistics is responsible for implementing the principles related to product safety, and the Director of Information Management is responsible for implementing the principles related to data protection and information security.

The data protection and information security policy has been approved by the company's Board of Directors. Its key guidelines are included in Puuilo's ethical guidelines and the House Book, which are available to all staff. Annual data protection and information security training is mandatory for all staff.

Puuilo does not have a separate human rights commitment for customers and end users. Respect for human rights is outlined in the ethical guidelines and procurement ethical guidelines. These are described in more detail in section G1-1.

S4-2 Processes for engaging with consumers and end-users about impacts

Consumer needs and preferences directly guide retail operations. These are interpreted through product sales and customer satisfaction. The product range is adjusted based on consumer opinions and feedback. All stakeholders, including consumers and end users, emphasized privacy and data security in the stakeholder survey related to the double materiality assessment.

Puuilo has several channels for communication with customers. Customers can directly contact Puuilo's centralized customer service or store staff. Written feedback can be provided through Puuilo's website, which also includes contact information for customer service, stores, and Puuilo's management team. The whistleblowing channel on Puuilo's website is also available to business customers, consumers, and end users. The channel and its operating principles are described in disclosure requirement S1-3. Daily interactions, customer calls, and feedback are common.

An annual customer satisfaction survey is conducted. Additionally, a comprehensive stakeholder survey was conducted as part of the double materiality assessment to gather customer views on Puuilo's responsibility.

The CEO, who has the highest operational responsibility, is in charge of communication with customers, communication channels, and considering customer views.

Customer feedback is responded to based on a case-by-case assessment. The number of product returns and complaints is continuously monitored.

Puuilo also sells products intended for children. The primary customers are guardians, and the aforementioned customer channels are also available to children, so there has been no need for separate consultation with underage customers.

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Customers have the right to exchange or return purchased products within 30 days. The right of return does not apply to strictly defined product groups, such as hygiene products, food, or pet food.

Product safety is strictly regulated. Authorities responsible for monitoring product safety include the Finnish Safety and Chemicals Agency (Tukes), Customs, and the Food Authority. Each buyer monitors regulatory changes for their product area.

Quality and product safety deviations are addressed as necessary with sales bans and recalls, which are effective means of removing substandard products from the market. Any damages caused by defective products are compensated to the customer.

The channels available to consumers and end users to raise concerns and needs directly with Puuilo are described in disclosure requirements S1-3 and S4-2. Puuilo considers these channels to be sufficient and believes that consumers are aware of them.

S4-4 Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- users, and effectiveness of those actions

Actions Related to Product Safety

Puuilo aims to enhance product safety and thereby manage the costs associated with product recalls and strengthen brand image through preventive measures. The quality and safety of products are primarily ensured through careful supplier selection, which includes both product safety and quality documentation as well as checking supplier customer references. Products imported by Puuilo are evaluated and tested considering the specific characteristics required for each product.

Product packaging labels and instructions for use must be appropriate. If necessary, it is ensured that safety data sheets for products such as chemicals are available.

Product safety is a key theme in the induction of buyers. In stores and customer service, customers are guided on the safe use of products.

Ensuring product safety is a continuous activity for the company. The proportion of complaints and product reviews on the online store are monitored every two weeks. If complaints increase, the supplier is promptly contacted to investigate the quality deviation. Product safety is also addressed in the description of procurement criteria in disclosure requirement S4-1.

In cases of serious quality deviations, a decision on a sales ban or recall is made if necessary. In these cases, cooperation is carried out with the authorities responsible for monitoring product safety, and their guidelines are followed. Quality deficiencies may lead to a change of supplier. The product range is supplemented with a replacement product from another manufacturer if necessary.

Puuilo has not received any reports related to human rights or violations of human rights concerning consumers or end users.

In the company's procurement organization, a product development and quality manager support the buyers.

Actions Related to Data Protection

By offering secure payment methods to customers, the risk of identity theft and fraud is reduced. Information security is part of daily operations and is implemented through administrative and technical measures.

The Director of Information Management handles information security incidents and reports them internally within Puuilo as necessary. Cases deemed serious are addressed by the company's management team. Identified information security risks are managed with a plan, which includes scheduling necessary actions and assigning responsible persons.

An annual assessment of information security risks and an external evaluation of information security are conducted. Based on these, an annual action plan is prepared. The implementation of the plan is monitored quarterly by the management team and annually by the Board of Directors.

In 2024, the assessment focused on data protection. Based on the findings, data protection documentation and practices were refined. No serious information security incidents were identified at Puuilo in 2024.

According to the 2024 action plan, in addition to the aforementioned data protection work, document classification was piloted, the effectiveness of the continuity plan in managing cyberattacks was tested, a new attack simulation and training tool was introduced, and technical protections for securing identities and devices were tightened.

The expected outcomes of these actions are the continued implementation of information security and the absence of serious information security incidents.

Regarding the security of card payments, Puuilo complies with the international PCI DSS standard (Payment Card Industry Data Security Standards). The company is audited annually for PCI DSS compliance. All staff undergo annual information security and data protection training, and all employees working with payment cards complete annual PCI passport training. The HR department monitors the completion of these trainings.

Metrics and targets

S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

There are no time-bound targets set for product safety.

The information security targets, in addition to meeting legal and regulatory requirements, include ensuring that no serious security incidents or breaches occur. In the financial year 2024, there were no serious information security incidents.

Basis for Metrics Related to Consumers and End Users

Puuilo's IT department assesses the severity of all information security incidents and breaches. The assessment considers how they affect individuals or the company and what can be done with the leaked information.

GOVERNANCE

ESRS G1 BUSINESS CONDUCT

G1-1 Corporate culture and business conduct policies and corporate culture

Puuilo's corporate culture embodies the company's values, which have been formulated together with the staff. These values are actively communicated to ensure they become part of the company's daily operations.

Puuilo's value

DISTINCTIVENESS

There's a lot of power in being distinctive. We are a unique company, and proud of it. We also encourage our employees to be themselves. Because the best results are achieved that way.

JOY

It is a pleasure and easy to visit our stores. The joy begins with us, our desire to work here. The darker it is around us, the more important it is for us to bring joy and compassion around us.

COST AWARENESS

Price awareness means that we do not waste money. This applies to us, but especially to our customers. Except when it gives joy or benefits in which case it is not waste of money.

PROPRIETY

It is important to us that we can stand behind every decision. This means that decisions, whether they are big or small, are carefully weighted considering also the long-term effects. This applies to the environment, society and our own personnel. In other words, we hold on to our values.

DETERMINATION

As they say, fortune farvours the brave. We set our goals high and move forward determinedly towards our goals. Our customers do not buy from us to test products but to use them. In this way we develop as people and as a company.

Business conduct is guided by the House Book, which are internal guidelines for employees, ethical guidelines for employees, and theok Supplier Code of Conduct. The House Book and ethical guidelines for employees are described in section S1-1, and the Supplier Code of Conduct is described in sections S2-1 and G1-2.

The CEO is responsible for the implementation of ethical principles, and each member of the management team is responsible for the guidelines within their area of responsibility.

The Supplier Code of Conduct outlines Puuilo's requirements for suppliers. The ethical guidelines for procurement are detailed in chapter G1-2 Supplier Relationship Management.

The HR department is responsible for updating the House Book and ethical guidelines, while the procurement organization is responsible for supplier collaboration. The House Book and ethical guidelines are available electronically to all Puuilo employees, and their review is part of the onboarding process. The Supplier Code of Conduct is included in the supplier selection process and cooperation agreements.

The corporate culture is characterized by a low hierarchy. Management regularly interacts with staff through informal discussion sessions, the cooperation committee, and internal organizational collaboration. The corporate culture is assessed through an annual employee survey.

Puuilo has an open whistleblowing channel for reporting or suspecting violations of principles. The whistleblowing channel is described in disclosure requirement S1-3. In the event of business disruptions, internal control procedures are followed.

In addition to onboarding, employees are trained annually on ethical conduct. The HR department monitors the completion of the training.

Key individuals in preventing corruption and bribery are those with financial decision-making authority, such as members of the management team and those responsible for purchases and indirect procurement.

The most important measures implemented in 2024 regarding material topics include:

- Training on ethical conduct
- Employee satisfaction survey

These measures cover the entire Puuilo staff and are carried out annually.

Regarding material topics, Puuilo has set a target for the results of the employee satisfaction survey. The target is set for one year at a time, with the goal of continuous improvement, aiming for better results than the previous year.

G1-2 Management of relationships with suppliers

Puuilo aims to develop its operations with goods and service suppliers in a long-term manner. Stable partnerships can create more efficient business relationships and enhance the profitability of both parties.

Puuilo's practice is to pay all invoices on time and adhere to generally accepted, reasonable payment terms in the industry. There are no special payment practices specifically for small and medium-sized enterprises;

the same principles apply to all suppliers. An exception is invoices for imported products, which are typically paid before the products are recorded in Puuilo's warehouse or within 30 days of shipment. Due payments are monitored daily by Puuilo's invoice processing. The goal is to pay invoices by the due date, excluding invoices that have been disputed with the supplier or have other issues to be resolved. In such cases, the supplier is always contacted. There are no ongoing lawsuits or disputes due to payment delays.

It is important for Puuilo to prevent potential environmental or human rights violations in the supply chain and the resulting reputational damage and loss of customer trust. Supplier relationship maintenance is conducted in accordance with the company's ethical rules and procurement ethical guidelines. Continuous communication with suppliers includes regular meetings, buyer visits to suppliers, and periodic negotiations on the terms of cooperation agreements.

The basic principles and expectations for suppliers are outlined in the Supplier Code of Conduct, which is based on the OECD Guidelines for Multinational Enterprises. Puuilo categorizes suppliers into two classes based on country risk. Suppliers from Finland or other low-risk countries are required to commit to Puuilo's Supplier Code of Conduct. Suppliers located in high-risk countries are required to have an amfori BSCI or equivalent certification. The Supplier Code of Conduct applies to all Puuilo suppliers. The CEO is responsible for the implementation of the procurement ethical guidelines, and each member of the management team is responsible for the guidelines within their area of responsibility.

The Supplier Code of Conduct requires suppliers to respect internationally recognized human rights and promote fundamental labour rights. Additionally, suppliers and partners must proactively identify environmental impacts and avoid harmful environmental effects such as biodiversity loss, clean water availability issues, emissions to air, land, or water, and the use of virgin rare raw materials.

Suppliers and partners report on the promotion of responsibility upon request. If deficiencies are found in operations, corrective actions are sought primarily in cooperation. Puuilo is not significantly dependent on individual suppliers, and cooperation can be terminated if the supplier does not commit to correcting deficiencies.

The most important measures implemented in 2024 regarding supplier relationship management include:

- Maintaining supplier relationships: continuous communication with suppliers, including regular meetings, buyer visits to suppliers, and periodic negotiations on the terms of cooperation agreements.

Puuilo has set the following goal regarding supplier relationship management:

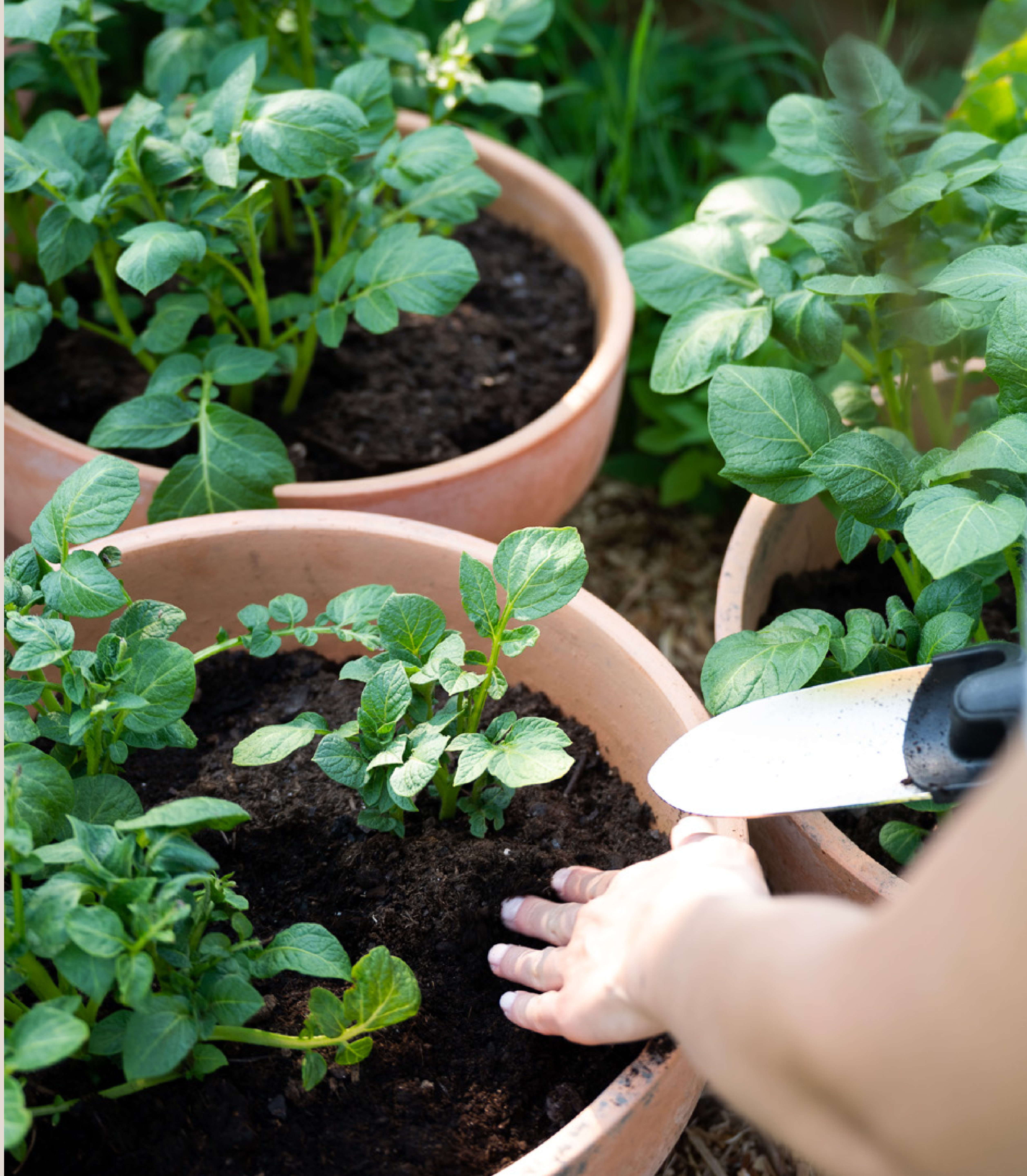
- Increase the share of suppliers from high-risk countries committed to amfori BSCI or equivalent to 90 percent by 2028. The achievement in 2024 was 85.5 percent.

Metrics and Targets

G1-6 – Payment Practices

Puuilo's purchase invoices are mainly paid according to a 30–60-day payment term, regardless of the size of the supplier company. An exception is invoices for imported products, which are typically paid before the products are recorded in Puuilo's warehouse or within 30 days of shipment at the latest. Due payments are monitored daily by Puuilo's invoice processing team. The goal is to pay invoices by the due date, excluding invoices that have been disputed with the supplier or have other issues to be resolved. In such cases, the supplier is always contacted. The company estimates that the average time taken to pay an invoice from the day the statutory payment term calculation begins is 46 days. This average is estimated based on the turnover rate of purchase invoices. There are no ongoing legal proceedings or disputes due to payment delays.

FINANCIAL STATEMENTS



Financial Statements

In addition to this PDF-document, Puuilo has published Financial Statements in accordance to European Single Electronic Format (ESEF) requirements as a xHTML document which is the official version of the report.

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Net sales	2.1	**383.4**	**338.4**
Other operating income	2.1	0.5	0.5
Materials and services	2.3	-238.8	-214.5
Personnel expenses	2.3	-38.5	-35.4
Other operating expenses	2.3	-22.6	-21.0
Depreciation, amortisation and impairments	4.1-4.4	-19.0	-15.2
Operating profit		**65.1**	**52.8**
Finance income	5.6	0.6	0.9
Finance costs	5.6	-5.8	-5.4
Total finance income and costs		-5.2	-4.4
Profit before taxes		**59.9**	**48.4**
Current income tax	2.4	-12.6	-10.2
Deferred income tax	2.4	0.6	0.5
Total income tax expense		-12.0	-9.7
Profit for the period		47.9	38.7
Total comprehensive income for the period		**47.9**	**38.7**

EUR million	Note	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Profit for the period attributable to:			
Owners of the parent		47.9	38.7
Profit for the period		**47.9**	**38.7**
Earnings per share for profit attributable to owners of the parent			
Basic and diluted earnings per share (EUR)	5.3	0.57	0.46

The Notes are an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

EUR million	Note	31 Jan 2025	31 Jan 2024
ASSETS			
Non-current assets			
Goodwill	4.1	33.5	33.5
Intangible assets	4.2	16.0	16.4
Property, plant and equipment	4.3	5.9	3.9
Right-of-use assets	4.4	82.1	72.0
Deferred tax assets	2.4	1.3	1.0
Total non-current assets		**138.8**	**126.8**
Current assets			
Inventories	3.1	115.5	93.1
Trade receivables	3.2, 5.5	5.9	5.3
Other receivables	3.2	2.3	1.9
Cash and cash equivalents		18.3	21.5
Total current assets		**142.0**	**121.7**
Total assets		**280.8**	**248.5**

EUR million	Note	31 Jan 2025	31 Jan 2024
Equity and liabilities			
Equity			
Share capital	5.2	0.1	0.1
Reserve for invested unrestricted equity	5.2	29.0	29.0
Retained earnings		24.8	17.2
Profit for the period		47.9	38.7
Total equity attributable to owners of the parent		**101.8**	**85.0**
Total equity		**101.8**	**85.0**
Liabilities			
Non-current liabilities			
Loans from financial institutions	5.4, 5.5	50.0	50.0
Lease liabilities	4.4	68.1	58.2
Provisions	4.5	1.0	0.9
Deferred tax liabilities	2.4	2.5	2.7
Total non-current liabilities		**121.6**	**111.8**
Current liabilities			
Lease liabilities	4.4	15.0	14.6
Trade payables	3.3, 5.5	24.0	21.2
Advances received	2.1	0.4	0.3
Income tax liabilities	2.4	2.8	2.7
Other current liabilities	3.3, 5.5	15.2	12.9
Total current liabilities		**57.4**	**51.7**
Total liabilities		**179.0**	**163.5**
Total equity and liabilities		**280.8**	**248.5**

The Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		ATTRIBUTABLE TO OWNERS OF THE PARENT				
EUR million	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Own shares**	**Retained earnings**	**Total equity**
Equity on 1 Feb 2024		**0.1**	**29.0**	**-3.2**	**59.2**	**85.0**
Profit for the period					47.9	47.9
Total comprehensive income for the period					**47.9**	**47.9**
Dividends	5.2				-32.0	-32.0
Acquisition of own shares	5.2			-		-
Share-based incentive plan	2.3				0.8	0.8
Total transactions with owners				**-**	**-31.2**	**-31.2**
Equity on 31 Jan 2025		**0.1**	**29.0**	**-3.2**	**76.0**	**101.8**

		ATTRIBUTABLE TO OWNERS OF THE PARENT				
EUR million	**Note**	**Share capital**	**Reserve for invested unrestricted equity**	**Own shares**	**Retained earnings**	**Total equity**
Equity on 1 Feb 2023		**0.1**	**29.0**	**-1.5**	**48.6**	**76.1**
Profit for the period					38.7	38.7
Total comprehensive income for the period					**38.7**	**38.7**
Dividends	5.2				-28.7	**-28.7**
Acquisition of own shares	5.2			-1.7		**-1.7**
Share-based incentive plan	2.3				0.5	**0.5**
Total transactions with owners				**-1.7**	**-28.2**	**-29.9**
Equity on 31 Jan 2024		**0.1**	**29.0**	**-3.2**	**59.2**	**85.0**

The Notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	Note	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Cash flows from operating activities			
Profit for the period		47.9	38.7
Adjustments for:			
Depreciation, amortisation and impairments	4.1-4.4	19.0	15.2
Gains/losses on disposal of property, plant and equipment		0.0	0.0
Other non-cash adjustments		0.8	0.5
Finance income and costs	5.6	5.2	4.4
Income tax expense	2.4	12.0	9.7
Changes in working capital			
Change in trade and other receivables	3.2	-1.0	-1.7
Change in inventories	3.1	-22.4	-3.2
Change in trade and other current non-interest-bearing liabilities	3.3	5.2	8.3
Interests paid		-2.6	-3.0
Interests of lease liabilities		-2.9	-2.0
Interests received		0.6	0.9
Arrangement fee for loans from financial institutions and other financial costs		-0.3	-0.3
Income taxes paid		-12.4	-9.5
Net cash flows generated from operating activities		**49.1**	**58.0**

EUR million	Note	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Cash flows from investing activities			
Payments for intangible assets	4.2	-2.3	-1.2
Payments for property, plant and equipment	4.3	-4.8	-3.5
Proceeds from sale of property, plant and equipment	4.3	0.0	0.1
Net cash used in investing activities		**-7.1**	**-4.7**
Cash flows from financing activities			
Repayments of loans from financial institutions	5.1	-	-20.0
Principal elements of lease liabilities	5.1	-13.1	-10.3
Dividends	5.2	-32.0	-28.7
Acquisition of own shares		-	-1.7
Net cash used in financing activities		**-45.1**	**-60.7**
Net increase (+)/(-) decrease in cash and cash equivalents		-3.1	-7.3
Cash and cash equivalents at the beginning of the period		21.5	28.8
Cash and cash equivalents at the end of the period		**18.3**	**21.5**

The Notes are an integral part of these financial statements.

Notes to the Consolidated Financial

1 BASIS OF PREPARATION

Note 1.1 Company information

Puuilo Group is a Finnish retailer company. On 31 January 2025, the fast-growing Group had a total of 49 stores (42 stores) across Finland. In addition, the online store serves customers. The product assortment includes building supplies, tools, HVAC and electrical accessories, pet food and supplies, car accessories, groceries, household products, garden supplies, free-time and other accessories as well as services. Puuilo is one of the leading discount retailers in Finland and it serves both consumers and B2B customers in the repair and maintenance as well as construction sector. The company is known for its low prices and wide range of products.

The Group's parent company is Puuilo Plc, domiciled in Helsinki, Finland. The company's registered address is Pakkalankuja 6, 01510 Vantaa, and its Business ID is 2726573-8. Puuilo Plc is listed on Nasdaq Helsinki. The Consolidated Financial Statements are available on Puuilo's investor website at www.investors.puuilo.fi/en and at the company's headquarters at Pakkalankuja 6, 01510 Vantaa.

These Consolidated Financial Statements include the consolidated financial statements of Puuilo Plc ("the company") and its subsidiary ("the Group" or "Puuilo").

These Consolidated Financial Statements include the consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity and consolidated statement of cash flows as well as notes for the reporting period that ended on 31 January 2025 and comparison information for the financial year ended on 31 January 2024. The company's Board of Directors approved these Financial Statements on 23 April 2025.

Puuilo issues an XHTML Financial Statements complying with the ESEF requirements on Puuilo's investor website. The Audit firm Pricewaterhouse-Coopers Oy has provided to company an independent auditor's reasonable assurance report in accordance with ISAE 3000 (Revised) on Puuilo's ESEF Financial Statements.

The company's reporting period begins on 1 February and ends on 31 January. The reporting period 2024 comprises the period 1 February 2024 – 31 January 2025 and the comparison period 2023 the period 1 February 2023 – 31 January 2024.

Note 1.2 Basis of preparation

Puuilo's Consolidated Financial Statements have been prepared in accordance with IFRS Accounting Standards approved for adoption by the European Union. They comply with the effective IAS and IFRS Accounting Standards and the respective SIC and IFRIC interpretations. The notes to the Consolidated Financial Statements also include requirements in accordance with Finnish accounting and limited liability company legislation.

The notes to the Consolidated Financial Statements have been grouped into sections based on their nature. The basis of preparation of the financial statements is described as part of the note Accounting Policies, while the accounting policies directly related to a specific note are presented as part of the note in question. The notes of each area contain the relevant financial information, the accounting policies as well as the key estimates and discretionary solutions.

The financial statements have been prepared on the basis of initial cost.

The figures in the Consolidated Financial Statements are presented in millions of euros, unless otherwise stated. The figures have been rounded to the nearest million, and therefore the sum of individual figures may deviate from the total presented. The presentation currency of the financial statements is euro, which is also the functional currency of the company and the Group.

Note 1.3 Accounting estimates and judgements

The preparation of Consolidated Financial Statements requires management to make estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. The following areas include management's estimates and assumptions:

- Share-based payments (Note 2.3)
- Measurement of inventories (Note 3.1)
- Goodwill impairment test (Note 4.1)
- Measurement of the Puuilo trademark (Note 4.2)
- Measurement of lease liabilities and right-of-use assets (Note 4.4)
- Restoration obligation (Note 4.5)
- Expected credit loss (Note 5.5)

These areas are explained in more detail in the individual notes.

Estimates and judgements are regularly reviewed for accuracy. The estimates and judgements are based on historical data and other factors, including expectations on future events that may have a financial impact on the entity and that are assumed to be reasonable under the circumstances.

2 BUSINESS PERFORMANCE

Note 2.1 Revenue

Accounting policy

Puuilo's retail chain and online store sell building supplies, tools, HVAC and electrical accessories, pet food and supplies, car accessories, groceries, household products, garden supplies, free-time and other accessories as well as services. Net sales are primarily generated by the sales of goods and recognised when the control of the product is transferred to the customer, in other words, when the product is relinquished.

The products sold by the Group have a right of return. Based on experience, the quantity of the returned goods is considered to be insignificant compared to the company's net sales.

Puuilo sells gift cards to customers. The Company recognises a liability on these prepayments. The liability is presented in the balance sheet as a separate line item Advances received. The liability is derecognised, and net sales are recognised when customer purchases goods with the gift card. After the gift card has been used, Puuilo is considered to have fulfilled its performance obligations.

Sales are paid mainly in cash or by credit card. Financing offered to consumers is arranged by an external partner and does not create a performance obligation to Puuilo. Therefore, the arrangement does not affect the revenue recognition. The payment time for invoiced sales offered to B2B customers is typically 14 – 30 days. As the payment term is less than 12 months, the transaction prices are not adjusted with the time value of money.

Puuilo's contracts with customers do not contain separate performance obligations recognised at different times. The product warranties offered by the Company are treated as assurance type warranties, because they do not include additional services to the customer. In most cases, the Company charges the warranty costs from the supplier.

The line-item other operating income includes lease income, gains on disposals of tangible assets, and other income that are not directly related to the Company's ordinary business operations. Lease income consists of income received from sales locations.

NET SALES

EUR million	31 Jan 2025	31 Jan 2024
Stores	374.4	329.5
Online store	9.1	8.9
Net sales total	**383.4**	**338.4**

CONTRACT LIABILITIES (ADVANCES RECEIVED)

EUR million	31 Jan 2025	31 Jan 2024
	0.4	0.3

OTHER INCOME

EUR million	31 Jan 2025	31 Jan 2024
Lease income	0.3	0.3
Gains on disposal of tangible assets	0.0	0.0
Other	0.2	0.2
Total	**0.5**	**0.5**

Note 2.2 Segment information

Due to the nature of Puuilo's operations, the Group has one reportable operating segment. The individual stores and the online store are considered to be the distribution channels of Puuilo's products and all of them operate under the Puuilo trademark. The Group operates only in Finland. The operations, such as financial administration, IT management, marketing as well as purchasing and logistics are centralised at the Group level.

The Board of Directors is the highest operating decision-maker at Puuilo, as it is responsible for resource allocation in the Group and assesses the performance of the operations. Puuilo's Board of Directors regularly monitors financial information of the Group. The performance metric Puuilo uses internally to monitor and assess the operations is the Group-level adjusted EBITA, which corresponds to profit before interest, taxes and amortisation and impairment of intangible rights, adjusted by items affecting comparability.

Due to the large number of customers and the nature of the business, sales to any individual customer have not exceeded 10 percent in the financial period that ended on 31 January 2025 or the comparison period.

NOTE 2.3 EXPENSES

Materials and services and other operating expenses

Accounting policy

Materials and services consist of the acquisition cost of goods sold during the financial period and the services directly related to the goods sold. Other operating expenses include expenses other than the cost of goods sold, such as administration costs, property maintenance costs, marketing and IT costs as well as sales freight and credit card commissions. Other operating expenses also include potential losses on the disposal of property, plant and equipment and intangible assets.

Foreign exchange differences arising from purchases are recognised in the appropriate line item above operating profit.

MATERIALS AND SERVICES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Purchases during the reporting period	260.8	216.7
Changes in inventories	-22.3	-2.4
External services	0.3	0.2
Total	**238.8**	**214.5**

OTHER OPERATING EXPENSES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Administration expenses	1.8	1.9
Property maintenance expenses	4.9	4.5
Marketing expenses	6.8	6.1
IT costs	3.6	3.2
Sales freights and credit card fees	2.1	2.0
Other	3.3	3.4
Total	**22.6**	**21.0**

AUDITORS' FEES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Statutory audit fees	0.1	0.1
Assignments referred to in Chapter 1, Section 1, Subsection 1, Paragraph 2 of the Auditing Act.		
CSRD assurance	0.1	-
ESEF reporting	0.0	0.0
Other services	-	0.0
Total	**0.2**	**0.2**

Employee benefits

Accounting policy

Short-term benefits

Wages and salaries mainly comprise of fixed monthly salaries and hourly wages paid to employees. Other indirect employee costs include pension expenses and other social security expenses. Employee benefits are recognised for work completed up to the balance sheet date in other liabilities and measured at the amount that is expected to be paid when the liabilities are settled.

Post-employment benefits

The pension plan of Puuilo is a defined contribution plan. The payments of a defined contribution pension plan are made to pension insurance companies, after which the Group does not have any other payment obligations. Payments made on the defined contribution pension plan are recognised as expenses in the income statement for the financial period they are attributed to.

EMPLOYEE BENEFIT EXPENSES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Wages and salaries	32.2	29.4
Pension costs	5.5	4.9
Social security costs	0.8	1.1
Total	**38.5**	**35.4**

PERSONNEL ON AVERAGE AND AT THE END OF REPORTING PERIOD:

	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Number of employees at the end of the period, full-time equivalent	849	791
Personnel on average	1,005	938

Management remuneration

The management consists of the Board of Directors, the CEO and the other members of the Management Team. The Board of Directors makes the decision on the remuneration of the CEO and the other Management Team. The remuneration of the CEO and the Management Team consists of a fixed monthly salary, customary fringe benefits and a share-based incentive plan for the key employees (see section Share-based payments). The CEO or the other members of the Management Team do not belong to any short-term incentive programme.

The company's CEO and the other members of the Management Team are entitled to a statutory pension benefit. The company does not have in place current additional pensions or collateral arrangements for the CEO and the other members of the Management Team.

The CEO is entitled to statutory pension, and their retirement age is determined in accordance with the legislation in effect. The period of notice of the CEO is six months and they are entitled to receive salary for the period of notice. The period of notice of the other members of the Management Team is three months. The members of the Management Team are entitled to their respective monthly salaries for the period of notice.

In accordance with the Finnish Limited Liability Companies Act, the decision on the remuneration payable to the members of the company's Board of Directors is made by the shareholders in the Annual General Meeting. The Shareholders' Nomination Board prepares a proposal on the remuneration of the Board members to the Annual General Meeting. The remuneration of the Board of Directors is monetary. The Board of Directors' remuneration is based on an annual fee, and the members are not paid separate meeting fees in addition to this. Travel expenses incurred by the Board meetings are reimbursed in accordance with the company's travel expense policy. Pension payments are not included in the remuneration of the Board of Directors.

MANAGEMENT REMUNERATION:

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
CEO		
Fixed salaries and fringe benefits	0.2	0.2
Share-based payments	0.0	0.0
Pension costs	0.0	0.0
Total	**0.3**	**0.2**
Other members of the Management Team		
Fixed salaries and fringe benefits	0.9	0.8
Share-based payments	0.3	0.2
Pension costs	0.2	0.1
Total	**1.4**	**1.2**
The Board of Directors		
Lasse Aho, Chair of the Board from 16 May 2023	0.1	0.0
Timo Mänty, Chair of the Board until 16 May 2023	-	0.0
Jens Joller, from 15 May 2024	0.0	-
Anne-Mari Paapio, from 15 May 2024	0.0	-
Tomas Franzén, until 16 May 2023	-	0.0
Bent Holm	0.0	0.0
Mammu Kaario	0.0	0.0
Rasmus Molander, until 15 May 2024	0.0	0.0
Markku Tuomaala, until 15 May 2024	0.0	0.0
Tuomas Piirtola	0.0	0.0
Total	**0.2**	**0.2**
Total Management Team and the Board of Directors	**1.8**	**1.7**

No share-based payments have been paid during the financial year 2024 or the comparison period. The share-based payments include the cost effect on the financial year.

Share-based payments

Accounting principle

The fair value of share-based payments is measured on the day which the share-based payment plan is agreed upon the counterparties. Fair value of share-based payments is recognised as an expense over the vesting period. The settlement, if the set targets are met, is a combination of shares and cash. Share-based payments to be settled in shares are recognised in equity and the payments to be settled in cash are recognised as a liability. Such cash-settled share-based payments for which the employer shall deduct, on behalf of the employee, from the share award such number of shares which covers taxes and tax-like charges paid in cash, shall be classified in their entirety as equity-settled share-based payments and thus, are recognised in equity.

Accounting estimates and judgements

The number of the shares to be granted are estimated at the end of each reporting period. The evaluation considers the turnover of persons and other factors affecting the number of shares to be granted. In addition, the measurement of the fair value of the plan and the parameters used in the measurement require management judgement.

Share-based incentive plan

Puuilo Board of Directors decides on the share-based incentive plan for key personnel annually. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term. The plan is intended to encourage key employees to personally invest in the company's shares, to steer them toward achieving the company's strategic objectives, to retain them at the company, and to offer them a competitive reward plan that is based on acquiring, earning and accumulating Puuilo shares.

Each plan includes one performance period, spanning approximately three financial years. The performance criteria for both plans are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The achievement of the targets set for the performance criteria will determine the proportion out of the maximum reward that will be paid as reward to participants. The prerequisite for participation in the plan and receiving reward on the basis of the plan is that a participant personally has acquired Puuilo shares up to the number determined by the Board of Directors. Furthermore, payment of reward is based on the participant´s valid employment or service upon reward payment.

Primarily, the rewards from the plans will be paid partly in the company's shares and partly in cash by the end of May following the end of the performance period. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant´s employment or service terminates before the reward payment. The CEO and other members of the Management Team are obliged to keep the shares paid as a reward for twelve (12) months after the reward payment.

The target group of the plans consisted of the CEO, other members of the Management Team, Store Managers and other key personnel. The final number of shares will depend on the participants' personal share acquisitions and the achievement of the targets set for the performance criteria.

The total cost of the share plan is recognised over the performance period, which is approximately 34 months. In the financial year 2024, the impact of the share-based compensation plans on the profit was EUR 0.8 million (0.5). At the end of the reporting period, the amount to be recognised as expense for the financial years 2025 – 2027 is estimated at a total of EUR 1.2 million (1.1). The actual amount may differ from the estimate.

ASSUMPTIONS APPLIED IN DETERMINING THE FAIR VALUE OF SHARE AWARD:

Grant date and fair value of share-based payments	2022-2024	2023-2025	2024-2026
Grant date	3.6.2022	12.5.2023	10.5.2024
Grant date fair value of the share award (EUR)	4.43	4.83	7.58
Share price at grant date (EUR)	5.34	7.29	10.70
Performance period start date	3.6.2022	12.5.2023	10.5.2024
Performance period end date	28.2.2025	31.3.2026	31.3.2027
Commitment period end date	31.5.2025	31.5.2026	31.5.2027

Assumptions applied in determining the fair value of share award	2022-2024	2023-2025	2024-2026
Maximum amount of shares to be granted (pcs)*	315.000	678.000	738.000
Share awards granted during the period (pcs)*	-	-	197.709
Changes in the number of shares granted (pcs)*	-	-1.683	-1.458
Exercised during the period (pcs)*	-	-	-
Outstanding at the of the period (pcs)*	278.520	252.336	196.251
Participants at the end of the reporting period	29	29	33
Share price at the end of the reporting period	10.23	10.23	10.23
Assumed fulfilment of the performance criteria	73%	75%	68%
Forfeiture rate	1%	4%	7%

* Gross number of shares netted with the applicable withholding tax. The net amount will be paid in shares

Note 2.4 Income taxes

Accounting policy

Income tax comprises of the current income taxes and deferred taxes for the financial period. The income tax is recognised in the income statement. The tax effect of the items recognised directly in equity is, correspondingly, recognised as a part of equity.

The current taxes consist of the expected tax payable on the taxable income for the financial period, based on the tax rates enacted or in practice enacted by the closing of the accounts and any taxes payable for the previous year.

Deferred tax is calculated based on temporary differences between the carrying amounts and the carrying value of assets and liabilities, as well as on confirmed losses to the extent that it is probable that these can be utilised against future taxable income. Deferred tax is determined using tax rates (and laws) which have been enacted or in practice enacted by the end of the financial period and which are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled. Deferred tax is not recognised for temporary differences related to initial recognition of goodwill.

Deferred tax assets and liabilities are netted to the extent that the company has a legally enforceable right to net current tax assets and liabilities and when the deferred taxes are related to the taxes of the same tax authority. Tax assets and tax liabilities based on the taxable income for the period are netted when the organisation has a legally enforceable right, and it intends either to settle on a net basis or to realise the asset item and settle the liability simultaneously.

INCOME TAXES

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Current income tax on profits for the year:	12.6	10.2
Total current income tax	12.6	10.2
Deferred income tax:		
Change in deferred tax assets	-0.3	-0.3
Change in deferred tax liabilities	-0.2	-0.2
Total deferred tax	-0.6	-0.5
Income tax expense	**12.0**	**9.7**

Reconciliation of the tax expense recognised in the consolidated income statement and the taxes calculated using the Finnish tax rate (20% for all financial periods):

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Profit before tax	59.9	48.4
Tax calculated at domestic tax rate of 20 %	12.0	9.7
Income not subject to tax	0.0	0.0
Expenses not deductible for tax purposes	0.0	0.0
Taxes in income statement	**12.0**	**9.7**

CHANGES IN DEFERRED TAXES

	1 Feb	Recognised through profit or loss	31 Jan
Reporting period 2024			
Deferred tax assets			
Tangible assets	0.0	0.0	0.0
Leases	0.8	0.2	1.0
Share-based incentive plan	0.1	0.2	0.3
Total	**1.0**	**0.3**	**1.3**
Reporting period 2024			
Deferred tax liabilities			
Intangible assets	2.7	-0.2	2.5
Tangible assets	0.0	0.0	0.0
Arrangement fees of loans from financial institutions	0.0	0.0	0.0
Total	**2.7**	**-0.2**	**2.5**

	1 Feb	Recognised through profit or loss	31 Jan
Reporting period 2023			
Deferred tax assets			
Tangible assets	0.0	0.0	0.0
Leases	0.7	0.2	0.8
Share-based incentive plan	0.0	0.1	0.1
Total	**0.7**	**0.3**	**1.0**
Reporting period 2023			
Deferred tax liabilities			
Intangible assets	2.9	-0.2	2.7
Tangible assets	0.0	0.0	0.0
Arrangement fees of loans from financial institutions	0.0	0.0	0.0
Total	**3.0**	**-0.2**	**2.7**

3 WORKING CAPITAL

Note 3.1 Inventories

Accounting policy

The cost of inventories, i.e. goods intended for retail, corresponds to the purchasing cost of the product in question determined using the weighted average cost method. The cost of finished goods comprises all costs of purchase, including direct freight and handling costs. Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated necessary costs of sales. The cost of inventory does not include borrowing costs.

Key judgements and discretionary solutions – Inventory valuation

The Group regularly reviews inventories for possible obsolescence and turnover, and for possible reduction of the net realisable value below cost and recognises a write-down of inventory when necessary. Such reviews require estimates of future demand for products. Possible changes in these estimates may cause changes in inventory measurement in future periods.

EUR million	31 Jan 2025	31 Jan 2024
Finished goods	105.7	86.6
Goods in transit	8.2	5.0
Prepayments	1.5	1.4
Total	**115.5**	**93.1**

On 31 January 2025, the valuation of inventories included a write-down for obsolescent and slow-moving products amounted to EUR 1.4 million (0.4 million).

The cost of goods sold has been presented in Note 2.3.

Note 3.2 Trade and other receivables

Accounting policy

Trade receivables are receivables that consist of products sold to customers in the ordinary course of business. They fall due within 14 – 30 days and are, therefore, all classified as current. Trade receivables are initially recognised in the amount of the invoice issued to the customer. Trade receivables do not include financial components.

The fair value of current trade and other receivables are estimated to equal their book values due to their short maturities.

TRADE AND OTHER RECEIVABLES CONSIST OF THE FOLLOWING:

EUR million	31 Jan 2025	31 Jan 2024
Trade receivables	5.9	5.3
Other receivables	0.0	0.0
Prepaid expenses	2.2	1.9
Total	**8.2**	**7.2**

AGING ANALYSIS OF TRADE RECEIVABLES

EUR million	31 Jan 2025	31 Jan 2024
Not overdue	5.7	5.0
Overdue		
Less than 14 days	0.1	0.2
14-30 days	0.1	0.0
31-60 days	0.0	0.0
Over 60 days	0.0	0.1
Total	**5.9**	**5.3**

In the 2024 financial period 2024, a credit loss of EUR 0.1 million was recognised in profit or loss on trade receivables (EUR 0.0 million). The receivables do not involve significant credit risk concentrations, and the maximum amount of the credit risk corresponds to the carrying amount of the receivables at the end of the financial period. Trade receivables include an impairment amounting to EUR 0.0 million (EUR 0.0 million). The expected credit loss risk is not significant due to the low volume of invoiced sales. Credit risk is described in more detail in Note 5.4.

MATERIAL ITEMS INCLUDED IN PREPAYMENTS

EUR million	31 Jan 2025	31 Jan 2024
Annual bonuses for purchases	0.7	0.7
Unbilled product reclamation	0.2	-
Social security costs	0.2	0.2
Expenses paid in advance	1.0	1.0
Other	0.2	0.1
Total	**2.2**	**1.9**

Note 3.3 Trade and other payables

Accounting policy

Trade payables and other payables include goods and services which Puuilo has received prior to the end of financial period which were not paid by the end of the financial period. The amounts are unsecured and mainly paid according to the payment term of 30 – 60 days. Trade and other payables are presented as current liabilities if they are due within 12 months after the financial period. The carrying amounts of trade payables and other payables are considered to be the same as their fair values, due to their short-term nature.

TRADE AND OTHER PAYABLES CONSIST OF THE FOLLOWING:

EUR million	31 Jan 2025	31 Jan 2024
Current		
Trade payables	24.0	21.2
Advances received	0.4	0.3
Income tax liabilities	2.8	2.7
Other current liabilities	7.4	5.4
Accrued expenses	7.8	7.5
Total current	**42.4**	**37.1**

Other current liabilities mainly consist of value added tax liabilities and withholding tax liabilities.

MATERIAL ITEMS INCLUDED IN CURRENT ACCRUED EXPENSES

EUR million	31 Jan 2025	31 Jan 2024
Salary accruals	2.0	1.9
Social security costs	1.5	1.6
Interest expenses	0.2	0.2
Holiday pay expenses	4.2	3.8
Total	**7.8**	**7.5**

4 CAPITAL EMPLOYED

Note 4.1 Goodwill

Accounting policy

Goodwill is measured at acquisition cost less any accumulated impairment losses. At the time of acquisition, goodwill is allocated to those cash-generating units which are considered to benefit from the acquisition. Goodwill is not subject to annual amortisation, because it is considered to have an indefinite useful life.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset item's fair value less costs of disposal or the higher of value in use. Often it is not possible to estimate the recoverable amount for an individual asset. In the case of goodwill, the recoverable amount is determined for the cash-generating unit to which the goodwill belongs. Impairment loss recognised for goodwill is not reversed under any circumstances.

Key judgements and estimates in goodwill impairment testing

Puuilo's goodwill has arisen in connection with the acquisition of Puuilo business in 2015 when the current Puuilo Group was established. Therefore, the entire goodwill was generated from a single acquisition covering the entire business of Puuilo. At the end of the financial period, goodwill stood at EUR 33.5 million (EUR 33.5 million).

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that goodwill was impaired. The recoverable amount of a cash-generating unit is determined based on the value in use calculation which requires the use of assumptions. Estimates and judgements are required when determining the components of the recoverable amount. These components include the discount rate, the terminal growth rate, net sales and the adjusted operating profit before the amortisation and impairment of intangible rights (adjusted EBITA). The discount rate reflects the time value of money and the market risk premiums. The risk premiums reflect risks and uncertainties for which the future cash flow estimates have not been adjusted. The calculations use cash flow projections based on financial budgets approved by management covering a four-year period. Cash flows beyond the four-year period are extrapolated using the estimated growth rate.

Goodwill impairment test

Puuilo's management has been monitoring goodwill on the Group level from the date the goodwill was generated. Therefore, for the purpose of annual goodwill impairment testing, management has discrete and reliable financial information available on the Group level. Puuilo's management considers the Group to consist of one cash-generating unit, and therefore, goodwill is tested for impairment on the Group level.

The key assumptions of the impairment calculations are the estimated growth rate of net sales and the estimated EBITA level for the period of four years. Cash flows beyond this period have been extrapolated based on the forecast growth of 2.0% (2.0%). The discount rate used is the weighted average cost of capital (WACC) after tax. The WACC formula inputs are the risk-free rate of return, market risk premium, industry-specific beta factor, target capital structure and borrowing cost. The pre-tax WACC used was 11.3% (12.2%). No goodwill impairment has been recognised. In addition, management has estimated that no reasonably possible change in the key assumption of the impairment testing would have resulted in a goodwill impairment.

Note 4.2 Intangible assets

Accounting policy

Intangible assets comprise of the capitalised costs of the Puuilo trademark, other intangible rights, the ERP system and the other IT systems. Their carrying amount corresponds to cost less accumulated amortisations and impairment losses. The capitalised cost of the ERP system consists of invoices from external service providers and license fees as well as Puuilo's internal project work related to the implementation of the new ERP system.

Other intangible assets are amortised on a straight-line basis over their estimated useful lives as follows:

Puuilo trademark	20 years
Software and licences	5 years
Other intangible rights	5 years

The costs related to the maintenance of IT systems and software are recognised in the financial period during which they incur.

Key judgements and estimates in measurement of the Puuilo trademark

The useful life of the Puuilo trademark is estimated to be 20 years, and it represents the Group's assessment of the period over which the trademark is expected to generate cash flows to the Group. The actual useful life may, however, be shorter or longer, depending on changes in the operating environment. Any identified changes in the useful life of the Puuilo trademark are reflected in the amortisation period and the recognition of impairment losses, when needed.

At each balance sheet date, the management assesses whether there is any indication that the value of the Puuilo trademark may be impaired. For the Puuilo trademark, changes in the retail business environment, for example, could be an indication of impairment. For the trademark, the recoverable amount cannot be estimated on an asset-by-asset basis. As it is estimated that Puuilo has one cash-generating unit, Puuilo's trademark, like goodwill, is tested on the Group level.

The impairment is recognised through profit or loss. The impairment loss recognised earlier on an asset item is reversed if the recoverable amount of the asset has increased. However, the maximum reversal is the carrying amount that would have prevailed for the asset before the impairment was recognised.

EUR million	Goodwill	Intangible rights	Other intangible assets	Total
Cost on 1 February 2024	33.5	25.0	8.1	66.6
Additions	-	1.9	0.4	2.3
Cost on 31 January 2025	**33.5**	**26.8**	**8.5**	**68.9**
Accumulated amortisation and impairment on 1 February 2024	-	-10.8	-5.9	-16.7
Amortisation and impairment	-	-1.9	-0.9	-2.7
Accumulated amortisation and impairment on 31 January 2025	-	-12.6	-6.8	-19.4
Net carrying amount on 1 February 2024	**33.5**	**14.2**	**2.2**	**49.9**
Net carrying amount on 31 January 2025	**33.5**	**14.2**	**1.7**	**49.5**

EUR million	Goodwill	Intangible rights	Other intangible assets	Total
Cost on 1 February 2023	33.5	24.0	7.8	65.4
Additions	-	0.9	0.3	1.2
Cost on 31 January 2024	**33.5**	**25.0**	**8.1**	**66.6**
Accumulated amortisation and impairment on 1 February 2023	-	-9.5	-5.0	-14.5
Amortisation and impairment	-	-1.3	-0.9	-2.2
Accumulated amortisation and impairment on 31 January 2024	-	-10.8	-5.9	-16.7
Net carrying amount on 1 February 2023	**33.5**	**14.6**	**2.8**	**50.9**
Net carrying amount on 31 January 2024	**33.5**	**14.2**	**2.2**	**49.9**

An impairment of EUR 0.3 million was recognised in intangible assets during the financial period (EUR 0.1 million).

Note 4.3 Property, plant and equipment

Accounting policy

Property, plant and equipment consist mainly of store buildings and related capital improvement costs, as well as machinery and equipment. They are measured at cost less accumulated depreciation and impairment losses. The measurement of leased properties is covered in section 4.4 Leases. Historical cost includes expenditure that is directly attributable to the acquisition of asset items or internally developed assets and subsequent costs incurred by the replacement of parts that meet the criteria for asset recognition. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or, in the case of leasehold improvements and leased assets, over the period of the lease or the useful life of the asset, whichever is shorter.

The estimated useful lives are as follows:

Capital improvement cost	5 years
Machinery and equipment	3 – 10 years
Leased assets	over the lease term

Residual values, depreciation methods and useful lives are reviewed and adjusted, if needed, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future financial benefits are expected from its use. Sales gains and losses are determined by comparing disposal proceeds with the carrying amount of the disposed asset. Sales gains and losses are recognised within other operating income or expenses in the income statement in the period on which the disposal occurs. Sales gains are presented in Note 2.1.

At each balance sheet date, the management assesses whether there is any indication that the value of property, plant and equipment may be impaired. In the case that there is such evidence, an assessment is made of the recoverable amount of the asset which is the higher of the fair value of the asset less the costs of disposal or the value in use. In many cases, the recoverable amount cannot be estimated on an asset-by-asset basis. In that case, the recoverable amount is determined for the cash-generating unit to which the asset item belongs. Due to the nature of Puuilo's operations, the Group has only one cash-generating unit.

The impairment is recognised through profit or loss. The impairment loss recognised earlier on an asset item is reversed if the recoverable amount of the asset has increased. However, the maximum reversal is the carrying amount that would have prevailed for the asset before the impairment was recognised.

Puuilo's property, plant and equipment is divided into owned and leased assets as follows. Leased assets are covered in Note 4.4. Leases.

EUR million	31 Jan 2025	31 Jan 2024
Leased	82.1	72.0
Owned	5.9	3.9
Total	**88.0**	**75.9**

Changes in property, plant and equipment

The figures do not include changes in leases. Leases are covered in Note 4.4.

Additions	Buildings and structures	Machinery and equipment	Total
Cost on 1 February 2024	0.8	8.9	9.6
Additions	-	3.5	3.5
Disposals	-	0.0	0.0
Cost on 31 January 2025	0.8	12.3	13.0
Accumulated depreciation and impairment on 1 February 2024	-0.8	-5.0	-5.7
Depreciation and impairment	-	-1.5	-1.5
Accumulated depreciation and impairment on 31 January 2025	-0.8	-6.4	-7.2
Net carrying amount on 1 February 2024	**0.0**	**3.9**	**3.9**
Net carrying amount on 31 January 2025	**0.0**	**5.9**	**5.9**

EUR million	Buildings and structures	Machinery and equipment	Total
Cost on 1 February 2023	0.8	6.4	7.2
Additions	-	2.5	2.5
Disposals	-	-0,1	-0.1
Cost on 31 January 2024	0.8	8.9	9.6
Accumulated depreciation and impairment on 1 February 2023	-0.7	-3.9	-4.6
Depreciation and impairment	0.0	-1.1	-1.1
Accumulated depreciation and impairment on 31 January 2024	-0.8	-5.0	-5.7
Net carrying amount on 1 February 2023	**0.0**	**2.5**	**2.6**
Net carrying amount on 31 January 2024	**0.0**	**3.9**	**3.9**

No impairment was recognised on property, plant and equipment during the financial period or the comparison period.

DEPRECIATION, AMORTISATION, AND IMPAIRMENT

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Depreciation, amortisation and impairment by asset class		
Intangible rights	1.9	1.3
Other intangible assets	0.9	0.9
Buildings and structures	-	0.0
Machinery and equipment	1.5	1.1
Total	**4.3**	**3.3**
Right-of-use assets	**14.8**	**11.9**
Depreciation, amortisation and impairment total	**19.0**	**15.2**

Depreciation of right-of-use assets is covered in greater detail in Note 4.4.

Note 4.4 Leases

Accounting policy

Puuilo's leases mainly consist of store building and office leases, as well as machinery and equipment used in the business operations and IT leases. At the inception of the contract, the Group makes an assessment of whether the contract is a lease or contains a lease. A contract is deemed to be a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the inception of a lease, Group recognises a right-of-use asset as well as a lease liability. Puuilo has not used the exemptions for short-term leases (lease term less than 12 months) or low value leases permitted by IFRS 16.

Lease liability is measured at the present value of those lease payments that have not been paid at the lease commencement date. The lease payments are discounted at the interest rate implicit in the lease if the rate in question is readily determinable. If the rate is not readily determinable, the Company's incremental borrowing rate will be used. Puuilo has used an interest rate implicit in the lease as the discount rate in machinery and equipment leases and the incremental borrowing rate in the valuation of the store and office leases. The discount rates vary between 2.5% and 5.0%.

The lease term used in the measurement of lease liability is the non-cancellable period of a lease. The lease term includes a period covered by an option to extend and/or to terminate the lease if it is reasonably certain that the lessee will use the extension option or does not use the option to terminate. The lease term of the leases valid until further notice is based on the probable lease term as estimated by the management.

Each lease payment is allocated between amortisation of the lease liability and finance cost. The finance costs are recognised at profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right-of-use asset is measured at cost at the commencement date of the lease. The cost comprises of the amount of the initial measurement of the lease liability at the commencement date, any lease payments at or before the lease commencement date, as well as any restoration costs. Lease payments for store and office leases are mainly tied to the cost-of-living index. Lease liability is adjusted when the index changes. Right-of-use assets are adjusted with the items resulting from the remeasurement of the lease liability.

The right-of-use assets based on leases are depreciated on a straight-line basis over the shorter of the lease term or their estimated useful lives. The depreciations are made starting from the date the asset item was commissioned. The estimated useful lives are as follows:

Machinery and equipment	3 – 5 years
Stores	5 – 10 years
Offices	1 – 5 years

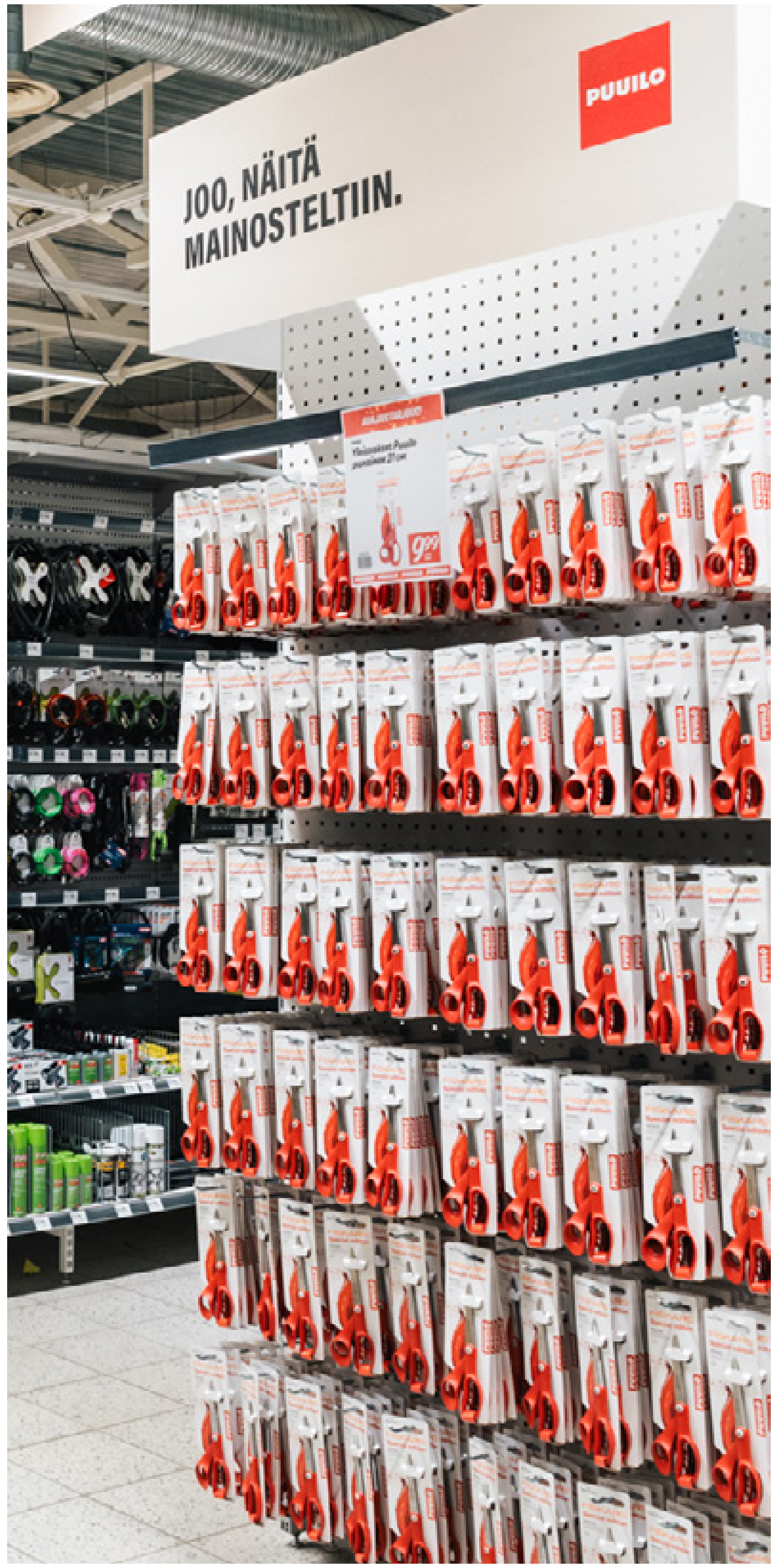
Puuilo has asset restoration obligations related to leased store buildings. Puuilo has recognised a provision for estimated restoration costs. More information is provided in Note 4.5.

Key judgements and estimates applied in accounting for the leases

When determining the lease term, the management must consider all facts and circumstances that create an economic incentive to exercise an extension option. Judgement is also used in determining the lease term for leases that are valid until further notice. Extension options are included in the lease term only if it is reasonably certain that the option will be used. The lease term of the leases valid until further notice is based on the probable lease term as estimated by the management.

The Group leases various properties as well as machinery and equipment. Leases of store properties are typically made for fixed periods of 5 to 10 years but may also include extension options. The management has assessed the use of each extension option and if the use of an option has been assessed to be reasonably certain, the option has been included in the lease term. The assessment of the use of extension options is affected by, among other things, the length of the original lease, the location and the condition of the property and the amount of rent. Lease terms are negotiated on an individual basis and they can include other terms and conditions.

The management has used judgment when determining the appropriate incremental borrowing rate to be applied in the calculation of the lease liability of property leases.



RIGHT-OF-USE ASSETS

EUR million	31 Jan 2025	31 Jan 2024
Premises and facilities	80.6	70.4
Machinery and equipment	1.6	1.6
Total	**82.1**	**72.0**

LEASE LIABILITIES

EUR million	31 Jan 2025	31 Jan 2024
Non-current	68.1	58.2
Current	15.0	14.6
Total	**83.1**	**72.8**

The additions to the right-of-use assets during the financial period that ended were EUR 20.9 million (EUR 20.6 million).

MATURITY ANALYSIS, CONTRACTUAL DISCOUNTED CASH FLOWS

EUR million	31 Jan 2025	31 Jan 2024
Less than one year	14.8	11.9
From one to five years	47.3	41.5
Over five years	21.1	19.4
Total	**83.1**	**72.8**

MATURITY ANALYSIS, CONTRACTUAL UNDISCOUNTED CASH FLOWS

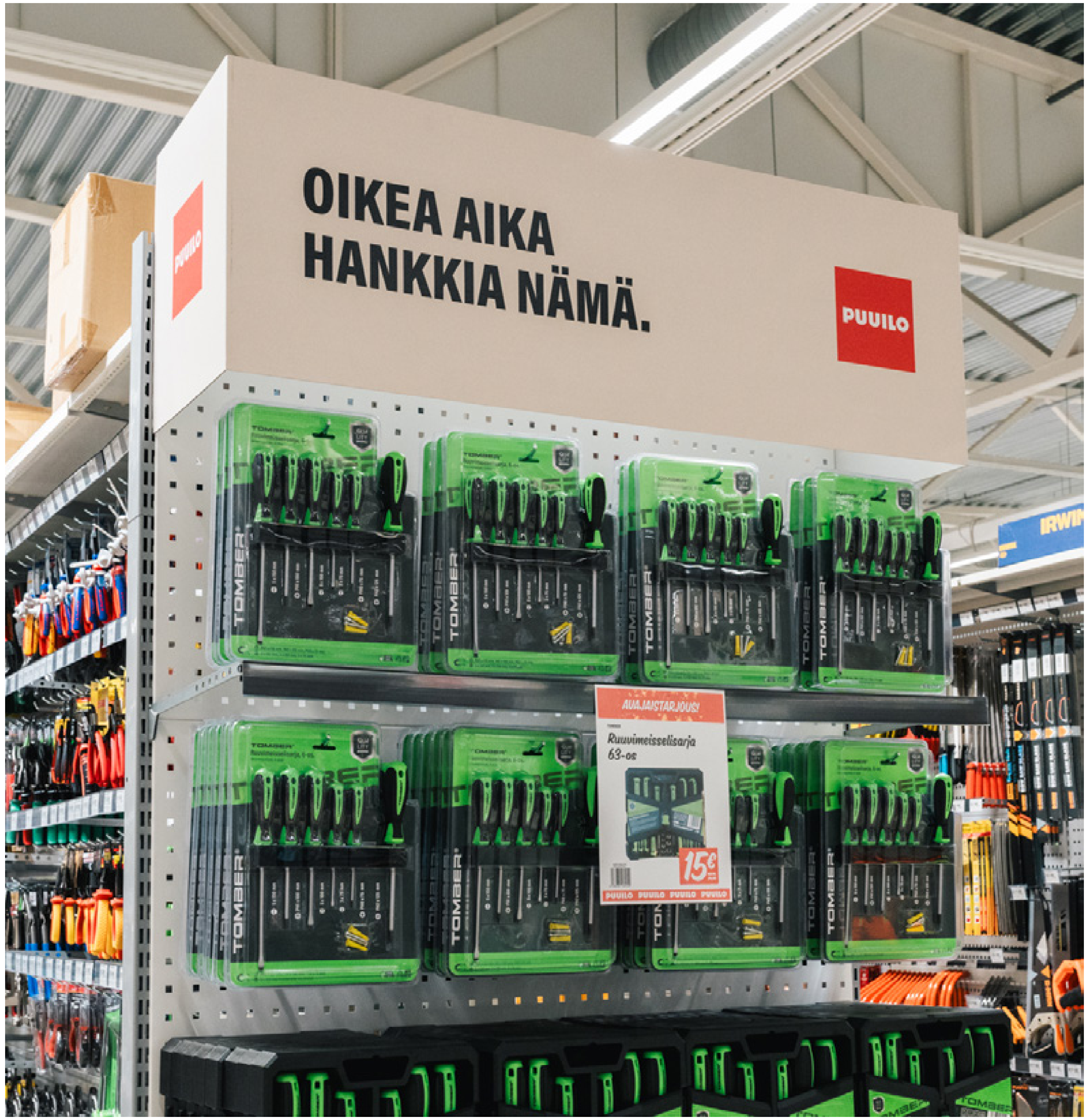
EUR million	31 Jan 2025	31 Jan 2024
Less than one year	17.7	14.3
From one to five years	54.1	47.0
Over five years	22.5	20.9
Total	**94.3**	**82.2**

AMOUNTS RECOGNIZED IN THE STATEMENT OF PROFIT OR LOSS

Depreciation charge of the right-of-use asset

EUR million	31 Jan 2025	31 Jan 2024
Premises and facilities	13.9	11.2
Machinery and equipment	0.9	0.7
Total	**14.8**	**11.9**
Interest expenses included in the finance cost	2.9	2.0
Cash flow		
Total cash outflow for leases	16.0	12.3

The lease commitments for contracts taking effect in the future is presented in Appendix 5.7.



Note 4.5 Provisions

Accounting policy

A provision is recognised when the Group has a legal or actual obligation as a result of past events, and it is probable that a cash outflow will be required to settle the obligation and the amount can be estimated reliably. Provisions are not recognised on any estimated future operating losses. The interest expense arising from the discounting of provisions to their current value is recognised in financial expenses. Provisions are allocated between amounts expected to be realised within 12 months of the balance sheet date (current) and amounts expected to be realised later (non-current).

Key judgements and estimates applied in restoration obligation

Puuilo's provisions consist of restoration provisions of leased store premises. The provisions include the estimated costs of restoring the store to its original state (asset retirement obligation). A corresponding asset item of an amount equivalent to the provision is recognised in property, plant and equipment and depreciated during the useful life of the asset. The provision and the corresponding asset item are recognised in the balance sheet at the beginning of the lease term, in other words, at the same time as the lease is recognised in the balance sheet.

The provisions for restoration obligations related to stores are determined on the basis of the net present value of Puuilo's total estimated unavoidable dismantling costs. The estimates are based on the future estimated cost level, taking into account the effect of inflation, the cost development and discounting. Assumptions are also used when assessing the time periods for which restoration costs are incurred. Because the actual outflows can differ from the estimates due to changes in technology, prices and conditions and can take place after many years in the future, the carrying amounts of the provisions are regularly reviewed and adjusted to take into account any such changes.

The management estimates that the restoration obligations will be realised within 2 – 10 years.

The changes in the restoration provisions during the financial year:

PROVISIONS

EUR million	
On 1 February 2024	0.9
Additions	0.2
Amounts charged against provision	0.0
On 31 January 2025	1.0
of which	
Current	-
Non-current	1.0
Total	**1.0**

EUR million	
On 1 February 2023	0.8
Additions	0.1
Amounts charged against provision	0.0
On 31 January 2024	0.9
of which	
Current	-
Non-current	0.9
Total	**0.9**

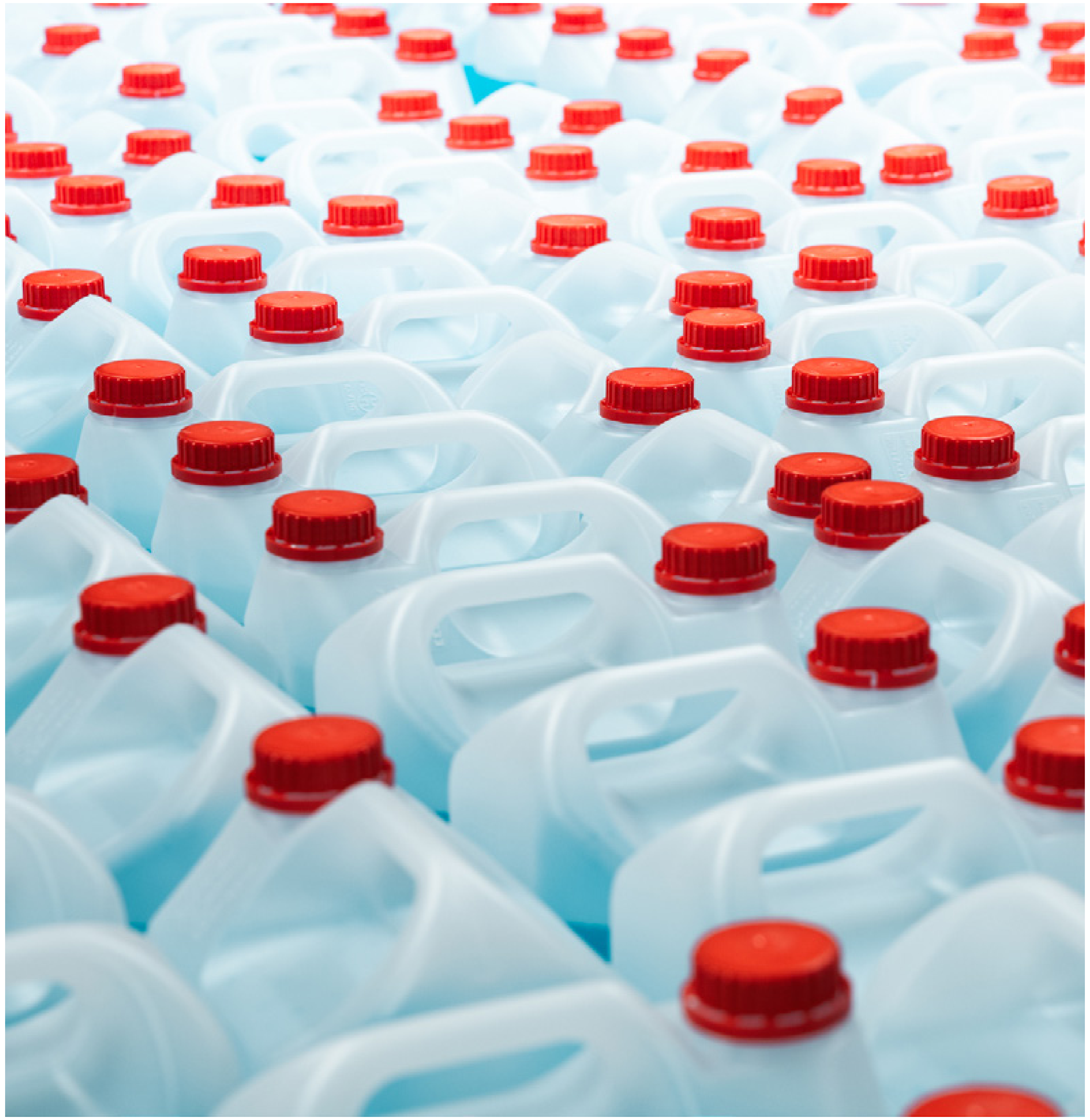
5 CAPITAL STRUCTURE AND FINANCING

Note 5.1 Capital management and net debt

The Group's objective for the capital management is to safeguard the ability to continue as a going concern, so that it can continue to provide returns for the sharehol-ders and benefits for other stakeholders and maintain an optimal capital structure in order to reduce the cost of capital. The capital structure is regularly assessed by the Board of Directors when the Board monitors equity and the level of net debt.

Interest-bearing net debt is calculated based on the consolidated balance sheet as follows:

EUR million	31 Jan 2025	31 Jan 2024
Non-current financial liabilities		
Loans from financial institutions	50.0	50.0
Lease liabilities	68.1	58.2
Total non-current financial liabilities	**118.1**	**108.2**
Current financial liabilities		
Lease liabilities	15.0	14.6
Total current financial liabilities	**15.0**	**14.6**
Total financial liabilities	**133.1**	**122.8**
Cash and cash equivalents	18.3	21.5
Net debt	**114.8**	**101.3**



CHANGES IN NET DEBT

			Non-cash changes		
EUR million	Net debt 1 Feb. 2024	Cash flows from financing actitivies	New lease agreements	Other changes	Net debt 31 Jan. 2025
Cash and cash equivalents	21.5	-3.1			18.3
Repayments of loans from financial institutions					-
Loans from financial institutions	50.0			0.0	50.0
Lease liabilities	72.8	-13.1	20.9	2.5	83.1
Net debt	**101.3**	**-16.2**	**20.9**	**2.6**	**114.8**

			Non-cash changes		
EUR million	Net debt 1 Feb. 2023	Cash flows from financing actitivies	New lease agreements	Other changes	Net debt 31 Jan. 2024
Cash and cash equivalents	28.8	-7.3			21.5
Repayments of loans from financial institutions		-20.0			-20.0
Loans from financial institutions	69.9	-20.0		0.1	50.0
Lease liabilities	53.4	-10.3	20.6	9.1	72.8
Net debt	**94.4**	**-37.6**	**20.6**	**9.2**	**101.3**

Other changes include non-cash flow changes and interest payments, which are presented as operating cash flows in the statement of cash flows.

At the end of the financial year, Puuilo had a Group financing agreement totalling EUR 90.0 million. The loans under the financing agreement initially consisted of a total of EUR 70.0 million term loans and a EUR 20.0 million revolving credit facility. During the financial year 2023, the company made an additional loan repayment of EUR 20.0 million. Following the repayments, the outstanding term loans amounted to EUR 50.0 million.

After the end of the financial year, the group has signed a EUR 100 million financing agreement. The loan matures in 2028 and includes two 12-month extension options. The new financing agreement replaces the previous agreement signed in 2021, which would have matured in 2026. The financing agreement includes a total of EUR 70 million in term loan arrangements and a EUR 30 million revolving credit facility (RCF). The terms of the loan arrangement include one covenant: net debt/EBITDA ratio.

The financing agreement includes standard covenants and terms and conditions concerning situations in which the loan would mature. The agreement terms and conditions concerning the financial covenants measure the company's indebtedness by means of the net debt to EBITDA ratio. In addition, the interest rate margin of the financing agreement is tied to the ratio of net debt and EBITDA. The loans under the financing agreement are unsecured. The terms of the financing agreement entered into after the end of the financial year are substantially similar to the terms of the previous loan.

Compliance with the covenants and loan terms and conditions is monitored as part of the Group's financial reporting, and they are reported to the Board of Directors monthly and to the lenders on a quarterly basis. No covenants were breached during the financial period or the comparison period, and the Group has no difficulty in meeting them.

Note 5.2 Equity

Puuilo's equity consists of the share capital, the reserve for invested unrestricted equity, and retained earnings. All of the company's shares are presented as share capital. If the company purchases its own shares, the purchase will be deducted from equity.

Puuilo Plc's share capital is EUR 80,000 (EUR 80,000). The company has one type of shares. At the end of the financial year, the number of shares was 84,776,953. Each share conveys one vote in the general meeting and a similar dividend. The shares do not have a nominal value.

The reserve of invested non-restricted equity, EUR 29.0 million (EUR 29.0 million), includes the share subscription prices to the extent not designated to be included in share capital.

Puuilo Group held 555,000 (555,000) treasury shares on the balance sheet date of 31 January 2024. The acquisition cost of the shares, approximately EUR 3.2 million, have been deducted from retained earnings in equity.

In the financial period, the total amount of dividends distributed was EUR 32.0 million (EUR 0.38 per share). In the comparison period 2023, the total amount of dividends distributed was EUR 28.7 million (EUR 0.34 per share). The dividend proposed by the Board of Directors to the Annual General Meeting has not been deducted from equity. Instead, dividends are recognised on the basis of the resolution by the Annual General Meeting.

Note 5.3 Earnings per share

Accounting policy

The undiluted earnings per share was calculated by dividing the profit in accordance with the Group's income statement by the weighted average of the issued shares. The earnings per share adjusted by the dilution effect is calculated otherwise in the same manner, but the weighted average takes into account the diluting effect caused by the conversion of diluting potential shares to shares.

The earnings per share and the diluted earnings per share are shown in the following table:

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Basic earnings per share		
Profit attributable to the owners of the Company	47.9	38.7
Profit used to determine basic earnings per share	47.9	38.7
Weighted average number of shares outstanding during the period	84,221,953	84,313,660
Basic earnings per share (EUR)	0.57	0.46
Diluted earnings per share		
Profit used to determine diluted earnings per share	47.9	38.7
Weighted average number of shares outstanding during the period	84,221,953	84,313,660
Diluted earnings per share (EUR	0.57	0.46

Note 5.4 Financial risk management

The Group's operation exposes it to a variety of financial risks: a foreign exchange risk, cash flow interest rate risk, credit risk and liquidity risk. The Group's financial risk management strives to ensure liquidity and minimize potential adverse effects of market fluctuations and unpredictability to Group's financial performance, balance sheet and cash flows.

The Board of Directors is responsible for the principles for overall risk management. The Management Team is responsible for the practical implementation of financial risk management. This includes the identification and assessment of risks and the tools needed to protect from them.

Foreign exchange risk

Puuilo is exposed to exchange rate risks through its purchases of goods. Unfavourable changes in foreign exchange rates may increase the cost of products purchased in currencies other than euro, and Puuilo may not be able to pass all such costs on to sales prices. Puuilo's main foreign currency is the US dollar. In the financial period 2024, approximately 84% of Puuilo's purchases were made in euros and approximately 16% in US dollars (90% and 10%, respectively, in the financial period 2023). Puuilo does not hedge its purchases in dollars. The table below shows Puuilo's transaction position at the balance sheet date and the sensitivity analysis. The sensitivity analysis of the transaction position shows the impact of the Group's order book on profit or loss before taxes if the exchange rate change was +/-10%. The decrease in the transaction position arises from the levelling off of the import purchases.

EUR million	31 Jan 2025	31 Jan 2024
Transaction exposure	9.3	12.5
Open exposure	9.3	12.5
Change +10%	-0.8	-1.1
Change -10%	1.0	1.4

Interest rate risk

The Group's loans from financial institutions have variable interest rates, which exposes the Group's cash flow to interest rate risk. On 31 January 2025, the carrying amount of these loans was EUR 50 million (EUR 50.0 million). The Group has not used interest rate hedging, but the interest rate risk has been mitigated, if necessary, by using cash assets to make additional repayments in order to manage interest expenses.

The Group's exposure to interest rate risk is presented in the table below:

EUR million	31 Jan 2025	31 Jan 2024
Fixed interest rate		
Lease liabilities	83.1	72.8
Floating interest rate		
Loans from financial institutions	50.0	50.0
Floating interest rate position, total	**50.0**	**50.0**

If interest rates had been 1.0 percentage points higher and all other factors were unchanged, the post-tax profit for the financial period would have been EUR 0.4 million (EUR 0.4 million) lower as a result of interest expenses of the floating rate interest-bearing liabilities. If interest rates had been 1.0 percentage points lower and all other factors were unchanged, the post-tax profit for the financial period would have been EUR 0.4 million (EUR 0.4 million) higher as a result of interest expenses of the floating rate interest-bearing liabilities. The sensitivity analysis is based on the risk position at the end of each financial period.

Credit risk

The Group's credit risk consists of credit risk related to business risks and the counterparty risk of other financial instruments. The majority of the Group's sales are cash transactions, sales on credit is possible only to B2B customers. Trade receivables from B2B customers do not include a credit risk concentration, as the Group's customer base is widespread, and no customer or customer group is dominant from the Group's perspective. Credit losses affecting the result for the financial periods presented in these financial statements were insignificant. Counterparty risk related to cash and cash equivalents is managed by depositing cash and cash equivalents in large Nordic banks with solid ratings. The Group's cash and cash equivalents are fully available to the Group.

The maximum amount of the Group's credit losses corresponds to the carrying amount of the financial assets at the end of the financial period. The information is presented in Note 5.5.

Liquidity risk

Puuilo's CFO monitors the Group's liquidity situation and reports regularly to the Board of Directors and CEO to ensure that the Group has sufficient cash for business needs and loan management. The Group follows the financing required in business operations by analysing the operating cash flow forecasts and inventory turnover in order to have sufficient liquid assets to fund the operations and to repay loans from the financial institutions at maturity.

At the end of the financial period, the Group's cash and cash equivalents totalled EUR 18.3 million (EUR 21.5 million). At the end of the financial period, the Group's trade receivables totalled EUR 5.9 million (EUR 5.3 million), including bank and credit card receivables. The Group had a credit limit of EUR 20.0 million at the end of the financial year. The credit limit consists of a revolving credit facility of EUR 15.0 million and a lease guarantee limit of EUR 5.0 million. The Group has not used the revolving credit facility during the financial year or the comparison period. At the end of the financial period, the amount of used lease financing limit was EUR 4.0 million (EUR 3.6 million). In addition to financial assets and liabilities, Puuilo's liquidity is based on cash flow from operations and management of the change in net working capital. The net working capital is mainly affected by the inventory turnover and trade payables. Puuilo's net cash flow generated from operating activities was EUR 49.1 million (EUR 58.0 million) in the 2024 financial period. A significant portion of Puuilo's net sales is generated from sales paid with cash or with credit cards. In addition, the company has some trade receivables mainly from sales to corporate customers, as described above. Puuilo has a strong cash flow generated from the operating activities, which it plans to use to finance the payments described in the table below. If necessary, Puuilo can also utilise its unused revolving credit facility in liquidity management.

The table below shows the Group's financial liabilities by maturity group based on the remaining maturity at the balance sheet date. The amounts presented are contractual, undiscounted cash flows.

EUR million	Under 1 year	1-2 years	3-5 years	Over 5 years	Contractual undiscounted cash flows	Carrying value
31 Jan 2025						
Non-derivatives						
Loans from financial institutions	1.9	50.9	-		52.8	50.0
Lease liabilities	17.7	16.7	37.4	22.5	94.3	83.1
Trade payables	24.0				24.0	24.0
Other payables	0.2				0.2	0.2
Total	**43.8**	**67.7**	**37.4**	**22.5**	**171.3**	**157.3**

EUR million	Under 1 year	1-2 years	3-5 years	Over 5 years	Contractual undiscounted cash flows	Carrying value
31 Jan 2024						
Non-derivatives						
Loans from financial institutions	2.5	2.5	51.2		56.2	50.0
Lease liabilities	14.3	14.1	32.9	20.9	82.2	72.8
Trade payables	21.2				21.2	21.2
Other payables	0.2				0.2	0.2
Total	**38.3**	**16.6**	**84.1**	**20.9**	**159.9**	**144.3**

Other payables do not include advances received, income tax liabilities, value-added tax liabilities as well as liabilities related to salaries and social security expenses, as they are not classified as financial liabilities. Other payables in the table include accrued interest related to the loans from financial institutions. Other accrued expenses are not classified as financial liabilities and are not included in the table. Other liabilities are presented in Note 3.3.

Note 5.5 Financial assets and liabilities

Accounting policy

Financial assets

The Group's financial assets include trade receivables, other financial receivables and cash and cash equivalents.

The Group applies a simplified approach in accordance with IFRS 9 that takes into account the expected life of receivables for all trade receivables and contractual receivables. The Group management estimates that the credit risk of trade receivables is insignificant. The IFRS 9 impairment requirement also applies to cash, but the impairment loss is insignificant.

Trade receivables are written down if the Group does not have a reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, include the debtor's non-commitment to a repayment plan.

Impairment losses on trade receivables are presented as a net amount in operating profit. Subsequent payments on previously recognised credit losses are recognised in the same line item.

Cash and cash equivalents include cash on hand as well as bank deposits. Financial assets are held to collect contractual cash flows. The contractual cash flows consist exclusively of principal and interest on the principal amount outstanding. Financial assets are initially measured at fair value and subsequently measured at amortised cost. Impairment losses are presented in other operating expenses in the statement of comprehensive income.

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or the item included in the financial assets has been transferred from the Group, and when the risks related to ownership have been transferred from the Group.

CASH AND CASH EQUIVALENTS

EUR million	31 Jan 2025	31 Jan 2024
Cash in hand and at bank	18.3	21.5
Total	**18.3**	**21.5**

Key judgements and estimates applied in accounting for credit losses

Trade receivables for the financial period or the comparison period did not include material overdue receivables. The amount of trade receivables and impairment losses recognised on them has been insignificant. In addition, the amount of the company's trade receivables in relation to the volume of business has been low, as a significant portion of the company's sales is paid in the company's stores at the time of purchase. Due to the above, the Group management has exercised judgement and estimated that the credit loss risk of trade receivables is not considered to be essential and has not recognised the expected credit losses in the financial statements.nnut odotettuja luottotappioita tilinpäätöksiin.

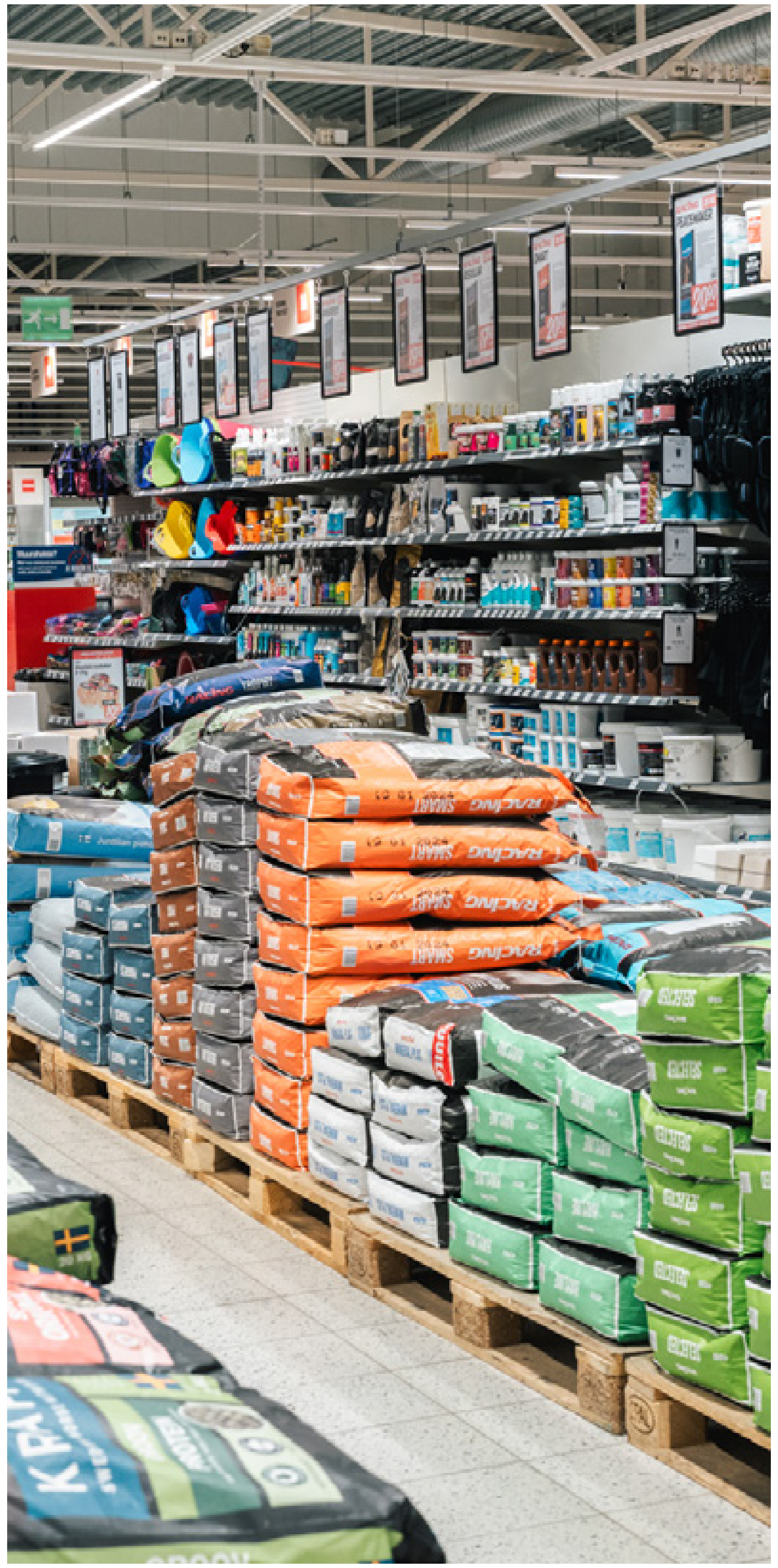
Financial liabilities

The financial liabilities include loans from financial institutions, accrued interests, lease liabilities and trade payables.

Financial liabilities are initially recognised at their fair value less the transaction costs incurred. After the initial recognition, financial liabilities are measured at amortised cost using the effective interest rate method.

A financial liability is classified as current when it will be settled within 12 months from the reporting date or when the Group does not have an unconditional right to defer settlement of the liability to more than 12 months after the reporting date. Financial liabilities which fall due within 12 months after reporting date are classified as current, even if the long-term refinancing agreement has been completed after the reporting date and prior to the approval of the financial statements. If a covenant is breached on or before the reporting date with the effect that the liability becomes payable on demand, the liability is also classified as current. If liabilities are classified as current due to a covenant breach, they are presented in the amount to be redeemed.

A financial liability is derecognised from the balance sheet when it is discharged, cancelled or it expires.



FINANCIAL ASSETS AND LIABILITIES BY VALUATION CATEGORY

EUR million, 31 Jan 2025	Measured at amortised cost	Fair value through profit or loss	Carrying amount
Current financial assets			
Trade receivables	5.9		5.9
Other financial assets	0.9		0.9
Cash and cash equivalents	18.3		18.3
Total	**25.2**		**25.2**

EUR million, 31 Jan 2024	Measured at amortised cost	Fair value through profit or loss	Carrying amount
Current financial assets			
Trade receivables	5.3		5.3
Other financial assets	0.7		0.7
Cash and cash equivalents	21.5		21.5
Total	**27.5**		**27.5**

EUR million, 31 Jan 2025	Measured at amortised cost	Fair value through profit or loss	Carrying amount
Non-current financial liabilities			
Loans from financial institutions	50.0		50.0
Lease liabilities	68.1		68.1
Current financial liabilities			
Lease liabilities	15.0		15.0
Trade payables	24.0		24.0
Accrued interests	0.2		0.2
Total	**157.3**		**157.3**

EUR million, 31 Jan 2024	Measured at amortised cost	Fair value through profit or loss	Carrying amount
Non-current financial liabilities			
Loans from financial institutions	50.0		50.0
Lease liabilities	58.2		58.2
Current financial liabilities			
Lease liabilities	14.6		14.6
Trade payables	21.2		21.2
Accrued interests	0.2		0.2
Total	**144.3**		**144.3**

Other financial assets include receivables related to annual discounts on purchases and product complaints to be invoiced from suppliers. Other prepaid expenses are not classified as financial assets and are therefore not presented in the table. Prepaid expenses are presented in more detail in Note 3.2. Accrued liabilities include only accrued interest since other accrued liabilities are not classified as financial liabilities. Other liabilities are presented in more detail in Note 3.3.

The carrying amounts of current items are estimated to substantially correspond to their fair values. The fair values of the loans from financial institutions are as follows:

EUR million	Carrying amount	Fair value
31 Jan 2025	50.0	50.0
31 Jan 2024	50.0	50.0

The fair values of loans from financial institutions are based on cash flows discounted at the interest rate on the reporting date. Loans from financial institutions are classified in level 3 of the fair value hierarchy because they are determined by using non-observable inputs, such as own credit risk.

Note 5.6 Finance income and costs

Accounting policy

Finance costs consist of interest expenses on the loans from financial institutions, interest expenses on lease liabilities and other finance costs.

Transaction costs related to loans from financial institutions are recognised in the income statement using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the loan to the present value. The calculation includes all fees and transaction costs paid by the parties to the contract.

FINANCE INCOME

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Interest income	0.6	0.9
Total finance income	**0.6**	**0.9**

FINANCE COSTS

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Interest expenses on loans from financial institutions	2.5	3.0
Interest expenses on lease liabilities	2.9	2.0
Other financial costs	0.4	0.3
Total finance costs	**5.8**	**5.4**

Note 5.7 Contingent liabilities

Accounting policy

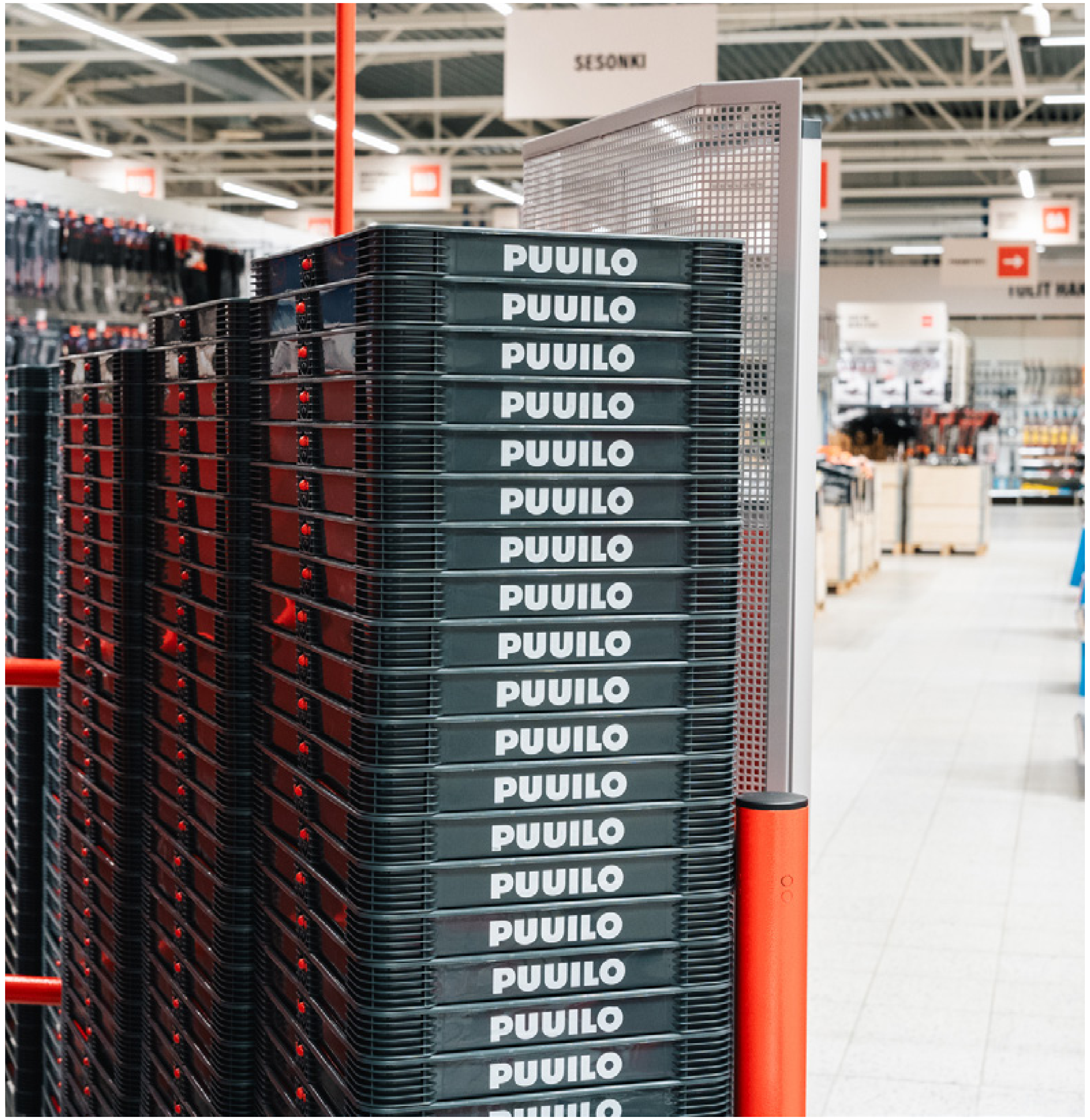
Contingent liability is a liability that arises from past events and whose existence will be confirmed in the future, or an existing obligation that is not recognised in the balance sheet because its realisation is not probable, or the amount of the obligation cannot be determined with sufficient reliability.

Contingent liabilities are not recognised in the balance sheet. They are presented as disclosures unless the possibility of the realisation the liability is remote.

Puuilo's contingent liabilities consist of lease liabilities for the leases with the lease term beginning after the end of the reporting period and are therefore not recognised in the balance sheet. The Group's financial institution loan is unsecured.

Puuilo has committed to leases, the lease term of which will begin in the future, and which are, therefore, not recognised in the balance sheet as right-of-use assets or lease liabilities. The minimum lease payments under these agreements are shown in the table below:

EUR million	31 Jan 2025	31 Jan 2024
Liability for lease agreements that will enter into force in the future	27.9	12.1



6 OTHER NOTES

Note 6.1 Related parties

Puuilo's related parties include key personnel of the Puuilo Group, their close family members and companies controlled by them. The key personnel include the members of the Board of Directors, the CEO, and other members of the Management Team.

The Puuilo Group purchases some products it sells in its stores from companies owned by related parties. These companies manufacture products that are part of Puuilo's product assortment. In addition, the company leases business premises from related parties. The Group's lease liabilities to related parties include the present value of the future lease payments of the above-mentioned leased premises. Transactions with related parties have taken place at market price and on normal terms. All Puuilo employees are entitled to the ordinary personnel discount in Puuilo stores. A related party employed by Puuilo is entitled to this discount. This information has not been presented as related party transactions.

The following transactions were carried out with related parties:

INCOME STATEMENT

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Net sales	0.0	0.0
Materials and services	1.0	3.5
Rent and other operating expenses	0.1	0.5

BALANCE SHEET

EUR million	31 Jan 2025	31 Jan 2024
Sales receivables	-	0.0
Trade payables	-	0.2
Lease liabilities (IFRS 16)	-	1.2

SHAREHOLDINGS

	31 Jan 2025	31 Jan 2024
The Board of Directors	32,891	4,892,679
CEO	201,220	200,247
Other members of the Management Team	431,474	503,186

The remuneration of the management team is presented in Note 2.3.

Note 6.2 Group structure and consolidation

The consolidated financial statement of Puuilo Group includes Puuilo Plc (parent company) and its wholly owned subsidiary, Puuilo Tavaratalot Ltd. Both companies are headquartered in Helsinki.

Accounting policy

Subsidiaries

The subsidiaries are fully consolidated from the date of acquisition, i.e. from the date on which control is transferred to the Group until the date that control ceases. Puuilo has control over an entity when Puuilo is exposed to, or entitled to, the company's variable returns and has the ability to influence those returns by prescribing the principles of the entity's operations.

The Consolidated Financial Statements have been prepared using the acquisition method. Intercompany transactions, receivables and liabilities and unrealised gains are eliminated. Unrealised losses are also eliminated unless the transaction indicates an impairment of the asset transferred.

Note 6.3 Significant events after the end of the reporting period

Adjusted EBITA exceeded guidance for financial year 2024, preliminary information on financial year 2024 results

Puuilo released preliminary information about the financial year 2024 results. Puuilo's net sales for the financial year 2024 (February 2024 – January 2025) were EUR 383.4 million, and the adjusted EBITA was EUR 67.0 million, or 17.5% of net sales. Previously, Puuilo had guided that the nets sales for the financial year

2024 would be between EUR 380 – 400 million and the adjusted EBITA would be between EUR 60–66 million. (Stock exchange release 10 March 2025)

Proposals of the Shareholders' Nomination Board
The Shareholders' Nomination Board of Puuilo Plc proposes to the Annual General Meeting that the number of the members of the Board of Directors will be five (previously six). The Nomination Board proposes that current members of the Board of Directors Jens Joller, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Susanne Hounsgaard and Markku Tuomaala be elected as new members to the Board of Directors. Current members of the Board of Directors Lasse Aho, Bent Holm and Anne-Mari Paapio have notified that they are no longer available to be elected as a members of the Board of Directors. All proposed persons are independent of the company and its major shareholders except Jens Joller who is independent of the company, but dependent of the major shareholder. The Nomination Board proposes to the Annual General Meeting that Mammu Kaario be elected as the Chair of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors are as follows

-EUR 65,000 (earlier EUR 60,000) to the Chair of the Board of Directors as annual remuneration
-EUR 33,000 (earlier EUR 30,000) to the other members of the Board of Directors as annual remuneration
-In addition, the Chair of the Audit Committee will be paid EUR 6,000 (earlier EUR 5,000) as annual remuneration and other members of the Audit Committee EUR 3,000 (earlier EUR 2,500) as annual remuneration

All remunerations will be paid in cash. (Stock exchange release 19 March 2025)

Refinancing
Puuilo has signed a new EUR 100 million long-term financing agreement with OP Corporate Bank Plc. The new financing agreement has a maturity of 36 months and includes two 12-month extension options. The new financing agreement replaces the previous agreement signed in 2021.

The financing agreement includes a total of EUR 70 million term loan and EUR 30 million revolving credit facility (RCF). The funds will be used to repay existing loans, working capital financing and for the Group's other general financing needs. The terms of the financing agreement include one covenant: net debt/EBITDA ratio.

The agreement also includes EUR 30 million uncommitted additional financing option (accordion option). However, this accordion option requires a separate financing decision from the bank. (Stock exchange release 27 March 2025)

Change in the holding of Puuilo Plc's treasury shares
A total number of 126,481 Puuilo shares held by the company has been conveyed without consideration to 28 key employees participating in the share-based incentive program 2022–2024. The program was announced on 20 April 2022 with stock exchange release. The conveyance is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 15 May 2024. After the share transfer on 14 April 2025, the company holds a total of 428,519 own shares. (Stock exchange release 15 April 2025)

Board of Directors established a new long-term incentive plan for company's key employees
The Board of Directors of Puuilo Plc has resolved to establish a new Long-Term Incentive Plan for the key employees of the Company and its subsidiaries ("LTI") and launch the first LTI plan period for 2025–2027.

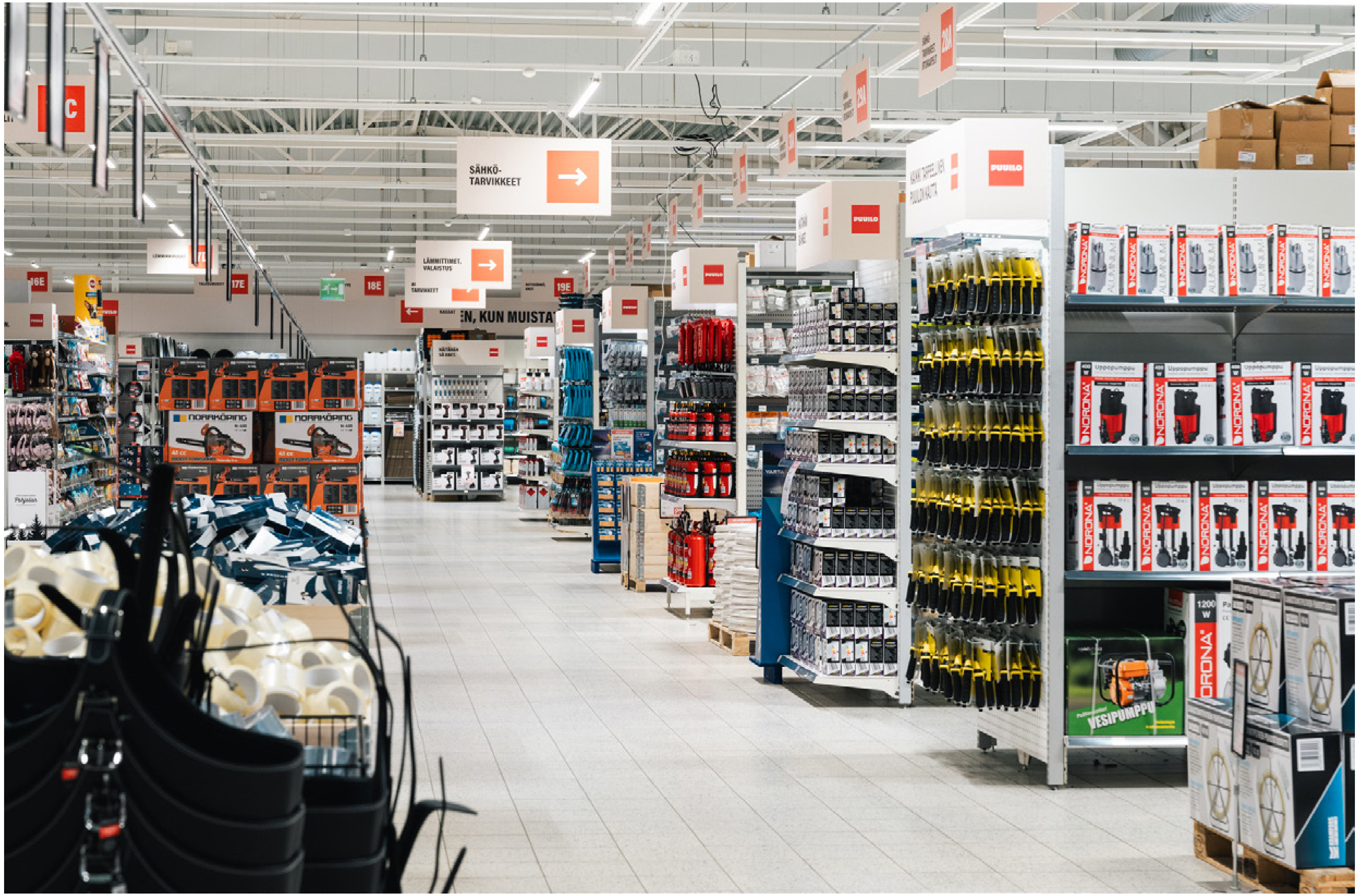
The purpose of the LTI is to encourage the key employees to acquire and own the Company's shares. The LTI also aims to align the interests of the shareholders and the key employees as well as to increase key employees' motivation and long-term commitment to the Company. The LTI is intended to consist of annually commencing plan periods, each with a 12-month savings period followed by a holding period of approximately one and a half year. The Board of Directors will resolve annually on the launch of a new plan period. Participation in the LTI is voluntary, and key employees are invited to participate in each plan period separately.

The first LTI plan period 2025–2027 begins on 1 June 2025 and ends on 31 May 2028. The first savings period ends on 31 May 2026. The holding period begins at the first acquisition of savings shares. In the 2025–2027 plan period, the LTI is offered to approximately 100 key employees of the Group, including also the Management Team and the CEO. As part of the LTI, the key employees have an opportunity to make a one-off investment and/or save a proportion of their salaries and invest those savings in Puuilo shares. With the savings of the 2025–2027 plan period, Puuilo shares will be acquired in four tranches estimated in September 2025, December 2025, March 2026 and June 2026.

In the 2025–2027 plan period, as a reward for their commitment, the Company grants the key employees participating in the LTI a gross reward of one free matching share for every savings share acquired with their savings. The participants have also an opportunity to earn one to three performance-based matching shares (gross) for each savings share acquired with their savings if the performance criteria set for the plan period are met. The performance criteria of the plan are tied to the total shareholder return of the share (TSR), the company's adjusted earnings before interest, taxes and amortisation (EBITA) and return on invested capital (ROIC). Continuity of employment and holding of acquired savings shares for the duration of the holding period, ending on the day following the 2027 financial statement release, are prerequisites for receiving the award. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes and statutory social security contributions arising from the award. Matching shares will be freely transferable after their registration in a participant's book-entry account. The savings shares and matching share are Puuilo shares.

The maximum number of matching shares (gross before taxes) for the first plan period of 2025–2027 is approximately 519 000 shares, calculated at the share price on 16 April 2025. The final number of matching shares depends on the key employees' participation and savings rate in the plan, the fulfilment of the prerequisites for receiving matching shares and the number of shares acquired from the market with savings. (Stock exchange release 17 April 2025)

Note 6.4 New and upcoming accounting standards
IFRS 18 Presentation and Disclosure in Financial Statements, effective for reporting periods beginning on or after 1 January 2027, will replace the standard IAS 1 Presentation of Financial Statements. The standard will have an impact on the presentation of primary financial statements and the accompanying notes of Puuilo group financial statements.



Parent company Financial Statements

PARENT COMPANY'S INCOME STATEMENT

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Net sales	**1,468,258.80**	**1,381,121.76**
Other operating income	2,401.63	5,015,210.93
Personnel expenses		
Wages and salaries	-1,293,519.16	-1,251,944.96
Social security costs		
Pension costs	-205,597.83	-177,726.83
Other social security costs	-23,458.61	-29,770.84
Personnel cost, total	-1,522,575.60	-1,459,442.63
Other operating expenses	-725,922.20	-952,070.80
Operating profit (loss)	**-777,837.37**	**3,984,819.24**
Financial income and expenses		
Revenue from shares in other Group companies	-	697,855.55
Other interest and financial income		
From others	43,838.80	59,005.86
Interest expenses and other financial expenses		
To others	-1,702,875.87	-2,209,436.33
Financial income and expenses, total	-1,659,037.07	-1,452,574.92
Profit (loss) before appropriations and taxes	**-2,436,874.44**	**2,532,244.32**

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Appropriations		
Group contribution		
Group contributions received	65,184,329.05	51,338,529.14
Appropriations, total	65,184,329.05	51,338,529.14
Income taxes		
Taxes for the financial period	-12,571,443.48	-9,774,409.80
Income taxes, total	-12,571,443.48	-9,774,409.80
Profit (loss) for the financial period	**50,176,011.13**	**44,096,363.66**

PARENT COMPANY'S BALANCE SHEET

EUR million	31 Jan 2025	31 Jan 2024
Assets		
Non-current assets		
Investments		
Shares in Group companies	73,156,725.91	73,156,725.91
Investments total	73,156,725.91	73,156,725.91
Non-current assets total	**73,156,725.91**	**73,156,725.91**
Current assets		
Receivables		
Current		
Receivables from Group companies	93,772,875.73	76,327,501.64
Other receivables	0.00	128.80
Accrued income	94,991.59	117,936.29
Current total	93,867,867.32	76,445,566.73
Cash at hand and in banks	1,301,625.22	341,262.50
Current assets total	**95,169,492.54**	**76,786,829.23**
Assets total	**168,326,218.45**	**149,943,555.14**

EUR million	31 Jan 2025	31 Jan 2024
Equity and liabilities		
Equity		
Share capital	80,000.00	80,000.00
Reserve for invested unrestricted equity	30,000,004.98	30,000,004.98
Profit (loss) for previous financial periods	54,448,699.17	42,356,677.65
Profit (loss) for the financial period	50,176,011.13	44,096,363.66
Equity total	**134,704,715.28**	**116,533,046.29**
Liabilities		
Non-current liabilities		
Loans from financial institutions	30,000,000.00	30,000,000.00
Non-current liabilities total	**30,000,000.00**	**30,000,000.00**
Current liabilities		
Trade payables	70,478.70	63,808.08
Liabilities to Group companies	211,919.89	137,529.27
Other liabilities	136,326.41	105,722.41
Accrued expenses	3,202,778.17	3,103,449.09
Current liabilities total	3,621,503.17	3,410,508.85
Liabilities total	**33,621,503.17**	**33,410,508.85**
Liabilities total	**168,326,218.45**	**149,943,555.14**

PARENT COMPANY'S CASH FLOW STATEMENT

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Cash flow from operating activities:		
Profit (loss) before appropriations and taxes	-2,436,874.44	2,532,244.32
Adjustments:		
Financial income and expenses	1,659,037.07	1,452,574.92
Gain from merger	-	-5,015,210.93
Cash flow before change in working capital	-777,837.37	-1,030,391.69
Change in working capital:		
Increase(-)/decrease(+) of non-interest-bearing current accounts receivable	12,234.02	-57,534.71
Increase(-)/decrease(+) of non-interest-bearing current liabilities	76,040.68	14,668.82
Cash flow from operating activities before financial items and taxes	-689,562.67	-1,073,257.58
Paid interest and payments from other financial expenses from operating activities	-1,702,875.87	-2,209,436.33
Financial income from operating activities	43,838.80	59,005.86
Direct taxes paid	-12,436,489.84	-9,488,507.60
Cash flow before extraordinary items	-14,785,089.58	-12,712,195.65
Cash flow from operating activities (A)	**-14,785,089.58**	**-12,712,195.65**

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Cash flow from investment activities (B):	-	-
Financing cash flow:		
Repayments of loans from financial institutions	-	-20,000,000.00
Dividends paid	-32,004,342.14	-28,676,264.02
Acquisition of own shares	-	-1,705,243.92
Change in Group financing	47,749,794.44	62,843,565.16
Financing cash flow (C):	**15,745,452.30**	**12,462,057.22**
Changes in cash and cash equivalents (A+B+C) increase(+)/ decrease(-)	960,362.72	-250,138.43
Cash and cash equivalents at the beginning of the financial period	341,262.50	328,427.20
Funds transferred in the merger	-	263,153.73
Cash and cash equivalents at the end of the financial period	**1,301,625.22**	**341,262.50**

Notes to the parent company's financial statements

ACCOUNTING POLICIES

Puuilo Plc's financial statements have been prepared in accordance with the Finnish Accounting Act and ordinances and other statutes concerning the preparation of financial statements.

Trade receivables, accrued income and other receivables are recognised at their nominal value or their lower probable value. Liabilities are recognised at their nominal value.

The financial statements have been prepared in accordance with the measurement and recognition principles and methods prescribed in chapter 2, section 2 a of the Accounting Ordinance.

SIGNIFICANT EVENTS IN THE FINANCIAL PERIOD

Performance matching share plan for key employees

The Board of Directors decided to launch a new share-based incentive plan for years 2024 – 2026. The aim of the plan is to align the objectives of the shareholders and the key employees in order to increase the value of the company in the long-term. In the plan, it is possible to earn time-vested matching reward shares and performance-based matching reward shares. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and Puuilo Group's adjusted EBITA. The maximum number of matching shares (gross before taxes) to be paid was 738,000 Puuilo Plc shares. The final number of matching shares depends on the key employees' participation and savings rate in the plan and the fulfilment of the prerequisites for receiving matching shares. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes and statutory social security contributions arising from the award. (Stock exchange release 16 April 2024)

At the end of the financial year, the maximum number of shares to be paid as award was 196,251 shares.

Puuilo Plc's updated long-term financial targets for the strategy period 2024 – 2028

Puuilo released updated long-term financial targets for the strategy period 2024 – 2028. The new targets are discussed on the first page of this review. (Stock exchange release 22 April 2024)

Composition of the Shareholders' Nomination Board

Representatives of the three largest shareholders registered in Puuilo Plc's shareholder register as of 1 October 2024 were elected to the Puuilo's Shareholders' Nomination Board along with the Chairman of the Board of Directors, Lasse Aho, as an expert member. The three largest shareholders nominated the following representatives to the Nomination Board: Ampfield Management, L.P., represented by Emerson Moore, Markku Tuomaala, represented by Janne Koikkalainen and Mutual Pension Insurance Company Ilmarinen, represented by Esko Torsti. (Stock exchange release 18 December 2024)

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

Adjusted EBITA exceeded guidance for financial year 2024, preliminary information on financial year 2024 results

Puuilo released preliminary information about the financial year 2024 results. Puuilo's net sales for the financial year 2024 (February 2024 – January 2025) were EUR 383.4 million, and the adjusted EBITA was EUR 67.0 million, or 17.5% of net sales. Previously, Puuilo had guided that the nets sales for the financial year 2024 would be between EUR 380 – 400 million and the adjusted EBITA would be between EUR 60–66 million. (Stock exchange release 10 March 2025)

Proposals of the Shareholders' Nomination Board

The Shareholders' Nomination Board of Puuilo Plc proposes to the Annual General Meeting that the number of the members of the Board of Directors will be five (previously six). The Nomination Board proposes that current members of the Board of Directors Jens Joller, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Susanne Hounsgaard and Markku Tuomaala be elected as new members to the Board of Directors. Current members of the Board of Directors Lasse Aho, Bent Holm and Anne-Mari Paapio have notified the company that they are no longer available to be elected as a members of the Board of Directors. All proposed persons are independent of the company and its major shareholders except Jens Joller who is independent of the company, but dependent of the major shareholder. The Nomination Board proposes to the Annual General Meeting that Mammu Kaario be elected as the Chair of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors are as follows:

-EUR 65,000 (earlier EUR 60,000) to the Chair of the Board of Directors as annual remuneration
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-In addition, the Chair of the Audit Committee will be paid EUR 6,000 (earlier EUR 5,000) as annual remuneration and other members of the Audit Committee EUR 3,000 (earlier EUR 2,500) as annual remuneration

All remunerations will be paid in cash. (Stock exchange release 19 March 2025)

Refinancing

Puuilo has signed a new EUR 100 million long-term financing agreement with OP Corporate Bank Plc. The new financing agreement has a maturity of 36 months and includes two 12-month extension options. The new financing agreement replaces the previous agreement signed in 2021.

The financing agreement includes a total of EUR 70 million term loan and EUR 30 million revolving credit facility (RCF). The funds will be used to repay existing loans, working capital financing and for the Group's other general financing needs. The terms of the financing agreement include one covenant: net debt/EBITDA ratio.

The agreement also includes EUR 30 million uncommitted additional financing option (accordion option). However, this accordion option requires a separate financing decision from the bank. (stock exchange release 27 March 2025)

Change in the holding of Puuilo Plc's treasury shares

A total number of 126,481 Puuilo shares held by the company has been conveyed without consideration to 28 key employees participating in the share-based incentive program 2022–2024. The program was announced on 20 April 2022 with stock exchange release. The conveyance is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 15 May 2024. After the share transfer on 14 April 2025, the company holds a total of 428,519 own shares. (Stock exchange release 15 April 2025)

Board of Directors established a new long-term incentive plan for company's key employees

The Board of Directors of Puuilo Plc has resolved to establish a new Long-Term Incentive Plan for the key employees of the Company and its subsidiaries ("LTI") and launch the first LTI plan period for 2025–2027.

The purpose of the LTI is to encourage the key employees to acquire and own the Company's shares. The LTI also aims to align the interests of the shareholders and the key employees as well as to increase key employees' motivation and long-term commitment to the Company. The LTI is intended to consist of annually commencing plan periods, each with a 12-month savings period followed by a holding period of approximately one and a half year. The Board of Directors will resolve annually on the launch of a new plan period. Participation in the LTI is voluntary, and key employees are invited to participate in each plan period separately.

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In the 2025–2027 plan period, as a reward for their commitment, the Company grants the key employees participating in the LTI a gross reward of one free matching share for every savings share acquired with their savings. The participants have also an opportunity to earn one to three performance-based matching shares (gross) for each savings share acquired with their savings if the performance criteria set for the plan period are met. The performance criteria of the plan are tied to the total shareholder return of the share (TSR), the company's adjusted earnings before interest, taxes and amortisation (EBITA) and return on invested capital (ROIC). Continuity of employment and holding of acquired savings shares for the duration of the holding period, ending on the day following the 2027 financial statement release, are prerequisites for receiving the award. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes and statutory social security contributions arising from the award. Matching shares will be freely transferable after their registration in a participant's book-entry account. The savings shares and matching share are Puuilo shares.

The maximum number of matching shares (gross before taxes) for the first plan period of 2025–2027 is approximately 519 000 shares, calculated at the share price on 16 April 2025. The final number of matching shares depends on the key employees' participation and savings rate in the plan, the fulfilment of the prerequisites for receiving matching shares and the number of shares acquired from the market with savings. (Stock exchange release 17 April 2025)

NOTES TO THE INCOME STATEMENT

Net sales

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Management fees charged from group companies	1,468,258.80	1,381,121.76
Total	**1,468,258.80**	**1,381,121.76**

Other operating income

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Gain from merger	-	5,015,210.93
Other	2,401.63	-
Total	**2,401.63**	**5,015,210.93**

Finance income and cost

EUR million	1 Feb 2024 - 31 Jan 2025	1 Feb 2023 - 31 Jan 2024
Interest and financial income from other Group companies	-	697,855.55
Interest income from others	43,838.80	59,005.86
Interest expenses to others	-1,702,875.87	-2,209,436.33
Total	**-1,659,037.07**	**-1,452,574.92**

Auditors' fees

EUR	31 Jan 2025	31 Jan 2024
Audit	105,586.70	122,769.82
Other services	-	-
Total	**105,586.70**	**122,769.82**

Number of personnel

EUR	31 Jan 2025	31 Jan 2024
Average number of personnel	7	7
Total	**7**	**7**

Personnel expenses

EUR	31 Jan 2025	31 Jan 2024
Salaries and wages	1,293,519.16	1,251,944.96
Pension costs	205,597-83	177,726.83
Other social security costs	23,458.61	29,770.84
Total	**1,522,575.60**	**1,459,442.63**

NOTES TO THE ASSETS IN BALANCE SHEET

Material items included in accrued income

EUR million	31 Jan 2025	31 Jan 2024
Prepaid expenses	94,970.69	117,864.59
Other	20.90	71.70
Total	**94,991.59**	**117,936.29**

Receivables from Group companies

EUR million	31 Jan 2025	31 Jan 2024
Trade receivables	153,555.40	142,715.92
Group contribution receivables	93,619,320.33	76,184,785.72
Total	**93,772,875.73**	**76,327,501.64**

NOTES TO THE EQUITY AND LIABILITIES IN BALANCE SHEET

Equity

EUR	31 Jan 2025	31 Jan 2024
Share capital at the beginning of the financial period	80,000.00	80,000.00
Share capital at the end of the financial period	**80,000.00**	**80,000.00**
Restricted equity total at the end of the financial period	**80,000.00**	**80,000.00**
Reserve for invested unrestricted equity at the beginning of the financial period	30,000,004.98	30,000,004.98
Reserve for invested unrestricted equity at the end of the financial period	**30,000,004.98**	**30,000,004.98**
Profit (loss) for previous financial periods at the beginning of the financial period	42,356,677.65	31,440,985.96
Transfer of profit (loss) from previous financial period	44,096,363.66	41,297,199.63
Dividend distribution	-32,004,342.14	-28,676,264.02
Acquisition of own shares	-	-1,705,243.92
Profit (loss) for previous financial periods at the end of the financial period	**54,448,699.17**	**42,356,677.65**
Profit (loss) for the financial period	**50,176,011.13**	**44,096,363.66**
Unrestricted equity at the end of the financial period	**134,624,715.28**	**116,453,046.29**
Equity total	**134,704,715.28**	**116,533,046.29**

Calculation of distributable funds in equity

EUR	31 Jan 2025	31 Jan 2024
Profit (loss) for previous financial periods	54,448,699.17	42,356,677.65
Profit (loss) for the financial period	50,176,011.13	44,096,363.66
Reserve for invested unrestricted equity	30,000,004.98	30,000,004.98
Distributable funds total	**134,624,715.28**	**116,453,046.29**

Material items included in deferred liabilities

EUR	31 Jan 2025	31 Jan 2024
Salary accruals	54,046.03	53,578.72
Social security costs	53,153.52	54,563.85
Holiday pay expenses incl. social security costs	195,251.57	188,664.35
Interest expenses	106,883.57	148,152.33
Income tax	2,793,443.48	2,658,489.84
Total	**3,202,778.17**	**3,103,449.09**

HOLDINGS IN OTHER COMPANIES

Puuilo Plc (parent company) has one wholly owned subsidiary, Puuilo Tavaratalot Ltd.

Signatures

The financial statements prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the companies included in its consolidated financial statements. The Report by the Board of Directors presents a fair review of the development and performance of the company and the companies included in its consolidated financial statements, as well as a description of the significant risks and uncertainties and the company's position. The sustainability statement included in the Report by the Board of Directors has been prepared in compliance with the sustainability reporting standards as well as Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council (Taxonomy Regulation).

DATE AND SIGNATURE

In Helsinki, 23 April 2025

Lasse Aho
Chair of the Board

Bent Holm
Member of the Board

Jens Joller
Member of the Board

Mammu Kaario
Member of the Board

Anne-Mari Paapio
Member of the Board

Tuomas Piirtola
Member of the Board

Juha Saarela
CEO

AUDITOR'S REPORT

An auditor's report has been issued today.

In Helsinki, 23 April 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
APA

Auditor’s Report (Translation of the Finnish Original)

To the Annual General Meeting of Puuilo Oyj

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Puuilo Oyj (business identity code 2726573-8) for the year ended 31 January 2025. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company’s balance sheet, income statement, cash flow statement and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

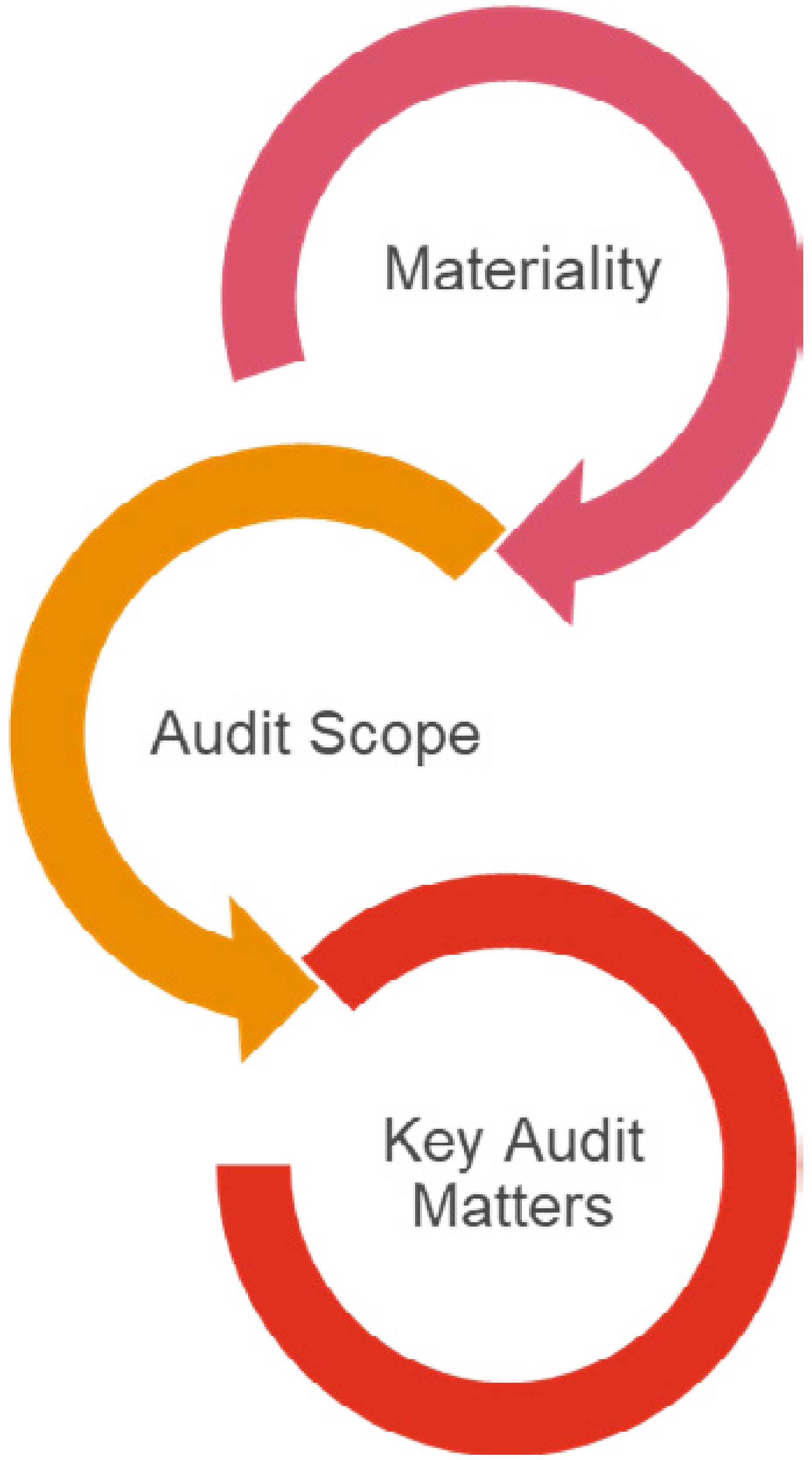
We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.3 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality is € 2,9 million. We have estimated that in Puuilo Group’s audit, the material errors are such that alone or as a whole impact on the group’s result before taxes approximately 5%.
- Audit scope has included Puuilo Oyj and Puuilo Tavaratalot Oy
- Inventory valuation



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

- **Overall group materiality**
  € 2,9 million (previous year € 2,4 million).
- **How we determined it**
  5% of profit before taxes.
- **Rationale for the materiality benchmark applied**
  We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Puuilo Group, the accounting processes and controls, and the industry in which the group operates.

Our audit scope consisted of Puuilo Group's two entities: Puuilo Oyj and Puuilo Tavaratalot Oy.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Inventory valuation ***Reference to the financial statements note 3.1. Inventory valuation*** Puuilo Group's balance sheet includes inventory worth 115,5 (2023: 93,1) million euros. The acquisition cost of the inventory has been determined using the weighted average price method. The acquisition cost of finished products includes all purchase costs, including immediate transportation and handling costs. In the calculation of the acquisition cost, the subsequent credits granted by the suppliers are also taken into account. inventory is valued at acquisition cost or net realisable value, whichever is lower. In our audit, we paid special attention to the determination of the acquisition cost of the inventory,including the effect of the amount of subsequent credits. In addition, we paid attention to the group's estimates of the net realisable value of the inventory and the assumptions underlying the estimates. Inventories are a key issue from an audit point of view due to the importance of the balance sheet item and the extent of the store network and the risk associated with valuation.	Our audit procedures included, among others: • We evaluated the inventory accounting principles used by Puuilo against the applicable accounting standards • We went through the key processes and controls related to inventory. We tested the functionality of the selected controls. • We compared the unit prices of the selected inventory items with the purchase invoices. • We tested the correctness of the weighted average price calculation • We went through the calculation of retroactive credits and performed selected tests regarding their accounting practices • We compared the unit prices of the selected stock items with the selling prices • We went through the rotation of the current assets compared to the cost to identify possible impairments.
We have no key audit matters to report with respect to our audit of the parent company financial statements.	
There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.	

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements
The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

Appointment

We were first appointed as auditors by the annual general meeting on 26 April 2017. Our appointment represents a total period of uninterrupted engagement of 8 years.

Puuilo Oyj became a significant entity in terms of public interest on 24 June 2021.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki 23 April 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

Independent Auditor's Reasonable Assurance Report on Puuilo Oyj's ESEF Financial Statements (Translation of the Finnish Original)

To the Management of Puuilo Oyj

We have been engaged by the Management of Puuilo Oyj (business identity code (2726573-8) (hereinafter also "the Company") to perform a reasonable assurance engagement on the Company's consolidated IFRS financial statements for the financial year 1 February 2024 – 31 January 2025 in European Single Electronic Format ("ESEF financial statements") version 743700UJUT6FWHBXPR69-2025-01-31-1-fi.zip.

Management's Responsibility for the ESEF Financial Statements

The Management of Puuilo Oyj is responsible for preparing the ESEF financial statements so that they comply with the requirements as specified in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 ("ESEF requirements"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of ESEF financial statements that are free from material noncompliance with the ESEF requirements, whether due to fraud or error.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express an opinion on the ESEF financial statements based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the ESEF financial statements are free from material noncompliance with the ESEF requirements.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the ESEF financial statements compliance with the ESEF requirements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material noncompliance of the ESEF financial statements with the ESEF requirements, whether due to fraud or error. In making those risk assessments, we considered internal control relevant to the Company's preparation of the ESEF financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, Puuilo Oyj's ESEF financial statements for the financial year ended 31 January 2025 comply, in all material respects, with the minimum requirements as set out in the ESEF requirements.

Our reasonable assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except for Puuilo Oyj for our work, for this report, or for the opinion that we have formed.

Helsinki 23 April 2025
PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

Assurance Report on the Sustainability Report

(Translation of the Finnish Original)

To the Annual General Meeting of Puuilo Oyj

We have performed a limited assurance engagement on the group sustainability report of Puuilo Oyj (business identity code 2726573-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.2.2024–31.1.2025.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of theAccounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Puuilo Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report in accordance with Chapter 7, Section 22, of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information.*

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Puuilo Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

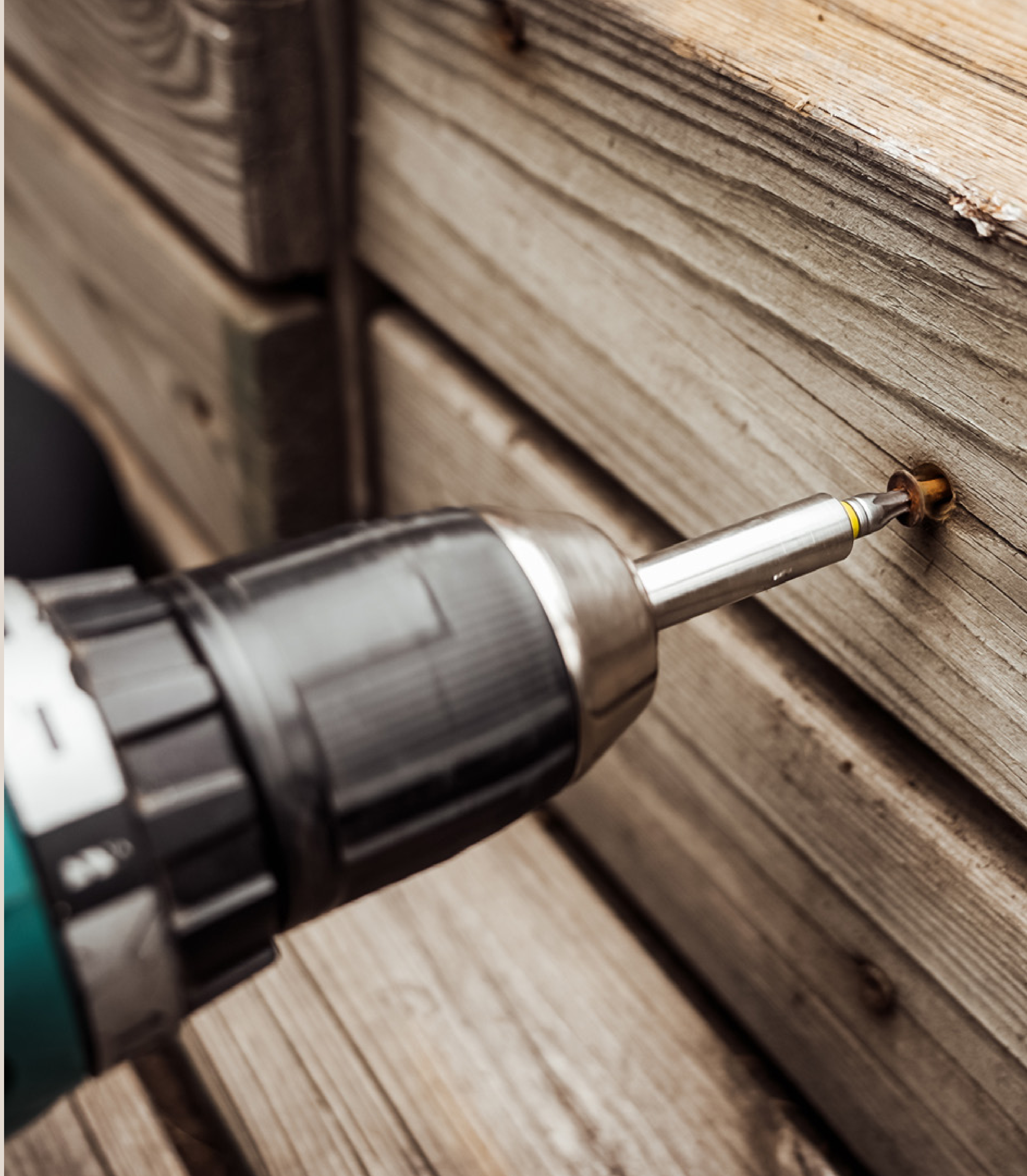
Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at the group level, as well as at different levels and business areas of the organization to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

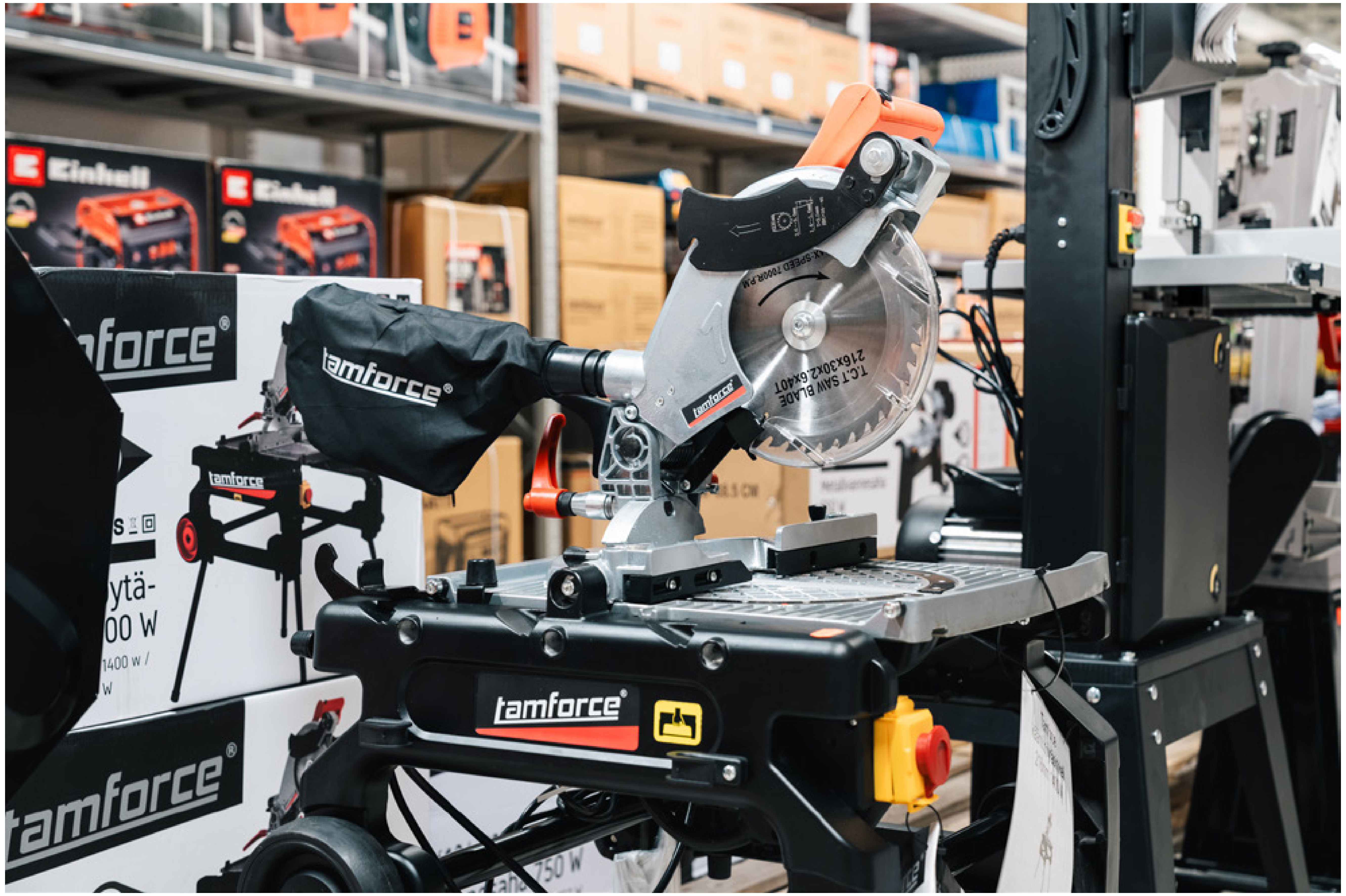
Helsinki 23 April 2025
PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Mikko Nieminen
Authorised Sustainability Auditor

CORPORATE GOVERNANCE



Corporate Governance Statement



CORPORATE GOVERNANCE STATEMENT 1 FEBRUARY 2024 – 31 JANUARY 2025

I INTRODUCTION

Puuilo is committed to good corporate governance by complying with laws and regulations in all of its operations and by implementing corporate governance recommendations. Puuilo's Group governance complies with the company's articles of association, Finnish law and other statutes and regulations related to the governance of a public limited liability company. Moreover, Puuilo's operations are governed by the values and internal policies confirmed in the company.

Furthermore, Puuilo complies with the Finnish Corporate Governance Code for Finnish listed companies published by Securities Market Association in 2025. The company does not deviate from any recommendations included in the Corporate Governance Code. The Corporate Governance Code can be accessed at https://www.cgfinland.fi/en/.

This corporate governance statement has been prepared in accordance with the recommendations given in the Corporate Governance Code. The corporate governance statement has been prepared separately from the Board of Directors' report and published on the company's investor website at https://www.investors.puuilo.fi/en/. The Audit Committee of Puuilo's Board of Directors has reviewed this corporate governance statement and the Board has approved it. An external auditor has ensured that the statement has been issued and that the description of the key internal control and risk management systems related to the financial reporting process are consistent with the financial statements.

II CORPORATE GOVERNANCE DESCRIPTIONS

Puuilo Plc is a public limited liability company established in Finland and registered in the Trade Register maintained by the Finnish Patent and Registration Office and governed by Finnish law. Puuilo is listed on the main list of Nasdaq Helsinki.

The Puuilo Group consists of the parent company, Puuilo Plc, and its Finnish subsidiary Puuilo Tavaratalot Ltd. The parent company is responsible for the governance of both companies. The business operations are centralised in Puuilo Tavaratalot Ltd.

Due to the nature of Puuilo's operations, the Group has one reportable operating segment. The individual stores and the online store are considered to be the distribution channels of Puuilo's products, and all of them operate under the Puuilo trademark. The Group operates only in Finland. The functions such as financial administration, IT management, marketing as well as purchasing and logistics are centralised at the Group level.

In accordance with the Limited Liability Companies Act, Puuilo's articles of association and internal operating procedures, the company's governance and management have been divided between the shareholders, Board of Directors and CEO. The shareholders exercise their decision-making power in matters concerning the company in the general meeting in accordance with the Limited Liability Companies Act. The company's Board is in charge of the governance and proper organisation of the operations of the company. The Board also elects the CEO and the members of the management team. The CEO is in charge of managing and supervising the company's daily operations in accordance with the Limited Liability Companies Act, the company's internal operating procedures as well as the authorisations and guidelines issued by the Board. The company's management team supports and assists the CEO in his duties.

1 General Meeting

In accordance with the Limited Liability Companies Act, the shareholders exercise their decision-making power in matters concerning the company in the general meeting. The general meeting usually convenes by the invitation of the Board of Directors.

In accordance with the Limited Liability Companies Act, the Annual General Meeting must be held annually within six months of the end of the financial period. The general meeting decides on the adoption of the financial statements, the distribution of dividends as well as the election of the Board members and the auditor and their respective remuneration, among others. The general meeting also decides on discharging the Board of Directors and the CEO from liability.

An extraordinary general meeting must be held for the handling of certain matters when the Board of Directors deems it necessary or when the company's auditor or shareholders holding no less than 10% of the total number of the company's shares so request in writing.

In accordance with the Limited Liability Companies Act, the invitation to the general meeting must be delivered to the shareholders no earlier than three months and no later than three weeks before the meeting, however no later than nine days before the general meeting reconciliation date. The meeting invitation and the other general meeting documents, including the Board's proposals to the general meeting, are made available to the shareholders no later than three weeks before the general meeting on the company's investor website at https://www.investors.puuilo.fi/en/.

For a shareholder to be entitled to attend the general meeting, they must register with the company no later than on the date provided in the meeting invitation. This date may not be earlier than ten days before the general meeting. The right to attend and to cast a vote in the general meeting requires that the shareholder has registered in the shareholder register maintained by Euroclear Finland no later than eight business days before the general meeting (the general meeting reconciliation date), in accordance with the Act on the Book-Entry System and Settlement Activities.

A holder of nominee-registered shares who wishes to attend the general meeting should apply for a temporary registration in the shareholder register. The notification concerning the temporary registration must be made no later than the date specified in the invitation to the general meeting. In accordance with the Limited Liability Companies Act, this date is after the general meeting reconciliation date. The notification of temporary registration is considered to be a registration to the general meeting. If a shareholder attends the general meeting via several proxies, the shares based on which each proxy represents the shareholder must be announced in connection with the registration.

The presence of a quorum in the general meeting is not contingent on a certain number of shares being represented in the meeting, apart from certain exceptions defined in the Limited Liability Companies Act.

Voting right

A shareholder may exercise their right to attend the general meeting and cast a vote in the meeting in person or via an authorised proxy.

Each share of the company entitles its holder to one vote in the general meeting. If the shareholder's shares have been entered on more than one book-entry account, the shareholder has the right to use a different proxy for the shares of each book-entry account. The shareholder may vote differently with a portion of the shares held by them. In order to attend and vote in the general meeting, the shareholder should be registered in the shareholder register maintained by Euroclear Finland.

Most of the decisions in the general meeting are taken by a simple majority of votes. However, certain decisions, such as changes to the articles of association, deviating from the shareholders' pre-emptive subscription right in a share issue and decisions on company merger, demerger or dissolution, require a minimum majority of 2/3 of the votes cast and the shares represented in the meeting.

Resolutions of Annual General Meeting 2024

Puuilo Plc's Annual General Meeting was held on 15 May 2024 in Helsinki, Finland. A total of 333 shareholders representing 57,987,460 shares and votes were represented at the meeting.

The Annual General Meeting adopted the Company's annual accounts and the consolidated financial statements for the financial year 1 February 2023 – 31 January 2024, discharged the persons who have acted as members of the Company's Board of Directors and as CEO from liability and approved all proposals made to the Annual General Meeting by the Board of Directors.

Dividend

The Annual General Meeting resolved that an aggregate dividend of EUR 0.38 per share be paid based on the balance sheet adopted for the financial year ended on 31 January 2024. The dividend was paid in two instalments. The first dividend instalment, EUR 0.19 per share, was paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the first dividend instalment 22 May 2024. The payment date for the first dividend instalment was on 29 May 2024. The second dividend instalment, EUR 0.19 per share, was paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the second dividend instalment 17 October 2024. The payment date for the second dividend instalment was on 24 October 2024.

In addition, the Annual General Meeting authorized the Board of Directors to decide, if necessary, on a new record date and a new payment date for the second dividend instalment if regulations applicable to the Finnish book-entry system change or otherwise so require.

Composition of the Board of Directors

The number of members of the Board of Directors was confirmed to as six (6). Lasse Aho, Bent Holm, Mammu Kaario and Tuomas Piirtola were re-elected and Jens Joller and Anne-Mari Paapio were elected as new members of the Board of Directors for a term ending at the end of the next Annual General Meeting.

The Annual General Meeting elected Lasse Aho as the Chairman of the Board of Directors.

Remuneration of the members of the Board of Directors

The Annual General Meeting resolved that the annual remuneration to the members of the Board of Directors will be paid as follows: EUR 60,000 to the Chairman of the Board of Directors and EUR 30,000 to the other members of the Board of Directors. In addition, the Annual General Meeting resolved that the annual remuneration to the members of the Audit Committee will be paid as follows: EUR 5,000 to the Chairman of the Audit Committee and EUR 2,500 to the other members of the Audit Committee.

Auditor

PricewaterhouseCoopers Oy, a firm of authorized public accountants, was re-elected as auditor of the Company for the financial year 1 February 2024 – 31 January 2025. Mikko Nieminen, APA, will continue to act as the auditor with principal responsibility.

The auditor's remuneration is paid against an invoice approved by the Company.

Authorization for the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of the Company's own shares

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of an aggregate maximum of 8,477,695 Company's own shares provided, however, that the number of shares held by the Company at any time does not exceed 10 per cent of the total number of shares in the Company. Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or on the acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization cancelled the authorization granted on 16 May 2023 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2025.

Authorization for the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares

The Annual General Meeting decided to authorize the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 8,477,695 shares, which corresponds to approximately 10 per cent of all of the shares in the Company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization cancelled the authorization granted on 16 May 2023 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2025.

Authorizing the Board of Directors to resolve on donations for charitable purposes
The Annual General Meeting decided to authorize the Board of Directors to resolve on donations in a total maximum of EUR 50,000 for charitable or corresponding purposes. The Board of Directors decides on the donation recipients, purposes of use and other terms of the donations. The authorization remains effective until the end of the Annual General Meeting 2025, however, no longer than for a period of 18 months from the date of the resolution of the General Meeting.

Antti Ihamuotila, attorney-at-law, chaired the meeting.

The minutes of the Annual General Meeting will be available on the website of Puuilo Plc at https://www.investors.puuilo.fi/en/corporate-governance/general-meeting.

2 Shareholders' Nomination Board
Puuilo's Annual General Meeting 2022 resolved to establish a Shareholders' Nomination Board and confirmed rules of procedure for the Board. According to the decision of the General Meeting, the Shareholders' Nomination Board will be composed of representatives appointed by the three largest shareholders of the Company. The Chair of the Board of Directors acts as a person with expertise in the Shareholders' Nomination Board. The Chair does not participate in the decision-making of the Shareholders' Nomination Board.

The three shareholders with the largest number of votes for all shares of the Company on the 1st business day of October of the calendar year preceding the Annual General Meeting, have the right to nominate the members representing the shareholders. The nomination right is determined in accordance with the shareholder register maintained by Euroclear Finland Ltd. If a shareholder presents a written request to the Chairman of the Board of Directors by last business day of September of the year preceding the Annual General Meeting, into the holdings of the shareholder shall be calculated also holdings of a person equivalent to the shareholder that need to be taken into account when evaluating the requirement to flag changes in the holdings under the Finnish Securities Markets Act.

The Chair of the Board of Directors shall request the three largest shareholders to appoint one member each to the Shareholders' Nomination Board in accordance with the above described right of appointment. If a shareholder does not wish to exercise the right of appointment, the right is transferred to the next largest shareholder who would not otherwise have the right of appointment. The Shareholders' Nomination Board is established until further notice until the General Meeting decides otherwise. The term of office of the members of the Shareholders' Nomination Board expires each year when a new Shareholders' Nomination Board is appointed. The members of the Shareholders' Nomination Board shall not be entitled to any remuneration on the basis of their membership in the Nomination Board. The members' travel expenses shall be reimbursed in accordance with the Company's travel policy. When necessary, the Shareholders' Nomination Board may in order to carry out its duties use external experts at a cost approved by the Company.

Representatives of the three largest shareholders registered in Puuilo Plc's shareholder register as of 1 October 2024 were elected to the Puuilo's Shareholders' Nomination Board along with the Chair of the Board of Directors, Lasse Aho, as an expert member. The three largest shareholders have nominated following members to Puuilo's Shareholders Nomination Board:

- Ampfield Management, L.P., represented by Emerson Moore
- Markku Tuomaala, represented by Janne Koikkalainen
- Keskinäinen Eläkevakuutusyhtiö Ilmarinen, represented by Esko Torsti

All members of the Shareholders' Nomination Board are men.

Proposal of the Shareholders' Nomination Board
In its organisational meeting on 16 January 2025, the Board elected Esko Torsti as its Chair.

The Shareholders' Nomination Board convened four times during the term of office, and all members attended all meetings.

The Shareholders' Nomination Board of Puuilo Plc proposes to the Annual General Meeting that the number of the members of the Board of Directors will be five (earlier six).

The Nomination Board proposes that current members of the Board of Directors Jens Joller, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Susanne Hounsgaard and Markku Tuomaala be elected as new members to the Board of Directors. CVs of current members can be found at the end of this statement. Susanne Hounsgaard's and Markku Tuomaala's CVs are attached to stock exchange release on 19 March 2025. Current members of the Board of Directors Lasse Aho, Bent Holm and Anne-Mari Paapio have notified the company that they are no longer available to be elected as a members of the Board of Directors. All proposed persons have granted their consent to the position. All proposed persons are independent of the company and its major shareholders except Jens Joller who is independent of the company, but dependent of the major shareholder. The Nomination Board proposes to the Annual General Meeting that Mammu Kaario be elected as the Chair of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors are as follows:

- EUR 65.000 to the Chair of the Board of Directors as yearly remuneration (earlier EUR 60.000)
- EUR 33.000 to the other members of the Board of Directors as yearly remuneration (earlier EUR 30.000)
- In addition, the Chair of the Audit Committee will be paid EUR 6.000 (earlier EUR 5.000) as yearly remuneration and other members of the Audit Committee EUR 3.000 (earlier EUR 2.500) as yearly remuneration

All remuneration fees will be paid in cash.

The Nomination Board proposals were published as stock exchange releases on 19 March 2025.

3 Board of Directors

Duties of the Board

In accordance with the Limited Liability Companies Act, the Board of Directors supervises the operations of Puuilo and decides on significant matters concerning the company's strategy, investments, organisation and financing. The Board has general competence in all matters that have not, pursuant to law or the company's articles of association, been assigned to other bodies to decide on or carry out.

In addition, according to the Charter of the Board its duties include the following:

- Managing and appropriately arranging the Company's operations
- Overseeing the solidity, profitability, and liquidity of the Company, as well as the Company's management
- Approving Puuilo's strategy, annual budget and investment plans
- Deciding on large-scale and financially significant matters related to the business operations
- Taking out loans for the Puuilo Group, granting loans and deciding on the guarantees to be issued
- Approving the Puuilo Group's policies, such as treasury, tax and risk management policies
- Being responsible for appropriately organising Puuilo Group's risk management and internal control
- Approving the financial statements, consolidated financial statements including CSRD report as well as half-year reports and business reviews
- Preparing the proposal to the General Meeting on the selection of the Company's Auditor as well as the assurer of the CSRD report based on the proposal by the Audit Committee

In addition, the Board of Directors appoints Puuilo's CEO and the members of the management team and decides on their employment terms and conditions. The Board has prepared a written charter for its operations that defines the Board's key tasks and operating principles.

The term of the Board members ends at the end of the Annual General Meeting following their election.

Members of the Board

In accordance with Puuilo's articles of association, the Board of Directors has a minimum of four and a maximum of seven members. In the 1 February 2024 – 31 January 2025 financial period, the Board of Directors convened 12 times.

The Annual General Meeting 2022 decided to establish a Shareholders' Nomination Board. The Nomination Board has prepared proposals for the election and remuneration of the members of the Board of Directors and the remuneration of the members of the Board Committees to the General Meeting 2024.

The composition and holdings of the Board of Directors on 31 January 2025 are shown in the table below:

Name	Year of birth	Position	Education	Principal occupation	Board Member since	Attendance at meetings	Shares held at the end of the reporting period
Lasse Aho	1958	Chair	M.Sc (Social Sciences)	Board professional	2023	100%	7,050
Bent Holm	1974	Member	M.Sc (Econ.)	CEO	2022	100%	900
Jens Joller*	1983	Member	MBA	Head of Research	2024	100%	20,000
Mammu Kaario	1963	Member	MBA, M.Sc (Law)	Board professional	2021	100%	2,941
Anne-Mari Paapio*	1979	Member	M.Sc (Tech.)	Vice president of procurement and category management	2024	92%	-
Tuomas Piirtola	1980	Member	MBA, M.Sc (Econ.	CEO	2023	100%	2,000

*Appointed to the Board of Directors on 15 May 2024. Attendance applies to meetings after the appointment.

Board of Director's diversity principles
During the 1 February 2024–31 January 2025 financial period, there were representatives of both genders in the Board of Directors. Two members were women (33%) and four men (66%).

Puuilo acknowledges that diversity in the Board supports the company's business operations and development and that the diversity of the members' expertise, experience and opinions promotes the preparedness to adopt an unbiased approach and generate innovative ideas.

The objective is to ensure that the Board as a whole has sufficient competence and experience in Puuilo's business environment. The Board members should have adequate qualifications and expertise to carry out their tasks, and they should spend a reasonable amount of time to carry out the duties presented in the Corporate Governance Code.

It is estimated that in the 2024 financial period, the diversity principles were fulfilled to a sufficient extent.

Independence
The Board of Directors regularly assesses the independence of its members in accordance with Recommendation 10 of the Corporate Governance Code. A Board member is obligated to submit to the Board of Directors the information required for the assessment of their independence. All Puuilo Board members are external to the company (non-executive directors).

Based on the independence assessment, the following Puuilo Board members are considered to be independent of the company and its significant shareholders: Lasse Aho (chair), Bent Holm, Mammu Kaario, Anne-Mari Paapio, Tuomas Piirtola and Markku Tuomaala (member until 15 May 2024). Jens Joller and Rasmus Molander (member until 15 May 2024) are independent of the company but not independent of the company's significant shareholders.

Self-evaluation of the Board of Directors
The performance of the Board of Directors and its individual members is evaluated annually. The results of the evaluation are taken into consideration when preparing a proposal on the new composition of the Board. The self-evaluation is based on a questionnaire survey followed by a discussion in the Board of Directors of the self-evaluation results and further measures.

4 Board committees
Puuilo has one committee appointed by the Board of Directors, the Audit Committee. The Committee has no independent decision-making authority but its purpose is to present issues it is responsible for to the Board of Directors and the general meeting for a decision. The Committee reports regularly to the Board of Directors.

The Board of Directors has confirmed the Audit Committee's key duties and operating principles in the Charter of the Audit Committee. The Audit Committee consists of a minimum of three (3) members and a maximum of four (4) members, including the chair. The Board of Directors elects the members of the Audit Committee from among its members after the Annual General Meeting. The term of the members is one year.

The majority of the members of the Audit Committee must be independent of the company, and at least one of the members must be independent of the significant shareholders of the company. The members of the Audit Committee must have the relevant expertise and experience required for the performance of the duties and responsibilities of the Audit Committee and the mandatory tasks relating to auditing. At least one of the members should have expertise in accounting, bookkeeping or auditing, and overall, the Committee members must possess relevant competence on the company's business operations.

A person participating in the operational management of Puuilo Plc or its Group company, such as a managing director, cannot be appointed to the Audit Committee as a member.

Duties of the Audit Committee
The duties of the Audit Committee include:

Oversight of financial reporting
- Monitoring and assessing the financial reporting processes and reviewing the annual financial statements, half-year reports and business reviews with the external auditor before submission to the Board for approval.
- Reviewing and assessing the results of the audit with the external auditor.
- Reviewing internal controls and monitoring the effectiveness of the company's internal control processes over financial reporting.
- Reviewing the company's key auditing policies and principles.
- Monitoring the business operations with related parties and reporting any conflicts of interest.
- Reviewing the company's statement of non-financial information.
- Monitoring the company's financial position.
- Assessing the use and presentation of alternative key indicators.

Oversight of sustainability reporting
- monitor and assess the sustainability reporting process of and review with the external assurance provider the sustainability statement before submission to the Board for final approval;
- review and assess with the external assurance provider the results of the assurance;
- review internal controls and monitor the effectiveness of the Company's procedures for internal control over sustainability reporting;
- review the Company's key sustainability policies and principles;
- evaluate the performance of key sustainability targets;

Risk management
- Monitoring and reviewing the effectiveness of the company's risk management, including the risk profile of Puuilo Group, and making such recommendations as the Committee considers necessary as well as reviewing the risk management-related statements to be included in the financial reports.
- Assessing the effectiveness of internal control and the internal control system.
- Assessing the principles related to the company's internal control and risk management of the company's financial reporting and sustainability reporting

processes.

- Receiving and reviewing management reports on any material financial risks and litigations or claims raised by any Puuilo Group companies or against Puuilo Group companies.

Auditors and external auditing

- Preparing for the Annual General Meeting, and otherwise as needed, a proposal to the shareholders regarding the election and fees of the external auditor(s) and their remuneration principles.
- Initiating the process regarding the rotation of the auditor.
- Evaluating the audit plan as well as the scope and quality of the external audit and reviewing the audit fees.
- Evaluating the independence of the auditors.
- Approving and monitoring the non-audit services provided by the auditors.
- When needed, meeting separately with the external auditors to discuss any matters other than the duties required by law, which might be relevant in terms of internal control.
- Reviewing and confirming the independence of the external auditors, also in connection with the non-audit services.
- Reviewing and evaluating the process of selecting external auditors and following any regulatory changes regarding the auditor selection as well as the rotation of the auditor and the auditing firm.

Sustainability Assurance provider and external assurance

- For the purposes of each Annual General Meeting and otherwise as necessary, prepare a resolution proposal to the shareholders as to the election and fees of the sustainability reporting assurance provider and remuneration principles;
- Evaluate the sustainability reporting assurance plan as well as the scope and quality of the external assurance and review assurance fees;
- Review and evaluate the process of selecting sustainability reporting assurance provider and follow any regulatory changes regarding sustainability assurance provider selection.

Internal audit

- Approving the internal audit guidelines, the audit activities and the resourcing of the internal audit function.
- Assessing the scope and quality of the internal audit as well as approving the internal audit plan and monitoring its implementation.
- Reviewing the summary reports of the internal audit and the management's response.

Legal matters, compliance and governance

- Reviewing major legal disputes and other legal matters together with the company's General Counsel and/or external legal advisor.
- Reviewing the company's Corporate Governance Statement including the description of the main features of the internal control and risk management in relation to the financial reporting and sustainability reporting processes, which are included in the company's Corporate Governance Statement.
- Establishing the principles concerning the monitoring and assessment of related party transactions.

Other

- Tending to other duties assigned by the Board of Directors.

When carrying out its auditing duty, the Audit Committee has access to the company's bookkeeping, documents, facilities and personnel. In matters falling within its area of responsibility, the Audit Committee can request advice from legal advisors, auditors or other advisors at the company's expense.

The Audit Committee convenes a minimum of four (4) times per year at the invitation of the Chair. The Audit Committee sets up an annual schedule for the Committee's meetings. The schedule includes the matters to be discussed in each meeting so as to cover all the obligations of the Committee. In addition, the Committee may define other matters included in its sphere of duties on a meeting-specific basis.

The Audit Committee Chair presents the Committee's proposals to the Board of Directors. The Audit Committee Chair introduces to the Board of Directors a summary report of each Audit Committee meeting. In addition, the memoranda and materials of the Audit Committee meetings are made available to the Board members. The Audit Committee evaluates its own activities on an annual basis and reports on the evaluation to the Board of Directors. The Committee reports on its work to the Board of Directors on a regular basis.

During the 1 February 2024 – 31 January 2025 financial period, the Audit Committee convened seven times and comprised the following members:

Name	Attendance at meetings	Independence
Mammu Kaario (Chair)	100% (7/7)	Independent of the Company and Its major shareholders
Jens Joller*	100% (6/6)	Independent of the Company, not independent of the Company's major shareholders
Tuomas Piirtola*	100% (6/6)	Independent of the Company and Its major shareholders
Rasmus Molander**	100% (1/1)	Independent of the Company, not independent of the Company's major shareholders
Markku Tuomaala**	0% (0/1)	Independent of the Company and Its major shareholders

*member since 15 May 2024 / **member until 15 May 2024

5 CEO and the management team

CEO

The CEO is in charge of managing and supervising the company's daily operations in accordance with the Limited Liability Companies Act as well as the authorisations and guidelines issued by the Board of Directors.

Management team

Unlike the Board of Directors and the CEO, the management team is not a statutory body. Nevertheless, the management team, including the CEO, is the highest operative decision-making body in the Group. The management team participates actively in the key strategic and operative decision-making and is responsible for resource allocation and assessing profitability. CEO of the company is male and there is one woman (14%) and six men (86%) in the management team.

Management team composition

Name	Year of birth	Position	Education	Management Team member since	Shares held at the end of the reporting period
Juha Saarela	1974	Chief Executive Officer	B. (Technology)	2017	201,220
Ville Ranta	1977	Chief Financial Officer	M.Sc (Econ.)	2016	277,946
Perttu Partanen	1985	Chief Marketing Officer	M.Sc (Econ.)	2020	36,444
Markku Lampela	1971	Chief Purchasing Officer	M.Sc (Econ.)	2020	24,343
Sirkkaliisa Kulmala	1967	Chief Human Resources Officer	M.Sc. (Agricultural and Forestry)	2020	60,077
Juha Parviainen	1968	Chief Information Officer	BBA (Information Technology)	2020	18,679
Markus Kaatranen	1977	Sales Director	BBA	2022	13,985

III DESCRIPTION OF THE MAIN FEATURES OF THE CONTROL PROCEDURES AND THE RISK MANAGEMENT SYSTEMS

1 Internal control

The company's internal control targets functions and processes that are essential in terms of the company's business operations and financial reporting and is risk-based.

The company's Board of Directors has approved operating principles for internal control. They define the objectives of internal control on the basis of internationally known principles. Internal control aims to sufficiently ascertain that the internal control procedures are adequate to either prevent or detect deviations, errors or misconduct in the company's business operations, financial and sustainability reporting or compliance with applicable laws and regulations and, when such are observed, to take corrective measures.

The company's internal control includes the key policies, processes, operating methods, control measures and monitoring of controls, in which the company's Board of Directors, CEO, other members of the management team and all employees participate in accordance with their respective roles. Currently, the company has no separate internal audit function. Monitoring in accordance with the annual planning cycle of internal control and in the form of self-evaluation of the controls and including the reporting of the results to the Board of Directors, as well as the responsibility to implement measures that are similar to internal audit, have been organised in the company's financial administration. The Board of Directors annually evaluates the need to establish an independent internal audit function.

Should a need arise for internal audit measures, the Board of Directors may use internal or external resources to carry out separate internal audits.

The company has in place whistleblowing channel for employees to report suspected misconduct.

2 Risk management

The purpose of Puuilo's risk management policy is to define the framework, processes, governance and responsibilities of risk management in Puuilo.

The primary objective of risk management in Puuilo is to support the company's strategy execution, continuity of operations and realisation of the business objectives by identifying risks involved in the company's operations and managing them in a proactive manner. Comprehensive risk management emphasises the importance of the corporate culture and is an integrated part of the business operations, planning and decision-making in Puuilo.

Risk management objectives and principles

Puuilo's risk management objectives are to:

- Emphasise risk awareness and proactive management of risks within the company.
- Increase opportunities and reduce threats with the aim to gain competitive advantage.
- Ensure sufficient treatment of risks throughout the organisation.
- Manage risks as an integrated part of the operations, planning and decision-making through defined roles and responsibilities.

Puuilo's risk universe and risk categories

Risk universe

Puuilo's risks are divided into the following main categories: strategic risks, operational risks, financial risks and compliance risks.

Strategic risks

Strategic risks are primarily uncertainties related to the operating environment and Puuilo's ability to leverage changes in the operating environment or to prepare for them. These may include changes related to the general economic situation, competitors, legislation, or technological development. Strategic risks may relate to both financial and non-financial objectives. Appropriate risk treatment is implemented so that the chosen strategy is within the company's risk tolerance.

Operational risks

Operational risks are circumstances or events which may prevent or hinder the attainment of objectives or cause damage to people, property, business, information or any other operations of the company.

Financial risks

Financial risks are related to Puuilo's financial position. They include risks concerning the availability and cost of financing, changes in foreign exchange rates, and investments.

Compliance risks

Compliance risks are risks related to exposure to legal penalties, financial forfeiture and material losses, which an organisation faces when it fails to act in accordance with industry laws and regulations or internal policies.

Sustainability risks

There may be deficiencies in Puuilo's purchasing operations or its supply chain operations from a sustainability perspective. The risks may relate, for example, to climate change mitigation, resource use, and working conditions in the value chain or among its own staff.

Risk management governance, roles and responsibilities

An overview of the roles and responsibilities of the most relevant bodies with regards to risk management is provided in the following sub-sections.

Board of Directors

The Board of Directors is responsible for monitoring and ensuring that the functions of Puuilo's risk management process are comprehensive. The Board defines the risk appetite and tolerance in accordance with the current conditions. The Board of Directors is also responsible for approving the company policies related to risk management.

Operative management

The company's operative management is responsible for achieving the set objectives and controlling, managing and mitigating risks that threaten them. The operative management is also responsible for the risk management work and for ensuring the performance of the risk management process and the availability of sufficient resources.

Chief Financial Officer

The Chief Financial Officer (CFO) is responsible for the risk management guidelines and advice to be given to the business operations and functions as well as for monitoring the practical implementation of the process. The CFO coordinates the risk management assessment process, which supports the management, operative business operations and other support functions in the risk management work. The CFO reports the key risks to the Board of Directors on a yearly basis.

IV OTHER INFORMATION

1 Related party transactions

In accordance with the Corporate Governance Code, Puuilo's Board of Directors has defined principles for the monitoring and assessment of related party transactions. The company maintains a list of its related parties. The related party transactions are market-based, and their terms and conditions correspond to transactions carried out with independent parties. The company's financial administration is responsible for the monitoring of related party transactions and reporting them to the Audit Committee. The identified related party transactions are reported to the Audit Committee annually. The Board of Directors makes the decisions on agreements or other legal acts that are not within the scope of Puuilo's customary business operations and not executed under customary commercial terms and conditions. The matter at hand and the related decision-making are prepared carefully with the help of external assessments, for example. The disqualification provisions of the Limited Liability Companies Act are complied with in decision-making. Related party transactions that are not part of the company's customary operations or that are carried out in deviation of customary commercial terms and conditions require a decision by the Board of Directors. Related party transactions are regularly reported as part of financial reporting and published separately if so required by law or the rules of Nasdaq Helsinki.

2 Insider administration

Puuilo Plc's insider guidelines are based on Finnish and the EU's laws and regulations*. The purpose of the insider guidelines is to summarise the most important rules and procedures applied to the use and management of inside information in the company.

The insider guidelines include rules and regulations concerning the prohibited use of inside information, the company's insider lists, the disclosure and delayed disclosure of inside information, and reporting the transactions of the company's management and their related parties.

The insider guidelines apply to all persons who have an employment relationship with the company and its Group companies, as well as the members of their respective boards of directors (each referred to as an "employee").

The insider guidelines are also applicable to parties who, by virtue of some other agreement or otherwise, perform duties through which they have access to inside information relating to the company and who have, therefore, been entered into the company's insider list. Such parties include advisors, accountants, auditors or credit rating agencies (each referred to as a "service provider"). In addition, the insider guidelines describe reporting obligations applied to trading by the related parties of the members of the company's Board of Directors and Group management team.

**The most important provisions concerning insider information are the EU's Regulation 596/2014/EU on market abuse (MAR), the European Commission's Level 2 delegated regulations adopted under the MAR and the guidelines relating to MAR issued by ESMA, the Finnish Securities Markets Act (746/2012, as amended), the Finnish Penal Code (39/1889, as amended) as well as Nasdaq Helsinki Ltd.'s ("Nasdaq Helsinki") Guidelines for Insiders of Listed Companies.*

Public disclosure of inside information
As an issuer, the company is required to publicly disclose as soon as possible the inside information which directly concerns it or its financial instruments. The company must ensure that the inside information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public.

The information to be disclosed will be disclosed via a stock exchange release submitted to the central media, the Financial Supervisory Authority and Nasdaq Helsinki. In addition, the information is published on the company's investor website and retained there for a period of at least five (5) years.

Notification requirement of persons discharging managerial responsibilities
Pursuant to MAR, the company has defined as persons discharging managerial responsibilities in the company the members of the Board of Directors, the CEO and the Chief Financial Officer (hereinafter the "managers").

The managers and the persons closely associated with them (hereinafter the "related parties") have an individual obligation to notify the company and the Financial Supervisory Authority of transactions conducted on their own account that concern the shares or debt instruments of the company or other financial instruments or derivatives linked thereto.

The published transaction notifications of managers and their related parties are available on the company's investor website at https://www.investors.puuilo.fi/en/.

Closed period
The managers may not conduct any transactions on their own account or for the account of a third party, directly or indirectly, with the company's shares or other financial instruments during a closed period of thirty (30) days before the publication of the financial statements release, half-year report or business review, including the day of publication of the said report. The company notifies the managers of the closed period in advance.

Moreover, the company has also extended the trading restriction to all such employees and other persons who have an opportunity to access information about the company's business review, half-year report or financial statements release through their position or duties before the said documents are published ("closed period employees"). These persons should restrict trading on the company's shares to a period that begins on the day following the publication of the company's business review, half-year report or financial statement release and ends two weeks thereafter ("the permitted period").

The company monitors trading by its insiders, managers and their related parties as well as the closed period employees.

3 External auditor
The Annual General Meeting decides on the election of the auditor and the sustainability assurance provider and on their fees. In accordance with Puuilo's articles of association, the company should have one (1) auditor, who must be an accounting firm authorised by the Finnish Patent and Registration Office. The auditor's term begins from the Annual General Meeting in which they were elected and ends at the end of the next Annual General Meeting.

The auditor is responsible for the auditing of the financial statements and accounting as well as the administration of the Group companies. The auditor submits a statutory Auditors' Report on the financial statements to the company's shareholders. Moreover, the auditor regularly reports to the Audit Committee of the Board.

External auditor and sustainability assurance provider on 1 February 2024–31 January 2025
The company's statutory auditor and the sustainability assurance provider is PricewaterhouseCoopers Oy, Authorised Public Accountants. Mikko Nieminen, APA, acted as the auditor with principal responsibility. Nieminen is registered in the register of auditors referred to in chapter 6, section 9 of the Auditing Act (1141/2015, as amended).

Auditors' fees have been paid as follows:

	1 Feb. 2024 - 31 Jan. 2025	1 Feb. 2024 - 31 Jan. 2025
Statutory audit	124,087	138,319
Assignments referred to in Chapter 1, Section 1, Subsection 1, Paragraph 2 of the Auditing Act		
CSRD assurance	60,000	-
ESEF reporting	10,300	10,500
Other services	-	24,950
Total	**194,387**	**173,768**

Board of Directors

LASSE AHO

Chairman of the Board of Directors
The honorary title of Vuorineuvos,
M.Sc. in Social Sciences
(b. 1958, Finnish citizen)

Chair of the Board since 2023.

In addition, Mr. Aho acts as the Chair of the Board at Apetit Oyj, Member of the Board at Genelec Oy, Member of the Board at Jääkiekon SM-liiga Oy, Chair of the Board at Olvi-säätiö, Member of the Board at Robit Oyj, Chairman of the Board at The Brewers of Europe. Mr. Aho has previously acted as the CEO at Olvi Oyj between 2004–2022. In addition, Mr. Aho has acted as CEO at Metro-Auto Tampere Oy and Linkosuon Leipomo Oy, sales director at Fazer Leipomot Oy, marketing director at Fazer Keksit Oy and product manager at Atoy-Yhtiöt. Mr. Aho has the honorary title of Vuorineuvos.

Shares in Puuilo on 31 January 2025:
7,050

TUOMAS PIIRTOLA

Member of the Board of Directors
MBA, M.Sc. in Law
(b. 1980, Finnish citizen)

Member of the Board since 2023, member of audit committee.

In addition, Mr. Piirtola acts as the CEO of Better Burger Society Oy, Director of the Fast Food business at NoHo Partners Fast Food, Member of the Board at Finago S.A. and Member of the Board at Virinsa Oy. Previously, Mr. Piirtola has worked as Country manager at Jysk Oy, General Manager and country manager at Reckitt Benckiser Healthcare CEE, COO at Tamro Baltics, project manager at Apotek1 Sweden, Business development manager at Tamro Oyj, Business controller at Suomen Posti Oyj and Management consultant at McKinsey & Company.

Shares in Puuilo on 31 January 2025:
2,000

MAMMU KAARIO

Member of the Board of Directors
MBA, M.Sc. in Law
(b. 1963, Finnish citizen)

Member of the Board since 2021, Chair of the Audit Committee.

Previously, Ms. Kaario has acted as Managing Director at Partnera Oy, Investment Director at Korona Invest Oy and as a Partner at Unicus Oy and Conventum Corporate Finance Oy. In addition, Ms. Kaario acts as Vice Chairman at CapMan Oyj and Ponsse Oyj, a member of the Board of Directors at Epec Oy, Gofore Oy, Lapti Group Oy, Taideyliopiston sijoitusneuvosto, Urhea-Halli Oy, Sten & Co Oy, HC Ässät Oy, Makai Holding Oy. Previously, Ms. Kaario has acted as the Vice Member of the Board at Tosuka Holding Oy and the Chair of the Board of Directors at Sibelius-Akatemian tukisäätiö and Saka Finland Group Oyj.

Shares in Puuilo on 31 January 2025:
2,941

BENT HOLM

Member of the Board of Directors
M.Sc. in Economics and Business
(b. 1974, Danish citizen)

Member of the Board since 2022.

In addition, Mr. Holm Mr. Bard acts also as CEO at Hi Five A/S and Member of the Board Copenhot. Previously Mr. Holm has acted as CEO at Socki Socki, CEO at Dollarstore AB, CEO at Netto Marknad A/B, COO at Netto International, Commercial Director at Poundstretcher Ltd, Buying Director at Netto UK and CFO and COO at Netto DK.

Shares in Puuilo on 31 January 2025:
900

ANNE-MARI PAAPIO

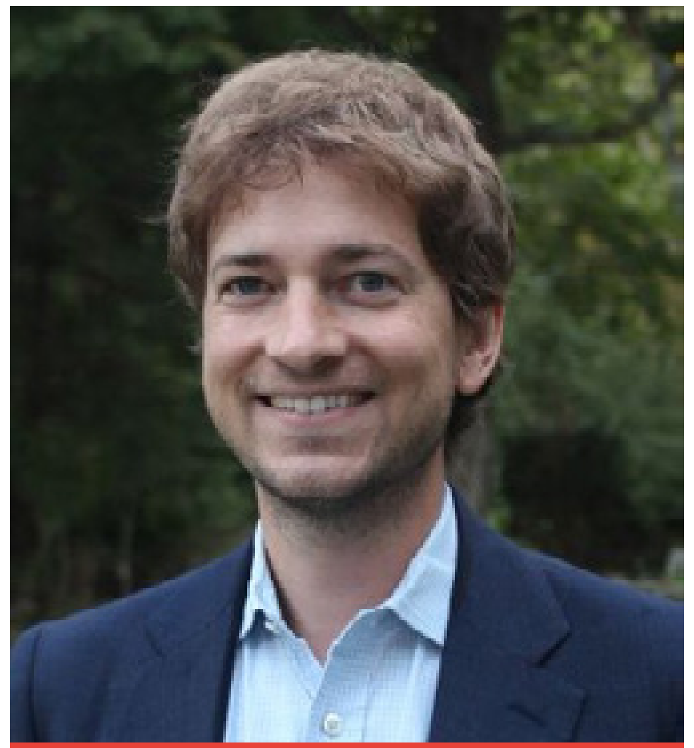
Member of the Board of Directors
M.Sc. in Industrial Engineering and Management
(b. 1979, Finnish citizen)

Member of the Board since 2024.

Vice president of procurement and category management at Valio Aimo. Previously, she has worked as a project manager at The Boston Consulting Group, development director at Kespro, commercial director and selection manager at Suomen Lähikauppa Oy, production and logistics manager at Bonnier Books Finland Oy and in various managerial positions at Nokia Oyj.

Independent of the company and the major shareholders.

Shares in Puuilo on 31 January 2025:
-



JENS JOLLER

Member of the Board of Directors
MBA
(b. 1983, Swiss Citizen)

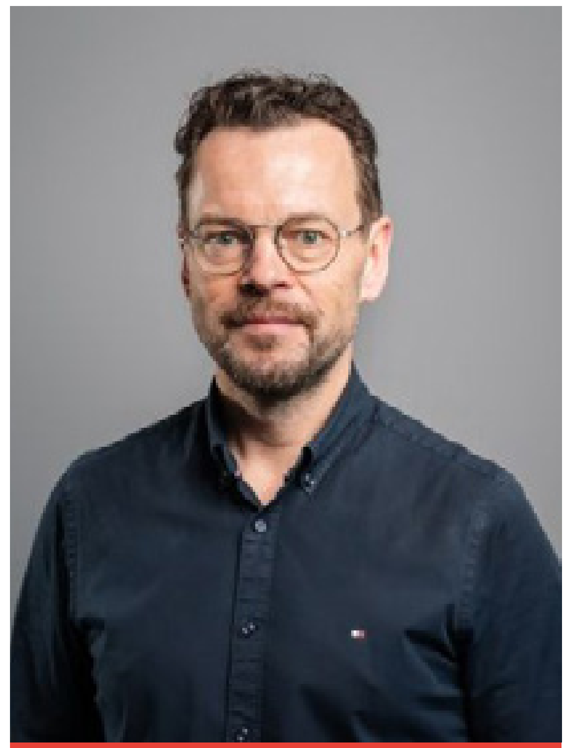
Member of the Board since 2024, member of audit committee.

Head of Research at Ampfield Management. Previously, he has held investor positions at MSD Partners and Apax Partners and worked as a consultant at The Boston Consulting Group.

Independent of the company, but dependent of the major shareholder.

Shares in Puuilo on 31 January 2025:
20,000

Management team



JUHA SAARELA

CEO
(b. 1974, Finnish citizen)

Has been the company's CEO since 2017.

Previously, Mr. Saarela has acted as a Deputy CEO, Purchasing Manager and member of the Board at J. Kärkkäinen Web Oy, Store Manager at Kesko Oyj and Area Manager at Maskun Kalustetalo Oy.

Mr. Saarela has a Bachelor of Applied Science degree from the Centria University of Applied Sciences.

Shares in Puuilo on 31 January 2025:
201,220

VILLE RANTA

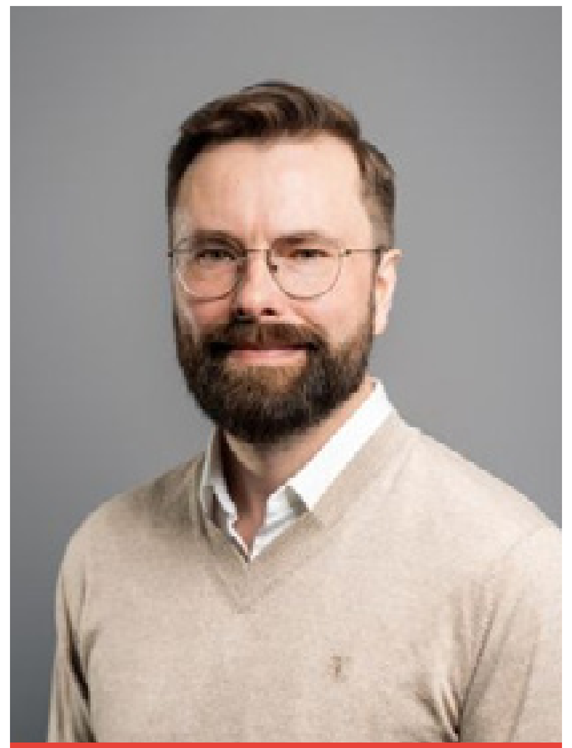
Chief Financial Officer (CFO)
(b. 1977, Finnish citizen)

Has been a member of the company's Management Team since 2016.

Previously, Mr. Ranta has acted as a Corporate Business Controller at Kesko Oyj, Business Controller at Oy Sinebrychoff Ab, Controller at Kemira Oyj and has held various financial management roles at TeliaSonera Finland Oyj.

Mr. Ranta holds a Master's degree in Economics and Business Administration from the University of Vaasa.

Shares in Puuilo on 31 January 2025:
277,946



PERTTU PARTANEN

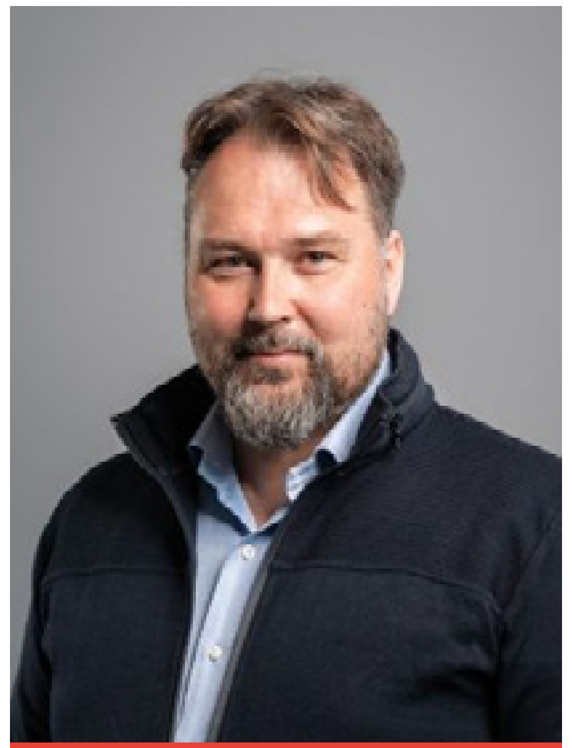
Chief Marketing Officer
(b. 1985, Finnish citizen)

Has been a member of the company's Management Team since 2020.

Previously, Mr. Partanen has been a Marketing Manager Power Finland Oy.

Mr. Partanen holds a Master's degree in Economics and Business Administration from the Jyväskylä University School of Business and Economics

Shares in Puuilo on 31 January 2025:
36,444



MARKKU LAMPELA

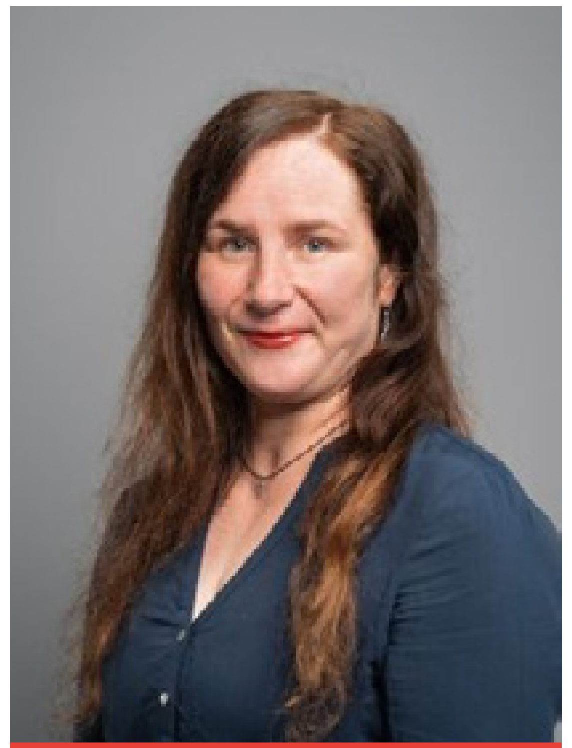
Director Purchases & Logistics
(b. 1971, Finnish citizen)

Has been a member of the company's Management Team since 2020.

LiIn addition, Mr. Lampela is a member of the Board of Fodelia Oyj. Previously, Mr. Lampela has acted as the CEO of Erätukku Oy, Kotivara Oy and SwanLine Oy.

Mr. Lampela holds a Master's degree in Economics and Business Administration from the University of Vaasa.

Shares in Puuilo on 31 January 2025:
24,343



SIRKKALIISA KULMALA

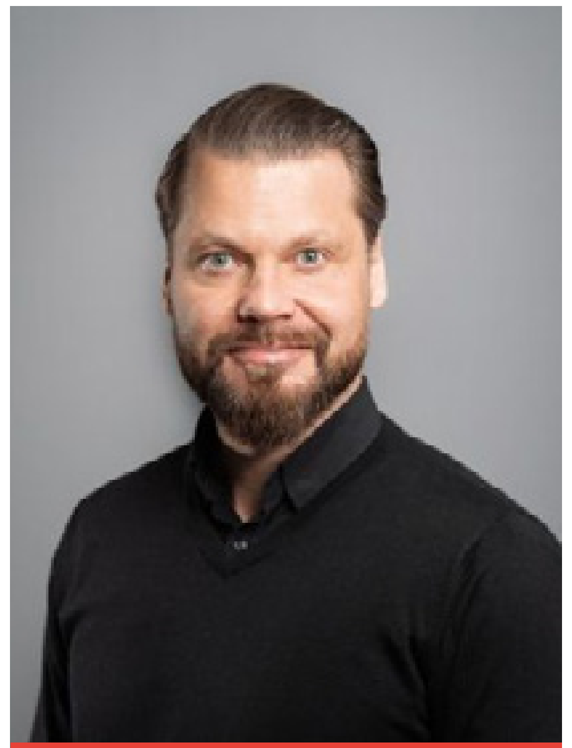
Head of Human Resources
(b. 1967, Finnish citizen)

Has been a member of the company’s Management Team since 2020.

Previously, Ms. Kulmala has acted as the HR Director at SOK, Suomen Lähikauppa Oy, Kesko Oyj, Valio and Silmäasema Oyj.

Kulmala holds a Master’s degree in Agricultural Economics from the University of Helsinki.

Shares in Puuilo on 31 January 2025:
60,077



MARKUS KAATRANEN

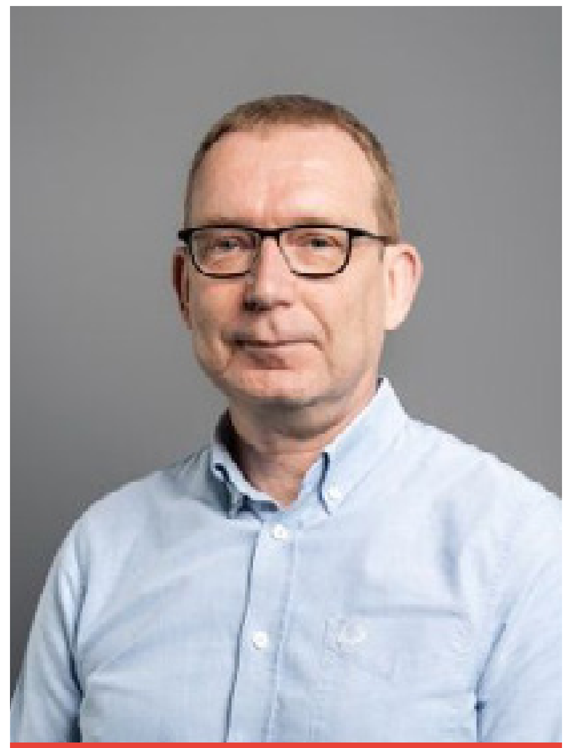
Myyntijohtaja
(s. 1977, Suomen kansalainen)

Has been a member of the company’s Management Team since 2022.

Joined Puuilo from Kotipizza Oyj, where he served as Sales Director from 2016 to 2022. Kaatranen has previously, for example, worked for LIDL Finland for about eight years. He holds expertise in chain operations and experience from retail sales management roles.

Kaatranen holds a Bachelor’s degree in Business Administration.

Shares in Puuilo on 31 January 2025:
13,985



JUHA PARVIAINEN

Tietohallintojohtaja
(s. 1968, Suomen kansalainen)

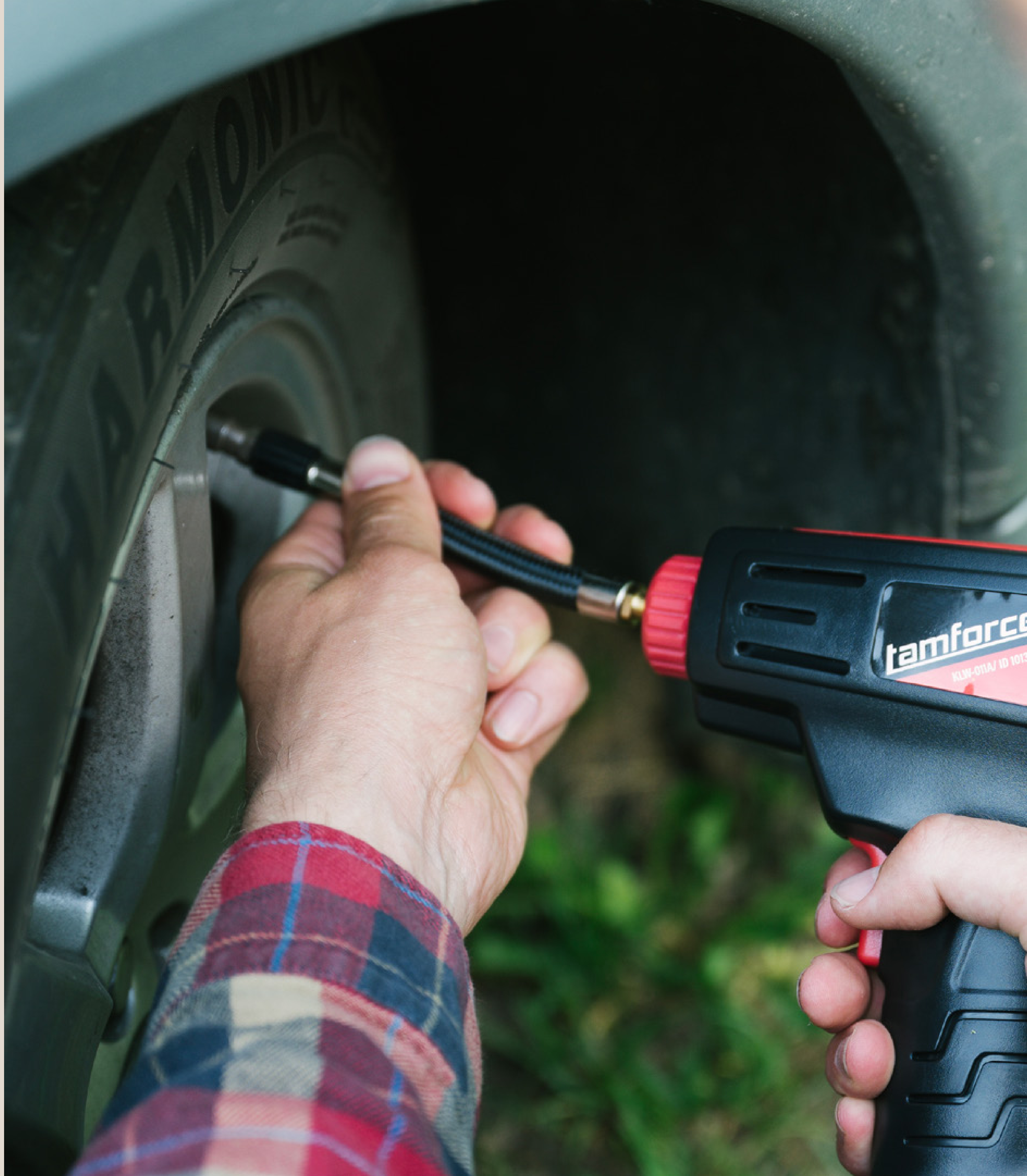
Has been a member of the company’s Management Team since 2020.

He has previously acted as an IT Director at EAB Group Oyj, IT Director at the building and technical trade division of Kesko Oyj, Chief Information Officer at Anttila Oy and K-Citymarket Oy, and as IT Manager at Altia Oyj.

Parviainen holds a BBA degree in Information Technology from the Helia University of Applied Sciences.

Shares in Puuilo on 31 January 2025:
18,679

RENUMERATION REPORT



I INTRODUCTION

Puuilo Plc's (hereinafter referred to as "Puuilo" or "the company") corporate governance complies with the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code for Finnish listed companies published by Securities Market Association in 2025.

Puuilo's Remuneration Report for 2024 complies with the Remuneration Policy published on 17 May 2022. The Remuneration Policy was approved by the Annual General Meeting held on 17 May 2022. It is available on Puuilo's investor website at https://www.investors.puuilo.fi/en/.

The Remuneration Policy is presented to the shareholders every four years and whenever there is a need for significant amendments. The Audit Committee regularly reviews the Remuneration Policy to ensure its compliance with Puuilo's strategic goals and long-term financial targets before its presentation at the 2026 Annual General Meeting.

This remuneration report covers Puuilo's financial period 1 February 2024 – 31 January 2025 ("the 2024 financial period"). This remuneration report has been reviewed by The Audit Committee and approved by the Board of Directors. An external auditor has ensured that the report contains the information required and that it is consistent with the financial statements. The remuneration report will be reviewed at the Annual General Meeting 2025. The remuneration report provides information on the remuneration paid to the Board of Directors and the CEO. The remuneration and other financial benefits have been reported on an accrual basis. The company will publish the remuneration report on its investor website.

The objective of remuneration at Puuilo is to promote the company's competitiveness and to support strategy implementation. In addition, remuneration aims to commit key employees and the entire personnel to the company in the long term in order to achieve the shared objectives and to create value for the shareholders. The Annual General Meeting decides on the remuneration of the Board of Directors. The Board decides on the terms and conditions of the employment of the CEO, in a written agreement. The Board also decides on the terms and conditions of the long-term incentive programs (Performance matching share plans), which the CEO is entitled to participate in.

II DEVELOPMENT OF PUUILO'S REMUNERATION AND FINANCIAL PERFORMANCE

The table below presents the remuneration development of the Board and the CEO compared to the development of the average remuneration of Puuilo's employees and Puuilo's financial development during the last five years.

Puuilo's business has grown significantly over the past five years. Prior to the stock exchange listing in June 2021, only the Chair of the Board was paid a fee for working on the board and the Board did not have any committees.

Remuneration	1 Feb. 2024 - 31 Jan. 2025	1 Feb. 2023 - 31 Jan. 2024	1 Feb. 2022 - 31 Jan. 2023	1 Feb. 2021 - 31 Jan. 2022	1 Feb. 2020 - 31 Jan. 2021
Chair of the Board	60,000	60,000	60,000	47,500	30,000
Other members of the Board (average)	32,000	32,000	32,000	20,417	-
CEO	195,540	182,940	182,940	171,000	137,280
Average Puuilo employee**	37,886	37,158	34,562	32,754	32,082

Development of financial performance (EUR million)					
Net sales	383.4	338.4	296.4	270.1	238.7
Adj. EBITA	67.0	54.1	48.8	48.4	43.2
Adj. EBITA margin (%)	17,5 %	16,0 %	16,5 %	17,9 %	18,1 %
EBIT	65.1	52.8	47.0	44.5	41.5
EBITA margin (%)	17,0 %	15,6 %	15,9 %	16,5 %	17,4 %

The figures are reported on a cash basis and do not include social or pension costs.

*) Puuilo Group personnel expenses divided by the number of full-time employees at the end of the reporting period

III REMUNERATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

The Annual General Meeting held on 15 May 2024 confirmed the following annual fees for the members of the Board of Directors:

	EUR
Chair of the Board	60,000
Other members of the Board	30,000

The remuneration of the Board of Directors is monetary. The Board of Directors' remuneration is based on an annual fee, and the members are not paid separate meeting fees in addition to this. Travel expenses incurred by the Board meetings are reimbursed in accordance with the company's travel expense policy. Pension payments are not included in the remuneration of the Board of Directors. Members of the Board of Directors are not included in Puuilo's long-term incentive programs.

The Annual General Meeting held on 15 May 2024 confirmed the following annual fees for the members of the Audit Committee:

	EUR
Chair of the Audit Committee	5,000
Other members of the Audit Committee	2,500

Fees paid to the members of the Board 1 February 2024 – 31 January 2025 (EUR)

Name	Position	Board annual fee	Audit Committee fee	Total
Lasse Aho	Chair	60,000		60,000
Bent Holm	Member of the Board	30,000		30,000
Jens Joller	Member of the Board, member of the Audit Committee (from 15 May 2024)	20,000	1,667	21,667
Mammu Kaario	Member of the Board, Chair of the Audit Committee	30,000	5,000	35,000
Rasmus Molander	Member of the Board, member of the Audit Committee (until 15 May 2024)	10,000	833	10,833
Anne-Mari Paapio	Member of the board (from 15 May 2024)	20,000		20,000
Tuomas Piirtola	Member of the Board, member of the Audit Committee	30,000	1,667	31,667
Markku Tuomaala	Member of the Board, member of the Audit Committee (until 15 May 2024)	10,000	833	10,833
Total		**210,000**	**10,000**	**220,000**

IV REMUNERATION OF CEO

The salary of the CEO consists of a fixed monthly salary and customary fringe benefits. The CEO is entitled to participate in the company's long-term incentive plan, the CEO does not have a short-term incentive plan. The company's CEO is entitled to a statutory pension benefit. The company does not have in place any additional pensions or collateral arrangements. The retirement age of the company's CEO is determined in accordance with the legislation in effect.

In the financial period 1 February 2024 – 31 January 2025 the total remuneration including fixed monthly salary and fringe benefits paid to the CEO was EUR 195,540. The CEO was not paid any performance bonus, additional pensions or other additional benefits.

Each Performance Matching Share Plan covers has one performance period, spanning three financial years. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The achievement of the targets set for the performance criteria will determine the proportion out of the maximum reward that will be paid as reward to participants. The prerequisite for participation in the plan and receiving reward on the basis of the plan is that a participant personally has acquired Puuilo shares up to the number determined by the Board of Directors. Furthermore, payment of reward is based on the participant´s valid employment or service upon reward payment.

Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash after the end of the performance period of each plan. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant´s employment or service terminates before the reward payment. The CEO is obliged to keep the shares paid as a reward for twelve months after the reward payment.

Long-term incentive plans effective in the financial year 2024

	PSP 2022-2024	PSP 2023-2025	PSP 2024-2026
Performance period	Financial years 2022 – 2024	Financial years 2023 – 2025	Financial years 2024 – 2026
Grant date	3 June 2022	12 May 2023	10 May 2024
Grant date share price (EUR)	5.34	7.29	10.70
Performance criteria	Total Shareholder Return of the Puuilo share (TSR) and Adjusted EBITA	Total Shareholder Return of the Puuilo share (TSR) and Adjusted EBITA	Total Shareholder Return of the Puuilo share (TSR) and Adjusted EBITA
Criteria outcome (out of maximum level)	To be confirmed after the end of financial year 2024	To be confirmed after the end of financial year 2025	To be confirmed after the end of financial year 2026
Maximum number of share awards to be granted (pcs)*	15.474	7.605	2.919
Number of shares received	-	-	-
Payment in cash (EUR)	-	-	-
Payment date	By the end of May 2025	By the end of May 2026	By the end of May 2027
Share price on payment date, EUR	-	-	-
Commitment period end date	By the end of May 2025	By the end of May 2026	By the end of May 2027

* Gross number of shares netted with the applicable withholding tax. The net amount will be paid in shares.

Puuilo Oyj
Pakkalankuja 6
01510 Vantaa

www.puuilo.fi

PUUILO