

## Steady performance - business as usual

### Highlights Q1/2024

- Net sales increased by 16.1% (+10.3%) and were EUR 75.4 million (65.0)
- Like-for-like store net sales increased by 4.8% (+4.9%)
- Online store net sales decreased by 6.6% (-18.8%)
- Gross profit was EUR 27.6 million (23.7) and gross margin was 36.6% (36.5%)
- Adjusted EBITA was EUR 8.3 million (7.3), which corresponds to an adjusted EBITA margin of 11.0% (11.2%)
- EBIT was EUR 7.6 million (7.0) which corresponds to 10.1% of net sales (10.8%)
- Operating free cash flow was EUR 2.3 million (10.3)
- Earnings per share were EUR 0.06 (0.06)
- Two new stores were opened during the first quarter (one new store)

Figures are in millions of euros unless otherwise stated and have been rounded. Hence the sum of individual figures may differ from the total shown. Puulo's financial year starts on 1 February and ends on 31 January the following year. The figures in parentheses refer to the comparison period the previous year, unless otherwise stated. The information in this report is unaudited.

### For further information, please contact:

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### Conference call in English and webcast in Finnish

The report will be presented for analysts, investors, and the media on the publication date in English at 10:00 am EET (9:00 am CET) and in Finnish at 11.30 am EET (10:30 am CET).

The conference call in English can be followed live at <https://puulo.videosync.fi/2024-q1-results>. Asking questions requires participation in the conference call. You can access the teleconference by registering on the link <http://palvelu.flik.fi/teleconference/?id=10012284>. After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask questions, please, dial \*5 on your telephone keypad to enter the queue.

The webcast in Finnish will begin at 11.30 am EET at <https://puulo.videosync.fi/q1-2024>.

Recordings of both events will be available later the same day at Puulo's Investors website at [https://www.investors.puulo.fi/en/investors/reports\\_and\\_presentations](https://www.investors.puulo.fi/en/investors/reports_and_presentations).

## Key figures

EUR million	Q1/2024	Q1/2023	2023
Net sales	75.4	65.0	338.4
Net sales development (%)	16.1%	10.3%	14.2%
Like-for-like store net sales development (%)	4.8%	4.9%	5.2%
Online store net sales development (%)	-6.6%	-18.8%	-11.2%
Gross profit	27.6	23.7	123.9
Gross margin (%)	36.6%	36.5%	36.6%
Adjusted EBITA*	8.3	7.3	54.1
Adjusted EBITA* margin (%)	11.0%	11.2%	16.0%
EBITA*	8.3	7.3	54.1
EBITA* margin (%)	11.0%	11.2%	16.0%
EBIT	7.6	7.0	52.8
EBIT margin (%)	10.1%	10.8%	15.6%
Net income	5.0	4.8	38.7
EPS (EUR)	0.06	0.06	0.46
Operating free cash flow	2.3	10.3	54.8
Net debt / adjusted EBITDA	1.5	1.5	1.5
Net debt / adjusted EBITDA excl. IFRS 16 impact	0.5	0.6	0.5
Number of stores (end of period)	44	38	42
Number of personnel converted into full-time employees (FTE)	847	686	791

Puulo's financial year starts on 1 February and ends on 31 January the following year.

\* Operating profit before the amortisation and impairment of intangible rights

## Outlook for the financial year 2024

Puulo repeats the outlook for the financial year 2024 given in its financial statements release on 27 March 2024.

The company forecasts that net sales will be EUR 380 – 410 million and the adjusted operating profit (adjusted EBITA) in euros will be EUR 60 – 70 million in the financial year 2024.

The forecast includes elements of uncertainty arising from change in purchase power and customer behaviour driven by inflation and interest rate levels. In addition, strikes in Finland, geopolitical crises and tensions may have an impact on the availability and price level of goods.

## Puulo's long-term targets

Puulo published its updated long-term targets in April 2024.

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

## CEO Juha Saarela's review

The new financial year began with a steady performance – despite the turbulence in the operating environment. The first quarter's net sales grew strongly, reaching an increase of 16.1% and a like-for-like growth of 4.8%. During Q1, the operating environment was affected by political strikes and the variable weather conditions in April, which we estimate had a slight negative impact on the Puuilo's performance. When looking the sales development each month, company's like-for-like net sales growth was strong in February – March but slowed down towards the end of April. The gross margin was slightly better compared to the comparison period and was 36.6%. Puuilo's adjusted EBITA was EUR 8.3 million (11.0% of net sales). Adjusted EBITA increased exactly one million euros compared to previous year. We consider the first quarter's performance to be consistently good.

Operating expenses excluding personnel expenses in relation to net sales decreased. The relative share of personnel expenses continued to increase primarily due to the quick openings of three new stores. We opened a new store in Nokia in February and another in Ylöjärvi in March. Additionally, the store opened in Forssa at the beginning of May, which falls in Q2, already impacted the expenses in the first quarter. All these previously mentioned stores are former Hurrikaani stores, and their start-up has been quite quick.

Customers continue to be cautious. The share of products priced over 200 euros in the sales mix has continued to decrease compared to previous year, while products at a lower price point are selling well. Puuilo's number of customers increased by 18.7% overall and 6.6 % in comparable terms, but the previously mentioned change in sales mix lowered the basket size compared to previous year. The core of Puuilo's product range consists specially of defensive products at a lower price point, so we do not see this development as a particular challenge for us. Products at lower price point generally have better margins.

Puuilo continues its growth according to the strategy. The total number of new stores to be opened this financial year will be at least six. In Q1, we opened stores in Nokia and Ylöjärvi followed by Forssa in the beginning of May. During the rest of the financial year, we will open stores in Tampere Lahdesjärvi, Oulu Karjasilta and Äänekoski. Kirkkonummi's opening date will be in the beginning of 2025. If we will be able to open the store in January opening can be made in time for January, it will be the seventh opening of the financial year. The growth continues!

During the remaining period of the financial year, we will continue to invest in the previously mentioned efficiency improvements. We are working hard, especially on normalizing personnel expenses and utilizing automation solutions. As an example, I could highlight the implementation of a new scheduling system for work shifts and the status of the rollout of the automated ordering system (Relex) – already half of the store orders are processed automatically through this system, and development continues.

The spring and summer season have started well and have been in line with our expectations. We believe that the same positive trend will continue in the near future. We repeat the outlook for the financial year 2024 and estimate net sales to be between EUR 380 – 410 million and adjusted EBITA to be between EUR 60 – 70 million for the financial year 2024.

I wish a happy Midsummer and summer to all our shareholders, customers, and personnel!

## Significant events of the reporting 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 matching reward and performance-based matching reward. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA. The maximum amount of to be paid is 738,000 Puuilo Plc shares, including the proportion to be paid in cash. The final number of shares will depend on the participants' personal share acquisitions and the achievement of the targets set for the performance criteria. (Stock exchange release 16 April 2024)

### 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)

## Significant events after the end of the reporting period

Puuilo has not had any significant events after the reporting period.

## 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

In the financial year 2024, our plan is to open 6 – 7 new stores. In Q1 2024, Puuilo has opened two new stores: Nokia and Ylöjärvi. Both stores were part of the Hurrikaani deal and they were converted into Puuilo stores before opening. In the beginning of May (Q2) the third and the last store acquired from Hurrikaani was opened in Forssa. A new store in Tampere Lahdesjärvi will be opened in June and during the second half of the financial year, we will open at least two new stores: one in Oulu Karjasilta and one in Äänekoski. In addition, we have announced to open a new store in Kirkkonummi in early 2025 and in Lohja during the first half of the financial year 2025. According to the definition by Puuilo, a store is considered new during the year of opening and the following financial year. Relocated stores are considered like-for-like stores.

On 30 April 2024, Puuilo had a total of 44 stores (38 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

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

### Financial year

Puulo's financial year starts on 1 February and ends on 31 January the following year. The figures in parentheses refer to the comparison period the previous year, unless otherwise stated.

### Q1/2024

In February – April, Puulo's net sales increased by 16.1% (+10.3%) to EUR 75.4 million (65.0). Net sales of Puulo's stores were EUR 73.7 million (63.1) and net sales of the online store were EUR 1.7 million (1.8), which corresponded to 2.3% (2.8%) of net sales. Like-for-like store net sales increased by 4.8% (+4.9%). Online store net sales decreased by 6.6% (-18.8%).

The development of net sales was positively impacted by the increase in net sales of both new and the like-for-like stores. The number of customers continued to increase also in like-for-like stores.

Puulo's gross profit for the reporting period was EUR 27.6 million (23.7) and the gross margin was 36.6% (36.5%). Gross margin was impacted by the decrease of costs of logistics and a change in sales mix.

Operating expenses were EUR 15.3 million (13.2), which corresponds to 20.4% of net sales (20.3%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 9.4 million (7.9), which corresponds to 12.5% (12.2%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA as well as EBITA was EUR 8.3 million (7.3), which corresponds to 11.0% (11.2%) of net sales. There were no items affecting comparability.

Operating profit was EUR 7.6 million (7.0), which corresponds to an EBIT margin of 10.1% (10.8%).

Net financial expenses were EUR -1.3 million (-1.0). Net financial expenses excluding the effect of IFRS 16 were EUR -0.6 million (-0.6).

Profit before taxes was EUR 6.3 million (6.0). Total income taxes were EUR 1.3 million (1.2). The net result was EUR 5.0 million (4.8) and earnings per share were EUR 0.06 (0.06).

## Balance sheet, financing, and cash flow

At the end of the reporting period, Puulo's inventories were EUR 106.4 million (95.1). The increase of the inventory level was driven by inventories of seven new stores and increase of imported private label products.

Operating free cash flow was EUR 2.3 million (10.3). The operating free cash flow was supported by a good operating profit and was positive despite the negative change in net working capital. The change in net working capital was negatively impacted by the increase of inventories and acquisition of Hurrikaani store chain.

At the end of the reporting period cash and cash equivalents were EUR 21.5 million (37.6) and the company's financial position is stable.

At the end of the reporting period, Puuilo's interest-bearing liabilities totalled EUR 125.9 million (128.7), of which non-current financial loans amounted to EUR 50.0 million (69.9). Since the group's financial position is at an excellent level, Puuilo made an additional loan prepayment of EUR 20.0 million during the third quarter of financial year 2023. At the end of the period, the Group did not have current financial loans (-). Other interest-bearing liabilities consisted of lease liabilities reported in accordance with IFRS 16. At the end of the reporting period, the ratio of net debt to adjusted EBITDA was 1.5 (1.5), which is in line with the long-term target. Net debt to adjusted EBITDA excluding IFRS 16 impact was 0.5 (0.6). The net of financial loans and cash and cash equivalents was approximately EUR 28.4 million (32.3).

## **Investments**

Puuilo's investments were EUR 3.1 million (0.8). 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.

## **Personnel**

The number of full-time employees was 847 (686).

## **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 reporting period, 30 April 2024, the closing price of the share was EUR 10.22. The share turnover during the reporting period was EUR 81 million and 8,656,114 shares. The highest intra-day share price during the reporting period was EUR 10.28 and the lowest intra-day price was EUR 8.50. At the end of the reporting period, the market value of the shares was EUR 861 million.

At the end of the reporting period, Puuilo had 34,601 registered shareholders.

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 company's website at [https://www.investors.puuilo.fi/en/investors/share\\_information/shareholders](https://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](https://www.investors.puuilo.fi/en/investors/share_information/management_shareholding).

### **Flagging notifications**

During the review period, 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 which Evli Rahastoyhtiöt Ltd's (100% owned by Evli Plc) direct holdings in shares and votes of the Company fell below the flagging threshold of 5 percent and was 4.94% after the transaction.

## **Managers' share transactions**

Puulo's managers' transactions after the listing have been published as stock exchange releases and are available on the company's website at <https://investors.puulo.fi/en/releases>.

## **Principles and key themes of sustainability**

Conducting business in a sustainable and responsible manner is an integral part of Puulo's operations, overall quality of operations and our company's values. The company recognises sustainability as a theme that not only affects the entire chain of operations, but also creates value for the business as a whole. This requires targeted measures at all levels of the company.

Customers, personnel, shareholders, authorities, investors and the media were identified as the most relevant stakeholders for sustainability work. All activities aim to serve stakeholders to the highest possible standard, while taking into account sustainability considerations. The objectives for our sustainability work are based on a materiality analysis conducted with our most important stakeholders. The key sustainability issues are grouped into three priority areas: Responsible retailer, A good place to work and Sustainable consumption. Being a responsible retailer covers both our own personnel and the supply chain. A good place to work means that Puulo as an employer aims to be a good workplace for our personnel, to which they want to commit to. In addition, we aim to build a responsible work atmosphere and attitude environment that the personnel can relate to and thus be involved in building a shared responsible workplace. Promoting sustainable consumption means concrete savings and measures in our own operations in order to improve the environment but also cost efficiency.

Puulo has published a report on non-financial information as part of the Report by the Board of Directors. The Report by the Board of Directors and a separate Sustainability Report have been published as part of the annual reporting 2023. Both reports are available at Puulo's investor website [https://www.investors.puulo.fi/en/investors/reports\\_and\\_presentations](https://www.investors.puulo.fi/en/investors/reports_and_presentations).

Puulo has started preparing for CSRD reporting. We have performed a double materiality analysis and gap-analysis, based on which we have begun to build a new sustainability matrix. The first CSRD report will be published in Spring 2025.

## **Risks and business uncertainties**

Risks and uncertainties related to Puulo's operating environment, markets, business, strategy implementation, financing and financial position are described in detail in the Report by the Board of Directors 2023. The most significant business risks and uncertainties are related to the change in purchase power and customer behaviour driven by inflation and interest rate levels. In addition, strikes in Finland, geopolitical crises and tensions may have an impact on the availability and price level of goods.

The general principles of Puulo's risk management are described on the investor website at [https://www.investors.puulo.fi/en/investors/corporate\\_governance/risk\\_management](https://www.investors.puulo.fi/en/investors/corporate_governance/risk_management).

## **Resolutions of the Annual General Meeting**

The Annual General Meeting of Puulo Plc held on 15 May 2024 adopted the company's financial statements for the 2023. The Annual General Meeting resolved to distribute a dividend of EUR 0.38 per share on shares held outside the company. The dividend will be 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. The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release on 15 May 2024.

### **Next financial reports**

Puilo's financial year starts on 1 February and ends on 31 January the following year. The company publishes Business reviews for the first and third quarter, a Half-year financial report and a financial statements release.

Half-year financial report February – July 2024	on 12 September 2024
Business review Q3 February – October 2024	on 11 December 2024

All financial reports are published in English and in Finnish and are available at:  
[https://www.investors.puilo.fi/en/investors/reports\\_and\\_presentations.](https://www.investors.puilo.fi/en/investors/reports_and_presentations)

11 June 2024  
Puilo Plc  
Board of Directors

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## Financial information of the Financial Statements Release

### Calculation of certain alternative performance measures and other key figures

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

Like-for-like store net sales development is used to reflect the changes in Puulo'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 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.

<b>Key figure</b>	<b>Definition</b>
<b>Like-for-like store net sales development (%)</b>	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 like-for-like stores.
<b>Online net sales development (%)</b>	Change in online store net sales for the period divided by online store net sales for the previous period
<b>Gross profit</b>	Net sales – materials and services
<b>Gross margin (%)</b>	Gross profit as percentage of net sales
<b>EBITA</b>	Operating profit before amortisation and impairment of intangible rights
<b>EBITA margin (%)</b>	EBITA as percentage of net sales
<b>Adjusted EBITA</b>	EBITA adjusted with items affecting comparability
<b>Adjusted EBITA margin (%)</b>	Adjusted EBITA as percentage of net sales
<b>EBIT (operating profit)</b>	Profit before income taxes and finance income and finance costs (operating profit)
<b>EBIT margin (%)</b>	EBIT as percentage of net sales

<b>Earnings per share (basic) (EUR)</b>	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.
<b>Earnings per share (diluted) (EUR)</b>	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.
<b>EBITDA</b>	Operating profit before depreciation, amortisation, and impairment
<b>Adjusted EBITDA</b>	EBITDA before items affecting comparability
<b>Operating free cash flow</b>	Adjusted EBITDA – depreciation of right-of-use assets – change in net working capital in cash flow statement – net capital expenditure
<b>Net debt / Adjusted EBITDA</b>	Interest-bearing liabilities (loans from financial institutions + lease liabilities) – cash and cash equivalents divided by annualised adjusted EBITDA
<b>Net debt / Adjusted EBITDA excl. IFRS 16 impact</b>	Interest-bearing liabilities excluding IFRS 16 lease liabilities – cash and cash equivalents divided by annualised adjusted EBITDA – lease expenses