PUUILO PLC

Report by the Board of Directors and Financial Statements

31 January 2024

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Report by the Board of Directors

Puuilo's business operations

Puuilo is a Finnish discount retail chain. The strongly growing chain had 42 stores in different parts of Finland at the end of the financial period that ended on 31 January 2024. 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, five new stores were opened: Vantaa Porttipuisto, Vihti Nummela, Kerava, Helsinki Konala and Vantaa Varisto.

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. Puuilo Invest II Ltd, wholly owned by Puuilo Plc, was merged to its parent in the 2023 financial period. There were no other changes in the Group structure in the 2023 financial period.

Outlook for the financial year 2024

Puuilo 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, political strikes in Finland, geopolitical crises and tensions may have an impact on the availability and price level of goods.

Puuilo's long-term targets

There have been no changes in Puuilo's long-term financial targets or growth expectations, announced in connection with the listing.

Puuilo's long-term targets for the financial years 2021–2025:

- Growth: Net sales above EUR 400 million by the end of financial year 2025 with annual organic growth in excess of 10%.
- Profitability: Adjusted EBITA margin between 17–19% of net sales.
- Dividend policy: Puuilo aims to distribute at least 80% of the net income in dividends for each financial year, depending on the company's capital structure, financial position, general economic and business conditions, and future prospects.
- Leverage: Net debt to adjusted EBITDA below 2.0x.

Puuilo will achieve the long-term net sales target clearly before the end of the strategy period. Updated strategy will be published at Investor Day on 23 April 2024.

Significant events

Performance matching share plan for key employees

On 14 April 2023 the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. 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 Performance Matching Share Plan includes one performance period, spanning financial years 2023 – 2025. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The target group of the plan consists of a maximum of 80 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 678,000 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.

Repurchase of own shares

On 14 June 2023, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 16 May 2023 to repurchase the company's own shares. The repurchases started on 15 June 2023 and ended on 27 June 2023. During this period, Puuilo repurchased 240,000 shares for an average price of EUR 7.0885 per share, corresponding to approximately 0.28% of the total number of the company's shares, which is 84,776,953.

The repurchased shares are to be used for pay-outs under the share-based incentive plans of Puuilo Plc. The shares were repurchased through public trading on Nasdaq Helsinki at the market price prevailing at the time of repurchase.

Following the repurchases, the company holds a total of 555,000 shares.

Acquisition of Hurricane discount store chain

On 19 September 2023, Puuilo announced to acquire discount retail chain Hurrikaani's Nokia, Ylöjärvi and Forssa stores and gradually convert them into Puuilo stores during the first half of the financial year 2024. In 2022, the net sales of the acquired business totalled approximately EUR 15 million. The purchase price will not be disclosed. Hurrikaani's personnel (appr. 38 employees) will transfer to Puuilo as so-called old employees in the stores belonging to the transaction.

The Nokia store was transferred to Puuilo in January 2024 and Ylöjärvi store in February 2024. Store in Forssa will be transferred to Puuilo during the first quarter of the financial year 2024. The acquisition did not have an impact on Puuilo's net sales or adjusted EBITA for the financial year 2023 and it is not expected to have a significant impact on Puuilo's financial position. The acquisition is estimated to increase Puuilo's growth rate from the financial year 2024 onwards. The acquired three stores are estimated to generate net sales totalling approximately EUR 15–30 million annually starting gradually from 2024 onwards. Correspondingly, the impact on the adjusted EBITA is estimated to be EUR 3–5 million annually and gradually starting from 2024 onwards. The acquisition was approved by the competition authorities in November 2023. The approval was not subject to any conditions (investor news 28.11.2023).

Members of Puuilo's Shareholders' Nomination Board

On 27 November 2023, Puuilo announced that representatives of the three largest shareholders registered in Puuilo Plc's shareholder register as of 2 October 2023, are elected to the Puuilo's Shareholders' Nomination Board along with the Chairman of the Board of Directors, Lasse Aho, as an expert member. Puuilo Plc's Shareholders' Nomination Board is a body of the Company's shareholders responsible for preparing proposals for the election and remuneration of the members and the Chairman of the Board of Directors as well as the remuneration of Board committee members to the Annual General Meeting 2024 and, when necessary, to the Extraordinary General Meeting.

The three largest shareholders have nominated following members to Puuilo's Shareholders Nomination Board: Puuilo Invest Holding AB (Adelis Equity Partners), represented by John-Matias Uuttana, Markku Tuomaala, represented by Toni Kemppinen, Keskinäinen Eläkevakuutusyhtiö Ilmarinen, represented by Esko Torsti.

Significant events after the end of the reporting period

Flagging notification

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.

Proposal of the Shareholders' Nomination Board

The Shareholders' Nomination Board of Puuilo Plc proposes that current members of the Board of Directors Lasse Aho, Bent Holm, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Jens Joller and Anne-Mari Paapio be elected as new members to the Board of Directors. Current members of the Board of Directors Rasmus Molander and Markku Tuomaala have notified that they are no longer available to be elected as members of the Board of Directors. The Nomination Board proposes to the Annual General Meeting that Lasse Aho be elected as the Chairman of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors fees are same as the current remuneration fees. (stock exchange release 11 April 2024)

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 growth strategy, the company aims to open at least 3 – 4 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 2023, Puuilo opened five new stores: Vantaa Porttipuisto, Vihti Nummela, Kerava, Helsinki Konala, and Vantaa Varisto. In the financial year 2024, we aim to open at least six new stores. During the first half of the financial year, we will open the stores acquired from Hurrikaani in Nokia (opened in February 2024), Ylöjärvi (opened in March 2024) and Forssa as well as a new store in Tampere Lahdesjärvi. During the second half of the financial year, we will open at least two new stores: one in Oulu, and more information about the other will be announced closer to the store opening. 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 31 January 2024, Puuilo had a total of 42 stores (37 stores) across Finland. The current store network is young, approximately half of the stores have been opened during the last five years. In recent years, Puuilo has opened an average of 3 – 5 new stores a year.

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 2023, Puuilo's net sales increased by 14.2% (+9.7%) to EUR 338.4 million (296.4). Net sales of Puuilo's stores were EUR 329,5 million (286.4) and net sales of the online store were EUR 8.9 million (10.0), which corresponded to 2.6% (3.4%) of net sales. Like-for-like store net sales increased by 5.2 % (+5.5%) in the reporting period. Online store net sales decreased by 11.2% (+3.9%).

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.

Puuilo's gross profit was EUR 123.9 million (107.2) and the gross margin was 36.6% (36.2%). Increase in the gross margin was driven by lower cost of logistics, change in sales mix and growth of private label product sales. Positive development of logistics costs was supported by decrease in sea fright prices as well as lower costs of storage due to improved inventory turnover. In addition, the higher volume of purchases driven by the expansion of the store network has had a positive impact on the terms of purchases. The share of private label products in net sales increased to 20.6% (20.0%).

Operating expenses were EUR 56.3 million (47.0), which corresponds to 16.6% of net sales (15.9%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 35.4 million (29.0), which corresponds to 10.4% (9.8%) of net sales. The increase in personnel costs was mainly due to new stores and increase in general wage and salary level.

Adjusted EBITA was EUR 54.1 million (48.8) and the adjusted EBITA margin was 16.0% (16.5%). EBITA was EUR 54.1 million (48.2) and the EBITA margin was 16.0% (16.2%).

Operating profit was EUR 52.8 million (47.0), which corresponds to an EBIT margin of 15.6% (15.9%).

Net financial expenses were EUR -4.4 million (-3.1). Net financial expenses excluding the effect of IFRS 16 were EUR -2.4 million (-1.7).

Profit before taxes was EUR 48.4 million (43.9). Total income taxes were EUR 9.7 million (8.8). The net result was EUR 38.7 million (35.1) and earnings per share were EUR 0.46 (0.41). Earnings per share excluding the effect of listing expenses were EUR 0.46 (0.42).

Balance sheet, financing and cash flow

At the end of the financial year, Puuilo's inventories were EUR 93.1 million (89.9). Due to the improvement in the inventory turnover the level of the inventories has not changed significantly despite opening of five new stores in the financial year 2023. However, our aim is to further improve inventory turnover.

Operating free cash was EUR 54.8 million (52.7). The operating free cash flow was supported by a good operating profit and a decrease in working capital.

At the end of the reporting period cash and cash equivalents were EUR 21.5 million (28.8) and the company's financial position is stable.

At the end of the financial year, Puuilo's interest-bearing liabilities totalled EUR 122.8 million (123.2), 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 amounted to EUR 20.0 million during the third quarter. At the end of the financial year, 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 financial year, the ratio of net debt to adjusted EBITDA was 1.5 (1.5), which is in line with the long-term target. The net of financial loans and cash and cash equivalents was approximately EUR 28.5 million (41.1).

Investments

Puuilo's investments were EUR 4.7 million (2.6). 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 791 (693). The average number of personnel was 938 (806). Personnel expenses were EUR 35.4 million (29.0).

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, 31 January 2024, the closing price of the share was EUR 8.92. The share turnover during the reporting period was EUR 315 million and 42,045,822 shares. The highest intra-day share price during the reporting period was EUR 9.07 and the lowest intra-day price was EUR 5.82. At the end of the reporting period, the market value of the shares was EUR 751 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 https://www.investors.puuilo.fi/en/share-information and on the management's holdings at https://www.investors.puuilo.fi/en/corporate-governance/management-team.

Shareholders

At the end of the financial year, Puuilo had 36,215 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.

Puuilo has through a flagging notification in January 2024 from Evli Rahastoyhtiöt Ltd's, been informed that the company's direct holdings were 5.29% of Puuilo's shares as of January 31 2024.

Major shareholders on 31 January 2024

	Number of shares	% of shares
1. Tuomaala Markku Kalevi	4,884,238	5.76%
2. Evli Finland Select Fund	2,233,901	2.64 %
3. Evli Finland Small Cap Fund	2,160,000	2.55 %
4. Keskinäinen Eläkevakuutusyhtiö Ilmarinen	1,814,000	2.14 %
5. Keskinäinen Työeläkevakuutusyhtiö Elo	1,663,000	1.96 %
6. Säästöpankki Kotimaa -sijoitusrahasto	1,500,000	1.77 %
7. Danske Invest Finnish Equity Fund	1,393,257	1.64 %
8. Tuomaala Päivi Maria	1,332,521	1.57 %
9. Conficap Oy	888,342	1.05 %
10. Sijoitusrahasto Säästöpankki Pienyhtiöt	843,721	1.00 %
10 largest total	18,712,980	22.07 %
100 largest total	30,435,665	35.90 %
Nominee registered total	40,974,474	48.33 %
Total	**84,776,953**	**100.00%**

Ownership structure on 31 January 2024

	Number of shares	% of shares
Private Individuals	21,927,313	25.86 %
Companies	6,975,933	8.23 %
Pension & Insurance	5,900,715	6.96 %
Fund company	5,127,934	6.05 %
Others	3,149,043	3.71 %
Foundation	721,541	0.85 %
Nominee registered	**40,974,474**	**48.33%**
Total	**84,776,953**	**100.00%**

Breakdown by size of holding on 31 January 2024

Number of shares	Number of shares	% of shares	Number of owners
1-100	832,818	0.98 %	16,373
101-500	3,401,067	4.01 %	13,937
501-1000	2,505,918	2.96 %	3,337
1001-5000	4,433,103	5.23 %	2,217
5001-10000	1,191,954	1.41 %	169
10001-50000	2,338,813	2.76 %	117
50001-100000	1,226,530	1.45 %	16
100001-	27,872,276	32.88 %	40
Nominee registered	**40,974,474**	**48.33** %	**10**
Total	**84,776,953**	**100.00 %**	**36,215**

Management shareholding

On 31 January 2024, Puuilo Plc's Board members and the CEO owned a total of 5,092,926 Puuilo Plc's shares, which corresponds to 6.01% of the company's shares and votes.

On 31 January 2024, the CEO had 200,247 Puuilo Plc's shares, which corresponded to 0.24% of the company's shares and votes. On 31 January 2024, Puuilo Plc's management team incl. CEO owned 703,433 Puuilo Plc's shares, which corresponded to 0.83% 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 20 September 2023, Puuilo received a notification in accordance with the Chapter 9, Sections 6 and 7 of the Finnish Securities Market Act from Ampfield Management L.P. ("Ampfield"). According to the notification, Ampfield's indirect holdings in the Company's shares had increased above the 10% threshold and was 10.11% after the transaction.
- On 11 January 2024, Puuilo received a notification in accordance with Chapter 9, Section 10 of the Finnish Securities Markets Act. According to the notification, Adelis Holding I AB's indirect holdings in shares fell below the flagging threshold of 5%. As a result of the Share Sale, Puuilo Invest Holding AB does no longer own any shares in the Company and Adelis no longer has indirect holding in the Company. Prior to the notification, indirect holdings of Adelis Holding I AB

were 10.40% according to the flagging notification received on 20 September 2023 and 18.66% based on the flagging notification received on 15 February 2023.

- 11 January 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 increased above the 5% threshold and was 5.29%.

Further information on Puuilo's shares and shareholders is available on the investor website at https://www.investors.puuilo.fi/en/share-information and on the management’s holdings at https://www.investors.puuilo.fi/en/corporate-governance/management-team.

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

Changes in purchase power and customer behaviour

Changes in purchase power and consumer behaviour may occur or purchasing power may change due to general economic situation, inflation or rising energy prices or interest rate levels.

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

Geopolitical risks

War in Ukraine and other military conflicts have caused significant uncertainty in Europe and increased tension in security policy. The potential expansion of the conflicts and a radical change in China's superpower policy might lead to significant changes in the supplier environment and effect Puuilo’s supply chains and increase procurement costs. The geopolitical situation and its indirect market effects increase customers’ price awareness.

Puuilo strives to influence consumer behaviour by maintaining a wide range of products, maintaining a favourable price image, and making careful pricing decisions. The risk related to China can be mitigated by monitoring the situation and by increasing the number of procurement countries.

Industrial disputes

Potential industrial disputes, including political strikes, 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.

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.

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.

Slowdown of product assortment development

The development of the company's product assortment lags behind competitors, and new trends are not identified. In addition, the attractiveness of the assortment decreases among customers.

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

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 reputation and customer trust, or, in the worst case, a health hazard to customers.

The company manages the risk primarily through careful supplier selection, which includes reviewing the suppliers' product safety and quality documentation and customer references, among other things. In addition, the company manages product risk by requiring a product safety certificate from an independent test laboratory for higher risk products.

Permanence and availability of personnel

Failure to recruit or retain employees may adversely affect Puuilo.

The company manages the risk by striving to improve the employer image, by paying attention to 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 if necessary.

Failure to find new locations or open new stores

It is Puuilo’s principle to operate in leased premises instead of owning the store premises. Puuilo may face challenges in opening new or relocating stores as well as finding new store lease properties.

Puuilo manages these risks by carefully assessing of the potential of new locations and by actively searching new store sites.

Sustainability risks (ESG risks)

Puuilo’s own import may include deficiencies related to sustainability or supplier selection or supply chain management may not meet the sustainability requirements.

Puuilo manages the risk by demanding a BSCI certificate from suppliers outside the EU and by regularly reviewing existing suppliers. In the selection of new suppliers, quality and responsibility requirements are emphasized and their appropriateness is ensured. In addition, the company makes its own factory and supplier visits and thus evaluates the suppliers' activities in the country of destination.

Increase in general rent level

Inflation and the pressure to increase rents may significantly increase Puuilo's rental costs due to the large number of rental premises.

Puuilo manages the risk by actively monitoring the rental market and scanning suitable store sites. In addition, the company has active negotiations in order to achieve better conditions and thus, prepare for future rent increases already in connection with the lease negotiations.

Failure and quality problems of products imported by Puuilo

Products imported by Puuilo 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.

Inefficient inventory management

Inefficient inventory management may result in loss or loss of income. If Puuilo is unable to manage its inventory in line with the customer demand, excessive inventory levels may increase logistic costs. Insufficient number of seasonal products, in turn, would lead to a loss of net sales and a negative customer experience.

Puuilo manages the risk related to inventory management by actively updating its product range and monitoring inventory turnover, as well as by centralizing warehouse operations and ensuring sufficient capacity in a timely manner.

Puuilo brand and marketing risks

Puuilo's ability to attract customers depends significantly on the strength of its brand, and Puuilo may not be able to maintain or improve its brand image. Puuilo's advertising and marketing measures may not generate enough awareness among customers and increase the number of customers. Media inflation and other changes in the marketing supply chain, as well as rising costs, may have a negative impact on marketing and lower its effectiveness.

Puuilo brand image can be maintained and improved by carrying out consumer and customer surveys, testing concepts in control groups, developing the customer experience, and measuring advertising. In addition, the brand can be strengthened by increasingly effective marketing, as well as by marketing tool development.

The general principles of Puuilo's risk management are also described on the investor website at 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 16 May 2023 in Helsinki, Finland. The Annual General Meeting adopted the Company's annual accounts and the consolidated financial statements for the financial year 1 February 2022 – 31 January 2023, 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 0.34 per share be paid based on the balance sheet adopted for the financial year ended on 31 January 2023. The dividend was decided to be paid in two instalments. The first dividend instalment, EUR 0.17 per share, was decided to be 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 23 May 2023. The payment date for the first dividend instalment was on 30 May 2023. The second dividend instalment, EUR 0.17 per share, was decided to be 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 19 October 2023. The payment date for the second dividend instalment was on 26 October 2023.

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). Rasmus Molander, Mammu Kaario, Markku Tuomaala and Bent Holm were re-elected, and Lasse Aho and Tuomas Piirtola 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 2023 – 31 January 2024. 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 17 May 2022 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 2024.

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 17 May 2022 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 2024.

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 2024, however, no longer than for a period of 18 months from the date of the resolution of the Annual General Meeting.

Amendment of the Articles of Association

It was decided to that The Board of Directors that an amendment be made to the Articles of Association to allow the Board of Directors to decide, at their discretion, to arrange a General Meeting or extraordinary General Meeting as a virtual meeting without a meeting venue in a manner whereby shareholders exercise their full decision-making powers in real time during the General Meeting by using telecommunications and technical means.

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

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

Decisions by the Board of Director's organisation meeting

No changes were made to the composition of the Company's Audit Committee. The Audit Committee consists of Mammu Kaario (Chairman), Rasmus Molander and Markku Tuomaala.

Proposal for profit distribution

The Board of Directors of Puuilo Plc proposes for the Annual General Meeting to be held on 15 May 2024 that a dividend of EUR 0.38 per share be paid for the financial year 1 February 2023 – 31 January 2024 based on the adopted balance sheet on shares held outside the company. 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 0.19 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 22 May 2024. The board proposes that the first dividend instalment payment date be 29 May 2024.

The second instalment, EUR 0.19 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 17 October 2024. The board proposes that the second instalment payment date be 24 October 2024. 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 2024, a total of 84,221,953 shares were held outside the company, and the corresponding total amount of dividends was EUR 32,004,342.14.

The distributable assets of Puuilo Plc total EUR 116,453,046.29 of which profit for the financial year is EUR 44,096,363.66. The proposed dividend corresponds to approximately 83% of Puuilo Group's net income for the financial year.

Annual General Meeting

Puuilo's Annual General Meeting will be held on 15 May 2024.

Statement of non-financial information

Puuilo's operating model

Puuilo operates in the Finnish discount store market, which is part of the total retail market in Finland. The discount store market trends in Finland and other Nordic countries include an increase in the price-awareness.

Our successful store concept has enabled Puuilo to become one of the leading players on the Finnish discount store market. In terms of net sales, Puuilo is one of Finland's largest store chains focusing on consumer goods.

Puuilo's main product categories are 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.

Sustainability principles and material perspectives

Operating in a sustainable and responsible manner is a key aspect of Puuilo's operations, overall quality of what the company does, and its value base. Puuilo is committed to developing its operating instructions and practices to promote sustainability. The company recognises corporate responsibility as a theme the promotion of which throughout the value chain is both an obligation, but also an opportunity for value creation. This requires goal-oriented measures on all levels of the company.

Puuilo's sustainability goals are based on a materiality analysis conducted with key stakeholders. For our sustainability efforts, the most significant stakeholders identified are customers, personnel, shareholders, authorities, financiers, and media. Through our actions, we aim to serve all of them with best possible quality while considering sustainability perspectives. We have categorized our material sustainability topics in three focus areas: “Responsible Retailer”, “Good place to work” and “More sustainable consumption”. “Responsible Retailer” refers to us and especially our supply chain, which is extensive and, therefore, has significant impacts. “Good place to work” means that, as an employer, Puuilo strives to be a workplace that our personnel want to commit. “More sustainable consumption” in Puuilo involves concrete measures to save and streamline operations, considering both environmental and cost aspects.

Sustainability management and responsibility

At Puuilo, the members of the management team are responsible for sustainability work. The CEO is responsible for overall responsibility, as well as economic, environmental, and social responsibility. The Chief Purchasing Officer is responsible for supply chain (product responsibility and logistics), and the Chief Human Resources oversees social responsibility concerning personnel. The timeliness of the materiality matrix and the progress of sustainability work are regularly reviewed in management meetings.

Key commitments and policies

Puuilo requires that its suppliers and partners are committed to promoting sustainability. Puuilo is committed to the ethical operating principles of Amfori BSCI and thus complies with the principles of the UN Global Compact, as well as the OECD Guidelines for Multinational Enterprises. In addition to compliance with laws and statutes, Puuilo requires that its suppliers and partners adopt the same or equivalent approach and encourages them to proactively develop sustainable production and a sustainable product assortment. In addition, Puuilo has a Supplier Code of Conduct, which is included in Finnish cooperation agreements. The guidelines include the basic principles and expectations regarding the suppliers.

Social impacts and respect for human rights

The foundation for Puuilo’s sustainability work is laid by the national and international laws and statutes concerning business activities as well as employer obligations and commitments. The company is committed to compliance with therefore mentioned while also striving to increase the number of voluntary commitments and sustainability measures and to develop the verification of sustainability in supply chains. The company pays special attention to the selection of suppliers and has joined the Amfori Business Social Compliance Initiative (BSCI) as a concrete measure. The objective of the measure is to promote social responsibility in the international supply chain. The BSCI’s system is based on international treaties, such as the human rights principles of the ILO, UN, and OECD. The BSCI has a diverse impact on the development of responsible working conditions in supply chains by means of information, training, advocacy, and audits. Approximately 56% (44%) of the non-EU suppliers in 2023, were committed to BCSI or equivalent principles. Our objective is 80% by the end of the financial year 2025. Approximately 70% (70%) of Puuilo’s purchases were made from the suppliers, who have committed to BSCI or similar standards.

Puuilo is committed to sustainable procurement. The basic principles and expectations for suppliers can be found in the Supplier Code of Conduct available on our website puuilo.fi. The commitment has been included in all Finnish supplier’s cooperation agreements made or renewed since spring 2021. At the end of the 2023 financial period, 76% of Puuilo’s active Finnish suppliers, whose annual purchases exceed EUR 50 thousand (82% in the fiscal year 2022 for suppliers with purchases exceeding 100 thousand euros), were covered by the commitment. The share of these suppliers corresponded to approximately 67% of the domestic purchases. The Supplier Code of Conduct has also been included in foreign supplier's cooperation agreements.

Personnel and occupational safety

The number of personnel continues to grow as a result of the expansion of the chain and in the financial year 2023, Puuilo opened five new stores. At the end of the financial year 2023, the number of personnel converted into full-time employees (FTE) was 791 (693). Puuilo supports its personnel in learning and career advancement, provides safe working conditions and fair employment terms and conditions and treats everyone equally. The company promotes personnel retention. Approximately 74 % (78 %) of Puuilo's employment relationships are full-time, and the company aims to maintain this level in future as well. Puuilo works systematically to ensure personnel well-being and conducts an annual personnel satisfaction survey to measure its performance. The results of the survey carried out at the end of 2023 were above the average for the trade sector. Puuilo pays all employees' salaries at least in accordance with the collective labour agreement, the employees have the right to belong to a union, and employee representatives have been elected per each personnel group.

Employees are provided with occupational health services with medical care coverage. A functioning model of cooperation is in place with the occupational health service: shared objectives and monitoring their realisation are used to prevent risks.

All Puuilo employees take the annual occupational safety training, which is also incorporated in the orientation of new employees. Puuilo closely monitors the realisation of occupational safety through the occupational safety committee, which supports the supervisors by actively promoting matters concerning safety in the daily activities. We measure accident frequency in a systematic manner. Personnel reports hazardous situations and near miss situations through an internal reporting system, and the relevant supervisor reviews the reported cases. The occupational safety committee monitors the number of reports and the measures taken. The system also provides information on the assessments of hazards and risks and includes an action plan for occupational safety and health.

Puuilo has an equality, non-discrimination and personnel development plan that sets framework to our work. Puuilo's objective is to be a successful company whose employees have equal opportunities to perform well and develop in their jobs. The goal is to be a work community where employees treat each other equally and do not discriminate. The company has operating models in place for addressing bullying, harassment, and unprofessional treatment. Discrimination on the basis of a person's gender, age, origin, nationality, language, religion, belief, opinion, political activity, union activity, family relationships, health, disability, sexual orientation or other personal characteristic is not permitted.

Environmental perspectives

Puuilo wants to operate in a resource-wise manner and ensure that the environment is clean and life-sustaining in the future as well. The company pays special attention to the recycling rate in waste generation as well as the monitoring and management of its carbon footprint. Puuilo succeeded in reducing the amount of mixed waste by increasing the sorting of plastic and the energy waste. The measurement of waste generation enables store managers to monitor waste generation on the level of a specific store and the entire chain. Personnel received training in more effective sorting, and waste management equipment was renewed and increased.

Puuilo's waste management operations are carbon neutral. The carbon dioxide emissions generated were compensated by planting forests and thus creating permanent carbon sinks. Puuilo also strived to improve the reuse of the waste it generates. In the financial year 2023, the waste generation totalled 1,401 tonnes (1,156 tonnes) and the recycling rate was 67% (69%). The goal is to increase the recycling rate to at least 73% by the end of 2025 and to annually slow down the increase in the total amount of waste and in the carbon footprint.

The electricity we purchase ourselves comes 100% from carbon-neutral sources of energy. We take the responsibility for the electricity procurement whenever it is possible in order to be able to measure and to promote sustainable energy consumption. In the financial year 2023, the comparable electricity consumption decreased by 78,852 kWh (81,653 kWh), or approximately by 2% compared to previous year (-2% in FY2022). Decrease in electricity consumption have been achieved by switching to LED lights in several stores and by optimising the consumption of energy. More than half of Puuilo's stores are no more than five years old, which is why their building engineering solutions are by default modern and energy efficient.

Puuilo aims to decrease the greenhouse gas emissions in comparable terms of the transport it has control over by working in close cooperation with its main logistics partners. In the financial year 2023, the measurable greenhouse gas emissions (Puuilo's own transportation agreements) generated in transport were 1,955 tonnes (1,639 tonnes). The growth in emissions resulted from a substantial increase in orders to the comparison period. We note that during the comparison period, the number of orders placed was exceptionally low due to high inventory levels. We cooperate with a well-known international operator in transport. In 2024, we will continue to assess the climate impacts of transport and develop measurability together with our logistics partner.

Prevention of corruption and bribery

Puuilo has zero tolerance for any kind of corruption and bribery. Puuilo is committed to combating corruption and operating ethically and requires the same from its partners. Anti-corruption activities are also included in the Supplier Code of Conduct. Puuilo bears its responsibility by investigating each situation and taking corrective measures in cooperation with the other members of the chain. The company has prepared Puuilo's Internal Ethical Guidelines, which all employees are required to read annually.

A whistleblowing channel, open to everyone, is available on Puuilo's website. Anyone can use the channel to anonymously report a violation of Supplier Code of Conduct, such as corruption or other unethical behaviour, or suspicions thereof to Puuilo's management. A team established by the management will review the reports, take corrective measures, and communicate their decision to the person who reported the issue. There haven't been reported cases of discrimination or suspected misconduct.

Puuilo has initiated preparations for compliance with the new Corporate Sustainability Reporting Directive (CSRD) during the financial year 2023. Information in accordance with ESRS standards will be disclosed within the financial statements for the financial year 2024 in spring 2025.

EU taxonomy

Puuilo reports information on the EU's 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 designed to channel capital flows towards sustainable investments and help achieve a climate-neutral European Union by 2050. At this stage, the classification system covers only those economic activities that have the greatest need and potential to significantly influence climate change mitigation and adaptation. Economic activities specific to the distributive trades sector are currently not explicitly mentioned in the taxonomy. Company's business consists of retail sales. The company has reviewed its operations to identify activities in its business that would be eligible and aligned with taxonomy.

Most of Puuilo's business is not covered by the taxonomy. Puuilo has not identified taxonomy aligned revenue, capital expenditures, or operating expenses in 2023. The company has taxonomy eligible Capex related to the renovation of stores and the installation of LED lights. These capital expenditures are reported in separate tables as defined in the regulation. The required performance indicators for revenue, capital expenditures (CapEx), and operating expenses (OpEx) under the taxonomy regulation are reported in separate tables as defined in the regulation.

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	Turnover	Proportion of turnover, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned or eligible turnover, year 2022	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*
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned)																			
Of which Enabling																			
Of which Transitional																			
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligiable activities																			
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		338,4	100,0 %														100,0 %		
TOTAL		**338,4**	**100,0 %**														100,0 %		

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code**	**CapEx**	**Proportion of CapEx, year 2023**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Climate change mitigation**	**Climate change adaption**	**Water**	**Pollution**	**Circular economy**	**Biodiversity**	**Minimum safeguards**	**Proportion of Taxonomy aligned or eligible CapEx, year 2022**	**Category enabling activity**	**Category transitional activity**
		€ millio	*%*	*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*
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned)																			
Of which Enabling																			
Of which Transitional																			
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	0,3	1,2 %	EL	EL	N/EL	N/EL	EL	N/EL								0,0 %		
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0,3	1,1 %	EL	EL	N/EL	N/EL	N/EL	N/EL								0,0 %		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		**0,6**	**2,3 %**														0,0 %		
CapEx of Taxonomy eligible activities		**0,6**	**2,3 %**														0,0 %		
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		24,8	97,7 %														100,0 %		
TOTAL		**25,4**	**100,0 %**														100,0 %		

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx	Proportion of CapEx, year 2023	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaption	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned or eligible OpEx, yea 2022	Category enabling activity	Category transitional activity
		€ millio	*%*	*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*
TAXONOMY-ELIGIBLE ACTIVITIES																			
Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned)																			
Of which Enabling																			
Of which Transitional																			
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																	0,0 %		
OpEx of Taxonomy eligible activities																	0,0 %		
TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0,0	100,0 %														100,0 %		
TOTAL		**0,0**	**100,0 %**														100,0 %		

Key figures

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023	1 Feb 2021 - 31 Jan 2022
Net sales	338.4	296.4	270.1
Net sales development (%)	14.2 %	9.7 %	13.2 %
Like-for-like store net sales development (%)	5.2 %	5.5 %	2.6%
Online store net sales development (%)	-11.2 %	3.9 %	20.8 %
Gross profit	123.9	107.2	99.6
Gross margin (%)	36.6 %	36.2 %	36.9 %
Adjusted EBITA*	54.1	48.8	48.4
Adjusted EBITA margin (%)*	16.0 %	16.5 %	17.9 %
EBITA*	54.1	48.2	45.6
EBITA margin (%)*	16.0 %	16.2 %	16.9 %
EBIT	52.8	47.0	44.5
EBIT margin (%)	15.6 %	15.9 %	16.5 %
Net income	38.7	35.1	31.9
EPS (EUR)	0.46	0.41	0.38
EPS excl. listing expenses (EUR)	0.46	0.42	0.42
Dividend (EUR per share)	0.38**	0.34	0.30
Operating free cash flow	54.8	52.7	10.8
Net debt / adjusted EBITDA	1.5	1.5	1.7
Number of stores (end of period)	42	37	34
Number of personnel converted into full-time employees (FTE)	791	693	663

* Operating profit before the amortisation and impairment of intangible rights

** Boards proposal

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.

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 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.
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

Reconciliation of certain alternative performance measures

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023	1 Feb 2021 - 31 Jan 2022
Items affecting comparability			
Strategic projects	-	0.1	-
Administration	-	-	0.0
Listing costs	-	0.5	2.8
Items affecting comparability	**-**	**0.6**	**2.9**
Gross profit			
Net sales	338.4	296.4	270.1
Materials and services	214.5	189.3	170.6
Gross profit	**123.9**	**107.2**	**99.6**
EBITA and adjusted EBITA			
Operating profit	52.8	47.0	44.5
Amortisation and impairment of the intangible rights	1.3	1.1	1.1
EBITA	**54.1**	**48.2**	**45.6**
Items affecting comparability	-	0.6	2.9
Adjusted EBITA	**54.1**	**48.8**	**48.4**
EBITDA and Adjusted EBITDA			
Operating profit	52.8	47.0	44.5
Depreciation, amortisation and impairments	15.2	13.5	11.5
EBITDA	**68.0**	**60.6**	**55.9**
Items affecting comparability	-	0.6	2.9
Adjusted EBITDA	**68.0**	**61.2**	**58.8**
Operating free cash flow			
Adjusted EBITDA	68.0	61.2	58.8
Net capital expenditure	-4.7	-2.6	-4.4
Depreciation on right-of-use assets	-11.9	-9.8	-8.7
Changes in working capital	3.4	3.9	-34.9
Operating free cash flow	**54.8**	**52.7**	**10.8**
Net debt / Adjusted EBITDA			
Net debt	101.3	94.4	97.6
Adjusted EBITDA	68.0	61.2	58.8
Net debt / Adjusted EBITDA	**1.5**	**1.5**	**1.7**

Consolidated Statement of Comprehensive Income

EUR million	Note	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Net sales	2.1	**338.4**	**296.4**
Other operating income	2.1	0.5	0.4
Materials and services	2.3	-214.5	-189.3
Personnel expenses	2.3	-35.4	-29.0
Other operating expenses	2.3	-21.0	-18.0
Depreciation, amortisation and impairments	4.1-4.4	-15.2	-13.5
Operating profit		**52.8**	**47.0**
Finance income	5.6	0.9	0.0
Finance costs	5.6	-5.4	-3.1
Total finance income and costs		-4.4	-3.1
Profit before taxes		**48.4**	**43.9**
Current income tax	2.4	-10.2	-9.2
Deferred income tax	2.4	0.5	0.4
Total income tax expense		-9.7	-8.8
Profit for the period		38.7	35.1
Total comprehensive income for the period		**38.7**	**35.1**
Profit for the period attributable to:			
Owners of the parent		38.7	35.1
Profit for the period		**38.7**	**35.1**
Earnings per share for profit attributable to owners of the parent			
Basic and diluted earnings per share (EUR)	5.3	0.46	0.41

The Notes are an integral part of these financial statements.

Consolidated Balance Sheet

EUR million	Note	31 Jan 2024	31 Jan 2023
ASSETS			
Non-current assets			
Goodwill	4.1	33.5	33.5
Intangible assets	4.2	16.4	17.4
Property, plant and equipment	4.3	3.9	2.6
Right-of-use assets	4.4	72.0	53.0
Deferred tax assets	2.4	1.0	0.7
Total non-current assets		**126.8**	**107.2**
Current assets			
Inventories	3.1	93.1	89.9
Trade receivables	3.2, 5.5	5.3	4.1
Other receivables	3.2	1.9	1.3
Cash and cash equivalents	5.5	21.5	28.8
Total current assets		**121.7**	**124.1**
Total assets		**248.5**	**231.3**

EUR million		31 Jan 2024	31 Jan 2023
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		17.2	12.0
Profit for the period		38.7	35.1
Total equity attributable to owners of the parent		**85.0**	**76.1**
Total equity		**85.0**	**76.1**
Liabilities			
Non-current liabilities			
Loans from financial institutions	5.4, 5.5	50.0	69.9
Lease liabilities	4.4	58.2	43.5
Provisions	4.5	0.9	0.8
Deferred tax liabilities	2.4	2.7	3.0
Total non-current liabilities		**111.8**	**117.1**
Current liabilities			
Lease liabilities	4.4	14.6	9.9
Trade payables	3.3, 5.5	21.2	16.1
Advances received	2.1	0.3	0.3
Income tax liabilities	2.4	2.7	2.0
Other current liabilities	3.3, 5.5	12.9	9.9
Total current liabilities		**51.7**	**38.0**
Total liabilities		**163.5**	**155.1**
Total equity and liabilities		**248.5**	**231.3**

The Notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

EUR million	Note	Attributable to owners of the parent				
		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**

EUR million	Note	Attributable to owners of the parent				
		Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	**Total equity**
Equity on 1 Feb 2022		**0.1**	**29.0**	**-**	**38.8**	**67.8**
Profit for the period					35.1	35.1
Total comprehensive income for the period					**35.1**	**35.1**
Dividends	5.2				-25.4	**-25.4**
Purchase of own shares	5.2			-1.5		**-1.5**
Share-based incentive plan	2.3				0.2	**0.2**
Total transactions with owners				**-1.5**	**-25.2**	**-26.8**
Equity on 31 Jan 2023		**0.1**	**29.0**	**-1.5**	**48.6**	**76.1**

The Notes are an integral part of these financial statements.

Consolidated Statement of Cash Flows

EUR million	Note	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Cash flows from operating activities			
Profit for the period		38.7	35.1
Adjustments for:			
Depreciation, amortisation and impairments	4.1-4.4	15.2	13.5
Gains/losses on disposal of property, plant and equipment		0.0	0.0
Other non-cash adjustments		0.5	0.2
Finance income and costs	5.6	4.4	3.1
Income tax expense	2.4	9.7	8.8
Changes in working capital			
Change in trade and other receivables	3.2	-1.7	0.0
Change in inventories	3.1	-3.2	2.3
Change in trade and other current non-interest-bearing liabilities	3.3	8.3	1.6
Interests paid		-3.0	-1.1
Interests of lease liabilities		-2.0	-1.4
Interests received		0.9	0.0
Arrangement fee for loans from financial institutions and other financial costs		-0.3	-0.3
Income taxes paid		-9.5	-11.4
Net cash flows generated from operating activities		**58.0**	**50.4**
Cash flows from investing activities			
Payments for intangible assets	4.2	-1.2	-0.8
Payments for property, plant and equipment	4.3	-3.5	-1.8
Proceeds from sale of property, plant and equipment	4.3	0.1	0.0
Net cash usesd in investing activities		**-4.7**	**-2.6**
Cash flows from financing activities			
Proceeds from borrowings	5.1	-	8.0
Repayments of loans from financial institutions	5.1	-20.0	-8.0
Principal elements of lease liabilities	5.1	-10.3	-8.6
Dividends	5.2	-28.7	-25.4
Acquisition of own shares		-1.7	-1.5
Net cash used in financing activities		**-60.7**	**-35.6**
Net increase (+)/(-) decrease in cash and cash equivalents		-7.3	12.3
Cash and cash equivalents at the beginning of the period		28.8	16.5
Cash and cash equivalents at the end of the period		**21.5**	**28.8**

The Notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

1 BASIS OF PREPARATION

Note 1.1 Company information

Puuilo Group is a Finnish retailer company. On 31 January 2024, the fast-growing Group had a total of 42 stores (37 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 pages at www.investors.puuilo.fi/en/ and at the company's headquarters at Pakkalankuja 6, 01510 Vantaa.

These Consolidated Financial Statements contain 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 2024 and comparison information for the financial year ended on 31 January 2023. The company's Board of Directors approved these Financial Statements on 16 April 2024.

Puuilo issues an XHTML Financial Statements complying with the ESEF requirements on Puuilo's investor website. The Audit firm PricewaterhouseCoopers 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 2023 comprises the period 1 February 2023 – 31 January 2024 and the comparison period 2022 the period 1 February 2022 – 31 January 2023.

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.

The realisation of the estimates and judgements made is regularly evaluated. 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. Its 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.

In other operating income, Puuilo presents 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 places of sales.

Net sales

EUR million	31 Jan 2024	31 Jan 2023
Stores	329.5	286.4
Online store	8.9	10.0
Net sales total	**338.4**	**296.4**

Contract liabilities (advances received)

EUR million	31 Jan 2024	31 Jan 2023
	0.3	0.3

Other income

EUR million	31 Jan 2024	31 Jan 2023
Lease income	0.3	0.3
Gains on disposal of tangible assets	0.0	0.0
Other	0.2	0.1
Total	**0.5**	**0.4**

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 primarily operates in Finland but has an online store in Sweden. The share of the Swedish online store in Puuilo's net sales is insignificant. 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 2024 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 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
Purchases during the reporting period	216.7	187.2
Changes in inventories	-2.4	1.7
External services	0.2	0.4
Total	**214.5**	**189.3**

EUR million	**1 Feb 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
Administration expenses	1.9	2.1
Property maintenance expenses	4.5	3.4
Marketing expenses	6.1	5.5
IT costs	3.2	2.2
Sales freights and credit card fees	2.0	2.1
Other	3.4	2.7
Total	**21.0**	**18.0**

Auditors' fees

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Statutory audit fees	0.1	0.1
Other services	0.0	0.0
Total	**0.2**	**0.1**

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 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
Wages and salaries	29.4	24.0
Pension costs	4.9	4.2
Social security costs	1.1	0.9
Total	**35.4**	**29.0**

Personnel on average and at the end of reporting period:

	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Number of employees at the end of the period, full-time equivalent	791	693
Personnel on average	938	806

Management remuneration

The management consists of the Board of Directors, the CEO and the other 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 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 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
CEO		
Fixed salaries and fringe benefits	0.2	0.2
Share-based payments	0.0	0.0
Pension costs	0.0	0.0
Total	**0.2**	**0.2**
Group management team excl. CEO		
Fixed salaries and fringe benefits	0.8	0.8
Share-based payments	0.2	0.1
Pension costs	0.1	0.1
Total	**1.2**	**1.0**
The Board of Directors		
Lasse Aho, Chair of the Board from 16 May 2023	0.0	-
Timo Mänty, Chair of the Board until 16 May 2023	0.0	0.1
Gustav Bard	-	0.0
Tomas Franzén	0.0	0.0
Bent Holm	0.0	0.0
Mammu Kaario	0.0	0.0
Rasmus Molander	0.0	0.0
Tuomas Piirtola	0.0	-
Markku Tuomaala	0.0	0.0
Total	**0.2**	**0.2**
Total management team and the Board of Directors	**1.4**	**1.4**

No share-based payments have been paid during the financial year 2023 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, 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 2023, the impact of the share-based compensation plans on the profit was EUR 0.5 million (0.2). At the end of the reporting period, the amount to be recognised as expense for the financial years 2023 − 2025 is estimated at a total of EUR 1.1 million (0.5 million). 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	**Performance period 2022-2024**	**Performance period 2023-2025**
Grant date	3 June 2022	12 May 2023
Grant date fair value of the share award (EUR)	4.43	4.83
Share price at grant date (EUR)	5.34	7.29
Performance period start date	3 June 2022	12 May 2023
Performance period end date	28 February 2025	31 March 2026
Commitment period end date	31 May 2025	31 May 2026

Assumptions applied in determining the fair value of share award:	**Performance period 2022-2024**	**Performance period 2023-2025**
Maximum amount of shares to be granted (pcs)*	315,000	678,000
Share awards granted	-	260,355
Changes in the number of shares granted pcs)	- 29,787	- 6,336
Exercised during the period (pcs)	-	-
Outstanding at the of the period (pcs)	278,520	254,019
Participants at the end of the reporting period	29	32
Share price at the end of the reporting period	8.92	8.92
Assumed fulfilment of the performance criteria	70%	93%
Forfeiture rate	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.

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Current income tax on profits for the year:	10.2	9.2
Total current income tax	10.2	9.2
Deferred income tax:		
Change in deferred tax assets	-0.3	-0.2
Change in deferred tax liabilities	-0.2	-0.2
Total deferred tax	-0.5	-0.4
Income tax expense	**9.7**	**8.8**

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 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Profit before tax	48.4	43.9
Tax calculated at domestic tax rate of 20 %	9.7	8.8
Income not subject to tax	0.0	0.0
Expenses not deductible for tax purposes	0.0	0.1
Taxes in income statement	**9.7**	**8.8**

	1 Feb	Recognised through profit or loss	31 Jan
Reporting period 2023			
Deferred tax assets			
Difference between accounting depreciation and tax depreciation	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
Difference between accounting depreciation and tax depreciation	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**

	1 Feb	Recognised through profit or loss	31 Jan
Reporting period 2022			
Deferred tax assets			
Difference between accounting depreciation and tax depreciation	0.0	0.0	0.0
Leases	0.5	0.1	0.7
Share-based incentive plan	-	0.0	0.0
Total	**0.5**	**0.1**	**0.7**
Reporting period 2022			
Deferred tax liabilities			
Intangible assets	3.1	-0.2	2.9
Difference between accounting depreciation and tax depreciation	0.0	0.0	0.0
Arrangement fees of loans from financial institutions	0.0	0.0	0.0
Total	**3.2**	**-0.2**	**3.0**

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 2024**	**31 Jan 2023**
Finished goods	86.6	86.1
Goods in transit	5.0	3.1
Prepayments	1.4	0.7
Total	**93.1**	**89.9**

The balance sheet valuation of inventories on the balance sheet date includes a write-down of inventories for obsolescent and slowly moving products, with the impairment of EUR 0.4 million on 31 January 2024 (EUR 0.5 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 2024**	**31 Jan 2023**
Trade receivables	5.3	4.1
Other receivables	0.0	0.0
Prepaid expenses	1.9	1.3
Total	**7.2**	**5.4**

EUR million	31 Jan 2024	31 Jan 2023
Not overdue	5.0	3.8
Overdue		
Less than 14 days	0.2	0.2
14-30 days	0.0	0.0
31-60 days	0.0	0.0
Over 60 days	0.1	0.0
Total	**5.3**	**4.1**

A credit loss of EUR 0.0 million was recognised at profit or loss on trade receivables in the 2023 financial period (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 invoicing sales. Credit risk is described in more detail in Note 5.4.

Material items included in prepaid expenses

EUR million	31 Jan 2024	31 Jan 2023
Annual bonuses for purchases	0.7	0.5
Social security costs	0.2	0.2
Expenses paid in advance	1.0	0.6
Other	0.1	0.0
Total	**1.9**	**1.3**

Note 3.3 Trade and other payables

Accounting policy

Trade payables and other payables concern 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 2024	31 Jan 2023
Current		
Trade payables	21.2	16.1
Advances received	0.3	0.3
Income tax liabilities	2.7	2.0
Other current liabilities	5.4	3.7
Accrued expenses	7.5	6.2
Total current	**37.1**	**28.2**

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 2024**	**31 Jan 2023**
Salary accruals	1.9	1.6
Social security costs	1.6	1.3
Interest expenses	0.2	0.3
Holiday pay expenses	3.8	3.0
Total	**7.5**	**6.2**

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 five-year period. Cash flows beyond the five-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 five 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 12.2% (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 system. 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.

The management assesses at each balance sheet date 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 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 depreciation 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**

EUR million	Goodwill	Intangible rights	Other intangible assets	Total
Cost on 1 February 2022	33.5	24.0	7.0	64.6
Additions	-	-	0.8	0.8
Cost on 31 January 2023	**33.5**	**24.0**	**7.8**	**65.4**
Accumulated depreciation and impairment on 1 February 2022	-	-8.4	-3.3	-11.7
Amortisation and impairment	-	-1.1	-1.6	-2.8
Accumulated amortisation and impairment on 31 January 2023	-	-9.5	-5.0	-14.5
Net carrying amount on 1 February 2022	**33.5**	**15.7**	**3.7**	**52.9**
Net carrying amount on 31 January 2023	**33.5**	**14.6**	**2.8**	**50.9**

An impairment of EUR 0.1 million was recognised in intangible assets during the financial period (no impairments in the comparison period).

The company has an existing commitment to purchase tangible and intangible assets as part of the acquisition of the Hurrikaani store chain. The unpaid purchase price has no material effect on the company's financial position.

Note 4.3 Property, plant and equipment

Accounting policy

Property, plant and equipment consist mainly of store buildings and related leasehold improvements, 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:

Buildings	15–30 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.

The management assesses at each balance sheet date 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 2024**	**31 Jan 2023**
Leased	72.0	53.0
Owned	3.9	2.6
Total	**75.9**	**55.6**

Changes in property, plant and equipment. The figures do not include changes in leases. Leases are covered in Note 4.4.

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**

EUR million	Buildings and structures	Machinery and equipment	Total
Cost on 1 February 2022	0.8	5.2	6.0
Additions	-	1.2	1.2
Disposals	-	0.0	0.0
Cost on 31 January 2023	0.8	6.4	7.2
Accumulated depreciation and impairment on 1 February 2022	-0.6	-3.0	-3.6
Depreciation and impairment	-0.1	-0.8	-1.0
Accumulated depreciation and impairment on 31 January 2023	-0.7	-3.9	-4.6
Net carrying amount on 1 February 2022	**0.1**	**2.2**	**2.3**
Net carrying amount on 31 January 2023	**0.0**	**2.5**	**2.6**

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

The company has an existing commitment to purchase tangible and intangible assets as part of the acquisition of the Hurrikaani store chain. The unpaid purchase price has no material effect on the company's financial position.

Depreciation, amortisation, and impairment

EUR million	**1 Feb 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
Depreciation, amortization and impairment by asset class		
Intangible rights	1.3	1.1
Other intangible assets	0.9	1.6
Buildings and structures	0.0	0.1
Machinery and equipment	1.1	0.8
Total	**3.3**	**3.7**
Right-of-use assets	**11.9**	**9.8**
Depreciation, amortization and impairment total	**15.2**	**13.5**

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	1–4 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 2024**	**31 Jan 2023**
Premises and facilities	70.4	51.9
Machinery and equipment	1.6	1.2
Total	**72.0**	**53.0**

Lease liabilities

EUR million	**31 Jan 2024**	**31 Jan 2023**
Non-current	58.2	43.5
Current	14.6	9.9
Total	**72.8**	**53.4**

The additions to the right-of-use assets during the financial period that ended were EUR 20.6 million (EUR 10.2 million).

Maturity analysis, contractual discounted cash flows

EUR million	**31 Jan 2024**	**31 Jan 2023**
Less than one year	11.9	9.9
From one to five years	41.5	30.8
Over five years	19.4	12.7
Total	**72.8**	**53.4**

Maturity analysis, contractual undiscounted cash flows

EUR million	**31 Jan 2024**	**31 Jan 2023**
Less than one year	14.3	11.4
From one to five years	47.0	34.1
Over five years	20.9	13.4
Total	**82.2**	**58.9**

Amounts recognized in the statement of profit or loss

Depreciation charge of the right-of-use asset

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Premises and facilities	11.2	9.1
Machinery and equipment	0.7	0.7
Total	**11.9**	**9.8**
Interest expenses included in the finance cost	2.0	1.4
Cash flow		
Total cash outflow for leases	12.3	10.0

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 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**

EUR million	
On 1 February 2022	0.7
Additions	0.1
Amounts charged against provision	0.0
On 31 January 2023	0.8
of which	
Current	-
Non-current	0.8
Total	**0.8**

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 shareholders 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 2024**	**31 Jan 2023**
Non-current financial liabilities		
Loans from financial institutions	50.0	69.9
Lease liabilities	58.2	43.5
Total non-current financial liabilities	**108.2**	**113.4**
Current financial liabilities		
Lease liabilities	14.6	9.9
Total current financial liabilities	**14.6**	**9.9**
Total financial liabilities	**122.8**	**123.2**
Cash and cash equivalents	21.5	28.8
Net debt	**101.3**	**94.4**

Changes in net debt

			Non-cash changes		
EUR million	**Net debt 1 Feb. 2023**	Cash flows	New lease agreements	Other changes	**Net debt 31 Jan. 2024**
Cash and cash equivalents	28.8	-7.3			21.5
Proceeds from loans from financial institutions		-			-
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**

			Non-cash changes		
EUR million	**Net debt 1 Feb. 2022**	Cash flows	New lease agreements	Other changes	**Net debt 31 Jan. 2023**
Cash and cash equivalents	16.5	12.3			28.8
Proceeds from loans from financial institutions		8.0			8.0
Repayments of loans from financial institutions		-8.0			-8.0
Loans from financial institutions	69.8	0.0		0.1	69.9
Lease liabilities	44.3	-8.6	10.2	7.4	53.4
Net debt	**97.6**	**3.6**	**10.2**	**7.5**	**94.4**

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

Puuilo has a Group financing agreement totalling EUR 90.0 million. The loans under the financing agreement initially consist of a total of EUR 70.0 million term loans and a EUR 20.0 million revolving credit facility. During the financial year, the company made an additional loan repayment of EUR 20.0 million. Following the repayments, the outstanding term loans amount to EUR 50.0 million. The loan will mature in full in June 2026.

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.

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.

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 (315,000) 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 2023 financial period, the total amount of dividends distributed was EUR 28.7 million (EUR 0.34 per share). In the comparative period 2022, the total amount of dividends distributed was EUR 25.4 million (EUR 0.30 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 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Basic earnings per share		
Profit attributable to the owners of the Company	38.7	35.1
Profit used to determine basic earnings per share	38.7	35.1
Weighted average number of shares outstanding during the period	84,313,660	84,586,851
Basic earnings per share (EUR)	0.46	0.41
Diluted earnings per share		
Profit used to determine diluted earnings per share	38.7	35.1
Weighted average number of shares outstanding during the period	84,313,660	84,586,851
Diluted earnings per share (EUR)	0.46	0.41

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 Group 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 that ended on 31 January 2024, approximately 90 % of Puuilo's purchases were made in euros and approximately 10% in US dollars (90% and 10%, respectively, in the 2022 financial period). 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 2024	31 Jan 2023
Transaction exposure	12.5	6.3
Open exposure	12.5	6.3
Change +10%	-1.1	-0.6
Change -10%	1.4	0.7

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. The carrying amount of these loans was EUR 50 million on 31 January 2024 (EUR 69.9 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 2024**	**31 Jan 2023**
Fixed interest rate		
Lease liabilities	72.8	53.4
Floating interest rate		
Loans from financial institutions	50.0	69.9
Floating interest rate position, total	**50.0**	**69.9**

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 0.1 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 21.5 million (EUR 28.8 million). At the end of the financial period, the Group's trade receivables totalled EUR 5.3 million (EUR 4.1 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 financing limit of EUR 5.0 million. The Group has not used the revolving credit facility during the financial year (during the comparative period, EUR 8.0 million of the revolving credit facility was used and repaid in full during the same financial year). At the end of the financial period, the amount of used lease financing limit was EUR 3.6 million (EUR 2.9 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 58.0 million (EUR 50.4 million) in the 2023 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 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**

EUR million	Under 1 year	1-2 years	3-5 years	Over 5 years	Contractual undiscounted cash flows	Carrying value
31 Jan 2023						
Non-derivatives						
Loans from financial institutions	2.7	2.7	71.3		76.6	69.9
Lease liabilities	11.4	10.5	23.6	13.4	58.9	53.4
Trade payables	16.1				16.1	16.1
Other payables	0.3				0.3	0.3
Total	**30.4**	**13.1**	**94.9**	**13.4**	**151.9**	**139.6**

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 consist of 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 2024**	**31 Jan 2023**
Cash in hand and at bank	21.5	28.8
Total	**21.5**	**28.8**

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.

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 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	0.0		0.0
Cash and cash equivalents	21.5		21.5
Total	**26.8**		**26.8**

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**

EUR million, 31 Jan 2023	**Measured at amortised cost**	**Fair value through profit or loss**	**Carrying amount**
Current financial assets			
Trade receivables	4.1		4.1
Other financial assets	0.0		0.0
Cash and cash equivalents	28.8		28.8
Total	**32.9**		**32.9**

EUR million, 31 Jan 2023	Measured at amortised cost	Fair value through profit or loss	Carrying amount
Non-current financial liabilities			
Loans from financial institutions	69.9		69.9
Lease liabilities	43.5		43.5
Current financial liabilities			
Lease liabilities	9.9		9.9
Trade payables	16.1		16.1
Accrued interests	0.3		0.3
Total	**139.6**		**139.6**

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 2024	**50.0**	**50.0**
31 Jan 2023	**69.9**	**70.0**

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 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Interest income	0.9	0.0
Total finance income	**0.9**	**0.0**

Finance costs

EUR million	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Interest expenses on loans from financial institutions	3.0	1.2
Interest expenses on lease liabilities	2.0	1.4
Other financial costs	0.3	0.5
Total finance costs	**5.4**	**3.1**

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 2024	31 Jan 2023
Liability for lease agreements that will enter into force in the future	12.1	17.4

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 the Group 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 2023 - 31 Jan 2024**	**1 Feb 2022 - 31 Jan 2023**
Net sales	0.0	0.0
Materials and services	3.5	2.4
Rent and other operating expenses	0.5	0.5

Balance sheet

EUR million	**31 Jan 2024**	**31 Jan 2023**
Sales receivables	0.0	0.0
Trade payables	0.2	0.1
Lease liabilities (IFRS 16)	1.2	1.8

The shareholdings of the members of the Board of Directors, the CEO and the other members of the management team were as follows:

	31 Jan 2024	**31 Jan 2023**
The Board of Directors	4,892,679	5,895,154
CEO	200,247	297,712
Management Team excl. CEO	503,186	470,414

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. Puuilo Plc's wholly owned subsidiary, Puuilo Invest II Ltd, merged into the parent company during the financial year 2023.

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

Flagging Notification

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.

Proposal of the Shareholders' Nomination Board

The Shareholders' Nomination Board of Puuilo Plc proposes that current members of the Board of Directors Lasse Aho, Bent Holm, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Jens Joller and Anne-Mari Paapio be elected as new members to the Board of Directors. Current members of the Board of Directors Rasmus Molander and Markku Tuomaala have notified that they are no longer available to be elected as members of the Board of Directors. The Nomination Board proposes to the Annual General Meeting that Lasse Aho be elected as the Chairman of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors fees are same as the current remuneration fees. (stock exchange release 11 April 2024)

Note 6.4 New accounting standards

At the balance sheet date, there are no new standards or amendments known that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Parent company's income statement

EUR	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Net sales	**1,381,121.76**	**1,324,482.72**
Other operating income	5,015,210.93	0.00
Personnel expenses		
Salaries and remuneration	-1,251,944.96	-1,224,284.96
Personnel expenses		
Pension costs	-177,726.83	-173,146.53
Other personnel expenses	-29,770.84	-32,240.61
Personnel cost, total	-1,459,442.63	-1,429,672.10
Other operating expenses	-952,070.80	-1,426,090.30
Operating profit (loss)	**3,984,819.24**	**-1,531,279.68**
Financial income and expenses		
Revenue from shares in other Group companies	697,855.55	9,354,773.12
Other interest and financial income		
From others	59,005.86	0.00
Interest expenses and other financial expenses		
To others	-2,209,436.33	-1,085,572.58
Financial income and expenses, total	-1,452,574.92	8,269,200.54
Profit (loss) before appropriations and taxes	**2,532,244.32**	**6,737,920.86**
Appropriations		
Group contribution		
Group contributions received	51,338,529.14	42,934,411.29
Appropriations, total	51,338,529.14	42,934,411.29
Income taxes		
Taxes for the financial period	-9,774,409.80	-8,375,132.52
Income taxes, total	-9,774,409.80	-8,375,132.52
Profit (loss) for the financial period	**44,096,363.66**	**41,297,199.63**

Parent company's balance sheet

EUR	31 Jan 2024	31 Jan 2023
Assets		
Non-current assets		
Investments		
Shares in Group companies	73,156,725.91	19,954.85
Investments total	73,156,725.91	19,954.85
Non-current assets total	73,156,725.91	19,954.85
Current assets		
Receivables		
Current		
Receivables from Group companies	76,327,501.64	154,249,516.07
Other receivables	128.80	25.20
Accrued income	117,936.29	66,357.88
Current total	76,445,566.73	154,315,899.15
Cash at hand and in banks	341,262.50	328,247.20
Current assets total	76,786,829.23	154,644,146.35
Assets total	149,943,555.14	154,664,101.20

EUR	31 Jan 2024	31 Jan 2023
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	42,356,677.65	31,440,985.96
Profit (loss) for the financial period	44,096,363.66	41,297,199.63
Equity total	116,533,046.29	102,818,190.57
Liabilities		
Non-current		
Loans from financial institutions	30,000,000.00	50,000,000.00
Non-current total	30,000,000.00	50,000,000.00
Current		
Trade payables	63,808.08	95,078.81
Liabilities to Group companies	137,529.27	81,279.78
Other liabilities	105,722.41	109,454.80
Deferred liabilities	3,103,449.09	1,560,097.24
Current total	3,410,508.85	1,845,910.63
Liabilities total	33,410,508.85	51,845,910.63
Liabilities total	149,943,555.14	154,664,101.20

Parent company's cash flow statement

EUR	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Cash flow from operating activities:		
Profit (loss) before appropriations and taxes	2,532,244.32	6,737,920.86
Adjustments:		
Financial income and expenses	1,452,574.92	-8,269,200.54
Gain from merger	-5,015,210.93	-
Cash flow before change in working capital	-1,030,391.69	-1,531,279.68
Change in working capital:		
Increase(-)/decrease(+) of non-interest-bearing current accounts receivable	-57,534.71	9,506.36
Increase(-)/decrease(+) of non-interest-bearing current liabilities	14,668.82	32,468.21
Cash flow from operating activities before financial items and taxes	-1,073,257.58	-1,489,305.11
Paid interest and payments from other financial expenses from operating activities	-2,209,436.33	-952,619.16
Financial income from operating activities	59,005.86	-
Direct taxes paid	-9,488,507.60	-9,429,987.89
Cash flow before extraordinary items	-12,712,195.65	-11,871,912.16
Cash flow from operating activities (A)	**-12,712,195.65**	**-11,871,912.16**
Cash flow from investment activities (B):	**-**	**-**
Financing cash flow:		
Repayments of financial loans	-20,000,000.00	-
Dividends paid	-28,676,264.02	-25,385,835.90
Acquisition of own shares	-1,705,243.92	-1,544,135.70
Change in Group financing	62,843,565.16	37,022,467.51
Financing cash flow (C):	**12,462,057.22**	**10,092,495.91**
Changes in cash and cash equivalents (A+B+C) increase(+)/decrease(-)	-250,138.43	-1,779,416.25
Cash and cash equivalents at the beginning of the financial period	328,427.20	2,107,663.45
Funds transferred in the merger	263,153.73	-
Cash and cash equivalents at the end of the financial period	**341,262.50**	**328,247.20**

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

On 14 April 2023 the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. 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 Performance Matching Share Plan includes one performance period, spanning financial years 2023 – 2025. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The target group of the plan consists of a maximum of 80 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 678,000 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.

Repurchase of own shares

On 14 June 2023, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 16 May 2023 to repurchase the company's own shares. The repurchases started on 15 June 2023 and ended on 27 June 2023. During this period, Puuilo repurchased 240,000 shares for an average price of EUR 7.0885 per share, corresponding to approximately 0.28% of the total number of the company's shares, which is 84,776,953.

The repurchased shares are to be used for pay-outs under the share-based incentive plans of Puuilo Plc. The shares were repurchased through public trading on Nasdaq Helsinki at the market price prevailing at the time of repurchase.

Following the repurchases, the company holds a total of 555,000 shares.

Acquisition of Hurricane discount store chain

On 19 September 2023, Puuilo announced to acquire discount retail chain Hurrikaani's Nokia, Ylöjärvi and Forssa stores and gradually convert them into Puuilo stores during the first half of the financial year 2024. In 2022, the net sales of the acquired business totalled approximately EUR 15 million. The purchase price will not be disclosed. Hurrikaani's personnel (appr. 38 employees) will transfer to Puuilo as so-called old employees in the stores belonging to the transaction.

The Nokia store was transferred to Puuilo in January 2024 and Ylöjärvi store in February 2024. Store in Forssa will be transferred to Puuilo during the first quarter of the financial year 2024. The acquisition did not have an impact on Puuilo's net sales or adjusted EBITA for the financial year 2023 and it is not expected to have a significant impact on Puuilo's financial position. The acquisition is estimated to increase Puuilo's growth rate from the financial year 2024 onwards. The acquired three stores are estimated to generate net sales totalling approximately EUR 15–30 million annually starting gradually from 2024 onwards. Correspondingly, the impact on the adjusted EBITA is estimated to be EUR 3–5 million annually and gradually starting from 2024 onwards. The acquisition was approved by the competition authorities in November 2023. The approval was not subject to any conditions (investor news on 28 November 2023).

Members of Puuilo's Shareholders' Nomination Board

On 27 November 2023, Puuilo announced that representatives of the three largest shareholders registered in Puuilo Plc's shareholder register as of 2 October 2023, are elected to the Puuilo's Shareholders' Nomination Board along with the Chairman of the Board of Directors, Lasse Aho, as an expert member. Puuilo Plc's Shareholders' Nomination Board is a body of the Company's shareholders responsible for preparing proposals for the election and remuneration of the members and the Chairman of the Board of Directors as well as the remuneration of Board committee members to the Annual General Meeting 2024 and, when necessary, to the Extraordinary General Meeting.

The three largest shareholders have nominated following members to Puuilo's Shareholders Nomination Board: Puuilo Invest Holding AB (Adelis Equity Partners), represented by John-Matias Uuttana, Markku Tuomaala, represented by Toni Kemppinen, Keskinäinen Eläkevakuutusyhtiö Ilmarinen, represented by Esko Torsti.

Significant events after the end of the reporting period

Flagging notification

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.

Proposal of the Shareholders' Nomination Board

The Shareholders' Nomination Board of Puuilo Plc proposes that current members of the Board of Directors Lasse Aho, Bent Holm, Mammu Kaario and Tuomas Piirtola be re-elected. The Nomination Board also proposes that Jens Joller and Anne-Mari Paapio be elected as new members to the Board of Directors. Current members of the Board of Directors Rasmus Molander and Markku Tuomaala have notified that they are no longer available to be elected as members of the Board of Directors. The

Nomination Board proposes to the Annual General Meeting that Lasse Aho be elected as the Chairman of the Board of Directors.

The Nomination Board proposes that the remunerations of the members of the Board of Directors fees are same as the current remuneration fees. (stock exchange release 11 April 2024)

Notes to the income statement

Net sales

EUR	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Management fees charged from group companies	1,381,121.76	1,324,482.72
Total	**1,381,121.76**	**1,324,482.72**

Other operating income

EUR	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Gain from merger	5,015,210.93	-
Total	**5,015,310.93**	**-**

Finance income and cost

EUR	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Dividend income from Group companies	-	7,947,495.34
Interest and financial income from other Group companies	697,855.55	1,407,277.78
Interest income from others	59,005.86	-
Interest expenses to others	-2,209,436.33	-1,085,572.58
Total	**-1,452,574.92**	**8,269,200.54**

Notes to the assets in balance sheet

Material items included in accrued income

EUR	31 Jan 2024	31 Jan 2023
Prepaid expenses	117,864.59	66,318.99
Other	71.70	38.89
Total	**117,936.29**	**66,357.88**

Receivables from Group companies

EUR	31 Jan 2024	31 Jan 2023
Group loan receivables	-	69,400,000.00
Trade receivables	142,715.92	136,863.22
Group contribution receivables	76,184,785.72	74,505,801.95
Other	-	10,206,850.90
Total	**76,327,501.64**	**154,249,516.07**

Notes to the liabilities in balance sheet

Equity

EUR	31 Jan 2024	31 Jan 2023
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
Return of capital	**30,000,004.98**	**30,000,004.98**
Reserve for invested unrestricted equity at the end of the financial period		
	31,440,985.96	33,185,997.37
Profit (loss) for previous financial periods at the beginning of the financial period	41,297,199.63	25,184,960.19
Transfer of profit (loss) from previous financial period	-28,676,264.02	-25,385,835.90
Dividend distribution	-1,705,243.92	-1,544,135.70
Profit (loss) for previous financial periods at the end of the financial period	**42,356,677.65**	**31,440,985.96**
Profit (loss) for the financial period	**44,096,363.66**	**41,297,199.63**
Unrestricted equity at the end of the financial period	**116,453,046.29**	**102,738,190.57**
Equity total	**116,533,046.29**	**102,818,190.57**

Calculation of distributable funds in equity

EUR	31 Jan 2024	31 Jan 2023
Profit (loss) for previous financial periods	42,356,677.65	31,440,985,96
Profit (loss) for the financial period	44,096,363.66	41,297,199.63
Reserve for invested unrestricted equity	30,000,004.98	30,000,004.98
Distributable funds total	**116,453,046.29**	**102,738,190.57**

Material items included in deferred liabilities

EUR	31 Jan 2024	31 Jan 2023
Salary accruals	53,578.72	49,331.52
Social security costs	54,563.85	53,165.78
Holiday pay expenses	188,664.35	160,892.30
Interest expenses	148,152.33	187,200.00
Income tax	2,658,489.84	1,109,507.64
Total	**3,103,449.09**	**1,560,097.24**

Notes to the auditors' fees

EUR	31 Jan 2024	31 Jan 2023
Audit	97,820.00	57,000.00
Other services	24,949.82	307.44
Total	**122,769.82**	**57,307.44**

Notes to the personnel

	31 Jan 2024	31 Jan 2023
Average number of personnel	7	6
Total	**7**	**6**

Personnel expenses

EUR	31 Jan 2024	31 Jan 2023
Salaries for the financial period	1,251,944.96	1,224,284.96
Pension costs	177,726.83	173,146.53
Personnel expenses	29,770.84	32,240.61
Total	**1,459,442.63**	**1,429,672.10**

Holdings in other companies

Puuilo Plc (parent company) has one wholly owned subsidiary, Puuilo Tavaratalot Ltd. Puuilo Plc's wholly owned subsidiary, Puuilo Invest II Ltd, merged into the parent company during the financial year 2023.

Signatures

This document has been signed electronically with the signature service provided by Suomen Sopimustieto.

Date and signature

In Helsinki, 16 April 2024

Lasse Aho
Chair of the Board

Bent Holm
Member of the Board

Mammu Kaario
Member of the Board

Rasmus Molander
Member of the Board

Tuomas Piirtola
Member of the Board

Markku Tuomaala
Member of the Board

Juha Saarela
CEO

Auditor's report
An auditor's report has been issued today.

In Helsinki, 16 April 2024

PricewaterhouseCoopers Ltd
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 2024. 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.

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Our Audit Approach

Overview

- We determined that overall group materiality EUR 2.0 million. We have assessed that in Puuilo Group audit material are misstatements whose impact individually or in aggregate is at the level of 5% of profit before tax
- The group audit scope encompassed the following Puuilo companies: 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	€ 2,4 million (previous year € 2,0 million)
How we determined it	5% of profit before taxes
Rationale for the materiality benchmark applied	We chose the benchmark applied because, in our view, it is the benchmark against which the performance of the group is most commonly measured by users. Also, profit before tax 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 group, the accounting processes and controls, and the industry in which the group operates.

The group audit scope encompassed the following Puuilo companies: 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
Valuation of inventory *Reference to note 3.1 Inventories* Puuilo Group balance sheet includes inventories in amount of EUR 93,1 (2022: 89,9) million. The cost of inventories corresponds to the purchasing cost for the goods determined using the weighted average cost method. The cost of finished goods comprises all costs of purchase including vendor allowances, direct freight and handling costs. Inventories are measured at the lower of cost and net realisable value. In our audit we focused on the measurement of cost of inventories including accounting of vendor allowances. Also, we focused on assessment of net realisable value prepared by Puuilo and the underlying assumptions. Inventories is key audit matter due to the significance	Our procedures included the following procedures, among others: − We assessed the appropriateness of inventories accounting principles applied by Puuilo by comparing to applicable accounting standards. − We walked through inventories key processes and controls. We tested the effectiveness of selected key controls. − We compared inventory cost value of selected items to purchase invoices. − We tested appropriateness of weighted average cost method calculation. − We walked through supplier allowances

the inventories balance, the size of store network and risk that is related to inventories valuation.	calculations and carried out selected testing of accounting of those. − We walked through turnover of inventory compared to sale to identify 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 7 years. Puuilo Oyj became a public- interest entity 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 accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)

Independent Auditor's Reasonable Assurance Report on Puuilo Oyj's ESEF Financial Statements

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 2023–31 January 2024 in European Single Electronic Format ("ESEF financial statements") version 743700UJUT6FWHBXPR69-2024-01-31-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.

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Opinion

In our opinion, Puuilo Oyj's ESEF financial statements for the financial year ended 31 January 2024 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 16 April 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Mikko Nieminen
Authorised Public Accountant (KHT)