

A year of exemplary growth

Highlights Q4/2023

- Net sales increased by 12.4% (+9.7%) and were EUR 76.8 million (68.3)
- Like-for-like store net sales increased by 1.6% (+6.8%)
- Online store net sales decreased by 14.1%. (+12.0%)
- Gross profit was EUR 28.2 million (24.8) and gross margin was 36.7% (36.2%)
- Adjusted EBITA was EUR 10.7 million (9.7), which corresponds to an adjusted EBITA margin of 13.9% (14.2%)
- EBIT was EUR 10.2 million (9.4) which corresponds to 13.3% of net sales (13.8%)
- Operating free cash flow was EUR -1.4 million (3.9)
- Earnings per share were EUR 0.09 (0.08)
- Earnings per share excluding listing expenses were EUR 0.09 (0.08)
- Two new stores were opened during the fourth quarter (two new stores)

Highlights FY2023

- Net sales increased by 14.2% (+9.7%) and were EUR 338.4 million (296.4)
- Like-for-like store net sales increased by 5.2% (+5.5%)
- Online store net sales decreased by 11.2% (+3.9%)
- Gross profit was EUR 123.9 million (107.2) and gross margin was 36.6% (36.2%)
- Adjusted EBITA was EUR 54.1 million (48.8), which corresponds to an adjusted EBITA margin of 16.0% (16.5%)
- EBIT was EUR 52.8 million (47.0) which corresponds to 15.6% of net sales (15.9%)
- Operating free cash flow was EUR 54.8 million (52.7)
- Earnings per share were EUR 0.46 (0.41)
- Earnings per share excluding listing expenses were EUR 0.46 (0.42)
- Five new stores were opened during the reporting period (three new stores)
- Board's dividend proposal EUR 0.38 per share, proposed to be paid in two instalments.

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

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Conference call in English and webcast in Finnish

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

The conference call in English can be followed live at <https://puulo.videosync.fi/q4-2023>. Asking questions requires participation in the conference call. You can access the teleconference by registering on the link <https://palvelu.flik.fi/teleconference/?id=50048345>. After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask questions, please, dial *5 on your telephone keypad to enter the queue.

The webcast in Finnish will begin at 11.30 am EET at <https://puulo.videosync.fi/2023-q4-tulos>.

Recordings of both events will be available later the same day at Puulo's Investors website at https://www.investors.puulo.fi/en/investors/reports_and_presentations.

Key figures

EUR million	Q4/2023	Q4/2022	2023	2022
Net sales	76.8	68.3	338.4	296.4
Net sales development (%)	12.4%	9.7%	14.2%	9.7%
Like-for-like store net sales development (%)	1.6%	6.8%	5.2%	5.5%
Online store net sales development (%)	-14.1%	12.0%	-11.2%	3.9%
Gross profit	28.2	24.8	123.9	107.2
Gross margin (%)	36.7%	36.2%	36.6%	36.2%
Adjusted EBITA*	10.7	9.7	54.1	48.8
Adjusted EBITA* margin (%)	13.9%	14.2%	16.0%	16.5%
EBITA*	10.7	9.7	54.1	48.2
EBITA* margin (%)	13.9%	14.2%	16.0%	16.2%
EBIT	10.2	9.4	52.8	47.0
EBIT margin (%)	13.3%	13.8%	15.6%	15.9%
Net income	7.3	6.7	38.7	35.1
EPS (EUR)	0.09	0.08	0.46	0.41
EPS excl. listing expenses (EUR)	0.09	0.08	0.46	0.42
Dividend (EUR per share)			0.38**	0.34
Operating free cash flow	-1.4	3.9	54.8	52.7
Net debt / adjusted EBITDA	1.5	1.5	1.5	1.5
Number of stores (end of period)	42	37	42	37
Number of personnel converted into full-time employees (FTE)	762	669	791	693

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

* Operating profit before the amortisation impairment of intangible rights

** Proposal of Board of Directors

Outlook for the financial year 2024

Puulo 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.

Puulo's long-term targets

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

Puulo'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: Puulo aims to distribute at least 80% of net income for each financial year in dividends, 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.

Puulo 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.

CEO Juha Saarela's review

Puulo's performance was strong during the financial year 2023. The year was challenging in the retail sector, but Puulo's defensive concept proved its worth and grew significantly faster than the market in a challenging inflationary environment. We continued our growth according to the strategy and our performance holds up under comparison.

In Q4, Puulo's net sales increased by 12.4% and was EUR 76.8 million. Like-for-like net sales grew by 1.6%. Similarly, the number of customers increased by over 12%. During Q4, we opened new stores in Konala, Helsinki, and Varisto, Vantaa. In Q4, the gross margin was 36.7%, and it increased notably by 0.5 percentage points. The increase in the gross margin can be credited to reduced logistics costs and strong sales growth of our private label products. Adjusted EBITA was EUR 10.7 million, which corresponds to 13.9% of net sales. Operating expenses increased, due rather significant growth in personnel expenses, mainly due to new stores and salary increases.

For the full financial year, the net sales increased by 14.2% to EUR 338.4 million. Like-for-like sales grew by 5.2%. During the Q4, we opened five new stores, which all have performed well since their opening. Cumulative gross margin was 36.6% (36.2%) and increased by 0.4 percentage points. We consider this a significant achievement, especially considering the current economic and competitive environment. The increase in cumulative gross margin was driven by reduced logistics costs, increased sales and share of our private label products, improved inventory turnover, and a shift in sales mix towards products in lower price points. For the financial year, our private label products accounted for 20.6% of the total revenue. Adjusted EBITA for the full financial year increased to EUR 54.1 million, which represents 16.0% of net sales. Last year's growth in net sales was driven by a rise in the number of customers. Puulo is attracting new customers from both competitors and, naturally, through the opening of new stores. The growth in number of customers in like-for-like stores is a clear indication of strong demand and signals growth potential.

The financial year was a solid performance from us, although our relative profitability slightly decreased. High inflation affects Puulo's cost structure through salaries, rents, energy, and other expenses. In the current financial year, we are paying even closer attention to costs and aim to increase efficiency, particularly by roll-outing of order replenishment (Relex) and work shift planning systems. The new systems are now in use, and the results will begin to show during this financial year. Additionally, we believe that significant focus in the sales of our private label products will bring us even better gross margin. Logistics efficiency will continue to improve due to the centralization of warehouses. The effect of the measures will be realized during the current financial year.

We approach the new financial year with great confidence. Last year Puulo acquired three stores from Hurrikaani Oy, that have now progressed to the opening phase. Among these, the Nokia store was already opened in February with great excitement and the aroma of grilled sausages. The opening of the Ylöjärvi store will be celebrated on the day of this financial statement's release. The final store remaining for opening is Forssa. Following this, in the early summer, we will open the new store in Lahdesjärvi, Tampere. Further store openings later in the year will be announced separately. Thanks to the spring store openings, we are off to a flying start in the new financial year, and we believe that this financial year will be very successful as well.

We forecast, that our net sales for the financial year will fall within the range of EUR 380 – 410 million and expect adjusted EBITA to range between EUR 60 – 70 million. The Board of Directors proposes for the Annual General Meeting that a dividend of EUR 0.38 per share will be distributed, which corresponds approximately 83% of the earnings per share and exceeds previous year's dividend by more than 10%.

Thanks to Puulo's solid growth rate, the company 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

To conclude this review of a strong year for Puuilo, I want to thank our customers, personnel and shareholders and wish everyone a happy and sunny spring!

Significant events of the reporting 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 acquisition is expected to be completed in stages during the first half of 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 Uttana, 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.

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's 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 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 trade 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.

Financial year

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

Q4/2023

In November – January, Puuilo's net sales increased by 12.4% (+9.7%) to EUR 76.8 million (68.3). Net sales of Puuilo's stores were EUR 75.1 million (66.3) and net sales of the online store were EUR 1.7 million (2.0), which corresponded to 2.3% (3.0%) of net sales. Like-for-like store net sales increased by 1.6% (+6.8%) in the fourth quarter. Online store net sales decreased by 14.1% (+12.0%) in the fourth quarter.

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 for the reporting period was EUR 28.2 million (24.8) and the gross margin was 36.7% (36.2%). Increase in gross margin was driven by lower cost of logistics, change in sales mix and strong growth of private label product sales. Positive development of logistics costs was supported by decrease in sea freight 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 terms of purchases.

Operating expenses were EUR 14.0 million (11.4), which corresponds to 18.2% of net sales (16.7%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 9.0 million (7.4), which corresponds to 11.8% (10.9%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA was EUR 10.7 million (9.7) and the adjusted EBITA margin was 13.9% (14.2%). EBITA was EUR 10.7 million (9.7) and the EBITA margin was 13.9% (14.2%).

Operating profit was EUR 10.2 million (9.4), which corresponds to an EBIT margin of 13.3% (13.8%).

Net financial expenses were EUR -1.1 million (-1.0). Net financial expenses excluding the effect of IFRS 16 were EUR -0.5 million (-0.6).

Profit before taxes was EUR 9.2 million (8.4). Total income taxes were EUR 1.8 million (1.7). The net result was EUR 7.3 million (6.7) and earnings per share were EUR 0.09 (0.08). Earnings per share excluding the effect of listing expenses were EUR 0.09 (0.08).

Financial year 2023

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 for the reporting period was EUR 123.9 million (107.2) and the gross margin was 36.6% (36.2%). Increase in the cumulative 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 freight 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 reporting period, 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 flow in November – January was EUR -1.4 million (3.9) and in February – January EUR 54.8 million (52.7). As the company is preparing for the spring and summer season, the change in net working capital turned the operating cash flow negative in the fourth quarter. The development is driven by the partly seasonal nature of the business. The operating free cash flow for the full financial year 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 reporting period, 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 period, the Group did not have current financial loans (-). Other interest-bearing liabilities consisted of lease liabilities reported in accordance with IFRS 16. At the end of the reporting period, the ratio of net debt to adjusted EBITDA was 1.5 (1.5), which is in line with the long-term target. The net of financial loans and cash and cash equivalents was approximately EUR 28.5 million (41.1).

Investments

Puulo's investments in the fourth quarter were EUR 2.2 million (0.7) and in February 2023 – January 2024 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 full-time employees was 791 (693).

Shares and shareholders

Share information and share trading

Puulo Plc has one class of shares. Each share carries one vote at the company's Annual General Meeting. The shares have no nominal value. Puulo 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.

At the end of the reporting period, Puulo had 36,215 registered shareholders.

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

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

Flagging notifications

During the review period, Puulo received the following shareholder flagging notifications in accordance with the Finnish Securities Markets Act:

- On 20 September 2023, Puulo 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 on and was 10.11% after the transaction.
- On 11 January 2024, Puulo 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, Puulo 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.
- On 11 January 2024, Puulo 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 5 percent and was 5.29%.

Managers' share transactions

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

Principles and key themes of sustainability

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

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

Puulo publishes a report on non-financial information as part of the Report by the Board of Directors. The Report by the Board of Directors and a separate Sustainability Report will be published in week 16.

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

Risks and business uncertainties

Puulo 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 Puulo.

The primary objective of risk management in Puulo 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 Puulo's operations, planning and decision-making.

The Board of Directors is responsible for monitoring and ensuring that the Puulo'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. Puulo'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.

Puulo 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 Puulo.

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.

Failure to find new locations or in new store openings

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

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

Sustainability risks (ESG risks)

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

Puulo 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 Puulo's rental costs due to the large number of rental premises.

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

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

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.

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 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.

Financial statements

The Annual Reporting 2023 including the Financial statements and the Report by the Board of Directors, Sustainability Report, Corporate governance statement as well as Remuneration report will be published during week 16.

Annual General Meeting

Puulo's Annual General Meeting is planned for Wednesday 15 May 2024. The meeting will be convened by the company's Board of Directors separately at a later date.

Next financial reports

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

Business review Q1 February – April 2024	on 12 June 2024
Half-year financial report February – July 2024	on 12 September 2024
Business review Q3 February – October 2024	on 11 December 2024

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

26 March 2024
PUUILO PLC
Board of Directors

DISTRIBUTION
Nasdaq Helsinki
www.puulo.fi

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Consolidated statement of comprehensive income

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Net sales	169.1	148.3	338.4	296.4
Other operating income	0.3	0.3	0.5	0.4
Materials and services	-107.6	-94.3	-214.5	-189.3
Personnel expenses	-18.2	-14.7	-35.4	-29.0
Other operating expenses	-10.4	-8.4	-21.0	-18.0
Depreciation, amortisation and impairments	-8.0	-7.3	-15.2	-13.5
Operating profit	25.2	24.0	52.8	47.0
Finance income	0.7	0.0	0.9	0.0
Finance costs	-2.8	-1.7	-5.4	-3.1
Total finance income and costs	-2.1	-1.7	-4.4	-3.1
Profit before taxes	23.1	22.3	48.4	43.9
Current income tax	-4.9	-4.7	-10.2	-9.2
Deferred income tax	0.3	0.2	0.5	0.4
Total income tax expense	-4.6	-4.5	-9.7	-8.8
Profit for the period	18.5	17.8	38.7	35.1
Total comprehensive income for the period	18.5	17.8	38.7	35.1
Profit for the period attributable to:				
Owners of the parent	18.5	17.8	38.7	35.1
Profit for the period	18.5	17.8	38.7	35.1
Earnings per share for net profit attributable to owners of the parent				
Basic and diluted earnings per share (EUR)	0.22	0.21	0.46	0.41

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

EUR million	31 Jan 2024	31 Jan 2023
ASSETS		
Non-current assets		
Goodwill	33.5	33.5
Intangible assets	16.4	17.4
Property, plant and equipment	3.9	2.6
Right-of-use assets	72.0	53.0
Deferred tax assets	1.0	0.7
Total non-current assets	126.8	107.2
Current assets		
Inventories	93.1	89.9
Trade receivables	5.3	4.1
Other receivables	1.9	1.3
Cash and cash equivalents	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	0.1	0.1
Reserve for invested unrestricted equity	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	50.0	69.9
Lease liabilities	58.2	43.5
Provisions	0.9	0.8
Deferred tax liabilities	2.7	3.0
Total non-current liabilities	111.8	117.1
Current liabilities		
Lease liabilities	14.6	9.9
Trade payables	21.2	16.1
Advances received	0.3	0.3
Income tax liabilities	2.7	2.0
Other current liabilities	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 above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 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				-28.7	-28.7
Acquisition of own shares			-1.7		-1.7
Share-based incentive plan				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	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 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				-25.4	-25.4
Acquisition of own shares			-1.5		-1.5
Share-based incentive plan				0.2	0.2
Total transactions with owners			-1.5	-25.2	-26.8
Equity on 31 January 2023	0.1	29.0	-1.5	48.6	76.1

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Cash flows from operating activities				
Profit for the period	18.5	17.8	38.7	35.1
Adjustments for:				
Depreciation, amortisation and impairments	8.0	7.3	15.2	13.5
Gains/losses on disposal of property, plant and equipment	0.0	0.0	0.0	0.0
Other non-cash adjustments	0.4	0.1	0.5	0.2
Finance income and costs	2.1	1.7	4.4	3.1
Income tax expense	4.6	4.5	9.7	8.8
Changes in working capital				
Change in trade and other receivables	-0.5	1.8	-1.7	0.0
Change in inventories	-4.8	3.2	-3.2	2.3
Change in trade and other current non-interest-bearing liabilities	-6.1	-9.9	8.3	1.6
Interests paid	-1.6	-0.6	-3.0	-1.1
Interests of lease liabilities	-1.1	-0.7	-2.0	-1.4
Interests received	0.7	0.0	0.9	0.0
Arrangement fee for loans from financial institutions and other financial costs	-0.1	-0.1	-0.3	-0.3
Income taxes paid	-5.8	-7.5	-9.5	-11.4
Net cash flows generated from operating activities	14.1	17.5	58.0	50.4
Cash flows from investing activities				
Payments for intangible assets	-1.1	-0.5	-1.2	-0.8
Payments for property, plant and equipment	-2.0	-0.9	-3.5	-1.8
Proceeds from sale of property, plant and equipment	0.1	0.0	0.1	0.0
Net cash flows used in investing activities	-3.1	-1.4	-4.7	-2.6
Cash flows from financing activities				
Proceeds from borrowings	-	-	-	8.0
Repayments of loans from financial institutions	-20.0	-8.0	-20.0	-8.0
Repayments of lease liabilities	-5.4	-4.4	-10.3	-8.6
Dividends	-14.3	-12.7	-28.7	-25.4
Acquisition of own shares	-	-	-1.7	-1.5
Net cash flows used in financing activities	-39.7	-25.1	-60.7	-35.6
Net increase (+)/(-) decrease in cash and cash equivalents	-28.6	-9.0	-7.3	12.3
Cash and cash equivalents at the beginning of the period	50.1	37.8	28.8	16.5
Cash and cash equivalents at the end of period	21.5	28.8	21.5	28.8

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial information

1. Basis of preparation

This financial information has been prepared in accordance with IAS 34 Interim Financial Reporting – standard. In preparation of this financial information the same accounting policies, methods of computation and presentation have been applied as in the consolidated financial statements 2022. No new accounting policies have been adopted during the reporting period, that would have had a material impact to this financial information. The financial statements release does not include all the notes included in the consolidated financial statements for the reporting period ended 31 January 2023 and this financial information should be read in conjunction with the consolidated financial statements. This financial information has not been audited.

Due to the nature of Puuilo's operations, the group has only one reportable operating segment. Individual stores and online store are considered as distribution channels for Puuilo's products, and all the stores operate under the Puuilo trademark. Functions such as financial management, information management, marketing, purchases, and logistics are centralized and managed on the group level.

The preparation of financial information requires management to make estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. The estimates and assumptions used in the preparation on financial information are similar to those applied in the preparation of the consolidated financial statements for the financial year ended 31 January 2023.

Figures presented in parentheses refer to corresponding reporting period in previous reporting period, if not otherwise stated.

2. Earnings

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Stores	164.9	143.6	329.5	286.4
Online store	4.1	4.7	8.9	10.0
Net sales total	169.1	148.3	338.4	296.4

3. Management remuneration

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
CEO				
Salary, other remuneration and benefits	0.1	0.1	0.2	0.2
Pension costs	0.0	0.0	0.0	0.0
Total	0.1	0.1	0.2	0.2
Management team excl. CEO				
Salary, other remuneration and benefits	0.4	0.4	0.8	0.8
Pension costs	0.1	0.1	0.1	0.1
Total	0.5	0.4	1.0	1.0
The Board of Directors	0.1	0.1	0.2	0.2
Total Management team and the Board of Directors	0.7	0.7	1.4	1.4

4. Intangible and tangible assets

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Goodwill				
Net carrying amount at the beginning of the reporting period	33.5	33.5	33.5	33.5
Net carrying amount at the end of the reporting period	33.5	33.5	33.5	33.5

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Intangible rights				
Net carrying amount at the beginning of the reporting period	14.0	15.1	14.6	15.7
Additions	0.9	-	0.9	-
Amortisation and impairment	-0.7	-0.6	-1.3	-1.1
Net carrying amount at the end of the reporting period	14.2	14.6	14.2	14.6

Intangible rights include Puuilo Trademark (appr. EUR 13.4 million) and other intangible rights.

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Intangible and tangible assets				
Net carrying amount at the beginning of the reporting period	5.6	5.9	5.4	6.0
Amortisation, depreciation and impairment	-1.0	-1.7	-2.0	-2.6
Additions	1.6	1.3	2.8	2.0
Disposals	-0.1	0.0	-0.1	0.0
Net carrying amount at the end of the reporting period	6.1	5.4	6.1	5.4

5. Right-of-use assets

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Right-of-use assets				
Net carrying amount at the beginning of the reporting period	58.8	44.9	53.0	44.4
Depreciation and impairment	-6.2	-5.1	-11.9	-9.8
Additions and other changes	19.4	13.1	30.8	18.4
Net carrying amount at the end of the reporting period	72.0	53.0	72.0	53.0

Maturity analysis of lease liabilities (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

6. Net Debt

Net debt 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

The loan from financial institution is measured at amortized cost. The carrying value of the loan is estimated to substantially correspond to their fair values.

7. Equity

During the reporting period, the company has repurchased 240,000 of its own shares. Detailed information of the purchase can be found in Section 3. Significant events of the reporting period.

8. Contingent liabilities

EUR million	31 Jan 2024	31 Jan 2023
Liability for leases with the lease term beginning after the end of reporting period	12.1	17.4

Puilo'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 yet recognised in the balance sheet.

9. Related party transactions

Puilo's related parties include key personnel of the Puilo 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:

EUR million	1 Aug 2023 - 31 Jan 2024	1 Aug 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Sales	0.0	0.0	0.0	0.0
Purchases	1.8	1.4	3.5	2.4
Lease payments and other operating expenses	0.2	0.2	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

Calculation of certain alternative performance measures and other key figures

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

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

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

EUR million	1 Nov 2023 - 31 Jan 2024	1 Nov 2022 - 31 Jan 2023	1 Feb 2023 - 31 Jan 2024	1 Feb 2022 - 31 Jan 2023
Items affecting comparability				
Strategic projects	-	-	-	0.1
Listing expenses	-	-	-	0.5
Items affecting comparability	-	-	-	0.6
Gross profit				
Net sales	76.8	68.3	338.4	296.4
Materials and services	48.6	43.6	214.5	189.3
Gross profit	28.2	24.8	123.9	107.2
EBITA and adjusted EBITA				
Operating profit	10.2	9.4	52.8	47.0
Amortisation and impairment of intangible rights	0.4	0.3	1.3	1.1
EBITA	10.7	9.7	54.1	48.2
Items affecting comparability	-	-	-	0.6
Adjusted EBITA	10.7	9.7	54.1	48.8
EBITDA and Adjusted EBITDA				
Operating profit	10.2	9.4	52.8	47.0
Depreciation, amortisation and impairments	4.2	4.1	15.2	13.5
EBITDA	14.4	13.5	68.0	60.6
Items affecting comparability	-	-	-	0.6
Adjusted EBITDA	14.4	13.5	68.0	61.2
Operating free cash flow				
Adjusted EBITDA	14.4	13.5	68.0	61.2
Net capital expenditure	-2.2	-0.7	-4.7	-2.6
Depreciation of right-of-use assets	-3.2	-2.6	-11.9	-9.8
Changes in working capital	-10.5	-6.3	3.4	3.9
Operating free cash flow	-1.4	3.9	54.8	52.7
Net debt / Adjusted EBITDA				
Net debt	101.3	94.4	101.3	94.4
Adjusted EBITDA, rolling 12 mths	68.0	61.2	68.0	61.2
Net debt / Adjusted EBITDA	1.5	1.5	1.5	1.5