

**PUUILO**

# Investor Day

Puulo Ltd

**23 April 2024**

Juha Saarela, CEO

Ville Ranta, CFO

# Our agenda today

- 1 Introduction to Puuilo
- 2 Customer, brand and marketing
- 3 Market overview
- 4 Financials and performance metrics
- 5 Current strategy
- 6 Updated strategy for period 2024-2028
- 7 Sustainability
- 8 Q&A



*Puuilo private label product, Tamforce Classic Toolbox*



# INTRODUCTION TO PUUILO



1983

Premises when it all started...



Buses that toured market squares around Finland in the 80s

2000s

...from buses to stores...



Puuilo store in early 2000s

2020s

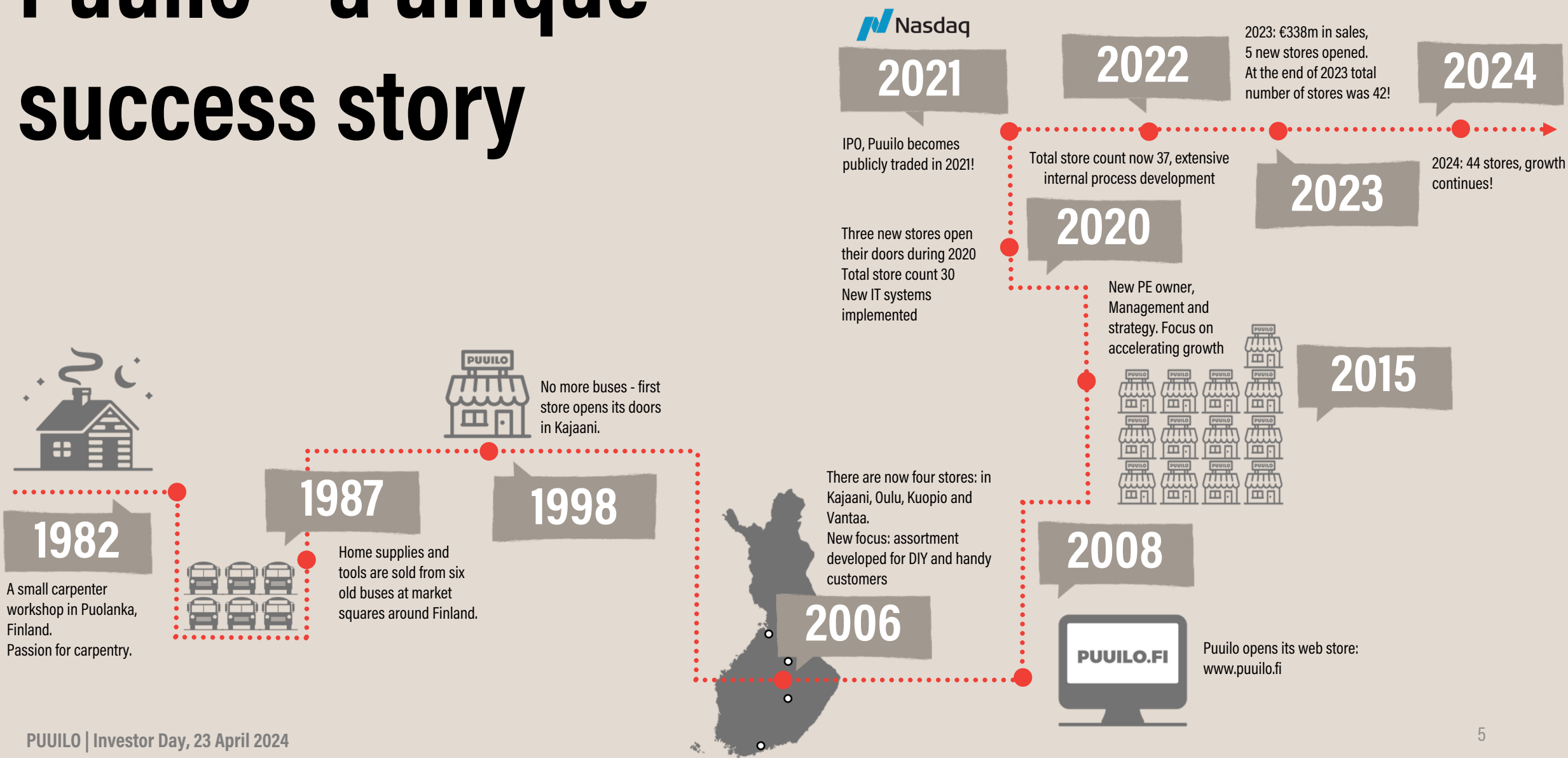
...to our premises today



Puuilo store in Laajalahti, Espoo 2020s










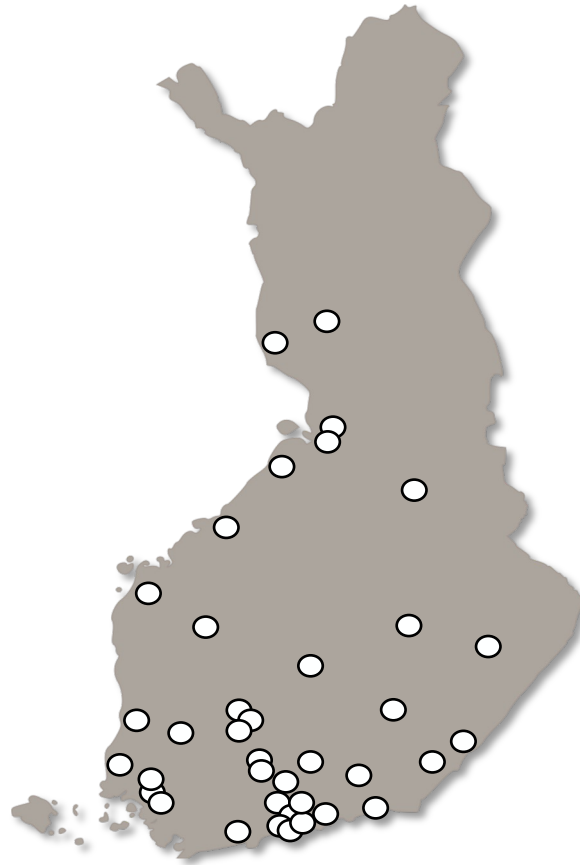
# Puuiilo - a unique success story



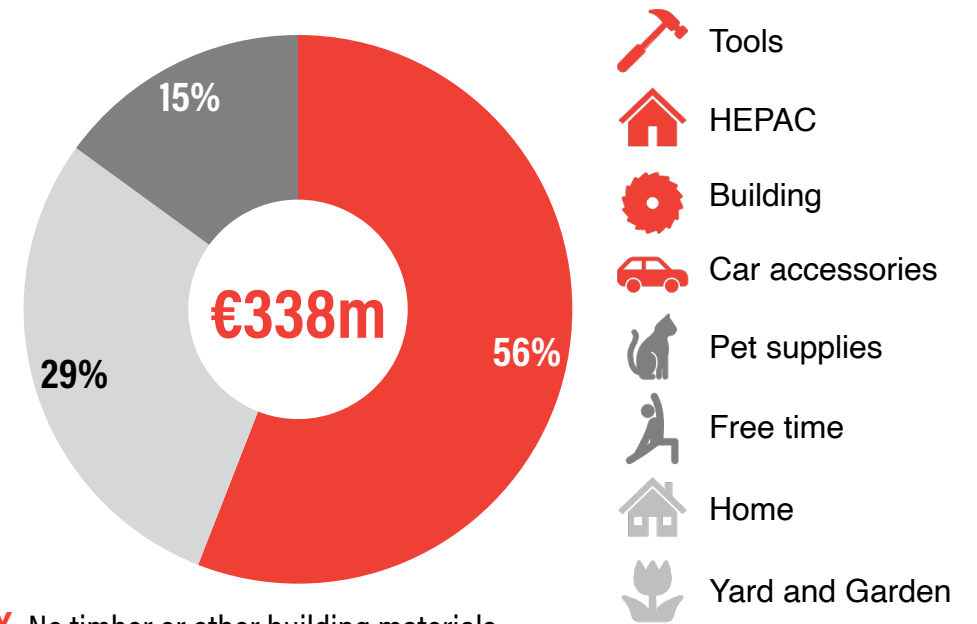
# With a growing network of 44 stores<sup>2)</sup>, Puuilo is one of the leading discount retailers in Finland

## Puuilo in brief <sup>1)</sup>

-  **44** stores<sup>2)</sup> and online store
-  **€338m** net sales
-  **20.0%** net sales CAGR<sup>3)</sup>
-  **16.0%** EBITA-margin
-  **€28.4** average customer basket
-  **+30,000** SKUs
-  **20,6%** of sales from private label



## Sales mix <sup>4)</sup>

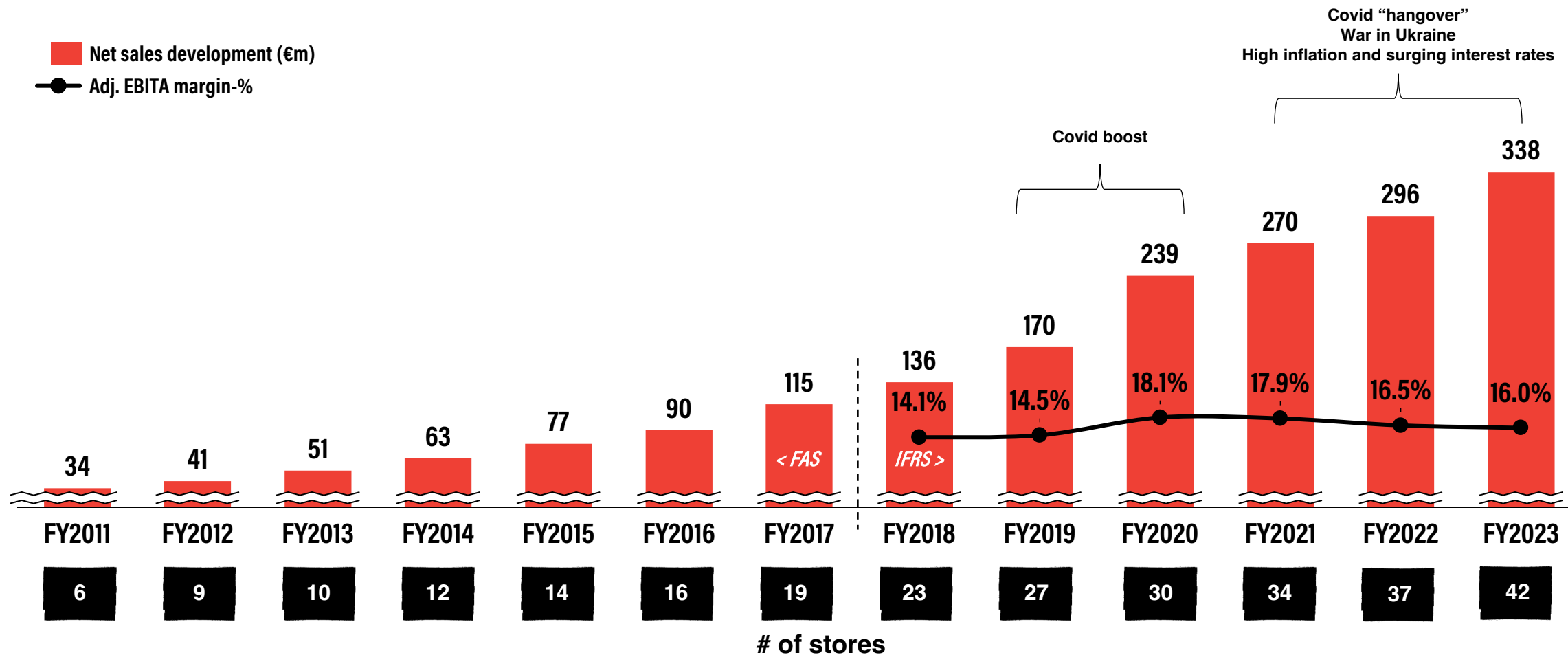


- X** No timber or other building materials
- X** No consumer electronics
- X** No toys or sport equipment
- X** No consumer clothes or fashion
- X** No groceries

Notes: 1) All figures based on FY2023 actuals; 2) # of stores as at 04/2024; 3) Net sales CAGR between FY2018 and FY2023; 4) Approximate sales mix based on FY2023 actuals



# Long track record of strong sales growth and profitability



# What makes Puuilo store concept special?

## Carefully selected locations...



- Carefully selected premise locations – low rent level
- Stores easily accessible by car and offer ample parking space
- Optimised store size

## ...combined with unified premises...



- Standardised shelf layout increases convenience
- Standardised assortment throughout store network
- Assortment optimised in relation to store size

## ...equals highly profitable concept!

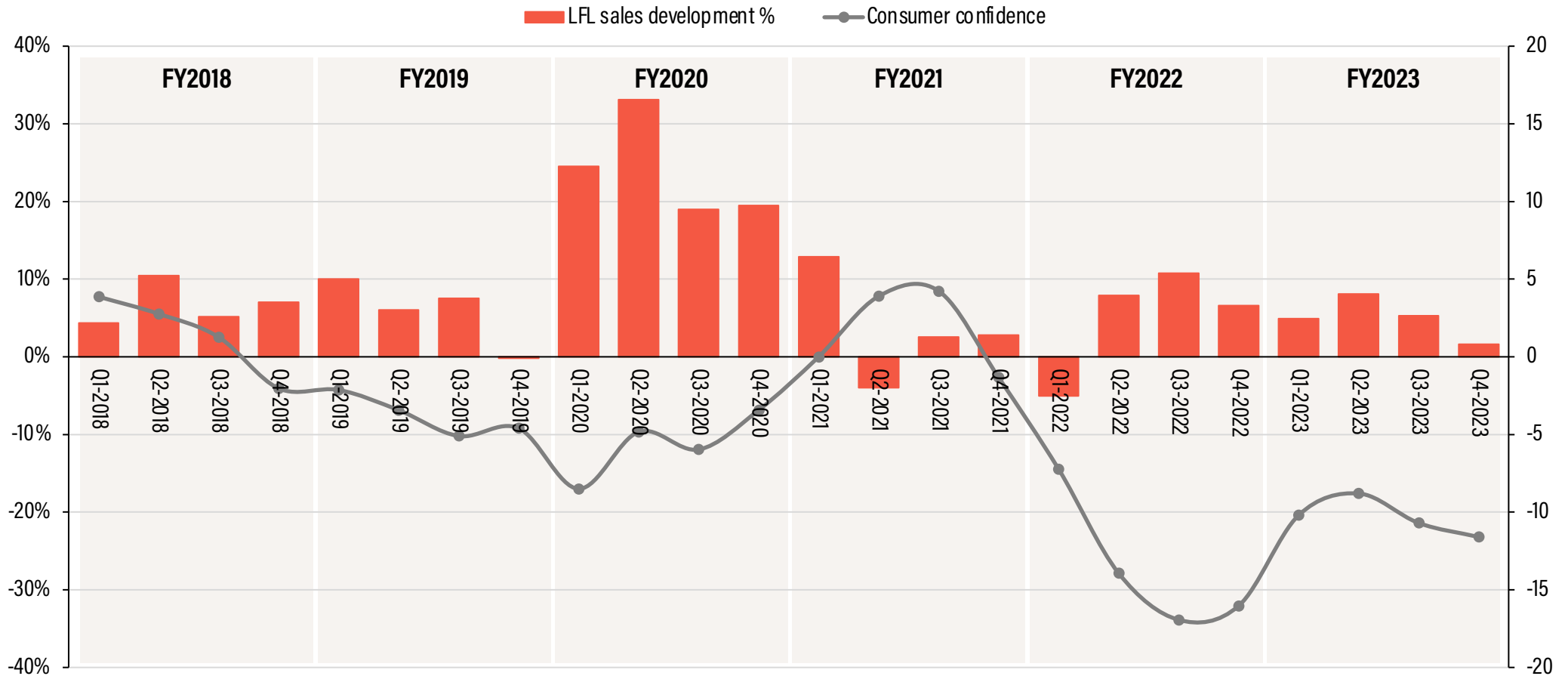


- Sales per sqm of **€3.4k<sup>1)</sup>** across store network with major room for growth
- FY2023 average store EBITDA of **21.3%<sup>2)</sup>** driven by operational efficiency
- Cash conversion-% of **97.7%<sup>3)</sup>** in FY2023

Notes: 1) Sales per sqm in FY2023 for all stores 2) Based on FAS accounting EBITDA for entire store network in FY2023 3) Operating cash flow / Adj. EBITDA-IFRS16 depreciations, adjusted EBITDA excludes one-off expenses related to IPO.



# Proof of defensive concept: LfL sales growth largely unaffected by shifts in consumer confidence



Note: Quarterly consumer confidence indicator (CCI) calculated as an average from monthly index data  
 Sources: Statistics Finland, consumer confidence

# Board of Directors



**Lasse Aho**

**Chair of the Board**

- The honorary title of Vuorineuvos
- M.Sc. in Social Sciences

**Background**

- CEO at Olvi Oyj 2004-2022
- Chair of the Board at Apetit Oyj
- Member of the Board at Genelec Oy
- Member of the Board at Jääkiekon SM-liiga Oy
- Chair of the Board at Olvi-säätiö
- Member of the Board at Robit Oyj
- Chairman of the Board at The Brewers of Europe



**Tuomas Piirtola**

**Member of the Board**

- M.Sc. in Economics

**Background**

- Director at NoHo Partners Fast Food
- Country Manager at Jysk Oy
- Member of the Board at Finago S.A.
- Member of the Board at Virinsa Oy



**Bent Holm**

**Member of the Board**

- M.Sc. in Economics and Business

**Background**

- CEO at Hi Five A/S
- CEO at Socki Socki
- CEO at Dollarstore AB
- COO at Netto International
- Commerical director at Poundstretcher Ltd
- Buying Director at Netto UK
- CFO & COO at Netto DK
- Member of the Board at Copenhot



**Mammu Kaario**

**Member of the Board**

- *Chair of the Audit Committee*
- LL.M., MBA

**Background**

- MD at Partnera Oy
- Investment Director at Korona Invest Oy
- Partner at Unicus Oy
- Partner at Conventum Corporate Finance Oy
- Vice Chair of the Board at CapMan Oyj
- Member of the Board at Epec Oyj
- Member of the Board at Gofore Oyj
- ... several other positions of trust



**Rasmus Molander**

**Member of the Board**

- *Member of the Audit Committee*
- M.Sc. (Tech.), MBA

**Background**

- MD at Adelis Holding I & II AB
- Project Leader at BCG
- Investment Executive at Permira
- Member of the Board at Adelis Advisory III AB
- Member of the Board at Adelis Holding III AB
- Member of the Board at Annia Capital AB
- Chair of the Board at Dayton Group Oy
- ... several other positions of trust



**Markku Tuomaala**

**Member of the Board**

- *Member of the Audit Committee*

**Background**

- Former CEO of Puuilo
- Member of the Board at Aitokaluste Oy
- Member of the Board at Autocredit Oy
- Member of the Board at Autollecom Oy
- Member of the Board at Comille Oy
- Member of the Board at Fast Food Builders Oy
- Member of the Board at Ice Boys Oy
- ... several other positions of trust



# Management Team



## Juha Saarela

### Chief Executive Officer

- Bachelor of Engineering

### Background

- CEO at Puuilo since 2017
- Deputy CEO at J.Kärkkäinen Oy
- Purchasing Manager and Member of the Board at J.Kärkkäinen Web Oy
- Store Manager at Kesko Oyj
- Area Manager at Maskun Kalustetalo Oy

- Holding in Puuilo: 200t shares (04/2024)



## Ville Ranta

### Chief Financial Officer

- M.Sc. Economics and Business Administration

### Background

- CFO at Puuilo since 2016
- Corporate Business Controller at Kesko Oyj
- Business Controller at Oy Sinebrychoff Ab
- Controller at Kemira Oyj
- Various financial management roles at TeliaSonera Finland Oy

- Holding in Puuilo: 371t shares (04/2024)



## Perttu Partanen

### Chief Marketing Officer

- M.Sc. Economics and Business Administration

### Background

- CMO at Puuilo since 2020
- Marketing Manager at Power Finland Oy

- Holding in Puuilo: 34t shares (04/2024)



## Markku Lampela

### Chief Purchasing Officer

- M.Sc. Economics and Business Administration

### Background

- CPO at Puuilo since 2020
- CEO at Erätukku Oy
- CEO at Kotivara Oy
- CEO at SwanLine Oy
- Member of the Board at Fodelia Oyj

- Holding in Puuilo: 19t shares (04/2024)



## Sirkkaliisa Kulmala

### Chief Human Resources Officer

- M.Sc. in Agriculture and Forestry Economics

### Background

- Member of the Management Team since 2020
- HR Director at SOK
- HR Director at Suomen Lähikauppa Oy
- HR Director at Kesko Oyj
- HR Director at Valio Oy
- HR Director at Silmäasema Oyj

- Holding in Puuilo: 54t shares (04/2024)



## Markus Kaatranen

### Chief Sales Officer

- Bachelor of Business Administration

### Background

- Member of the Management Team since 2022
- Sales Director at Kotipizza Oyj 2016-2022

- Holding in Puuilo: 11t shares (04/2024)



## Juha Parviainen

### Chief Information Officer

- Bachelor of Business Administration

### Background

- Member of the Management Team since 2020
- IT Director at EAB Group Oyj
- IT Director (building and technical trade) Kesko Oyj
- CIO at Anttila Oy
- CIO at K-Citymarket Oy
- IT Manager at Altia Oyj

- Holding in Puuilo: 14t shares (04/2024)

# CUSTOMER, BRAND AND MARKETING



# Puulo's concept offers a strong value proposition

## BROAD ASSORTMENT

**Our product range consists of more than 30,000 active SKUs**

- ✓ Our assortment has been carefully selected to meet customer demand and current trends
- ✓ We strive to adapt our assortment to proactively meet with customer demand
- ✓ One of the key elements of the diverse product range is Puulo's own private label products developed with a high price-quality ratio

## AFFORDABLE PRICES

**"Always low prices" increases demand and customer loyalty**

- ✓ We aim to ensure prices that are reliable and on average lower than those of our competitors
- ✓ Due to our low cost structure, we are usually able to price our products lower than our competitors
- ✓ Puulo is perceived as affordable in its core categories and, for example, as the most affordable option in the DIY category

## EASE OF SHOPPING

**Omnichannel concept**

- ✓ Shopping in stores is quick and easy
- ✓ The stores are similar in products and their placement. This eases the customer experience while making the use of space more efficient
- ✓ Increasing e-commerce traffic also increases the traffic in stores

## SATISFIED CUSTOMERS

**Like-for-Like growth in number of customers FY2023**

**~6%**

**A successful concept based on broad assortment, low prices, affordable price image and ease of shopping!**

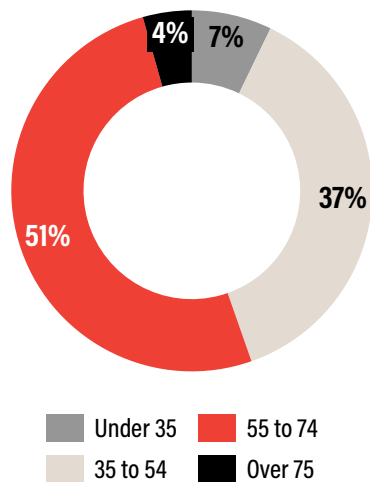
# Puulo's most common customer is a middle-aged person living in a detached house

## Customer descriptive statistics

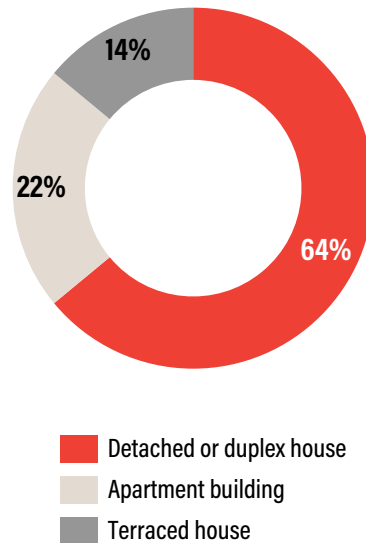
Gender



Age groups

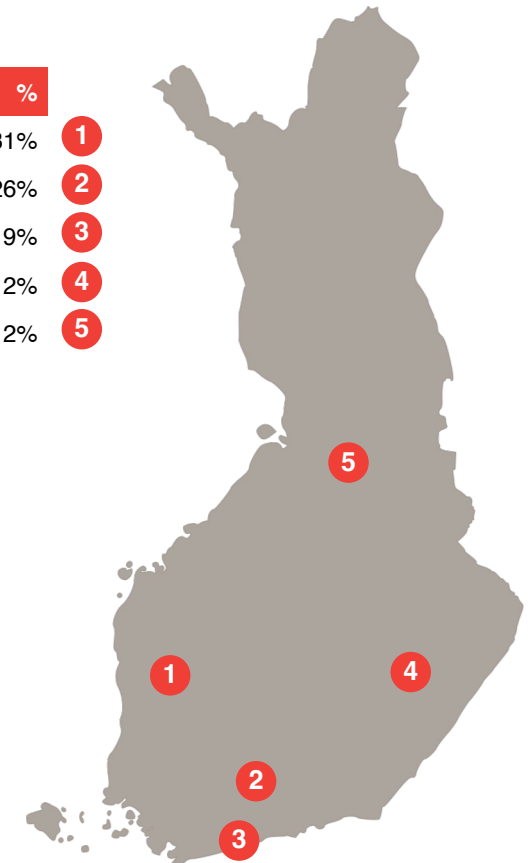


Tenancy



## Where do Puulo's customers live?

Region	Percentage	Rank
Western Finland	31%	1
Southern Finland	26%	2
Helsinki metropolitan area	19%	3
Eastern Finland	12%	4
Northern Finland	12%	5

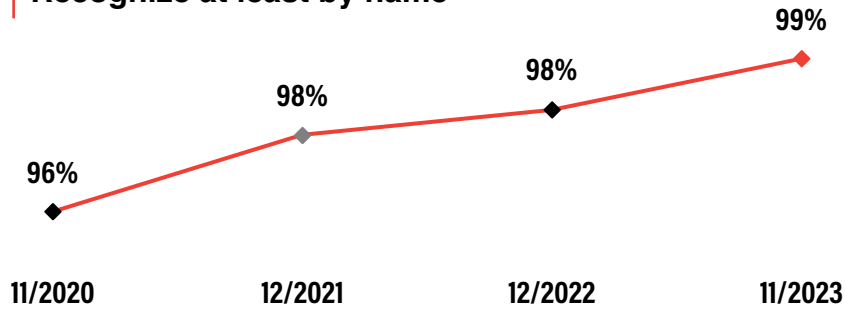


Source: Customer survey conducted by Puulo in May 2023 (n5000)

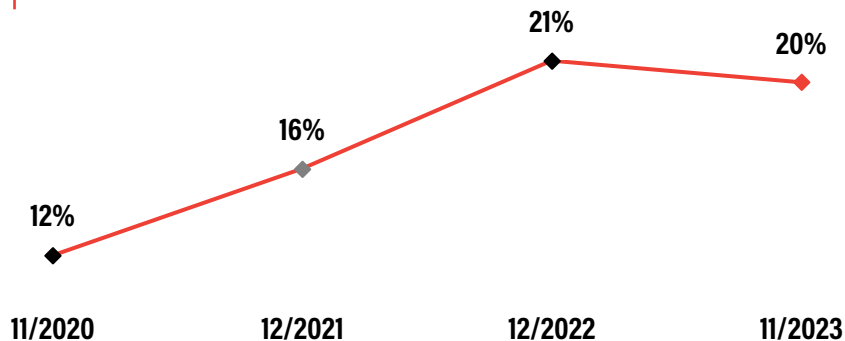
# Brand awareness and consideration of Puuilo is growing - still a lot of growth potential

## Puuilo's brand awareness

**Aided brand awareness – Recognize at least by name**



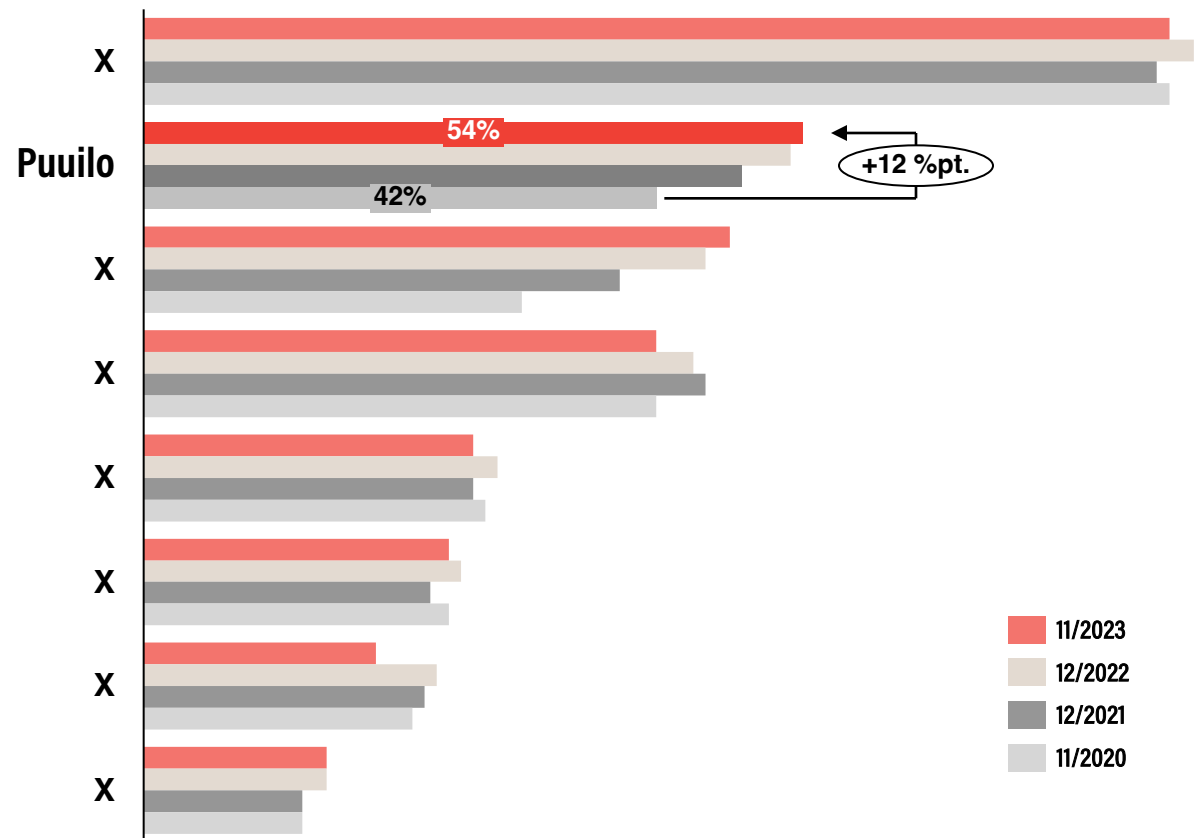
**Spontaneous brand awareness – Which discount stores do you remember?**



Source: Research commissioned by Puuilo from a business management consulting company in November 2023. (n1000)

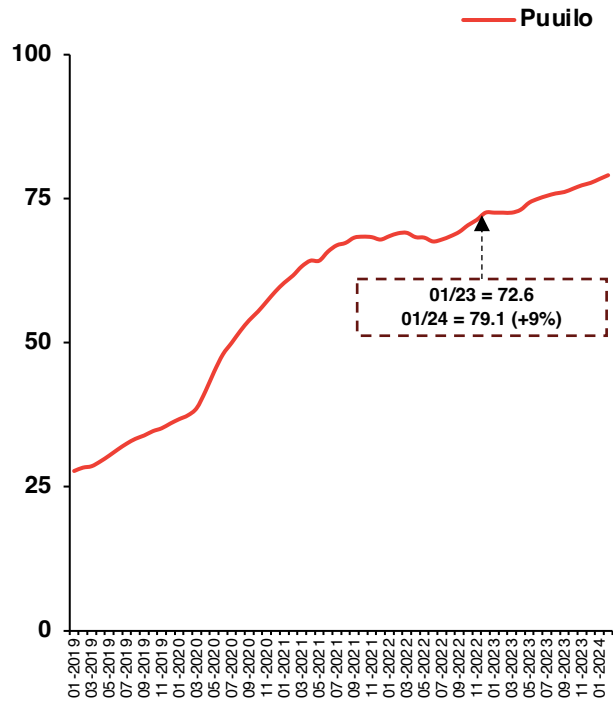
## Puuilo's consideration

*Which discount store do you prefer to shop at?  
What other stores would you also consider?*

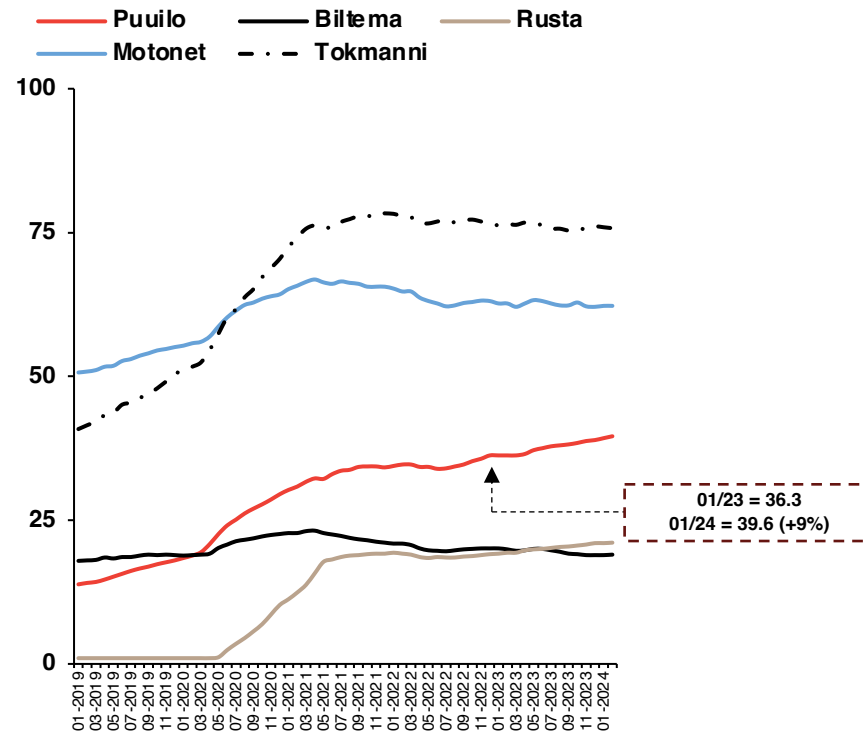


# Increasing brand awareness also seen in internet searches

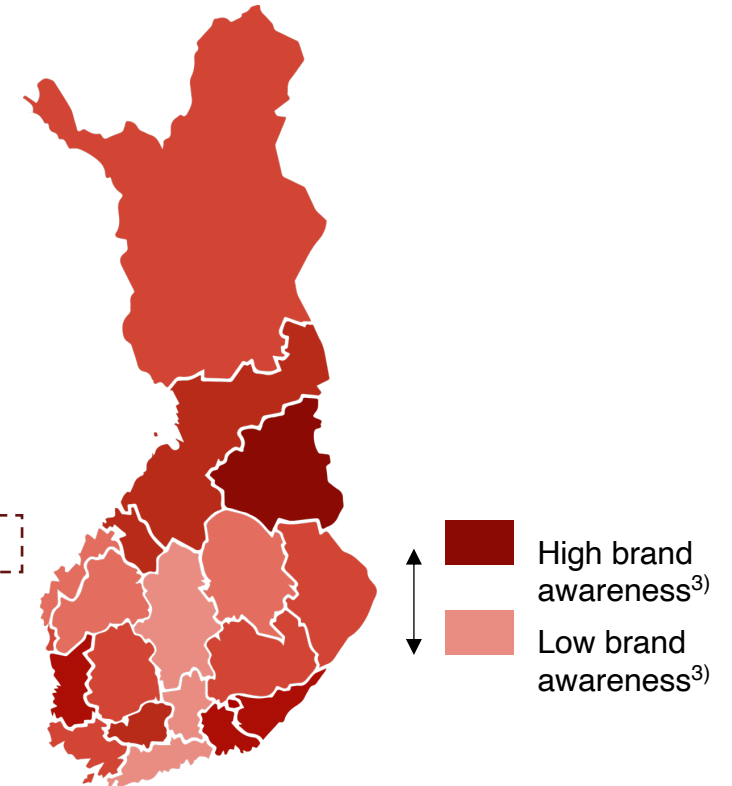
## Last 4-year internet search history<sup>1)</sup>



## Puuilo vs. peers internet search history<sup>2)</sup>



## Untapped potential in large economic areas<sup>3)</sup>



1) Data based on Google Trends analysis as at 15/03/2024 from time 1/2019-2/2024, rolling 12-months average. Highest underlying value indexed to 100; 2) Data based on Google Trends analysis as at 15/03/2023 from time 1/2019-2/2024, rolling 12-months average. All figures presented are in proportion to Tokmanni, with the highest underlying value indexed to 100; 3) Represents the amount of Google searches in the area with the highest value indexed to 100. The darkest red color indicates values between 75-100 and the lightest red values between 0-25. Source: Google trends analysis 15/03/2024



# We want to maintain our position as one of the most distinctive brands in Finland

- ✓ Puuilo's advertising is distinctive, well noticed and liked
- ✓ Especially when it comes to audio marketing, Puuilo can be recognized as a pioneer in Finland
- ✓ Puuilo's marketing has been acknowledged with numerous different awards, in Finland and abroad

## Selected domestic awards:

### Kaiku Audio Advertising Contest

2023:

Winner: Audio Concept category,  
Winner: Product Advertising Category



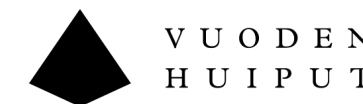
2021:

Grand Prix: Puuilo's IPO Campaign  
Winner: Corporate image category,  
Winner: Product Advertising category



2020:

Winner: Best music/"Jingle" of the year



### Effie Finland 2022

Silver Effie: Products and Services - Puuilo's IPO campaign  
Silver Effie: Special category - Puuilo's IPO campaign



### Vuoden huiput 2021

Winner: Sound, Radio Concept - Puuilo's IPO campaign



## Selected international awards & nominations:

### International Sound Awards 2022

Winner: Audio Marketing - Puuilo's IPO campaign, "Howdy to the Stock Market"

### Epica Awards 2022

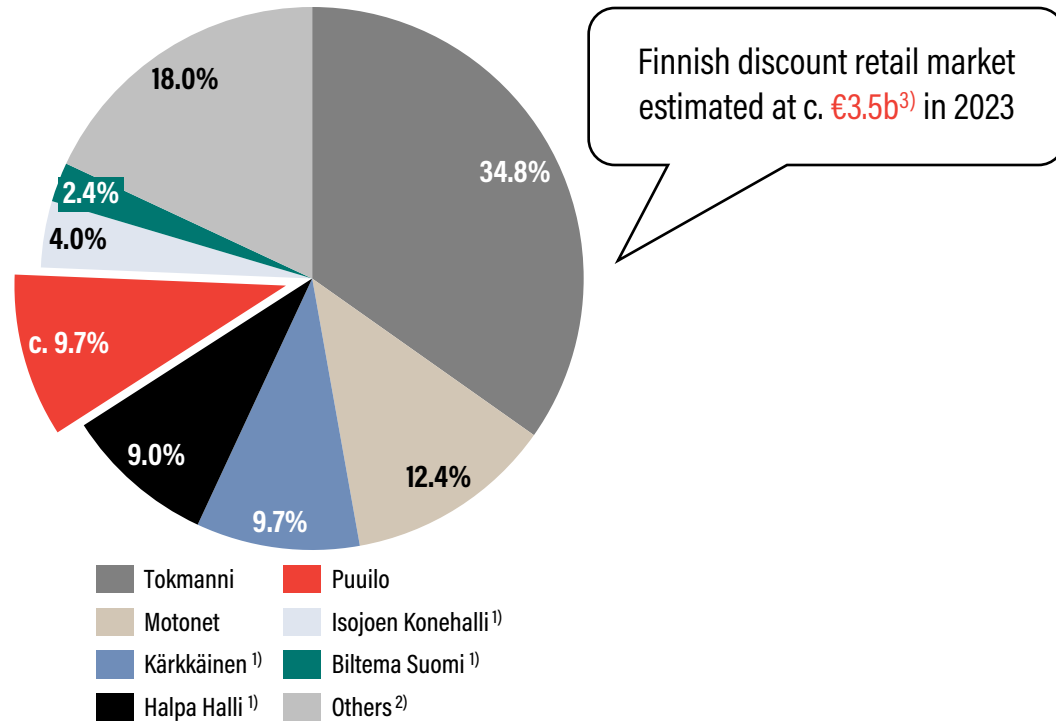
Shortlist: Corporate Image - Puuilo's IPO campaign, "Howdy to the Stock Market"

# MARKET OVERVIEW

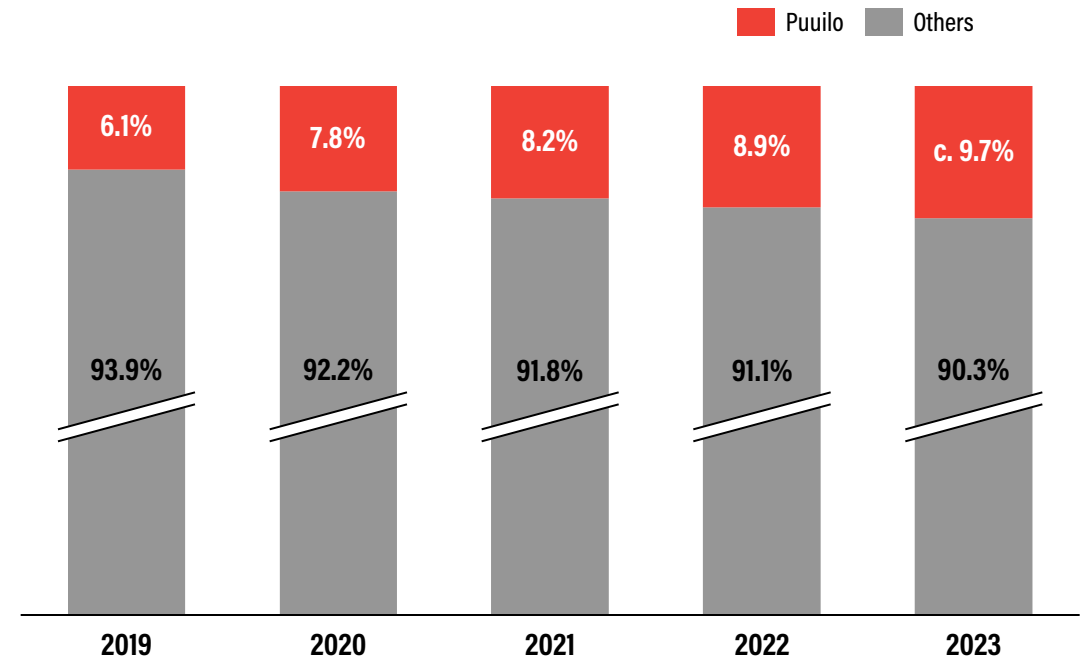


# Puulo's market share has continuously improved in the recent years

## Finnish discount retail market in 2023



## Puulo's market share development 2019-2023

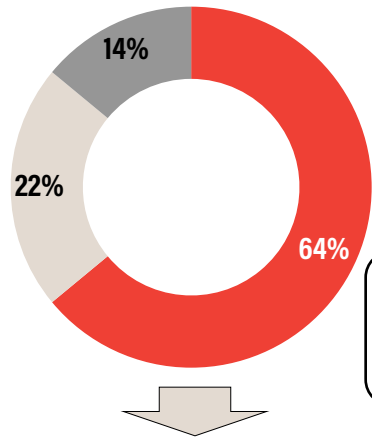


Notes: 1) Actuals not available for 2023, 2022 net sales used for approximating market shares 2) "Others" category consists out of the following companies: Minimani Yhtiöt konserni, Veljekset Keskinen konserni, Rusta Finland Oy, Clas Ohlson Oy, Vaalimaan Kauppakartano Oy, Löytötex Oy, Tampereen Säästötex Oy, Säästäkuoppa Group Oy, Porvoon mikrokulma Oy, BC tuontitukku, Tavaratalo Hurrikaani Oy, Sopuraha/Tukkusein Oy. For some of the companies 2023 actuals were not available, 2022 net sales used for these companies. 3) Market size estimated based on available FY2023 net sales of the companies listed in the graph and note 2.

# A large potential customer base with robust purchasing power

## Customers by tenancy<sup>1)</sup>

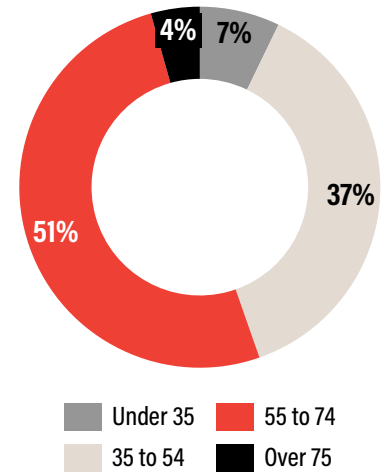
■ Detached or duplex house ■ Apartment building ■ Terraced house



There are over a million households in Finland that live in detached or duplex houses!

## A more mature customer base with robust purchasing power

Customers by age group

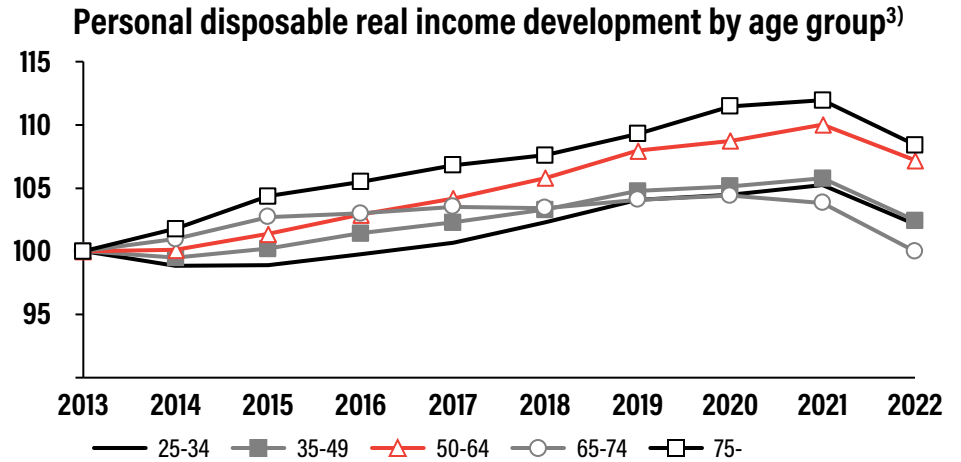


Personal disposable income in Finland

Age group	Personal disposable income <sup>2)</sup>
25-34	€25.6t
35-49	€31.3t
50-64	€29.0t
65-74	€19.7t
75 -	€18.9t

On average, our mature customer base has more money to spend

	%-share	# of households in Finland <sup>1)</sup>	Potential
Detached or duplex house	64%	1 059t	677t
Apartment building	22%	1 336t	294t
Terraced house	14%	378t	53t



Notes: 1) Dwellings and housing conditions in Finland 2022, StatFin 2) Personal disposable real income by age group 2022, StatFin 3) Personal disposable real income by age group 2013-2022 (indexed, base year = 2013), StatFin

Sources: Statistics Finland, Customer survey conducted by Puuilo in May 2023 (n5000)

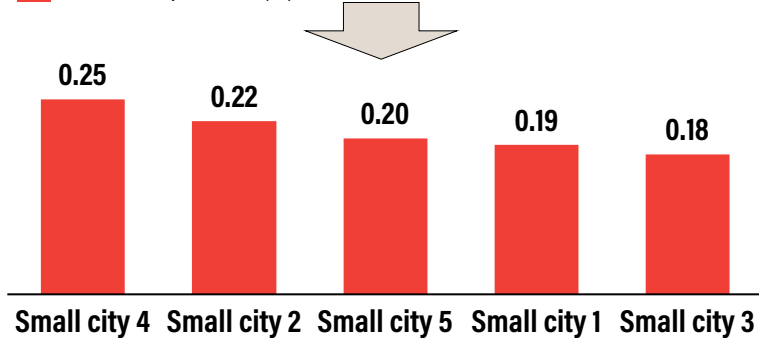


# Major untapped potential in larger Finnish cities!

## FY2023 sales in selected smaller cities

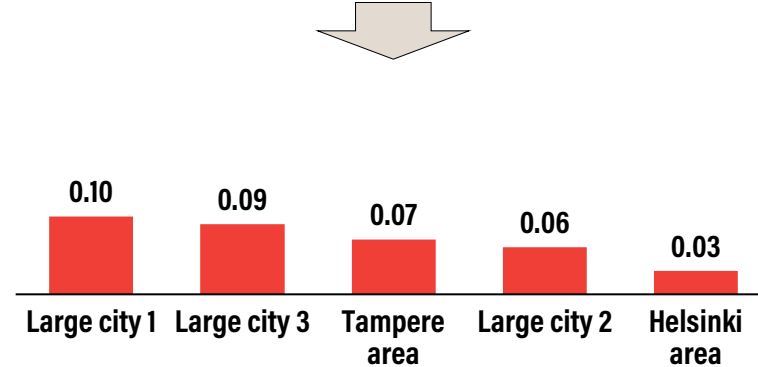
City	Population <sup>2)</sup>	FY2023 sales (€m)	Sales / Population (€t)
Small city 1	~47t	9	0.19
Small city 2	~36t	8	0.22
Small city 3	~39t	7	0.18
Small city 4	~24t	6	0.25
Small city 5	~25t	5	0.20
<b>Total</b>	<b>~171t</b>	<b>35</b>	<b>0.20</b>

■ Sales / Population (€)



## FY2023 sales in selected larger cities

City	Population <sup>2)</sup>	FY2023 sales (€m)	Sales / Population (€t)
Helsinki area <sup>2)</sup>	~1.2m	35	0.03
Tampere area	~250t	18	0.07
Large city 1	~212t	22	0.10
Large city 2	~146t	9	0.06
Large city 3	~122t	11	0.09
<b>Total</b>	<b>~1.9m</b>	<b>95</b>	<b>0.05</b>



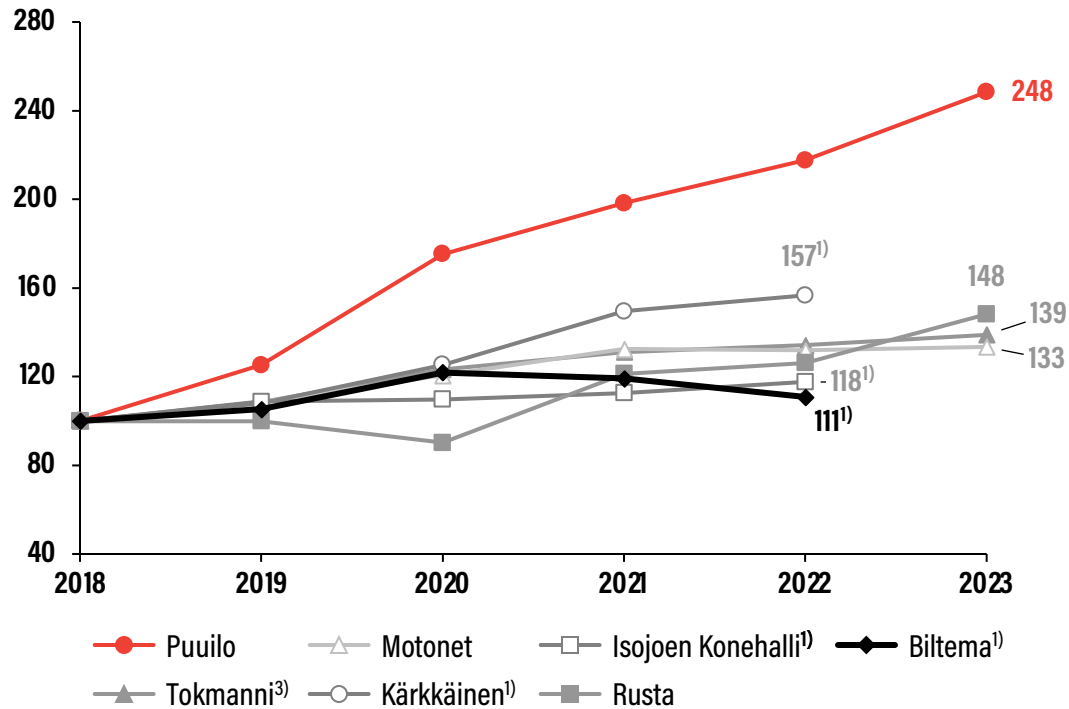
**Illustrative sales potential of at least +€100m<sup>3)</sup> still to be had in larger cities**

Note: 3) Potential assumes that sales / population for Helsinki area is €70 while sales / population for other large cities would cap at €150. Based on management estimates

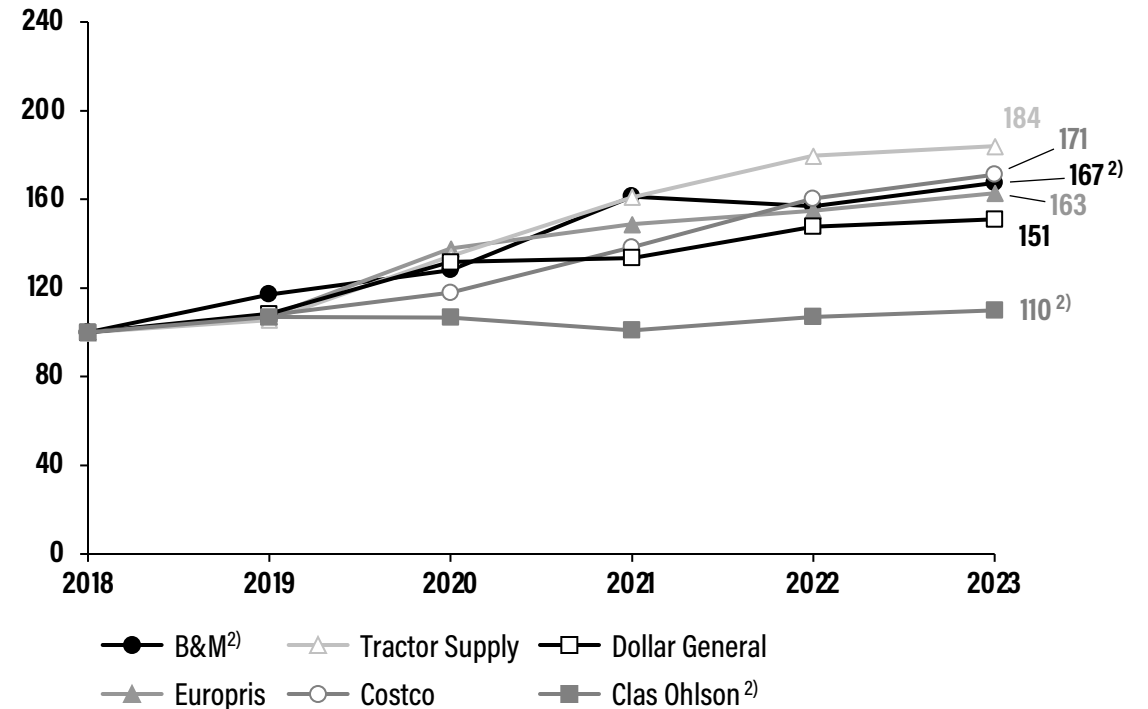
Notes: 1) Population at end of year 2022, StatFin 2) Helsinki area consists out of Helsinki, Espoo and Vantaa 3) Potential assumes that sales / population for Helsinki area is €70 while sales / population for other large cities would cap at €150. Based on management estimates  
Sources: Statistics Finland

# Puulo is among the fastest growing discount retailers in Finland

Finnish discount retailers sales development, indexed (2018 = 100)



Global discount retail sales development, indexed (2018 = 100)



Notes: 1) Actuals not available for 2022 2) Figures for FY2023 ended in March 2023 for B&M, figures for FY2023 ended in April 2023 for Clas Ohlson 3) Excluding sales of DollarStore  
Source: Company annual reports

# FINANCIALS AND PERFORMANCE METRICS

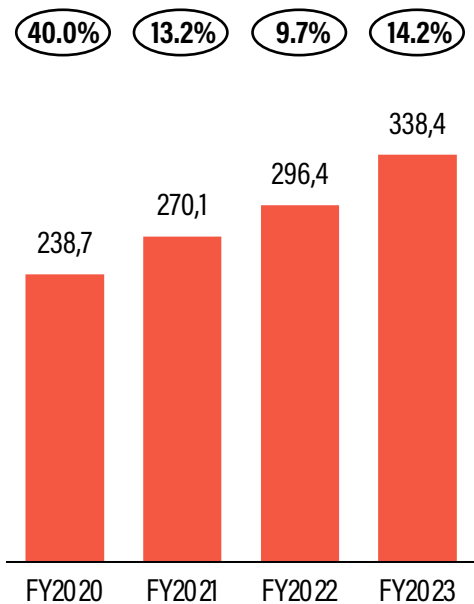


# Financial highlights

## Rapid growth

### Sales growth

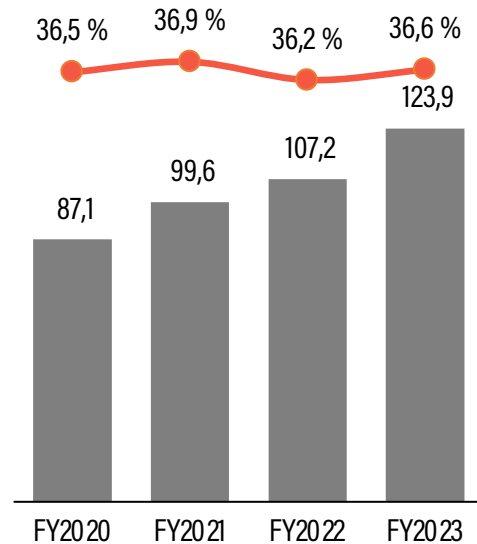
- Net sales (€m)
- YoY sales growth (%)



## High profitability

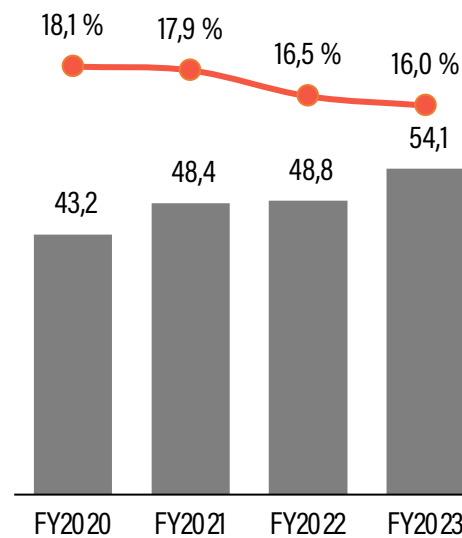
### Gross margin development

- Gross margin (€m)
- Gross margin-%



### EBITA development

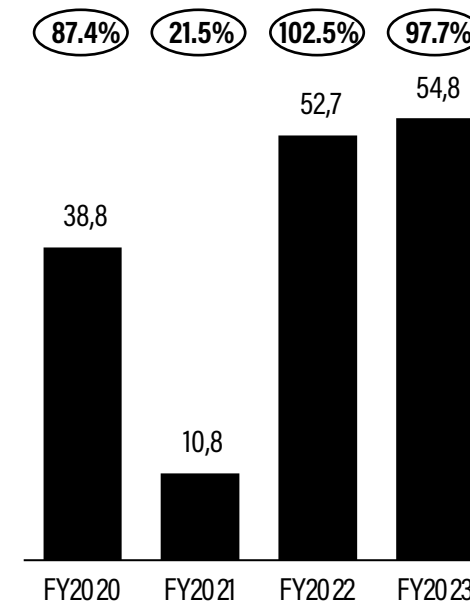
- Adj.<sup>1</sup> EBITA (€m)
- Adj.<sup>1</sup> EBITA margin-%



## Strong cash flow

### Cash flow development

- Operating free cash flow (€m)
- Cash conversion-% (Op.fcf / IFRS16 adj.<sup>1</sup> EBITDA)



Notes: 1) Adjusted EBITA and EBITDA excludes items affecting comparability mostly related to IPO expenses, IFRS16 adjusted EBITDA = adjusted EBITDA + IFRS16 depreciation



# In FY2023 majority of total sales consisted out of products cheaper than €20

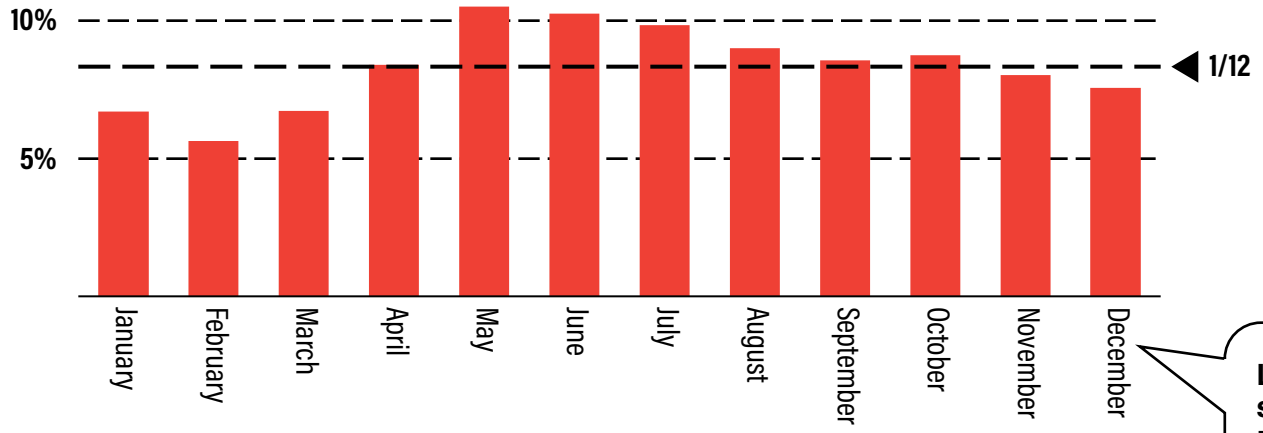
	Examples of products	Share of total sales	Share of sales volume	Illustrative margin
<p><b>Lower price point</b> Prices below €20</p>				
<p><b>Medium price point</b> Prices between €20-100</p>				
<p><b>Higher price point</b> Prices above €100</p>				

# Low seasonality - no dependency on e.g., Christmas

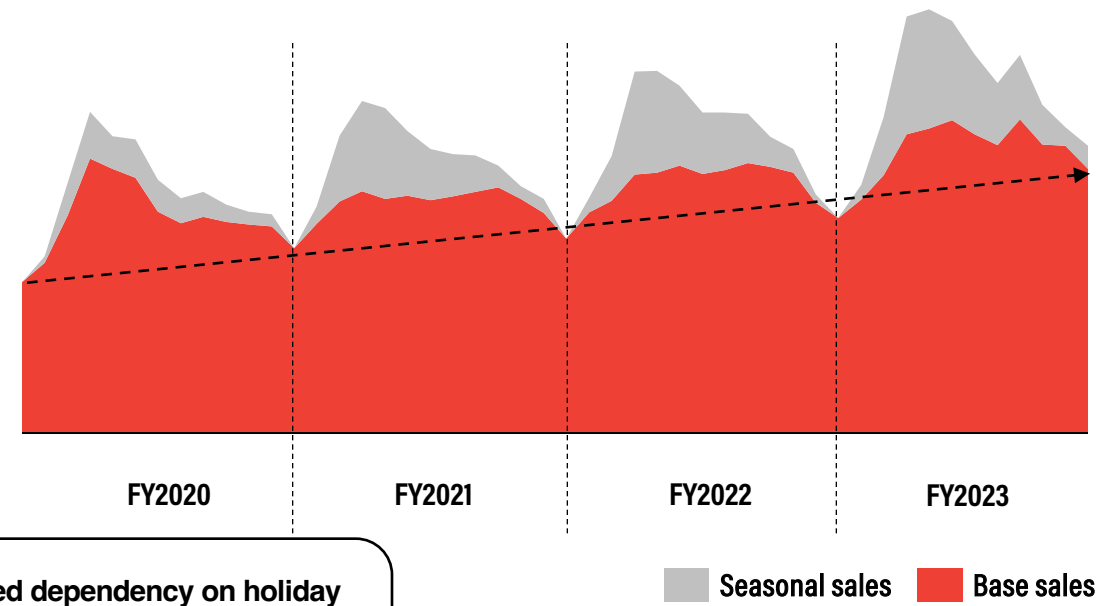
## Monthly net sales seasonality

% share of LfL annual net sales, average for 2021-2023 <sup>1)</sup>

Steady contribution over the year.  
Similar profile between the years.



+ Strong and non-cyclical base sales through seasons!<sup>2)</sup>

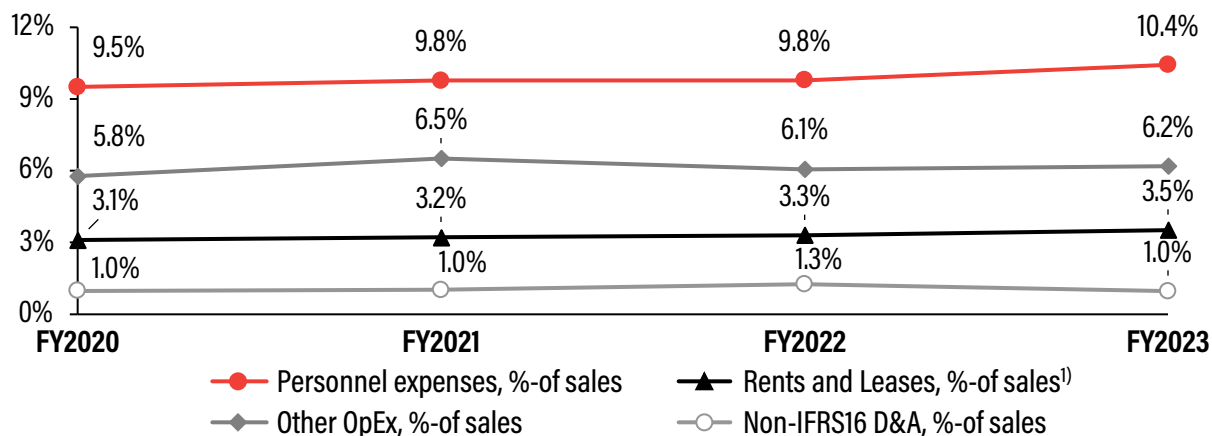


Limited dependency on holiday seasons, e.g., Christmas, Easter, Black Friday

Notes: 1) LfL stores excl. E-com; unaudited monthly figures 2) Total sales. Seasonal sales are based on the management estimate of the product groups which have their sales considered seasonal; unaudited monthly figures

# Efficient operating model translates into a light cost structure

## Operating expense split FY2021-FY2023



€m	FY2020	FY2021	FY2022	FY2023
<b>1</b> Personnel expenses	22.7	26.4	29.0	35.4
<b>2</b> Other operating expenses	13.8	17.6	18.0	21.0
<b>3</b> Depreciation and amortization	9.7	11.5	13.5	15.2
<b>Operating expenses total</b>	<b>46.2</b>	<b>55.5</b>	<b>60.5</b>	<b>71.5</b>
<i>Op.Ex. %-of sales</i>	<i>19.4%</i>	<i>20.5%</i>	<i>20.4%</i>	<i>21.1%</i>

## Commentary

- Personnel expenses are the largest component. Thus, further improvements in e.g., shift planning will have a noticeable impact in operating cost structure

  - During FY2023 personnel expenses increased mainly due to new store openings and general increase in salaries
- Other operating expenses consist out of items related to maintenance of premises, rents, IT-expenses etc. Further cost savings achievable from e.g. more energy efficient stores
- IFRS16 related depreciation is the main component in D&A. Low capex requirements for new store openings and low maintenance capex translate into low non-IFRS16 depreciation

Notes: 1) Rents and leases includes all IFRS16 related depreciation.

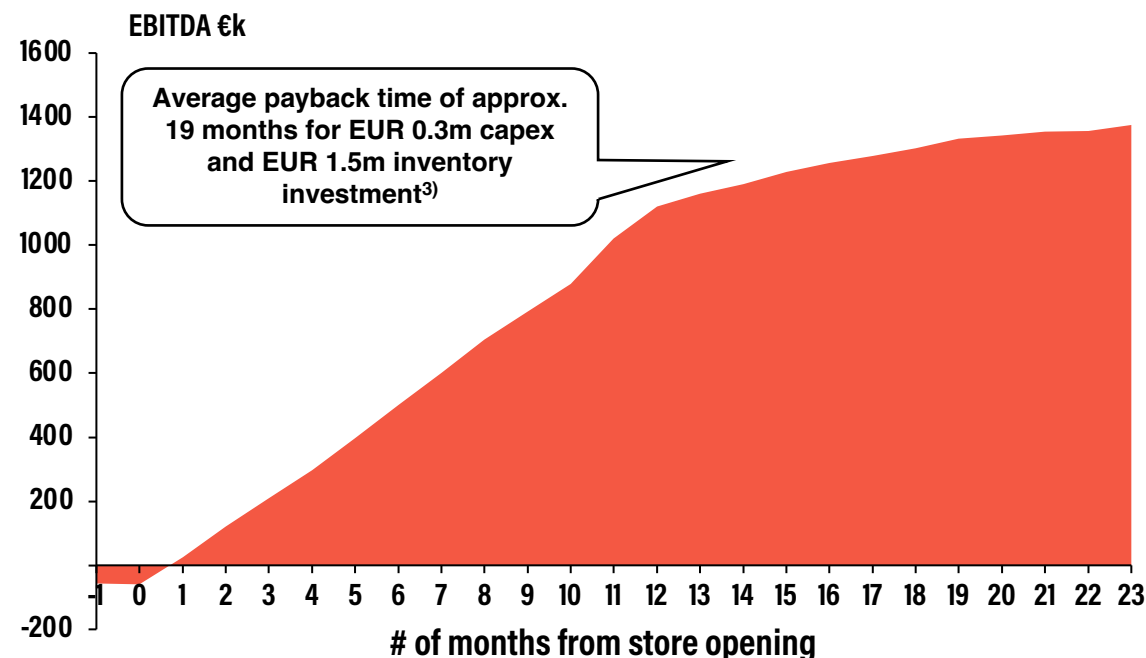


# All stores are profitable. On average new stores are EBITDA profitable after 1-2 months

FY2023 store EBITDA-margins for all stores<sup>1)</sup>



Rolling 12-month EBITDA for an average new store opening<sup>2)</sup>

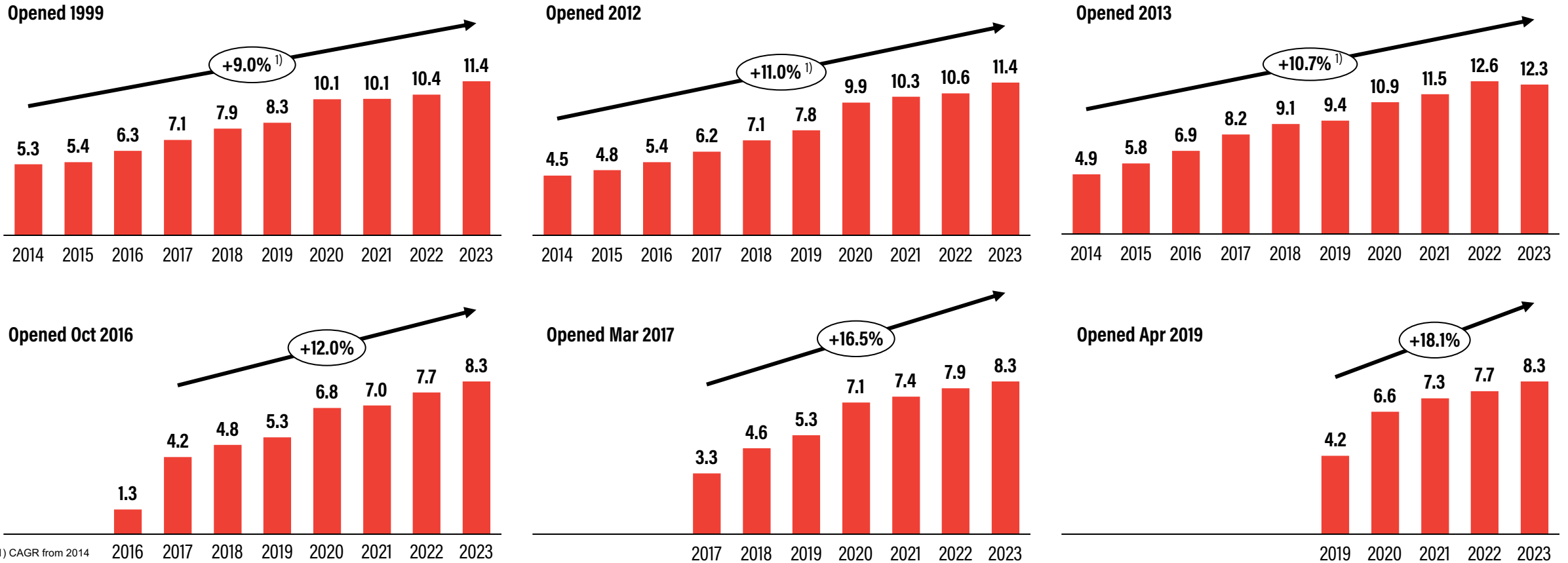


**Untapped potential to further improve store level margins e.g., through improving work shift planning!**

Notes: 1) FY2023 profitability based on FAS accounting EBITDA based on pricing margin. Recently opened stores are excluded: Kerava (opened Aug 2023), Vantaa Varisto (opened Dec 2023) Helsinki Konala (opened Nov 2023); 2) Based on average of 10 most recent store openings, excluding stores opened during H2 of FY2023: Kerava, Vantaa Varisto, Helsinki Konala (for dates, refer to note 1). Based on pricing margin and does not include e.g., loss of products. 3) Average payback time calculated as the time that cumulative store EBITDA takes to reach initial combined EUR 1.8m investment (Capex + inventory)

# Robust sales growth regardless of store vintage

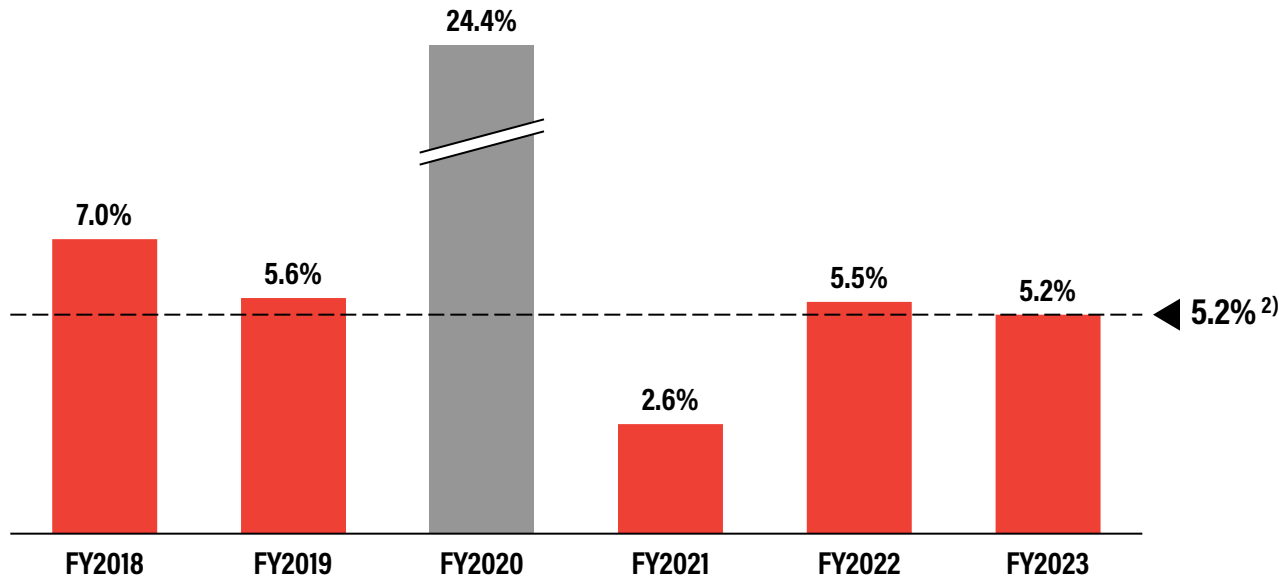
## Stores performance statistic examples (MEUR) and sales growth CAGR from opening



Note: 1) CAGR from 2014

# High LfL growth driven by traffic growth and increased basket size

## LfL sales development<sup>1)</sup>, FY2018-FY2023



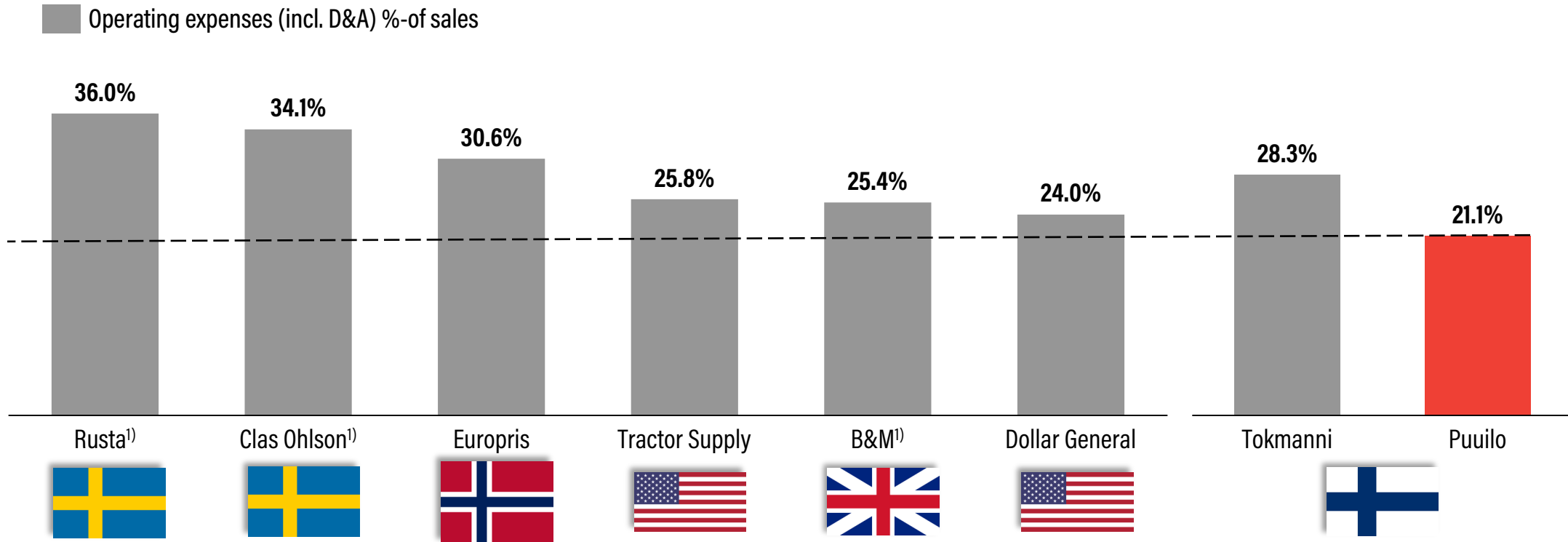
## Key LfL growth components

- ✓ LfL growth driven by store traffic growth, comprising new and old customers
- ✓ Improved commercial performance in stores due to field management and analysis
- ✓ Step change in brand awareness and new customers during 2020
- ✓ Average basket size has slightly decreased during FY2023 as customer demand has shifted into cheaper products. Prior FY2023 basket size increased in-line with inflation
- ✓ In the future LfL growth is expected to be further supported by increasing average basket size

1) FY2023 full year company data, LfL stores excl. E-com. 2) Average excludes FY2020

# Puulo's light cost structure supports high profitability going forward

## Global publicly listed discount retailers, operating expenses %-of sales FY2023

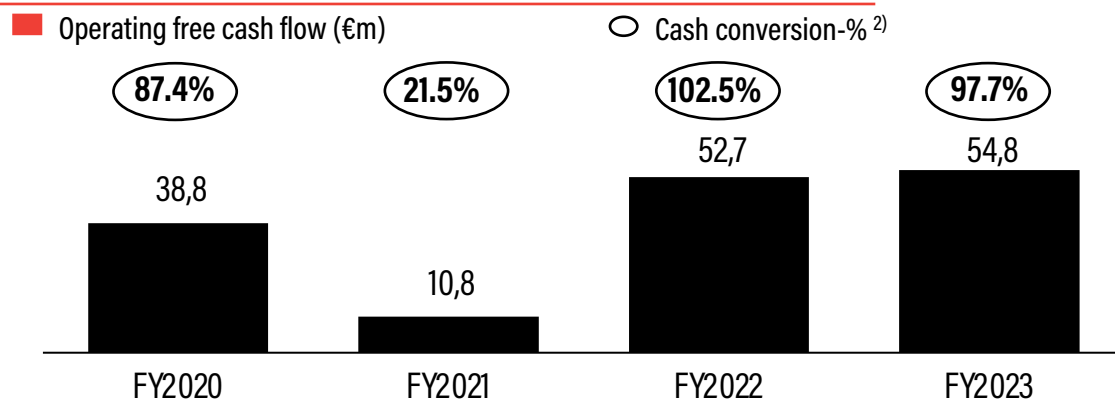


Notes: 1) Figures for FY2023 ended in March 2023 for B&M, figures for FY2023 ended in April 2023 for Clas Ohlson and Rusta  
Source: Company annual reports



# Puulo is a cash machine - high cash flow driven by operational efficiency

## Operating free cash flow and cash conversion



€m	FY2020	FY2021	FY2022	FY2023
<b>1</b> Adj. EBITDA <sup>1)</sup>	51.8	58.8	61.2	68.0
IFRS16 depreciation	-7.4	-8.7	-9.8	-11.9
<b>IFRS16 Adj. EBITDA</b>	<b>44.4</b>	<b>50.1</b>	<b>51.4</b>	<b>56.1</b>
<b>2</b> Change in NWC	-3.0	-34.9	3.9	3.4
<b>3</b> Capex	-2.6	-4.4	-2.6	-4.7
<b>Operating free cash flow</b>	<b>38.8</b>	<b>10.8</b>	<b>52.7</b>	<b>54.8</b>
<i>Cash Conversion</i>	<i>87.4%</i>	<i>21.5%</i>	<i>102.5%</i>	<i>97.7%</i>

## Commentary

- 1** The base of strong cash flow is high profitability driven by operational efficiency
- 2** Inventory is the largest item driving change in NWC. During FY2021 inventory levels were purposefully increased to accommodate new store openings and to ensure future availability amid Covid-19 related supply chain issues
  - During FY2022 several initiatives were launched to increase efficiency in inventory management, e.g. Relex. Results were already seen in the NWC level for FY2022. The effects are also visible in FY2023
- 3** Efficient new store opening process and light maintenance capex result in low overall capex

Notes: 1) Adjusted EBITDA excludes items affecting comparability mostly related to IPO expenses 2) Cash conversion-% = Op.fcf / (Adj. EBITDA + IFRS16 depreciations)

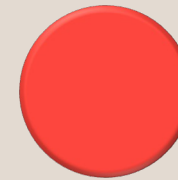
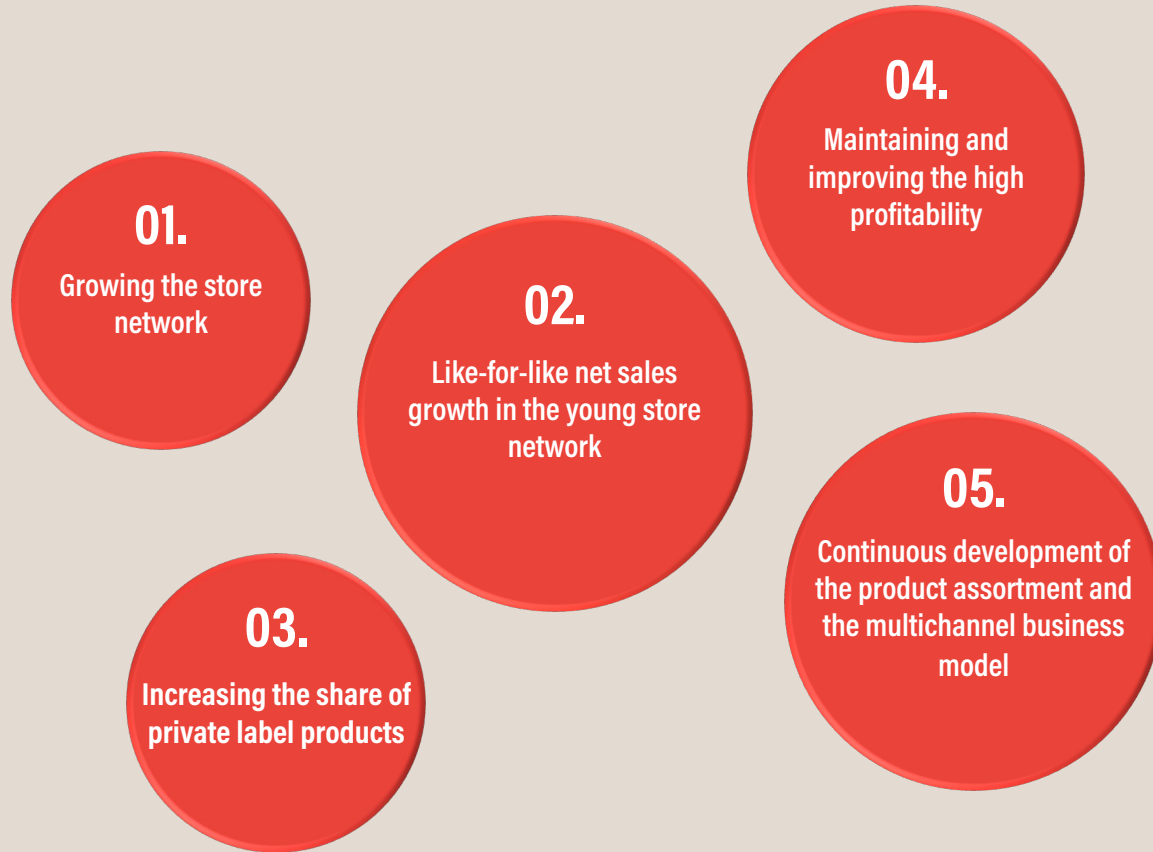


# CURRENT STRATEGY



Current strategy

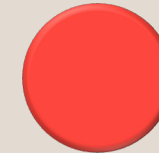
# Puuiilo's current strategy



**+400 MEUR**

**NET SALES**

Net sales above EUR 400 million by the end of financial year 2025 with annual organic sales growth in excess of 10%.



**17-19 %**

**PROFITABILITY**

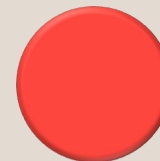
Adjusted EBITA margin between 17 - 19%.



**> 80 %**

**DIVIDEND POLICY**

Puuiilo aims to distribute at least 80% of net income for each financial year in dividends.



**< 2.0X**

**NET DEBT**

Net debt to adjusted EBITDA below 2.0x.

Puuiilo will achieve the long-term net sales target clearly before the end of the strategy period.

Current strategy

# Puulo has made steady progress towards long-term goals

	FY2021	FY2022	FY2023	Outlook FY2024	FY2025
Net sales, M€	270.1	296.4	338.4	380-410	> 400
<b>Sales growth, %</b>	<b>13.2%</b>	<b>9.7%</b>	<b>14.2%</b>		<b>&gt; 10%</b>
EBITA (adj.), M€	48.4	48.8	54.1	60-70	
<b>EBITA (adj.), %</b>	<b>17.9%</b>	<b>16.5%</b>	<b>16.0%</b>		<b>17-19%</b>
Dividend per share	0.30	0.34	0.38**		
<b>Dividend payout ratio</b>	<b>80%</b>	<b>82%</b>	<b>83%**</b>		<b>&gt; 80%</b>
<b>Net debt*</b>	<b>1.7x</b>	<b>1.5x</b>	<b>1.5x</b>		<b>&lt; 2.0x</b>

\* Net debt / Adjusted EBITDA. Net debt includes lease liabilities reported in accordance with IFRS 16.

\*\* Board of Director's proposal

# Puulo's long-term financial targets



**+400 MEUR**

**NET SALES**

Net sales above EUR 400 million by the end of financial year 2025 with annual organic sales growth in excess of 10%.



**17-19 %**

**PROFITABILITY**

Adjusted EBITA margin between 17 - 19%.



**> 80 %**

**DIVIDEND POLICY**

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



**< 2.0X**

**NET DEBT**

Net debt to adjusted EBITDA below 2.0x.



# UPDATED STRATEGY FOR PERIOD 2024 - 2028



# Puulo's strategy for period 2024 - 2028



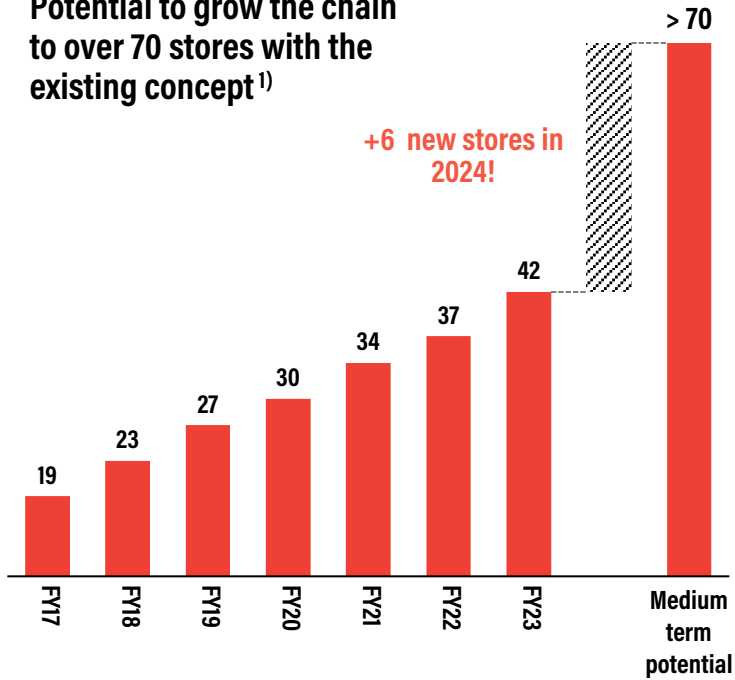
## Long-term financial targets for period 2024 - 2028

<p><b>&gt; 600 MEUR</b></p> <p><b>NET SALES</b></p> <p>Net sales above EUR 600 million by the end of financial year 2028 (ends Jan-2029)</p>	<p><b>&gt; 17% adj. EBITA margin</b></p> <p><b>PROFITABILITY</b></p> <p>Target to reach EUR &gt;105 million adjusted EBITA by the end of financial year 2028 (ends Jan-2029)</p>	<p><b>&gt; 80%</b></p> <p><b>PROFIT DISTRIBUTION</b></p> <p>Puulo aims to distribute at least 80% of net income each financial year to its shareholders</p>	<p><b>&lt; 2.0x</b></p> <p><b>NET DEBT</b></p> <p>Net debt to adjusted EBITDA below 2.0x</p>
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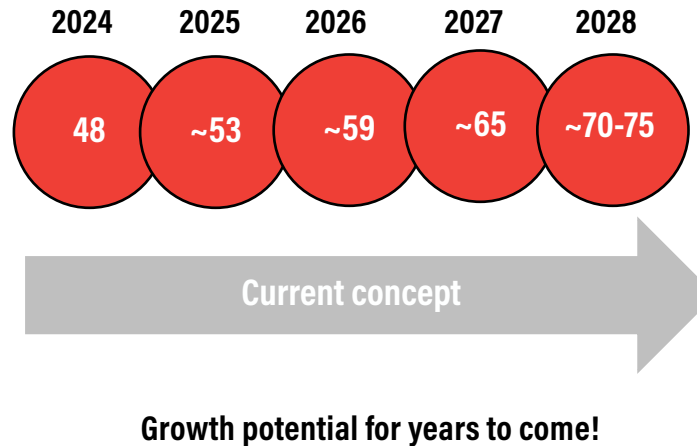
# Still significant room to expand store network with a proven ramp-up process

## Store network growth

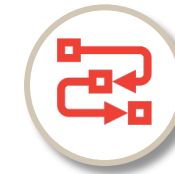
Potential to grow the chain to over 70 stores with the existing concept <sup>1)</sup>



## Forecasted total amount of stores



## Efficient launch program



Standardized process for new store openings



Track-record of successfully opening 4-5 new stores p.a. Going forward, Puuilo aims to open 5-6 new stores p.a.



Average new store profitable in first full month after opening <sup>2)</sup>

Notes: 1) Management estimate; 2) Based on average of 10 most recent store openings. Based on pricing margin (POS).

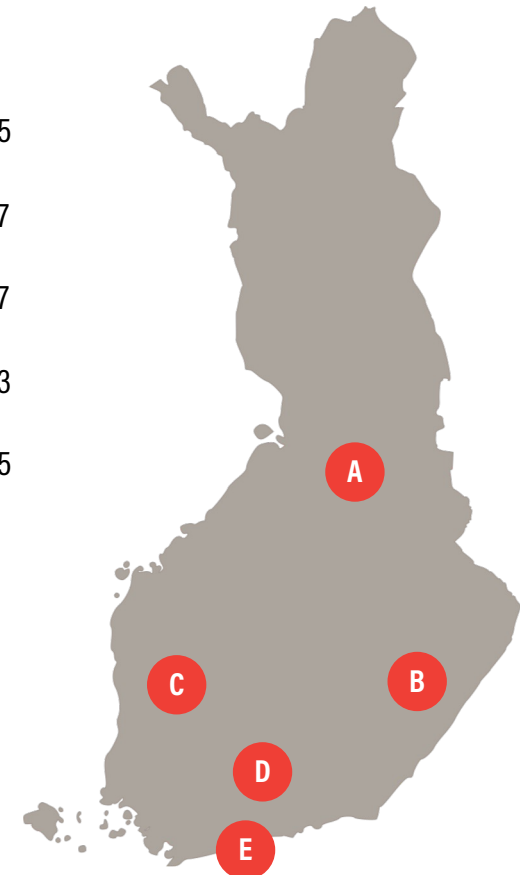
# Examples of potential new store locations from FY2025 onwards

## Selected potential store locations and sales<sup>1)</sup> with current concept

# stores	Location	Potential sales (€m) <sup>1)</sup>	# stores	Location	Potential sales (€m) <sup>1)</sup>
49	Helsinki III	11	63	Eastern Finland	7
50	Helsinki IV	9	64	Western Finland	7
51	Espoo II	8	65	Northern Finland	7
52	Espoo III	8	66	Western Finland	7
53	Espoo IV	7	67	Eastern Finland	6
54	Northern Finland	10	68	Southern Finland	6
55	Eastern Finland	10	69	Western Finland	6
56	Eastern Finland	9	70	Western Finland	6
57	Northern Finland	9	71	Northern Finland	6
58	Eastern Finland	9	72	Southern Finland	6
59	Western Finland	9	73	Western Finland	5
60	Western Finland	8	74	Northern Finland	5
61	Southern Finland	8	75	Eastern Finland	5
62	Eastern Finland	8	...	...	...
<b>Potential</b>			<b>&gt;€200m</b>		

## Potential new stores by geographical location

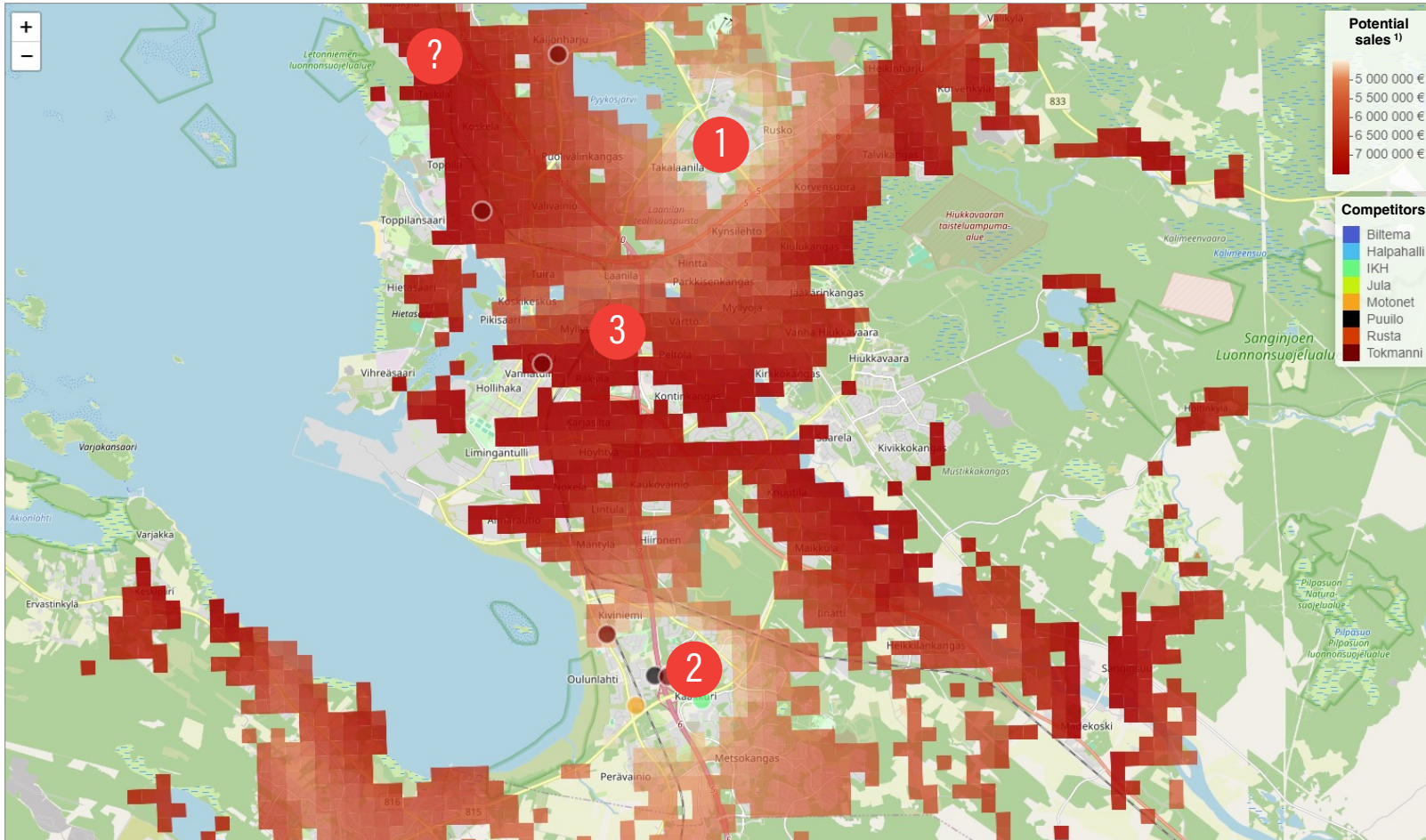
- A** # of new stores = ~5
- B** # of new stores = ~7
- C** # of new stores = ~7
- D** # of new stores = ~3
- E** # of new stores = ~5



Notes: 1) Illustrative potential annual sales which are based on a multi variable econometric model prepared by a 3rd party consultant for Puuilo management in 2023



# Example of potential store locations. Case: Oulu area

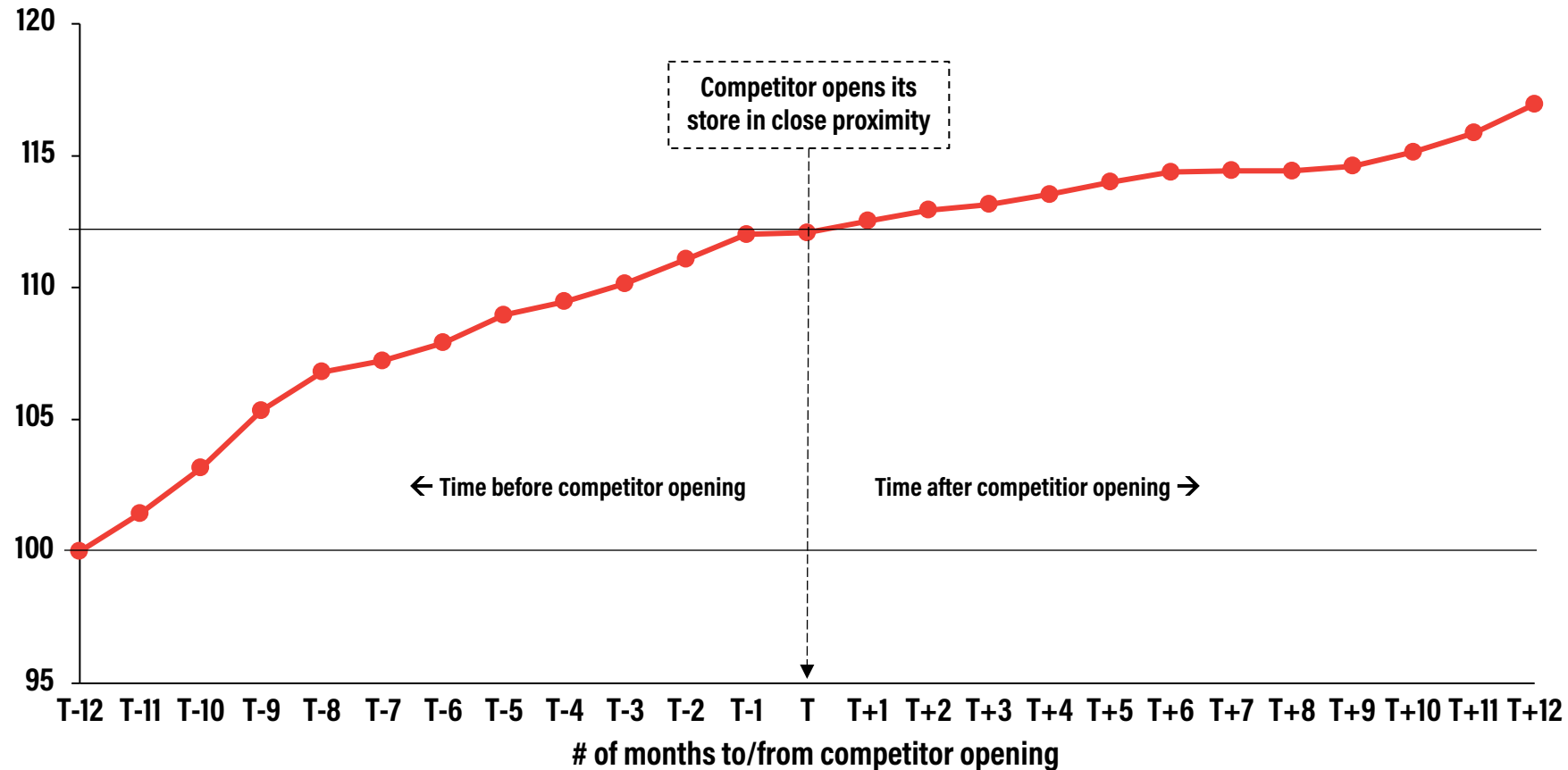


- 1 Oulu Rusko store, opened in 1999
- 2 Oulu Vasaraperä store, opened in 2016
- 3 Oulu Karjasilta store, opens in Fall of 2024
- ? Possible to locate fourth store in Oulu?

Notes: 1) Illustrative sales which are based on a multi variable econometric model prepared by a 3rd party consultant for Puuiilo management in 2023

# On average, sales continue positive development regardless of increased competition

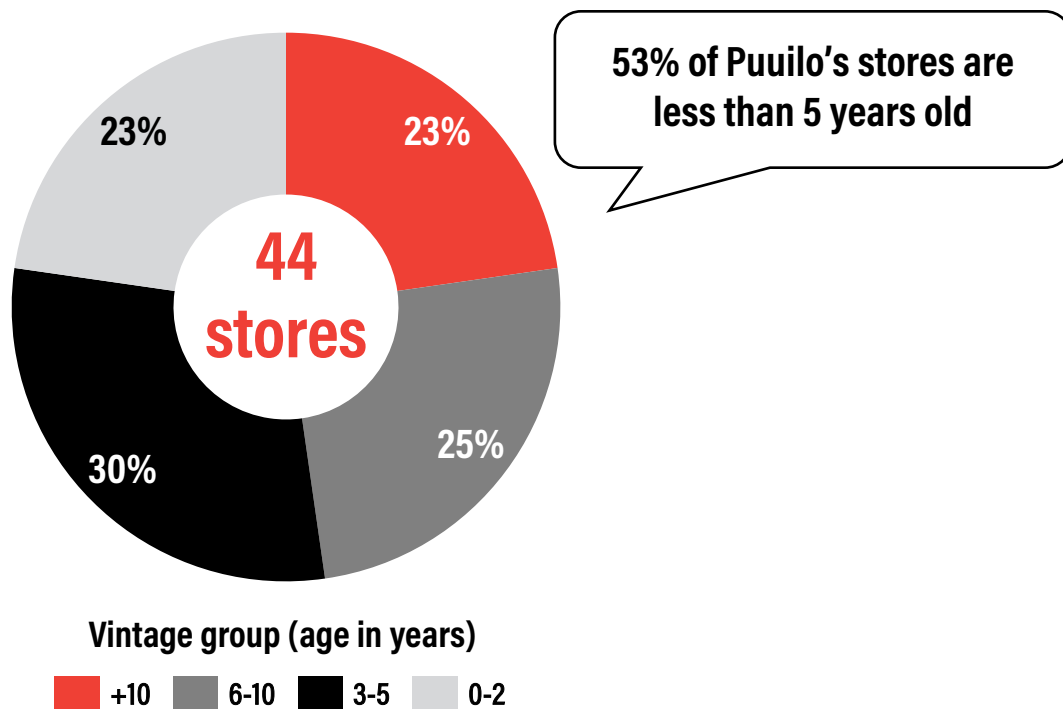
Rolling 12-month sales development before and after the store opening of competitors (indexed, T-12 = 100)<sup>1)</sup>



Note: 1) Index is based on average of rolling 12-month sales for 4 stores which had a direct competitor open a store in close proximity, 2 of these openings were competitor A's while the remaining 2 were competitor B. The rolling 12-month sales 12 months before competitor store opening is indexed to 100.

# Young store network with significant LFL-growth potential

## Puuiilo store split by vintage as of March 2024



## Actions supporting growing store awareness and traffic



New store openings expanding geographical reach



Continued increases in marketing budget. Proven track record of increasing brand awareness



Targeted marketing efforts for wider customer audience e.g. B2B customers



Further differentiation of product assortment from competitors

**LfL growth continues to be strong even in stores that are 10+ years old!**

# Strong like-for-like growth driven by increasing store traffic

Average store sales for different vintage groups - €k per sqm<sup>1)</sup>

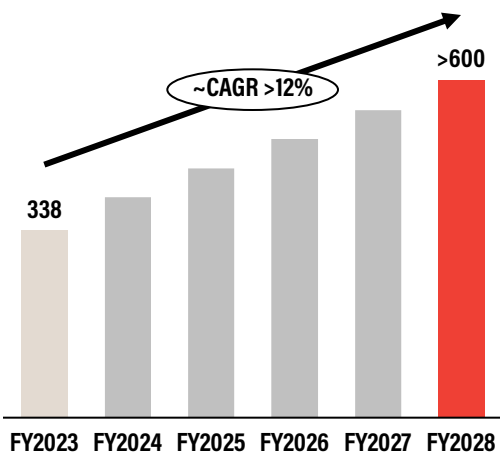


Notes: 1) FY2023 excluding Nokia and Ylöjärvi, which were opened in February and March of 2024.



# Financial KPI targets for new strategy period, growth based on >20 new stores from FY2025 onwards

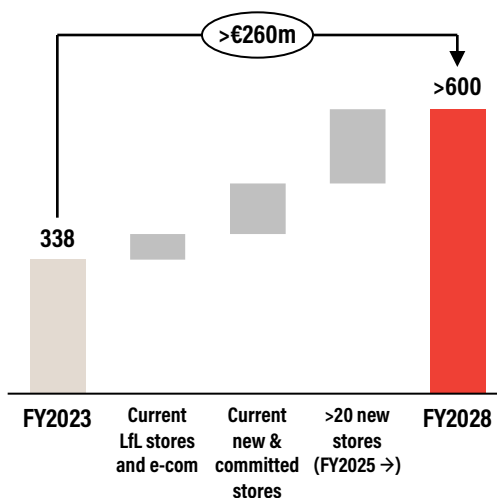
**Net sales development (€m)**



**Sales development drivers:**

- ✓ Growing the chain to >70 stores with the current concept
- ✓ Young store network, ~half of stores younger than 5 years old
- ✓ Still major untapped potential in larger cities

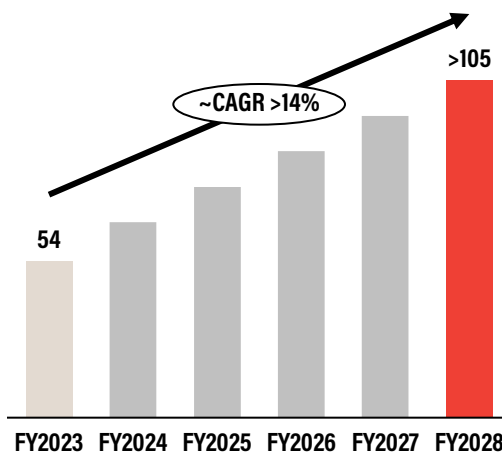
**Sales development components (€m)**



**Sales development components:**

- ✓ Strong LfL growth, historically ~5% p.a.
- ✓ Growth from maturing new and committed stores
- ✓ Major growth from >20 new store openings from FY2025 onwards

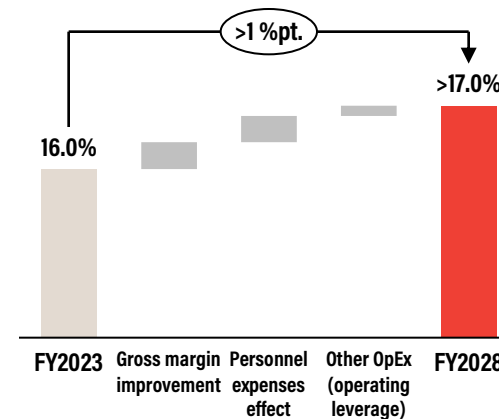
**EBITA development (€m)**



**EBITA development drivers**

- ✓ Increasing private label share of sales
- ✓ Improving already light cost structure
- ✓ Economies of scale as the average sales per store increase

**EBITA development components (%pt.)**

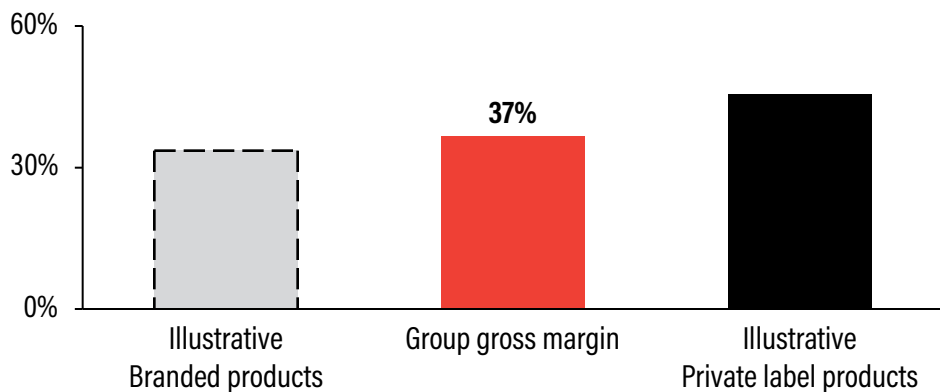


**EBITA development components:**

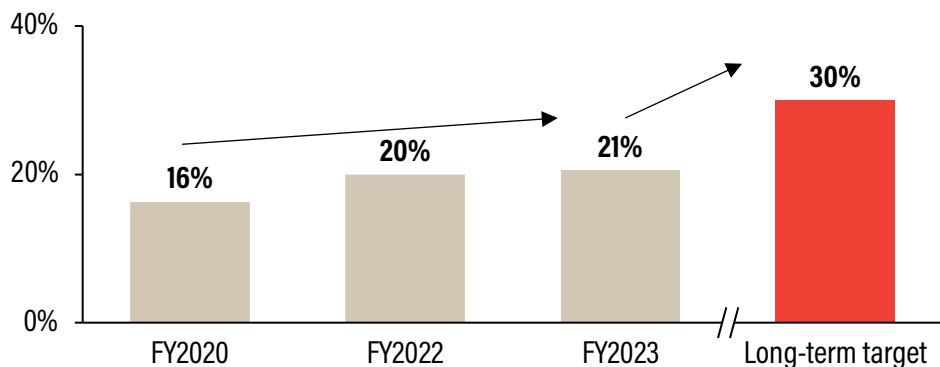
- ✓ Increasing private label effect on EBITA margin estimated between 0.4-1.0%pt.
- ✓ Proportional personnel expenses decrease as average per stores increase, est. effect of 0.4-1.0%pt. on EBITA margin
- ✓ Operating leverage effect as total sales increase, est. effect of 0.2-0.5%pt. on EBITA margin

# Further margin potential from increasing share of private label sales

## Gross margin illustration



## Private label share of sales



**PUUILO**

## Private labels

**TOMBER®**

€5.99



**KRAMFORS**

€16.90



**Nuorkami**

€39.90



**tamforce®**

€99.00



## Brand alternative

**BAHCO**

€9.99



**FISKARS®**

€32.90



**MUURIKKA®**

€79.90



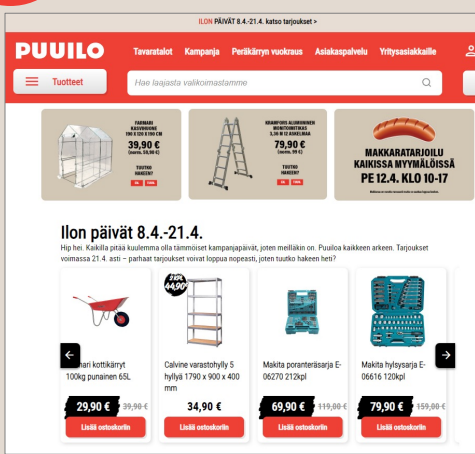
**STANLEY**

€149.00



# A true omnichannel concept – several contact points for potential customers

**In web store**




- A well functional web store is especially important for customers today. Customers search a lot of information (on e.g. availability) through our web store
- Most often customer's purchase process starts from web store and moves to brick and mortar

**In media**



- Puuilo's advertising is distinctive, well noticed and liked
- Especially when it comes to audio marketing, Puuilo can be recognized as a pioneer in Finland
- The effect of successful marketing can be seen in the positive development in brand recognition

**In stores**



- Puuilo is known for its good customer service
- Puuilo's concept has store personnel replenishing the shelves during store opening hours – due to this customers can always find an employee if help is needed!

**Customers have several contact points in different channels before making their purchase decision**

# Summary of new long-term financial targets and how do we reach them



## Drivers for sales development (LfL+total growth)

- **New store openings:** Puuilo aims to open at least 5-6 stores annually
- **Young store network:** ~50% of Puuilo's stores are less than 5 years old
- **Major untapped potential also in larger Finnish cities**
- **Further increase in brand awareness**



**> 600 MEUR**

## NET SALES

Net sales above EUR 600 million by the end of financial year 2028 (ends Jan-2029)



## Drivers for profitability development

- **Private label products:** increasing the share of private label products
- **Light cost structure:** Puuilo has a light cost structure compared to peers, we aim to maintain and further improve this
- **Economies of scale:** E.g. proportional store profitability increases with sales and better negotiation position with suppliers



**> 17% adj. EBITA margin**

## PROFITABILITY

Target to reach EUR >105 million adjusted EBITA by the end of financial year 2028 (ends Jan-2029)



## Drivers for retaining current good profit distribution

- **Low capex requirements:** Puuilo does not require a large cash position to fund its growth
- **High cash conversion ratio:** Through efficient working capital management, Puuilo has consistently a high cash conversion ratio
- **Profit distribution is decided by AGM each year**



**> 80%**

## PROFIT DISTRIBUTION

Puuilo aims to distribute at least 80% of net income each financial year to its shareholders



## Drivers for retaining the net debt target

- **High profitability**
- **Good cash conversion results in high operating free cash flow**
- **Low capex requirements:** Puuilo does not require a large cash position to fund its growth



**< 2.0x**

## NET DEBT

Net debt to adjusted EBITDA below 2.0x



# SUSTAINABILITY



# Responsible Retailer



## AN AFFORDABLE APARTMENT

JÄTKÄ-JUHO BIRDHOUSE  
32 MM ENTRANCE

9.90 €



### A RESPONSIBLE RETAILER

The share of foreign suppliers committed to BSCI or equivalent in our supply chain is 56% (44%). This corresponds approx. 80% of the sales of private label products. We continue to work to increase the share to 80% by the end of the financial year 2025.

We were able to continue on-site visits and reviews to factories abroad.



### A GOOD PLACE TO WORK

In line with our targets, we have primarily offered full-time employment. Full-time contracts accounted for 74% (78%) of total in the financial year 2023.

We aim for excellent leadership and a safe working environment. During recent years, we have put significant effort in training supervisors.

The results for the annual work satisfaction survey are above the average for retail sector, with the participation rate nearing 100%.

We will continue the current good employer development work also in the current financial year.



PUUILO

### CONSUME MORE SUSTAINABLY

100% of the electricity we procure ourselves is from renewable energy sources

Energy efficiency improved by changing to LED lights nearly in all stores, the remaining LED conversions will be completed during 2024.

Comparable electricity expenses have reduced by 2% (-2%).

3 new solar plants in 2023. Our goal is to install 5 new solar plants during 2024.

Comparable recycling rate decreased to 67% (69%). Our goal is to reach 73% by the end of financial year 2025.

Emissions related to transportations were 1 955 tons (1 639). 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.

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.



# Q&A