

Excellent performance in a difficult operating environment

Highlights Q2/2022

- Net sales increased by 11.9% (+5.2%) and were EUR 89.2 million (79.8)
- Like-for-like store net sales increased by 7.9% (-4.0%)
- Online store net sales decreased by 1.6% (+45.2%)
- Gross profit was EUR 32.5 million (29.6) and gross margin was 36.5% (37.2%)
- Adjusted EBITA was EUR 18.0 million (16.8), which corresponds to an adjusted EBITA margin of 20.2% (21.1%)
- EBIT was EUR 17.1 million (14.9) which corresponds to 19.2% of net sales (18.6%)
- Operating free cash flow was EUR 29.6 million (8.5)
- Earnings per share were EUR 0.15 (0.13)
- Earnings per share excluding listing expenses were EUR 0.16 (0.15)
- No new stores were opened during the second quarter (1 new store)

Highlights H1/2022

- Net sales increased by 7.2% (+11.5%) and were EUR 148.1 million (138.2)
- Like-for-like store net sales increased by 2.4% (+2.5%)
- Online store net sales decreased by 4.6% (+33.3%)
- Gross profit was EUR 53.1 million (51.0) and gross margin was 35.9% (36.9%)
- Adjusted EBITA was EUR 24.2 million (25.5), which corresponds to an adjusted EBITA margin of 16.4% (18.5%)
- EBIT was EUR 23.0 million (22.2) which corresponds to 15.5% of net sales (16.0%)
- Operating free cash flow was EUR 32.8 million (15.4)
- Earnings per share were EUR 0.20 (0.19)
- Earnings per share excluding listing expenses were EUR 0.21 (0.22)
- No new stores were opened during the reporting period (3 new stores)

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. 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. 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://puuilo.videosync.fi/2022-q2-results>. Participate by calling the number according to your location a few minutes before the start of the event.

The webcast in Finnish will begin at 11:30 am EET at <https://puuilo.videosync.fi/2022-q2-tulos>.

Recordings of both events will be available later the same day at Puuilo's Investors website at <https://www.investors.puuilo.fi/en/reports-and-presentations>.

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Key figures

EUR million	Q2/2022	Q2/2021	H1/2022	H1/2021	2021
Net sales	89.2	79.8	148.1	138.2	270.1
Net sales development (%)	11.9%	5.2%	7.2%	11.5%	13.2%
Like-for-like store net sales development (%)	7.9%	-4.0%	2.4%	2.5%	2.6%
Online store net sales development (%)	-1.6%	45.2%	-4.6%	33.3%	20.8%
Gross profit	32.5	29.6	53.1	51.0	99.6
Gross margin (%)	36.5%	37.2%	35.9%	36.9%	36.9%
Adjusted EBITA*	18.0	16.8	24.2	25.5	48.4
Adjusted EBITA margin (%)*	20.2%	21.1%	16.4%	18.5%	17.9%
EBITA*	17.4	15.2	23.6	22.7	45.6
EBITA margin (%)*	19.5%	19.0%	15.9%	16.5%	16.9%
EBIT	17.1	14.9	23.0	22.2	44.5
EBIT margin (%)	19.2%	18.6%	15.5%	16.0%	16.5%
Net income	13.1	10.3	17.3	15.2	31.9
EPS (EUR)	0.15	0.13	0.20	0.19	0.38
EPS excl. listing expenses (EUR)	0.16	0.15	0.21	0.22	0.42
Operating free cash flow	29.6	8.5	32.8	15.4	10.8
Net debt / adjusted EBITDA	1.5	1.6	1.5	1.6	1.7
Number of stores (end of period)	34	33	34	33	34
Number of personnel converted into full-time employees (FTE)	748	725	708	675	663

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

* Operating profit before the amortisation of Puulo trademark

Earnings per share has been calculated for all periods presented considering the free-of-charge share issue (split) executed during the financial period 2021.

Outlook for the financial year 2022

Puulo forecasts that net sales will increase. However, net sales growth is forecasted to be below the long-term annual growth target for the current financial year (net sales annual organic growth in excess of 10%). Puulo forecasts adjusted EBITA to be EUR 40–50 million.

The forecast includes elements of uncertainty due to the energy crisis, development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

The company changed its outlook for the financial year 2022 with a stock exchange release on 7 September 2022. Previously, the company forecasted adjusted EBITA to be EUR 35–45 million. The net sales forecast remained unchanged.

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: Puuilo 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.

CEO Juha Saarela's review

Puuilo's performance in the second quarter (Q2) was excellent, and the expectations of the company were exceeded. It took some time to pick up pace in the first half of the year due to the global uncertainty at the beginning of the year and arrival of late spring but turned into strong demand in late spring and summer. The growth in sales was supported by successful product range, sufficient availability of goods, efficient marketing and — above all — the solid performance level of our entire personnel. This combination really got our customers moving!

Puuilo's net sales grew strongly. The past Q2 reporting period could well be described as a commercial success, especially considering the challenges in the operating environment. The company's net sales grew by 11.9% (+5.2%) and the like-for-like net sales +7.9% (-4.0%). The increase in net sales was mainly due to two components: the growth of the basket size, and more importantly the number of customers. This development was visible in almost all of our stores. We have managed to transfer the price increases to the sales prices quite well, which partly explains the increase in basket size. The share of price increases in sales growth is moderate, however, because we want to maintain affordable prices. Our biggest success in the period was the increase in the number of customers.

Puuilo's adjusted EBITA in Q2 was EUR 18.0 million (16.8), an increase of EUR 1.2 million compared to the previous year. The adjusted EBITA in Q2 represented 20.2% (21.2%) of net sales, which we are satisfied with. The increase in adjusted EBITA is impacted by the growth in sales, and well-controlled operating expenses. The gross margin decreased compared to the previous year, but the gross margin in Q2 can be described as strong performance — especially considering the high inflation. We managed to increase the share of high-margin products. We recorded strong growth in our private label products, in line with our strategy. In addition, we have been able to reduce the overstock that decreased our gross margin at the beginning of the year. The inventory level has decreased by approximately EUR 10 million during Q2. Our gross profit continues to be impacted in some extent by the additional transport and storage costs. However, these additional transport and storage costs are now clearly levelling off.

Our growth will continue in line with our strategy. We opened a new store at the beginning of September in Sastamala, and the next locations are Tornio and Lieto, where new stores will be opened by the end of the financial year. Puuilo has signed lease agreements for the 2023 financial year for a total of four new stores, with one store to be opened in Kerava, one in Nummela, Vihti, as well as two in the capital region. We will announce the exact locations of the capital region's new stores at a later date.

There are currently more challenges than usual in the operating environment of the retail industry. During the beginning of the year, consumer demand shifted to services and tourism. As a further impact, consumer confidence is low. General inflation, the drastic increase in energy costs, war in Ukraine, and the possible comeback of Covid-19 restrictions are sure to keep us busy in the near future. Puuilo's almost defensive business with low prices concept has proven its functionality also in challenging times: duct tape and cable ties have a steady market regardless of financial conditions. We are not immune to world events, but we believe that we can do better than average in these circumstances because discount retail has traditionally done well in difficult economic times. Let our strong Q2 results be proof of this confidence and persistence.

Towards the end of the financial year, our focus areas will be the previously mentioned: growing our store network, determined marketing, cost control, and optimising our inventory levels and storage costs. At the same time, we are already preparing next year's product planning and ordering.

With these numbers I wish you all a pleasant autumn.

Significant events of the reporting period

Performance matching share plan for key employees

On 20 April 2022 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 approximately financial years 2022 – 2024. 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 75 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 2025. 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 315,000 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.

Change of guidance

On 25 May 2022 Puuilo changed its guidance for the financial year 2022 with a stock exchange release. According to the updated forecast net sales will increase. However, net sales growth is forecasted to be below the long-term annual growth target for the current financial year (net sales annual organic growth in excess of 10%). Puuilo forecasts adjusted EBITA to be EUR 35 – 45 million.

The forecast includes elements of uncertainty due to the development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

Previously, the company forecasted that the net sales and the adjusted operating profit (adjusted EBITA) for the financial year 2022 in euros would increase compared to the financial year 2021.

The company has changed its guidance again in September 2022. Please see sections Outlook for the financial year 2022 and Significant events after the end of reporting period.

Repurchase of own shares

On 17 June 2022, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 17 May 2022 to repurchase the company's own shares.

The repurchases started on 22 June 2022 and ended on 30 June 2022. During this period, Puuilo repurchased 315,000 shares for an average price of EUR 4.9020 per share, corresponding to approximately 0.37% 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 315,000 shares.

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 approximately four new stores per year and to continue to increase its like-for-like net sales by further increasing Puuilo's brand awareness. The company has an efficient and standardised store opening process, which enables the opening of several stores each year without negatively affecting other operational activities. New stores are, on average, profitable after the first full month of opening.

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

Store network development

During the reporting period, Puuilo has not opened new stores. In September 2022 Puuilo opened a new store in Sastamala. Lielähti store in Tampere was relocated the in May 2022. As Puuilo has previously announced, stores will also be opened in Tornio and Lieto during the financial year 2022. In the next financial year, new stores will be opened in Kerava and Vihti's Nummela, along with two more in the Helsinki metropolitan area. These will be announced separately closer to the store openings. According to the definition by Puuilo, a store is considered new during the year of openings and the following financial year. Relocated stores are considered like-for-like stores.

On 31 July 2022, Puuilo had a total of 34 stores (33 stores) across Finland. The current store network is young, and more than half of the stores have been opened during 2016 – 2021. In recent years, Puuilo has opened an average of 3 – 4 new stores a year.

Financial development

Seasonality

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

Financial year

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

Q2/2022

In May – July Puulo's net sales increased by 11.9% to EUR 89.2 million (79.8). Net sales of Puulo's stores were EUR 86.2 million (76.7) and net sales of the online store were EUR 3.0 million (3.1), which corresponded to 3.4% (3.9%) of net sales. Like-for-like store net sales increased by 7.9% (-4.0%) in the second quarter. Online store net sales decreased by 1.6% (+45.2%) in the second quarter.

The development of net sales was positively impacted by the increase in net sales of the like-for-like stores and in new stores which originated from an increase in both the number of customers and basket size. The decline in the online store net sales is due to the strong growth in the comparison period and the end of the Covid-19 pandemic restrictions.

Puulo's gross profit for the reporting period was EUR 32.5 million (26.9) and the gross margin was 36.5% (37.2%). Puulo has intentionally increased inventory levels to ensure the availability of goods in Puulo's stores. The inventory has remained higher than planned and has increased storage and transportation costs, which has had an impact on gross margin. In addition, the higher purchase prices of goods due to inflation have affected the gross margin. However, Puulo has succeeded in transferring the increased purchase prices and logistics costs to the sales prices. In addition, a good margin level has been maintained by increasing the share of private label products in sales.

Operating expenses were EUR 12.4 million (12.0), which corresponds to 13.8% of net sales (15.1%). Adjusted operating expenses were EUR 11.7 million (10.4), or 13.1% of net sales (13.0%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 7.5 million (6.8), which corresponds to 8.4% (8.5%) of net sales.

Operating expenses included EUR 0.6 million items affecting comparability related to tax audit. EUR 0.5 million of the expenses related to listing expenses and EUR 0.1 million to strategic projects. Operating expenses for the comparison period included EUR 1.7 million items affecting comparability, which were mainly related to listing expenses.

Adjusted EBITA was EUR 18.0 million (16.8) and the adjusted EBITA margin was 20.2% (21.1%). EBITA was EUR 17.4 million (15.2) and the EBITA margin was 19.5% (19.0%).

Operating profit was EUR 17.1 million (14.9), which corresponds to an EBIT margin of 19.2% (18.6%).

Net financial expenses were EUR -0.8 million (-2.0). Net financial expenses excluding the effect of IFRS 16 were EUR -0.5 million (-1.7).

Profit before taxes was EUR 16.3 million (12.9). Total income taxes were EUR 3.3 million (2.6). The net result was EUR 13.1 million (10.3) and earnings per share were EUR 0.15 (0.13). Earnings per share excluding the effect of listing expenses were EUR 0.16 (0.15).

H1/2022

In February – July, Puuilo's net sales increased by 7.2% to EUR 148.1 million (138.2). Net sales of Puuilo's stores were EUR 142.8 million (132.6) and net sales of the online store were EUR 5.3 million (5.6), which corresponded to 3.6% (4.0%) of net sales. Like-for-like store net sales increased by 2.4% (+2.5%) in the reporting period. Online store net sales decreased by 4.6% (+33.3%) in the reporting period.

The development of net sales was positively impacted by new stores and the increase in net sales of the like-for-like stores, which originated from an increase in both the number of customers and basket size. The decline in the online store net sales is due to the strong growth in the comparison period and the end of the Covid-19 pandemic restrictions.

Puuilo's gross profit for the reporting period was EUR 53.1 million (51.0) and the gross margin was 35.9% (36.9%). Puuilo has intentionally increased inventory levels to ensure the availability of goods in Puuilo's stores. The inventory has remained higher than planned and has increased storage and transportation costs, which has had an impact on gross margin. In addition, the higher purchase prices of goods due to inflation have affected the gross margin. However, Puuilo has succeeded in transferring the increased purchase prices and logistics costs to the sales prices. In addition, a good margin level has been maintained by increasing the share of private label products in sales.

Operating expenses were EUR 24.0 million (23.4), which corresponds to 16.2% of net sales (17.0%). Adjusted operating expenses were EUR 23.4 million (20.6), or 15.8% of net sales (14.9%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 14.3 million (13.1), which corresponds to 9.7% (9.5%) of net sales.

Operating expenses included EUR 0.6 million items affecting comparability related to tax audit. EUR 0.5 million of the expenses related to listing expenses and EUR 0.1 million to strategic projects. Operating expenses for the comparison period included EUR 2.8 million items affecting comparability, which were mainly related to listing expenses.

Adjusted EBITA was EUR 24.2 million (25.5) and the adjusted EBITA margin was 16.4% (18.5%). EBITA was EUR 23.6 million (22.7) and the EBITA margin was 15.9% (16.5%).

Operating profit was EUR 23.0 million (22.2), which corresponds to an EBIT margin of 15.5% (16.0%).

Net financial expenses were EUR -1.4 million (-3.2). Net financial expenses excluding the effect of IFRS 16 were EUR -0.7 million (-2.5).

Profit before taxes was EUR 21.6 million (19.0). Total income taxes were EUR 4.3 million (3.8). The net result was EUR 17.3 million (15.2) and earnings per share were EUR 0.20 (0.19). Earnings per share excluding the effect of listing expenses were EUR 0.21 (0.22).

Balance sheet, financing, and cash flow

At the end of the reporting period, Puuilo's inventories were EUR 93.1 million (71.2). The increase in inventories compared to the comparison period last year was mainly due to the increase in the volumes of private label products, in line with Puuilo's strategy. Puuilo has also intentionally increased inventory levels to ensure the availability of goods in Puuilo's stores. The inventory has remained higher than planned. The measures to lower the inventory levels are underway and the results are already visible; The inventory level has decreased by approximately EUR 10 million during Q2. However, the aim is to further reduce inventory levels.

Operating free cash flow in May – July was EUR 29.6 million (8.5) and in February – July EUR 32.8 million (15.4). Operating free cash flow was mainly affected by a good EBITA margin and a positive change in working capital.

Cash and cash equivalents at the end of the reporting period were EUR 37.8 million (27.6) 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 (113.1), of which non-current financial loans amounted to EUR 69.8 million (69.7). At the end of the period, current financial loans were EUR 8.0 million (-). Current financial loans consisted of the overdraft facility withdrawn in the second quarter and repaid in August 2022. 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 (1.6), which is in line with the long-term target.

Investments

Puuilo's investments in May – July were EUR 0.6 million (0.8) and in February – July EUR 1.2 million (1.8). Investments were mainly related to the furnishing of new stores and IT-system development. Comparison period investments were mainly related to a new ERP system implemented in 2021 and to the furnishing of new stores.

Personnel

The number of full-time employees was 748 (725).

Shares and shareholders

Share information and share trading

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

On the last trading day of the reporting period, 29 July 2022, the closing price of the share was EUR 4.96. The share turnover during the reporting period was EUR 134 million and 22,253,769 shares. The highest intra-day share price during the reporting period was EUR 8.08 and the lowest

intra-day price was EUR 4.50. At the end of the reporting period, the market value of the shares was EUR 419 million.

At the end of the reporting period, Puuilo had 37,947 registered shareholders. Puuilo was through a flagging notification in January 2022 informed that Adelis Equity Partners Fund I AB, through Puuilo Invest Holding AB, has decreased its holding to 24.56% of Puuilo. Puuilo has through a flagging notification in June 2021 from The Capital Group Companies, Inc, been informed that the company holds 7.49% of Puuilo.

The company held 315,000 treasury shares at the end of the reporting period.

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

Flagging notifications

During the reporting period, Puuilo has not received shareholder flagging notifications in accordance with the Finnish Securities Markets Act.

Managers' share transactions

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

Principles and key themes of sustainability

Puuilo is committed to developing its sustainability policies and practices. Conducting business in a sustainable and responsible manner is an integral part of Puuilo'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 precise and targeted measures at all levels of the company.

2021 was the first financial year for which Puuilo reported on sustainability. During 2021 the company started to create structures for more systematic sustainability work, including targets and KPIs. To this end, a materiality analysis was prepared with representatives of our key stakeholders. Further development activities will be based on this analysis. 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 key sustainability issues are grouped into three priority areas: being a responsible retailer, ensuring Puuilo is a good place to work and promoting sustainable consumption. Being a responsible retailer covers both our own personnel and the supply chain. Ensuring Puuilo is a good workplace means having a skilled and motivated workforce and ensuring our employees feel comfortable and engaged at work. Promotion of sustainable consumption means concrete savings and measures to improve environmental efficiency.

A Sustainability Report including sustainability objectives for the financial year 2022 was included in Puuilo's Annual Report 2021, which is available at <https://www.investors.puuilo.fi/en/reports-and-presentations>.

Puuilo's measures in the first half of the financial year 2022:

A responsible retailer

- The share of foreign suppliers committed to BSCI or equivalent in our supply chain is 46%. We continue to work to increase the share to 80%.
- Factory audits have still not been possible due to the prevailing pandemic situation.
- The Supplier Code of Conduct is included in more than 70% of domestic cooperation agreements. We continue to work to increase the share.
- A standard contract form including sustainability and Supplier Code of Conduct will be prepared also for non-domestic suppliers by the end of financial year.
- Puuilo's purchasing organisation has been strengthened by a person responsible for product development and quality

A good place to work

- Puuilo's values have been prepared during the financial year 2022, implementation will be completed by the end of the year.
- The new share-based incentive plan launched during the financial year. The target group consist of management team and other key personnel.
- In order to improve the well-being Puuilo has offered ePassi for the entire personnel. ePassi can be used for sport, culture and wellness services of own choice.
- Orientation model for new employees and tutor training introduced in 2022. Supervisor training for management excellence will continue.
- Offering primarily full-time employment contracts continued as planned.
- The preparation of internal ethical guidelines begun.
- Occupational safety trainings continued and are a part of the employee orientation process.
- For the 2022 financial year, a job satisfaction survey will be carried out during the second half of the financial year. The previous survey was conducted for the entire personnel in 2021.

Sustainable consumption

- In cooperation with our partner, we are building relevant metrics to measure the emissions load of transport Puuilo has control over.
- Energy efficiency improved by replacing fluorescent tubes with LED lights in several stores.
- The possibility to build charging stations for electric vehicles investigated during the first half of the financial year 2022. Further actions will be decided later.

- Solar power station implemented in Seinäjoki store during the first half of the year. Solar power stations implemented in Porvoo and Kokkola stores at the beginning of September 2022.
- Puuilo's recycling rate increased during H1/2022 and was 69%.

Risks and business uncertainties

Risks and uncertainties related to Puuilo's operating environment, markets, business, strategy implementation, financing and financial position are described in detail in Annual Report 2021.

The most significant business risks and uncertainties are related to the energy crisis, development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

Significant events after the end of the reporting period

Flagging notification

On 31 August 2022 Puuilo has received a notification in accordance with Chapter 9, Section 6 and 7 of the Finnish Securities Markets Act.

According to the notification, The Capital Group Companies, Inc.'s total indirect holdings in shares has increased above the threshold of 10% on 29 August 2022 and is now 10.03% of all of the registered shares in Puuilo. According to the previous notification, the total indirect holdings in shares were 7.49%.

Positive profit warning on 7 September 2022: Puuilo raises its guidance for the financial year 2022

Puuilo forecasts that net sales will increase. However, net sales growth is forecasted to be below the long-term annual growth target for the current financial year (net sales annual organic growth in excess of 10%). Puuilo forecasts adjusted EBITA to be EUR 40–50 million.

The forecast includes elements of uncertainty due to the energy crisis, development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

Previously, the company forecasted adjusted EBITA to be EUR 35–45 million. The net sales forecast remained unchanged.

Next financial reports

Puuiilo'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 for the financial year 2022.

Business Review February – October 2022 on 15 December 2022

Financial Statements Release 2022 on 30 March 2023

All published reports are available on Puuiilo's investor website at

<https://www.investors.puuiilo.fi/en/reports-and-presentations>.

14 September 2022

PUUILO PLC

Board of Directors

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Financial information of the Half-Year Financial Report

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Consolidated statement of comprehensive income

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Net sales	148.1	138.2	270.1
Other operating income	0.2	0.1	0.4
Materials and services	-95.0	-87.2	-170.6
Personnel expenses	-14.3	-13.1	-26.4
Other operating expenses	-9.7	-10.4	-17.6
Depreciation, amortisation and impairments	-6.2	-5.5	-11.5
Operating profit	23.0	22.2	44.5
Finance income	0.0	0.0	0.0
Finance costs	-1.4	-3.2	-4.5
Total finance income and costs	-1.4	-3.2	-4.5
Profit before taxes	21.6	19.0	39.9
Current income tax	-4.5	-3.7	-8.1
Deferred income tax	0.2	-0.1	0.0
Total income tax expense	-4.3	-3.8	-8.0
Profit for the period	17.3	15.2	31.9
Total comprehensive income for the period	17.3	15.2	31.9
Profit for the period attributable to:			
Owners of the parent	17.3	15.2	31.9
Profit for the period	17.3	15.2	31.9
Earnings per share for net profit attributable to owners of the parent			
Basic and diluted earnings per share (EUR)	0.20	0.19	0.38

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes. Earnings per share has been calculated considering the free-of-charge share issue executed during the reporting period 2021. Profit for H1/2022 included EUR 0.5 million listing expenses. Profit for H1/2021 and profit for the financial year 2021 included EUR 2.8 million listing expenses.

Consolidated balance sheet

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
ASSETS			
Non-current assets			
Goodwill	33.5	33.5	33.5
Intangible assets	18.6	17.6	19.4
Property, plant and equipment	2.4	2.4	2.3
Right-of-use assets	44.9	44.6	44.4
Deferred tax assets	0.6	0.5	0.5
Total non-current assets	100.1	98.7	100.2
Current assets			
Inventories	93.1	71.2	92.2
Trade receivables	5.0	3.6	4.0
Other receivables	2.1	3.2	1.4
Cash and cash equivalents	37.8	27.6	16.5
Total current assets	138.0	105.7	114.1
Total assets	238.1	204.4	214.3

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	29.0	29.0	29.0
Retained earnings	11.8	6.8	6.8
Profit for the period	17.3	15.2	31.9
Total equity attributable to owners of the parent	58.1	51.1	67.8
Total equity	58.1	51.1	67.8
Liabilities			
Non-current liabilities			
Loans from financial institutions	69.8	69.7	69.8
Lease liabilities	36.4	35.6	36.3
Provisions	0.7	0.7	0.7
Deferred tax liabilities	3.1	3.3	3.2
Total non-current liabilities	110.0	109.3	110.0
Current liabilities			
Loans from financial institutions	8.0	-	-
Lease liabilities	8.5	7.7	8.0
Trade payables	22.9	19.9	13.2
Advances received	0.2	0.2	0.3
Income tax liabilities	4.8	5.1	4.1
Other current liabilities	25.6	11.1	11.0
Total current liabilities	70.0	44.0	36.5
Total liabilities	180.0	153.3	146.5
Total equity and liabilities	238.1	204.4	214.3

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 2022	0.1	29.0	-	38.8	67.8
Profit for the period				17.3	17.3
Total comprehensive income for the period				17.3	17.3
Dividends				-25.4	-25.4
Repurchase of own shares			-1.5		-1.5
Share-based payments				0.0	0.0
Total transactions with owners			-1.5	-25.4	-26.9
Equity on 31 July 2022	0.1	29.0	-1.5	30.6	58.1

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 2021	0.0	-	-	6.9	6.9
Profit for the period				15.2	15.2
Total comprehensive income for the period				15.2	15.2
Increase in share capital	0.1			-0.1	0.0
Share issue*		29.0			29.0
Total transactions with owners	0.1	29.0	-	-0.1	29.0
Equity on 31 July 2021	0.1	29.0	-	22.0	51.1

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 2021	0.0	-	-	6.9	6.9
Profit for the period				31.9	31.9
Total comprehensive income for the period				31.9	31.9
Increase in share capital	0.1			-0.1	0.0
Share issue*		29.0			29.0
Total transactions with owners	0.1	29.0	-	-0.1	29.0
Equity on 31 January 2022	0.1	29.0	-	38.8	67.8

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

*The gross assets from the share issue were EUR 30 million. Listing expenses of EUR 1.4 million less a tax effect of EUR 0,3 million have been recognized in the invested unrestricted equity fund.

Consolidated statement of cash flows

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Cash flows from operating activities			
Profit for the period	17.3	15.2	31.9
Adjustments for:			
Depreciation, amortisation and impairments	6.2	5.5	11.5
Gains/losses on disposal of property, plant and equipment	0.0	-	0.0
Other non-cash adjustments	0.0	-	0.1
Finance income and costs	1.4	3.2	4.5
Income tax expense	4.3	3.8	8.0
Changes in working capital			
Change in trade and other receivables	-1.8	-1.6	-0.1
Change in inventories	-0.9	-12.7	-33.7
Change in trade and other current non-interest-bearing liabilities	11.5	5.4	-1.1
Interests paid	-0.5	-1.5	-2.0
Interests of lease liabilities	-0.7	-0.6	-1.3
Interests received	0.0	0.0	0.0
Arrangement fee for loans from financial institutions and other financial costs	-0.2	-0.4	-0.6
Income taxes paid	-3.9	-2.1	-7.4
Net cash flows generated from operating activities	32.9	14.0	9.7
Cash flows from investing activities			
Payments for intangible assets	-0.9	-1.5	-3.1
Payments for property, plant and equipment	-0.3	-0.3	-1.3
Proceeds from sale of property, plant and equipment	0.0	-	0.0
Net cash flows used in investing activities	-1.2	-1.8	-4.4
Cash flows from financing activities			
Share issue	-	29.0	28.6
Proceeds from borrowings	8.0	70.0	70.0
Repayments of loans from financial institutions	-	-91.0	-91.0
Repayments of lease liabilities	-4.2	-3.7	-7.6
Dividends	-12.7	-	-
Repurchase of own shares	-1.5	-	-
Net cash flows used in financing activities	-10.5	4.3	0.0
Net increase (+)/(-) decrease in cash and cash equivalents	21.3	16.5	5.4
Cash and cash equivalents at the beginning of the period	16.5	11.2	11.2
Cash and cash equivalents at the end of period	37.8	27.6	16.5

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

Profit for H1/2022 included EUR 0.5 million listing expenses. Profit for H1/2021 and the profit for the financial year 2021 included EUR 2.8 million listing expenses.

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 2021. On 20 April 2022, the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. Accounting principles as well as the accounting estimates and assumptions used are discussed in Note 6. Share-based payments. No other new accounting policies have been adopted during the reporting period, that would have had a material impact to this interim financial information. The interim financial information does not include all the notes included in the consolidated financial statements for the reporting period ended 31 January 2022 and this interim 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 interim 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 estimated. Accounting estimates and assumptions used in the calculation of share-based payments are discussed in Note 6. In other respects, the estimates and assumptions used in the preparation on interim financial information are similar to those applied in the preparation of the consolidated financial statements for the financial year ended 31 January 2022.

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

2. Seasonality

Puuilo's business is, in part, seasonal in nature. As such, there are seasonal peaks in Puuilo's net sales, results of operations and cash flows, despite the retail sector being relatively independent of seasons. Historically, Puuilo's most important seasons in terms of net sales have been the second and third quarter of each year. Additionally, Puuilo's net sales are partly impacted by exceptional, harsh, or seasonally atypical weather.

3. Significant events of the reporting period

Performance matching share plan for key employees

On 20 April 2022, 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 new 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 approximately financial years 2022 – 2024. 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 75 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 2025. 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 315,000 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.

Change of guidance

Puuilo changed its guidance for the financial year 2022 with a stock exchange release on 25 May 2022. According to the updated forecast net sales will increase. However, net sales growth is forecasted to be below the long-term annual growth target for the current financial year (net sales annual organic growth in excess of 10%). Puuilo forecasts adjusted EBITA to be EUR 35 – 45 million.

The forecast includes elements of uncertainty due to the development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

Previously, the company forecasted that the net sales and the adjusted operating profit (adjusted EBITA) for the financial year 2022 in euros would increase compared to the financial year 2021.

Repurchase of own shares

On 17 June 2022, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 17 May 2022 to repurchase the company's own shares.

The repurchases started on 22 June 2022 and ended on 30 June 2022. During this period, Puuilo repurchased 315,000 shares for an average price of EUR 4,9020 per share, corresponding to approximately 0.37% 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 315,000 shares

4. Earnings

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Stores	142.8	132.6	260.5
Online store	5.3	5.6	9.6
Net sales total	148.1	138.2	270.1

5. Management remuneration

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
CEO			
Salary, other remuneration and benefits	0.1	0.1	0.2
Pension costs	0.0	0.0	0.0
Total	0.1	0.1	0.2
Management team excl. CEO			
Salary, other remuneration and benefits	0.4	0.4	0.8
Pension costs	0.1	0.1	0.2
Total	0.5	0.4	0.9
The Board of Directors	0.1	0.0	0.1
Total Management team and the Board of Directors	0.7	0.6	1.3

6. Share-based payments

Accounting principle

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

Accounting estimates and judgements

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

Share-based incentive plan

On 20 April 2022, 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 plan is intended to encourage key employees to personally invest in the company's shares, to steer them toward achieving the company's strategic objectives, to retain them at the company, and to offer them a competitive reward plan that is based on acquiring, earning and accumulating Puuilo shares.

The Performance Matching Share Plan 2022—2024 includes one performance period, spanning approximately financial years 2022—2024. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The achievement of the targets set for the performance criteria will determine the proportion out of the maximum reward that will be paid as reward to participants. The prerequisite for participation in the plan and receiving reward on the basis of the plan is that a participant personally has acquired Puuilo shares up to the number determined by the Board of Directors. Furthermore, payment of reward is based on the participant's valid employment or service upon reward payment.

Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2025. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service terminates before the reward payment. The CEO and other members of the Management Team are obliged to keep the shares paid as a reward for twelve (12) months after the reward payment.

The target group of the plan consisted of a maximum of 75 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 315,000 Puuilo Plc shares, including also 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.

The total cost of the share plan is recognised over the performance period, which is 34 months. The Performance period of 2022-2024. The impact of the share-based compensation plans on the profit for the financial year 2022 was EUR 0.0 million (-). At the end of the reporting period, the amount to be recognised as expense for the financial years 2022–2024 is estimated at a total of EUR 0.6 million. The actual amount may differ from the estimate.

Assumptions applied in determining the fair value of share award:

Grant date and fair value of share-based payments	Performance period 2022-2024
Grant date	3 June 2022
Grant date fair value of the share award, EUR	4.43
Grant date share price, EUR	4.74
Performance period start date	3 June 2022
Performance period end date	31 Mars 2025
Commitment period start date	3 June 2022
Commitment period end date (Management Team)	31 Mars 2026
Commitment period end date (Other)	31 Mars 2025

Assumptions applied in determining the fair value of share award:	Performance period 2022-2024
Maximum number of share awards to be granted (pcs)*	315,000
Number of plan participants at the end of the reporting period	36
Share price at the end of the reporting period	4.96
Assumed fulfilment of the performance criteria	75.0%
Forfeiture rate	8%

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

7. Intangible and tangible assets

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Goodwill			
Net carrying amount at the beginning of the reporting period	33.5	33.5	33.5
Net carrying amount at the end of the reporting period	33.5	33.5	33.5

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Trademark			
Net carrying amount at the beginning of the reporting period	15.7	16.8	16.8
Amortisation and impairment	-0.6	-0.6	-1.1
Net carrying amount at the end of the reporting period	15.1	16.3	15.7

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Intangible and tangible assets			
Net carrying amount at the beginning of the reporting period	6.0	3.6	3.6
Amortisation, depreciation and impairment	-1.2	-0.7	-1.6
Additions	1.1	0.9	4.0
Disposals	-	-	-
Net carrying amount at the end of the reporting period	5.9	3.8	6.0

8. Right-of-use assets

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Right-of-use assets			
Net carrying amount at the beginning of the reporting period	44.4	43.9	43.9
Depreciation and impairment	-4.8	-4.2	-8.7
Additions and other changes	5.3	4.9	9.2
Net carrying amount at the end of the reporting period	44.9	44.6	44.4

Maturity analysis, contractual undiscounted cash flows

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
Less than one year	9.4	8.9	9.2
From one to five years	28.7	27.1	28.0
Over five years	9.7	11.8	11.1
Total	47.8	47.7	48.4

9. Net Debt

Net debt calculated based on the consolidated balance sheet as follows:

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
Non-current financial liabilities			
Loans from financial institutions	69.8	69.7	69.8
Lease liabilities	36.4	35.6	36.3
Total non-current financial liabilities	106.3	105.3	106.1
Current financial liabilities			
Loans from financial institutions	8.0	-	-
Lease liabilities	8.5	7.7	8.0
Total current financial liabilities	16.5	7.7	8.0
Total financial liabilities	122.8	113.1	114.1
Cash and cash equivalents	37.8	27.6	16.5
Net debt	85.0	85.4	97.6

Loans from financial institutions are classified in level 3 of the fair value hierarchy because their fair value is based on non-observable inputs, including the company's own estimates related to the level of risk premium.

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.

10. Equity

On 17 June 2022, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 17 May 2022 to repurchase the company's own shares.

The repurchases started on 22 June 2022 and ended on 30 June 2022. During this period, Puuilo repurchased 315,000 shares for an average price of EUR 4.9020 per share, corresponding to approximately 0.37% 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 315,000 shares

11. Contingent liabilities

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
Liability for leases with the lease term beginning after the end of reporting period	25.4	9.8	19.0

Puulo'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.

12. Related party transactions

Puulo Group is controlled by Puulo Plc. In addition, Puulo's related parties include key personnel of the Puulo 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 Puulo Group purchases some products it sells in its stores from companies owned by related parties. These companies manufacture products that are part of Puulo's product assortment. In addition, the company has leased 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 Puulo employees are entitled to the ordinary personnel discount in Puulo stores. A related party employed by Puulo is entitled to this discount. This information has not been presented as related party transactions.

The following transactions were carried out with related parties:

Statement of comprehensive income

EUR million	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Sales	0,0	0,0	0,0
Purchases	1,1	1,2	2,2
Lease payments and other operating expenses	0,3	0,2	0,5

Balance sheet

EUR million	31 Jul 2022	31 Jul 2021	31 Jan 2022
Sales receivables	0,0	0,0	0,0
Trade payables	0,3	0,1	0,1
Lease liabilities (IFRS 16)	1,5	1,9	1,7

13. Significant events after the end of reporting period

Flagging notification

On 31 August 2022 Puulo has received a notification in accordance with Chapter 9, Section 6 and 7 of the Finnish Securities Markets Act.

According to the notification, The Capital Group Companies, Inc.'s total indirect holdings in shares has increased above the threshold of 10% on 29 August 2022 and is now 10.03% of all of the registered shares in Puulo. According to the previous notification, the total indirect holdings in shares were 7.49%.

Positive profit warning on 7 September 2022: Puulo raises its guidance for the financial year 2022

Puulo forecasts that net sales will increase. However, net sales growth is forecasted to be below the long-term annual growth target for the current financial year (net sales annual organic growth in

excess of 10%). Puuilo forecasts adjusted EBITA to be EUR 40–50 million.

The forecast includes elements of uncertainty due to the energy crisis, development of the COVID-19 pandemic, the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

Previously, the company forecasted adjusted EBITA to be EUR 35–45 million. The net sales forecast remained unchanged.

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. These unusual expenses relate to listing expenses, strategic development projects and administration.

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 the amortisation of Puulo trademark
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 and diluted) (EUR)	<p>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.</p> <p>Earnings per share has been calculated for all periods presented considering the free-of-charge share issue executed in the financial year 2021.</p>
Earnings per share excluding listing expenses (EUR)	<p>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.</p> <p>Earnings per share has been calculated for all periods presented considering the free-of-charge share issue executed in the financial year 2021.</p>
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
EBITDA	Operating profit before depreciation, amortisation, and impairment
Adjusted EBITDA	EBITDA before items affecting comparability

Reconciliation of alternative performance measures

EUR million	1 May 2022 - 31 Jul 2022	1 May 2021 - 31 Jul 2021	1 Feb 2022 - 31 Jul 2022	1 Feb 2021 - 31 Jul 2021	1 Feb 2021 - 31 Jan 2022
Items affecting comparability					
Strategic projects	0.1	-	0.1	-	-
Administration	-	0.0	-	-	0.0
Listing expenses	0.5	1.7	0.5	2.8	2.8
Items affecting comparability	0.6	1.7	0.6	2.8	2.9
Gross profit					
Net sales	89.2	79.8	148.1	138.2	270.1
Materials and services	56.7	50.1	95.0	87.2	170.6
Gross profit	32.5	29.6	53.1	51.0	99.6
EBITA and adjusted EBITA					
Operating profit	17.1	14.9	23.0	22.2	44.5
Trademark amortisation	0.3	0.3	0.6	0.6	1.1
EBITA	17.4	15.2	23.6	22.7	45.6
Items affecting comparability	0.6	1.7	0.6	2.8	2.9
Adjusted EBITA	18.0	16.8	24.2	25.5	48.4
Operating free cash flow					
Adjusted EBITDA	20.9	19.3	29.9	30.5	58.8
Net capital expenditure	-0.6	-0.8	-1.2	-1.8	-4.4
Depreciation of right-of-use assets	-2.4	-2.1	-4.8	-4.2	-8.7
Changes in working capital	11.7	-7.9	8.9	-9.0	-34.9
Operating free cash flow	29.6	8.5	32.8	15.4	10.8
Net debt / Adjusted EBITDA					
Net debt	85.0	85.4	85.0	85.4	97.6
Adjusted EBITDA, rolling 12 mths	58.2	54.6	58.2	54.6	58.8
Net debt / Adjusted EBITDA	1.5	1.6	1.5	1.6	1.7
EBITDA and Adjusted EBITDA					
Operating profit	17.1	14.9	23.0	22.2	44.5
Depreciation, amortisation and impairments	3.2	2.8	6.2	5.5	11.5
EBITDA	20.3	17.7	29.3	27.7	55.9
Items affecting comparability	0.6	1.7	0.6	2.8	2.9
Adjusted EBITDA	20.9	19.3	29.9	30.5	58.8