

#### Challenging first quarter, net sales at previous year's level

#### Highlights Q1/2022

- Net sales increased by 0.8% (+21.5%) and were EUR 58.9 million (58.4)
- Like-for-like store net sales decreased by 5.0% (+12.8%)
- Online store net sales decreased by 8.4% (+20.9%)
- Gross profit was EUR 20.6 million (21.3) and gross margin was 35.0% (36.5%)
- Adjusted EBITA was EUR 6.2 million (8.7), which corresponds to an adjusted EBITA margin of 10.5% (14.9%)
- EBIT was EUR 5.9 million (7.3) which corresponds to 10.0% of net sales (12.5%)
- Operating free cash flow was EUR 3.2 million (6.9)
- Earnings per share were EUR 0.05 (0.06)
- Earnings per share excluding listing expenses were EUR 0.05 (0.07)
- No new stores were opened during the first quarter of the financial year (2 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-q1-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-q1-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	Q1/2022	Q1/2021	2021
Net sales	58.9	58.4	270.1
Net sales development (%)	0.8%	21.5%	13.2%
Like-for-like store net sales development (%)	-5.0%	12.8%	2.6%
Online store net sales development (%)	-8.4%	20.9%	20.8%
Gross profit	20.6	21.3	99.6
Gross margin (%)	35.0%	36.5%	36.9%
Adjusted EBITA*	6.2	8.7	48.4
Adjusted EBITA* margin (%)	10.5%	14.9%	17.9%
EBITA*	6.2	7.6	45.6
EBITA margin (%)*	10.5%	13.0%	16.9%
EBIT	5.9	7.3	44.5
EBIT margin (%)	10.0%	12.5%	16.5%
Net income	4.2	4.9	31.9
EPS (EUR)	0.05	0.06	0.38
EPS excl. listing expenses (EUR)	0.05	0.07	0.42
Operating free cash flow	3.2	6.9	10.8
Net debt / adjusted EBITDA	1.7	2.2	1.7
Number of stores (end of period)	34	32	34
Number of personnel converted into full-time employees (FTE)	667	628	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 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.

The company changed its outlook with a stock exchange release on 25 May 2022. 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.

## Puulo's long-term targets

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

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

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

### CEO Juha Saarela's review

The first quarter was challenging for us due to the exceptional circumstances of the current operating environment. We were able to increase the company's net sales by +0.8%; however, the like-for-like store net sales decreased by -5.0%. In particular, April like-for-like net sales fell short of targets, an impact which caused the entire quarter's net sales to be weaker than expected. The adjusted operating profit was EUR 6.2 million, a decrease of EUR -2.5 million as compared to the previous year; and the adjusted EBITA accounted for 10.5% of net sales (14.9%).

We cannot be satisfied with our February - April results. There are, however, a number of well-known and interdependent factors behind this, and the combined effects of these are reflected in our reported figures. During the spring-summer season of last year, significant risk factors emerged within supply chains. As a result, we set out to increase the order volumes and stock levels of our private label products. This was done to ensure sufficient quantities of goods for the ongoing year. In line with our strategy, inventory levels were also boosted by increasing the number of our own brands. However, the beginning of the spring season did not go as expected due to winter conditions which lasted until April and delayed the beginning of spring season. This led to increased storage costs and thus affected our gross profit. Gross profit was also affected by the sharply elevated fuel and raw material prices. At the end of February, the war in Ukraine began. This further impacted price inflation, suppressing consumer confidence and purchasing power.

We also see that there is clearly a so-called "coronavirus hangover" in the air at the moment. During the pandemic years of 2020 and 2021, demand was overheated, and certain goods were even sold out. The net sales growth during Puulo's first quarter in these years was in the double digits. All in all, this quarter's net sales slightly exceeded those of the previous year, but failing to sustain a similar growth rate. In addition to tangible goods, consumers spend their money more on services now. While the first quarter did not turn out as expected, we now evaluate Puulo's relative competitiveness as even better than before. Sales of Puulo's private label products will increase again this financial year, setting up the conditions for better profitability in the future. The aim is to reduce inventory levels by the end of the financial year.

In the coming days, Puulo will celebrate its first year as a listed company. The company has also celebrated 40 years since Puulo was founded. During these years many unexpected events and changes have taken place within Puulo's operating environment. Our concept and business model have proven their strengths — even in the most challenging times. We continue to pursue our determined expansion of the store network, and we currently have the opening of seven new stores in the pipeline. During this financial year, new stores will be opened in Sastamala, Lieto, and Tornio. In the next financial

year, new stores will be opened in Vihti's Nummela and Kerava, along with two more in the Helsinki metropolitan area. Our marketing operations are running more intensively than ever before in supporting our sales during this financial year. Cost control has always been in our focus. In the future we will pay even more attention to it. We will perform determined monitoring and evaluation of our inventories in order to reduce costs and inventory levels in both central warehouses and stores.

Furthermore, we believe that in times of challenging financial environments, customers look even more closely to find the best value for their money. We have always been able to respond to this customer need, and yet again we intend to do this!

For now, I wish a joyful summer season to all of our shareholders, customers, and co-workers!

## **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 new 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 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.

## **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. Puuilo has previously announced that it has entered into agreements to open three new stores (in Sastamala, Lieto and Tornio) during the financial year 2022. Lielähti store in Tampere has been relocated the in May 2022. In the next financial year, new stores will be opened in Vihti's Nummela and Kerava, 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 30 April 2022, Puuilo had a total of 34 stores (32 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

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

### Financial year

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

### Q1/2022 (February-April 2022)

In February - April, Puuilo's net sales increased by 0.8% to EUR 58.9 million (58.4). Net sales of Puuilo's stores were EUR 56.6 million (55.9) and net sales of the online store were EUR 2.3 million (2.5), which corresponded to 3.8% (4.2%) of net sales. Like-for-like store net sales decreased by 5.0% (+12.8%) in the reporting period. Online store net sales decreased by 8.4% (+20.9%) in the first quarter.

The net sales were increased due to new stores. The decrease in life-for-like store and online store net sales was due to the challenging operating environment and late spring. In addition, the change in the online store net sales is due to the strong growth in the comparison period.

Puuilo's gross profit for the reporting period was EUR 20.6 million (21.3) and the gross margin was 35.0% (36.5%). 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 decreased the gross margin. Sales prices are adjusted accordingly on a case-by-case basis whenever the competitive situation allows.

Operating expenses were EUR 11.7 million (11.4), which corresponds to 19.8% of net sales (19.5%). Adjusted operating expenses were EUR 11.7 million (10.3), or 19.8% of net sales (17.6%). The most

significant item in operating expenses was personnel expenses. Personnel expenses were EUR 6.8 million (6.3), which corresponds to 11.6% (10.8%) of net sales.

Operating expenses for the reporting period do not include items affecting comparability. Operating expenses for the comparison period included EUR 1.1 million items affecting comparability, which were mainly related to stock exchange listing expenses.

Adjusted EBITA was EUR 6.2 million (8.7) and the adjusted EBITA margin was 10.5% (14.9%). EBITA was EUR 6.2 million (7.6) and the EBITA margin was 10.5% (13.0%).

Operating profit was EUR 5.9 million (7.3), which corresponds to an EBIT margin of 10.0% (12.5%).

Net financial expenses were EUR -0.6 million (-1.2). Net financial expenses excluding the effect of IFRS 16 were EUR -0.3 million (-0.9).

Profit before taxes was EUR 5.3 million (6.1). Total income taxes were EUR 1.1 million (1.2). The net result was EUR 4.2 million (4.9) and earnings per share were EUR 0.05 (0.06). Earnings per share excluding the effect of listing expenses were EUR 0.05 (0.07).

### **Balance sheet, financing, and cash flow**

Puulo's inventories were EUR 103.0 million (67.0) at the end of the reporting period. The increase in inventories compared to the comparison period last year was due to the opening of new stores and the increase in the volumes of private label products, in line with Puulo's strategy. Puulo has also intentionally increased inventory levels to ensure the availability of goods in Puulo's stores. The inventory has remained higher than planned. The aim is to reduce inventory levels.

Operating free cash flow was EUR 3.2 million (6.9). Operating free cash flow was mainly affected by the above-mentioned increase in inventories.

Cash and cash equivalents at the end of the reporting period were EUR 17.6 million (15.0) and the company's financial position is stable.

At the end of the reporting period, Puulo's interest-bearing liabilities totalled EUR 116.5 million (132.6), of which non-current financial loans amounted to EUR 69.8 million (80.0). At the end of the period, there were no current financial loans (EUR 10.0 million). 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 1.7 (2.2), which is in line with the long-term target.

### **Investments**

Puulo's investments during the reporting period were EUR 0.6 million (1.1). Investments were related to the furnishing of new stores and Online store warehouse as well as IT-system development.

### **Personnel**

The number of full-time employees was 667 (628).

## Shares and shareholders

### Share information and share trading

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

On the last trading day of the reporting period, 29 April 2022, the closing price of the share was EUR 6.57. The share turnover during the reporting period was EUR 72.4 million and 10,339,354 shares. The highest intra-day share price during the reporting period was EUR 8.08 and the lowest intra-day price was EUR 6.22. At the end of the reporting period, the market value of the shares was EUR 557 million.

At the end of the reporting period, Puulo had 35,808 registered shareholders. Puulo was through a flagging notification in January 2022 informed that Adelis Equity Partners Fund I AB, through Puulo Invest Holding AB, has decreased its holding to 24.56% of Puulo. Puulo has through a flagging notification in June 2021 from The Capital Group Companies, Inc, been informed that the company holds 7.49% of Puulo.

The company did not hold any treasury shares at the end of the reporting period.

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

### Flagging notifications

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

### Managers' share transactions

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

## Principles and key themes of sustainability

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

2021 is the first financial year for which Puulo has reported on sustainability. During the year 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, promoting sustainable consumption, and ensuring Puuilo is a good workplace. Being a responsible retailer covers both our own personnel and the supply chain. Promotion of sustainable consumption means concrete savings and measures to improve environmental efficiency. Ensuring Puuilo is a good workplace means having a skilled and motivated workforce and ensuring our employees feel comfortable and engaged at work.

Puuilo has published a report on non-financial information as part of the Report by the Board of Directors. The Report by the Board of Directors and a separate Sustainability Report were included in the Annual Report 2021, which is available at <https://www.investors.puuilo.fi/en/reports-and-presentations>.

### **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 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**

#### **Profit warning on 25 May 2022: Puuilo weakens 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 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.

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

Puuilo Plc's Annual General Meeting held on 17 May 2022 adopted the Company's annual accounts and the consolidated financial statements for the financial year 1 February 2021 – 31 January 2022, discharged the persons who have acted as members of the Company's Board of Directors and as CEO from liability and approved all proposals made to the Annual General Meeting by the Board of Directors. The Annual General Meeting also approved the Remuneration Policy for the Company's Governing Bodies presented to it.



## **Dividend**

The Annual General Meeting resolved that an aggregate dividend of EUR 0.30 per share be paid based on the balance sheet adopted for the financial year ended on 31 January 2022. The dividend will be paid in two instalments. The first dividend instalment, EUR 0.15 per share, will be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the first dividend instalment 24 May 2022. The payment date for the first dividend instalment will be on 31 May 2022. The second dividend instalment, EUR 0.15 per share, will be paid to shareholders registered in the Company's register of shareholders maintained by Euroclear Finland Ltd on the record date for the second dividend instalment 20 October 2022. The payment date for the second dividend instalment will be on 27 October 2022.

In addition, the Annual General Meeting authorized the Board of Directors to decide, if necessary, on a new record date and a new payment date for the second dividend instalment if regulations applicable to the Finnish book-entry system change or otherwise so require.

## **Composition of the Board of Directors**

The number of members of the Board of Directors was confirmed to as six (6). Timo Mänty, Tomas Franzén, Rasmus Molander, Mammu Kaario and Markku Tuomaala were re-elected, and Bent Holm was elected as a new member of the Board of Directors for a term ending at the end of the next Annual General Meeting.

The Annual General Meeting re-elected Timo Mänty as the Chairman of the Board of Directors.

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

## **Remuneration of the members of the Board of Directors**

The Annual General Meeting resolved that the annual remuneration to the members of the Board of Directors will be paid as follows: to the Chairman of the Board of Directors EUR 60,000 and to the other members EUR 30,000 each. In addition, the Annual General Meeting resolved that the annual remuneration to the members of the Audit Committee will be paid as follows: to the Chairman of the Audit Committee EUR 5,000 and to the other members of the Audit Committee EUR 2,500.

## **Auditor**

PricewaterhouseCoopers Oy, a firm of authorized public accountants, was re-elected as auditor of the Company for the financial year 1 February 2022 – 31 January 2023. Enel Sintonen, APA, will continue to act as the auditor with principal responsibility.

The auditor's remuneration is paid against an invoice approved by the Company.

## **Authorization for the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of the Company's own shares**

The Annual General Meeting authorized the Board of Directors to resolve on the repurchase and/or on the acceptance as pledge of an aggregate maximum of 8,477,695 Company's own shares provided, however, that the number of shares held by the Company at any time does not exceed 10 per cent of the

total number of shares in the Company. Own shares can be repurchased only using the unrestricted equity of the Company at a price formed in public trading on the date of the repurchase or otherwise at a price determined by the markets. The Board of Directors decides on all other matters related to the repurchase and/or on the acceptance as pledge of own shares. Own shares can be repurchased using, inter alia, derivatives. Own shares can be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The authorization cancels the authorization granted on 1 June 2021 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2023.

### **Authorization for the Board of Directors to decide on the issuance of shares as well as the issuance of special rights entitling to shares**

The Annual General Meeting decided to authorize the Board of Directors to resolve on the issuance of shares and the issuance of special rights entitling to shares. The aggregate number of new shares to be issued may not exceed 8,477,695 shares, which corresponds to approximately 10 per cent of all of the shares in the Company. The Board of Directors decides on all other conditions of the issuance of shares and of special rights entitling to shares. The issuance of shares and of special rights entitling to shares may be carried out in deviation from the shareholders' pre-emptive rights (directed issue). The authorization cancels the authorization granted on 1 June 2021 to decide on the repurchase of the Company's own shares. The authorization is effective until the beginning of the next Annual General Meeting, however, no longer than until 31 July 2023.

### **Shareholders' Nomination Board**

The Annual General Meeting decided to establish a Shareholders' Nomination Board to prepare proposals for the election and remuneration of the members of the Board of Directors and the remuneration of the members of the Board Committees for the next Annual General Meetings and for any Extraordinary General Meetings. In addition, the General Meeting approved the charter of the Shareholders' Nomination Board.

According to the decision of the General Meeting, the Shareholders' Nomination Board will be composed of representatives appointed by the three largest shareholders of the Company. The Chairman of the Board of Directors acts as a person with expertise in the Shareholders' Nomination Board. The Chairman of the Board of Directors does not participate in the decision-making of the Shareholders' Nomination Board.

The three shareholders with the largest number of votes for all shares of the Company on the 1st business day of October of the calendar year preceding the Annual General Meeting have the right to nominate the members representing the shareholders. The nomination right is determined in accordance with the shareholder register maintained by Euroclear Finland Ltd. If a shareholder presents a written request to the Chairman of the Board of Directors by last business day of September of the year preceding the Annual General Meeting, into the holdings of the shareholder shall be calculated also holdings of a person equivalent to the shareholder that need to be taken into account when evaluating the requirement to flag changes in the holdings under the Finnish Securities Markets Act.

The Chairman of the Board of Directors shall request the three largest shareholders to appoint one member each to the Shareholders' Nomination Board in accordance with the above described right of appointment. If a shareholder does not wish to exercise the right of appointment, the right is transferred to the next largest shareholder who would not otherwise have the right of appointment.

The Shareholders' Nomination Board is established until further notice until the General Meeting decides otherwise. The term of office of the members of the Shareholders' Nomination Board expires each year when a new Shareholders' Nomination Board is appointed. The members of the Shareholders' Nomination Board shall not be entitled to any remuneration on the basis of their membership in the Nomination Board. The members' travel expenses shall be reimbursed in accordance with the Company's travel policy. When necessary, the Shareholders' Nomination Board may in order to carry out its duties use external experts at a cost approved by the Company.

### **Next financial reports**

Puulo's financial year starts on 1 February and ends on 31 January the following year. The company publishes Business Reviews for the first and third quarter, a Half-year Financial Report and a Financial Statements Release for the financial year 2022.

Half-year Financial Report February – July 2022 15 September 2022

Business Review February – October 2022 15 December 2022

All published reports are available on Puulo's investor webpage at

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

13 June 2022

PUUILO PLC

Board of Directors

DISTRIBUTION

Nasdaq Helsinki

[www.puulo.fi](http://www.puulo.fi)

## 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
<b>Like-for-like store net sales development (%)</b>	Like-for-like store net sales development is calculated as the net sales development of the comparable stores that are not considered new or closed stores.  A store is considered a new store during the opening year and the following financial year after the opening. Relocated stores are considered as like-for-like stores.
<b>Online net sales development (%)</b>	Change in online store net sales for the period divided by online store net sales for the previous period
<b>Gross profit</b>	Net sales – materials and services
<b>Gross margin (%)</b>	Gross profit as percentage of net sales
<b>EBITA</b>	Operating profit before the amortisation of Puulo trademark
<b>EBITA margin (%)</b>	EBITA as percentage of net sales
<b>Adjusted EBITA</b>	EBITA adjusted with items affecting comparability
<b>Adjusted EBITA margin (%)</b>	Adjusted EBITA as percentage of net sales
<b>EBIT (operating profit)</b>	Profit before income taxes and finance income and finance costs (operating profit)

<b>EBIT margin (%)</b>	EBIT as percentage of net sales
<b>Earnings per share (basic and diluted) (EUR)</b>	<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 during the reporting period.</p>
<b>Earnings per share excluding listing expenses (EUR)</b>	<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 during the reporting period.</p>
<b>Operating free cash flow</b>	Adjusted EBITDA – depreciation of right-of-use assets – change in net working capital in cash flow statement – net capital expenditure
<b>Net debt / Adjusted EBITDA</b>	Interest-bearing liabilities (loans from financial institutions + lease liabilities) – cash and cash equivalents divided by annualised adjusted EBITDA
<b>EBITDA</b>	Operating profit before depreciation, amortisation, and impairment
<b>Adjusted EBITDA</b>	EBITDA before items affecting comparability