

PUUILO

**A SOLID START FOR THE FINANCIAL YEAR–
GROWTH CONTINUES**

BUSINESS REVIEW FEBRUARY-APRIL 2023

PUUILO PLC

14 JUNE 2023

***Juha Saarela, CEO
Ville Ranta, CFO***

Our agenda today

- 1. Key figures and main events*
- 2. Financial development*
- 3. Strategy and long-term financial targets*
- 4. Outlook for the financial year 2023*
- 5. Puuilo as an investment*
- 6. Q&A*



Key figures Q1/2023 (February – April)

GROWTH

+10.3% (+0.8%)

Net sales

+4.9% (-5.0%)

Like-for-like net sales

38 (34)

Number of stores (at the end of the reporting period)

PROFITABILITY

11.2% (10.5%)

EBITA margin (adj.)

36.5% (35.0%)

Gross margin (%)

EPS

0.06 € (0.05 €)

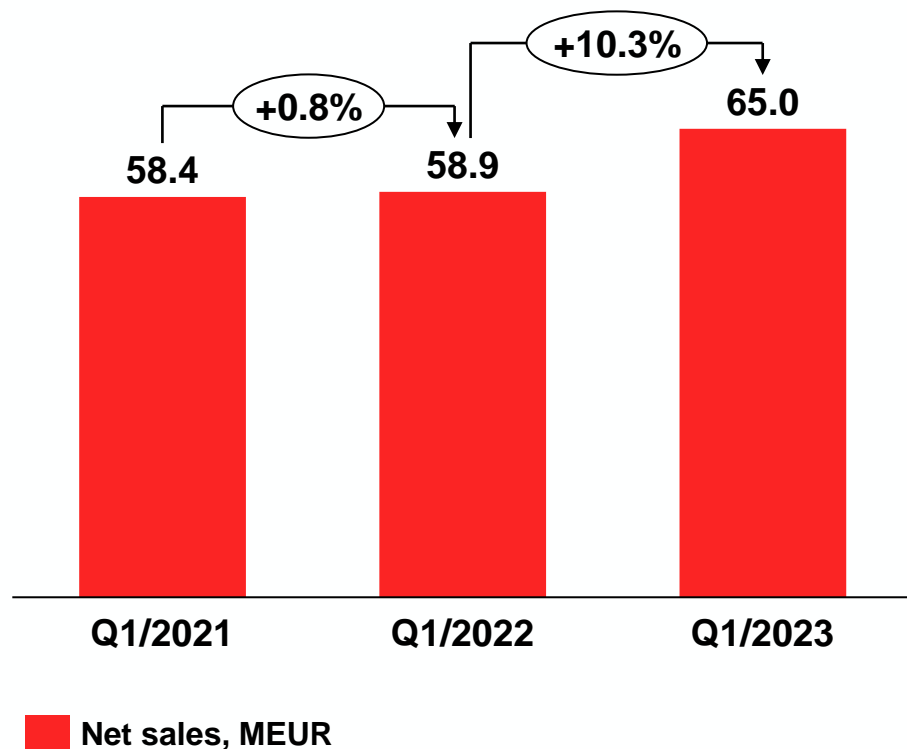
Earnings per share excluding the effect of listing expenses

EVENTS DURING THE REPORTING PERIOD

- Net sales growth is in line with our long-term targets. Net sales increased in like-for-like stores and in new stores.
- Gross margin level was supported by lower cost of logistics as well as sales price adjustments.
- The adjusted EBITA increased compared to previous year.
- A new store in Vantaa Porttipuisto was opened in March 2023 (No new stores).

Financial development

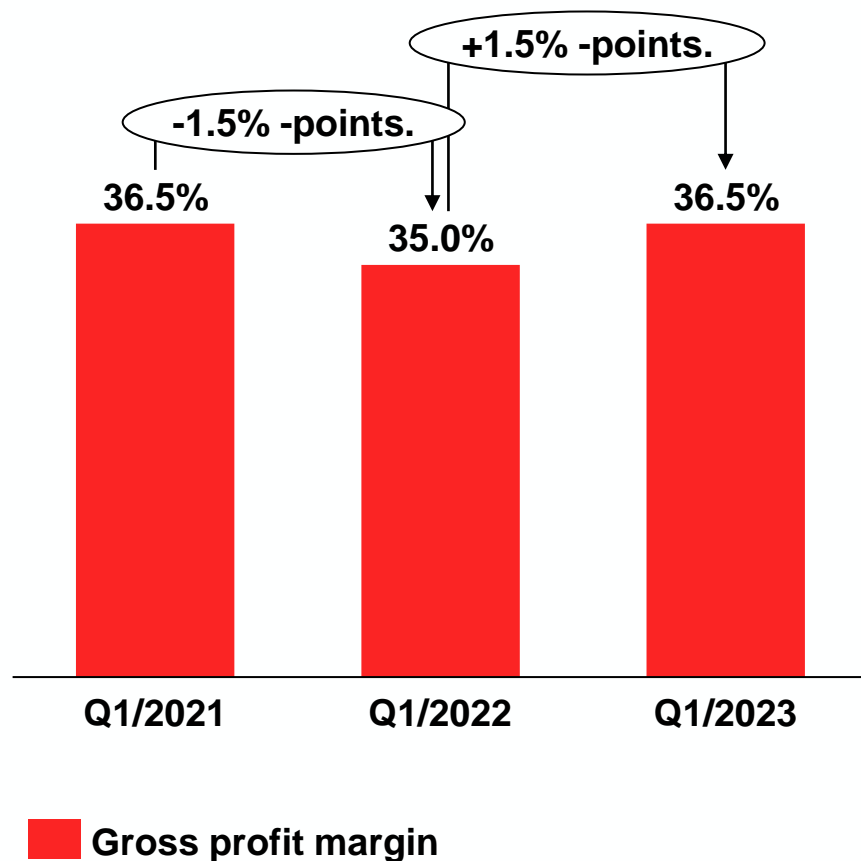
Net sales increased in line with long-term target



Q1/2023

- Net sales increased by 10.3% and like-for-like store net sales by 4.9%.
- Net sales increased in like-for-like stores and in new stores. Online store net sales decreased, because customers are currently buying cheaper price category products and preferring physical stores rather than the online store.
- In Q1, the number of customers increased by almost 12%, and by 6% in comparative terms.
- All main product groups increased sales in comparative terms.
- Puuilo's defensive concept works well – increased net sales despite weakened consumers' purchasing power due to general price inflation and rising interest rates.

Gross margin increased 1.5 percentage points

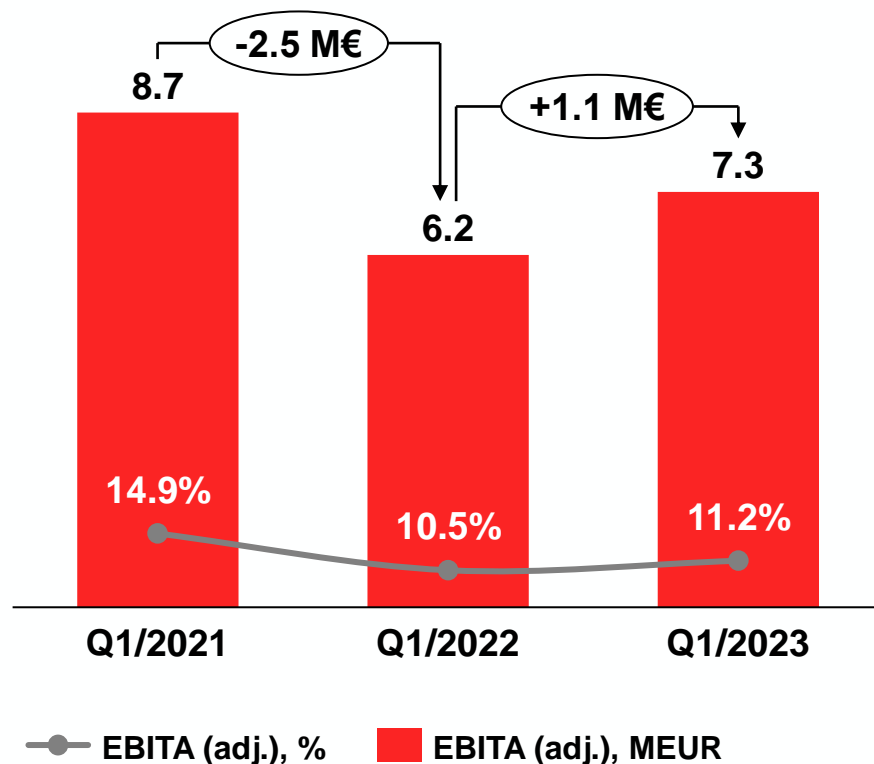


Q1/2023

- Gross margin increased and was 36.5%.
- The gross margin was supported by the decrease in logistics costs.
- In addition, Puuilo closely monitors market pricing. Sales price adjustments have contributed to the positive development of the gross margin.
- Inventory turnover has improved significantly compared to the comparison period last year, which decreases logistic costs.



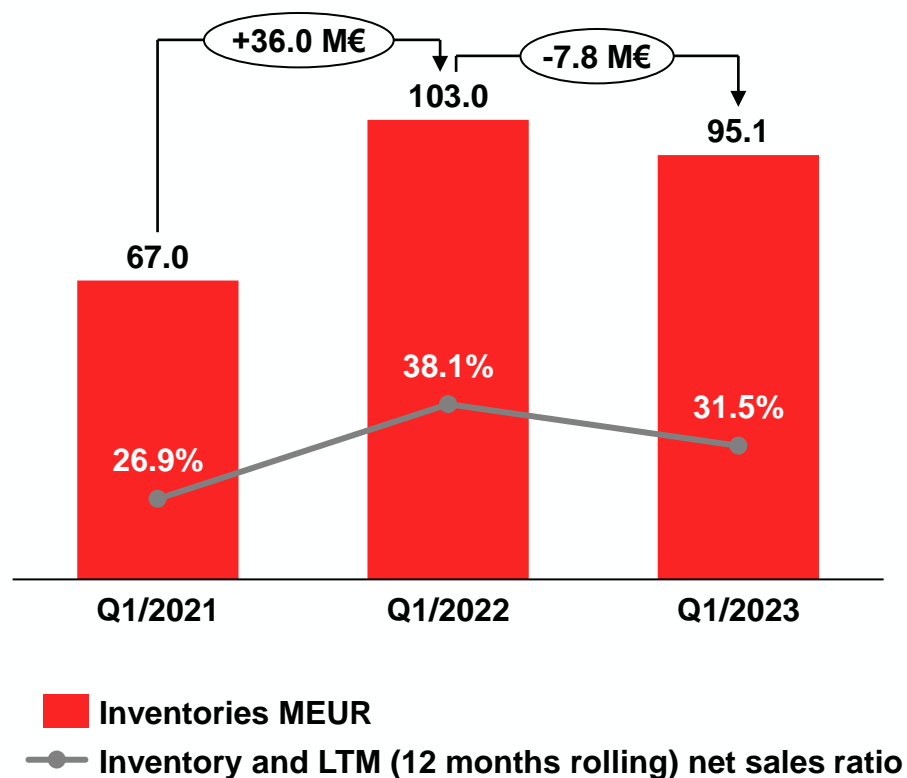
Adjusted EBITA and relative profitability increased



Q1/2023

- Adjusted EBITA increased by 1.1 MEUR
- Relative profitability was 11.2% of net sales.
- Cost control has been good despite high inflation.
- The increase in personnel costs was mainly due to recently opened and the stores to be opened in near future. In addition, one-time compensation, EUR 0.3 million in accordance with the new collective agreement has been recognised and paid in one instalment in Q1.

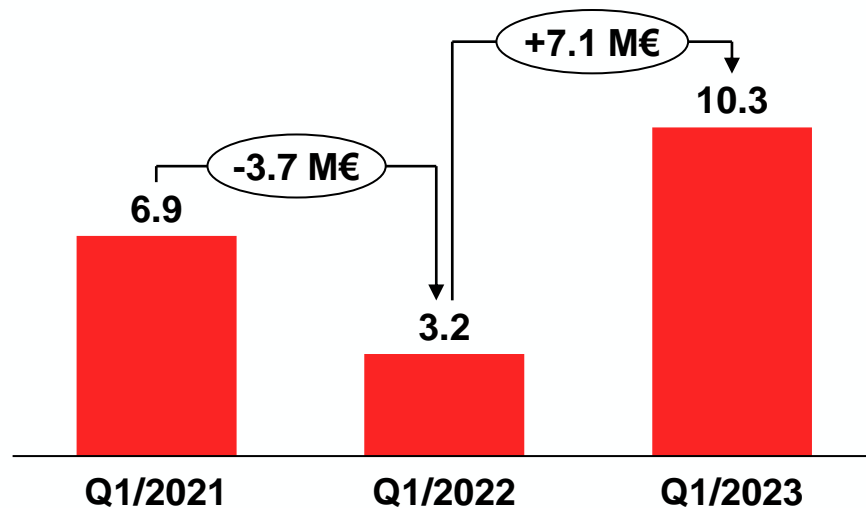
Inventory levels have decreased, and inventory turnover improved



Q1/2023

- The inventories amounted to 95.1 MEUR
- The inventory levels have decreased significantly compared to the same time last year despite of four new stores. The new stores contributed approximately +5 MEUR to the inventory levels.
- As sea freight availability and delivery times have normalised, we were able to start preparations for the spring and summer season on a normal schedule, and there has not been a need to order imported products earlier or larger amounts than usual.
- The aim is to further improve inventory turnover.

Strong cash flow due to strong development of net sales and solid EBITA



■ Operating free cash flow, MEUR

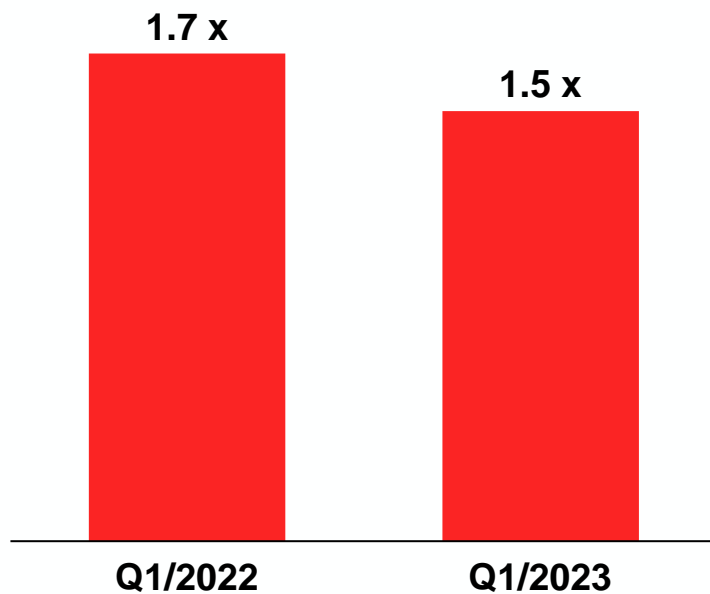
Q1/2023

- Operating free cash flow was 10.3 MEUR.
- Operative free cash flow was positively impacted by strong net sales growth, decrease in inventory levels and solid EBITA.
- Cash conversion, i.e. the ratio of cash flow to EBITDA was at an excellent level.

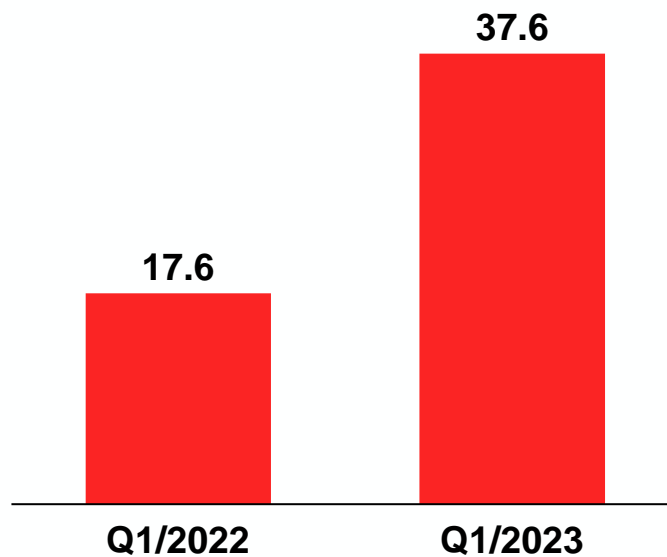


Net debt to EBITDA ratio decreased. Financial position is stable.

Net debt* / adj. EBITDA



Cash and cash equivalents at the end of the reporting period, MEUR



Q1/2023

- Puuilo's financial position is stable.
- The ratio of net debt to adjusted EBITDA is in line with the long-term target.
- Puuilo's long-term loans from financial institutions were 69.9 MEUR at the end of the period.

* Net debt includes lease liabilities reported in accordance with IFRS 16

KEY FIGURES

Q1 / 2023 (1 Feb 2023 – 30 Apr 2023)

- Net sales increased by 10.3% (+0.8%) and were EUR 65.0 million (58.9)
- Like-for-like store net sales increased by 4.9% (-5.0%)
- Online store net sales decreased by 18.8% (-8.4%)
- Gross profit was EUR 23.7 million (20.6) and gross margin was 36.5% (35.0%)
- Adjusted EBITA was EUR 7.3 million (6.2), which corresponds to an adjusted EBITA margin of 11.2% (10.5%)
- EBIT was EUR 7.0 million (5.9) which corresponds to 10.8% of net sales (10.0%)
- Operating free cash flow was EUR 10.3 million (3.2)
- Earnings per share were EUR 0.06 (0.05)
- Earnings per share excluding listing expenses were EUR 0.06 (0.05)
- One new store was opened in Q1 (no new stores)



A close-up photograph of a person's hands using a handheld infrared thermometer to measure the temperature of a car wheel hub. The person is wearing a red and blue plaid shirt. The thermometer is black and red, with the brand name 'tamforce' and the model number 'ID 1013 8930' visible. The background is blurred, showing green foliage and a car tire.

Strategy and long-term financial targets

Puulo's strategy supports our financial targets



Growing the store network



Like-for-like net sales growth in the young store network



Increasing the share of private label products



Maintaining and improving the high profitability



Continuous development of the product assortment and the multichannel business model

+400 MEUR

NET SALES

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

17-19%

PROFITABILITY

Adjusted EBITA margin between 17 - 19%.

< 2.0x

NET DEBT

Net debt to adjusted EBITDA below 2.0x.

> 80%

DIVIDEND POLICY

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



Outlook for the financial year 2023

OUTLOOK

Puulo's outlook for the financial year 2023

Puulo repeats the outlook for the financial year 2023 given in its financial statements release on 30 March 2023.

Puulo forecasts that net sales and adjusted operating profit (adjusted EBITA) for the financial year 2023 in euros will increase compared to the financial year 2022.

The forecast includes elements of uncertainty arising from the energy crisis, the war in Ukraine, rising interest rates and inflation causing decline in purchasing power.

Puulo's long-term targets

+400 MEUR

NET SALES

By the end of financial year 2025 with annual organic sales growth in excess of 10%.

< 2.0x

NET DEBT

Net debt to adjusted EBITDA below 2.0x.

17-19%

PROFITABILITY

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Puulo's new stores

Store openings in FY 2023:

- Vantaa Porttipuisto, opened 30 March 2023
- Nummela, opened 8 June 2023
- Kerava
- Helsinki Konala
- Vantaa Varisto

The aim for 2024 is to open at least 4 new stores!



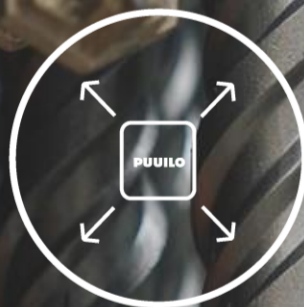
A welder wearing a green jacket, safety glasses, and ear protection is working on a metal structure. A large, bright splash of sparks is visible, extending from the welder's work area towards the right side of the frame. The background shows a dark, industrial building with several windows and a red fire extinguisher on the ground to the right.

Puuiilo as an investment

Puulo as an investment



A leading player in the growing discount retail market in Finland



Successful concept based on wide product assortment, low prices, perceived low price level and convenient shopping experience



Growing store network and online store

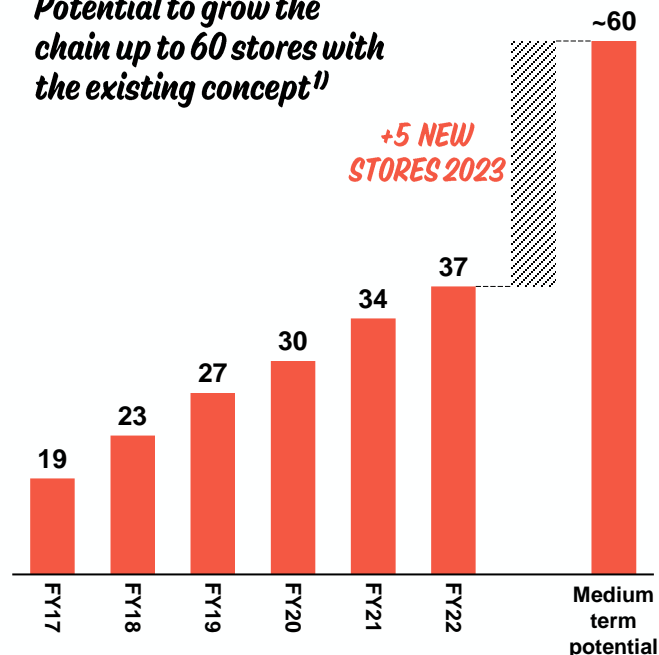


Growth clearly outperforming the market, high profitability and strong cash flow

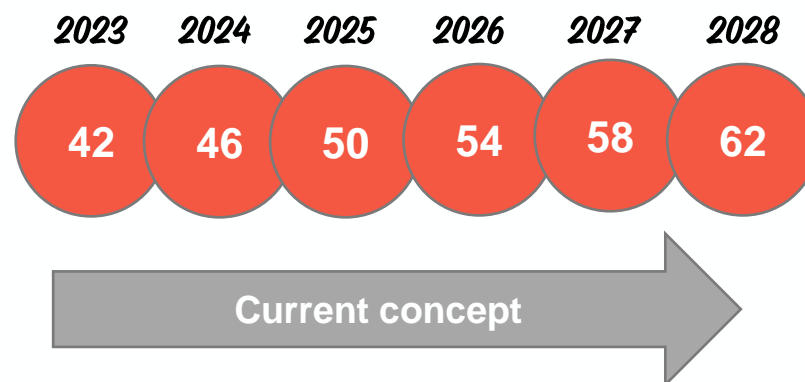
Significant room to expand store network with proven ramp-up process

STORE NETWORK GROWTH

Potential to grow the chain up to 60 stores with the existing concept¹⁾

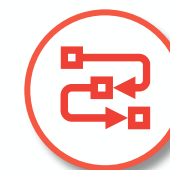


NEW POTENTIAL STORE LOCATIONS¹⁾



There will be growth potential for years to come!

EFFICIENT LAUNCH PROGRAM



Standardized process for new store openings



Track-record of successfully opening 4 new stores p.a.

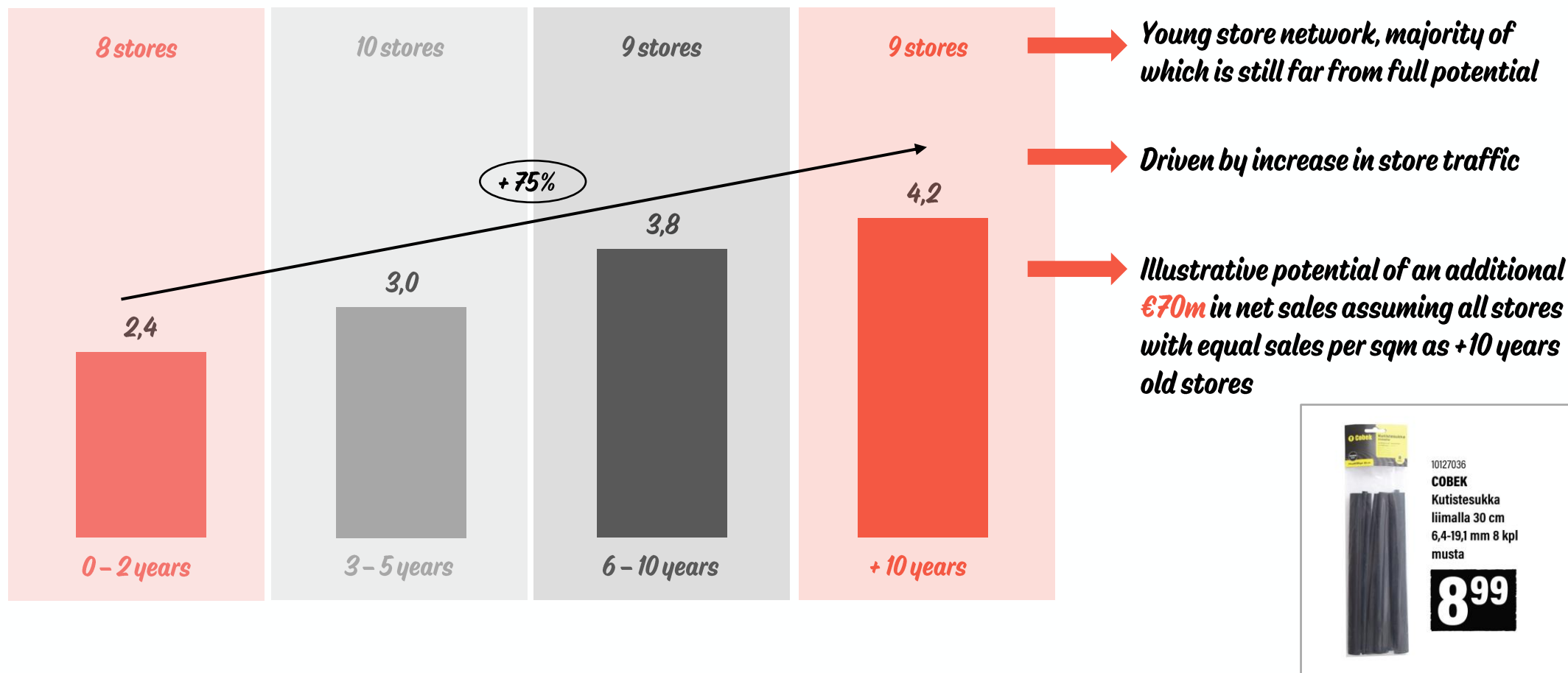


Average new store profitable in first full month after opening²⁾

Notes: 1) Management estimate; 2) Based on average of 10 most recent store openings in April 2023. Based on pricing margin (POS).

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

Average store sales for different vintage groups - €k per sqm¹⁾

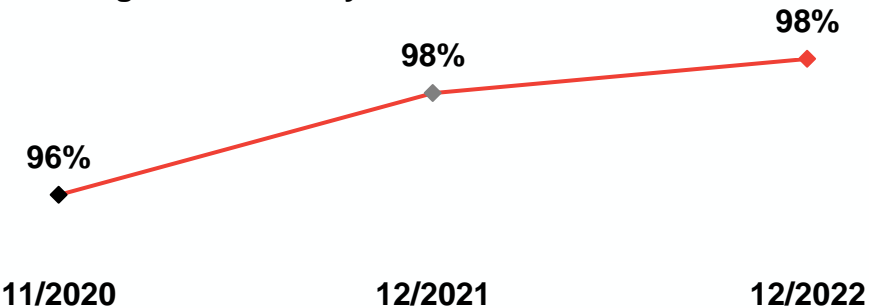


Notes: 1) FY2022 excluding Lieto, which opened in Jan 2023.

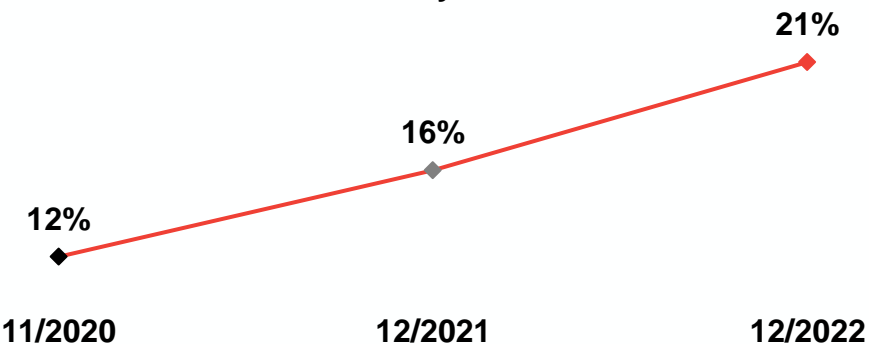
The brand awareness and consideration of Puuilo is growing – still a lot of growth potential

Puuilo's brand awareness

Aided brand awareness –
Recognize at least by name

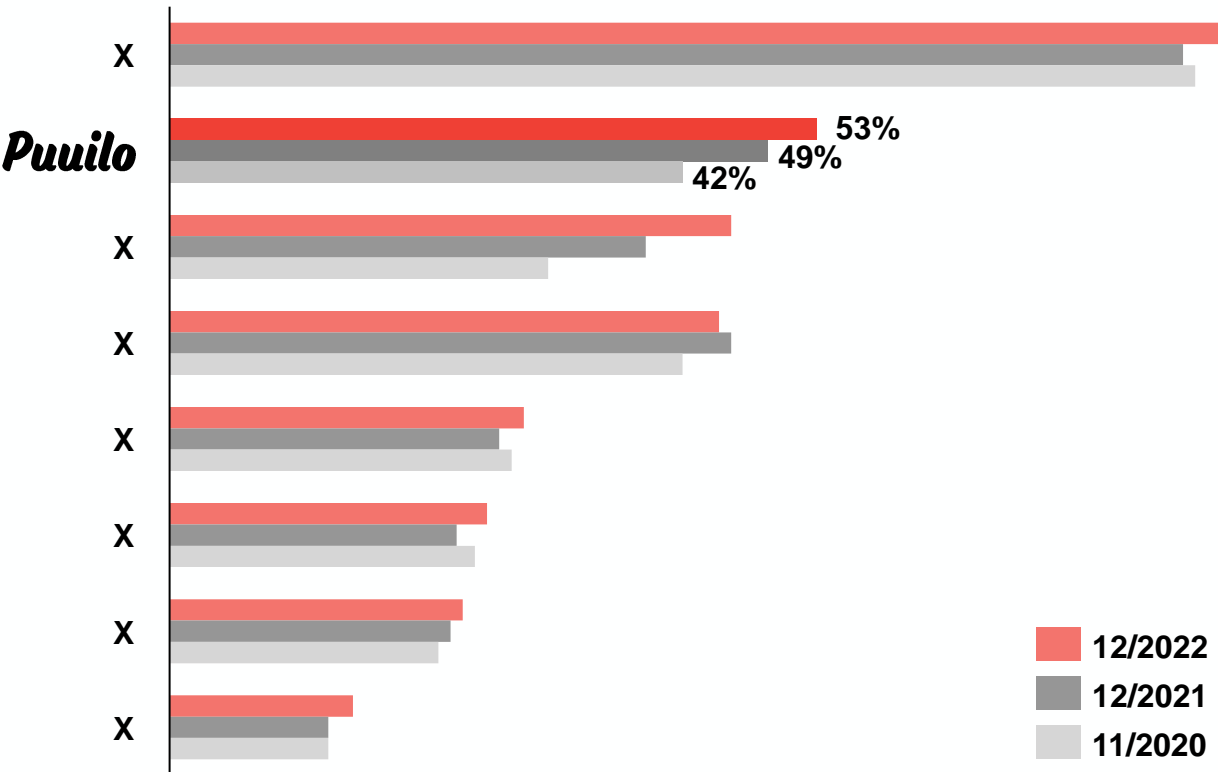


Spontaneous brand awareness –
Which discount stores do you remember?



Puuilo's consideration

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



Source: Research commissioned by Puuilo from business management consulting company in December 2022. (n1000)

Increasing market share - customer satisfaction at good level

NPS

44

(2021 40)

Why do you visit Puuilo?

1 Good assortment

2 Price level

3 Good location

51% *moved shopping **to Puuilo** during the past two years*

8% *moved shopping **from Puuilo** during the past two years*

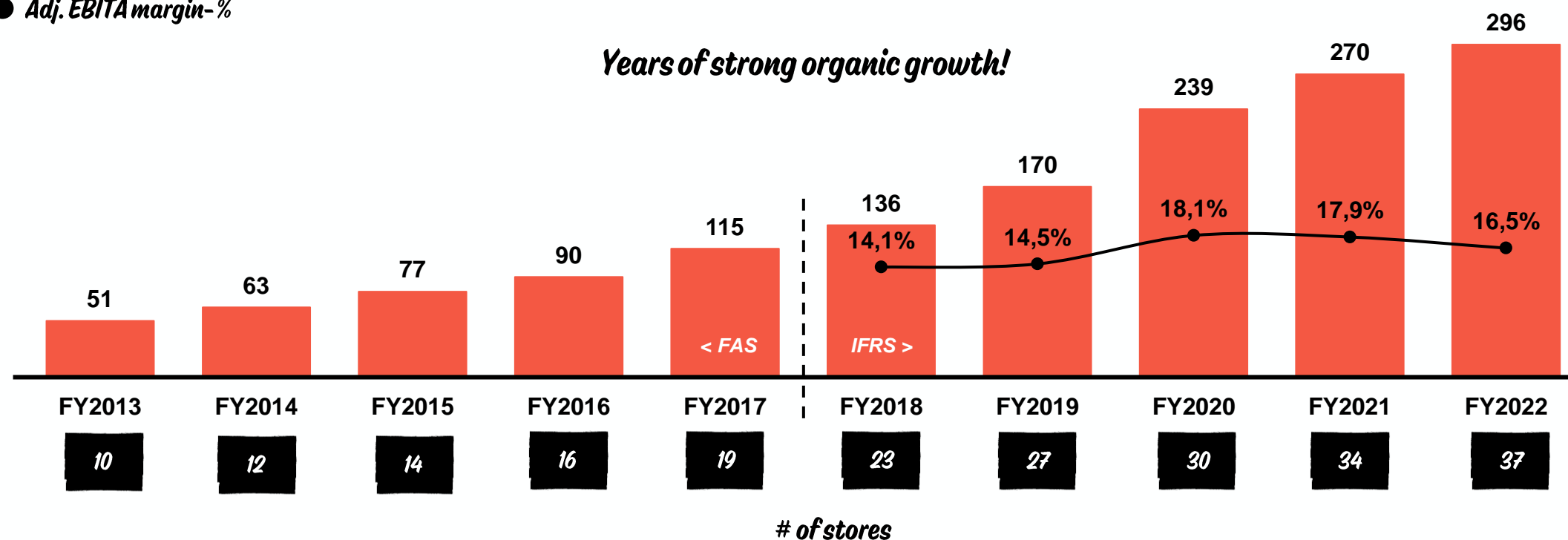
*The research highlights 3 key competitors, from which our customers move shopping **to Puuilo**.*

Source: Customer research commissioned by Puuilo in May 2023 (n15500)

Long track record of strong sales growth and profitability

■ Net sales development (€m)

● Adj. EBITA margin-%



Q&A

Contact requests: ir@puuilo.fi

PUUILO

Ma-Pe 8 - 20
La 9 - 18
Su 10 - 18

NEXT FINANCIAL REPORTS

14 September 2023

14 December 2023

Half-year financial report Q2 / H1 (February-July 2023)

Business review Q3 (February-October 2023)

Photo: The opening of the Nummela store on June 8, 2023

Our sustainability work in 2022 and 2023 priority objectives



A RESPONSIBLE RETAILER

A responsible retailer covers both the work carried out by Puuilo employees and activities of our supply chain to the extent that we have influence over it. In the financial year 2022, we have continued to implement measures started in 2021.

The share of foreign suppliers committed to BSCI or equivalent in our supply chain is 44%. We continue to work to increase the share to 80% by the end of the financial year 2025.

The Supplier Code of Conduct is included in the majority of the most significant domestic cooperation agreements. The work will continue with the next size category of agreements.

The factory audits abroad can be continued this spring.

Through Unicef, we donated 40 thousand euros to the children of Ukraine.



A GOOD PLACE TO WORK

Strong and sustainable growth is possible only when personnel are skilled and motivated. That is why Puuilo wants to be a good place to work.

The values of Puuilo have been written open.

Puuilo's internal Code of Conduct has been drawn up and communicated to the personnel.

Primarily full-time employment contracts

Aiming to management excellence and a safe work environment: A new orientation model has been launched, supervisor training and occupational safety training have been continued.

The participation rate in the job satisfaction survey was almost 100% and the results improved.



CONSUME MORE SUSTAINABLY

Puuilo wants to operate in a resource-wise manner and ensure that we have a clean and life-sustaining environment in the future as well. That is why we have defined more sustainable consumption as one of our three main focus areas.

100% of the electricity we procure ourselves is from renewable energy sources. Energy efficiency improved by changing to LED lights in several stores. We will continue to improve energy efficiency and reduce electricity consumption in a comparable manner.

3 new solar power stations. For this year, the aim is to start using 6 more solar power stations.

Comparable recycling rate increased to 69%. The goal is 73% by the financial year 2025.