

PUUILO

**STRONG YEAR AND GOOD
PROFITABILITY DEVELOPMENT**

FINANCIAL STATEMENTS 2021

PUUILO PLC

31 MARCH 2022

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

Our agenda today

- 1. Key figures and main events***
- 2. Proposal for profit distribution***
- 3. Strategy, market and business review***
- 4. Financial development***
- 5. Outlook***
- 6. Sustainability in our operations***
- 7. Q&A***

Key figures, financial year 2021 (Feb 2021-Jan 2022)

GROWTH

+13.2% (+40.0%)

Net sales

+2.6% (+24.4%)

Like-for-like net sales

34 (30)

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

PROFITABILITY

17.9% (18.1%)

EBITA margin (adj.)

36.9% (36.5%)

Gross profit margin, %

EPS

0.42€ (0.36€)

Earnings per share excluding the effect of listing expenses

EVENTS DURING THE REPORTING PERIOD

- Strong year and good profitability development
- Puuilo Plc's shares started trading on Nasdaq Helsinki on 24 June 2021.
- Puuilo's financing agreement was renewed
- Puuilo completed the implementation of the new ERP system in December 2021
- Share of private label sales was 17.6% during the financial year
- Four new stores, located in Vaasa, Imatra, Rauma and Espoo Laajalahti, were opened.

Key figures, Q4 (Nov 2021-Jan 2022)

GROWTH

+15.1% (+32.5%)

Net sales

+3.1% (+19.4%)

Like-for-like net sales

34 (30)

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

PROFITABILITY

15.7% (15.7%)

EBITA margin (adj.)

36.3% (36.0%)

Gross profit margin, %

EPS

0.08€ (0.07€)

Earnings per share excluding the effect of listing expenses

EVENTS DURING Q4

- Puuilo completed the implementation of the new ERP system in December 2021
- Strong net sales growth, especially when considering the strong comparison period
- Gross profit developed well compared to the previous year

Proposal for profit distribution

- The Board of Directors of Puuilo Plc proposes for the Annual General Meeting to be held on 17 May 2022 that a dividend of EUR 0.30 per share be paid for the financial year 1 February 2021 – 31 January 2022 based on the adopted balance sheet on shares held outside the company. The remaining distributable assets will remain in equity. The Board of Directors proposes that the dividend be paid in two instalments.
- The first instalment, EUR 0.15 per share, will be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 24 May 2022. The board proposes that the first dividend instalment payment date be 31 May 2022.
- The second instalment, EUR 0.15 per share, will be paid to shareholders registered in the company's register of shareholders kept by Euroclear Finland Ltd on the instalment's record date 20 October 2022. The board proposes that the second instalment payment date be 27 October 2022. The Board proposes it be authorised to decide, if necessary, on new dividend payment record dates and pay dates for the second instalment, if the rules and statutes of the Finnish book-entry system change or otherwise so require.
- As at the date of the proposal for the distribution of profit, 30 March 2022, a total of 84,776,953 shares were held outside the company, and the corresponding total amount of dividends was EUR 25,433,085.90.
- The distributable assets of Puuilo Plc total EUR 88,370,962.54, of which profit for the financial year is EUR 25,184,960.19. The proposed dividend corresponds to approximately 80% of Puuilo Group's net income for the financial year.

***STRATEGY, MARKET AND
BUSINESS REVIEW***



Puulo's growth strategy

- ***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***



Puilo'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 financial year ending 31 January 2026 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%

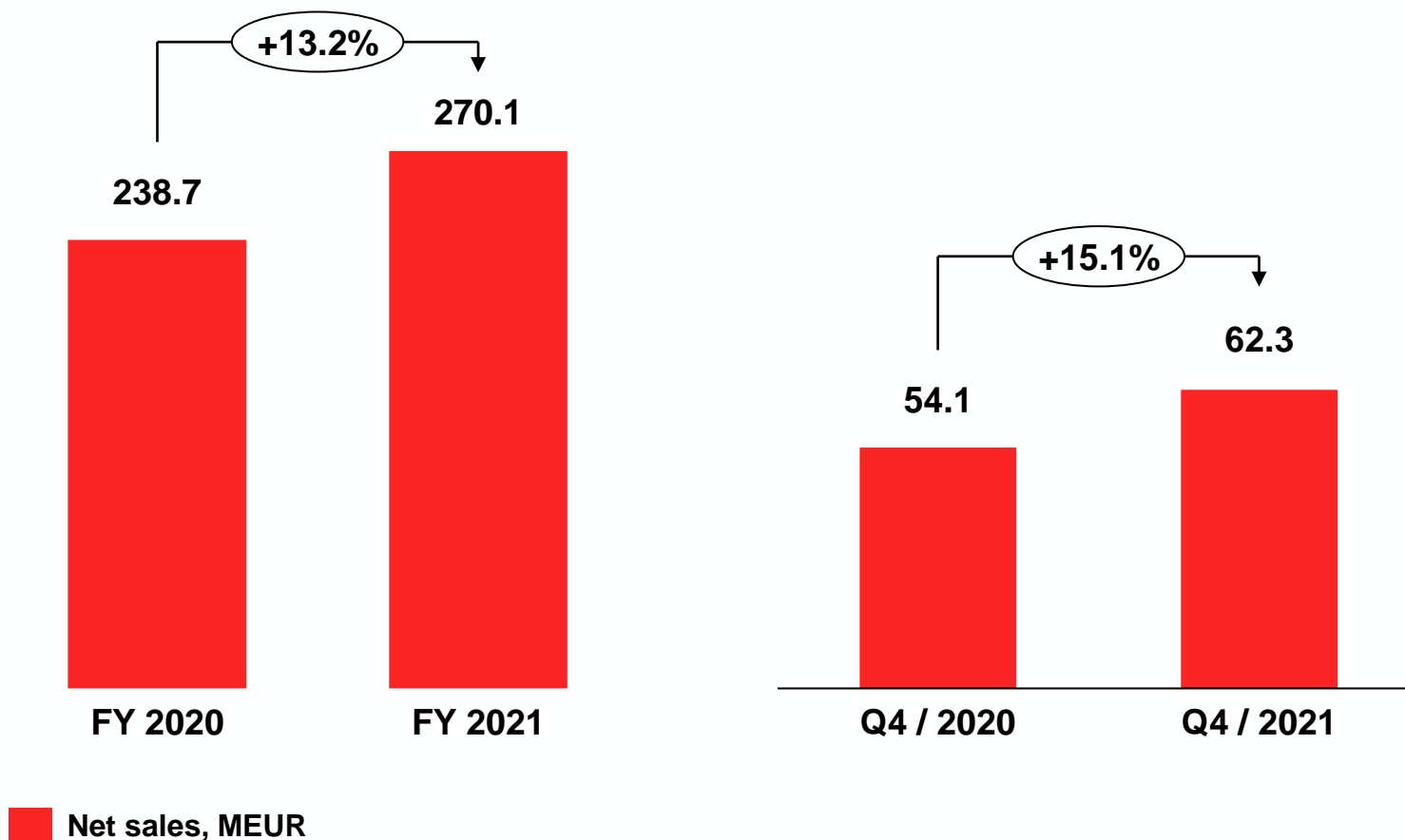
DIVIDEND POLICY

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

FINANCIAL DEVELOPMENT

PUUILO

Strong net sales growth in FY2021, especially in Q4.



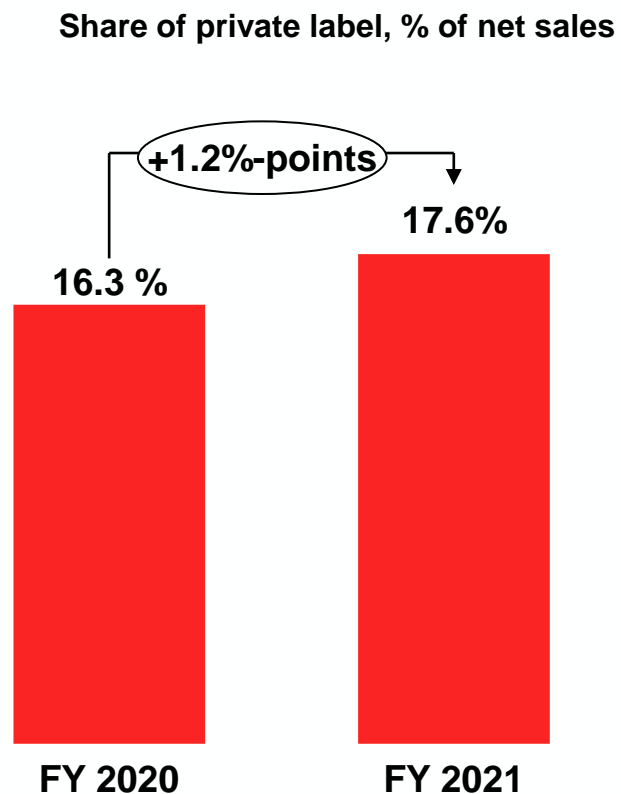
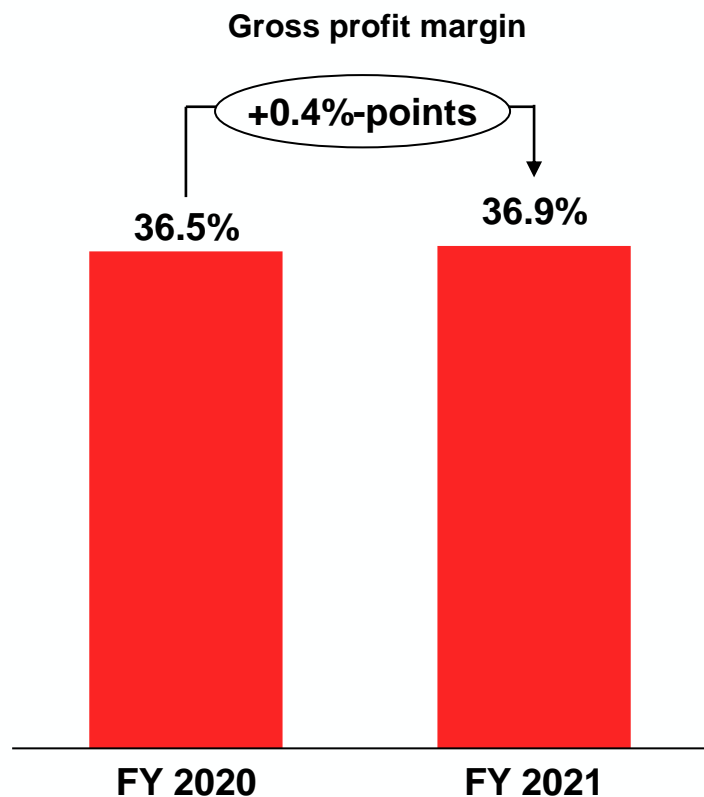
FY 2021

- Net sales increased by 13.2% as a result of increased net sales in like-for-like and new stores as well as the online store.
- Like-for-like store net sales increased by 2.6%.
- Cumulative net sales growth in line with Puuilo's long-term financial targets (organic sales growth in excess of 10%).

Q4 / 2021

- Net sales grew by +15.1 % as a result of increased net sales in like-for-like and new stores.
- Like-for-like store net sales increased by +3.1%.
- The impact of the coronavirus pandemic is still visible in the strong Q4 comparison period (+32.5%). Net sales increased nonetheless.

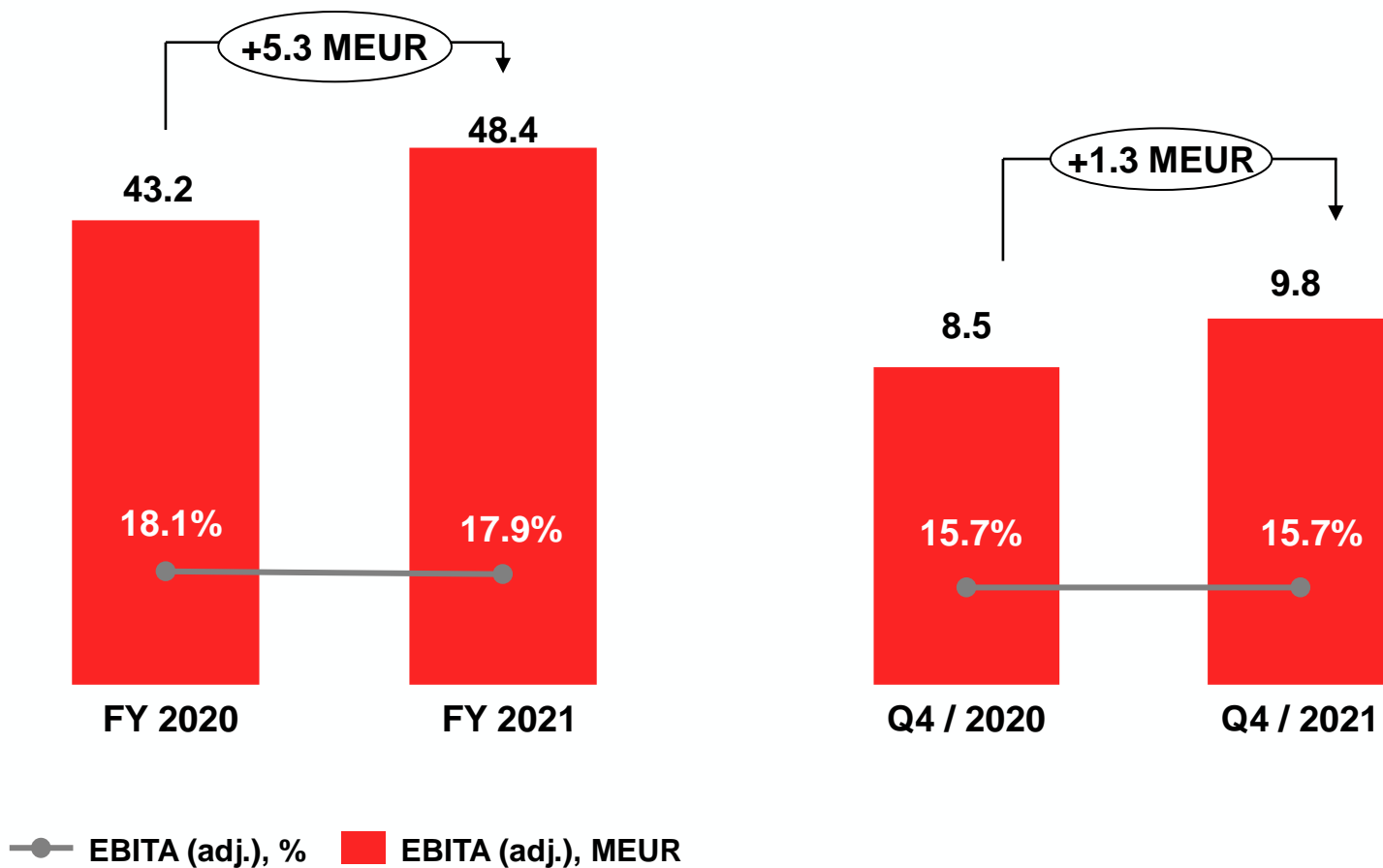
Gross profit margin increased, share of private label products increased



FY 2021

- Gross profit margin increased and was 36.9% of net sales
- The positive gross profit development was driven by the higher share of private label products, improved commercial purchasing terms in sourcing, and automation of accounts payable.
- The share of private label products increased by 1.2 %-points to 17.6% of net sales. Several new products and product lines were introduced.

Full year adjusted EBITA increased, relative profitability in Q4 on previous year's level



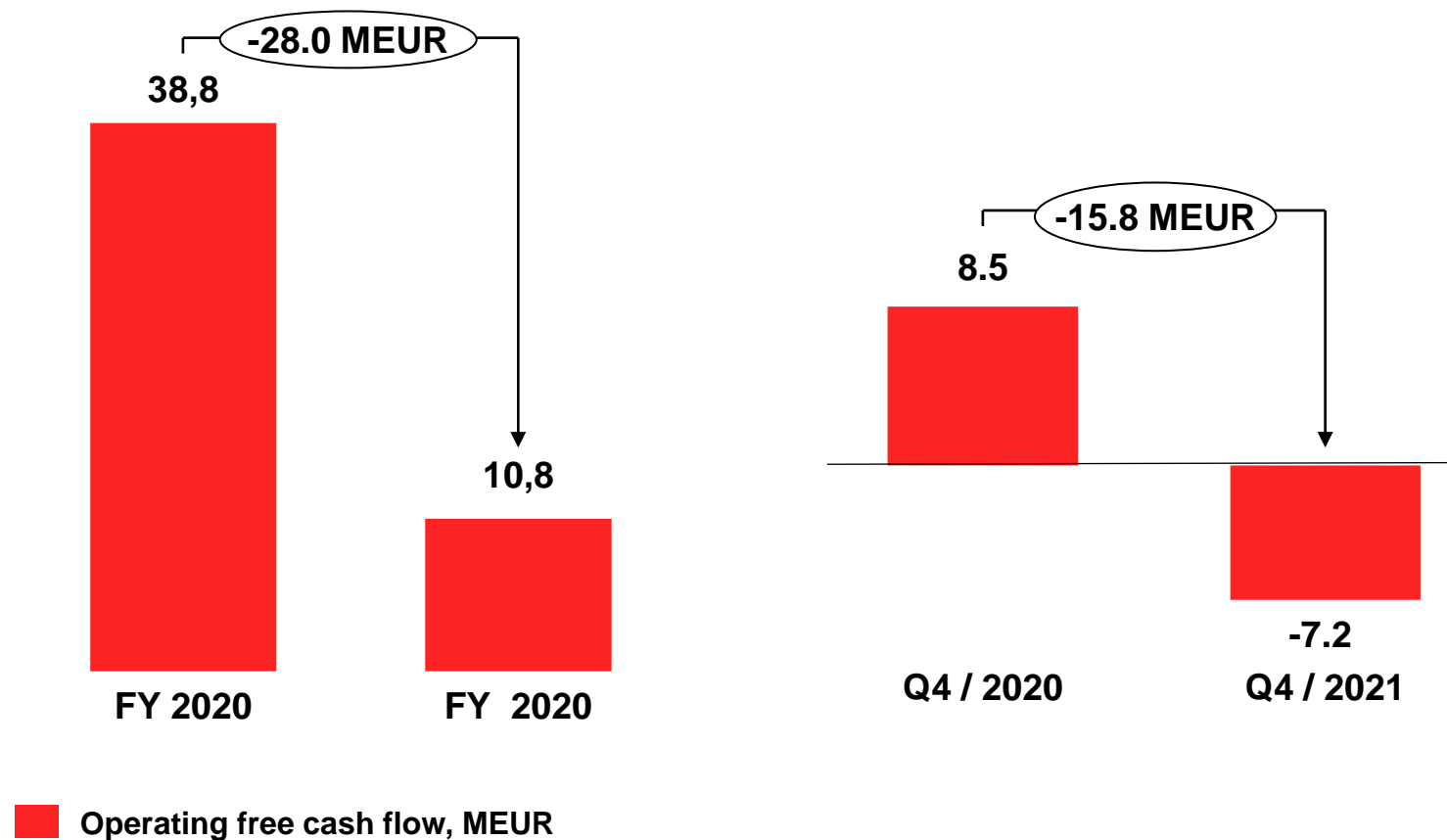
FY 2021

- Adjusted EBITA increased by 5.3 MEUR.
- Relative profitability good and in line with long-term targets (adj. EBITA margin between 17-19%)
- Adjusted operating profit (EBITA) increased as a result of the increase in net sales, the increase in gross margin and the control of operational costs.

Q4 / 2021

- Adjusted EBITA increased by 1.3 MEUR.
- The adjusted EBITA margin was 15.7%, at previous years' level.
- Gross profit margin increased during Q4 and was 36.3% (36.0%).

Operating free cash flow decreased, inventories at record levels at the end of Q4, as planned



FY 2021

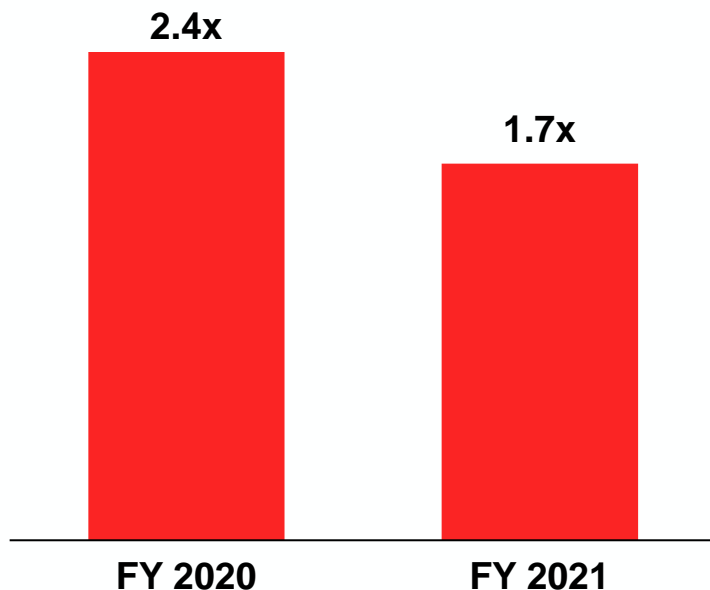
- Operating free cash flow was 10.8 MEUR.
- The decrease is a result of planned, temporary changes in working capital (inventory levels) and the investment in the ERP system.
- Puulo has anticipated and prepared for the current risks related to extended delivery times and sea freight by placing orders for imported private label goods for seasonal peaks earlier than usual.
- One additional new store was opened compared to the corresponding period last year.

Q4 / 2021

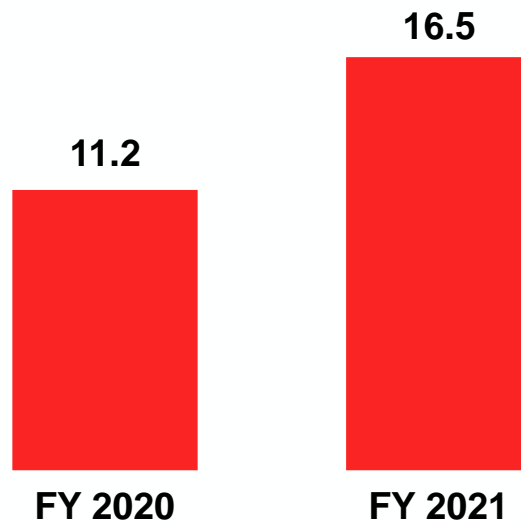
- Operating free cash flow was -7.2 MEUR.
- Puulo's import volumes and central warehouse inventories were, as planned, temporarily at record levels at the end of Q4.
- Large quantities of imported private label goods arrived

Net debt to EBITDA ratio improved, financial position is stable.

Net debt* / adj. EBITDA



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



FY 2021

- Cash and cash equivalents at a good level despite the planned temporary working capital increase.
- Net debt to EBITDA ratio decreased, mainly due to the increase in EBITDA and the share issue in connection to the IPO.
- Puuilo's long-term loans from financial institutions were 69.8 MEUR at the end of the period. The maturity of the loans is 3 + 1 + 1 years.

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

KEY FIGURES OF THE REPORTING PERIODS

FY 2021 (1 February 2021 - 31 January 2022)

- Net sales increased by 13.2% (+40.0%) and were 270.1 MEUR (238.7)
- Like-for-like store net sales increased by 2.6% (+24.4%)
- Online store net sales increased by 20.8% (+127.5%)
- Gross profit was 99.6 MEUR (87.1) and gross margin was 36.9% (36.5%).
- Adjusted EBITA was 48.4 MEUR (43.2), which corresponds to an adjusted EBITA margin of 17.9% (18.1%)
- Operating profit was EUR 44.5 million (41.5), which corresponds to 16.5% of net sales (17.4%)
- Operating free cash flow was 10.8 MEUR (38.8)
- Earnings per share were 0.38 EUR (0.36).
- EPS adjusted for listing costs were 0.42 EUR (0.36).
- 4 new new stores were opened during the reporting period (3 new stores).

Q4 / 2021 (1 November 2021 - 31 January 2022)

- Net sales increased by 15.1% (+32.5%) and were 62.3 MEUR (54.1)
- Like-for-like store net sales increased by 3.1% (+19.4%)
- Online store net sales decreased by 11.8% (+132.0%)
- Gross profit was 22.6 MEUR (19.5) and gross margin was 36.3% (36.0%).
- Adjusted EBITA was 9.8 MEUR (8.5), which corresponds to an adjusted EBITA margin of 15.7% (15.7%)
- Operating profit was EUR 9.5 million (8.1), which corresponds to 15.3% of net sales (15.0%)
- Operating free cash flow was -7.2 MEUR (8.5)
- Earnings per share were 0.08 EUR (0.07).
- EPS adjusted for listing costs were 0.08 EUR (0.07).
- No new stores were opened during the last quarter (1 new store)

OUTLOOK

OUTLOOK

Puulo's outlook for the financial year 2022

Puulo forecasts that net sales and adjusted operating profit (adjusted EBITA) for the financial year 2022 in euros will increase compared to the financial year 2021.

The forecast is subject to uncertainties due to the development of the Covid-19 pandemic and the effects of the geopolitical situation. Although Puulo's business is not exposed to direct risks related to Russia or Ukraine, Russia's military actions have caused significant uncertainty in Europe. The situation may have an impact on consumer behaviour and purchasing power and thus on Puulo's business. In addition, sanctions related to Russia may indirectly affect global supply chains.

Puulo's long-term targets

+400 MEUR

NET SALES

Net sales above EUR 400 million by the financial year ending 31 January 2026 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

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SUSTAINABILITY IN

OUR OPERATIONS

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Our sustainability work in 2022

PUUILO

A RESPONSIBLE RETAILER

Development of sustainable supply chain

We will continue to implement Amfori BSCI's Code of Conduct principles in our supply chain. Our goal is to have 80% of suppliers in high-risk-countries with BSCI (or similar) commitment by 2025. Once the pandemic and travel situation allows, we will continue with factory audits to verify commitments. We will also continue to include the Supplier Code of Conduct in all new agreements and old contracts when they are renewed. We will pay special attention to product quality assurance and establish a Quality Control unit.

A GOOD PLACE TO WORK

Providing an enjoyable and safe workplace

A responsible workplace and skilled managers are especially important to Puuilo and need to be further developed. We will continue to do good and high-quality employer work by, among other things, continuously monitoring job satisfaction, training staff and managers, and promoting a non-discriminatory and pro-equality work culture. We will pay special attention to the prevention of workplace accidents and continue our annual occupational safety trainings. We will continue to offer primarily permanent employment contracts, with the goal of keeping their share above 80%.

CONSUME MORE SUSTAINABLY

Continuous improvement of resource efficiency

In our line of work, logistics has a significant environmental impact. Our aim is to reduce greenhouse gas emissions from land, sea and air transportation controlled by Puuilo, in cooperation with our main logistics partner. We have started to monitor our emissions.

In our stores, we are improving energy efficiency through, among other things, renovations in lighting and energy optimization, as well as increasing the number of solar power systems. This year we will invest in three new solar installations. We are exploring the possibilities of building charging points for electric cars at our stores and will introduce them where feasible. We will further develop the managing and sorting of waste and improve our recycling rate.

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Seven new stores in the pipeline

Store openings in 2022;

- *Tampere Lielähti (relocation)*
- *Sastamala*
- *Lieto*
- *Tornio*

... Additionally the opening of at least four new stores has been agreed for 2023!



Q&A

Contact requests: ir@puuilo.fi

NEXT FINANCIAL REPORTS

14 June 2022

15 September 2022

15 December 2022

Business review (February–April 2022)

Half-year Financial Report (February–July 2022)

Business review (February–October 2022)

APPENDIX

Puuiilo is one of the leading discount retailers in Finland

PUUILO KEY FACTS¹⁾

270 m€ net sales

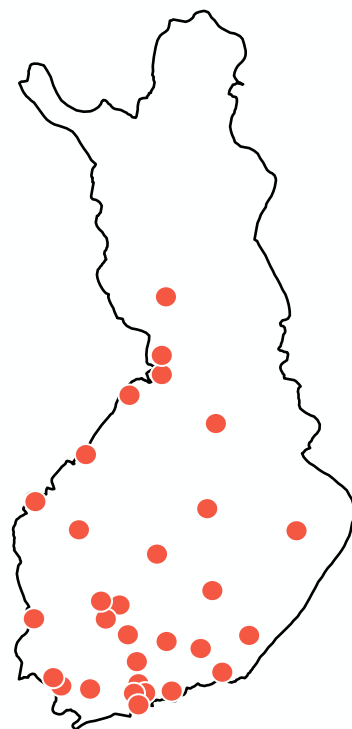
44,5 m€ operating profit

16,5% operating profit -%

48,4 m€ adjusted EBITA²⁾

17,9% adjusted EBITA-%

34 STORES AND AN ONLINE STORE



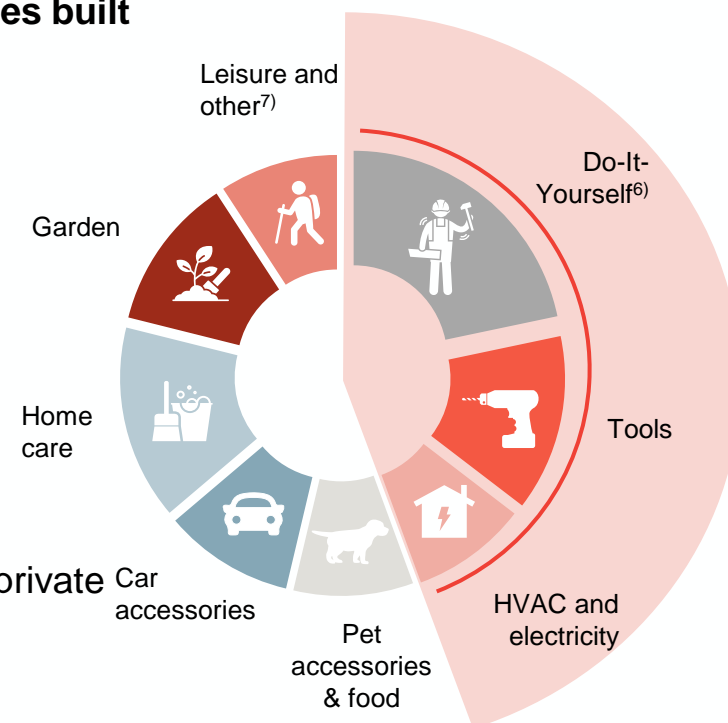
Key product categories built around DIY⁵⁾

- X No building materials
- X No consumer electronics
- X No clothes

+30 000 SKUs³⁾

18% of sales from private labels¹⁾

27 € average store basket size

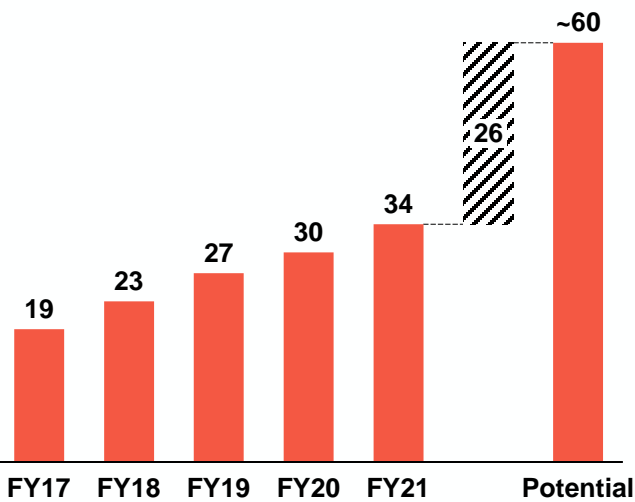


Note: 1) FY2021 ending January 31st 2022 except where otherwise indicated; 2) EBITA, excluding items affecting comparability; 3) SKU number per stores varies slightly and as per 27th of January 2021 the average SKUs at store inventory was approximately 34k; 5) Sales split FY2020; 6) DIY categories including 'Do It Yourself', 'Tools' and 'HVAC and electricity' as defined by the company. 7) Other category including service products and groceries Source: Company annual reports and company information

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

STORENETWORK GROWTH

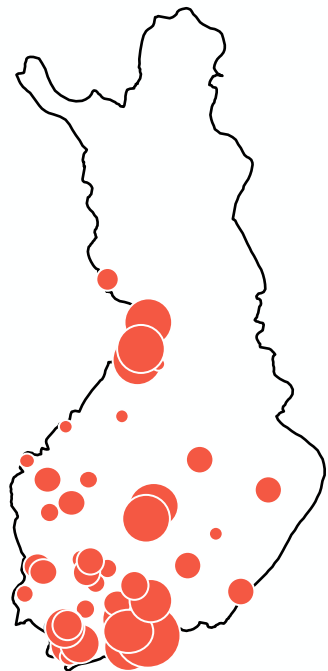
Potential to double the store network with the current concept 1)



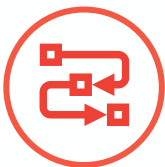
NEW POTENTIAL STORE LOCATIONS²⁾

● Net sales potential

Even 50 new locations identified



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 opening ³⁾

Notes: 1) Management estimate; 2) Analysis conducted by European provider of advanced analytics as part of Store Network Optimisation analysis; 3) Based on average of 15 most recent store openings (excl. Vaasa, which opened in 2/2021). Based on pricing margin (POS). Source: Puuilo's view informed by multiple sources, including a study by a European provider of advanced analytics and commissioned by Puuilo

Puulo as an investment



A leading player in the growing discount retail market of 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

A decade of continuous growth – up to 4 new openings each year

