



PUUILO

Strong growth in customer traffic resulted in resilient net sales and EBITA growth

Half-year financial report, February-July 2024

Puuiilo Plc


12 September 2024

Juha Saarela, CEO

Ville Ranta, CFO

Our agenda today

1. Key figures and main events
2. Financial development
3. Outlook for financial year 2024
4. Strategy and long-term financial targets
5. Q&A



**SEE THE HEAT,
BEAT THE HEAT.**

KEMPTEN
INFRARED
THERMOMETER

19,99 €

PUUILO

COME AND GET IT?

NO. YES.

Key figures Q2/2024 (May – July 2024)

Growth

+14.9% (+17.0%)

Net sales

+2.1% (+8.1%)

Like-for-like net sales

+18.7% (+15.7%)

EBITA (adj.) growth



46 (39)

Number of stores at the end of the reporting period

Profitability

37.6 % (37.1%)

Gross margin

20.7% (20.0%)

EBITA margin (adj.)

Earnings per share

0.22 € (0.18 €)

Events during the reporting period

- Two new stores were opened during the period (Forssa and Tampere Lahdesjärvi)
- The strong growth in customer traffic continued in both new and old stores. The increase in number of customers was the main driver of sales growth
- Gross margin increased. The increase was driven by a favourable sales mix and sales growth in private label products
- Adjusted EBITA was 24.8 M€ and grew by 18.7% relative to the comparison period

Key figures H1/2024 (February – July 2024)

Growth

+15.4% (+14.3%)

Net sales

+3.1% (+6.8%)

Like-for-like net sales

+17.3% (+16.3%)

EBITA (adj.) growth



46 (39)

Number of stores at the end of the reporting period

Profitability

37.2% (36.9%)

Gross margin

16.9% (16.6%)

EBITA margin (adj.)

Earnings per share

0.28 € (0.24 €)

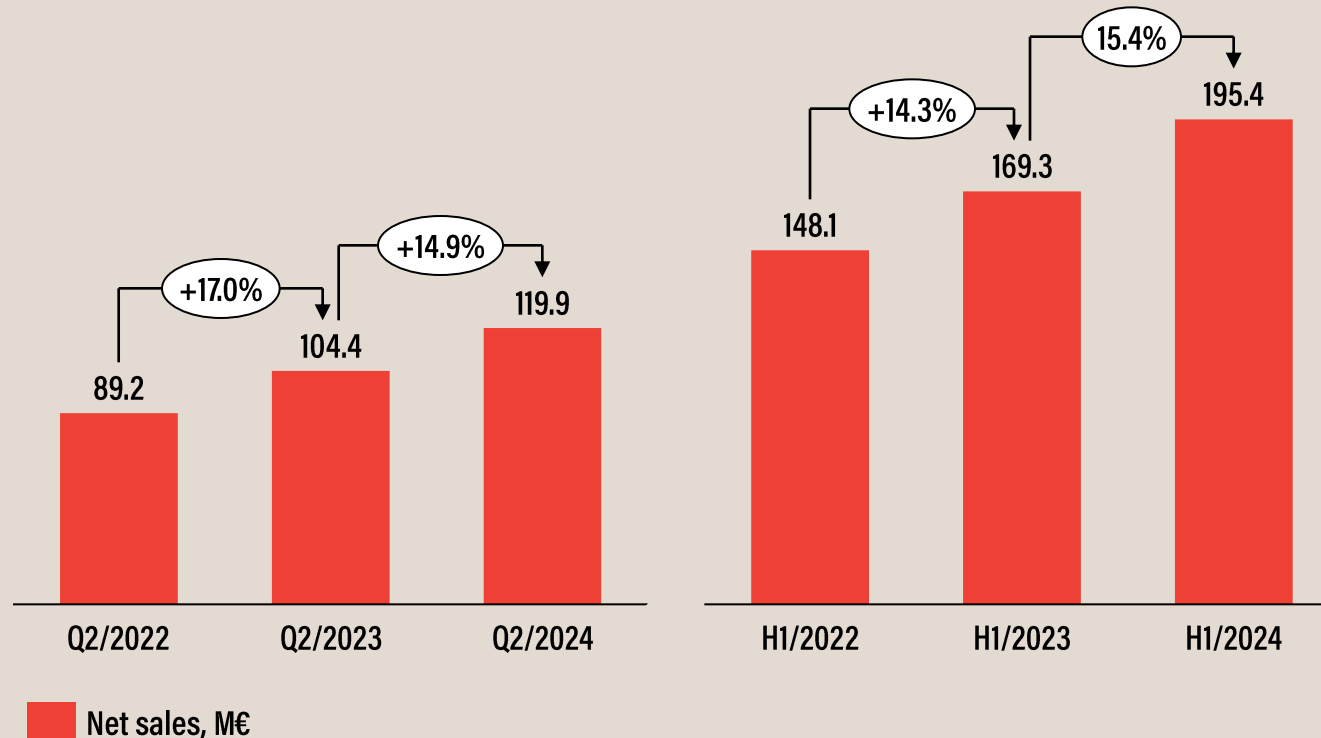
Events during the reporting period

- Four new stores were opened during the period (Nokia, Ylöjärvi, Forssa and Tampere Lahdesjärvi)
- The strong growth in customer traffic continued in both new and old stores. The increase in customer traffic was the main driver of sales growth
- Gross margin increased. The increase was driven by a favourable sales mix, sales growth in private label products and lower logistics costs
- Adjusted EBITA was 33.0 M€ and grew by 17.3% relative to the comparison period
- The strikes in the spring caused delays in the logistics of goods. However, major damages from the strikes were avoided

Financial development

Net sales development

A strong growth in customer traffic was the main driver of sales growth



Q2/2024

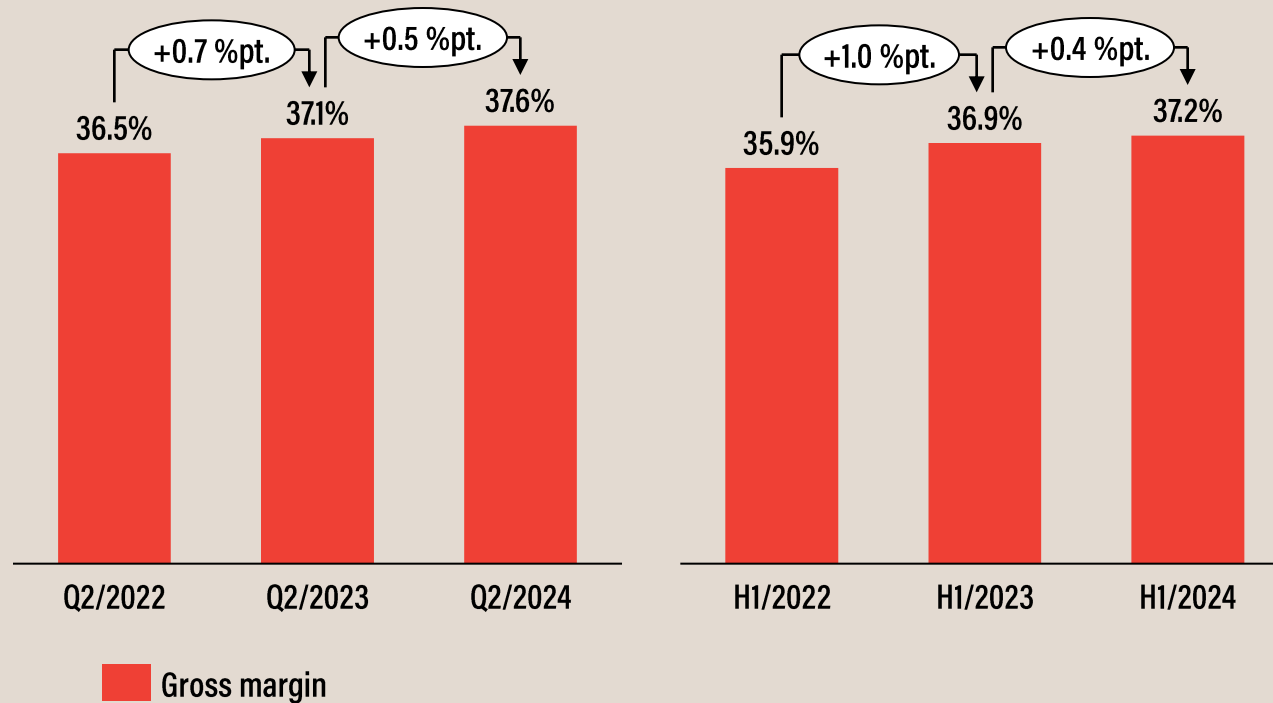
- Net sales increased by 14.9% and like-for-like store net sales by 2.1%
- The customer traffic increased in like-for-like stores by approx. 4.7%
- In all stores, the Q2 customer traffic increased by approx. 18.2%
- The average basket size decreased by approx. 2.8% relative to the comparison period

H1/2024

- Net sales increased by 15.4% and like-for-like store net sales by 3.1%
- The customer traffic increased in like-for-like stores by approx. 5.5%
- In all stores, the H1 customer traffic increased by approx. 18.4%
- At the same time, the average basket size decreased by approx. 2.5%

Gross margin

The positive gross margin development continued during H1/2024



Q2/2024

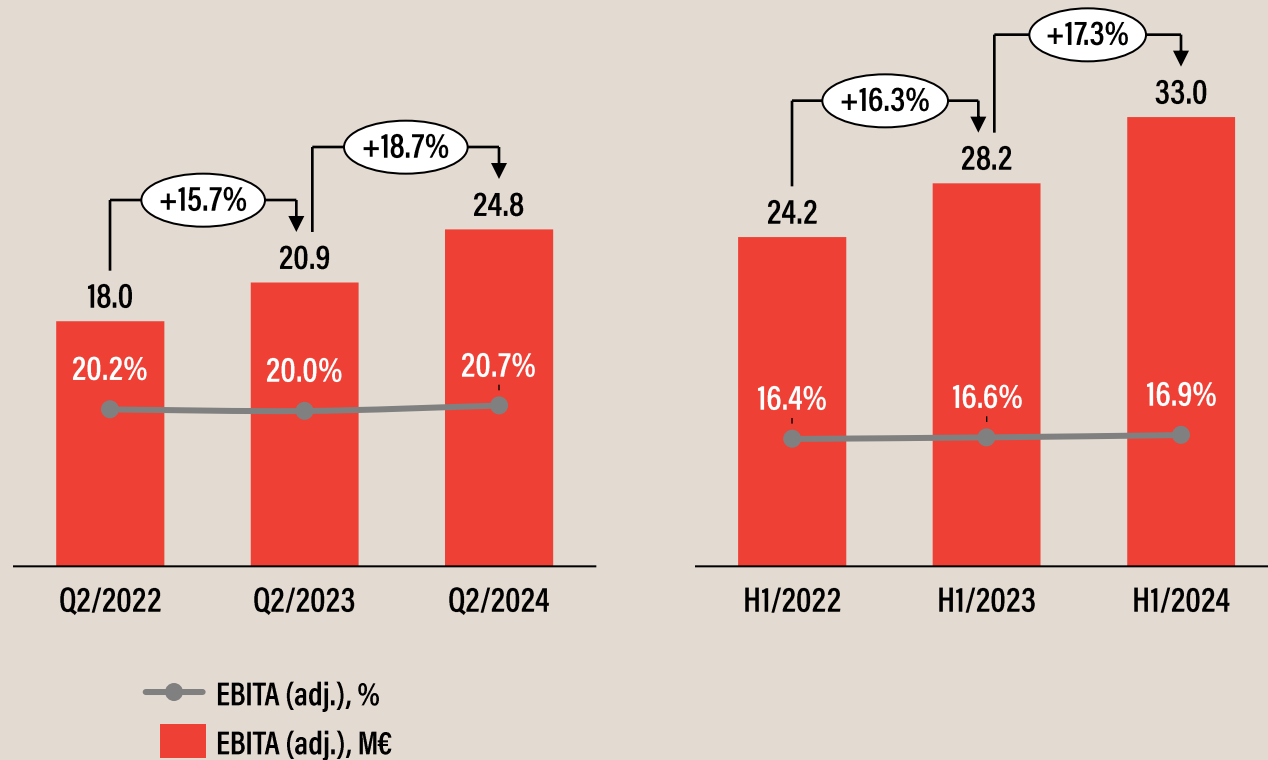
- Gross margin increased to 37.6% of net sales
- Margin improvement was driven by a favourable sales mix and sales growth in private label products

H1/2024

- Gross margin increased to 37.2% of net sales
- Margin improvement was driven by a favourable sales mix and sales growth in private label products
- Additionally, lower logistics costs also explain the margin improvement

Profitability

EBITA and relative profitability increased from the comparison period



Q2/2024

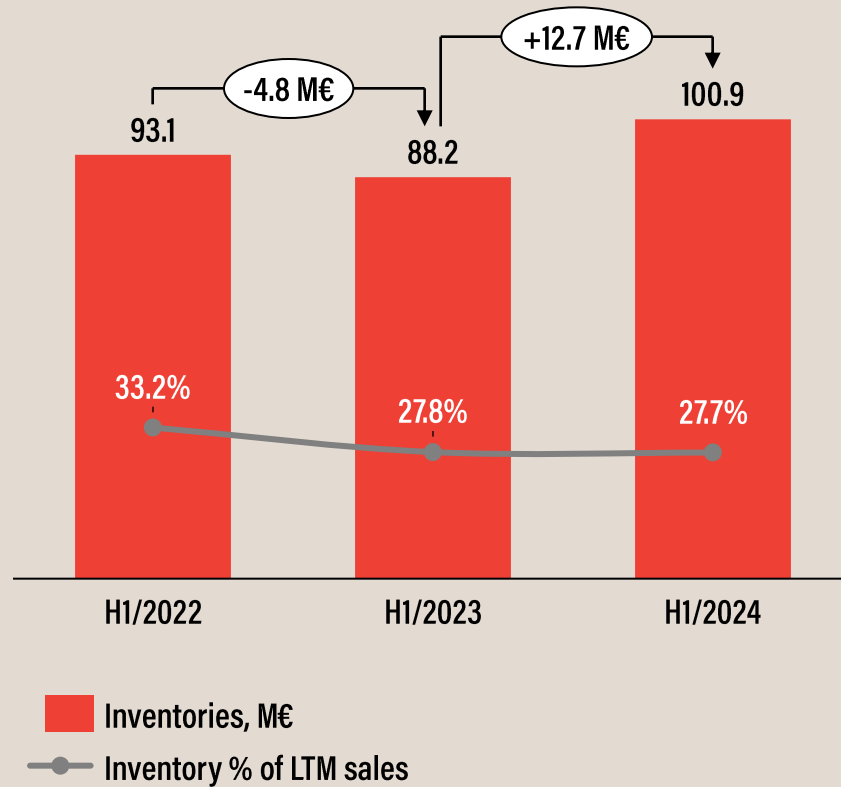
- Adjusted EBITA increased by 3.9 M€
- Relative profitability was 20.7% of net sales, increasing from the comparison period
- Good gross margin and cost control were the drivers behind profitability development
- In relative terms, personnel expenses were below the comparison period

H1/2024

- Adjusted EBITA increased by 4.9 M€
- Relative profitability was 16.9% of net sales
- Cost control has remained good
- In relative terms, personnel expenses were below the comparison period

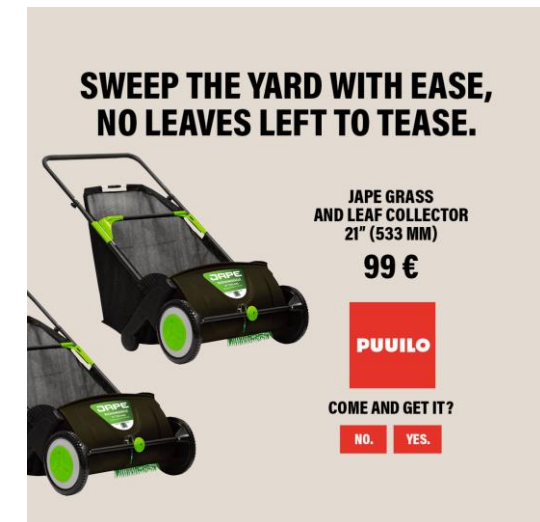
Inventories

Inventory turnover trend remains favourable

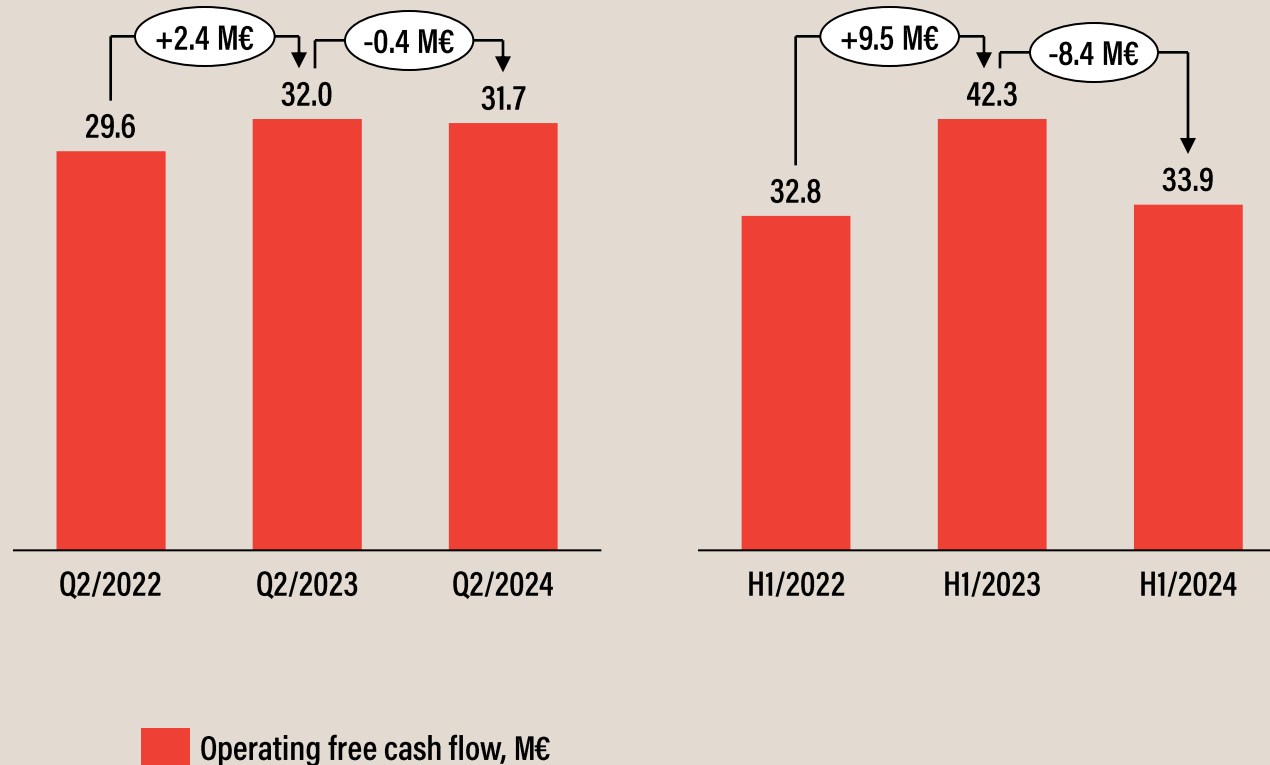


H1/2024

- Inventories amounted to 100.9 M€
- The increase in absolute inventory level is primarily due to the inventories of seven new stores
- In addition, the volume of private label products increased
- Puuilo aims to further improve inventory turnover in the future



Free cash flow remained strong



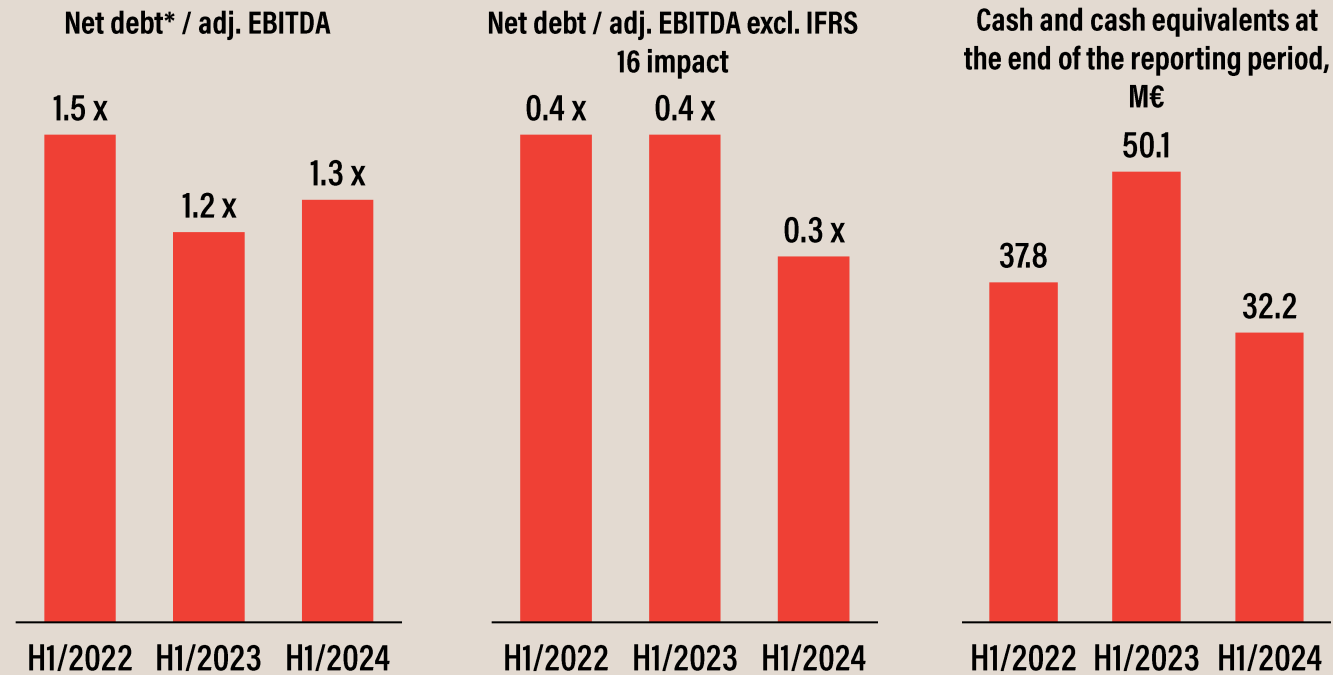
Q2/2024

- Operating free cash flow was 31.7 M€
- Operating free cash flow was supported by strong profitability and cash inflows from net working capital changes, slightly offset by new store openings
- Puuiilo continued to increase the imports of private label products in line with the current strategy
- Cash generation in prior year comparison period was slightly flattered by excess inventory reduction

H1/2024

- Operating free cash flow was 33.9 M€
- Operating free cash flow was supported by a strong operating result and cash inflow from working capital changes, slightly offset by new store openings, increase in imports of private label products and investments related to Hurrikaani transaction
- Cash generation in prior year comparison period was significantly flattered by excess inventory reduction

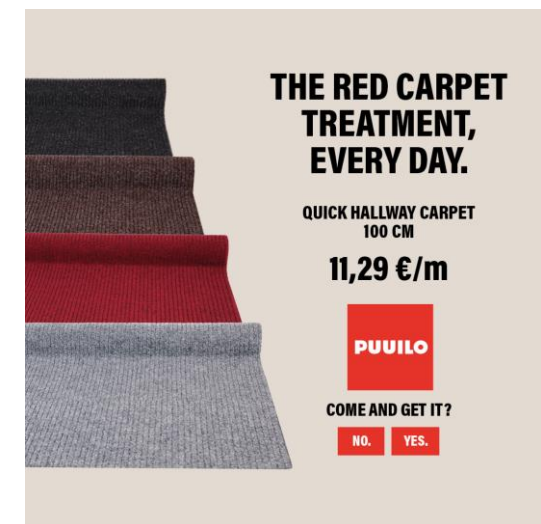
Financial position is stable



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

H1/2024

- The ratio of net debt to adjusted EBITDA is in line with the long-term target (below 2.0x)
- The ratio of net debt to adjusted EBITDA excluding the impact of IFRS 16 was 0.3x
- Puuilo’s long-term loans from financial institutions were 50.0 M€ (69.9 M€) at the end of the period
- Net debt excluding the impact of IFRS 16 was approx. 17.8 M€ at the end of the period



Key figures for the reporting period

Q2/2024 (1 May 2024 – 31 July 2024)

- Net sales increased by 14.9% (+17.0%) and were EUR 119.9 million (104.4)
- Like-for-like store net sales increased by 2.1% (+8.1%)
- Online store net sales increased by 10.6% (-4.3%)
- Gross profit was EUR 45.1 million (38.7) and gross margin was 37.6% (37.1%)
- Adjusted EBITA was EUR 24.8 million (20.9) increasing by 18.7%, which corresponds to an adjusted EBITA margin of 20.7% (20.0%)
- EBIT was EUR 24.4 million (20.6) which corresponds to EBIT margin of 20.3% (19.7%)
- Operating free cash flow was EUR 31.7 million (32.0)
- Earnings per share were EUR 0.22 (0.18)
- Two new stores were opened during the second quarter (one new store)

H1/2024 (1 Feb 2024 – 31 July 2024)

- Net sales increased by 15.4% (+14.3%) and were EUR 195.4 million (169.3)
- Like-for-like store net sales increased by 3.1% (+6.8%)
- Online store net sales increased by 3.9% (-10.5%)
- Gross profit was EUR 72.7 million (62.4) and gross margin was 37.2% (36.9%)
- Adjusted EBITA was EUR 33.0 million (28.2) increasing by 17.3%, which corresponds to an adjusted EBITA margin of 16.9% (16.6%)
- EBIT was EUR 32.0 million (27.6) which corresponds to EBIT margin of 16.4% (16.3%)
- Operating free cash flow was EUR 33.9 million (42.3)
- Earnings per share were EUR 0.28 (0.24)
- Four new stores were opened during the reporting period (two new stores)



Outlook for financial year 2024

Outlook

Puuiilo's outlook for financial year 2024

Puuiilo specifies the outlook for the financial year 2024 given in its financial statements release on 27 March 2024 and repeated in the Q1 business review on 13 June 2024.

Puuiilo now forecasts that the net sales for the financial year 2024 will be EUR 380-400 million and the adjusted operating profit (adjusted EBITA) will be EUR 60-66 million. Previously, the company forecasted that net sales would be EUR 380-410 million and the adjusted operating profit (adjusted EBITA) would be EUR 60-70 million.

The specified guidance is based on development in the first half of the year and the outlook for the rest of the financial year.

The forecast includes elements of uncertainty arising from change in purchasing power and customer behaviour driven by inflation, the recent VAT change and interest rate levels. In addition, strikes in Finland, geopolitical crises and tensions may have an impact on the availability and price level of goods.



Strategy and long-term financial targets

Puulo's strategy for period 2024 - 2028

<p>01.  Growing the store network up to >70 stores in total in Finland with current concept.</p>	<p>02.  Like-for-like sales growth in the young store network by developing concept and product categories</p>	<p>03.  Maintaining and improving the high profitability through industry leading cost control</p>	<p>04.  Smooth omnichannel customer experience</p>	<p>05.  Responsible Retailer</p>
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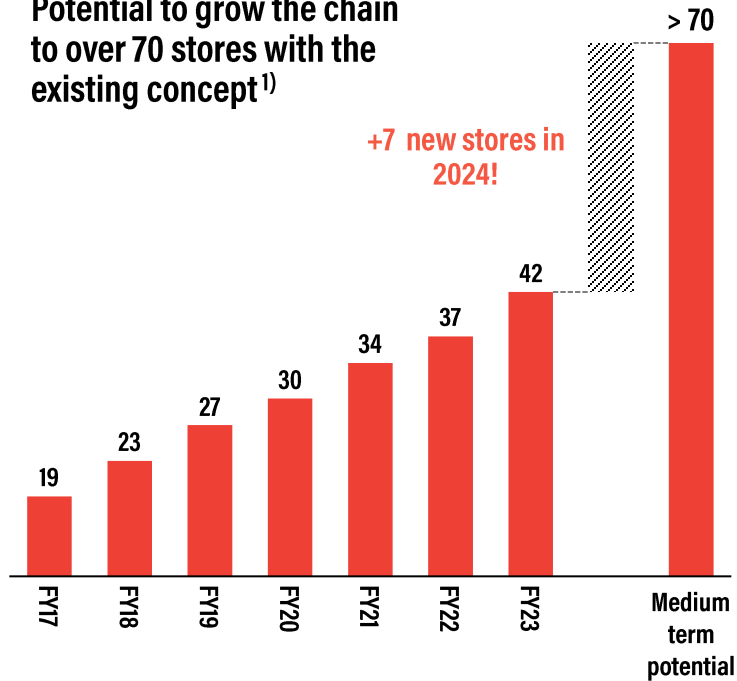
Long-term financial targets for period 2024 - 2028

<p>> 600 MEUR NET SALES Net sales above EUR 600 million by the end of financial year 2028 (ends Jan-2029)</p>	<p>> 17% adj. EBITA margin PROFITABILITY Target to reach EUR >105 million adjusted EBITA by the end of financial year 2028 (ends Jan-2029)</p>	<p>> 80% PROFIT DISTRIBUTION Puulo aims to distribute at least 80% of net income each financial year to its shareholders</p>	<p>< 2.0x NET DEBT Net debt to adjusted EBITDA below 2.0x</p>
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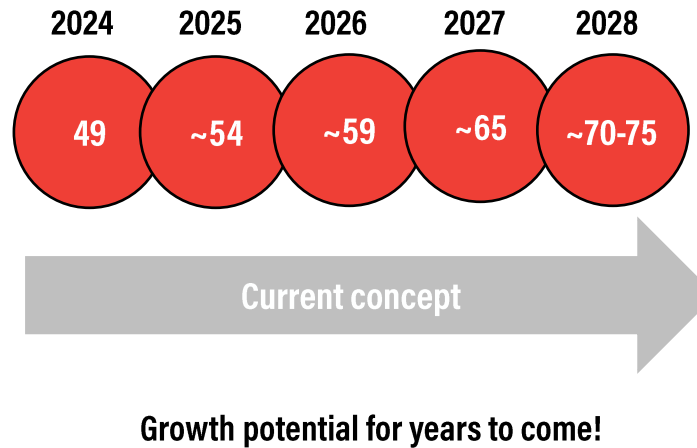
Store network expansion pace

Store network growth

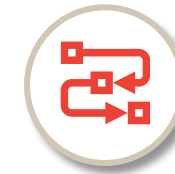
Potential to grow the chain to over 70 stores with the existing concept¹⁾



Forecasted total amount of stores¹⁾



Efficient launch program



Standardized process for new store openings



Track-record of successfully opening 3-5 new stores p.a. Going forward, Puuilo aims to open 5-6 new stores p.a.



Average new store profitable in first full month after opening²⁾

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

Puulo's next new stores

Remaining new store openings FY2024

- Oulu Karjasilta, opened 11 September 2024
- Äänekoski, opens during late autumn
- Kirkkonummi, opens after the turn of the year

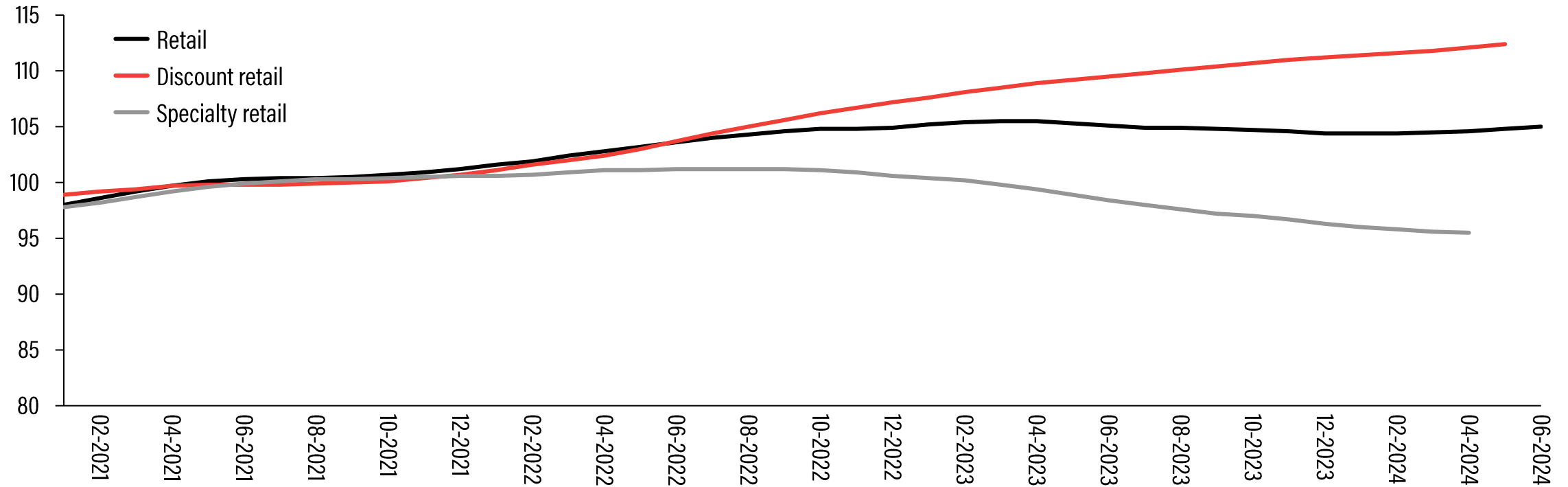
Published new store openings for FY2025

- Lohja, opens during spring of 2025
- Mäntsälä, opens during summer of 2025
- ... several negotiations in process, of which we will provide more information later on



Discount retail is a defensive sector, which is largely unaffected by changes in the economy

Finnish retail market sales performance (indexed, 2021 = 100)¹⁾



Notes: 1) Source for Retail and Specialty retail indices: Statistics Finland, Turnover of trade. Source for Discount retail index: Finnish Commerce Federation and Statistics Finland, index comprises of 33 Finnish discount retailers excl. LIDL Finland.

Q&A

Contact requests:

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NEXT FINANCIAL REPORTS AND EVENTS

11 Dec 2024

Business review Q3 (February – October 2024)



PUUILO