

Net sales and adjusted EBITA increased significantly, relative profitability at excellent level

Highlights Q3/2024

- Net sales increased by 10.8% (+15.4%) and were EUR 102.2 million (92.3)
- Like-for-like store net sales decreased by 0.4% (+5.3%)
- Online store net sales decreased by 0.8% (-10.3%)
- Gross profit was EUR 38.9 million (33.2) and gross margin was 38.0% (36.0%)
- Adjusted EBITA was EUR 19.7 million (15.3) increasing by 28.9%, which corresponds to an adjusted EBITA margin of 19.2% (16.5%)
- EBIT was EUR 19.3 million (15.0) which corresponds to 18.8% of net sales (16.2%)
- Operating free cash flow was EUR 10.0 million (14.0)
- Earnings per share were EUR 0.17 (0.13)
- One new store was opened during the third quarter (one new store)

Highlights February – October 2024

- Net sales increased by 13.8% (+14.7%) and were EUR 297.6 million (261.6)
- Like-for-like store net sales increased by 1.9% (+6.3%)
- Online store net sales increased by 2.3% (-10.4%)
- Gross profit was EUR 111.6 million (95.7) and gross margin was 37.5% (36.6%)
- Adjusted EBITA was EUR 52.7 million (43.4) increasing by 21.4%, which corresponds to an adjusted EBITA margin of 17.7% (16.6%)
- EBIT was EUR 51.3 million (42.6) which corresponds to 17.2% of net sales (16.3%)
- Operating free cash flow was EUR 44.0 million (56.3)
- Earnings per share were EUR 0.45 (0.37)
- Five new stores were opened during the reporting period (three 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/2024-q3-results>. Asking questions requires participation in the conference call. You can access the teleconference by registering on the link <http://palvelu.flik.fi/teleconference/?id=10012286>. After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask questions, please, dial *5 on your telephone keypad to enter the queue.

The webcast in Finnish will begin at 11.30 am EET at <https://puuilo.videosync.fi/q3-2024>.

Recordings of both events will be available later the same day at Puuilo's Investors website at https://www.investors.puuilo.fi/en/investors/reports_and_presentations.

Key figures

EUR million	Q3/2024	Q3/2023	1 Feb 2024 - 31 Oct 2024	1 Feb 2023 - 31 Oct 2023	2023
Net sales	102.2	92.3	297.6	261.6	338.4
Net sales development (%)	10.8%	15.4%	13.8%	14.7%	14.2%
Like-for-like store net sales development (%)	-0.4%	5.3%	1.9%	6.3%	5.2%
Online store net sales development (%)	-0.8%	-10.3%	2.3%	-10.4%	-11.2%
Gross profit	38.9	33.2	111.6	95.7	123.9
Gross margin (%)	38.0%	36.0%	37.5%	36.6%	36.6%
Adjusted EBITA*	19.7	15.3	52.7	43.4	54.1
Adjusted EBITA* margin (%)	19.2%	16.5%	17.7%	16.6%	16.0%
Adjusted EBITA* margin development (%)	28.9%	2.6%	21.4%	11.1%	10.9%
EBITA*	19.7	15.3	52.7	43.4	54.1
EBITA* margin (%)	19.2%	16.5%	17.7%	16.6%	16.0%
EBIT	19.3	15.0	51.3	42.6	52.8
EBIT margin (%)	18.8%	16.2%	17.2%	16.3%	15.6%
Net income	14.5	11.2	37.9	31.4	38.7
EPS (EUR)	0.17	0.13	0.45	0.37	0.46
Operating free cash flow	10.0	14.0	44.0	56.3	54.8
Net debt / adjusted EBITDA	1.3	1.2	1.3	1.2	1.5
Net debt / adjusted EBITDA excl. impact of IFRS 16	0.4	0.4	0.4	0.4	0.5
Number of stores (end of period)	47	40	47	40	42
Number of personnel converted into full-time employees (FTE)	828	818	876	796	791

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

* Operating profit before the amortisation and impairment of intangible rights

Outlook for the financial year 2024

Puulo repeats the outlook for the financial year 2024 given in its half-year report on 12 September 2024.

The company forecasts that net sales will be EUR 380 – 400 million and the adjusted operating profit (adjusted EBITA) in euros will be EUR 60 – 66 million in the financial year 2024.

The outlook is based on the development in the first three quarters 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 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.

Puulo's long-term targets

The company's long-term financial targets for the strategy period 2024 – 2028:

- Growth: Net sales above EUR 600 million by the end of financial year 2028 (ends in January 2029)
- Profitability: Adjusted EBITA margin above 17% of net sales
- Profit distribution: The company aims to distribute at least 80% of net income for each financial year
- Leverage: Net debt to adjusted EBITDA below 2.0x

CEO Juha Saarela's review

Puulo's autumn season showed mixed results from a revenue perspective. In August – October (Q3), our net sales increased by 10.8%, but like-for-like store net sales decreased by 0.4%. However, customer traffic growth continued, at +2.5% in like-for-like stores and +14.7% in all stores. In the third quarter, like-for-like sales increase levelled off, which was due to strong comparison figures and the decline in average basket size. This year, the onset of winter climate was delayed compared to the previous year, which had some impact on sales development. Customer caution remained evident, particularly in the average basket size, which dropped by over 3% compared to Q3 of the previous year. The average basket size continues to shift towards lower-priced items.

On the profit side, Puulo's results were exceptional. In Q3, we reported an adjusted EBITA of 19.7 million euros, which corresponds to 28.9% growth compared to a prior year and an adjusted EBITA margin of 19.2%. The company's performance was excellent, with strong profitability driven by a gross margin increase to 38.0% and good cost control. The strengthening of the gross margin was driven by the sales mix and a significantly higher share of private-label products. In Q3 previous year, the gross margin included a one-time inventory adjustment that had a negative impact on the gross margin of approximately 0.6 percentage points.

In Q3, we opened a new store in Oulu Karjasilta. The opening went well, and we now serve customers in Oulu with three stores in total. In November (Q4), we opened a store in Äänekoski, and later this financial year, we will launch the much-anticipated Kirkkonummi store. This brings the total number of new store openings this financial year to seven, which slightly exceeds our strategic targets.

Next year already looks very promising regarding new store openings. We've announced five new openings through press releases, but it seems we'll need to issue a couple more announcements soon. Strong expansion of our store network is once again on the way.

Regarding the general economic situation, we believe there will be slightly better times ahead. However, we expect that the recovery of purchasing power and demand will only occur in the latter half of next year. In this context, we are very happy that customers trust us and our customer traffic continues to grow.

With this strong performance update, I would like to wish all our shareholders, customers, and the entire personnel Happy Holidays!

Significant events during the reporting period

Performance matching share plan for key employees

The Board of Directors decided to launch a new share-based incentive plan for years 2024 – 2026. 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. In the plan, it is possible to earn matching reward and performance-based matching reward. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA. The maximum amount of to be paid is 738,000 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. (Stock exchange release 16 April 2024)

Puuilo Plc's updated long-term financial targets for the strategy period 2024 - 2028

Puuilo released updated long-term financial targets for the strategy period 2024 – 2028. The new targets are discussed on the first page of this review. (Stock exchange release 22 April 2024)

Significant events after the end of the reporting period

Puuilo has not had any significant events after the reporting period.

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 updated growth strategy, the company aims to open at least 5 – 6 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

In the financial year 2024, Puuilo will open a total of seven new stores. During the first half-year, the company opened three former Hurrikaani stores in Nokia, Ylöjärvi and Forssa. These stores were converted into Puuilo stores before the opening. In addition, new stores were opened in Tampere Lahdesjärvi and Oulu Karjasilta. In November (Q4), we opened a new store in Äänekoski, which will be followed by Kirkkonummi in January. In the first half of the financial year 2025, new stores will be opened in Varkaus, Savonlinna, Lohja, Mäntsälä and Jyväskylä Keljo. In addition, two more stores will be opened during the financial year 2025. The locations for these stores will be announced closer to the openings. According to the definition by Puuilo, a store is considered new during the year of opening and the following financial year. Relocated stores are considered like-for-like stores.

On 31 October 2024, Puuilo had a total of 47 stores (40 stores) across Finland. The current store network is young, approximately half of the stores have been opened during the last five years.

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.

Q3/2024

In August – October, Puulo's net sales increased by 10.8% (+15.4%) to EUR 102.2 million (92.3). Net sales of Puulo's stores were EUR 99.8 million (89.9) and net sales of the online store were EUR 2.4 million (2.4), which corresponded to 2.3% (2.6%) of net sales. Like-for-like store net sales decreased by 0.4% (+5.3%). Online store net sales decreased by 0.8% (-10.3%).

The development of net sales driven by new stores. The decrease in like-for-like store net sales originated from the decline in average basket size. The customer traffic continued to increase also in like-for-like stores.

Puulo's gross profit for the reporting period was EUR 38.9 million (33.2) and the gross margin was 38.0% (36.0%). Gross margin was impacted by the change in sales mix and a higher share of private label products. In the comparison period, the gross profit was negatively impacted by a one-time adjustment, which affected the comparison figure by approximately -0.6 percentage points.

Operating expenses were EUR 15.0 million (14.6), which corresponds to 14.6% of net sales (15.8%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 9.4 million (9.1), which corresponds to 9.2% (9.9%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA as well as EBITA was EUR 19.7 million (15.3), which corresponds to 19.2% (16.5%) of net sales. Adjusted EBITA increased 28.9% compared to the previous year. There were no items affecting comparability.

Operating profit was EUR 19.3 million (15.0), which corresponds to an EBIT margin of 18.8% (16.2%).

Net financial expenses were EUR -1.2 million (-1.0). Net financial expenses excluding the effect of IFRS 16 were EUR -0.5 million (-0.5).

Profit before taxes was EUR 18.1 million (14.0). Total income taxes were EUR 3.6 million (2.8). The net result was EUR 14.5 million (11.2) and earnings per share were EUR 0.17 (0.13).

February – October 2024

In February – October, Puulo's net sales increased by 13.8% (+14.7%) to EUR 297.6 million (261.6). Net sales of Puulo's stores were EUR 290.3 million (254.4) and net sales of the online store were EUR 7.3 million (7.2), which corresponded to 2.5% (2.7%) of net sales. Like-for-like store net sales increased by 1.9% (+6.3%). Online store net sales increased by 2.3% (-10.4%).

The development of net sales was positively impacted by the increase in net sales of both new and the like-for-like stores. The like-for-like store net sales was impacted by the decline in average basket size. The customer traffic continued to increase also in like-for-like stores.

Puulo's gross profit for the reporting period was EUR 111.6 million (95.7) and the gross margin was 37.5% (36.6%). Gross margin was impacted by the change in sales mix and a higher share of private label products

Operating expenses were EUR 46.5 million (42.3), which corresponds to 15.6% of net sales (16.2%). The most significant item in operating expenses was personnel expenses. Personnel expenses were EUR 29.2 million (26.3), which corresponds to 9.8% (10.1%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA as well as EBITA were EUR 52.7 million (43.4), which corresponds to 17.7% (16.6%) of net sales. Adjusted EBITA increased 21.4% compared to the previous year. There were no items affecting comparability.

Operating profit was EUR 51.3 million (42.6), which corresponds to an EBIT margin of 17.2% (16.3%).

Net financial expenses were EUR -3.9 million (-3.3). Net financial expenses excluding the effect of IFRS 16 were EUR -1.7 million (-1.9).

Profit before taxes was EUR 47.4 million (39.3). Total income taxes were EUR 9.5 million (7.9). The net result was EUR 37.9 million (31.4) and earnings per share were EUR 0.45 (0.37).

Balance sheet, financing, and cash flow

At the end of the reporting period, Puulo's inventories were EUR 108.2 million (88.2). The increase of the inventory level was driven by opening of seven new stores. In addition, the increase of imported private label products has increased the inventory value. Puulo aims to further improve inventory turnover in the future.

Operating free cash flow in August – October was EUR 10.0 million (14.0) and in February – October EUR 44.0 million (56.3). The operating free cash flow was supported by strong operating profit, slightly offset by new store openings leading to a negative change in net working capital. In addition, free cash flow was impacted by an increase in imports of private label products and investments related to the Hurrikaani transaction. Comparison figures from the prior year were positively impacted by the normalisation of excess inventory levels.

At the end of the reporting period, cash and cash equivalents were EUR 26.5 million (28.9) and the company's financial position is stable.

At the end of the reporting period, Puulo's interest-bearing liabilities totalled EUR 127.4 million (111.3), of which non-current financial loans amounted to EUR 50.0 million (49.9). At the end of the period, the Group did not have current financial loans (-). 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 1.3 (1.2), which is in line with the long-term target. Net debt to adjusted EBITDA excluding IFRS 16 impact was 0.4 (0.4). The net debt excluding the impact of IFRS 16 was approximately EUR 23.5 million (21.0).

Investments

Puulo's investments August – October were EUR 1.1 million (0.9) and in February – October EUR 5.3 million (2.5). Investments were mainly related to the Hurrikaani transaction and the furnishing of new stores. Comparison period investments were mainly related to furnishing of new stores.

Personnel

The number of full-time employees was 876 (796).

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, 31 October 2024, the closing price of the share was EUR 9.23. The share turnover during the reporting period was EUR 189 million and 19,451,550 shares. The highest intra-day share price during the reporting period was EUR 10.90 and the lowest intra-day price was EUR 8.50. At the end of the reporting period, the market value of the shares was EUR 777 million.

At the end of the reporting period, Puulo had 33,240 registered shareholders.

The company held 555,000 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/investors/share_information/shareholders and on the management's holdings at https://www.investors.puulo.fi/en/investors/share_information/management_shareholding.

Flagging notifications

During the review period, Puulo received the following shareholder flagging notifications in accordance with the Finnish Securities Markets Act:

- On 9 February 2024, Puulo received a notification in accordance with the Chapter 9, Section 5 of the Finnish Securities Market Act from Evli Plc, according to which Evli Rahastoyhtiöt Ltd's (100% owned by Evli Plc) direct holdings in shares and votes of the Company fell below the flagging threshold of 5 percent and was 4.94% after the transaction.

All flagging notifications have been published as stock exchange releases and are available on the company's website at https://www.investors.puulo.fi/en/investors/share_information/flagging_notifications.

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://investors.puulo.fi/en/releases>.

Principles and key themes of sustainability

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 targeted measures at all levels of the company.

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 objectives for our sustainability work are based on a materiality analysis conducted with our most important stakeholders. The key sustainability issues are grouped into three priority areas: Responsible retailer, A good place to work and Sustainable consumption. Being a responsible retailer covers both our own personnel and the supply chain. A good place to work means that Puulo as an employer aims to be a good workplace for our personnel, to which they want to commit to. In addition, we

aim to build a responsible work atmosphere and attitude environment that the personnel can relate to and thus be involved in building a shared responsible workplace. Promoting sustainable consumption means concrete savings and measures in our own operations in order to improve the environment but also cost efficiency.

Puulo 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 have been published as part of the annual reporting 2023. Both reports are available at Puulo's investor website https://www.investors.puulo.fi/en/investors/reports_and_presentations.

Puulo has started preparing for CSRD reporting. We have performed a double materiality analysis and gap-analysis, based on which we have begun to build a new sustainability matrix. The first CSRD report will be published in Spring 2025.

Risks and business uncertainties

Risks and uncertainties related to Puulo's operating environment, markets, business, strategy implementation, financing and financial position are described in detail in the Report by the Board of Directors 2023. The most significant business risks and uncertainties are related to the change in purchasing power and customer behaviour driven by inflation 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.

The general principles of Puulo's risk management are described on the investor website at https://www.investors.puulo.fi/en/investors/corporate_governance/risk_management.

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.

Financial Statements Release 2024	on 27 March 2025
Business review Q1 February – April 2025	on 10 June 2025
Half-year Financial Report February – July 2025	on 11 September 2025
Business review Q3 February – October 2024	on 10 December 2025

The Financial statements 2024 and the Report by the Board of Directors will be published during week 17.

Puulo's Annual General Meeting is planned for Thursday 15 May 2025. The meeting will be convened by the company's Board of Directors separately at a later date.

All financial reports are published in English and in Finnish and are available at: https://www.investors.puulo.fi/en/investors/reports_and_presentations.

10 December 2024
Puulo Plc
Board of Directors

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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 such as business arrangements.

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 amortisation and impairment of intangible rights
EBITA margin (%)	EBITA as percentage of net sales
Adjusted EBITA	EBITA adjusted with items affecting comparability
Adjusted EBITA development (%)	Change in adjusted EBITA for the period divided by adjusted EBITA for the previous period
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) (EUR)	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.
Earnings per share (diluted) (EUR)	Earnings per share have been calculated by dividing the profit for the period according to the consolidated income statement by the weighted average diluted number of shares issued.
EBITDA	Operating profit before depreciation, amortisation, and impairment
Adjusted EBITDA	EBITDA before items affecting comparability
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
Net debt / Adjusted EBITDA excl. IFRS 16 impact	Interest-bearing liabilities excluding IFRS 16 lease liabilities – cash and cash equivalents divided by annualised adjusted EBITDA – lease expenses (12 months rolling)