

Spring of growth – a promising start to the new financial year

Highlights Q1/2025

- Net sales increased by 18.4% (+16.1%) and were €89.3 million (75.4)
- Like-for-like store net sales increased by 6.5% (+4.8%)
- Online store net sales increased by 19.6% (-6.6%)
- Gross profit was €33.1 million (27.6) and gross margin was 37.1% (36.6%)
- Adjusted EBITA was €10.8 million (8.3), increasing by 31.2%, which corresponds to an adjusted EBITA margin of 12.1% (11.0%)
- EBIT was €10.4 million (7.6) which corresponds to 11.7% of net sales (10.1%)
- Operating free cash flow was €13.6 million (2.3)
- Earnings per share were €0.09 (0.06)
- Three new stores were opened during the first quarter (two 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. 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. 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://puulo.videosync.fi/2025-q1-results>. Asking questions requires participation in the conference call. You can access the teleconference by registering on the link <https://player.videosync.fi/puulo/2025-q1-results/dial-in>.

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://puulo.events.inderes.com/q1-2025>.

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

Key Figures

€million	Q1/2025	Q1/2024	2024
Net sales	89.3	75.4	383.4
Net sales development (%)	18.4%	16.1%	13.3%
Like-for-like store net sales development (%)	6.5%	4.8%	1.5%
Online store net sales development (%)	19.6%	-6.6%	1.7%
Gross profit	33.1	27.6	144.6
Gross margin (%)	37.1%	36.6%	37.7%
Adjusted EBITA*	10.8	8.3	67.0
Adjusted EBITA* margin (%)	12.1%	11.0%	17.5%
Adjusted EBITA* margin development (%)	31.2%	9.9%	23.8%
EBITA*	10.8	8.3	67.0
EBITA* margin (%)	12.1%	11.0%	17.5%
EBIT	10.4	7.6	65.1
EBIT margin (%)	11.7%	10.1%	17.0%
Net income	7.3	5.0	47.9
EPS (€)	0.09	0.06	0.57
Operating free cash flow	13.6	2.3	44.0
Net debt / adjusted EBITDA	1.3	1.5	1.4
Net debt / adjusted EBITDA excl. impact of IFRS 16	0.3	0.5	0.5
Number of stores (end of period)	52	44	49
Number of personnel converted into full-time employees (FTE)	877	847	849

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 2025

Puulo reiterates the outlook for the financial year 2025 given in its financial statements release on 27 March 2025.

The company forecasts that net sales will be €425 – 455 million and the adjusted operating profit (adjusted EBITA) will be €70 – 80 million in the financial year 2025.

The forecast includes elements of uncertainty related to changes in consumer purchasing power and behaviour. Additionally, geopolitical crises and international tensions may affect product availability and prices.

Puulo's long-term targets

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

- Growth: Net sales above €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

The new financial year began with a strong performance. In the first quarter, the net sales grew by 18.4% and by 6.5% in like-for-like stores. Net sales growth was strong also in the online store, where a 19.6% increase was reported. The number of customers continued to rise significantly as well, increasing by 18.4% overall and by 6.9% in like-for-like terms. The average basket size remained at the previous year's level. The strong net sales performance in Q1 was partly driven by the early onset of spring, which led to a successful start for the gardening category.

In Q1, the gross margin was 37.1% representing an increase of 0.5% percentage points. The strong improvement in gross margin was driven by the significantly increased share of private label products. Net sales of private label products grew by 37.7%, their share of total net sales also increased. Operating expenses remained well under control; the expense ratio decreased to 19.5% of net sales. All the above income statement items contributed to an adjusted EBITA of €10.8 million. EBITA increased by approximately €2.6 million and accounted for 12.1% of net sales.

During Q1, we opened three new stores: in Varkaus, Savonlinna and Lohja. True to tradition, customers enjoyed free sausages and checkout queues extended throughout the store. The store openings were highly successful, and the new stores got off to a solid start as expected. Next up was the opening of Mäntsälä store, which falls in Q2. During the rest of the financial year, new stores will be opened in Jyväskylä Keljo, Iisalmi and Heinola. In total, at least seven new stores will be opened during this financial year. The growth continues!

The spring and summer season have started well. I wish a happy Midsummer and summer to all our shareholders, customers, and personnel!

Significant events of the reporting period

Adjusted EBITA exceeded guidance for financial year 2024, preliminary information on financial year 2024 results

Puulo released preliminary information about the financial year 2024 results. Puulo's net sales for the financial year 2024 (February 2024 – January 2025) were €383.4 million, and the adjusted EBITA was €67.0 million, or 17.5% of net sales. Previously, Puulo had guided that the net sales for the financial year 2024 would be between €380 – 400 million and the adjusted EBITA would be between €60–66 million. (Stock exchange release 10 March 2025)

Refinancing

Puulo signed a new € 100 million long-term financing agreement with OP Corporate Bank Plc. The new financing agreement has a maturity of 36 months and includes two 12-month extension options. The new financing agreement replaced the previous agreement signed in 2021.

The financing agreement includes a total of € 70 million term loan and € 30 million revolving credit facility (RCF). The funds will be used to repay existing loans, working capital financing and for the Group's other general financing needs.

The terms of the financing agreement include one covenant: net debt/EBITDA ratio.

The agreement also includes € 30 million uncommitted additional financing option (accordion option). However, this accordion option requires a separate financing decision from the bank. (Stock exchange release 27 March 2025)

Change in the holding of Puulo Plc's treasury shares

A total of 126,481 Puulo shares held by the company were conveyed without consideration to 28 key employees who participated in the 2022–2024 share-based incentive program. The program was originally announced on 20 April 2022 with a stock exchange release. The conveyance is based on the authorisation granted to the Board of Directors by the Annual General Meeting of Shareholders held on 15 May 2024. After the share transfer on 14 April 2025, the company held a total of 428,519 own shares. (Stock exchange release 15 April 2025)

Board of Directors established a new long-term incentive plan for company's key employees

The Board of Directors of Puulo Plc decided to establish a new Long-Term Incentive Plan for the key employees of the Company and its subsidiaries ("LTI") and launch the first LTI plan period for 2025–2027.

The purpose of the LTI is to encourage key employees to acquire and own the Company's shares. The LTI also aims to align the interests of the shareholders and the key employees as well as to increase key employees' motivation and long-term commitment to the Company. The LTI is intended to consist of annually commencing plan periods, each with a 12-month savings period followed by a holding period of approximately one and a half years. The Board of Directors will resolve annually on the launch of a new plan period. Participation in the LTI is voluntary, and key employees are invited to participate in each plan period separately.

The first LTI plan period 2025–2027 began on 1 June 2025 and ends on 31 May 2028. The first savings period ends on 31 May 2026. The holding period begins at the first acquisition of savings shares. In the 2025–2027 plan period, the LTI is offered to approximately 100 key employees of the Group, including also the Management Team and the CEO. As part of the LTI, the key employees have an opportunity to make a one-off investment and/or save a proportion of their salaries and invest those savings in Puulo shares. With the savings of the 2025–2027 plan period, Puulo shares will be acquired in four tranches estimated in September 2025, December 2025, March 2026 and June 2026.

In the 2025–2027 plan period, as a reward for their commitment, the Company grants the key employees participating in the LTI a gross reward of one free matching share for every savings share acquired with their savings. The participants have also an opportunity to earn one to three performance-based matching shares (gross) for each savings share acquired with their savings if the performance criteria set for the plan period are met. The performance criteria of the plan are tied to the total shareholder return of the share (TSR), the company's adjusted earnings before interest, taxes and amortisation (EBITA) and return on invested capital (ROIC). Continuity of employment and holding of acquired savings shares for the duration of the holding period, ending on the day following the 2027 financial statement release, are prerequisites for receiving the award. The potential award will be paid partly in shares and partly in cash after the end of the holding period. The cash proportion is intended to cover taxes and statutory social security contributions arising from the award. Matching shares will be freely transferable after their registration in a participant's book-entry account. The savings shares and matching share are Puuilo shares.

The maximum number of matching shares (gross before taxes) for the first plan period of 2025–2027 is approximately 519 000 shares, calculated at the share price on 16 April 2025. The final number of matching shares depends on the key employees' participation and savings rate in the plan, the fulfilment of the prerequisites for receiving matching shares and the number of shares acquired from the market with savings. (Stock exchange release 17 April 2025)

Significant events after the end of the reporting period

The company has not had any significant events after the reporting period.

Growth strategy

Puuilo's target is to continue strengthen 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 a 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 continuously enhance its value proposition by consistently offering a wide product assortment that satisfies the customer needs at competitive prices. The company also aims to continue the development of its online store to offer its customers the option of an omnichannel shopping experience.

Store network development

In the financial year 2025, Puuilo plans to open at least seven new stores. In Q1 2025, the company has opened three stores: Varkaus, Savonlinna and Lohja. In May (Q2) a store was opened in Mäntsälä. During the remaining financial year, Puuilo will open new stores in Jyväskylä Keljo, Iisalmi and Heinola. In the financial year 2026, Puuilo has announced store openings in Espoonlahti and Hollola, with additional openings to be announced as they are finalized. According to Puuilo's definition, a store is considered new during the year of opening and the following financial year. Relocated stores are considered like-for-like stores.

On 30 April 2025, Puuilo had a total of 52 stores (44 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.

Q1/2025

In February – April, Puulo's net sales increased by 18.4% (+16.1%) to €89.3 million (75.4). Net sales of Puulo's stores were €87.2 million (73.7) and net sales of the online store were €2.1 million (1.7), which corresponded to 2.3% (2.3%) of net sales. Like-for-like store net sales increased by 6.5% (+4.8%) in the first quarter. Online store net sales increased by 19.6% (-6.6%) in the first quarter.

The development of net sales was driven by both new and like-for-like stores. Customer traffic continued to increase also in like-for-like stores. The net sales were also positively impacted by favourable weather conditions. The average basket size was at the previous year's level.

Puulo's gross profit for the reporting period was €33.1 million (27.6) and the gross margin was 37.1% (36.6%). The increase in gross margin was driven by a significant increase in the share of private label products and a change in the sales mix.

Other operating expenses and personnel expenses totalled of €17.4 million (15.3), which corresponds to 19.5% of net sales (20.4%). The most significant item in operating expenses was personnel expenses. Personnel expenses were €10.4 million (9.4), which corresponds to 11.6% (12.5%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA as well as EBITA were €10.8 million (8.3), which corresponds to EBITA margin of 12.1% (11.0%). Adjusted EBITA increased by 31.2% compared to the previous year. There were no items affecting comparability.

Operating profit was €10.4 million (7.6), which corresponds to an EBIT margin of 11.7% (10.1%).

Net financial expenses were €-1.4 million (-1.3). Net financial expenses excluding the effect of IFRS 16 were €-0.5 million (-0.6).

Profit before taxes was €9.1 million (6.3). Total income taxes were €1.8 million (1.3). The net result was €7.3 million (5.0) and earnings per share were €0.09 (0.06).

Balance sheet, financing, and cash flow

At the end of the reporting period, Puulo's inventories were €125.3 million (106.4). The increase in absolute inventory value is mainly due to eight new stores opened during the past twelve months and private label products for upcoming stores. Additionally, the import volume of private label products increased as planned. Puulo aims to further improve inventory turnover in the future.

Operating free cash flow in February – April was €13.6 million (2.3). Operating free cash flow was supported by strong operating profit and positive change of the net working capital. The operational free cash flow for the comparison period was impacted by the negative change of the net working capital and Hurrikaani arrangement.

At the end of the reporting period, cash and cash equivalents were €27.7 million (21.5) and the company's financial position is stable.

At the end of the reporting period, Puuilo's interest-bearing liabilities totalled €142.1 million (125.9), of which non-current financial loans amounted to €49.8 million (50.0). 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 (1.5), which is in line with the long-term target. The ratio of net debt to adjusted EBITDA excluding the impact of IFRS 16 was 0.3 (0.5). Net debt excluding the impact of IFRS 16 was approximately €22.1 million (28.4).

Investments

Puuilo's investments in the first quarter were €1.5 million (3.1). Investments were mainly related to the furnishing of new stores. Comparison period investments were mainly related to the acquisition of Hurrikaani store chain and the furnishing of new stores.

Personnel

The number of full-time employees was 877 (847).

Shares and shareholders

Share information and share trading

Puuilo Plc has one class of shares. Each share carries one vote at the company's Annual General Meeting. The shares have no nominal value. Puuilo Plc's share capital was €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, 30 April 2025, the closing price of the share was €12.54. The share turnover during the reporting period was €75 million and 6,919,975 shares. The highest intra-day share price during the reporting period was €12.66 and the lowest intra-day price was €9.83. At the end of the reporting period, the market value of the shares was €1,058 million.

At the end of the reporting period, Puuilo had 33,054 registered shareholders.

The company held 428,519 treasury shares at the end of the reporting period.

Further information on Puuilo's shares and shareholders is available on the company's website at https://www.investors.puuilo.fi/en/investors/share_information/shareholders and on the management's holdings at https://www.investors.puuilo.fi/en/investors/share_information/management_shareholding.

Flagging notifications

During the review period, Puuilo did not receive shareholder flagging notifications in accordance with the Finnish Securities Markets Act.

All flagging notifications have been published as stock exchange releases and are available on the company's website at https://www.investors.puuilo.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>.

Sustainability

Puulo prepared a sustainability report for the year 2024 in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) included in the Directive. The sustainability report is part of Puulo Plc's Report by the Board of Directors, which was published together with the financial statements on 24 April 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 2024. The most significant business risks and uncertainties are related to the changes in consumer purchase power and behaviour. Additionally, geopolitical crises and international tensions may affect product availability and prices.

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.

Resolutions of the Annual General Meeting

The Annual General Meeting of Puulo Plc held on 15 May 2025 adopted the company's financial statements for the 2024. The Annual General Meeting resolved to distribute a dividend of €0.70 per share on shares held outside the company. Of the proposed dividend, €0.46 will be distributed based on the financial year 2024 result and €0.24 will be distributed as a special dividend. The dividend will be paid in two instalments of €0.35 per share. The record date of the first dividend instalment was 26 May 2025 and the pay date was 2 June 2025. The record date of the second dividend instalment is 16 October 2025 and the pay date 23 October 2025. The Board was authorized to decide, if necessary, on new dividend payment record date and pay date for the second instalment, if the rules and statutes of the Finnish book-entry system change or otherwise so require. The remaining distributable assets will remain in equity. The resolutions of the Annual General Meeting were communicated in more detail in a stock exchange release on 15 May 2025.

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.

Half-year financial report February – July 2025	on 11 September 2025
Business review Q3 February – October 2025	on 10 December 2025

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

9 June 2025
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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.

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) (€)	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) (€)	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)