

A successful summer season – Strong growth in the number of customers

Highlights Q2/2023

- Net sales increased by 17.0% (+11.9%) and were EUR 104.4 million (89.2)
- Like-for-like store net sales increased by 8.1% (+7.9%)
- Online store net sales decreased by 4.3% (-1.6%)
- Gross profit was EUR 38.7 million (32.5) and gross margin was 37.1% (36.5%)
- Adjusted EBITA was EUR 20.9 million (18.0), which corresponds to an adjusted EBITA margin of 20.0% (20.2%).
- EBIT was EUR 20.6 million (17.1) which corresponds to 19.7% of net sales (19.2%)
- Operating free cash flow was EUR 32.0 million (29.6)
- Earnings per share were EUR 0.18 (0.15)
- Earnings per share excluding listing expenses were EUR 0.18 (0.16)
- One new store was opened during the second quarter (no new stores)

Highlights H1/2023

- Net sales increased by 14.3% (+7.2%) and were EUR 169.3 million (148.1)
- Like-for-like store net sales increased by 6.8% (+2.4%)
- Online store net sales decreased by 10.5% (-4.6%)
- Gross profit was EUR 62.4 million (53.1) and gross margin was 36.9% (35.9%)
- Adjusted EBITA was EUR 28.2 million (24.2), which corresponds to an adjusted EBITA margin of 16.6% (16.4%)
- EBIT was EUR 27.6 million (23.0) which corresponds to 16.3% of net sales (15.5%)
- Operating free cash flow was EUR 42.3 million (32.8)
- Earnings per share were EUR 0.24 (0.20)
- Earnings per share excluding listing expenses were EUR 0.24 (0.21)
- Two new stores were opened during the reporting period (no 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/2023-q2-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=10010326>. 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/2023-q2-tulos>.

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	Q2/2023	Q2/2022	H1/2023	H1/2022	2022
Net sales	104.4	89.2	169.3	148.1	296.4
Net sales development (%)	17.0%	11.9%	14.3%	7.2 %	9.7 %
Like-for-like store net sales development (%)	8.1%	7.9%	6.8 %	2.4 %	5.5%
Online store net sales development (%)	-4.3%	-1.6%	-10.5%	-4.6 %	3.9%
Gross profit	38.7	32.5	62.4	53.1	107.2
Gross margin (%)	37.1%	36.5%	36.9%	35.9 %	36.2%
Adjusted EBITA*	20.9	18.0	28.2	24.2	48.8
Adjusted EBITA* margin (%)	20.0%	20.2%	16.6%	16.4 %	16.5%
EBITA*	20.9	17.4	28.2	23.6	48.2
EBITA* margin (%)	20.0%	19.5%	16.6%	15.9 %	16.2%
EBIT	20.6	17.1	27.6	23.0	47.0
EBIT margin (%)	19.7%	19.2%	16.3%	15.5 %	15.9%
Net income	15.4	13.1	20.2	17.3	35.1
EPS (EUR)	0.18	0.15	0.24	0.20	0.41
EPS excl. listing expenses (EUR)	0.18	0.16	0.24	0.21	0.42
Operating free cash flow	32.0	29.6	42.3	32.8	52.7
Net debt / adjusted EBITDA	1.2	1.5	1.2	1.5	1.5
Number of stores (end of period)	39	34	39	34	37
Number of personnel converted into full-time employees (FTE)	880	748	785	708	693

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

* Operating profit before the amortisation of Puulo trademark

Outlook for the financial year 2023

Puulo specifies the outlook for the financial year 2023 given in its financial statements release on 30 March 2023 and repeated in the Q1 business review on 14 June 2023.

Puulo now forecasts that net sales for the financial year 2023 will be EUR 325 – 355 million (296.4) and the adjusted operating profit (adjusted EBITA) in euros will be EUR 50 – 60 million (48.8). Previously, the company forecasted that net sales and adjusted operating profit (adjusted EBITA) in euros would increase compared to the financial year 2022.

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

The forecast includes elements of uncertainty arising from the energy crisis, the war in Ukraine as well as decline in purchasing power due to rise in interest rates and inflation.

Puulo's long-term targets

There have been no changes in Puulo's long-term financial targets or growth expectations, announced in connection with the listing.

Puulo's long-term targets for the financial years 2021-2025:

- Growth: Net sales above EUR 400 million by the end of financial year 2025 with annual organic growth in excess of 10%.
- Profitability: Adjusted EBITA margin between 17 – 19% of net sales.

- Dividend policy: Puuilo aims to distribute at least 80% of net income for each financial year in dividends, depending on the company's capital structure, financial position, general economic and business conditions, and future prospects.
- Leverage: Net debt to adjusted EBITDA below 2.0x.

CEO Juha Saarela's review

It is a pleasure to present our solid results for the second quarter. We had a very strong performance in the second quarter, mainly resulting from a strong growth in customer flows. In Q2, the number of customers grew by over 18% compared to previous year. Puuilo is performing well, although the overall retail market is facing difficulties. Thus, our market share continues to strengthen. This is also supported by the customer survey we conducted in May. The survey shows that we are winning customers from our main competitors.

In Q2, Puuilo net sales increased by 17.0% (+11.9%) and by 8.1% (+7.9%) in comparative terms. We had another commercially very successful quarter and for the first time, quarterly net sales exceeded EUR 100 million. Each month of the quarter succeeded well, and the highest growth was seen in July. The sales increased in all main product groups, also in comparable terms. The increase in the basket size discontinued, which was mainly due to the sales mix changing to products with lower unit prices. Currently, consumers are clearly postponing the purchase of more expensive products and focusing on the affordable everyday supplies. Puuilo's concept serves these customers extremely well because most of the products we sell cost less than 10 euros.

In Q2, Puuilo's adjusted EBITA was EUR 20.9 million (18.0) and it increased by EUR 2.8 million compared to previous year. The increase resulted from the positive development in net sales and good cost control but above all, the improved gross profit. In Q2, the company's gross profit was 37.1% (36.5%) and it grew by 0.7 percentage points compared to previous year. The positive development of the gross profit was supported by the decrease in logistics and storage costs to normal levels, which have been our focus area. This is also clearly reflected in the decrease of inventory value, which has been our goal since the pandemic years. Profitable business and efficient working capital management are also shown in the company's cash assets, which are at record level.

The growth continues. In June, we opened a new store in Vihti's Nummela, where we made another opening sales record as customers rushed to the store to make purchases at affordable price. In the second half of the year, we will have three more openings, namely Kerava that was opened in August together with Helsinki Konala and Vantaa Varisto which will be opened later this year.

The operating environment is, by all external measures, challenging to say the least. Rising interest rates, high inflation and the price of energy make consumers reduce their consumption during the rest of the year as well. However, our figures make us trust the company's performance also in the future. Discount retail maintains its profitability and is doing well also in financially challenging times.

Significant events of the reporting period

Performance matching share plan for key employees

On 14 April 2023 the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. 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.

The Performance Matching Share Plan includes one performance period, spanning approximately financial years 2023 – 2025. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The target group of the plan consists of a maximum of 80 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 678,000 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.

At the end of the reporting period, the amount to be recognised as expense for the financial year 2023 for the plan 2023 – 2025 is estimated at a total of EUR 0.2 million.

Repurchase of own shares

On 14 June 2023, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 16 May 2023 to repurchase the company's own shares.

The repurchases started on 15 June 2023 and ended on 27 June 2023. During this period, Puuilo repurchased 240,000 shares for an average price of EUR 7.0885 per share, corresponding to approximately 0.28% of the total number of the company's shares, which is 84,776,953.

The repurchased shares are to be used for pay-outs under the share-based incentive plans of Puuilo Plc. The shares were repurchased through public trading on Nasdaq Helsinki at the market price prevailing at the time of repurchase.

Following the repurchases, the company holds a total of 555,000 shares.

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 growth strategy, the company aims to open at least 3 – 4 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

During the reporting period Puuilo opened stores in Vantaa Porttipuisto and in Vihti's Nummela. Kerava store opened in August and by the end of the year new stores will be opened in Helsinki Konala and Vantaa Varisto. The aim for the financial year 2024 is to open at least four new stores. According to the definition by Puuilo, a store is considered new during the year of openings and the following financial year. Relocated stores are considered like-for-like stores.

On 31 July 2023, Puuilo had a total of 39 stores (34 stores) across Finland. The current store network is young, approximately half of the stores have been opened during the last five years. In recent years, Puuilo has opened an average of 3 – 4 new stores a year.

Financial development

Seasonality

Puuilo's business is, in part, seasonal in nature. As such, there are seasonal peaks in Puuilo's net sales, operating result and cash flows, although seasonal dependence is relatively low compared to the trade sector in general. Historically, Puuilo's most important seasons in terms of net sales have been the second and third quarter of each financial year. Additionally, Puuilo's net sales are partly impacted by exceptional, harsh, or seasonally atypical weather.

Financial year

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.

Q2/2023

In May – July Puuilo's net sales increased by 17.0% (+11.9%) to EUR 104.4 million (89.2). Net sales of Puuilo's stores were EUR 101.5 million (86.2) and online store net sales were EUR 2.9 million (3.0), which corresponded to 2.8% (3.4%) of net sales. Like-for-like store net sales increased by 8.1% (+7.9%). Online store net sales decreased by 4.3% (-1.6%).

The development of net sales was positively impacted by increase in net sales of both like-for-like stores and new stores. The growth was especially originated from strong growth in the number of customers in like-for-like stores.

Puuilo's gross profit for the reporting period was EUR 38.7 million (32.5) and the gross margin was 37.1% (36.5%). Increase in gross margin was supported mainly by lower cost of logistics and change in salesmix. In particular, the cost of storage and sea freight decreased to normal levels. In addition, inventory turnover has improved significantly compared to the comparison period last year.

Operating expenses were EUR 14.5 million (12.4), which corresponds to 13.9% of net sales (13.8%). The most significant item in operating expenses was personnel expenses, which were EUR 9.3 million (7.5), corresponding to 8.9 % (8.4%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA was EUR 20.9 million (18.0) and the adjusted EBITA margin was 20.0 % (20.2%). EBITA was EUR 20.9 million (17.4) and the EBITA margin was 20.0% (19.5%).

Operating profit was EUR 20.6 million (17.1), which corresponds to an EBIT margin of 19.7% (19.2%).

Net financial expenses were EUR -1.3 million (-0.8). Net financial expenses excluding the effect of IFRS 16 were EUR -0.8 million (-0.5).

Profit before taxes was EUR 19.3 million (16.3). Total income taxes were EUR 3.9 million (3.3). The net result was EUR 15.4 million (13.1) and earnings per share were EUR 0.18 (0.15). Earnings per share excluding the effect of listing expenses were EUR 0.18 (0.16).

H1/2023

In February – July Puuilo's net sales increased by 14.3% (+7.2%) to EUR 169.3 million (148.1). Net sales of Puuilo's stores were EUR 164.6 million (142.8) and online store net sales were EUR 4.8 million (5.3), which corresponded to 2.8% (3.6%) of net sales. Like-for-like store net sales increased by 6.8% (+2.4%). Online store net sales decreased by 10.5% (-4.6%).

The development of net sales was positively impacted by increase in net sales of both like-for-like stores and new stores. The growth was especially originated from strong growth in the number of customers in like-for-like stores.

Puuilo's gross profit for the reporting period was EUR 62.4 million (53.1) and the gross margin was 36.9% (35.9%). Increase in gross margin was supported mainly by lower cost of logistics and change in salesmix. In particular, the cost of storage and sea freight decreased to normal levels. In addition, inventory turnover has improved significantly compared to the comparison period last year.

Operating expenses were EUR 27.7 million (24.0), which corresponds to 16.4 % of net sales (16.2%). The most significant item in operating expenses was personnel expenses, which were EUR 17.2 million (14.3), corresponding to 10.1 % (9.7%) of net sales. The increase in personnel costs was mainly due to new stores.

Adjusted EBITA was EUR 28.2 million (24.2) and the adjusted EBITA margin was 16.6 % (16.4%). EBITA was EUR 28.2 million (23.6) and the EBITA margin was 16.6% (15.9%).

Operating profit was EUR 27.6 million (23.0), which corresponds to an EBIT margin of 16.3% (15.5%).

Net financial expenses were EUR -2.3 million (-1.4). Net financial expenses excluding the effect of IFRS 16 were EUR -1.4 million (-0.7).

Profit before taxes was EUR 25.3 million (21.6). Total income taxes were EUR 5.1 million (4.3). The net result was EUR 20.2 million (17.3) and earnings per share were EUR 0.24 (0.20). Earnings per share excluding the effect of listing expenses were EUR 0.24 (0.21).

Balance sheet, financing, and cash flow

At the end of the reporting period, Puuilo's inventories were EUR 88.2 million (93.1). The inventory levels have decreased compared to the comparison period last year despite five new stores. Inventory levels which increased as a result of the pandemic, have been successfully lowered to normal levels in accordance with the plan and the inventory turnover has been significantly improved.

Operating free cash flow in May – July was EUR 32.0 million (29.6) and in February – July 42.3 (32.8). Operating free cash flow was positively impacted by strong development of sales and solid EBITA. In Q2, operating free cash flow was significantly impacted also by decrease in inventories.

At the end of the reporting period, cash and cash equivalents were EUR 50.1 million (37.8) and the company's financial position is very strong.

At the end of the reporting period, Puuilo's interest-bearing liabilities totalled EUR 129.3 million (122.8), of which non-current financial loans amounted to EUR 69.9 million (69.8). At the end of the period, the Group did not

have current financial loans (8.0). 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 1.2 (1.5), which is in line with the long-term target. The net of financial loans and cash and cash equivalents was EUR 19.8 million (32.0).

Investments

Puulo's investments in May – July were EUR 0.8 million (0.6) and in February – July 1.6 (1.2). Investments were mainly related to the furnishing of new stores. Comparison period investments were mainly related to furnishing of new stores and to development of IT-systems.

Personnel

The number of full-time employees was 880 (748).

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 July 2023, the closing price of the share was EUR 7.44. The share turnover during the reporting period was EUR 117 million and 17,737,337 shares. The highest intra-day share price during the reporting period was EUR 7.55 and the lowest intra-day price was EUR 5.82. At the end of the reporting period, the market value of the shares was EUR 626 million.

At the end of the reporting period, Puulo had 36,517 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 15 February 2023 Puulo received a notification in accordance with Chapter 9, Section 6 and 7 of the Finnish Securities Markets Act. According to the notification, Adelis Holding I AB's indirect holdings in shares fell below the flagging threshold of 20% and was 18.66% after the transaction.

Managers' share transactions

Puulo's managers' transactions after the listing have been published as stock exchange releases and are available on the company's investor website at <https://www.investors.puulo.fi/en/releases>.

Principles and key themes of sustainability

Conducting business in a sustainable and responsible manner is an integral part of Puuilo'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 precise and targeted measures at all levels of the company.

Customers, personnel, shareholders, authorities, investors and the media have been 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 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, as an employer, Puuilo strives to be a good workplace, that our personnel 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.

Puuilo has published a report on non-financial information as part of the Report by the Board of Directors 2022 and a separate Sustainability Report 2022. Both reports are available at https://www.investors.puuilo.fi/en/investors/reports_and_presentations.

Our measures in the first half of the financial year 2023:

A responsible retailer

- The share of foreign suppliers committed to BSCI or equivalent accounted for 50% of the suppliers from whom we have placed orders during the last 12 months. We will continue to work to increase the share, aiming for 80% by the end of the financial year 2025.
- Factory and supplier visits abroad have been continued in the spring 2023 after the pandemic eased.
- The Supplier Code of Conduct is included in 68% of domestic cooperation agreements. We will continue to include Supplier Code of Conduct in cooperation agreements, the goal is that by the end of the financial year 2025, 80% of domestic cooperation agreements whose annual purchases exceed EUR 50 thousand are included.

A good place to work

- We have continued to communicate and implement Puuilo values published in 2022.
- We have continued to implement the Internal Code of Conduct in our organisation.
- We have continued personnel and, in particular, supervisor training for management excellence and occupational safety.
- We have continued to provide occupational safety training and to measure accident frequency in order to reduce accidents.
- We have continued to offer primarily full-time employment contracts as planned.
- We have continued to improve our employer activities and to build the employer image.
- As in previous years, we will conduct an annual job satisfaction survey in the second half of the year.

Consume more sustainably

- In cooperation with our partner, we have continued to build relevant metrics to measure the emissions load of transport Puuilo has control over.
- The comparable electricity consumption decreased by approximately by 14% from the previous year.
- Energy efficiency has been improved by switching to LED lights in several stores. The remaining five stores will have their LED lights replaced within the next two years.
- Our partner has started to install Wind-powered high-power charging stations in connection with Puuilo stores. By the end of the fiscal year, charging stations will be available in six stores.
- Three new solar power stations in our stores during the first half-year (goal for 2023 is six new stations).
- Our comparable recycling rate during the first half of the financial year was 69%, i.e. at the same level as at the same time last year. The goal is 73% by the financial year 2025.

Risks and business uncertainties

Risks and uncertainties related to Puuilo's operating environment, markets, business, strategy implementation, financing and financial position are described in detail in the Report by the Board of Directors 2022. The most significant business risks and uncertainties are related to the war in Ukraine, rising interest rates, inflation causing decline in purchasing power and the effects of these.

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

Significant events after the end of the reporting period

Puuilo did not have any significant events after the reporting period.

Next financial reports

Puuilo'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.

Business review Q3 February – October 2023	on 13 December 2023
Financial Statements Release 2023	on 27 March 2024
Business review Q1 February – April 2024	on 12 June 2024
Half-year Financial Report February – July 2024	on 12 September 2024
Business review Q3 February – October 2024	on 11 December 2024

The Financial statements 2023 and the Report by the Board of Directors and will be published during week 16.

Puuilo's Annual General Meeting is planned for Wednesday 15, May 2024. 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.puuilo.fi/en/investors/reports_and_presentations.

12 September 2023
PUUILO PLC
Board of Directors

DISTRIBUTION
Nasdaq Helsinki
www.puuiilo.fi

Financial information of the Half-year Financial Report

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Consolidated statement of comprehensive income

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Net sales	169.3	148.1	296.4
Other operating income	0.1	0.2	0.4
Materials and services	-106.9	-95.0	-189.3
Personnel expenses	-17.2	-14.3	-29.0
Other operating expenses	-10.5	-9.7	-18.0
Depreciation, amortisation and impairments	-7.2	-6.2	-13.5
Operating profit	27.6	23.0	47.0
Finance income	0.2	0.0	0.0
Finance costs	-2.6	-1.4	-3.1
Total finance income and costs	-2.3	-1.4	-3.1
Profit before taxes	25.3	21.6	43.9
Current income tax	-5.3	-4.5	-9.2
Deferred income tax	0.2	0.2	0.4
Total income tax expense	-5.1	-4.3	-8.8
Profit for the period	20.2	17.3	35.1
Total comprehensive income for the period	20.2	17.3	35.1
Profit for the period attributable to:			
Owners of the parent	20.2	17.3	35.1
Profit for the period	20.2	17.3	35.1
Earnings per share for net profit attributable to owners of the parent			
Basic and diluted earnings per share (EUR)	0.24	0.20	0.41

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated balance sheet

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
ASSETS			
Non-current assets			
Goodwill	33.5	33.5	33.5
Intangible assets	16.5	18.6	17.4
Property, plant and equipment	3.1	2.4	2.6
Right-of-use assets	58.8	44.9	53.0
Deferred tax assets	0.8	0.6	0.7
Total non-current assets	112.7	100.1	107.2
Current assets			
Inventories	88.2	93.1	89.9
Trade receivables	3.7	5.0	4.1
Other receivables	3.0	2.1	1.3
Cash and cash equivalents	50.1	37.8	28.8
Total current assets	145.0	138.0	124.1
Total assets	257.7	238.1	231.3

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
EQUITY AND LIABILITIES			
Equity			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	29.0	29.0	29.0
Retained earnings	16.8	11.8	12.0
Profit for the period	20.2	17.3	35.1
Total equity attributable to owners of the parent	66.1	58.1	76.1
Total equity	66.1	58.1	76.1
Liabilities			
Non-current liabilities			
Loans from financial institutions	69.9	69.8	69.9
Lease liabilities	49.0	36.4	43.5
Provisions	0.8	0.7	0.8
Deferred tax liabilities	2.8	3.1	3.0
Total non-current liabilities	122.5	110.0	117.1
Current liabilities			
Loans from financial institutions	-	8.0	-
Lease liabilities	10.5	8.5	9.9
Trade payables	25.0	22.9	16.1
Advances received	0.1	0.2	0.3
Income tax liabilities	3.6	4.8	2.0
Other current liabilities	29.8	25.6	9.9
Total current liabilities	69.1	70.0	38.0
Total liabilities	191.6	180.0	155.1
Total equity and liabilities	257.7	238.1	231.3

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 2023	0.1	29.0	-1.5	48.6	76.1
Profit for the period				20.2	20.2
Total comprehensive income for the period	0.1			20.2	20.2
Dividends				-28.7	-28.7
Acquisition of own shares			-1.7		-1.7
Share-based incentive plan				0.1	0.1
Total transactions with owners			-1.7	-28.6	-30.3
Equity on 31 July 2023	0.1	29.0	-3.2	40.3	66.1

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 2022	0.1	29.0	-	38.8	67.8
Profit for the period				17.3	17.3
Total comprehensive income for the period				17.3	17.3
Dividends				-25.4	-25.4
Acquisition of own shares			-1.5		-1.5
Share-based incentive plan				0.0	0.0
Total transactions with owners			-1.5	-25.4	-26.9
Equity on 31 July 2022	0.1	29.0	-1.5	30.6	58.1

EUR million	Share capital	Reserve for invested unrestricted equity	Own shares	Retained earnings	Total equity
Equity on 1 February 2022	0.1	29.0	-	38.8	67.8
Profit for the period				35.1	35.1
Total comprehensive income for the period	0.1	29.0	0.0	35.1	35.1
Dividends				-25.4	-25.4
Acquisition of own shares			-1.5		-1.5
Share-based incentive plan				0.2	0.2
Total transactions with owners			-1.5	-25.2	-26.8
Equity on 31 January 2023	0.1	29.0	-1.5	48.6	76.1

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Cash flows from operating activities			
Profit for the period	20.2	17.3	35.1
Adjustments for:			
Depreciation, amortisation and impairments	7.2	6.2	13.5
Gains/losses on disposal of property, plant and equipment	0.0	0.0	0.0
Other non-cash adjustments	0.1	0.0	0.2
Finance income and costs	2.3	1.4	3.1
Income tax expense	5.1	4.3	8.8
Changes in working capital			
Change in trade and other receivables	-1.3	-1.8	0.0
Change in inventories	1.7	-0.9	2.3
Change in trade and other current non-interest-bearing liabilities	14.4	11.5	1.6
Interests paid	-1.3	-0.5	-1.1
Interests of lease liabilities	-0.9	-0.7	-1.4
Interests received	0.2	0.0	0.0
Arrangement fee for loans from financial institutions and other financial costs	-0.2	-0.2	-0.3
Income taxes paid	-3.7	-3.9	-11.4
Net cash flows generated from operating activities	43.9	32.9	50.4
Cash flows from investing activities			
Payments for intangible assets	-0.1	-0.9	-0.8
Payments for property, plant and equipment	-1.5	-0.3	-1.8
Proceeds from sale of property, plant and equipment	0.0	0.0	0.0
Net cash flows used in investing activities	-1.6	-1.2	-2.6
Cash flows from financing activities			
Proceeds from borrowings	-	8.0	8.0
Repayments of loans from financial institutions	-	-	-8.0
Repayments of lease liabilities	-4.9	-4.2	-8.6
Dividends	-14.4	-12.7	-25.4
Acquisition of own shares	-1.7	-1.5	-1.5
Net cash flows used in financing activities	-21.0	-10.5	-35.6
Net increase (+)/(-) decrease in cash and cash equivalents	21.3	21.3	12.3
Cash and cash equivalents at the beginning of the period	28.8	16.5	16.5
Cash and cash equivalents at the end of period	50.1	37.8	28.8

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the financial information

1. Basis of preparation

This financial information has been prepared in accordance with IAS 34 Interim Financial Reporting – standard. In preparation of this financial information the same accounting policies, methods of computation and presentation have been applied as in the consolidated financial statements 2022. No new accounting policies have been adopted during the reporting period, that would have had a material impact to this financial information. The Half-year financial Report does not include all the notes included in the consolidated financial statements for the reporting period ended 31 January 2023 and this financial information should be read in conjunction with the consolidated financial statements. This financial information has not been audited.

Due to the nature of Puuilo's operations, the group has only one reportable operating segment. Individual stores and online store are considered as distribution channels for Puuilo's products, and all the stores operate under the Puuilo trademark. Functions such as financial management, information management, marketing, purchases, and logistics are centralized and managed on the group level.

The preparation of financial information requires management to make estimates and assumptions that affect the application of accounting policies and the recognized amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates. Accounting estimates and assumptions used in the preparation on financial information are similar to those applied in the preparation of the consolidated financial statements for the financial year ended 31 January 2023.

Figures presented in parentheses refer to corresponding reporting period in previous reporting period, if not otherwise stated.

2. Seasonality

Puuilo's business is, in part, seasonal in nature. As such, there are seasonal peaks in Puuilo's net sales, results of operations and cash flows, despite the retail sector being relatively independent of seasons. Historically, Puuilo's most important seasons in terms of net sales have been the second and third quarter of each year. Additionally, Puuilo's net sales are partly impacted by exceptional, harsh, or seasonally atypical weather.

3. Significant events of the reporting period

Performance matching share plan for key employees

On 14 April 2023 the Board of Directors of Puuilo Plc decided to launch a new share-based incentive plan for the key employees of the company. 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.

The Performance Matching Share Plan includes one performance period, spanning approximately financial years 2023 – 2025. The performance criteria are the Total Shareholder Return of the Puuilo share (TSR) and the Adjusted EBITA of the Puuilo Group. The target group of the plan consists of a maximum of 80 persons, including the CEO, members of the Management Team, Store Managers and other key personnel. Primarily, the rewards from the plan will be paid partly in the company's shares and partly in cash by the end of May 2026. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The rewards to be paid on the basis of the plan correspond to the value of an approximate maximum total of 678,000 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.

At the end of the reporting period, the amount to be recognised as expense for the financial year 2023 for the plan 2023 – 2025 is estimated at a total of EUR 0.2 million.

Repurchase of own shares

On 14 June 2023, Puuilo announced that the company's Board of Directors had decided to use the authorization given by the Annual General Meeting held on 16 May 2023 to repurchase the company's own shares.

The repurchases started on 15 June 2023 and ended on 27 June 2023. During this period, Puuilo repurchased 240,000 shares for an average price of EUR 7.0885 per share, corresponding to approximately 0.28% of the total number of the company's shares, which is 84,776,953.

The repurchased shares are to be used for pay-outs under the share-based incentive plans of Puuilo Plc. The shares were repurchased through public trading on Nasdaq Helsinki at the market price prevailing at the time of repurchase.

Following the repurchases, the company holds a total of 555,000 shares.

4. Earnings

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Stores	164.6	142.8	286.4
Online store	4.8	5.3	10.0
Net sales total	169.3	148.1	296.4

5. Management remuneration

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
CEO			
Salary, other remuneration and benefits	0.1	0.1	0.2
Pension costs	0.0	0.0	0.0
Total	0.1	0.1	0.2
Management team excl. CEO			
Salary, other remuneration and benefits	0.4	0.4	0.8
Pension costs	0.1	0.1	0.1
Total	0.5	0.5	1.0
The Board of Directors	0.1	0.1	0.2
Total Management team and the Board of Directors	0.7	0.7	1.4

6. Intangible and tangible assets

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Goodwill			
Net carrying amount at the beginning of the reporting period	33.5	33.5	33.5
Net carrying amount at the end of the reporting period	33.5	33.5	33.5

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Trademark			
Net carrying amount at the beginning of the reporting period	14.6	15.7	15.7
Amortisation and impairment	-0.6	-0.6	-1.1
Net carrying amount at the end of the reporting period	14.0	15.1	14.6

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Intangible and tangible assets			
Net carrying amount at the beginning of the reporting period	5.4	6.0	6.0
Amortisation, depreciation and impairment	-0.9	-1.2	-2.6
Additions	1.2	1.1	1.9
Disposals	0.0	0.0	0.0
Net carrying amount at the end of the reporting period	5.6	5.9	5.4

7. Right-of-use assets

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Right-of-use assets			
Net carrying amount at the beginning of the reporting period	53.0	44.4	44.4
Depreciation and impairment	-5.7	-4.8	-9.8
Additions and other changes	11.4	5.3	18.4
Net carrying amount at the end of the reporting period	58.8	44.9	53.0

Maturity analysis, contractual undiscounted cash flows

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
Less than one year	12.3	9.4	11.4
From one to five years	39.6	28.7	34.1
Over five years	14.2	9.7	13.4
Total	66.0	47.8	58.9

8. Net Debt

Net debt calculated based on the consolidated balance sheet as follows:

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
Non-current financial liabilities			
Loans from financial institutions	69.9	69.8	69.9
Lease liabilities	49.0	36.4	43.5
Total non-current financial liabilities	118.9	106.3	113.4
Current financial liabilities			
Loans from financial institutions	-	8.0	-
Lease liabilities	10.5	8.5	9.9
Total current financial liabilities	10.5	16.5	9.9

Total financial liabilities	129.3	122.8	123.2
Cash and cash equivalents	50.1	37.8	28.8
Net debt	79.2	85.0	94.4

Loans from financial institutions are classified at level 3 of the fair value hierarchy because their fair value is based on non-observable inputs, including the company's own estimates related to the level of risk premium.

The loan from financial institution is measured at amortized cost. The carrying value of the loan is estimated to substantially correspond to their fair values.

9. Equity

During the reporting period, the company has repurchased 240,000 of its own shares. Detailed information can be found in Section 3. Significant events of the reporting period.

10. Contingent liabilities

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
Liability for leases with the lease term beginning after the end of reporting period	15.6	25.4	17.4

Puulo's contingent liabilities consist of lease liabilities for the leases with the lease term beginning after the end of the reporting period and are therefore not yet recognised in the balance sheet.

11. Related party transactions

Puulo Group is controlled by Puulo Plc. In addition, Puulo's related parties include key personnel of the Puulo Group, their close family members and companies controlled by them. The key personnel include the members of the Board of Directors, the CEO, and the Group Management Team.

The Puulo Group purchases some products it sells in its stores from companies owned by related parties. These companies manufacture products that are part of Puulo's product assortment. In addition, the company leases business premises from related parties. The group's lease liabilities to related parties include the present value of the future lease payments of the above-mentioned leased premises. Transactions with related parties have taken place at market price and on normal terms. All Puulo employees are entitled to the ordinary personnel discount in Puulo stores. A related party employed by Puulo is entitled to this discount. This information has not been presented as related party transactions.

The following transactions were carried out with related parties:

EUR million	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Sales	0.0	0.0	0.0
Purchases	1.7	1.1	2.4
Lease payments and other operating expenses	0.2	0.3	0.5

Balance sheet

EUR million	31 Jul 2023	31 Jul 2022	31 Jan 2023
Sales receivables	0.0	0.0	0.0
Trade payables	0.1	0.3	0.1
Lease liabilities (IFRS 16)	1.4	1.5	1.8

12. Significant events after the end of reporting period

Puulo did not have any significant events after the reporting period.

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. These unusual expenses relate to listing expenses, strategic development projects and administration.

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 the amortisation of Puulo trademark
EBITA margin (%)	EBITA as percentage of net sales
Adjusted EBITA	EBITA adjusted with items affecting comparability
Adjusted EBITA margin (%)	Adjusted EBITA as percentage of net sales
EBIT (operating profit)	Profit before income taxes and finance income and finance costs
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.
Earnings per share excluding listing expenses (EUR)	Earnings per share have been calculated by dividing the profit for the period excluding the listing expenses recognised in profit and loss according to the consolidated income statement by the weighted average 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

Reconciliation of alternative performance measures

EUR million	1 May 2023 - 31 Jul 2023	1 May 2022 - 31 Jul 2022	1 Feb 2023 - 31 Jul 2023	1 Feb 2022 - 31 Jul 2022	1 Feb 2022 - 31 Jan 2023
Items affecting comparability					
Strategic projects	-	0.1	-	0.1	0.1
Listing expenses	-	0.5	-	0.5	0.5
Items affecting comparability	-	0.6	-	0.6	0.6
Gross profit					
Net sales	104.4	89.2	169.3	148.1	296.4
Materials and services	65.6	56.7	106.9	95.0	189.3
Gross profit	38.7	32.5	62.4	53.1	107.2
EBITA and adjusted EBITA					
Operating profit	20.6	17.1	27.6	23.0	47.0
Trademark amortisation	0.3	0.3	0.6	0.6	1.1
EBITA	20.9	17.4	28.2	23.6	48.2
Items affecting comparability	0.0	0.6	0.0	0.6	0.6
Adjusted EBITA	20.9	18.0	28.2	24.2	48.8
Operating free cash flow					
Adjusted EBITDA	24.3	20.9	34.8	29.9	61.2
Net capital expenditure	-0.8	-0.6	-1.6	-1.2	-2.6
Depreciation of right-of-use assets	-2.9	-2.4	-5.7	-4.8	-9.8
Changes in working capital	11.5	11.7	14.8	8.9	3.9
Operating free cash flow	32.0	29.6	42.3	32.8	52.7
Net debt / Adjusted EBITDA					
Net debt	79.2	85.0	79.2	85.0	94.4
Adjusted EBITDA, rolling 12 mths	66.1	58.2	66.1	58.2	61.2
Net debt / Adjusted EBITDA	1.2	1.5	1.2	1.5	1.5
EBITDA and Adjusted EBITDA					
Operating profit	20.6	17.1	27.6	23.0	47.0
Depreciation, amortisation and impairments	3.7	3.2	7.2	6.2	13.5
EBITDA	24.3	20.3	34.8	29.3	60.6
Items affecting comparability	0.0	0.6	0.0	0.6	0.6
Adjusted EBITDA	24.3	20.9	34.8	29.9	61.2