Purmo Group Plc

Half-year financial report
January–June 2024

H1 adjusted EBITDA margin improved despite continued weak market

April–June 2024

- Net sales decreased by 5 per cent to EUR 171.5 million (180.3). The organic[1] decline in net sales was 4 per cent.
- Net sales for the Climate Product & Systems division decreased by 5 per cent to EUR 137.8 million (144.7) and net sales for the Climate Solutions division decreased by 5 per cent to EUR 34.1 million (35.8).
- Adjusted EBITDA decreased by 12 per cent to EUR 18.7 million (21.2).
- Adjusted EBITDA margin decreased to 10.9 per cent (11.8) driven by lower volumes, temporary inefficiencies in operations and investments in the transformation of Purmo Group during the quarter.
- EBIT decreased to EUR 5.9 million (9.0), which included EUR -5.6 million (-4.2) of comparability adjustments.
- Cash flow from operating activities decreased to EUR 5.6 million (8.1).
- Accelerate PG programme's adjusted EBITDA run-rate improvements amounted to EUR 42.3 million (EUR 34.1 million at the end of Q1 2024), of which periodic impact for the second quarter was EUR 5.7 million (EUR 3.4 million in Q2 2023) compared to the previous year.

January–June 2024

- Net sales decreased by 8 per cent to EUR 359.4 million (392.1). The organic[1] decline in net sales was 8 per cent.
- Net sales for the Climate Product & Systems division decreased by 7 per cent to EUR 291.1 million (314.0) and net sales for the Climate Solutions division decreased by 12 per cent to EUR 68.8 million (78.3).
- Adjusted EBITDA decreased by 5 per cent to EUR 45.3 million (47.7).
- Adjusted EBITDA margin increased to 12.6 per cent (12.2).
- EBIT was EUR 23.7 million (24.0), which was burdened by EUR -6.9 million (-7.6) of comparability adjustments mainly related to the Accelerate PG programme.
- Cash flow from operating activities increased to EUR 10.4 million (6.8).
- Adjusted operating cash flow (last 12 months) improved by 20 per cent to EUR 81.2 million (67.8).

The tender offers

- On 14 June 2024, Project Grand Bidco (UK) Limited announced that it had improved offer prices and lowered the acceptance threshold of its tender offer. In addition, the Purmo board maintained its recommendation. The holders of C Shares, and F Shares would be offered a cash consideration of EUR 11.15 for each such C Share or F Share validly tendered in the Improved Tender Offer and the holders of F Shares that are ineligible for conversion into C Shares, would be offered a cash consideration of EUR 6.75 for each such F Share validly tendered in the Improved Tender Offer.

- On 15 July 2024, Purmo Group announced that Haier Europe Appliances Holding B.V. has announced a Competing Voluntary Public Cash Tender Offer for all Shares in Purmo Group Plc at a price of EUR 13.68 per share for each Class C Share and each Class F Share eligible for conversion into a Class C Share validly tendered in the Tender Offer and at a price of EUR 8.28 per share for each Class F Share ineligible for conversion into a Class C Share validly tendered in the Tender Offer.

- On 15 July 2024, the Purmo Board noted, for the avoidance of doubt, that its recommendation issued on May 10, 2024 (as supplemented on June 19, 2024) for shareholders to accept the Grand Tender Offer on its improved terms remains upheld.

- On 16 July 2024, Project Grand Bidco (UK) Limited announced that it waives the remaining regulatory approval condition in its tender offer and confirms it will not increase its offer prices. The Board of Directors of Purmo Group Plc noted the announcement and reiterated that it continues to investigate shareholder support for the competing offer announced on July 15, 2024 by Haier Europe Appliances Holding B.V.

[1] Excluding currency effects and impacts from acquisitions and divestments.

Financial guidance 2024

Adjusted EBITDA in 2024 is expected to be on a similar or higher level than in 2023 (EUR 92.3 million).

Wholesalers' stock levels have stabilised, and the lower interest rates support the expectations of a gradual market activity improvement. Strong margin management actions provide confidence in the guidance for the Group. However, increased geopolitical risks and high overall uncertainties can have an impact on Purmo Group's core markets.

The strategy acceleration programme, Accelerate PG, is performing ahead of plan and further underpins Purmo Group's outlook for 2024. The cumulative targeted adjusted EBITDA run-rate improvements of the programme will be EUR 50.0 million, which are expected to be reached by the end of 2024. The programme also targets cumulative net working capital improvements of EUR 45.0 million by the end of 2024.

Key figures and financial performance

EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Net sales	171.5	180.3	-5%	359.4	392.1	-8%	743.2
Adjusted EBITDA[1]	18.7	21.2	-12%	45.3	47.7	-5%	92.3
Adjusted EBITDA margin, %[1]	10.9%	11.8%		12.6%	12.2%		12.4%
Adjusted EBITA[1]	12.5	14.1	-12%	32.7	33.5	-2%	66.3
Adjusted EBITA margin, %[1]	7.3%	7.8%		9.1%	8.6%		8.9%
EBIT	5.9	9.0	-35%	23.7	24.0	-1%	9.7
EBIT margin, %	3.4%	5.0%		6.6%	6.1%		1.3%
Profit for the period	-0.8	2.9		8.7	9.6	-10%	-9.3
Adjusted profit for the period[1 3]	3.2	6.1	-47%	13.7	15.7	-13%	32.2
Earnings per share, basic, EUR	-0.03	0.04		0.17	0.19	-12%	-0.32
Adjusted earnings per share, basic, EUR[1 3]	0.07	0.12	-44%	0.29	0.34	-14%	0.68
Cash flow from operating activities	5.6	8.1	-30%	10.4	6.8	52%	40.4
Adjusted operating cash flow, last 12 months[1 2]				81.2	67.8	20%	75.1
Cash conversion[1 2]				90.3%	81.2%		81.4%
Operating capital employed[1]				301.5	321.3	-6%	294.7
Return on operating capital employed, %[1]				3.1%	10.3%		2.9%
Net debt[1]				236.8	230.7	3%	219.6
Net debt / Adjusted EBITDA[1]				2.63	2.76	-5%	2.38

[1] Purmo Group presents certain measures of financial performance, financial position and cash flows, which are alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority ('ESMA'). For the detailed definitions and reconciliation of alternative performance measures see page 46 in the January-June 2024 half-year financial report.
[2] Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (7.9) million.
[3] Comparative figures for Q2 2023 have been restated due to change in calculation of the key figure, see page 47 in the January-June 2024 half-year financial report.

CEO's review

During the first half of the year, Purmo Group delivered an increase in adjusted EBITDA margin despite weak market conditions. This was thanks to strong performance in the Accelerate PG programme as well as a strong, continued focus on margin management by our dedicated teams all around Europe and beyond. Volumes were still low in the challenging market, although signs of optimism were visible in Eastern Europe where demand for our radiators increased.

We work constantly to improve and develop our production. As part of our transition, we have shifted our production in Europe to countries with lower production costs, such as China. This has caused temporary inefficiencies in operations during the quarter, which coupled with investments in the transformation of Purmo Group, led to a decline in earnings during the second quarter.

We acknowledge there is interest in Purmo Group, which is demonstrated by the bids we have received from Grand Bidco UK Ltd, as well as Haier Europe Appliances B.V. Management has together with the appointed Board Committee spent time responding to the offers through intensive due diligence preparatory work.

Our strategy for complete solutions remains strong: it is a response to the increasing demand for more energy-efficient buildings and a greener future.

The Climate Products & Systems division was impacted by weak markets, and the Climate Solutions division's earnings were lower compared to the strong period last year

The demand environment remained weak in our two business divisions in the second quarter. In the Climate Products & Systems division, volumes remained weak, but some early signs of recovery were seen in a few markets. As a whole, the project volumes were low, which led to a net sales decline of 5%. Despite the tough market, the division succeeded well in price and cost management. The adjusted EBITDA was EUR 16.2 million for the quarter, a decrease of 5% from last year. The adjusted EBITDA margin remained roughly on the same level compared to the previous year.

In the Climate Solutions division, net sales declined by 5% in the quarter due to lower demand. Earnings for the division were impacted by low market demand and led the adjusted EBITDA to EUR 5.5 million, a decline of 17% compared to the previous year. Adjusted EBITDA margin decreased by 2.4 percentage points compared to last year.

Accelerate PG programme ahead of plan, growth initiatives kicked off

Our Accelerate PG programme continued to deliver strong run-rate benefits in the second quarter. The programme delivered EUR 5.7 periodic improvements in the quarter compared to the previous year. The cumulative adjusted EBITDA run-rate improvements were EUR 42.3 million. As part of the programme initiatives, we completed the negotiations at the Hull plant in the United Kingdom. The production will be transferred to Gateshead in the third quarter of 2024. Besides cost savings, the growth phase of the programme has started, with various growth initiatives being kicked off during the quarter. The target for the growth phase is to achieve approximately EUR 15.0 million of incremental adjusted EBITDA run-rate improvements by the end of 2025.

Science Based Targets validated

In the second quarter, we received validation from the Science Based Targets organisation for our near-term and long-term targets, which we are very proud of. In the near term, we are committed to reducing absolute Scope 1 and 2 GHG emissions by 54.6% by 2033 from 2022. For the long-term, we will reduce absolute Scope 1 and 2 GHG emissions by 90% by 2050 from 2022. The validation of the targets is a strong achievement for our organisation and worth celebrating.

Full-year guidance 2024 unchanged

Although growth was not yet visible in the second quarter of 2024, we saw slight optimism in a few markets. We achieved good results in the Accelerate PG programme, rolling out several growth initiatives for the future. We keep our guidance unchanged for 2024. The adjusted EBITDA in 2024 is expected to be on a similar or higher level than in 2023 (EUR 92.3 million).

John Peter Leesi
CEO, Purmo Group Plc

News conference and webcast for analysts, investors and media

Purmo Group Plc's half-year financial report for January-June 2024 has been published today and is available in English and Finnish on Purmo Group's website at https://investors.purmogroup.com/ir-material/.

Webcast and teleconference on Wednesday 17 July 2024 at 10.00 a.m. EEST

The publication will be followed at 10.00 a.m. EEST by a live webcast and a teleconference to analysts, investors and media representatives. At the event, CEO John Peter Leesi and CFO Jan-Elof Cavander will present the results and answer questions in English.

- Webcast: https://purmogroup.videosync.fi/q2-2024
- Teleconference lines: https://palvelu.flik.fi/teleconference/?id=50048527

Participants should register through the above link to ask questions through the conference call lines. After registering they will receive a teleconference number and a code to join the call. Participants will be asked to press number 5 to join the queue for questions.

A recording of the event will be available at https://investors.purmogroup.com/ir-material/ shortly after the event has ended.

Further information:

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Group financial overview

Net Sales

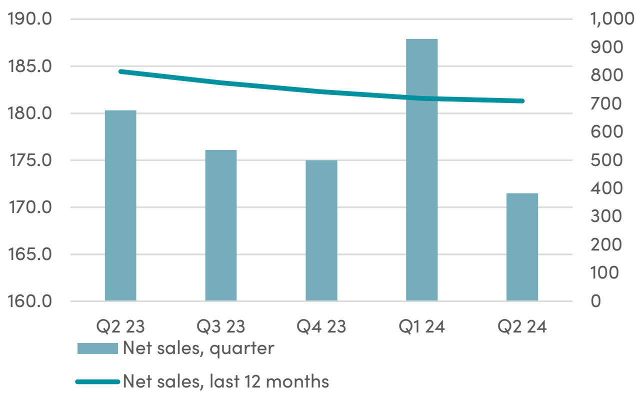
EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Net sales, by segment							
Climate Products & Systems	137.8	144.7	-5%	291.1	314.0	-7%	591.9
Climate Solutions	34.1	35.8	-5%	68.8	78.3	-12%	151.6
Eliminations	-0.3	-0.1		-0.4	-0.2		-0.3
Total	**171.5**	**180.3**	**-5%**	**359.4**	**392.1**	**-8%**	**743.2**

In April-June 2024, Purmo Group's net sales was EUR 171.5 million (180.3); a decrease of 5 per cent. The organic decline in net sales, excluding currency effects, acquisitions and divestments, was 4 per cent. Acquisitions did not contribute to net sales. The net impact of changes in currencies was 1 per cent.

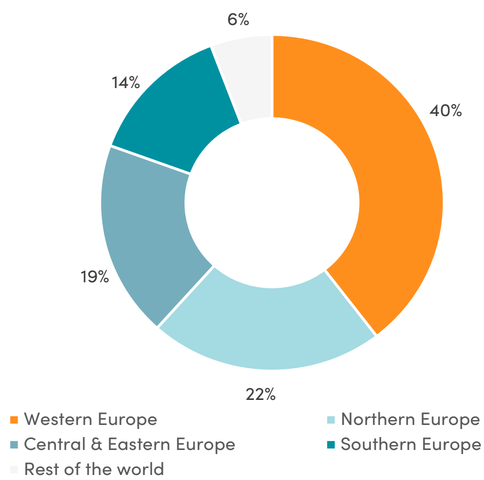
Net sales for the Group continued to decline driven by the downturn and low construction activity during the quarter. For the Climate Products & Systems division, sales were low in most of the regions, although an improvement in radiator sales continued in Eastern Europe in line with the first quarter of the year. The Climate Solutions division was faced by low demand for heating and cooling projects in its main markets during the quarter.

Net sales from Northern Europe declined by 5 per cent amounting to EUR 37.8 million (39.8). Western Europe declined by 5 per cent, amounting to EUR 67.9 million (71.4). Central and Eastern Europe increased by 9 per cent to EUR 32.4 million (29.8). Southern Europe declined by 10 per cent to EUR 23.4 million (26.0) and the Rest of the world region declined by 25 per cent to EUR 9.9 million (13.3).

Net sales, MEUR



Net sales by geographical area, 4-6/2024



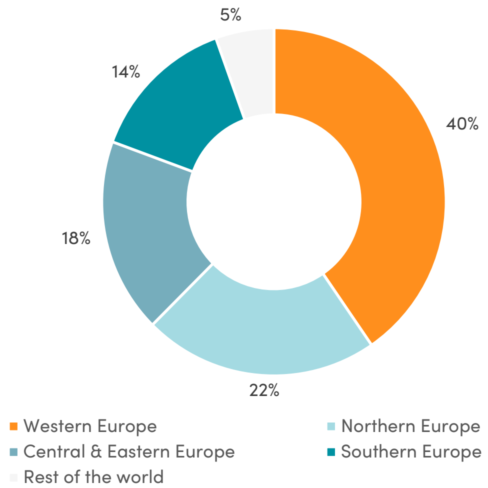
Net sales by geographical area

EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Northern Europe	37.8	39.8	-5%	79.4	83.4	-5%	191.0
Western Europe	67.9	71.4	-5%	145.2	162.7	-11%	337.2
Central and Eastern Europe	32.4	29.8	9%	65.1	63.3	3%	174.5
Southern Europe	23.4	26.0	-10%	50.0	57.5	-13%	142.4
Rest of the world	9.9	13.3	-25%	19.7	25.1	-22%	58.9
Net sales	**171.5**	**180.3**	**-5%**	**359.4**	**392.1**	**-8%**	**743.2**

In January–June 2024, Purmo Group's net sales were EUR 359.4 million (392.1); the decrease was 8 per cent. The organic decline in net sales, excluding currency effect, acquisitions and divestments was 8 per cent. Acquisitions did not have a material contribution to net sales. The net impact of changes in currencies was 0 per cent. Net sales declined due to a general downturn in most of the company's main markets during the review period.

Net sales in Northern Europe declined by 5 per cent to 79.4 million (83.4). Western Europe declined by 11 per cent, amounting to EUR 145.2 million (162.7). Central and Eastern Europe increased by 3 per cent to EUR 65.1 million (63.3). Southern Europe declined by 13 per cent to EUR 50.0 million (57.5) and the Rest of the world region declined by 22 per cent to EUR 19.7 million (25.1).

Net sales by geographical area, 1-6/2024



Results and profitability

EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Adjusted EBITDA, by segment							
Climate Products & Systems	16.2	17.4	-6%	40.0	40.0	-0%	78.5
Climate Solutions	5.5	6.6	-17%	11.0	12.8	-14%	23.7
Other and unallocated	-3.0	-2.7	11%	-5.7	-5.2	10%	-9.9
Total	**18.7**	**21.2**	**-12%**	**45.3**	**47.7**	**-5%**	**92.3**
Adjusted EBITDA margin, %	**10.9%**	**11.8%**		**12.6%**	**12.2%**		**12.4%**

In April–June 2024, Purmo Group's adjusted EBITDA declined to EUR 18.7 million (21.2); a decrease of 12 per cent.

The adjusted EBITDA margin declined to 10.9 (11.8) per cent. The decline in the adjusted EBITDA and in the adjusted EBITDA margin was driven by lower volumes and temporary inefficiencies in operations. Furthermore, investments in the transformation of Purmo Group impacted the adjusted EBITDA and adjusted EBITDA margin of the second quarter.

Comparability adjustments affecting EBITDA and EBITA amounted to EUR -5.6 million (-4.2). The adjustments were mainly related to the Accelerate PG programme, in particular the closure of the production plant in Hull, United Kingdom. In addition, the adjustments included the costs related to the public tender offers.

Profit for the review period was EUR -0.8 million (2.9) and adjusted profit for the period was EUR 3.2 million (6.1). Earnings per share were EUR -0.03 (0.04) and adjusted earnings per share were EUR 0.07 (0.12).

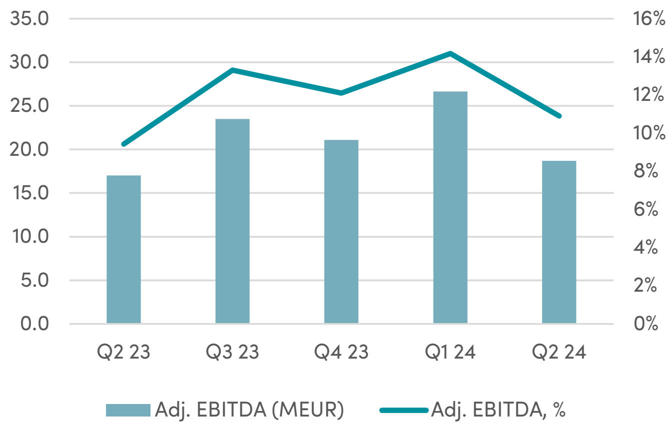
In January–June 2024, Purmo Group's adjusted EBITDA was EUR 45.3 million (47.7); the decrease was 5 per cent. The decline in the adjusted EBITDA for the Group was mainly a result of lower volumes in the Climate Solutions division during the review period.

The adjusted EBITDA margin increased to 12.6 (12.2) per cent compared to corresponding period last year due to strong margin management.

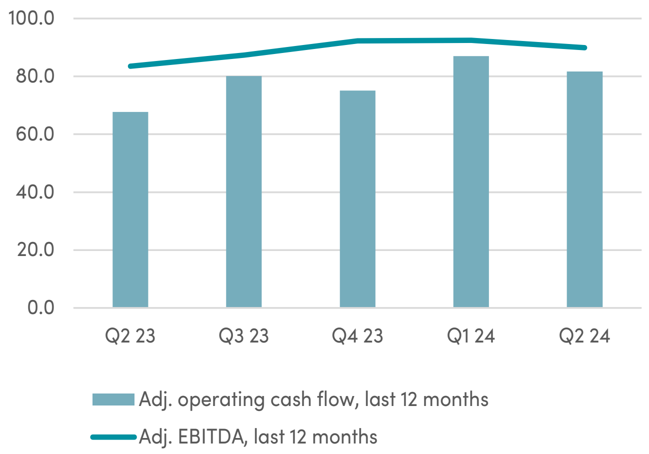
Comparability adjustments affecting EBITDA and EBITA amounted to EUR -6.9 million (-7.6). The adjustments were mainly related to EUR 6.2 million costs associated with the Accelerate PG programme.

Profit for the review period was EUR 8.7 million (9.6), and adjusted profit for the period was EUR 13.7 million (15.7). Earnings per share were EUR 0.17 (0.19), and adjusted earnings per share were EUR 0.29 (0.34).

Adj. EBITDA and Adj. EBITDA, %



Adj. operating cash flow, last 12 months, MEUR



Cash flow and financial position

In April-June 2024, cash flow from operating activities decreased to EUR 5.6 million (8.1). The cash flow was positively impacted by the change in net working capital during the quarter and offset by the payments related to restructuring within the Accelerate PG programme. The cash flow was also impacted by a decrease in financial items and income taxes paid of EUR -5.1 million (-8.7).

In January-June 2024, cash flow from operating activities increased to EUR 10.4 million (6.8). The cash flow was impacted by the increase in net working capital of EUR -16.5 million (-17.6) during the review period. In addition, the cash flow was reduced by financial items and income taxes paid, totalling EUR -11.7 million (-17.1). The development in net working capital was positively impacted by the Accelerate PG programme.

Adjusted operating cash flow for the last 12 months increased by 20 per cent to EUR 81.2 million (67.8), and the cash conversion remained on a high level at 90.3 per cent (81.2). The change was mainly a result of a decrease in net working capital of EUR 13.0 million (8.1). The adjusted EBITDA during the last 12 months increased to EUR 89.9 million and was higher than the previous year (83.5).

Cash flow from investment activities was EUR -8.3 million (-7.1) in the reporting period mainly attributed to investments in property, plant and equipment, and intangible assets.

Cash flow from financing activities, which include the payments of return of capital, repayment of lease liabilities and hybrid bond annual coupon payment, was EUR -20.9 million (40.8).

At the end of June 2024, the Group's net debt was EUR 236.8 million (31 Dec 2023: 219.6), and the net debt to adjusted EBITDA ratio, based on the last 12 months adjusted EBITDA, was 2.63 (31 Dec 2023: 2.38). The increase in the Group's net debt to the adjusted EBITDA was mainly a result of a change in net working capital during the review period. The hybrid bond is treated as equity according to IFRS and therefore not included in net debt.

At the end of June 2024, the equity ratio was 42.1 per cent (31 Dec 2023: 43.7) having decreased mainly due to the hybrid bond related annual coupon payment and payments of return of capital. The equity ratio calculation has been updated to be calculated from total equity instead of equity attributable to the owners of the company from the beginning of 2023.

At the end of June 2024, the liquidity position in terms of cash and cash equivalents totalled EUR 90.8 million (31 Dec 2023: 111.7). The company has a Finnish commercial paper programme of EUR 100.0 million (31 Dec 2023: 100.0), which was unutilised at the end of the reporting period. The company also had an EUR 80.0 million (31 Dec 2023: 80.0) unutilised committed revolving credit facility, EUR 18.0 million (31 Dec 2023: 20.5) of unutilised overdraft facilities with core financial institutions and EUR 125.0 million (31 Dec 2023: 125.0) unutilised uncommitted M&A facility.

Total equity decreased to EUR 422.2 million (31 Dec 2023: 435.7) compared to the comparison period.

Market overview

Energy efficiency requirements for new and existing buildings are expected to favourably influence demand for Purmo Group's indoor climate comfort solutions. Governments and local authorities are incentivising the shift to renewable energy sources and energy efficiency through low-temperature systems as well as well-insulated housing. The incentives also support the introduction of energy performance requirements for new and renovated buildings. The European Union's Green Deal, aiming at making Europe the first carbon-neutral continent by 2050, is one example of a generic longer-term initiative. Furthermore, as a result of global warming and rising energy prices, consumers are showing an increasing preference and need for combatting climate change and supporting sustainability. Consumer preferences are moving towards sustainable solutions and products.

According to the European Commission, up to 75 per cent of the buildings in the EU require deep energy renovation, implying that the addressable energy renovation market opportunity is significant. Energy renovations in existing dwellings often include the replacement of fossil-fuel-based heat sources (e.g. gas boilers) with renewable-energy-based heat sources (e.g. heat pumps). Importantly, the growth of heat pumps also drives a shift from high-temperature to low-temperature heat distribution systems to enable the energy efficiency of the heat pump installation. This implies that emitters such as radiators will need to be upgraded when combined with heat-pump systems by becoming larger or more efficient, so they can generate equal heating output given the lower water temperature of the system.

Purmo Group is well positioned to support this transition, being a provider of complete heating and cooling solutions, including air-to-water heat pumps, low-temperature emitters and smart controls. The company's indoor climate comfort solutions are sold primarily across Europe mainly to residential buildings, but also to non-residential buildings. Around 60 per cent of Purmo Group's net sales are generated from renovation, with the remainder from new construction projects. The secular trend for energy renovations also helps to make the business even less reliant on new build construction markets.

The estimated compounded annual growth rate for Purmo Group's products and systems varies. As an example, the demand for air-to-water heat pumps is expected to grow by 13 per cent annually (CAGR) within the company's addressable markets (2021–2026) (BRG, June 2024).

The energy renovation trend in Europe requires an upgrade of radiators in conjunction with heat pump installations for consumers to capture full energy savings. This trend is expected to grow the radiator market by 5.6 per cent annually during 2022–2030 (CAGR) (Third party independent analysis).

During the second quarter of 2024, construction activity in Purmo Group's key markets remained low. Radiator sales in Eastern Europe increased instead due to optimism regarding the residential construction market recovery.

The construction markets in the new build and renovation segments are expected to remain challenging in 2024. Increased geopolitical risks and high overall uncertainties can also have an impact on Purmo Group's core markets.

The mid-to long-term market outlook is positive for Purmo Group given the support from secular green transition tailwinds. The need for radiator upgrades in conjunction with heat pump installations across Europe also drives the demand for the heating and cooling products offered by the Group.

Climate Products & Systems Division

The Climate Products & Systems division sells via wholesalers to residential and non-residential sectors. Its sales regions are Northern, Western, Southern and Eastern Europe, and Rest of the World, including Brazil, China, Japan and the United States. The main product categories within the division are panel, tubular and electric radiators as well as products for radiant heating and cooling (RHC); including underfloor heating, air heating and cooling, water distributions systems, and system components and controls.

EUR million	4-6/2024	4-6/2023	Change,	1-6/2024	1-6/2023	Change,	2023
Net sales	137.8	144.7	-5%	291.1	314.0	-7%	591.9
Adjusted EBITDA	16.2	17.4	-6%	40.0	40.0	-0%	78.5
Adjusted EBITDA margin, %	11.8%	12.0%		13.7%	12.8%		13.3%
Depreciations, amortisations and impairments	-6.0	-6.7	-11%	-12.1	-13.4	-10%	-31.7

Net sales

In April-June 2024, net sales for the Climate Products & Systems division decreased by 5 per cent to EUR 137.8 million (144.7). The organic decline in net sales was 4 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was negative 2 per cent.

During the second quarter of the year, net sales declined in most of the regions of the division. An improvement in radiator sales continued in Eastern Europe in line with the first quarter of the year. Net sales of radiators amounted to EUR 89.7 million (92.0) during the second quarter of the year. The weak demand in the company's main regions decreased the organic sales volume in radiators of around 1.8 per cent during the quarter.

In January–June 2024, net sales for the Climate Products & Systems division decreased by 7 per cent to EUR 291.1 million (314.0). The organic decline in net sales was 7 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was 0 per cent.

Net sales of radiators for the review period amounted to EUR 193.6 million (202.8). The weak demand for radiators during the review period led to a decline in the organic sales volume in radiators of around 2.3 per cent.

Profitability

In April-June 2024, adjusted EBITDA for the Climate Products & Systems division decreased by 6 per cent to EUR 16.2 million (17.4). The adjusted EBITDA margin stayed roughly on the same level at 11.8 per cent (12.0) compared to last year.

The adjusted EBITDA margin remained approximately at the same level compared to last year due to the division's strong margin management in a challenging market environment. The minor decrease in adjusted EBITDA margin was a result of lower volumes and temporary inefficiencies in operations.

In January–June 2024, adjusted EBITDA for the Climate Products & Systems division remained on the same level at EUR 40.0 million (40.0). The adjusted EBITDA margin improved to 13.7 per cent (12.8).

Climate Solutions Division

The Climate Solutions division sells integrated solutions directly to installers from the company's Emmeti business in South Europe, its Thermotech business in the Nordic region and its Merriott business in the United Kingdom and Ireland. The Climate Solutions division provides a comprehensive set of heating and cooling solutions for customers whose goal is to achieve energy savings and reduce emissions generated by energy consumption.

EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Net sales	34.1	35.8	-5%	68.8	78.3	-12%	151.6
Adjusted EBITDA	5.5	6.6	-17%	11.0	12.8	-14%	23.7
Adjusted EBITDA margin, %	16.0%	18.4%		16.1%	16.4%		15.6%
Depreciations, amortisations and impairments	-1.3	-1.3	-6%	-2.5	-2.5	1%	-5.1

Net sales

In April-June 2024, net sales for the Climate Solutions division decreased by 5 per cent to EUR 34.1 million (35.8). The organic decline in net sales was 5 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was 1 per cent.

During the quarter, net sales for the Climate Solutions division were hurt by weak construction activity in Italy and the Nordics.

In January–June 2024, net sales for the Climate Solutions division decreased by 12 per cent to EUR 68.8 million (78.3). The organic decline in net sales was 12 per cent. The net impact of changes in currencies was 0 per cent.

Profitability

In April-June 2024, adjusted EBITDA for the Climate Solutions division decreased by 17 per cent to EUR 5.5 million (6.6). The adjusted EBITDA margin decreased to 16.0 per cent (18.4).

The decrease in adjusted EBITDA margin was mainly a result of lower volumes in the division's main markets in addition to higher sales and marketing spend during the quarter.

In January–June 2024, adjusted EBITDA for the Climate Solutions division decreased by 14 per cent to EUR 11.0 million (12.8). The adjusted EBITDA margin remained roughly on the same level at 16.1 per cent (16.4).

Investments, acquisitions, structural changes and R&D

Investments

In April–June 2024, capital expenditure, excluding business combinations and leased assets, totalled EUR 4.8 million (3.2) and in January–June 2024 EUR 8.5 million (7.1). The investments during the review period and the comparison period were related primarily to strategic projects as well as factory expansions and maintenance.

Acquisitions and disposals

On 19 April 2024, Purmo Group announced that it had signed an agreement to sell its Russian operations to a Russian investment company and ended negotiations with IPLS. On 1 April 2022, Purmo Group announced its intention to exit its business in Russia, and on 28 April 2023, the company announced that it had signed an agreement to sell its Russian business to IPLS. The approval process regarding the closure of the transaction with IPLS took longer than expected. As a result, the Group continued negotiations with other buyers to sell its Russian operations.

Completion of the transaction is subject to approvals by the relevant regulatory authorities in Russia, which are expected to be received during the third quarter of 2024. After the potential divestment, Purmo Group will not have any activities in Russia or any redemption liabilities concerning the Russian business. The divestment will not have a material financial impact on Purmo Group and will not affect the financial guidance for 2024.

Purmo Group has classified its Russian business as assets held for sale since 2022. In 2022, the Group recognised non-recurring impairments of EUR 12.9 million. In 2023, the Group recognised additional non-recurring impairment of EUR 3.9 million and increased the redemption liability by EUR 1.3 million. For accounting purposes, the Russian business is presented as continuing operations as it does not meet the criteria for discontinued operations. In 2023, Russia represented circa 3 per cent of Purmo Group's total net sales.

Structural changes

There were no major structural changes during the second quarter of the year.

Research and development

Product development within Purmo Group focuses on connecting smart HVAC equipment, from the energy source to thermal emitters, in one unified and intelligent system. Combining and connecting heat pumps with heat emitters and other systems offered by the Group maximises energy savings for end-users. Additionally, focus is placed on minimising material usage, including product packaging, and on smart design that improves system performance. Purmo Group also continues its collaboration with its network in the field of control systems.

In line with its strategy, Purmo Group's pipeline of smart products focuses on three clear strategic priorities: intelligence and connectivity, sustainability and aesthetics.

Research and development (R&D) expenditure totalled EUR 1.4 million (1.5) in April–June 2024. Research and development (R&D) expenditure totalled EUR 3.0 million (3.2) in January–June 2024.

During the second quarter, the Thermopanel V4 convector (TPK) range was launched in Sweden and Norway. An improved convector comes with different grills, wall and floor standing options, and bench versions. The grilles are available in various shapes and versions and the convector is available in multiple colours. All models in the Thermopanel V4 series have the same connection, which simplifies the project planning and installation.

Strategy

The company's growth strategy is built on three pillars:

(i) scaling-up of solution-selling to provide complete solutions and to capture growth potential in underpenetrated markets;

(ii) launching and delivering smart products that are more intelligent, sustainable and aesthetic; and

(iii) focusing on growth markets to capture the biggest opportunities outside of current markets.

Growth is supported by M&A opportunities, which will foster consolidation and expansion.

The strategy is further supported by continuous improvement of operational excellence and by investments in people and culture.

Strategy acceleration programme

On 5 October 2022, Purmo Group announced a strategy acceleration programme, 'Accelerate PG', to strengthen the execution of the strategy. The programme focuses on improving net sales growth, profitability and net working capital efficiency to support reaching its financial targets. The programme supports the financial development of the Group.

The programme targets cumulative adjusted EBITDA run-rate improvements of EUR 50.0 million, which are expected to be reached by the end of 2024. The programme also targets cumulative net working capital improvements of EUR 45.0 million by the end of 2024.

The company has started to pivot the programme towards improving net sales growth. The target for the growth phase is to achieve approximately EUR 15.0 million of incremental adjusted EBITDA run-rate improvements by the end of 2025.

Profitability improvements include both variable and fixed cost savings. Additionally, the company continues to assess optimising its manufacturing and supply chain footprint. Growth initiatives include utilisation of the existing offering across all markets, maximising the account coverage including distributors, installers and developers, launching new products and seising new sales channels as well as ensuring optimal enablers in terms of systems, processes, and ways of working.

The costs for the programme, excluding non-cash items, are expected to be approximately EUR 45.0 million, of which approximately EUR 34.0 million was generated during 2023, and the remainder will be incurred in 2024. In addition, non-cash costs for the programme are expected to be below EUR 5.0 million in 2024. In 2025, the costs recognised as adjusting items to the programme's growth initiatives are approximately half of the adjusted EBITDA run-rate improvements achieved during the year.

Accelerate PG is delivering improvements ahead of plan. Implemented adjusted EBITDA run-rate improvements at the end of the second quarter amounted to EUR 42.3 million. This was up from EUR 34.1 million at the end of the first quarter. Adjusted EBITDA periodic impact during the quarter amounted to EUR 5.7 million (EUR 3.4 million in Q2 2023) compared to the previous year. The programme has also realised a cumulative net working capital improvement of EUR 41.2 million, of which periodic impact amounted to EUR 9.5 million during the second quarter compared to the previous year.

The most significant improvements from the strategy acceleration programme have been generated in pricing and portfolio optimisation, procurement savings and efficiencies from footprint optimisation. In addition, the Group achieved improvements in net working capital efficiency. The savings reported in the programme are incremental and recurring and, thus, do not include inflationary effects on either sales price or input costs.

On 13 May 2024, Purmo Group announced that it had completed the consultation process with employee representatives relating to a closure of the Hull plant, United Kingdom. The closure of the Hull plant, production transfer of low surface-temperature radiators to Gateshead, and the termination of employment of 35 employees will be completed in the third quarter of 2024.

Sustainability

Purmo Group's 'Complete Care' approach to sustainability is designed to be wide-reaching, transparent, tangible, measurable and effective. It covers four focus areas: **Production**, the way Purmo Group makes things; **Solutions**, the things it makes; **People**, the employees that make them; and **Communities**, those that it reaches. Purmo Group continued to make progress against its ESG targets in the second quarter of 2024.

Production

Carbon intensity increased by 0.5 per cent to 83.6 (83.2) (tCO_2e/net sales in EUR million) and Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 4 per cent to 14,333 tCO_2e (15,004) during the quarter. The decrease in Scope 1 and Scope 2 emissions was driven by lower volumes, partly due to the closure of the production plant in Zonhoven in April 2024.

Solutions

During the second quarter, three new EPDs (Environmental Product Declarations) for Purmo Group's products were created. The EPDs were granted for two types of pipe produced in Germany and for a radiator model produced in Poland and Hungary.

People

Lost Time Injury Frequency Rate per million hours worked (LTIFR) decreased to 5.5 (11.0). The decline resulted from a temporarily high comparison period last year, together with strong focus on health and safety within the Group. The number of safety observations decreased by 31 per cent to 191 (276) in the quarter. The proportion of women in senior management positions decreased slightly to 24 per cent (26%) during the quarter.

Communities

During the quarter, Purmo Group's employees dedicated 1,250 hours in total (2,696) to volunteering in local communities. The decline in volunteering hours during the quarter was a result of a high corresponding period last year, when volunteering working increased due to low production volumes.

Other material activities

On 11 June 2024, Purmo Group announced that its targets for reducing greenhouse-gas (GHG) emissions have been approved by the Science Based Targets initiative. The targets cover Scope 1, 2 and 3 emissions in both the near term (2033) and long term (2050). Purmo Group has also committed to reaching net zero GHG emissions by 2050. The approval of the targets by the SBTi is a major step in Purmo Group's dedication to making its sustainability journey transparent, tangible and measurable.

Near-Term Targets:

Purmo Group commits to reduce absolute Scope 1 and 2 GHG emissions by 54.6% by 2033 from a 2022 base year[1]. The Group also commits to reduce absolute Scope 3 GHG emissions by 32.5% within the same timeframe.

Long-Term Targets:

Purmo Group commits also to reduce absolute Scope 1 and 2 GHG emissions by 90% by 2050 from a 2022 base year[1]. The Group also commits to reduce absolute Scope 3 GHG emissions by 90% within the same timeframe.

More information on Purmo Group's sustainability strategy is available on the company's website.

[1] The target boundary includes biogenic, land-related emissions and removals from bioenergy feedstocks.

Key indicators

	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Production							
Scope 1 and 2 GHG emissions, tCO2e[1 8]	14,333	15,004	-4%	28,842	33,879	-15%	63,898
Scope 3 GHG emissions from procured steel, tCO2e[2]	56,748	57,680	-2%	114,440	110,384	4%	211,445
Scope 1 and 2 carbon intensity[3 8]	83.6	83.2	0%	80.2	86.2	-7%	86.0
Solutions							
Customer Net Promoter Score, cNPS[4]	–[9]	–[9]	–	–[9]	–[9]	–	46
Customer Sustainability Net Promoter Score, sNPS[5]	–[9]	–[9]	–	–[9]	–[9]	–	21
People							
Lost Time Injury Frequency Rate, LTIFR[6] [8]	5.5	11.0	-50%	3.5	8.6	-59%	6.3
Number of safety observations[8]	191	276	-31%	372	574	-35%	1,076
Number of accidents[8]	7	14	-50%	9	23	-61%	33
Employee Net Promoter Score, eNPS[7]	–[9]	–[9]		–[9]	-6		-8
Proportion of women in senior management positions	24%	26%		25%	26%		26%
Communities							
Number of volunteering hours[8]	1,250	2,696	-54%	2,466	4,146	-41%	7,213

[1] Market based GHG emissions based on Purmo Group's procurement mix of electricity and gas in countries with manufacturing operations. Purmo Group has applied the principles of the Operational Control Approach. Scope 1 (GRI 305-1) and scope 2 (GRI 305-2) only include gas and electricity.

[2] For 2024 Purmo Group applied the 2022 World Steel Association data of 1.91 tCO2e embodied carbon produced for every tonne of crude steel cast. In 2023 Purmo Group applied the 2021 World Steel Association data of 1.89 tCO2e embodied carbon produced for the same measure.

[3] tCO2e/net sales in EUR million.

[4] Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague?'

[5] Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague as a leader in sustainable indoor climate comfort?'

[6] Lost Time Injury Frequency Rate (LTIFR) is the number of lost time injuries occurring in a workplace per 1 million hours worked.

[7] Question asked: 'How likely is it that you would recommend Purmo Group as an employer to a friend or an acquaintance?'

[8] Comparison figures recalculated due to additional data received after the publication of previous half-year financial reports.

[9] Certain data is unavailable because it is currently not collected on a quarterly basis.

Other significant events during the quarter

On 15 April 2024, Purmo Group announced that it had signed an agreement with Kastelli Talot Oy, the biggest house builder in Finland. Based on the agreement, Purmo Group will deliver underfloor heating solutions, pipes and valves to Kastelli in 2024 and 2025. One of the most important elements of the agreement is Purmo Group's design of underfloor heating systems.

On 19 April 2024, Purmo Group announced that it had signed an agreement to sell its Russian operations to a Russian investment company and ended negotiations with IPLS. On 1 April 2022, Purmo Group announced its intention to exit its business in Russia, and on 28 April 2023, the company announced that it had signed an agreement to sell its Russian business to IPLS. The approval process regarding the closure of the transaction with IPLS took longer than expected. As a result, the Group continued negotiations with other buyers to sell its Russian operations.

Completion of the transaction is subject to approvals by the relevant regulatory authorities in Russia, which are expected to be received during the third quarter of 2024. After the potential divestment, Purmo Group will not have any activities in Russia or any redemption liabilities concerning the Russian business. In 2023, the business in Russia represented approximately 3% of the Group's total net sales. The divestment will not have a material financial impact on Purmo Group and will not affect the financial guidance for 2024.

On 26 April 2024, Project Grand Bidco (UK) Limited announced a voluntary recommended public cash tender offer for all the shares in Purmo Group Plc. The C Share Offer Price was EUR 9.91 in cash for each C Share and each F Share eligible for conversion into C Share in accordance with the articles of association of the Company validly tendered in the Tender Offer. The F Share Offer Price was EUR 6.00 in cash for each F Share ineligible for conversion into C Shares validly tendered in the Tender Offer. The Board of Directors of Purmo, represented by a quorum comprising the non-conflicted members of the Board of Directors, had unanimously decided to recommend that the shareholders of Purmo accept the Tender Offer.

On 10 May 2024, a statement of the Board of Directors of Purmo Group Plc regarding the voluntary recommended public cash tender offer by Project Grand Bidco (UK) Limited was published.

On 13 May 2024, Purmo Group announced that it had completed the consultation process with employee representatives relating to a closure of the Hull plant, United Kingdom, with production transfer to Gateshead. The closure of the Hull plant, production transfer of low surface-temperature radiators to Gateshead, and the termination of employment of 35 employees will be completed in the third quarter of 2024.

On 16 May 2024, Project Grand Bidco (UK) Limited announced that the voluntary recommended public cash tender offer for all the shares in Purmo Group Plc will commence on May 17, 2024 and that it will expire on June 20, 2024, at 4:00 p.m. (Finnish time), unless the offer period is extended as described in the terms and conditions of the Tender Offer. Tender Offer was expected to be completed at the end of the second quarter or in the beginning of the third quarter of 2024. The Finnish language version of the Tender Offer Document has been available on the internet at https://purmogroup.tenderoffer.fi/ and www.nordea.fi/purmo-ostotarjous as of May 16, 2024. The English language translation of the Tender Offer Document has been available on the internet at https://purmogroup.tenderoffer.fi/en and www.nordea.fi/purmo-offer as of May 16, 2024.

On 30 May 2024, Purmo Group Plc announced that it confirmed receiving a preliminary non-binding indication of interest from Haier. Pursuant to the Indication of Interest, the holders of C shares and F shares eligible for conversion into C shares would be offered a cash consideration of EUR 11.00 per share and the holders of F shares ineligible for conversion into class C shares a cash consideration of EUR 6.66 per share.

On 31 May 2024, Project Grand Bidco (UK) Limited announced that it supplements the tender offer document relating to the public cash tender offer for all the shares in Purmo Group Plc.

On 11 June 2024, Purmo Group announced that its targets for reducing greenhouse-gas (GHG) emissions have been approved by the Science Based Targets initiative. The targets cover scope 1, 2 and 3 emissions in both the near term (2033) and long term (2050). Purmo Group has also committed to reaching net zero GHG emissions by 2050. The Group believes that the approval of the targets by the SBTi is a major step in its dedication to making its sustainability journey transparent, tangible and measurable.

Purmo Group commits to reduce absolute Scope 1 and 2 GHG emissions by 54.6% by 2033 from a 2022 base year[1]. The Group also commits to reduce absolute Scope 3 GHG emissions by 32.5% within the same timeframe.

Purmo Group commits also to reduce absolute Scope 1 and 2 GHG emissions by 90% by 2050 from a 2022 base year[1]. The Group also commits to reduce absolute Scope 3 GHG emissions by 90% within the same timeframe.

On 13 June 2024, Project Grand Bidco (UK) Limited announced that it extends the offer period of its tender offer for all the shares in Purmo Group Plc. The processes for obtaining the necessary regulatory approvals for the completion of the Tender Offer are progressing as planned. However, as the processes remain pending and was not completed within the initial offer period, the Offeror decided to extend the offer period of the Tender Offer to expire on July 15, 2024, at 4:00 p.m. (Finnish time).

On 14 June 2024, Project Grand Bidco (UK) Limited announced that it had improved offer prices and lowered the acceptance threshold of its tender offer, in addition that Purmo board maintained its recommendation. The holders of C Shares, and F Shares would be offered a cash consideration of EUR 11.15 for each such C Share or F Share validly tendered in the Improved Tender Offer and the holders of F Shares that are ineligible for conversion into C Shares, would be offered a cash consideration of EUR 6.75 for each such F Share validly tendered in the Improved Tender Offer. Furthermore, the Offeror announced that it had decided to lower the minimum acceptance threshold of the Improved Tender Offer from more than 90 per cent to more than 80 per cent of all Shares.

On 19 June 2024, an updated statement of the Board of Directors of Purmo Group Plc regarding the voluntary recommended public cash tender offer by Project Grand Bidco (UK) Limited was published.

On 20 June 2024, Project Grand Bidco (UK) Limited announced that it supplements the tender offer document relating to the public cash tender offer for all the shares in Purmo Group Plc.

Events after the review period

On 15 July 2024, Purmo Group announced that Haier Europe Appliances Holding B.V. has announced a Competing Voluntary Public Cash Tender Offer for all Shares in Purmo Group Plc at a price of EUR 13.68 per share for each Class C Share and each Class F Share eligible for conversion into a Class C Share validly tendered in the Tender Offer and at a price of EUR 8.28 per share for each Class F Share ineligible for conversion into a Class C Share validly tendered in the Tender Offer.

The completion of the Haier Tender Offer is subject to certain conditions, including the Haier Tender Offer having been validly accepted with respect to the Shares representing, together with any other Shares otherwise acquired by Haier prior to or during the offer period, more than 80 per cent of the Shares and voting rights, the receipt of all necessary regulatory approvals, the Board of Directors of Purmo issuing its recommendation the shareholders to accept the Haier Tender Offer as well as Haier and the Company having entered into a combination agreement.

[1] The target boundary includes biogenic, land-related emissions and removals from bioenergy feedstocks.

The Board notes, for the avoidance of doubt, that its recommendation issued on May 10, 2024 (as supplemented on June 19, 2024) for shareholders to accept the Grand Tender Offer on its improved terms remains upheld. The Board notes that the irrevocable undertaking by Rettig Oy Ab to sell all its C Shares, which represent approximately 61.8 per cent of all Shares in the Company, to Grand Bidco, currently remains in force. In addition, the irrevocable undertakings by certain other major shareholders of the Company to accept the Grand Tender Offer currently remain in force. In total, Rettig Oy Ab's undertaking and all the irrevocable undertakings represent approximately 90.34 per cent of all Shares in the Company.

On 15 July 2024, Project Grand Bidco (UK) Limited announced, that it had noted Haier Europe Appliances Holding B.V.'s competing offer for Purmo and will extend the offer period of its public cash tender offer. The Offeror will in connection with the supplement extend the offer period in its tender offer as required under applicable law and the regulations and guidelines of the Finnish Financial Supervisory Authority. The new expiry date of the offer period will be announced in connection with the publication of the supplement document at the latest.

On 16 July 2024, Project Grand Bidco (UK) Limited announced that it waives the remaining regulatory approval condition in its tender offer and confirmed it will not increase its offer prices. The Board of Directors of Purmo Group Plc noted the announcement and reiterated that it continues to investigate shareholder support for the competing offer announced on July 15, 2024 by Haier Europe Appliances Holding B.V. considering its offer terms and will supplement its statement on the tender offer by Project Grand Bidco (UK) Limited at least five (5) business days before the end of the offer period (as to be extended) as required by the Finnish Securities Market Act.

Shares and shareholders

Share capital, number of shares and shareholders

	30 Jun 2024
Number of class C shares	41,112,713
Number of class F shares	1,565,217
Number of shareholders	2,360 (30 Jun 2023: 3,286)

Purmo Group Plc has two share classes of which class C shares are listed, and class F shares are held by Purmo Group Plc's founding shareholder, Virala Corporation.

The company's class F shares are subject to redemption and consent clauses in accordance with the Articles of Association, which restrict the rights to transfer and acquire class F shares. The holder of class F shares has the right to demand conversion into class C shares subject to certain price hurdles calculated in accordance with the Articles of Association. Further, class F shares carry a right to asset distribution equivalent to a certain proportion of asset distributed to class C shares in accordance with the Articles of Association.

The number of shares outstanding on 30 June 2024 was 41,112,713 class C shares and 1,565,217 class F shares. The company's registered share capital on 30 June 2024 was EUR 3,080,000. The company has no treasury shares.

On 30 June 2024, the five largest shareholders were Rettig Ltd (61.80 per cent of total shares), Virala Corporation (15.16 per cent), Ahlström Invest B.V. (2.81 per cent), Varma Mutual Pension Insurance Company (2.34 per cent) and Jussi Capital Oy (1.42 per cent).

Board authorisation regarding share issue and share repurchase

The Annual General Meeting held on 9 April 2024 resolved that the Board of Directors is authorised to resolve on the issuance of class C shares as well as the issuance of special rights entitling to class C shares referred to in Chapter 10, Section 1 of the Finnish Companies Act in one or several tranches.

The number of class C shares to be issued based on this authorisation shall not exceed 8,000,000 shares (including shares to be received based on special rights), which corresponds to approximately 19.46 per cent of all of class C shares in Purmo Group. The authorisation may be used to improve Purmo Group's capital structure, to finance or carry out corporate acquisitions or other arrangements, for incentive arrangements and remuneration schemes or for other purposes resolved by the Board of Directors. However, a maximum of 25 per cent of the authorisation, i.e., a maximum of 2,000,000 class C shares (including shares to be received based on special rights) may be used for incentive arrangements and remuneration schemes.

The Annual General Meeting resolved that the Board of Directors is authorised to resolve on the repurchase of class C shares owned by the Company as well as on the acceptance of them as pledge.

The number of class C shares to be repurchased or accepted as pledge by virtue of this authorisation shall not exceed 4,000,000 class C shares owned by the Company, which corresponds to approximately 9.73 per cent of all of class C shares in Purmo Group, subject to the provisions of the Finnish Companies' Act on the maximum number of own shares owned by or pledged to the Company and its subsidiaries.

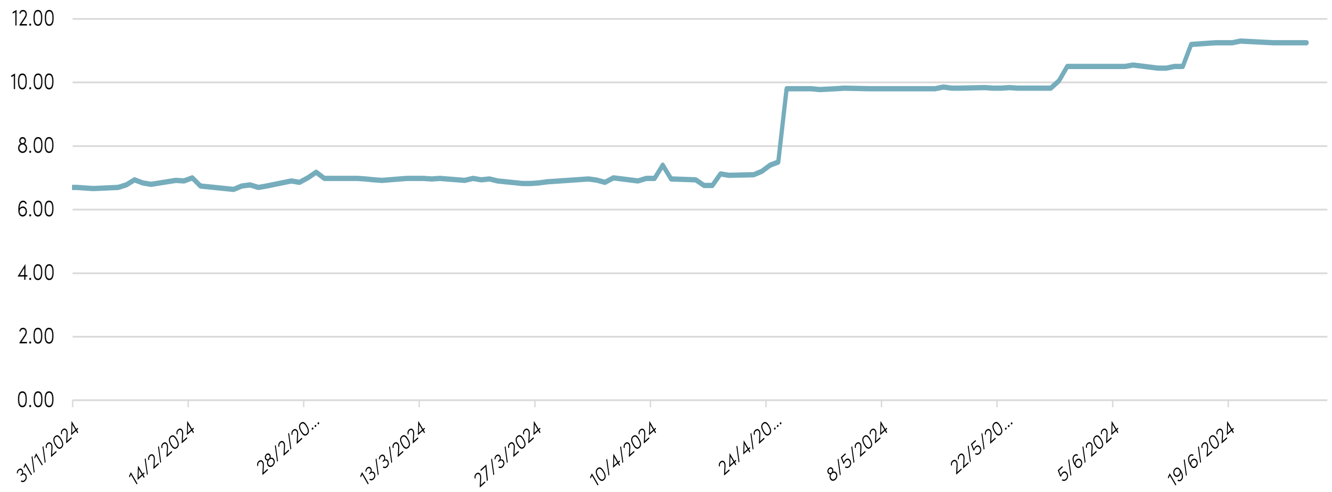
The shares will be repurchased to be used to improve Purmo Group's capital structure, to finance or carry out corporate acquisitions or other arrangements, for incentive arrangements and remuneration schemes or to be retained by the Company as treasury shares, transferred, cancelled or for other purposes resolved by the Board. The Board of Directors shall decide on all other terms and conditions regarding the repurchase of the Company's own shares and acceptance thereof as pledge.

The authorisations are effective until the end of the next Annual General Meeting, however, no longer than until 30 June 2025.

Trading of shares on Nasdaq Helsinki

	1 Jan - 30 Jun 2024
High, EUR	11.50
Low, EUR	6.54
Volume-weighted average price	9.39
Closing price, EUR, 30 June 2024	11.25
Market Capitalisation, class C share, EUR million, 30 June 2024	462.5
Number of traded shares	2,648,583

Closing share price 1 January 2024 – 30 June 2024, EUR



Governance

Personnel

The number of Group full-time-equivalent employees averaged 3,059 (3,280) in January–June. At the end of the period, the Group had 2,958 (3,167) full-time-equivalent employees. The decrease in full-time-equivalent employees was mainly due to organisational effectiveness related to the Accelerate PG programme. The decrease was driven by the redundancies at the production plant in Zonhoven, which was closed at the end of April 2024.

Changes in the management team

There were no changes in the management team during the quarter.

Share based incentive plans

On 20 July 2022, Purmo Group announced that the Board of Directors had decided to launch a new share-based incentive plan for management and key employees. The purpose of the plan is to align the targets of shareholders and key employees in order to increase the long-term value of the company, retain key employees and offer a competitive incentive plan that is based on company share ownership and successful performance.

The performance criterion of the plan is Total Shareholder Return (TSR) of the class C share and the reward will be paid in both Purmo Group class C shares and in cash.

The performance period covers the financial years of 2022–2025, and payout period covers the financial years of 2026–2027. A total of 170,486 class C shares and 32 participants belong to the share-based incentive plan.

More information about Purmo Group Plc's remuneration is available on the company's website.

Annual General Meeting

The Annual General Meeting held on 9 April 2024 approved the financial statements, adopted the proposed Remuneration Report, and discharged the members of the Board of Directors and the company's CEO from liability for the financial year 2023. All current Board members were re-elected for the following term of office. All resolutions of the Annual General Meeting are available on the company's website.

Return of capital

The Annual General Meeting resolved that a return of capital of EUR 0.36 per class C share and EUR 0.07 per class F shares will be paid for the financial year 2023. The return of capital will be paid in four instalments.

The first instalment of the return of capital of EUR 0.09 per class C share and EUR 0.02 per class F share was paid on 26 April 2024. The second instalment of the return of capital of EUR 0.09 per class C share and EUR 0.02 per class F share will be paid on 26 July 2024. The third instalment of the return of capital of EUR 0.09 per class C share and EUR 0.02 per class F share will be paid on 25 October 2024. The fourth instalment of the return of capital of EUR 0.09 per class C share and EUR 0.01 per class F share will be paid on 24 January 2025.

Remuneration of the members of the Board of Directors

The Annual General Meeting resolved that the fees are kept unchanged, and the members of the Board of Directors are paid annual fees as follows:

- EUR 92,000 for the Chair of the Board of Directors;
- EUR 53,000 for the Vice Chair of the Board of Directors;
- EUR 53,000 for each of the Chair of the Committees of the Board of Directors; and
- EUR 48,000 for each ordinary member of Board of Directors.

Approximately 40% of the annual fee will be paid in Purmo Group's class C shares.

Board of Directors

The Annual General Meeting resolved that the number of members of the Board of Directors be seven (7). The present members of the Board of Directors Tomas von

Rettig, Matts Rosenberg, Alexander Ehrnrooth, Carina Edblad, Carlo Grossi, Jyri Luomakoski and Catharina Stackelberg-Hammarén were re-elected as members of the Board of Directors for a term that ends at the close of the next Annual General Meeting.

Tomas von Rettig was elected as the Chair of the Board of Directors and Matts Rosenberg as the Vice Chair of the Board of Directors.

Board authorisations

Board authorisations decided by the Annual General Meeting are presented in the section 'Shares and Shareholders'.

Committees nominated by the Board

In the constitutive meeting held subsequent to the Annual General Meeting of Purmo Group on 9 April 2024, the Board of Directors appointed the following members to its committees:

- Jyri Luomakoski was re-elected as the Chair of the Audit Committee with Matts Rosenberg and Alexander Ehrnrooth as members of the Committee.
- Matts Rosenberg was re-elected as the Chair of the M&A Committee with Alexander Ehrnrooth and Carlo Grossi as members of the Committee.
- Tomas von Rettig was re-elected as the Chair of the Remuneration Committee with Catharina Stackelberg-Hammarén and Carina Edblad as the members of the Committee.

Shareholders' Nomination Board

In June 2023, Purmo Group Plc's three largest shareholders nominated the following representatives to the Shareholders' Nomination Board:

- Matts Rosenberg (Chair)
- Alexander Ehrnrooth
- Sebastian Burmeister

Auditor

KPMG Oy Ab was re-elected as the Company's auditor for a term that ends at the close of the next Annual General Meeting. The Authorized Public Accountant Kim Järvi will continue as the auditor in charge. The Authorized Public Accountant Kim Järvi will also provide sustainability reporting assurance for the year 2024. Auditor's fees will be paid against an invoice approved by the Company.

Risks and uncertainties in the near future

Purmo Group's costs have been affected by high inflation, but the company has been able to manage profitability by focusing on strong and systematic margin management actions. In addition, the company has been successful in maintaining prices at a healthy level in a challenging market environment. Fluctuations in the prices of raw materials, consumables, energy, and freight rates as well as potential challenges with the availability of raw materials, supplies, labour and freight shipping may have a negative impact on Purmo Group's profitability and operations.

The short-term demand for Purmo Group's products depends on fluctuations in demand in the construction industry, which is cyclical in nature, especially new build. Volumes and profitability may vary as a result of economic conditions and the amount of investments in real estate.

Purmo Group operates across several countries in Europe. Due to the company's size and local presence, Purmo Group has a solid position in the European markets. As a result, changes in one European country may be compensated by a development in another country. However, the strong presence in Europe might enhance the impacts of economic fluctuations within the area.

Uncertainty in the global economy and high inflation can increase volatility in foreign exchange rates as well as have an adverse effect on interest rates and the availability of funding. Purmo Group is exposed to currency risks. The Group's financial risk management approach is to hedge highly probable exposure in foreign currencies (including, but not limited to British pound, Swedish krona and Polish zloty). Regardless of hedging activities, the Group may encounter fluctuations in its financial position due to volatility in foreign exchange rates. Rising interest rates would have an adverse impact on the cost of funding for Purmo Group. The Group has financial derivatives to reduce and manage the impact of interest rate fluctuations.

The accelerated energy transition and customers' awareness of high energy prices create pressure for cost control and energy efficiency in some product groups of Purmo Group. However, the energy transition is expected to increase the demand for low-temperature systems and solutions which are compatible with energy sources other than fossil fuels. This creates an opportunity for the execution of the Group's solution selling strategy. There are differences between markets in how the transition changes the demand for certain products, however, the Group is well-positioned to manage the change and capture opportunities with the support of its wide product portfolio.

In addition to the energy efficiency of products, the expectations related to ESG are increasing. Purmo Group has a sustainability strategy and function. Proactive, effective and successful measures may mean that Purmo Group is able to create business opportunities relating to the expectations and requirements.

There is an increased level of cyber threat activity in Europe. The company has a function responsible for the Group's cyber security. In order to respond to the increased cyber threats, the company has developed a well-functioning infrastructure setup and an active employee training process, which has been running since Q3 2021.

The war in Ukraine continues to have a significant negative impact on demand for Purmo Group's products in the country. The war has caused negative economic consequences also in other markets. There is a risk that private and commercial investment decisions will continue to be postponed or cancelled due to high inflation, increased interest rates and/or general economic uncertainty. Increased global geopolitical risks and general high market uncertainty may have an impact on demand, supply chains and raw material prices in Purmo Group's core markets.

Financial targets and dividend policy

Purmo Group has set the following financial targets and dividend policy:

Growth

Purmo Group is targeting organic net sales growth above market growth. In addition, Purmo Group aims for notable inorganic growth through acquisitions.

In April-June 2024, the organic decline in net sales was 4 per cent, while total net sales decreased by 5 per cent to EUR 171.5 million (180.3).

Net sales for the Group continued to decline driven by the downturn and low construction activity during the quarter.

Profitability

Purmo Group is targeting an adjusted EBITDA margin above 15 per cent in the medium- to long-term.

In April-June 2024, the adjusted EBITDA margin decreased to 10.9 per cent (11.8).

The decline in the adjusted EBITDA margin was driven by lower volumes and temporary inefficiencies in operations. Furthermore, investments in the transformation of Purmo Group impacted the adjusted EBITDA margin of the second quarter.

The strategic transition to a solutions business and the Accelerate PG programme are expected to expand the adjusted EBITDA margin towards the 15 per cent medium-to long-term target.

Leverage

The leverage ratio is targeted not to exceed 3.0x, measured as interest bearing net debt / Adjusted EBITDA on a rolling twelve-month basis. However, leverage may temporarily exceed the target level, for example, in conjunction with acquisitions or restructuring actions.

At the end of June 2024, net debt / adjusted EBITDA was 2.63 (31 Dec 2023: 2.38). The increase in the Group's net debt to the adjusted EBITDA was mainly a result of a change in net working capital during the review period.

Dividend

Purmo Group's aim is to distribute at least 40 per cent of annual net profit as dividends or return of capital, intended to be paid out after considering earnings trends for the Group, its financial position and future growth potential.

For the financial year 2023, Purmo Group Plc distributes 46 per cent of annual net profit as return of capital: EUR 0.36 per class C share and EUR 0.07 per class F share. The return of capital will be paid in four instalments on 26 April 2024, 26 July 2024, 25 October 2024 and 24 January 2025.

Financial guidance for 2024

Adjusted EBITDA in 2024 is expected to be on a similar or higher level than in 2023 (EUR 92.3 million).

Wholesalers' stock levels have stabilised, and the lower interest rates support the expectations of a gradual market activity improvement. Strong margin management actions provide confidence in the guidance for the Group. However, increased geopolitical risks and high overall uncertainties can have an impact on Purmo Group's core markets.

The strategy acceleration programme, Accelerate PG, performs ahead of plan and further underpins Purmo Group's outlook for 2024. The cumulative targeted adjusted EBITDA run-rate improvements of the programme will be EUR 50.0 million, which are expected to be reached by the end of 2024. The programme also targets cumulative net working capital improvements of EUR 45.0 million by the end of 2024.

In Helsinki, 16 July 2024

Purmo Group Plc's Board of Directors

Condensed consolidated financial information

Consolidated statement of profit and loss

EUR million	Note	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Net sales	3	171.5	180.3	359.4	392.1	743.2
Cost of sales		-123.5	-133.7	-256.3	-289.4	-551.2
Gross profit		**48.0**	**46.6**	**103.1**	**102.6**	**192.0**
Sales and marketing expenses		-24.5	-21.1	-48.8	-44.0	-87.6
Administrative expenses		-12.5	-13.1	-24.8	-25.9	-51.1
Research and development expenses		-1.4	-1.5	-3.0	-3.2	-5.3
Other income		3.3	2.0	5.8	2.6	8.8
Other expenses		-7.1	-3.8	-8.6	-8.0	-47.1
Operational expenses		**-42.2**	**-37.6**	**-79.3**	**-78.6**	**-182.3**
EBIT		**5.9**	**9.0**	**23.7**	**24.0**	**9.7**
Finance income		3.1	2.2	6.1	4.0	13.2
Finance expenses		-8.1	-7.0	-16.6	-14.4	-32.5
Net financial items		**-4.9**	**-4.8**	**-10.4**	**-10.4**	**-19.3**
Profit before tax		**0.9**	**4.2**	**13.3**	**13.7**	**-9.6**
Income tax expense	4	-1.7	-1.3	-4.6	-4.0	0.3
Profit for the period		**-0.8**	**2.9**	**8.7**	**9.6**	**-9.3**
Profit for the period attributable to:						
Owners of the parent		-0.8	2.9	8.7	9.6	-9.3
Earnings per share for profit attributable to the ordinary equity holders of the parent company:						
Earnings per share basic, EUR		-0.03	0.04	0.17	0.19	0.32
Earnings per share diluted, EUR		-0.03	0.04	0.17	0.19	0.32

Consolidated statement of comprehensive income

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Profit for the period	-0.8	2.9	8.7	9.6	-9.3
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit liability (asset)	1.0	0.2	-0.4	0.5	-3.2
Related tax	-0.3	-0.0	-0.0	-0.1	0.9
Total items that will not be reclassified to profit or loss	**0.7**	**0.2**	**-0.5**	**0.4**	**-2.3**
Items that are or may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences	0.9	-1.6	-0.1	-2.5	-1.8
Cash flow hedges – effective portion of changes in fair value	-0.1	5.6	1.3	5.0	4.5
Cash flow hedges – reclassified to profit or loss	-1.5	-0.6	-2.9	-0.7	-3.4
Related tax	0.3	-1.0	0.3	-0.9	-0.2
Total items that are or may be reclassified to profit or loss	**-0.4**	**2.3**	**-1.3**	**0.9**	**-0.9**
Other comprehensive income, net of tax	**0.3**	**2.4**	**-1.8**	**1.3**	**-3.2**
Total comprehensive income for the period	**-0.5**	**5.3**	**6.9**	**10.9**	**-12.5**
Total comprehensive income attributable to:					
Owners of the parent	-0.5	5.3	6.9	10.9	-12.5

Consolidated balance sheet

EUR million	Note	30 Jun 2024	30 Jun 2023	2023
Assets				
Non-current assets				
Goodwill	5	370.4	370.1	370.6
Other intangible assets	5	43.6	44.0	45.9
Property, plant and equipment	5	128.7	127.4	127.6
Right-of-use assets	5	35.8	38.6	35.8
Defined benefit assets		0.0	3.2	0.0
Derivative assets	7	0.3	3.0	1.0
Other receivables		6.3	0.6	4.5
Deferred tax assets		44.9	31.7	42.8
Total non-current assets		**630.1**	**618.7**	**628.2**
Current assets				
Inventories		156.7	178.5	143.7
Trade receivables	7	85.4	98.0	75.2
Derivative assets	7	3.8	6.1	4.7
Other receivables		25.8	23.3	24.2
Current tax asset		1.9	5.5	4.4
Cash and cash equivalents		90.8	97.9	111.7
Total current assets		**364.3**	**409.3**	**364.0**
Assets held for sale	11	**7.9**	**8.5**	**5.6**
Total assets		**1,002.2**	**1,036.5**	**997.8**
Equity and liabilities				
Equity				
Share capital		3.1	3.1	3.1
Reserve for invested unrestricted equity		351.0	377.1	365.9
Other reserves		-7.3	-4.1	-5.9
Retained earnings		7.6	25.1	22.8
Profit for the period		8.7	9.6	-9.3
Equity attributable to owners of the company		**363.0**	**410.7**	**376.4**
Hybrid bond		59.2	59.3	59.3
Total equity		**422.2**	**470.0**	**435.7**
Liabilities				
Non-current liabilities				
Loans and borrowings	7	278.2	278.5	277.9
Lease liabilities		29.8	33.5	31.7
Defined benefit liabilities		18.3	18.8	18.0
Derivative liabilities		–	–	0.3
Other payables		0.7	1.3	1.3
Provisions	8	7.3	7.7	8.1
Deferred tax liabilities		3.9	6.7	6.4
Total non-current liabilities		**338.2**	**346.6**	**343.8**
Current liabilities				
Loans and borrowings	7	5.7	4.4	7.3
Lease liabilities		12.4	9.8	10.4
Derivative liabilities	7	1.2	1.2	3.0
Trade and other payables	7	188.5	184.2	160.5
Provisions	8	17.7	0.8	24.8
Current tax liabilities		5.4	8.9	1.7
Total current liabilities		**230.9**	**209.4**	**207.8**
Total liabilities		**569.0**	**556.0**	**551.6**
Liabilities directly attributed to assets held for sale	11	**11.0**	**10.6**	**10.5**
Total equity and liabilities		**1,002.2**	**1,036.5**	**997.8**

Consolidated statement of cash flows

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Cash flow from operating activities					
Profit for the period	-0.8	2.9	8.7	9.6	-9.3
Adjustments:					
Depreciation, amortisation and impairment losses	7.3	8.0	14.7	16.0	29.8
Gain on sale of property, plant and equipment and intangible assets	0.1	-0.1	0.0	-0.1	-0.1
Finance income and expenses	4.9	4.8	10.4	10.4	19.3
Income tax expenses	1.7	1.3	4.6	4.0	-0.3
Other non-cash items	0.8	0.2	0.3	1.5	39.1
Cash flow before change in net working capital	**13.9**	**17.1**	**38.6**	**41.5**	**78.6**
Changes in net working capital					
Inventories, increase (-) / decrease (+)	-11.9	-7.8	-12.5	-1.7	32.8
Trade and other receivables, increase (-) / decrease (+)	16.7	44.4	-14.1	-6.6	9.6
Trade and other payables, increase (+) / decrease (-)[1]	-5.1	-37.7	18.7	-9.8	-44.3
Provisions and employee benefits, increase (+) / decrease (-)	-2.9	0.8	-8.6	0.6	-0.2
Changes in net working capital[1]	**-3.1**	**-0.3**	**-16.5**	**-17.6**	**-2.1**
Net cash flow from operating activities before financial items and taxes[1]	**10.8**	**16.8**	**22.1**	**23.9**	**76.5**
Financial items, net	-4.6	-4.8	-9.5	-10.2	-15.9
Income tax paid, net	-0.5	-3.9	-2.2	-6.9	-20.1
Cash flow from operating activities	**5.6**	**8.1**	**10.4**	**6.8**	**40.4**
Cash flow from investing activities					
Purchases of property, plant and equipment and intangible assets	-4.8	-3.2	-8.5	-7.1	-20.3
Long-term loan receivables granted	-	-0.1	-	-	-
Proceeds from long-term loan receivables	0.2	0.1	0.2	0.1	0.1
Cash flow from investing activities	**-4.6**	**-3.2**	**-8.3**	**-7.1**	**-20.2**
Cash flow from financing activities					
Return of capital paid[1]	-3.7	-3.8	-7.4	-3.8	-11.1
Proceeds from hybrid bond	-	-	-	59.9	60.0
Hybrid bond interest and expenses	0.0	0.0	-5.7	-0.7	-0.7
Repayment of lease liabilities	-3.1	-2.7	-6.2	-5.6	-11.8
Change in short-term borrowings	-2.7	-1.9	-1.6	-9.1	-3.8
Cash flow from financing activities[1]	**-9.5**	**-8.4**	**-20.9**	**40.8**	**32.6**
Change in cash and cash equivalents, increase (+) / decrease (-)	**-8.4**	**-3.5**	**-18.8**	**40.5**	**52.8**
Cash and cash equivalents at beginning of the period	**101.3**	**101.6**	**116.3**	**65.4**	**65.4**
Impact of change in exchange rates	0.3	-1.0	0.3	-1.6	-1.9
Cash classified as assets held for sale	-2.4	0.7	-7.0	-6.4	-4.6
Cash and cash equivalents at the end of the period	**90.8**	**97.9**	**90.8**	**97.9**	**111.7**

[1] The 1-6/2024 figure has been restated by EUR 3.7 million.

Consolidated statement of changes in equity

	Attributable to owners of the parent company							
EUR million	Share capital	Reserve for invested unrestricted equity	Translation reserve	Fair value reserve	Retained earnings	Total	Hybrid bond	Total equity
Balance as at 1 Jan 2023	**3.1**	**380.8**	**-7.8**	**2.7**	**24.4**	**403.3**	**-**	**403.3**
Profit for the period					9.6	9.6		9.6
Other comprehensive income			-2.5	3.4	0.4	1.3		1.3
Total comprehensive income for the period			**-2.5**	**3.4**	**10.0**	**10.9**		**10.9**
Dividends and return of capital paid		-3.7				-3.7		-3.7
Share-based payments					0.3	0.3		0.3
Proceeds from hybrid bond						-	59.3	59.3
Balance as at 30 Jun 2023	**3.1**	**377.1**	**-10.3**	**6.1**	**34.7**	**410.7**	**59.3**	**470.0**
Profit for the period					-19.0	-19.0		-19.0
Other comprehensive income			0.7	-2.5	-2.7	-4.5		-4.5
Total comprehensive income for the period			**0.7**	**-2.5**	**-21.6**	**-23.4**		**-23.4**
Dividends and return of capital paid		-11.2				-11.2		-11.2
Share-based payments					0.3	0.3		0.3
Balance as at 31 Dec 2023	**3.1**	**365.9**	**-9.6**	**3.6**	**13.4**	**376.4**	**59.3**	**435.7**
Profit for the period					8.7	8.7		8.7
Other comprehensive income			-0.1	-1.3	-0.5	-1.8		-1.8
Total comprehensive income for the period			**-0.1**	**-1.3**	**8.2**	**6.9**		**6.9**
Dividends and return of capital paid		-14.9				-14.9		-14.9
Share-based payments					0.3	0.3		0.3
Hybrid bond interest and expenses after taxes					-5.7	-5.7		-5.7
Balance as at 30 Jun 2024	**3.1**	**351.0**	**-9.6**	**2.3**	**16.2**	**363.0**	**59.2**	**422.2**

Notes to the half-year financial report

1. Reporting entity

Purmo Group Plc, 'Purmo Group' or the 'Company', business ID 2890898-5, is a public limited company domiciled in Helsinki. The registered address of Purmo Group is Bulevardi 46, 00120 Helsinki, Finland.

This half-year financial report comprises the parent company Purmo Group Plc and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Company's class C shares are listed on the Nasdaq Helsinki stock exchange.

2. Basis of preparation

This unaudited half-year financial report has been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with IFRS. This half-year financial report does not include all information required for a complete set of financial statements prepared in accordance with IFRS. Selected explanatory notes are therefore included to explain events and transactions that are significant to understand the changes in the Group's financial position and performance since the last annual financial statements. The accounting policies applied are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 except the adoption of new and amended standards.

This half-year financial report is presented in million euros unless otherwise stated. The figures in the tables and texts are subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

New and amended standards

The Group has applied the relevant revised IFRS standards published by IASB effective for financial reporting periods commencing on 1 January 2024. The application of the revised standards has not had a material impact on the results, the financial position or the presentation of the half-year financial report.

Seasonality

Purmo Group's business and cash flows are affected by seasonality. Typically, most of the demand for Purmo Group's products occurs during the peak heating season with a notable increase in monthly demand in September-November. Quarterly seasonality is more muted as the third and fourth quarters are typically tempered by lower demand in July-August and December due to holiday periods. Overall, demand is typically at the lowest level during the second quarter when the heating demand is at its lowest. This is only partially offset by the peak cooling season as Purmo Group has a relatively smaller exposure to demand for air conditioning systems. The quarterly comparisons of Purmo Group's sales and operating results are therefore impacted by seasonality and changes in raw material prices, and the results of any quarterly period may not be indicative of expected results for a full year.

Key accounting estimates and judgements

An IFRS-compliant interim financial report requires the Group's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the interim financial reports.

The Group's management has reviewed the carrying values of the balance sheet items and the review did not indicate need for asset impairments.

The Group's management has assessed the balance sheet impact of Russia's war in Ukraine and the decision to divest the business in Russia. The management has considered indicators of impairment of goodwill and intangible assets, the recoverable amount of property plant and equipment and right-of-use assets, the valuation of inventories, trade receivables and redemption liability. Due to the significant uncertainties related to the business in Russia and Ukraine the Group recognised impairment charges of EUR 12.9 million on goodwill, intangible assets, property, plant and equipment, right-of-use assets, inventories, other assets and redemption liability in 2022. In 2023 the Group increased the redemption liability with EUR 1.3 million and recognised additional impairment charges of EUR 3.9 million on inventories and other assets.

3. Segment information and net sales

The **Climate Products & Systems** division sells via wholesalers in both residential and non-residential sector. Sales regions are Northern, Western, Southern and Eastern Europe, and the rest of the world, including Brazil, China, Japan and the United States.

The main product categories within Climate Products & Systems are panel radiators, tubular radiators, and electric radiators. In addition, radiant heating and cooling (RHC), including underfloor heating, air heating and cooling, water distribution systems as well as system components and controls belong to the main product categories within Climate Solutions & Systems.

The **Climate Solutions** division sells directly to installers from the company's Emmeti business in South Europe, Thermotech business in the Nordic region and Merriott business in the United Kingdom.

Climate Solutions provides integrated solutions, which include a comprehensive set of heating and cooling solutions for customers whose goal is to achieve energy savings and reduce the emissions generated by energy consumption.

Other and unallocated items comprise corporate headquarter functions and other Group level costs including Group Finance, Group Legal, Group Sustainability, Group Communications, Group Human Resources, and M&A. The head office costs comprise mostly of salaries, rent and professional fees that are operated for the benefit of the whole group and are not allocated to the divisions.

Purmo Group's Board of Directors, assisted by the CEO, is the Group's chief operating decision maker. The operating segments are defined based on the information that the Board of Directors uses to make decisions about the resources to be allocated to the divisions and to assess their performance.

The divisions' financial performance is assessed internally based on net sales and adjusted EBITDA. The adjusted EBITDA has been derived from the unadjusted EBITDA by removing material and unexpected items outside the ordinary course of business and that are considered to impact comparability of the underlying business operations and by excluding costs and income incurred in the group functions as described above. Such items include direct M&A related transaction and integration costs, restructuring costs and costs incurred in connection with performance improvement programs, impairment and write-down charges connected to the Russian business, and losses relating to sale of fixed assets.

4–6/2024

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**137.8**	**34.1**	**–**	**-0.3**	**171.5**
Adjusted EBITDA	**16.2**	**5.5**	**-3.0**	**0.0**	**18.7**
Adjusted EBITDA % of sales	**11.8%**	**16.0%**			**10.9%**
Comparability adjustments impacting EBITDA					-5.6
Depreciation, amortisation and impairment	-6.0	-1.3	-0.0	–	-7.3
EBIT					**5.9**
Net financial items					-4.9
Profit before tax					**0.9**

4–6/2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**144.7**	**35.8**	**-0.0**	**-0.1**	**180.3**
Adjusted EBITDA	**17.4**	**6.6**	**-2.7**	**0.0**	**21.2**
Adjusted EBITDA % of sales	**12.0%**	**18.4%**			**11.8%**
Comparability adjustments impacting EBITDA					-4.2
Depreciation, amortisation and impairment	-6.7	-1.3	-0.0	–	-8.0
EBIT					**9.0**
Net financial items					-4.8
Profit before tax					**4.2**

1–6/2024

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**291.1**	**68.8**	**–**	**-0.4**	**359.4**
Adjusted EBITDA	**40.0**	**11.0**	**-5.7**	**0.0**	**45.3**
Adjusted EBITDA % of sales	**13.7%**	**16.1%**			**12.6%**
Comparability adjustments impacting EBITDA					-6.9
Depreciation, amortisation and impairment	-12.1	-2.5	-0.1	–	-14.7
EBIT					**23.7**
Net financial items					-10.4
Profit before tax					**13.3**

1-6/2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**314.0**	**78.3**	**0.0**	**-0.2**	**392.1**
Adjusted EBITDA	**40.0**	**12.8**	**-5.2**	**0.0**	**47.7**
Adjusted EBITDA % of sales	**12.8%**	**16.4%**			**12.2%**
Comparability adjustments impacting EBITDA					-7.6
Depreciation, amortisation and impairment	-13.4	-2.5	-0.1	–	-16.0
EBIT					**24.0**
Net financial items					-10.4
Profit before tax					**13.7**

2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**591.9**	**151.6**	**-0.0**	**-0.3**	**743.2**
Adjusted EBITDA	**78.5**	**23.7**	**-9.9**	**0.0**	**92.3**
Adjusted EBITDA % of sales	**13.3%**	**15.6%**			**12.4%**
Comparability adjustments impacting EBITDA					-45.6
Depreciation, amortisation and impairment	-31.7	-5.1	-0.1	–	-36.9
EBIT					**9.7**
Net financial items					-19.3
Profit before tax					**-9.6**

Net sales by market area for divisions

The division sales divided into geographical areas is the primary aggregation criteria of sales that is monitored by the company.

	4-6/2024				4-6/2023			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	33.0	5.1	-0.3	37.8	34.0	5.9	-0.1	39.8
Western Europe	65.7	2.2	–	67.9	69.0	2.5	–	71.4
Central and Eastern Europe	30.3	2.1	–	32.4	28.0	1.8	-0.0	29.8
Southern Europe	5.2	18.3	-0.0	23.4	6.3	19.8	-0.0	26.0
Rest of the world[2]	3.6	6.3	–	9.9	7.4	5.8	–	13.3
Net sales	**137.8**	**34.1**	**-0.3**	**171.5**	**144.7**	**35.8**	**-0.1**	**180.3**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 3.2 million (3.2).

EUR million	1-6/2024 Climate Products & Systems	Climate Solutions	Eliminations	Group	1-6/2023 Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	69.5	10.3	-0.3	79.4	70.8	12.7	-0.1	83.4
Western Europe	140.1	5.1	–	145.2	156.8	5.9	–	162.7
Central and Eastern Europe	61.3	3.8	–	65.1	59.7	3.6	-0.0	63.3
Southern Europe	12.2	37.9	-0.1	50.0	13.6	44.0	-0.1	57.5
Rest of the world	7.9	11.8	–	19.7	13.1	12.1	–	25.1
Net sales	**291.1**	**68.8**	**-0.4**	**359.4**	**314.0**	**78.3**	**-0.2**	**392.1**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 6.9 million (7.3).

EUR million	2023 Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	143.3	23.3	-0.2	166.4
Western Europe	278.2	9.3	0.0	287.5
Central and Eastern Europe	128.1	7.3	0.0	135.4
Southern Europe	24.2	86.3	-0.2	110.3
Rest of the world	18.1	25.4	0.0	43.5
Net sales	**591.9**	**151.6**	**-0.3**	**743.2**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 14.6 million (17.8).

The group has one customer whose share of the Group's total net sales is more than 10 per cent.

4. Taxes

In January-June 2024, the total income tax expense of the Group was EUR 4.6 million (4.0) corresponding to a reported effective tax rate of 34.9 per cent (29.6). The tax expenses are impacted by the following non-deductible item: a trademark amortisation of EUR 1.8 million related to previous years company structuring and extraordinary current year and previous years taxes corresponding to income of EUR 2.2 million. When excluding these items, the adjusted effective tax rate is 26.9 per cent (24.3).

5. Intangible and tangible assets

Intangible assets

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Opening balance	**416.5**	**417.5**	**417.5**
Effect of exchange rates	-0.4	-1.2	0.0
Additions	0.1	0.1	0.9
Disposals	–	–	-0.1
Transfers	0.0	-0.5	1.9
Amortisation	-2.1	-1.9	-3.8
Closing balance	**414.0**	**414.1**	**416.5**

Property, plant and equipment

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Opening balance	**127.6**	**127.3**	**127.3**
Effect of exchange rates	0.6	0.6	1.6
Additions	8.4	7.1	21.6
Disposals	-1.5	-0.2	-13.6
Transfers	0.3	1.8	-1.1
Depreciations	-7.9	-9.3	-16.4
Depreciations on disposals	1.2	–	12.0
Impairment charges	–	–	-3.9
Closing balance	**128.7**	**127.4**	**127.6**

Right-of-use assets

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Opening balance	**35.8**	**39.3**	**39.3**
Effect of exchange rates	0.2	0.1	0.2
Additions	5.2	3.8	8.4
Disposals	-0.7	-0.0	-0.0
Depreciations	-4.7	-4.7	-9.6
Impairment charges	–	–	-2.4
Closing balance	**35.8**	**38.6**	**35.8**

6. Changes in the shares outstanding during the reporting period

There were no changes in the shares outstanding during the reporting period. The company's registered share capital on 30 June 2024 was EUR 3,080,00. The company has two share classes. The 41,112,713 class C shares are listed and the 1,565,217 class F shares are held by Purmo Group Plc's founding shareholder, Virala Corporation. The shares have no nominal value.
The company's class F shares ('Founder Shares') are subject to redemption and consent clauses in accordance with the Articles of Association, which restrict the rights to transfer or acquire Founder Shares. The Founder Shares are not publicly traded. The company has no treasury shares.

7. Financial instruments

30 Jun 2024

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Foreign exchange derivatives	2.3	0.6		2.9	2.9	Level 2
Interest rate derivatives	1.2			1.2	1.2	Level 2
Loan receivables			0.4	0.4	0.4	
Trade receivables			85.4	85.4	85.4	
Cash and cash equivalents[1]			97.7	97.7	97.7	
Total assets	**3.5**	**0.6**	**183.5**	**187.5**	**187.5**	
Financial liabilities						
Foreign exchange derivatives	0.6	0.6		1.2	1.2	Level 2
Loans from financial institutions			283.9	283.9	283.9	
Redemption liability[2]			8.5	8.5	8.5	
Trade payables			90.1	90.1	90.1	
Total liabilities	**0.6**	**0.6**	**382.5**	**383.8**	**383.8**	

[1] Cash and cash equivalents include EUR 7.0 million classified as assets held for sale and short-term bank deposits of EUR 43 million.

[2] The redemption liability has been classified as liabilities related to assets held for sale.

30 Jun 2023

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Foreign exchange derivatives	5.7	0.4		6.1	6.1	Level 2
Interest rate derivatives	3.0			3.0	3.0	Level 2
Loan receivables			0.5	0.5	0.5	
Trade receivables			98.0	98.0	98.0	
Cash and cash equivalents[1]			104.3	104.3	104.3	
Total assets	**8.8**	**0.4**	**202.8**	**211.9**	**211.9**	
Financial liabilities						
Foreign exchange derivatives	1.2	0.1		1.2	1.2	Level 2
Loans from financial institutions			282.9	282.9	282.9	
Redemption liability[2]			8.5	8.5	8.5	
Trade payables			96.3	96.3	96.3	
Total liabilities	**1.2**	**0.1**	**387.7**	**388.9**	**388.9**	

[1] Cash and cash equivalents include EUR 6.4 million classified as assets held for sale and short-term bank deposits of EUR 10.0 million.

[2] The redemption liability has been classified as liabilities related to assets held for sale.

31 Dec 2023

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Foreign exchange derivatives	4.6	0.2		4.7	4.7	Level 2
Interest rate derivatives	1.0			1.0	1.0	Level 2
Loan receivables			0.5	0.5	0.5	
Trade receivables			75.2	75.2	75.2	
Cash and cash equivalents[1]			116.3	116.3	116.3	
Total assets	**5.5**	**0.2**	**192.0**	**197.7**	**197.7**	
Financial liabilities						
Foreign exchange derivatives	0.8	2.2		3.0	3.0	Level 2
Interest rate derivatives	0.3			0.3	0.3	Level 2
Loans from financial institutions			285.1	285.1	285.1	
Redemption liability[2]			8.6	8.6	8.6	
Trade payables			71.2	71.2	71.2	
Total liabilities	**1.1**	**2.2**	**364.9**	**368.3**	**368.3**	

[1] Cash and cash equivalents include EUR 4.6 million classified as assets held for sale and short-term bank deposits of EUR 82.0 million.

[2] The redemption liability has been classified as liabilities related to assets held for sale.

In February 2023, the company issued a EUR 60.0 million hybrid bond, which according to IFRS is recognised in equity and is thus not included in the company's financial liabilities. The hybrid bond has annual coupon of 9.5 per cent and the company has the possibility to redeem the bond on the reset date in February 2026. In February 2024 the annual coupon by the amount EUR 5.7 million was paid.

At the end of the reporting date the company had the following undrawn credit facilities; EUR 100.0 million unutilised Finnish commercial paper program, EUR 80.0 million committed revolving credit facility, EUR 18.0 million overdraft facilities and EUR 125.0 million uncommitted M&A facility.

Carrying amounts and fair values of financial instruments

The fair value of items which are measured at fair value are categorised in three levels:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Fair value determined by observable parameters
- Level 3: Fair value determined by non-observable parameters

The tables above show the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for trade receivables, trade payables, or other short-term financial assets and liabilities, as their carrying amount is a reasonable approximation of fair value due to their short maturities. There have been no transfers between fair value levels during the reporting period.

Financial assets and liabilities recognised at fair value through profit and loss comprise mainly currency derivatives. The recurring measurement of these instruments at fair value is based on commonly applied valuation methods and uses observable market-based variables. Therefore, these measurements are categorised in the fair value hierarchy as level 2 fair values.

8. Provisions

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Non-current			
Warranties and guarantees	1.3	1.6	1.4
Restructuring	0.0	0.2	0.0
Other provisions	5.9	6.0	6.7
Total	**7.3**	**7.7**	**8.1**
Current			
Warranties and guarantees	0.0	0.0	0.0
Restructuring	17.7	0.8	23.8
Other provisions	0.0	-	1.0
Total	**17.7**	**0.8**	**24.8**

The restructuring provisions are mainly related to the closure of the radiator plant in Zonhoven, Belgium as announced on 28 November 2023 and the closure of the radiator plant in Hull, United Kingdom, as announced on 13 May 2024.

9. Commitments and contingent assets and liabilities

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Guarantees			
Bank guarantees	7.3	10.1	5.4
Parent guarantees	20.0	15.3	19.9
Total	**27.4**	**25.5**	**25.4**

Off-balance sheet leases include low-value leases in accordance with the exemption of IFRS 16, and leases that have not yet commenced. The Group does not have material lease agreements not yet commenced as at the balance sheet dates.

Purmo Group is involved in certain minor legal actions, claims and proceedings. The outcome of these matters cannot be predicted. Considering all available information to date, the outcome is not expected to have a material impact on the financial position of the Group.

The accrued unrecognised interest on the hybrid bond amounted to EUR 2.0 million (2.0) as of 30 June 2024.

10. Related party transactions

The following table summarizes the related party transactions and balances:

EUR million	1-6/2024	1-6/2023	2023
Items in the income statement			
Interest income	0.0	0.0	0.0
Purchases	-0.1	-0.1	-0.2

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Items in the balance sheet			
Non-current receivables	0.2	0.2	0.2
Current receivables	0.0	0.0	-
Items recognised in equity			
Dividend and repayment of capital	-4.7	-2.4	-7.1

Parties are considered to be related if one party has the ability to control or exercise significant influence on the other party, or if the parties exercise joint control in making financial and operating decisions.

Purmo Group's related parties include subsidiaries as well as the members of the Board of Directors and the CEO and members of the Group management.
In addition, the immediate parent company Rettig Ltd and the ultimate controlling party Rettig Capital Ltd and their subsidiaries, associated companies and joint ventures are related parties. All transactions and outstanding balances with these related parties are priced on an arm's length basis. Tomas von Rettig and Maria von Rettig have significant influence over Rettig Capital Ltd.

In July 2022 Purmo Group Purmo Group announced that the Board of Directors had decided to launch a new share-based incentive plan intended for management and key employees. The company provided the participants with a possibility to finance 50 per cent of the subscription value through an interest-bearing loan from the company, which some of the Group management utilised. The loans were withdrawn in October 2022 and will be repaid in full on 30 May 2028, at the latest. The participants have pledged subscribed shares as a security for performing the obligations under the concluded loan agreement. As a result, Purmo Group had 5,376 class C shares as a pledge at the end of the reporting period.

11. Assets held for sale

EUR million	30 Jun 2024	30 Jun 2023	2023
Assets held for sale[1]			
Right-of-use assets	0.0	0.1	-0.0
Inventories	0.0	1.6	0.0
Other assets	0.9	0.4	1.0
Cash and cash equivalents	7.0	6.4	4.6
Total	**7.9**	**8.5**	**5.6**
Liabilities related to assets held for sale[1]			
Interest-bearing liabilities	8.5	8.8	8.6
Other liabilities	2.5	1.8	1.9
Total	**11.0**	**10.6**	**10.5**

[1] Amounts are presented net of internal balances with other Purmo Group subsidiaries.

At the end of March 2022 Purmo Group took the decision to exit its business in Russia. For further details on the divestment see note 12. Events after the reporting period. Upon completion of the divestment, the Group will no longer have a manufacturing operation or sales in Russia. The Russian business has been measured at fair value less costs to sell and classified as assets held for sale and continuing operations.

The Group's management has assessed the balance sheet impact of the decision to divest the business in Russia. The management has considered indicators of impairment of goodwill and intangible assets, the recoverable amount of property plant and equipment and right-of-use assets, the valuation of inventories, trade receivables and the redemption liability. In 2022, Purmo Group recognised non-recurring impairments of EUR 12.9 million. In 2023, Purmo Group recognised additional non-recurring impairments of EUR 3.9 million and increased the redemption liability by EUR 1.3 million.

12. Events after the reporting period

On 15 July 2024, Purmo Group announced that Haier Europe Appliances Holding B.V. has announced a Competing Voluntary Public Cash Tender Offer for all Shares in Purmo Group Plc at a price of EUR 13.68 per share for each Class C Share and each Class F Share eligible for conversion into a Class C Share validly tendered in the Tender Offer and at a price of EUR 8.28 per share for each Class F Share ineligible for conversion into a Class C Share validly tendered in the Tender Offer.

The completion of the Haier Tender Offer is subject to certain conditions, including the Haier Tender Offer having been validly accepted with respect to the Shares representing, together with any other Shares otherwise acquired by Haier prior to or during the offer period, more than 80 per cent of the Shares and voting rights, the receipt of all necessary regulatory approvals, the Board of Directors of Purmo issuing its recommendation the shareholders to accept the Haier Tender Offer as well as Haier and the Company having entered into a combination agreement.

The Board notes, for the avoidance of doubt, that its recommendation issued on May 10, 2024 (as supplemented on June 19, 2024) for shareholders to accept the Grand Tender Offer on its improved terms remains upheld. The Board notes that the irrevocable undertaking by Rettig Oy Ab to sell all its C Shares, which represent approximately 61.8 per cent of all Shares in the Company, to Grand Bidco, currently remains in force. In addition, the irrevocable undertakings by certain other major shareholders of the Company to accept the Grand Tender Offer currently remain in force. In total, Rettig Oy Ab's undertaking and all the irrevocable undertakings represent approximately 90.34 per cent of all Shares in the Company.

On 15 July 2024, Project Grand Bidco (UK) Limited announced, that it had noted Haier Europe Appliances Holding B.V.'s competing offer for Purmo and will extend the offer period of its public cash tender offer. The Offeror will in connection with the supplement extend the offer period in its tender offer as required under applicable law and the regulations and guidelines of the Finnish Financial Supervisory Authority. The new expiry date of the offer period will be announced in connection with the publication of the supplement document at the latest.

On 16 July 2024, Project Grand Bidco (UK) Limited announced that it waives the remaining regulatory approval condition in its tender offer and confirmed it will not increase its offer prices. The Board of Directors of Purmo Group Plc noted the announcement and reiterated that it continues to investigate shareholder support for the competing offer announced on July 15, 2024 by Haier Europe Appliances Holding B.V. considering its offer terms and will supplement its statement on the tender offer by Project Grand Bidco (UK) Limited at least five (5) business days before the end of the offer period (as to be extended) as required by the Finnish Securities Market Act.

Key figures

EUR million	4-6/2024	4-6/2023	Change, %	1-6/2024	1-6/2023	Change, %	2023
Net sales	171.5	180.3	-5%	359.4	392.1	-8%	743.2
EBITDA	13.1	17.0	-23%	38.4	40.1	-4%	46.6
EBITDA margin	7.6%	9.4%		10.7%	10.2%		6.3%
Adjusted EBITDA	18.7	21.2	-12%	45.3	47.7	-5%	92.3
Adjusted EBITDA margin	10.9%	11.8%		12.6%	12.2%		12.4%
EBITA	6.9	9.9	-30%	25.8	25.9	-0%	14.4
EBITA margin	4.0%	5.5%		7.2%	6.6%		1.9%
Adjusted EBITA	12.5	14.1	-12%	32.7	33.5	-2%	66.3
Adjusted EBITA margin	7.3%	7.8%		9.1%	8.6%		8.9%
EBIT	5.9	9.0	-35%	23.7	24.0	-1%	9.7
EBIT margin	3.4%	5.0%		6.6%	6.1%		1.3%
Profit before tax	0.9	4.2	-78%	13.3	13.7	-3%	-9.6
Profit for the period	-0.8	2.9		8.7	9.6	-10%	-9.3
Adjusted profit for the period [2]	3.2	6.1	-47%	13.7	15.7	-13%	32.2
Earnings per share, basic, EUR	-0.03	0.04		0.17	0.19	-12%	-0.32
Adjusted earnings per share, basic, EUR	0.07	0.12	-44%	0.29	0.34	-14%	0.68
Cash flow from operating activities	5.6	8.1	-30%	10.4	6.8	52%	40.4
Capex	4.8	3.2	52%	8.5	7.1	20%	20.3
Adjusted operating cash flow for the last 12 months[1]				81.2	67.8	20%	75.1
Cash conversion[1]				90.3%	81.2%		81.4%
Cash and cash equivalents				90.8	97.9	-7%	111.7
Net working capital				93.4	111.3	-16%	85.4
Operating capital employed				301.5	321.3	-6%	294.7
Return on operating capital employed				3.1%	10.3%		2.9%
Net debt				236.8	230.7	3%	219.6
Net debt / Adjusted EBITDA				2.63	2.76	-5%	2.38
Equity / Asset ratio				42.1%	45.3%		43.7%
Return on equity				-2.4%	1.8%		-2.2%

[1] Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (7.9) million.

[2] The definition of adjusted profit for the period has been updated to include tax impact from comparability adjustments from Q4 2023 and the comparative data for Q2 2023 has been restated.

Calculation of key figures

Key figure	Definition	Reason for use
EBIT	Profit before tax and net financial items (Operating profit).	EBIT is used to measure profitability generated by operating activities of the Group.
EBIT margin	EBIT as per centage of net sales.	
EBITDA	Operating profit before depreciation, amortisation and impairment.	EBITDA is an indicator to measure the operating performance of the Group, before depreciation, amortisation and impairment.
EBITDA margin	EBITDA as per centage of net sales.	
EBITA	Operating profit before the amortisation of intangibles including trademarks.	EBITA is an indicator to measure the operating performance of the Group, before amortisation of intangibles including trademarks.
EBITA margin	EBITA as per centage of net sales.	
Gross profit	Net sales less cost of sales.	
Comparability adjustments	Comparability adjustments comprise of direct transaction and integration costs on M&A activities, restructuring costs and costs incurred in connection with performance improvement programmes, other one-off costs such as legal claims or significant out-of-period adjustments and exceptional gains and losses on sale of fixed assets.	Comparability adjustments account for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding to management and investors of the comparable operating activities.
Adjusted EBITDA	EBITDA before comparability adjustments.	Adjusted EBITDA, adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin are presented in addition to EBIT, EBITDA and EBITA to reflect the underlying business performance by adjusting for items that the Group considers impacting comparability ('Comparability adjustments').
Adjusted EBITDA margin	Adjusted EBITDA as per centage of net sales.	
Adjusted EBITA	EBITA before comparability adjustments.	
Adjusted EBITA margin	Adjusted EBITA as per centage of net sales.	
Adjusted profit for the period	Profit for the period before comparability adjustments and their tax impact.	
Capex	Capex is a measure of capital expenditure for the period which comprises the Group's investments in property plant and equipment and intangible assets derived from the consolidated cash flow statement.	Capex is an indicator of the Group's investments in property plant and equipment and intangible assets.
Acquisitions (M&A)	Acquisitions of subsidiaries and investments in associates derived from the consolidated cash flow statement for the period.	Acquisition capex is an indicator for investments in acquisition of businesses that are intended to grow the Group's product or service offering, assets or technologies, productive capacity or performance.

Key figure	Definition	Reason for use
Adjusted operating cash flow for the last 12 months	Adjusted EBITDA on a rolling twelve-month basis less change in net working capital and capex on a rolling twelve-months basis. Change in net working capital and capex are adjusted with M&A, and impairment and write-down charges classified as comparability adjustments.	Adjusted operating cash flow provides information on the Group's operating cash flow on an annualised basis, excluding adjusting items.
Cash conversion	Adjusted operating cash flow divided by Adjusted EBITDA based on a rolling twelve-month calculation.	Cash conversion is used to assess Purmo Group's efficiency to convert its operating results into cash. The ratio indicates the Group's capacity to pay dividends and / or generate funds for acquisitions or other transactions.
Net working capital	Purmo Group's inventories, operative receivables less trade and other operative liabilities.	Net working capital is a useful measure to monitor the level of direct net working capital tied to the operations and changes therein.
Operating capital employed	Net working capital, other intangible assets, property, plant, equipment and right-of-use assets.	Capital employed presents the total investment in the Group's business operations.
Return on operating capital employed	EBIT based on a rolling twelve-month calculation divided by quarterly end average operating capital employed.	Measures the return on the capital tied up in the business.
Net debt	Non-current and current borrowings (including shareholder loan) and non-current and current lease liabilities less cash and cash equivalents.	To show the net of interest-bearing assets and interest-bearing liabilities.
Net debt/Adjusted EBITDA	Net debt divided by Adjusted EBITDA based on a rolling twelve-month calculation.	The ratio indicates how fast the Group can repay its net debt using adjusted EBITDA (expressed in years), and it is a useful measure to monitor the level of the Group's indebtedness.
Equity to Asset ratio	Total equity divided by total assets derived from the IFRS consolidated financial statements.	The ratio is a useful indicator to measure how much of the Group's assets are funded by equity rather than through external borrowings.
Return on equity	Group's profit for the period based on a rolling twelve-month basis divided by the average total equity.	Shows owners the return on their invested capital.

From Q4 2023 onwards Purmo Group has revised the definition of adjusted profit for the period to include tax impact from comparability adjustments. The definition has been revised due to significant tax impact from comparability adjustments in Q4 2023. The comparative figures have been restated accordingly.

Reconciliation of Alternative Performance Measures

EUR million unless otherwise indicated	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Comparability adjustments					
M&A related transactions and integration costs	0.2	–	0.2	0.0	0.3
Restructuring costs and one-off costs related to efficiency programs	4.9	4.3	6.2	6.5	46.0
Public tender offer related costs	1.6	–	1.6	–	–
Impairment and write-down charges	–	–	–	1.3	5.2
Other	-1.1	-0.1	-1.1	-0.2	1.3
Total comparability adjustments affecting in EBITDA and EBITA[1]	**5.6**	**4.2**	**6.9**	**7.6**	**52.8**
Taxes relating to comparability adjustments[1]	-1.6	-1.0	-1.9	-1.5	-11.2
Total comparability adjustments[1]	**4.0**	**3.2**	**5.0**	**6.1**	**41.6**
Net sales	171.5	180.3	359.4	392.1	743.2
EBIT	**5.9**	**9.0**	**23.7**	**24.0**	**9.7**
EBIT margin	**3.4%**	**5.0%**	**6.6%**	**6.1%**	**1.3%**
Amortisation and impairment	1.0	0.9	2.1	1.9	4.7
EBITA	**6.9**	**9.9**	**25.8**	**25.9**	**14.4**
EBITA margin	**4.0%**	**5.5%**	**7.2%**	**6.6%**	**1.9%**
Depreciation and impairment	6.2	7.1	12.6	14.1	32.2
EBITDA	**13.1**	**17.0**	**38.4**	**40.1**	**46.6**
EBITDA margin	**7.6%**	**9.4%**	**10.7%**	**10.2%**	**6.3%**
Adjusted EBITDA					
EBIT	5.9	9.0	23.7	24.0	9.7
Depreciation, amortisation and impairment excluding comparability adjustments	7.3	8.0	14.7	16.0	29.8
Total comparability adjustments affecting in EBITDA and EBITA[1]	5.6	4.2	6.9	7.6	21.7
Adjusted EBITDA[1]	**18.7**	**21.2**	**45.3**	**47.7**	**61.3**
Adjusted EBITDA margin[1]	**10.9%**	**11.8%**	**12.6%**	**12.2%**	**8.2%**
Adjusted EBITA					
EBIT	5.9	9.0	23.7	24.0	9.7
Amortisation excluding comparability adjustments	1.0	0.9	2.1	1.9	3.8
Total comparability adjustments affecting in EBITDA and EBITA[1]	5.6	4.2	6.9	7.6	21.7
Adjusted EBITA[1]	**12.5**	**14.1**	**32.7**	**33.5**	**35.3**
Adjusted EBITA margin[1]	**7.3%**	**7.8%**	**9.1%**	**8.6%**	**4.7%**
Adjusted profit/loss for the period					
Profit/loss for the period	-0.8	2.9	8.7	9.6	-9.3
Total comparability adjustments[1]	4.0	3.2	5.0	6.1	21.7
Adjusted profit/loss for the period[1]	**3.2**	**6.1**	**13.7**	**15.7**	**12.4**

[1] The definition of adjusted profit for the period to include tax impact from comparability adjustments has been updated from Q4 2023 and the comparative data for Q2 2023 has been restated.

EUR million unless otherwise indicated	30 Jun 2024	30 Jun 2023	2023
Adjusted operating cash flow for the last 12 months			
Adjusted EBITDA for the last 12 months	89.9	83.5	92.3
Change in net working capital compared to previous year same period[1]	13.0	8.1	3.2
Capex for last 12 months	-21.7	-23.8	-20.3
Adjusted operating cash flow for the last 12 months	**81.2**	**67.8**	**75.1**
Cash conversion			
Adjusted operating cash flow for the last 12 months	81.2	67.8	75.1
Adjusted EBITDA in the last 12 months	89.9	83.5	92.3
Cash conversion[1]	**90.3%**	**81.2%**	**81.4%**
Net working capital			
Inventories	**156.7**	**178.5**	**143.7**
Non-current operative other receivables[2]	5.9	0.1	4.0
Trade receivables	85.4	98.0	75.2
Current operative other receivables[2]	22.6	18.9	19.4
Operative receivables	**113.8**	**117.0**	**98.6**
Non-current operative payables[3]	0.7	1.0	1.0
Trade payables	90.1	96.3	71.2
Current operative payables[3]	86.3	86.8	84.7
Operative liabilities	**177.1**	**184.2**	**156.9**
Net working capital	**93.4**	**111.3**	**85.4**
Operating capital employed			
Net working capital	93.4	111.3	85.4
Other intangible assets	43.6	44.0	45.9
Property, plant and equipment	128.7	127.4	127.6
Right-of-use assets	35.8	38.6	35.8
Operating capital employed	**301.5**	**321.3**	**294.7**
Return on operating capital employed			
Quarterly end average operating capital employed	306.6	321.5	331.9
EBIT for the last 12 months	9.4	33.0	9.7
Return on operating capital employed	**3.1%**	**10.3%**	**2.9%**
Net debt			
Loans and borrowings (non-current)	278.2	278.5	277.9
Loans and borrowings (current)	5.7	4.4	7.3
Loans and borrowings, assets held for sale	8.5	8.5	8.6
Lease liabilities (non-current)	29.8	33.5	31.7
Lease liabilities (current)	12.4	9.8	10.4
Lease liabilities, assets held for sale	0.0	0.3	0.0
Cash and cash equivalents	-90.8	-97.9	-111.7
Cash and cash equivalents, assets held for sale	-7.0	-6.4	-4.6
Net debt	**236.8**	**230.7**	**219.6**
Net debt/Adjusted EBITDA			
Net debt	236.8	230.7	219.6
Adjusted EBITDA in the last 12 months	89.9	83.5	92.3
Net debt/Adjusted EBITDA	**2.63**	**2.76**	**2.38**
Equity/Asset ratio			
Total equity	422.2	470.0	435.7
Total assets	1,002.2	1,036.5	997.8
Equity/Asset ratio	**42.1%**	**45.3%**	**43.7%**
Return on equity			
Cumulative last 12-month profit attributable to owners of the company	-10.3	7.9	-9.3
Total equity at the beginning of the period	435.7	403.3	403.3
Total equity at the end of the period	422.2	470.0	435.7
Total equity average	428.9	436.6	419.5
Return on equity	**-2.4%**	**1.8%**	**-2.2%**

[1] Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (7.9) million.
[2] Non-current and current operative other receivables are in the balance sheet presented in non-current and current other receivables.
[3] Non-current and current operative payables are presented in the balance sheet in non-current other payables and current trade and other payables.

EUR million unless otherwise indicated	4-6/2024	4-6/2023	1-6/2024	1-6/2023	2023
Basic earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	-0.8	2.9	8.6	9.5	-9.3
Profit/loss attributable to shareholders of the parent company for class F shares	-0.0	0.0	0.1	0.1	-0.1
Profit/loss attributable to the owners of the company	**-0.8**	**2.9**	**8.7**	**9.6**	**-9.3**
Accumulated interest expenses on hybrid bond after taxes	-0.5	-1.2	-1.6	-1.6	-3.9
Profit/loss used in calculation of earnings per share	**-1.2**	**1.7**	**7.1**	**8.0**	**-13.3**
Weighted average number of shares outstanding (pcs)[1]	41,406,191	41,406,191	41,406,191	41,406,191	41,406,191
Basic earnings per share, EUR	**-0.03**	**0.04**	**0.17**	**0.19**	**-0.32**
Diluted earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	-0.8	2.9	8.6	9.5	-9.3
Profit/loss attributable to shareholders of the parent company for class F shares	-0.0	0.0	0.1	0.1	-0.1
Profit/loss attributable to the owners of the company	**-0.8**	**2.9**	**8.7**	**9.6**	**-9.3**
Accumulated interest expenses on hybrid bond after taxes	-0.5	-1.2	-1.6	-1.6	-3.9
Profit/loss used in calculation of earnings per share	**-1.2**	**1.7**	**7.1**	**8.0**	**-13.3**
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	41,406,191	41,406,191	41,406,191	41,406,191
Diluted earnings per share, EUR	**-0.03**	**0.04**	**0.17**	**0.19**	**-0.32**
Adjusted basic earnings per share					
Total comparability adjustments[2]	4.0	4.2	5.0	7.6	41.6
Adjusted profit/loss attributable to shareholders of the parent company for class C shares[2]	3.2	6.0	13.6	15.6	32.0
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.0	0.1	0.1	0.2
Adjusted profit/loss attributable to the owners of the company[2]	**3.2**	**6.1**	**13.7**	**15.7**	**32.2**
Accumulated interest expenses on hybrid bond after taxes	-0.5	-1.2	-1.6	-1.6	-3.9
Adjusted profit/loss used in calculation of earnings per share[2]	**2.7**	**4.9**	**12.1**	**14.1**	**28.3**
Weighted average number of shares outstanding (pcs)[1]	41,406,191	41,406,191	41,406,191	41,406,191	41,406,191
Adjusted basic earnings per share, EUR[2]	**0.07**	**0.12**	**0.29**	**0.34**	**0.68**
Adjusted diluted earnings per share					
Total comparability adjustments[2]	4.0	4.2	5.0	6.1	41.6
Adjusted profit/loss attributable to shareholders of the parent company for class C shares[2]	3.2	6.0	13.6	15.6	32.0
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.0	0.1	0.1	0.2
Adjusted profit/loss attributable to the owners of the company[2]	**3.2**	**6.1**	**13.7**	**15.7**	**32.2**
Accumulated interest expenses on hybrid bond after taxes	-0.5	-1.2	-1.6	-1.6	-3.9
Adjusted profit/loss used in calculation of earnings per share[2]	**2.7**	**4.9**	**12.1**	**14.1**	**28.3**
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	41,406,191	41,406,191	41,406,191	41,406,191
Adjusted diluted earnings per share, EUR[2]	**0.07**	**0.12**	**0.29**	**0.34**	**0.68**

[1] Including 293,478 class F shares convertible to class C shares at the start of the conversion period on 28 June 2024. The conversion right has not been utilised as of 30 June 2024.
[2] The definition of adjusted profit for the period has been updated from Q4 2023 to include tax impact from comparability adjustments and the comparative data for Q2 2023 has been restated.

Purmo Group Plc

Half-year financial report
January-June 2024

22 October 2024
Interim report, January-September 2024

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