Purmo Group Plc

Half-year financial report
January–June 2023

Successful margin management during challenging market conditions, Accelerate PG provides support for full-year outlook

April–June 2023

- Net sales decreased by 26 per cent to EUR 180.3 million (245.0). Organic[1] net sales decline was 25 per cent.
- Net sales for Climate Product & Systems division decreased by 25 per cent to EUR 144.7 million (192.1) and net sales for Climate Solutions division decreased by 32 per cent to EUR 35.8 million (52.9).
- Adjusted EBITDA decreased by 24 per cent to EUR 21.2 million (27.8).
- Adjusted EBITDA margin improved to 11.8 per cent (11.4) supported by successful margin management in both divisions.
- EBIT was EUR 9.0 million (15.9), which was burdened by EUR -4.2 million (-3.6) of comparability adjustments.
- Cash flow from operating activities was EUR 8.1 million (32.0).
- Accelerate PG programme's adjusted EBITDA run-rate improvements amounted to EUR 16.5 million of which periodic impact for the second quarter was EUR 3.4 million.

January–June 2023

- Net sales decreased by 19 per cent to EUR 392.1 million (481.2). Organic[1] net sales decline was 18 per cent.
- Net sales for Climate Product & Systems division decreased by 19 per cent to EUR 314.0 million (386.6) and net sales for Climate Solutions division decreased by 17 per cent to EUR 78.3 million (94.7).
- Adjusted EBITDA decreased by 16 per cent to EUR 47.7 million (57.0).
- Adjusted EBITDA margin improved and was 12.2 per cent (11.9).
- EBIT was EUR 24.0 million (30.0), which was burdened by EUR -7.6 million (-11.1) of comparability adjustments.
- Cash flow from operating activities was EUR 6.8 million (-6.9).
- Adjusted operating cash flow (last 12 months) improved by 75 per cent to EUR 67.8 million (38.8).

Financial guidance 2023

Purmo Group reiterates its financial guidance for 2023. Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

Strong margin management demonstrates the strength of the underlying business of Purmo Group. Combined with the Accelerate PG programme being ahead of plan, it provides confidence in the outlook for the rest of the year. Purmo Group reiterates the previously communicated targets for the Accelerate PG programme – targeted adjusted EBITDA run-rate improvements of EUR 20 million by the end of 2023 and cumulatively EUR 40 million by the end of 2024.

The visibility for 2023 is limited due to macroeconomic uncertainties, and the market environment continues to be challenging in Purmo Group's addressable markets. Furthermore, the guidance also factors in that Purmo Group is building up capabilities to facilitate future growth. This has an impact on the company's cost base, and hence the net savings from the Accelerate PG programme.

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

Key figures and financial performance

EUR million	4-6/2023	4-6/2022	Change,%	1-6/2023	1-6/2022	Change,%	2022
Net sales	180.3	245.0	-26%	392.1	481.2	-19%	904.1
Adjusted EBITDA[1]	21.2	27.8	-24%	47.7	57.0	-16%	92.9
Adjusted EBITDA margin, %[1]	11.8%	11.4%		12.2%	11.9%		10.3%
Adjusted EBITA[1]	14.1	20.6	-32%	33.5	43.0	-22%	64.6
Adjusted EBITA margin, %[1]	7.8%	8.4%		8.6%	8.9%		7.1%
EBIT	9.0	15.9	-44%	24.0	30.0	-20%	39.0
EBIT margin, %	5.0%	6.5%		6.1%	6.2%		4.3%
Profit for the period	2.9	8.4	-65%	9.6	14.9	-35%	13.1
Adjusted profit for the period[1]	7.1	12.0	-41%	17.2	25.9	-34%	34.9
Earnings per share, basic, EUR	0.04	0.20	-79%	0.19	0.36	-46%	0.32
Adjusted earnings per share, basic, EUR	0.14	0.29	-50%	0.38	0.63	-40%	0.85
Cash flow from operating activities	8.1	32.0	-75%	6.8	-6.9		31.1
Adjusted operating cash flow, last 12 months[1 2]				67.8	38.8	75%	44.0
Cash conversion[1 2]				81.2%	37.0%		47.7%
Operating capital employed[1]				321.3	307.3	5%	305.0
Return on operating capital employed, %[1 3]				10.8%	-1.0%		12.2%
Net debt[1]				230.7	279.3	-17%	275.2
Net debt / Adjusted EBITDA[1]				2.76	2.66	4%	2.96

[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 41 in the January-June 2023 half-year financial report.
[2] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 7.9 million impairment charges related to the business in Russia.
[3] Comparative figures have been restated due to change in calculation of the key figure, see page 42 in the January-June 2023 half-year financial report.

CEO's review

In the second quarter of the year, we saw a market environment with low volumes and continuing weakness in both business divisions. Stock levels have normalised in the distribution channels, but we do not yet see restocking activities. Strong pricing and cost management actions, as well as our competitive position, supported us in improving margins in both divisions. Furthermore, raw material costs developed favourably during the quarter.

The Accelerate PG programme continued to deliver ahead of plan, which mitigated the impact of weak demand. The programme, which focuses on improving net sales growth, profitability, and net working capital efficiency, will support our financial development in 2023 and beyond.

Net sales for the Group declined by 26 per cent to EUR 180.3 million, and adjusted EBITDA fell to EUR 21.2 million; a decline of 24 per cent. Adjusted EBITDA margin improved to 11.8 per cent (11.4 per cent in the previous year).

Lower volumes but improved margins in both divisions

During the quarter, the Climate Products & Systems division faced a decline in volumes due to weakness in the European new construction and renovation markets. Nonetheless, the adjusted EBITDA margin improved to 12.0 per cent (against 11.1 per cent in the previous year) thanks to successful margin management. Net sales in the Climate Solutions division declined, primarily driven by further normalisation of trading conditions in the Italian market. The adjusted EBITDA margin was on a solid level at 18.4 per cent (16.4 per cent in the previous year) despite tough market conditions. Green transition, including energy efficiency, is expected to strongly support Purmo Group's business in the long-term.

Accelerate PG programme progressing ahead of plan

Our Accelerate PG programme is delivering improvements ahead of plan. Implemented adjusted EBITDA run-rate improvements of the programme amounted to EUR 16.5 million at the end of the second quarter. Realised actions include pricing optimisation, overhead-cost reductions, purchasing savings and increased net working capital efficiency. We are confident that we will reach our targeted adjusted EBITDA run-rate improvements of EUR 20 million for the full year 2023 and EUR 40 million by the end of 2024.

As a part of the programme and in response to overcapacity in the panel radiator market, we have entered into consultation with employee representatives regarding our intention to discontinue the production of panel radiators at our plant in Zonhoven, Belgium.

Product innovations during the quarter

We brought two new product innovations to market. Electrical emitters are becoming increasingly important, and as a result, we have launched the new Yali Plus radiator range. The Yali products will include the upgraded controls system Unisenza Plus with its integrated mobile application offering ease of use and additional functionality. In addition, we have upgraded materials in our PE-Xc pipe range allowing faster and more flexible installation for our customers.

Agreement on the sale of the Russian business

On 28 April we signed an agreement to divest all of our Russian operations to IPLS. Completion of the transaction is subject to approval by the relevant regulatory authority in Russia, and it is expected to be received during the third quarter of 2023.

Financial guidance for 2023 remains unchanged

During the second quarter, Accelerate PG programme continued to show solid performance, and we responded strongly to weak demand with efficient margin management. Consequently, we maintain our guidance for the full year 2023: Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

John Peter Leesi
CEO, Purmo Group Plc

News conference and webcast for analysts, investors and media

Purmo Group's half-year financial report for January-June 2023 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 19 July 2023 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/2023-q2-results

Teleconference lines: http://palvelu.flik.fi/teleconference/?id=10010612

Participants should register through the above link if they wish 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:

Katariina Kataja
Head of Investor Relations
Purmo Group Plc
Tel. +358 40 527 1427

Group financial overview

Net Sales

EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	2022
Net sales, by segment							
Climate Products & Systems	144.7	192.1	-25%	314.0	386.6	-19%	720.6
Climate Solutions	35.8	52.9	-32%	78.3	94.7	-17%	183.9
Eliminations	-0.1	-0.1	95%	-0.2	-0.2	19%	-0.4
Total	**180.3**	**245.0**	**-26%**	**392.1**	**481.2**	**-19%**	**904.1**

In April–June 2023, Purmo Group's net sales were EUR 180.3 million (245.0); a decrease of 26 per cent. The decline in organic net sales, excluding currency effect, acquisitions and divestments, was 25 per cent. Acquisitions did not contribute to net sales. The net impact of changes in currencies was -1 per cent.

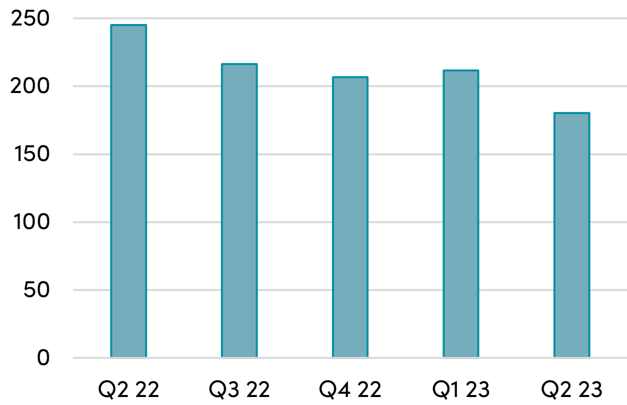
The decline in net sales was a result of low volumes as well as continued weakness across markets and regions for the Group. The decline was principally driven by Eastern Europe, while other sales regions were also impacted by the weak market environment. Further normalisation in trading conditions in the Italian market continued, leading to a decline in demand within the region.

Net sales in Western Europe (40 per cent of the Group's total sales) declined by 18 per cent. Northern Europe (22 per cent of total) declined by 18 per cent. Central and Eastern Europe excluding Commonwealth of Independent States (CIS countries) (13 per cent of total) declined by 48 per cent. CIS countries (4 per cent of total) declined by 37 per cent. Southern Europe (14 per cent of total) declined by 35 per cent. The Rest of the World region (7 per cent of total) declined by 5 per cent.

In January–June 2023, Purmo Group's net sales were EUR 392.1 million (481.2); a decrease of 19 per cent. The decline in organic net sales, excluding currency effect, acquisitions and divestments was 18 per cent. Acquisitions contributed 1 per cent to net sales. The net impact of changes in currencies was -1 per cent.

Net sales in Western Europe (41 per cent of the Group's total sales) declined by 11 per cent. Northern Europe (21 per cent of total) declined by 12 per cent. Central and

Net Sales, MEUR



Eastern Europe excluding Commonwealth of Independent States (CIS countries) (13 per cent of total) declined by 39 per cent. CIS countries (3 per cent of total) declined by 33 per cent. Southern Europe (15 per cent of total) declined by 24 per cent. The Rest of the World region (6 per cent of total) declined by 5 per cent.

Results and profitability

EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	2022
Adjusted EBITDA, by segment							
Climate Products & Systems	17.4	21.2	-18%	40.0	44.1	-9%	71.7
Climate Solutions	6.6	8.7	-24%	12.8	17.1	-25%	29.9
Other and unallocated	-2.7	-2.1	30%	-5.2	-4.2	23%	-8.7
Total	**21.2**	**27.8**	**-24%**	**47.7**	**57.0**	**-16%**	**92.9**
Adjusted EBITDA margin, %	**11.8%**	**11.4%**		**12.2%**	**11.9%**		**10.3%**

In April–June 2023, Purmo Group's adjusted EBITDA was EUR 21.2 million (27.8); a decrease of 24 per cent. The decline in adjusted EBITDA was driven by low volumes in both divisions during the quarter.

The adjusted EBITDA margin improved to 11.8 (11.4) per cent. The improvement in adjusted EBITDA margin was a result of strong pricing and cost-saving actions within the Group.

Comparability adjustments amounted to EUR -4.2 million (-3.6). The adjustments were mainly related to costs associated with the Accelerate PG programme.

Profit for the review period was EUR 2.9 million (8.4) and adjusted profit for the period was EUR 7.1 million (12.0). Earnings per share were EUR 0.04 (0.20) and adjusted earnings per share were EUR 0.14 (0.29).

In January–June 2023, Purmo Group's adjusted EBITDA was EUR 47.7 million (57.0); a decrease of 16 per cent. The decline in adjusted EBITDA for the Group was a result of lower adjusted EBITDA for both divisions.

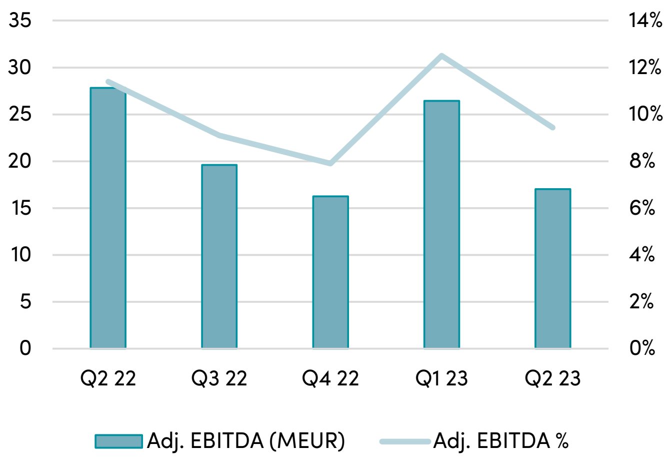
The adjusted EBITDA margin improved to 12.2 (11.9) per cent.

Comparability adjustments amounted to EUR -7.6 million (-11.1). The adjustments were mainly related to EUR 5.9 million costs associated with Accelerate PG programme and EUR 1.3 million increase in the redemption liability related to Purmo Group's Russian business classified as assets held for sale.

Net financial items amounted to EUR -10.4 million (-5.8).

Profit before tax was EUR 13.7 million (24.2). Income tax expenses were EUR -4.0 million (-9.3) corresponding to an

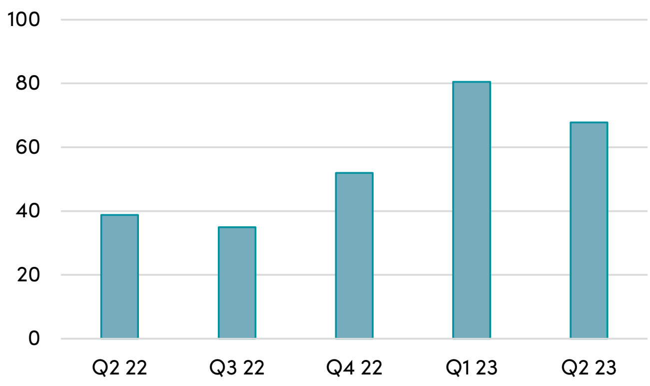
Adj. EBITDA and Adj. EBITDA %



effective tax rate of 29.6 per cent (38.6). When excluding mostly the non-deductible adjustments to EBITDA, the effective tax rate was 24.3 per cent (25.6).

Profit for the review period was EUR 9.6 million (14.9) and adjusted profit for the period was EUR 17.2 million (25.9). Earnings per share were EUR 0.19 (0.36) and adjusted earnings per share were EUR 0.38 (0.63).

Adj. operating cash flow, last 12 months, MEUR



Cash flow and financial position

In April-June 2023, cash flow from operating activities was EUR 8.1 million (32.0). The change was mainly due to decrease in profit and negative development in net working capital of EUR -0.3 million (10.6).

In January-June 2023, cash flow from operating activities was EUR 6.8 million (-6.9). The improvement was mainly due to changes in net working capital of EUR -17.6 million compared to previous year (-50.9).

Adjusted operating cash flow for the last 12 months increased by 75 per cent to EUR 67.8 million (38.8) and the cash conversion increased to 81.2 per cent (37.0). The change was a result of a positive development in net working capital of EUR 8.1 million (-48.2), which was offset by an increase in capital expenditure spend in the last 12 months of EUR 23.8 million (18.0), mainly related to strategic projects and factory expansions. The adjusted EBITDA during the last 12 months decreased to EUR 83.5 million (105.0).

Cash flow from investment activities was EUR -7.1 million (-18.7). The change was primarily attributable to the Thermotech acquisition in 2022 of EUR 14.6 million. In the reporting period, the investments in property, plant and equipment, and intangible assets were EUR -7.1 million (-7.3).

Cash flow from financing activities was EUR 40.8 million (-92.4), and was mainly related to the proceeds from the hybrid bond of EUR 60.0 million in February 2023.

At the end of June 2023, the Group's net debt was EUR 230.7 million (31 Dec 2022: 275.2) and the net debt to adjusted EBITDA ratio, based on the last 12 month's adjusted EBITDA, was 2.76 (31 Dec 2022: 2.96). The hybrid bond is treated as equity according to IFRS and therefore not included in net debt. The equity ratio was 45.3 per cent (31 Dec 2022: 41.0) and it improved compared to the corresponding period last year due to the hybrid bond. 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 2023, the liquidity position in terms of cash and cash equivalents totalled EUR 97.9 million (31 Dec 2022: 56.3). The company has a Finnish commercial paper programme totalling EUR 100.0 million (31 Dec 2022: 100.0) of which EUR 100.0 million was unutilised (31 Dec 2022: 10.0 outstanding). The company also had an EUR 80.0 million (31 Dec 2022: 80.0) undrawn committed revolving credit facility and EUR 20.5 million (31 Dec 2022: 20.5) of undrawn overdraft facilities with core financial institutions.

Total equity was EUR 470.0 million (31 Dec 2022: 403.3). The increase in total equity was mainly due to the hybrid bond.

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, energy efficiency through low-temperature systems and well-insulated housing, and also introducing 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, whereas Germany's recent ban on new gas boilers is an example of a specific initiative. Furthermore, as a result of global warming and rising energy prices, consumers show an increasing preference and need for combatting climate change and supporting sustainability. Consumer's preferences are moving towards sustainable solutions and products.

Up to 75% of the buildings in the EU require deep energy renovation (European Commission), implying that the addressable energy renovation market opportunity is significant. Energy renovations in existing dwellings will often include 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 hydronic systems to low-temperature hydronic systems to enable the energy efficiency of the heat pump installation. This in turn will typically imply that also emitters (such as radiators) will need to be upgraded when combined with heat pump systems, specifically, by becoming larger / more efficient to generate an equal amount of heating / cooling output given the lower water temperature in the system.

Purmo Group is well positioned to support this transition, being a provider of complete heating and cooling solutions including 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 50% of Purmo Group's net sales is 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 compound annual growth rate for Purmo Group's solutions varies. As an example, the demand for heat pumps is expected to grow by 23 per cent within the company's addressable markets (2021-2026) (BRG, June 2023). Purmo Group estimates that the solutions market, for which the company provides combined solutions for heating and cooling, is expected to grow by 6 per cent (CAGR) between 2022-2027.

During the second quarter of 2023, construction market activity within Purmo Group's key markets remained weak. Continued high inflation and high interest rates further undermined consumer confidence and led to a lower volumes in renovation and new construction projects.

The demand was low in all regions for Purmo Group; the decline in demand was particularly strong in Eastern Europe. The demand in Italy and Sweden also continued to be pressured by weak market sentiment. Inventory levels among wholesalers in Purmo Group's core markets appear to have normalised, after a period of de-stocking. In Italy, further normalisation of the trading conditions continued compared to the corresponding period last year, when demand was exceptionally high due to government incentives for improving energy efficiency of buildings and homes.

The mid- to long-term market outlook is positive for Purmo Group given the support from secular green transition tailwinds.

Climate Products & Systems Division

The Climate Products & Systems division sells via wholesalers in both 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	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	2022
Net sales	144.7	192.1	-25%	314.0	386.6	-19%	720.6
Adjusted EBITDA	17.4	21.2	-18%	40.0	44.1	-9%	71.7
Adjusted EBITDA margin, %	12.0%	11.1%		12.8%	11.4%		9.9%
Depreciations, amortisations and impairments	-6.7	-7.2	-7%	-13.4	-21.6	-38%	-34.9

Net sales

In April–June 2023, net sales for the Climate Products & Systems division decreased by 25 per cent to EUR 144.7 million (192.1). The decline in organic net sales was 23 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was -1 per cent.

Net sales of radiators amounted to EUR 92.0 million (126.2) during the second quarter of the year. Weakness in the renovation and new build markets led to a decline in the organic sales volume in radiators of around 34 per cent during the quarter. The decline was offset by 6 per cent improvement in sales prices in radiators.

During the second quarter of the year, the decline in net sales continued in Eastern Europe. Volumes were also depressed across the division's other regions, whereas in China the deliveries of radiators increased slightly compared to the corresponding period last year.

In January–June 2023, net sales for the Climate Products & Systems division decreased by 19 per cent to EUR 314.0 million (386.6). The decline in organic net sales was 18 per cent. Acquisitions did not contribute to the division's net sales decline. The net impact of changes in currencies was -1 per cent.

Net sales of radiators amounted to EUR 202.8 million (260.7).

Profitability

In April–June 2023, adjusted EBITDA for the Climate Products & Systems division decreased by 18 per cent to EUR 17.4 million (21.2). The adjusted EBITDA margin improved to 12.0 per cent (11.1).

The increase in adjusted EBITDA margin was a result of successful margin management actions, which offset the effect of the volume decline. The division implemented price increases as well as several initiatives to drive efficiency in production and operations during the quarter, including headcount reductions and optimised sourcing in particular. Profitability was also supported by favourable development in raw material prices.

In January–June 2023, adjusted EBITDA of the Climate Products & Systems division decreased by 9 per cent to EUR 40.0 million (44.1). The adjusted EBITDA margin improved to 12.8 per cent (11.4).

Climate Solutions Division

The Climate Solutions division sells 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. 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.

EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	2022
Net sales	35.8	52.9	-32%	78.3	94.7	-17%	183.9
Adjusted EBITDA	6.6	8.7	-24%	12.8	17.1	-25%	29.9
Adjusted EBITDA margin, %	18.4%	16.4%		16.4%	18.1%		16.3%
Depreciations, amortisations and impairments	-1.3	-1.1	20%	-2.5	-1.9	30%	-4.5

Net sales

In April–June 2023, net sales for the Climate Solutions division decreased by 32 per cent to EUR 35.8 million (52.9). The decline in organic net sales was 31 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was -1 per cent.

The decline in net sales was a result of further normalisation in trading conditions in the Italian market compared to the corresponding period last year, when demand was exceptionally high due to government incentives for improving energy efficiency of buildings and homes. Demand also declined in the Nordics, including Sweden and Finland. However, project deliveries of radiators increased slightly in Ireland during the second quarter.

In January–June 2023, net sales for the Climate Solutions division decreased by 17 per cent to EUR 78.3 million (94.7). The decline in organic net sales was 20 per cent. The Thermotech business contributed 4 per cent to the division's net sales growth. The net impact of changes in currencies was -1 per cent.

Profitability

In April–June 2023, adjusted EBITDA for the Climate Solutions division decreased by 24 per cent to EUR 6.6 million (8.7). Furthermore, the Thermotech business contributed about EUR 0.3 million to the adjusted EBITDA.

The adjusted EBITDA margin increased to 18.4 per cent (16.4). Improvement in adjusted EBITDA margin was a result of strong actions in margin management during the quarter. The division completed several cost-saving actions within the Emmeti and Thermotech businesses and was able to maintain prices at a healthy level in a challenging market environment.

In January–June 2023, adjusted EBITDA for the Climate Solutions division decreased by 25 per cent to EUR 12.8 million (17.1). Furthermore, the Thermotech business contributed about EUR 0.8 million to the adjusted EBITDA. The adjusted EBITDA margin was 16.4 per cent (18.1).

Investments, acquisitions, structural changes and R&D

Investments

In April–June 2023, capital expenditure, excluding business combinations and leased assets totalled EUR 3.2 million (10.5) and in January–June 2023 EUR 7.1 million (12.9). The investments during the review period were related primarily to strategic projects as well as factory expansions and maintenance. The investments in the comparison periods comprised mainly of factory expansions.

Acquisitions and disposals

On 28 April 2023, Purmo Group announced that it had signed an agreement to divest all of its Russian operations to IPLS, including all related assets and liabilities. Subsequent to the closing of the transaction, Purmo Group will not have any redemption liabilities in relation to the Russian business. Completion of the transaction is subject to the approval by the relevant regulatory authority in Russia, which is expected to be received during the third quarter of 2023.

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

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 Purmo Group's heat pumps with heat emitters and other systems provided by the Group maximises energy savings for end-users. Additionally, focus is on minimising material usage including product packaging, and on smart design that improves heating emitter system performance. Purmo Group also continues collaboration with its network in the field of control systems.

In line with its strategy, Purmo Group's pipeline of smart products continued to focus on three clear strategic priorities during the quarter: intelligence and connectability, sustainability and aesthetics.

Research and development (R&D) expenditure totalled EUR 1.5 million (1.7) in April–June 2023. Research and development (R&D) expenditure totalled EUR 3.2 million (3.5) in January–June 2023.

During the quarter, an upgraded range of oil-filled electric radiators called Yali Plus was launched. The next generation radiators include the Unisenza Plus control system, with which users can decide when their heating is active and avoid excess energy consumption. The Unisenza application is available for smart phones.

A significant improvement was also made to our underfloor heating pipe material during the quarter. The company now offers the world's most flexible PE-Xc pipe, enabling easy and quick installation for customers.

Strategy

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

(i) scaling-up of solution-selling in order 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 financial development of the Group for the full year 2023 and beyond.

The targeted adjusted EBITDA run-rate improvements are EUR 20 million by the end of 2023, and cumulatively EUR 40 million by the end of 2024.

The profitability improvements include both variable and fixed cost savings, excluding areas where market growth is expected to continue. Additionally, the company continues to evaluate accelerating its footprint optimisation, covering both manufacturing and supply chain.

The costs for the programme are expected to be approximately EUR 43 million, of which EUR 33 million is expected to be incurred before the end of 2023 and the remainder in 2024.

Accelerate PG is delivering improvements ahead of plan. Implemented adjusted EBITDA run-rate improvements at the end of the second quarter amounted to EUR 16.5 million, up from EUR 11.3 million at the end of the first quarter 2023. Adjusted EBITDA periodic impact during the quarter amounted to EUR 3.4 million (EUR 1.4 million during the previous quarter).

The most significant improvements within the strategy acceleration programme have been generated from pricing optimisation, procurement savings and overhead cost reductions from operating model changes. The savings reported in the programme are incremental and recurring, thus do not include inflationary effects on neither sales price or input costs.

As a part of the programme, and in response to overcapacity in the panel radiator market, the company has entered into consultation with employee representatives regarding its intention to discontinue the production of panel radiators at its plant in Zonhoven, Belgium. The possible consequences could be the closure of the production and maintenance departments and a collective redundancy. The process is subject to local consultation.

The announced intention concerns 143 employees. Purmo Group Belgium employs 227 people in the manufacture of steel panel radiators, warehousing and distribution as well as in customer service, sales and support functions.

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 make things; **Solutions**, the things Purmo Group makes; **People**, the Purmo Group employees that make them; and **Communities**, the communities Purmo Group reach.

Purmo Group continued to make progress against its ESG targets in the second quarter of 2023.

Production

Carbon intensity increased by 30 per cent to 106.7 (81.9) during the second quarter. Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 4 per cent to 19,243 tCO_2e (20,065) primarily due to continued lower production volumes. During the second quarter a total of 4,817 solar panels were installed on the roof of the plant in Yangzhou, China. The solar panels will generate 2,500 MWh annually and they are part of Group's commitment to sourcing 100% renewable energy for all its plants by 2030.

Solutions

During the quarter, the Group began a programme to accelerate the production of Environmental Product Declarations with an external partner. In addition, 92% of 1,000 targeted employees completed a mandatory training regarding circularity. The training is part of Purmo Group's commitment to embed circularity principles across the company.

People

Employee Net Promoter Score improved from -8 to -6 during the quarter. However, Lost Time Injury Frequency Rate per million hours worked (LTIFR) increased to 10.2 (4.6). The increase in the amount of Lost Time Injuries is being investigated. In addition, a 100-day post-accident review process has been implemented. The number of safety observations decreased by 15 per cent to 250 (293) in the quarter.

Communities

Community activity continues to perform strongly, driving employee engagement within Purmo Group. During the second quarter, employees dedicated 2,696 hours in total (1,739) for volunteering to support local communities.

Other material activities

Purmo Group is preparing for the implementation of the Corporate Sustainability Reporting Directive (CSRD), for the reporting year 2024. The preparations for CSRD will include a double materiality analysis which will begin in the second half of the year. Purmo Group is also running an exercise regarding its Scope 3 Green House Gas emission baseline as part of its commitment to submit Science Based Targets to the SBTi organisation for certification in 2023.

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

Key indicators

EUR million	4-6/2023	4-6/2022[8]	Change, %	1-6/2023	1-6/2022[8]	Change, %	2022
Production							
Scope 1 and 2 GHG emissions, tCO2e[1]	19,243	20,065	-4%	38,858	43,221	-10%	79,035
Scope 3 GHG emissions from procured steel, tCO2e[2]	57,680	72,911	-21%	114,964	166,358	-31%	279,578
Scope 1 and 2 carbon intensity[3]	106.7	81.9	30%	99.1	89.8	10%	87.4
Solutions							
Customer Net Promoter Score, cNPS[4]	–[7]	–[7]	–	–[7]	34	–	33
Customer Sustainability Net Promoter Score, sNPS[5]	–[7]	–[7]	–	–[7]	4	–	8
People							
Lost Time Injury Frequency Rate, LTIFR[6]	10.2	4.8	113%	8.2	4.6	78%	4.9
Number of safety observations	250	293	-15%	542	622	-13%	1,218
Number of accidents	13	7	86%	22	14	57%	28
Employee Net Promoter Score , eNPS	-6	–[7]		-6	–[7]		-8
Proportion of women in senior management positions	26%	27%		26%	27%		27%
Communities							
Number of volunteering hours	2,696	1,739	55%	4,404	1,894	133%	6,680

[1] Market based GHG emissions based on Purmo Group's procurement mix of electricity and gas in countries with manufacturing operations.
[2] 2021 World Steel Association data of 1.89 tCO2e embodied carbon produced for every tonne of crude steel cast.
[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] Certain data is unavailable because it is currently not collected on a quarterly basis.
[8] Comparison figures recalculated due to additional data after the previous half-year financial report.

Other significant events during the quarter

On 2 June 2023, Purmo Group announced that the company's three largest shareholders have nominated the following representatives to the Nomination Board:

- Matts Rosenberg (appointed by Rettig Group Ltd),
- Alexander Ehrnrooth (appointed by Virala Corporation), and
- Sebastian Burmeister (appointed by Ahlstrom Invest B.V.).

Matts Rosenberg will continue as Chairman of the Nomination Board. Tomas von Rettig, Chairman of the Company's Board of Directors, will continue as expert member of the Nomination Board.

On 11 May 2023, Purmo Group announced that it had launched a consultation process regarding the future of its manufacturing plant in Zonhoven, Belgium. The possible consequences could be the closure of the production and maintenance departments and a collective redundancy. The process is subject to local consultation.

The announced intention concerns 143 employees. Purmo Group Belgium employs 227 people in the manufacture of steel panel radiators, warehousing and distribution as well as in customer service, sales and support functions.

On 28 April 2023, Purmo Group announced that it had signed an agreement to divest all of its Russian operations to IPLS, including all related assets and liabilities, which enables a sustainable solution for employees and customers. Completion of the transaction is subject to approval by the relevant regulatory authority in Russia, which is expected to be received during the third quarter of 2023. Subsequent to the closing of the transaction Purmo Group will not have any redemption liabilities in relation to the Russian business. The parties have agreed not to disclose the transaction value.

Events after the review period

There were no significant events after the review period.

Shares and shareholders

Share capital, number of shares and shareholders

	30 Jun 2023
Number of class C shares	41,112,713
Number of class F shares	1,565,217
Number of shareholders	3,286 (30 Jun 2022: 3,246)

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 have 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 2023 was 41,112,713 class C shares and 1,565,217 class F shares. The company's registered share capital on 30 June 2023 was EUR 3,080,000. The company has no treasury shares.

On 30 June 2023 the five largest shareholders were Rettig Group 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 (1.44 per cent).

Board authorisation regarding share issue and share repurchase

The Annual General Meeting held on 12 April 2023 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 2024.

Flagging notifications

During the second quarter of 2023, Purmo Group did not receive any flagging notifications from major shareholders.

More information on flagging notifications is available on the company's website.

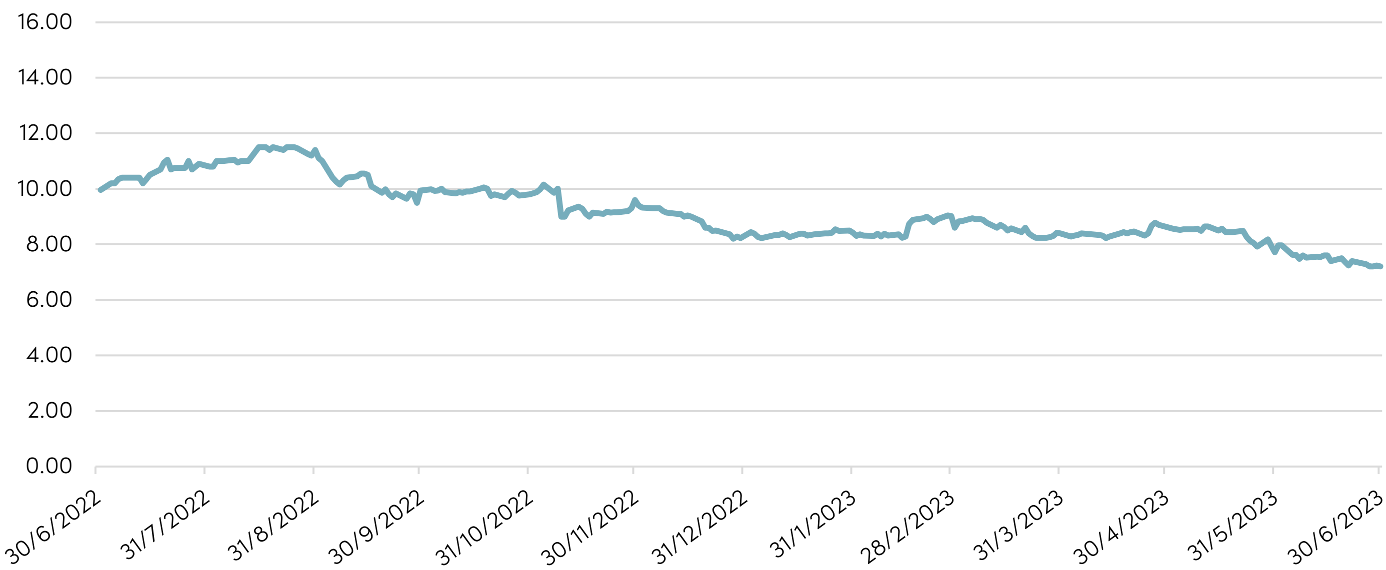
Managers' transactions

Purmo Group's managers transactions are published as stock exchange releases, and they are available on the company's website.

Trading of shares on Nasdaq Helsinki

	1 Jan – 30 Jun 2023
High, EUR	9.04
Low, EUR	7.20
Volume-weighted average price	8.34
Closing price, EUR, 30 June 2023	7.20
Market Capitalisation, class C share, EUR million, 30 June 2023	296.0
Number of traded shares	522,675

Closing share price 1 July 2022 – 30 June 2023, EUR



Governance

Personnel

The number of Group full-time-equivalent employees averaged 3,280 (3,519) in January–June. At the end of the period, the Group had 3,167 (3,568) full-time-equivalent employees. The decrease in full-time-equivalent employees was mainly due to organisational effectiveness related to Accelerate PG programme.

Changes in the management team

On 22 February 2023, Purmo Group announced that Jan-Elof Cavander (MSc. Ind. Eng.) has been appointed Chief Financial Officer of Purmo Group Plc and a member of the Management team. He joined Purmo Group on 22 June 2023.

The new organisational structure has been effective from 1 January 2023. The management team within the new organisational structure is as follows:

- John Peter Leesi, Chief Executive Officer
- Jan-Elof Cavander, Chief Financial Officer (from 22 June 2023)
- Erik Hedin, Chief Operating Officer
- Mike Conlon, President, Climate Solutions division
- Barry Lynch, President, Climate Products & Systems division
- Linda Currie, Chief People Officer

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 pay out period covers the financial years of 2026–2027. A total of 66,403 class C shares and 29 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 12 April 2023 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 2022. 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 2022. 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 21 April 2023. 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 22 September 2023. 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 19 December 2023. 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 22 March 2024.

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 should be paid annual fees as follows:

- EUR 92,000 for the Chairman of the Board of Directors;
- EUR 53,000 for the Vice Chairman of the Board of Directors;

- EUR 53,000 for each of the Chairmen 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 Chairman of the Board of Directors and Matts Rosenberg as the Vice Chairman of the Board of Directors.

Board authorisations

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

Committees nominated by the Board

In the constitutive meeting held subsequent to the Annual General Meeting of Purmo Group on 12 April 2023, the Board of Directors appointed the following members to its committees:

- Jyri Luomakoski was re-elected as the Chairman of the Audit Committee with Matts Rosenberg and Alexander Ehrnrooth as members of the Committee. Matts Rosenberg accepted his role as a member of the Audit Committee when his role as interim CFO of Purmo Group ended and Jan-Elof Cavander started as a CFO of Purmo Group on 22 June 2023.
- Matts Rosenberg was re-elected as the Chairman of the M&A Committee with Alexander Ehrnrooth and Carlo Grossi as members of the Committee.
- Tomas von Rettig was re-elected as the Chairman 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 (Chairman)
- 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. KPMG Oy Ab has informed the Company that Authorized Public Accountant Kim Järvi will continue as the auditor in charge. Auditor's fees will be paid against an invoice approved by the Company.

Amendment of Section 10 § of the Articles of Association

The Annual General Meeting resolved that the Section 10 §, item 5 of the Company's Articles of Association will be amended so that the Company's class F shares' conversion right into class C shares in connection with certain corporate events is aligned with the new share-based incentive plan.

The amendments will limit the rights of the holders of class F shares to get class F shares held by them converted with respect to the provision in the current Articles of Association in events where a public tender offer for the Company's shares or a "Dilution Event", as defined in the Articles of Association, is announced. A "Dilution Event" stands for an event where the Company decides to issue class C shares or any other special rights entitling to class C shares in a directed issue, where the holders of class F shares will not be given pre-emptive rights. Proposed amendment will not change or reduce any rights or obligations related to class C shares.

Amendment of Section 8 § of the Articles of Association

The Annual General Meeting resolved that Section 8 § of the Articles of Association of the Company will be amended to enable holding a general meeting in addition to the Company's domicile, entirely without a physical meeting venue as a so-called remote meeting.

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 cost management actions which is part of normal business activities as well as its Accelerate PG programme. In addition, the company has been successful in maintaining prices on a healthy level in a challenging market environment. There is no certainty whether the inflation rates will decrease in the near future. Fluctuations in the prices of raw materials, consumables, energy, and freight rates as well as problems with 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 building. Volumes and profitability may vary as a result of economic conditions and the amount of investments in real estate.

Uncertainty in 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. 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 has had an impact in 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 creates 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 Purmo Group's solution selling strategy. There are differences between markets in how the transition changes the demand for certain products, however, Purmo Group is well positioned to manage the change and capture opportunities with the support of its wide product portfolio.

In addition to energy efficiency of products, the expectations related to ESG are increasing. Purmo Group has a sustainability strategy and a 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 cyberthreat activity in Europe. The company has a function responsible for the Group's cyber security. In order to respond to the increased cyberthreats, 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 than Russia and Ukraine. 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.

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 in excess of market growth. In addition, Purmo Group aims for notable inorganic growth through acquisitions.

In April–June 2023, organic net sales decreased by 25 per cent, while total net sales decreased by 26 per cent to EUR 180.3 million (245.0). The decline in net sales was a result of low volumes and continued weak demand in renovation and new build sectors across markets for the Group.

Profitability

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

In April–June 2023, the adjusted EBITDA margin improved to 11.8 per cent (11.4).

The increase in adjusted EBITDA margin was a result of strong margin management within both divisions. 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 2023, net debt / adjusted EBITDA was 2.76 (31 Dec 2022: 2.96). The decrease in the ratio was due to lower level of net debt mainly as a result of the issuance of hybrid bond of EUR 60.0 million in February 2023.

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 financial year 2022 Purmo Group Plc distributes a return of capital of 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 21 April 2023, 22 September 2023, 19 December 2023 and 22 March 2024.

Financial guidance for 2023

Purmo Group reiterates its financial guidance for 2023. Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

Strong margin management demonstrates the strength of the underlying business of Purmo Group. Combined with the Accelerate PG programme being ahead of plan, it provides confidence in the outlook for the rest of the year. Purmo Group reiterates the previously communicated targets for the Accelerate PG programme – targeted adjusted EBITDA run-rate improvements of EUR 20 million by the end of 2023 and cumulatively EUR 40 million by the end of 2024.

The visibility for 2023 is limited due to macroeconomic uncertainties and the market environment continues to be challenging in Purmo Group's addressable markets. Furthermore, the guidance also factors in that Purmo Group is building up capabilities to facilitate future growth. This has an impact on the company's cost base, and hence the net savings from the Accelerate PG programme.

In Helsinki, 18 July 2023

Purmo Group Plc's Board of Directors

Condensed consolidated financial information

Consolidated statement of profit and loss

EUR million	Note	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Net sales	3	180.3	245.0	392.1	481.2	904.1
Cost of sales		-133.7	-187.7	-289.4	-366.6	-700.8
Gross profit		**46.6**	**57.3**	**102.6**	**114.6**	**203.3**
Sales and marketing expenses		-21.1	-22.4	-44.0	-44.7	-87.9
Administrative expenses		-13.1	-13.9	-25.9	-24.8	-51.5
Research and development expenses		-1.5	-1.7	-3.2	-3.5	-6.2
Other income		2.0	1.9	2.6	2.2	4.9
Other expenses		-3.8	-5.3	-8.0	-13.7	-23.7
Operational expenses		**-37.6**	**-41.4**	**-78.6**	**-84.5**	**-164.3**
EBIT		**9.0**	**15.9**	**24.0**	**30.0**	**39.0**
Finance income		2.2	2.1	4.0	3.0	5.7
Finance expenses		-7.0	-5.1	-14.4	-8.8	-23.1
Net financial items		**-4.8**	**-3.0**	**-10.4**	**-5.8**	**-17.4**
Profit before tax		**4.2**	**12.9**	**13.7**	**24.2**	**21.6**
Income tax expense	4	-1.3	-4.6	-4.0	-9.3	-8.4
Profit for the period		**2.9**	**8.4**	**9.6**	**14.9**	**13.1**
Profit for the period attributable to:						
Owners of the parent		2.9	8.4	9.6	14.9	13.1
Earnings per share for profit attributable to the ordinary equity holders of the parent company:						
Earnings per share basic, EUR		0.04	0.20	0.19	0.36	0.32
Earnings per share diluted, EUR		0.04	0.20	0.19	0.36	0.32

Consolidated statement of comprehensive income

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Profit for the period	2.9	8.4	9.6	14.9	13.1
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit liability (asset)	0.2	0.3	0.5	8.5	2.2
Related tax	-0.0	-0.4	-0.1	-2.0	-0.2
Total items that will not be reclassified to profit or loss	**0.2**	**-0.0**	**0.4**	**6.5**	**1.9**
Items that are or may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences	-1.6	8.5	-2.5	8.7	0.5
Reclassification of foreign currency translation differences through profit and loss	–	–	–	–	0.4
Cash flow hedges – effective portion of changes in fair value	5.6	0.9	5.0	0.5	3.4
Cash flow hedges – reclassified to profit or loss	-0.6	0.0	-0.7	0.3	0.7
Related tax	-1.0	-0.2	-0.9	-0.2	-0.8
Total items that are or may be reclassified to profit or loss	**2.3**	**9.3**	**0.9**	**9.4**	**4.2**
Other comprehensive income, net of tax	**2.4**	**9.2**	**1.3**	**16.0**	**6.2**
Total comprehensive income for the period	**5.3**	**17.6**	**10.9**	**30.9**	**19.3**
Total comprehensive income attributable to:					
Owners of the parent	5.3	17.6	10.9	30.9	19.3

Consolidated statement of financial position

EUR million	Note	30 Jun 2023	30 Jun 2022	2022
Assets				
Non-current assets				
Goodwill	5	370.1	385.4	370.6
Other intangible assets	5	44.0	39.8	47.0
Property, plant and equipment	5	127.4	123.2	127.3
Right-of-use assets	5	38.6	33.2	39.3
Defined benefit assets		3.2	9.8	2.2
Derivative assets	7	3.0	–	2.7
Other receivables		0.6	0.9	0.7
Deferred tax assets		31.7	24.4	29.2
Total non-current assets		**618.7**	**616.6**	**618.9**
Current assets				
Inventories		178.5	179.5	174.1
Trade receivables	7	98.0	112.9	89.1
Derivative assets	7	6.1	4.3	2.7
Other receivables		23.3	20.6	25.6
Current tax asset		5.5	5.6	3.1
Cash and cash equivalents		97.9	51.3	56.3
Total current assets		**409.3**	**374.3**	**350.7**
Assets held for sale	11	**8.5**	**33.6**	**14.0**
Total assets		**1,036.5**	**1,024.5**	**983.7**
Equity and liabilities				
Equity				
Share capital		3.1	3.1	3.1
Fund of invested unrestricted equity		377.1	387.6	380.8
Other reserves		-4.1	0.2	-5.0
Retained earnings		25.1	17.4	11.3
Profit for the period		9.6	14.9	13.1
Equity attributable to owners of the company		**410.7**	**423.1**	**403.3**
Hybrid bond		59.3	–	–
Total equity		**470.0**	**423.1**	**403.3**
Liabilities				
Non-current liabilities				
Loans and borrowings	7	278.5	278.0	278.1
Lease liabilities		33.5	35.4	34.3
Defined benefit liabilities		18.8	21.4	18.7
Derivative liabilities		–	0.2	–
Other payables		1.3	3.7	1.4
Provisions	8	7.7	7.7	7.8
Deferred tax liabilities		6.7	6.3	5.4
Total non-current liabilities		**346.6**	**352.8**	**345.6**
Current liabilities				
Loans and borrowings	7	4.4	17.1	11.3
Lease liabilities		9.8	3.3	9.4
Derivative liabilities	7	1.2	3.8	1.5
Trade and other payables	7	184.2	201.6	193.4
Provisions	8	0.8	0.2	0.4
Current tax liabilities		8.9	10.1	8.8
Total current liabilities		**209.4**	**236.1**	**224.8**
Total liabilities		**556.0**	**588.9**	**570.5**
Liabilities directly attributed to assets held for sale	11	**10.6**	**12.6**	**10.0**
Total equity and liabilities		**1,036.5**	**1,024.5**	**983.7**

Consolidated Statement of cash flows

EUR million	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Cash flow from operating activities					
Profit for the period	2.9	8.4	9.6	14.9	13.1
Adjustments:					
Depreciation, amortisation and impairment losses	8.0	8.3	16.0	15.9	32.1
Gain on sale of property, plant and equipment and intangible assets	-0.1	-0.1	-0.1	-0.0	0.0
Gain and losses on sale of subsidiaries	–	–	–	–	-1.2
Finance income and expenses	4.8	3.0	10.4	5.8	17.4
Income tax expenses	1.3	4.6	4.0	9.3	8.4
Other non-cash items	0.2	4.8	1.5	11.2	21.0
Cash flow before change in net working capital	**17.1**	**28.9**	**41.5**	**57.2**	**90.9**
Changes in net working capital					
Inventories, increase (-) / decrease (+)	-7.8	-12.5	-1.7	-27.3	-21.4
Trade and other receivables, increase (-) / decrease (+)	44.4	29.9	-6.6	-25.3	25.4
Trade and other payables, increase (+) / decrease (-)	-37.7	-2.0	-9.8	6.5	-31.5
Provisions and employee benefits, increase (+) / decrease (-)	0.8	-4.7	0.6	-4.8	-4.1
Changes in net working capital	**-0.3**	**10.6**	**-17.6**	**-50.9**	**-31.5**
Net cash flow from operating activities before financial items and taxes	**16.8**	**39.6**	**23.9**	**6.3**	**59.4**
Financial items, net	-4.8	-4.8	-10.2	-7.4	-17.4
Income tax paid, net	-3.9	-2.8	-6.9	-5.7	-10.9
Cash flow from operating activities	**8.1**	**32.0**	**6.8**	**-6.9**	**31.1**
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment and intangible assets	0.0	3.1	0.0	3.1	3.1
Proceeds from sale of subsidiaries	–	–	–	–	2.7
Purchases of property, plant and equipment and intangible assets	-3.2	-4.9	-7.1	-7.3	-24.0
Acquisitions of subsidiaries, net of cash acquired	–	–	–	-14.6	-14.6
Long-term loan receivables granted	-0.1	–	–	–	-0.2
Proceeds from long-term loan receivables	0.1	–	0.1	–	0.1
Cash flow from investing activities	**-3.2**	**-1.8**	**-7.1**	**-18.8**	**-32.9**
Cash flow from financing activities					
Increase of equity	-0.0	–	-0.0	–	0.7
Return of capital paid	-3.8	-7.4	-3.8	-7.4	-14.9
Proceeds from hybrid bond	-0.0	–	59.9	–	–
Hybrid bond interest and expenses	–	–	-0.7	–	–
Repayment of lease liabilities	-2.7	-3.0	-5.6	-5.6	-11.6
Change in short-term borrowings	-1.9	2.2	-9.1	-79.3	-85.0
Cash flow from financing activities	**-8.4**	**-8.2**	**40.8**	**-92.4**	**-110.8**
Change in cash and cash equivalents, increase (+) / decrease (-)	**-3.5**	**22.0**	**40.5**	**-118.0**	**-112.6**
Cash and cash equivalents at beginning of the period	**101.6**	**33.2**	**65.4**	**177.6**	**177.6**
Impact of change in exchange rates	-1.0	2.1	-1.6	2.6	0.3
Cash classified as assets held for sale	0.7	-5.9	-6.4	-10.8	-9.1
Cash and cash equivalents at the end of the period	**97.9**	**51.3**	**97.9**	**51.3**	**56.3**

Consolidated statement of changes in equity

	Attributable to owners of the parent company							
EUR million	Share capital	Reserve of invested unrestricted equity	Translation reserve	Fair value reserve	Retained earnings	Total	Hybrid bond	Total equity
Balance as at 1 Jan 2022	**3.1**	**385.9**	**-8.7**	**-0.6**	**10.9**	**390.6**		**390.6**
Profit for the period					14.9	14.9		14.9
Other comprehensive income			8.7	0.7	6.5	16.0		16.0
Total comprehensive income			**8.7**	**0.7**	**21.4**	**30.9**		**30.9**
Dividends and return of capital paid		-7.4				-7.4		-7.4
Share issue		9.1				9.1		9.1
Balance as at 30 Jun 2022	**3.1**	**387.6**	**0.0**	**0.1**	**32.3**	**423.1**		**423.1**
Profit for the period					-1.7	-1.7		-1.7
Other comprehensive income			-8.2	2.6	-4.6	-10.2		-10.2
Translation differences reclassified to income statement			0.4			0.4		0.4
Total comprehensive income			**-7.8**	**2.6**	**-6.3**	**-11.6**		**-11.6**
Dividends and return of capital paid		-7.5				-7.5		-7.5
Share issue		0.7				0.7		0.7
Share-based payments					0.2	0.2		0.2
Other changes					-1.7	-1.7		-1.7
Balance as at 31 Dec 2022	**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			**-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**

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 unaudited half-year financial report comprise 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 2022, 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 2022 except the adoption of new and amended standards.

On 16 February 2023 Purmo Group issued a hybrid bond of EUR 60.0 million. The hybrid bond is subordinated to the company's other debt obligations and is treated as equity in the Group's consolidated financial statements prepared in accordance with IFRS. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the shareholders. The hybrid bond bears interest at a fixed rate of 9.5 per cent per annum until 23 February 2026 after which the hybrid bond will bears interest at a floating interest rate quarterly in arrears on each interest payment date. The hybrid bond does not have a specified maturity date, and the Company is not under an obligation to repay, repurchase or redeem the hybrid bond at any specified date. The Company has the possibility to redeem the hybrid bond on the reset date, on 23 February 2026. The hybrid bond is initially recognised at fair value less transaction cost and subsequently the bond is measured at cost. Interest is recorded into retained earnings adjusted with tax effect upon payment or accrued interest is recorded into retained earnings adjusted with tax effect and as an accrued interest liability when the commitment to payment arises. When calculating earnings per share, the result is adjusted with hybrid bond interests regardless of payment date and adjusted with tax effect.

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 2023. 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 half-year 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 half-year 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 and write-downs of EUR 12.9 million on goodwill, intangible assets, property, plant and equipment, right-of-use assets, inventories, other assets and redemption liability in financial year 2022. In March 2023 the Group increased the redemption liability with EUR 1.3 million.

3. Segment information and net sales

Group's divisions

As of 1 January 2023 the segments for Purmo Group are Climate Products & Systems and Climate Solutions. The new segment reporting structure is aligned with the new organisational structure announced 5 October 2022. Purmo Group has restated the 2022 comparison figures according to the new segment reporting. The restated figures are unaudited.

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.

4-6/2023

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 period profit and loss					-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**

4-6/2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**192.1**	**52.9**	**-**	**-0.1**	**245.0**
Adjusted EBITDA	**21.2**	**8.7**	**-2.1**	**0.0**	**27.8**
Adjusted EBITDA % of sales	**11.1%**	**16.4%**			**11.4%**
Comparability adjustments impacting period profit and loss					-3.6
Depreciation, amortisation and impairment	-7.2	-1.1	-0.0	–	-8.3
EBIT					**15.9**
Net financial items					-3.0
Profit before tax					**12.9**

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 period profit and loss					-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**

1-6/2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**386.6**	**94.7**	**-**	**-0.2**	**481.2**
Adjusted EBITDA	**44.1**	**17.1**	**-4.2**	**-**	**57.0**
Adjusted EBITDA % of sales	**11.4%**	**18.1%**			**11.9%**
Comparability adjustments impacting period profit and loss					-3.5
Depreciation, amortisation and impairment	-21.6	-1.9	-0.0	-	-23.5
EBIT					**30.0**
Net financial items					-5.8
Profit before tax					**24.2**

2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**720.6**	**183.9**	**0.0**	**-0.4**	**904.1**
Adjusted EBITDA	**71.7**	**29.9**	**-8.7**	**-0.0**	**92.9**
Adjusted EBITDA % of sales	**9.9%**	**16.3%**			**10.3%**
Comparability adjustments impacting period profit and loss					-14.4
Depreciation, amortisation and impairment	-34.9	-4.5	-0.1	-	-39.5
EBIT					**39.0**
Net financial items					-17.4
Profit before tax					**21.6**

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.

	4-6/2023				4-6/2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	34.0	5.9	-0.1	39.8	39.8	8.9	-0.0	48.6
Western Europe	69.0	2.5	–	71.4	84.9	2.5	-0.0	87.3
Central and Eastern Europe	28.0	1.8	-0.0	29.8	52.1	3.0	–	55.1
Southern Europe	6.3	19.8	-0.0	26.0	7.9	32.2	-0.0	40.1
Rest of the world	7.4	5.8	–	13.3	7.6	6.4	-0.0	13.9
Net sales	**144.7**	**35.8**	**-0.1**	**180.3**	**192.1**	**52.9**	**-0.1**	**245.0**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 3.2 million (3.4).

	1-6/2023				1-6/2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	70.8	12.7	-0.1	83.4	82.0	12.9	-0.1	94.9
Western Europe	156.8	5.9	–	162.7	177.6	4.6	-0.0	182.2
Central and Eastern Europe	59.7	3.6	-0.0	63.3	96.8	5.5	–	102.4
Southern Europe	13.6	44.0	-0.1	57.5	15.4	60.1	-0.1	75.4
Rest of the world	13.1	12.1	–	25.1	14.8	11.6	-0.0	26.4
Net sales	**314.0**	**78.3**	**-0.2**	**392.1**	**386.6**	**94.7**	**-0.2**	**481.2**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 7.3 million (7.1).

	2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	163.8	27.4	-0.1	191.0
Western Europe	329.5	7.9	-0.1	337.2
Central and Eastern Europe	164.9	9.7	-0.1	174.5
Southern Europe	27.7	114.8	-0.1	142.4
Rest of the world	34.7	24.2	–	58.9
Net sales	**720.6**	**183.9**	**-0.4**	**904.1**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 17.8 million (14.0).

4. Taxes

In January–June 2023, Purmo Group's income tax expenses were EUR 4.0 million (9.3) corresponding to a reported effective tax rate of 29.6 per cent (38.6). The tax expenses are impacted by the following non-deductible items: an EUR 1.3 million increase in redemption liability related to the Russian business assets held for sale as well as a trademark amortisation of EUR 1.8 million related to previous years company structuring. When excluding these effects, the effective tax rate is 24.3 per cent (25.6).

5. Intangible and tangible assets

Intangible assets

EUR million	30 Jun 2023	30 Jun 2022	31 Dec 2022
Opening balance	**417.5**	**405.5**	**405.5**
Effect of exchange rates	-1.2	-0.1	-0.1
Purchases of subsidiaries and business acquisitions	–	25.3	18.2
Additions	0.1	0.5	1.7
Disposals	-0.0	–	-0.2
Transfers	-0.5	-0.1	0.3
Amortisation	-1.9	-1.8	-3.9
Impairment charges	–	-4.0	-4.0
Closing balance	**414.1**	**425.2**	**417.5**

Property, plant and equipment

EUR million	30 Jun 2023	30 Jun 2022	31 Dec 2022
Opening balance	**127.3**	**131.9**	**131.9**
Effect of exchange rates	0.6	1.0	-1.8
Purchases of subsidiaries and business acquisitions	–	1.3	1.1
Classified as held for sale	–	-1.6	–
Additions	7.1	7.0	23.7
Disposals	-0.2	-20.1	-25.8
Transfers	1.8	-0.4	-0.3
Depreciations	-9.3	-10.1	-19.1
Depreciations on disposals	–	17.5	20.4
Impairment charges	–	-3.3	-3.0
Closing balance	**127.4**	**123.2**	**127.3**

Right-of-use assets

EUR million	30 Jun 2023	30 Jun 2022	31 Dec 2022
Opening balance	**39.3**	**31.3**	**31.3**
Effect of exchange rates	0.1	–	-0.4
Purchases of subsidiaries and business acquisitions	–	2.8	2.9
Classified as held for sale	–	-0.1	–
Additions	3.8	3.4	14.4
Disposals	-0.0	–	-0.2
Depreciations	-4.7	-3.9	-9.2
Impairment charges	–	-0.4	-0.4
Closing balance	**38.6**	**33.2**	**39.3**

6. Changes in the shares outstanding during the reporting period

Number of outstanding shares (pcs)	Class C share	Class F share
1 Jan 2023	**41,112,713**	**1,565,217**
30 Jun 2023	**41,112,713**	**1,565,217**

The company's registered share capital on 30 June 2023 was EUR 3,080,000. The company 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 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 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						
Forward foreign exchange contracts	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	Level 2
Trade receivables			98.0	98.0	98.0	Level 2
Cash and cash equivalents[1]			104.3	104.3		
Total assets	**8.8**	**0.4**	**202.8**	**211.9**	**107.6**	
Financial liabilities						
Forward foreign exchange contracts	1.2	0.1		1.2	1.2	Level 2
Loans from financial institutions			282.9	282.9	282.9	Level 2
Redemption liability[2]			8.5	8.5	8.5	Level 3
Trade payables			96.3	96.3	96.3	Level 2
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 EUR 10.0 million short term bank deposit.

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

30 Jun 2022

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Forward foreign exchange contracts	3.5	0.8		4.3	4.3	Level 2
Loan receivables			0.3	0.3	0.3	Level 2
Trade receivables			112.9	112.9	112.9	Level 2
Cash and cash equivalents[1]			62.2	62.2		
Total assets	**3.5**	**0.8**	**175.4**	**179.8**	**117.6**	
Financial liabilities						
Forward foreign exchange contracts	3.3	0.5		3.8	3.8	Level 2
Interest rate derivatives	0.2			0.2	0.2	Level 2
Loans from financial institutions			280.2	280.2	280.2	Level 2
Commercial papers			15.0	15.0	15.0	Level 2
Redemption liability[2]			7.0	7.0	7.0	Level 3
Trade payables			118.1	118.1	118.1	Level 2
Total liabilities	**3.5**	**0.5**	**420.3**	**424.2**	**424.2**	

[1] Cash and cash equivalents include EUR 10.8 million classified as assets held for sale.
[2] The redemption liability has been classified as liabilities related to assets held for sale.

31 Dec 2022

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Forward foreign exchange contracts	2.0	0.7		2.7	2.7	Level 2
Interest rate derivatives	2.7			2.7	2.7	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			89.1	89.1	89.1	Level 2
Cash and cash equivalents[1]			65.4	65.4		
Total assets	**4.7**	**0.7**	**155.0**	**160.3**	**160.3**	
Financial liabilities						
Forward foreign exchange contracts	1.4	0.1		1.5	1.5	Level 2
Loans from financial institutions			279.4	279.4	279.4	Level 2
Commercial papers			10.0	10.0	10.0	Level 2
Redemption liability[2]			7.6	7.6	7.6	Level 3
Trade payables			102.1	102.1	102.1	Level 2
Total liabilities	**1.4**	**0.1**	**399.1**	**400.6**	**400.6**	

[1] Cash and cash equivalents include EUR 9.1 million classified as assets held for sale.
[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.

At the end of the reporting date the company had the following undrawn credit facilities; EUR 80.0 million committed revolving credit facility, EUR 20.5 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 below 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 2023	30 Jun 2022	31 Dec 2022
Non-current			
Warranties and guarantees	1.6	1.4	1.6
Restructuring	0.2	0.1	0.2
Other provisions	6.0	6.2	6.0
Total	**7.7**	**7.7**	**7.8**
Current			
Warranties and guarantees	0.0	0.1	0.1
Restructuring	0.8	0.1	0.3
Other provisions	–	0.0	–
Total	**0.8**	**0.2**	**0.4**

The restructuring provisions on 30 June 2023 are mainly related to the Accelerate PG programme.

9. Commitments and contingent assets and liabilities

EUR million	30 Jun 2023	30 Jun 2022[1]	31 Dec 2022
Guarantees			
Bank guarantees	10.1	12.9	8.3
Parent guarantees	15.3	16.7	15.7
Total	**25.5**	**29.6**	**24.0**

[1]Comparative figures have been restated due to change in presentation.

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 as of 30 June 2023.

10. Related party transactions

The following table summarizes the related party transactions and balances:

EUR million	1-6/2023	1-6/2022	2022
Items in the income statement			
Interest income	0.0	-	0.0
Purchases	-0.1	0.1	-0.1

EUR million	30 Jun 2023	30 Jun 2022	31 Dec 2022
Items in the balance sheet			
Non-current receivables	0.2	-	0.2
Current receivables	0.0	-	-
Current liabilities	0.0	0.1	-
Items recognised in equity			
Dividend and repayment of capital	-2.4	-5.0	-9.8

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 Group 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 2023	30 Jun 2022	2022
Assets held for sale[1]			
Right-of-use assets	0.1	1.8	0.0
Inventories	1.6	13.3	4.4
Other assets	0.4	7.7	0.6
Cash and cash equivalents	6.4	10.8	9.1
Total	**8.5**	**33.6**	**14.0**
Liabilities related to assets held for sale[1]			
Interest-bearing liabilities	8.8	7.7	7.6
Other liabilities	1.8	4.9	2.4
Total	**10.6**	**12.6**	**10.0**

[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. On 28 April 2023 the Group announced that it had signed an agreement to divest its Russian operations to ILPS. The completion of the transaction is subject to the approval by the relevant regulatory authority in Russia. 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. Due to the significant uncertainties related to the business in Russia the Group recognised impairment charges and write-downs of EUR 12.9 million in 2022 on goodwill, intangible assets, property, plant and equipment, right-of-use assets, inventories, other assets and the redemption liability. In March 2023 the Group increased the redemption liability with EUR 1.3 million.

12. Events after the reporting period

There were no significant events after the reporting period.

Key figures

EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1–12/2022
Net sales	180.3	245.0	-26%	392.1	481.2	-19%	904.1
EBITDA	17.0	24.2	-30%	40.1	53.6	-25%	78.5
EBITDA margin	9.4%	9.9%		10.2%	11.1%		8.7%
Adjusted EBITDA	21.2	27.8	-24%	47.7	57.0	-16%	92.9
Adjusted EBITDA margin	11.8%	11.4 %		12.2%	11.9%		10.3%
EBITA	9.9	17.0	-42%	25.9	35.9	-28%	46.8
EBITA margin	5.5%	6.9 %		6.6%	7.5%		5.2%
Adjusted EBITA	14.1	20.6	-32%	33.5	43.0	-22%	64.6
Adjusted EBITA margin	7.8%	8.4 %		8.6%	8.9%		7.1%
EBIT	9.0	15.9	-44%	24.0	30.0	-20%	39.0
EBIT margin	5.0%	6.5 %		6.1%	6.2%		4.3%
Profit before tax	4.2	12.9	-68%	13.7	24.2	-44%	21.6
Profit for the period	2.9	8.4	-65%	9.6	14.9	-35%	13.1
Adjusted profit for the period	7.1	12.0	-41%	17.2	25.9	-34%	34.9
Earnings per share, basic, EUR	0.04	0.20	-79%	0.19	0.36	-46%	0.32
Adjusted earnings per share, basic, EUR	0.14	0.29	-50%	0.38	0.63	-40%	0.85
Cashflow from operating activities	8.1	32.0	-75%	6.8	-6.9		31.1
Capex	3.2	4.9	-35%	7.1	7.3	-2%	24.0
Acquisitions				–	14.6		14.6
Adjusted operating cash flow for the last 12 months[1]				67.8	38.8	75%	44.0
Cash conversion[1]				81.2%	37.0%		47.7%
Cash and cash equivalents				97.9	51.3	91%	56.3
Net working capital				111.3	111.2	0%	91.4
Operating capital employed				321.3	307.3	5%	305.0
Return on operating capital employed[2]				10.8%	-1.0%		12.2%
Net debt				230.7	279.3	-17%	275.2
Net debt / Adjusted EBITDA				2.76	2.66	4%	2.96
Equity / Asset ratio				45.3%	41.3%		41.0%
Return on equity				1.8%	-6.9%		3.3%

[1] .Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 7.9 million impairment charges related to the business in Russia.

[2] The definition for Return on operating capital employed has been updated from 1 January 2023 and the comparative data 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 before the period before comparability adjustments.	
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.	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 1 January 2023 onwards Purmo Group has revised the Return of operating capital employed calculation from end of period operating capital employed to quarterly end average operating capital employed. The key figure calculation has been revised to consider the seasonality. The comparative figures have been restated accordingly.

From 1 January 2023 onwards Purmo Group has revised the Equity to Asset ratio and Return on equity calculations to be calculated from total equity instead of total equity attributable to owners of the company. The key figure calculations have been revised to include the hybrid bond presented in equity according to IFRS. The comparative figures have not been restated since the hybrid bond was issued in February 2023.

Reconciliation of Alternative Performance Measures

EUR million unless otherwise indicated	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Comparability adjustments					
M&A related transactions and integration costs	–	–	0.0	0.3	2.2
Restructuring costs and one-off costs related to efficiency programs	4.3	3.7	6.5	3.7	6.6
Impairment and write-down charges	–	–	1.3	6.9	12.9
Other	-0.1	-0.1	-0.2	0.3	0.2
Total adjustments	**4.2**	**3.6**	**7.6**	**11.1**	**21.7**
Net sales	180.3	245.0	392.1	481.2	904.1
EBIT	**9.0**	**15.9**	**24.0**	**30.0**	**39.0**
EBIT margin	5.0%	6.5%	6.1%	6.2%	4.3%
Amortisation and impairment	0.9	1.1	1.9	5.8	7.9
EBITA	**9.9**	**17.0**	**25.9**	**35.9**	**46.8**
EBITA margin	**5.5%**	**6.9%**	**6.6%**	**7.5%**	**5.2%**
Depreciation and impairment	7.1	7.2	14.1	17.7	31.6
EBITDA	**17.0**	**24.2**	**40.1**	**53.6**	**78.5**
EBITDA margin	**9.4%**	**9.9%**	**10.2%**	**11.1%**	**8.7%**
Adjusted EBITDA					
EBIT	9.0	15.9	24.0	30.0	39.0
Depreciation, amortisation and impairment excluding comparability adjustments	8.0	8.3	16.0	15.9	32.1
Adjustments	4.2	3.6	7.6	11.1	21.7
Adjusted EBITDA	**21.2**	**27.8**	**47.7**	**57.0**	**92.9**
Adjusted EBITDA margin	**11.8%**	**11.4%**	**12.2%**	**11.9%**	**10.3%**
Adjusted EBITA					
EBIT	9.0	15.9	24.0	30.0	39.0
Amortisation excluding comparability adjustments	0.9	1.1	1.9	1.8	3.9
Adjustments	4.2	3.6	7.6	11.1	21.7
Adjusted EBITA	**14.1**	**20.6**	**33.5**	**43.0**	**64.6**
Adjusted EBITA margin	**7.8%**	**8.4%**	**8.6%**	**8.9%**	**7.1%**
Adjusted profit/loss for the period					
Profit/loss for the period	2.9	8.4	9.6	14.9	13.1
Adjustments	4.2	3.6	7.6	11.1	21.7
Adjusted profit/loss for the period	**7.1**	**12.0**	**17.2**	**25.9**	**34.9**

EUR million unless otherwise indicated	30 Jun 2023	30 Jun 2022	31 Dec 2022
Adjusted Operating cash flow for the last 12 months			
Adjusted EBITDA for the last 12 months	83.5	105.0	92.9
Change in net working capital compared to previous year same period[1]	8.1	-48.2	-24.8
CAPEX for last 12 months	-23.8	-18.0	-24.0
Adjusted Operating cash flow for the last 12 months	**67.8**	**38.8**	**44.0**
Cash conversion			
Adjusted operating cash flow for the last 12 months	67.8	38.8	44.0
Adjusted EBITDA in the last 12 months	83.5	105.0	92.9
Cash conversion[1]	**81.2%**	**37.0%**	**47.7%**
Net working capital			
Inventories	**178.5**	**179.5**	**174.1**
Non-current operative other receivables[2]	0.1	0.5	0.1
Trade receivables	98.0	112.9	89.1
Current operative other receivables[2]	18.9	16.5	21.3
Operative receivables	**117.0**	**129.9**	**110.5**
Non-current operative payables[3]	1.0	1.1	1.1
Trade payables	96.3	118.1	103.7
Current operative payables[3]	86.8	79.1	88.3
Operative liabilities	**184.2**	**198.2**	**193.1**
Net working capital	**111.3**	**111.2**	**91.4**
Operating capital employed			
Net working capital	111.3	111.2	91.4
Other intangible assets	44.0	39.8	47.0
Property, plant and equipment	127.4	123.2	127.3
Right-of-use assets	38.6	33.2	39.3
Operating capital employed	**321.3**	**307.3**	**305.0**
Return on operating capital employed[4]			
Quarterly end average operating capital employed	361.2	299.2	318.5
EBIT for the last 12 months	38.9	-2.9	39.0
Return on operating capital employed	**10.8%**	**-1.0%**	**12.2%**
Net debt			
Loans and borrowings (non-current)	278.5	278.0	278.1
Loans and borrowings (current)	4.4	17.1	11.3
Loans and borrowings, assets held for sale	8.5	7.0	7.2
Lease liabilities (non-current)	33.5	35.4	34.3
Lease liabilities (current)	9.8	3.3	9.4
Lease liabilities, assets held for sale	0.3	0.7	0.4
Cash and cash equivalents	-97.9	-51.3	-56.3
Cash and cash equivalents, assets held for sale	-6.4	-10.8	-9.1
Net debt	**230.7**	**279.3**	**275.2**
Net debt/Adjusted EBITDA			
Net debt	230.7	279.3	275.2
Adjusted EBITDA in the last 12 months	83.5	105.0	92.9
Net debt/Adjusted EBITDA	**2.76**	**2.66**	**2.96**
Equity/Asset ratio			
Total equity	470.0	423.1	403.3
Total assets	1,036.5	1,024.5	983.7
Equity/Asset ratio	**45.3%**	**41.3%**	**41.0%**
Return on equity			
Cumulative last 12-month profit attributable to owners of the company	7.9	-28.2	13.1
Total equity at the beginning of the period	403.3	390.6	390.6
Total equity at the end of the period	470.0	423.1	403.3
Total equity average	436.6	406.8	396.9
Return on equity	**1.8%**	**-6.9%**	**3.3%**

[1] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 7.9 million impairment charges related to the business in Russia.
[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.
[4] The definition for Return on operating capital employed has been updated from 1 January 2023 and the comparison data has been restated.

EUR million unless otherwise indicated	4-6/2023	4-6/2022	1-6/2023	1-6/2022	2022
Basic earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	2.9	8.3	9.5	14.8	13.0
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.1	0.1	0.1
Profit/loss attributable to the owners of the company	**2.9**	**8.4**	**9.6**	**14.9**	**13.1**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-1.6	-	-
Profit/loss used in calculation of earnings per share	**1.7**	**8.4**	**8.0**	**14.9**	**13.1**
Weighted average number of shares outstanding (pcs)[1]	41 406 191	41 339 788	41 406 191	41 115 862	41 244 426
Basic earnings per share, EUR	**0.04**	**0.20**	**0.19**	**0.36**	**0.32**
Diluted earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	2.9	8.3	9.5	14.8	13.0
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.1	0.1	0.1
Profit/loss attributable to the owners of the company	**2.9**	**8.4**	**9.6**	**14.9**	**13.1**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-1.6	-	-
Profit/loss used in calculation of earnings per share	**1.7**	**8.4**	**8.0**	**14.9**	**13.1**
Diluted weighted average number of shares outstanding (pcs)[1]	41 406 191	41 339 788	41 406 191	41 115 862	41 244 426
Diluted earnings per share, EUR	**0.04**	**0.20**	**0.19**	**0.36**	**0.32**
Adjusted basic earnings per share					
Adjustments	4.2	3.6	7.6	11.1	21.7
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	7.1	11.9	17.1	25.8	34.6
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.1	0.2	0.2
Adjusted profit/loss attributable to the owners of the company	**7.1**	**12.0**	**17.2**	**25.9**	**34.9**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-1.6	-	-
Adjusted profit/loss used in calculation of earnings per share	**6.0**	**12.0**	**15.6**	**25.9**	**34.9**
Weighted average number of shares outstanding (pcs)[1]	41 406 191	41 339 788	41 406 191	41 115 862	41 244 426
Adjusted basic earnings per share, EUR	**0.14**	**0.29**	**0.38**	**0.63**	**0.85**
Adjusted diluted earnings per share					
Adjustments	4.2	3.6	7.6	11.1	21.7
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	7.1	11.9	17.1	25.8	34.6
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.1	0.2	0.2
Adjusted profit/loss attributable to the owners of the company	**7.1**	**12.0**	**17.2**	**25.9**	**34.9**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-1.6	-	-
Adjusted profit/loss used in calculation of earnings per share	**6.0**	**12.0**	**15.6**	**25.9**	**34.9**
Diluted weighted average number of shares outstanding (pcs)[1]	41 406 191	41 339 788	41 406 191	41 115 862	41 244 426
Adjusted diluted earnings per share, EUR	**0.14**	**0.29**	**0.38**	**0.63**	**0.85**

[1] Including 293,478 class F shares convertible to class C shares at the start of the conversion period on 28 June 2024.

PURMO GROUP

Purmo Group Plc

Half-year financial report January-June 2023

25 October 2023

Interim report, January–September 2023

Contact

investors@purmogroup.com

investors.purmogroup.com

Purmo Group Plc
Bulevardi 46
P.O. Box 115
FI-00121 Helsinki, Finland
Phone: +358 40 527 1427