

PURMO
GROUP

2023

**Green Finance
Report**





Purmo Group is a leader in sustainable indoor climate comfort solutions

We are at the centre of the global sustainability journey by offering full solutions and sustainable ways of heating and cooling homes to mitigate global warming. We provide complete heating and cooling solutions to residential and non-residential buildings, including underfloor heating and cooling systems, a broad range of radiators, heat pumps, flow control and hydronic distribution systems, as well as smart products. Our mission is to be the global leader in sustainable indoor climate comfort solutions. Our approximately 3,190 employees operate in 23 countries, manufacturing and distributing top-quality products and solutions to our over 100,000 customers in more than 100 countries. Purmo Group's shares are listed on Nasdaq Helsinki with the ticker symbol PURMO.

Key information on the securities

Key information on the hybrid bond

Issuer	Purmo Group Plc
Second party opinion	Good by Moody's
Bond type	Green subordinated unsecured
Listing	Nasdaq Helsinki
Nominal value	EUR 60 million
ISIN	FI4000548896
Issue date	23 February 2023
Maturity date	No maturity date
Reset date	23 February 2026
Coupon	9.5*
Unallocated proceeds	0%
Allocated proceeds	100%
Refinancing	60%
Financing	40%

*Until reset date, after which the interest will be 3-month Euribor + spread + 500 bps.



■ Financing
■ Refinancing

Allocation of proceeds

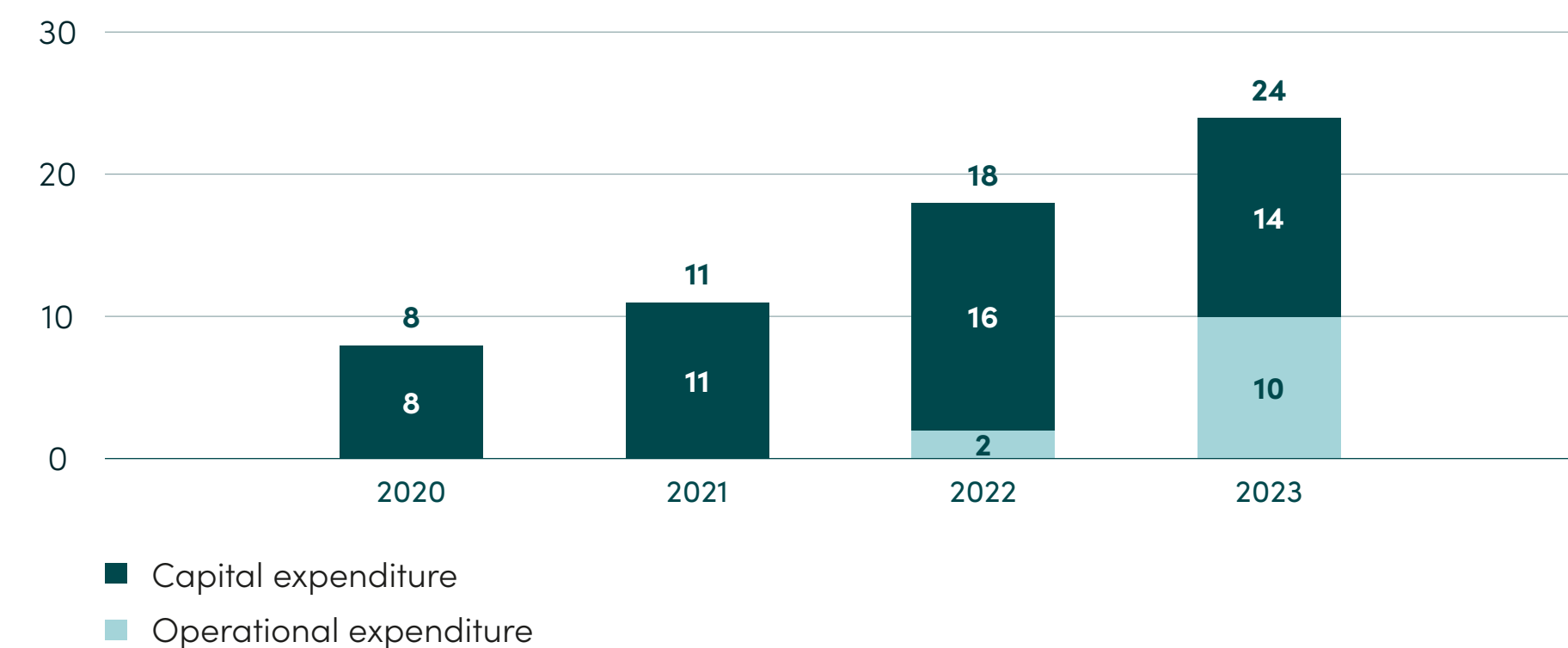
EU taxonomy eligible activities

EUR million	2020	2021	2022	2023	Total
Operational expenditure	15.7	16.4	17.7	15.2	65.0
Capital expenditure	7.6	10.5	15.6	14.0	47.8
Total	23.3	26.9	33.3	29.2	112.7

Allocation to EU Taxonomy eligible activities

EUR million	2020	2021	2022	2023	Total
Operational expenditure			2.0	10.2	12.2
Capital expenditure	7.6	10.5	15.6	14.0	47.8
Total	7.6	10.5	17.6	24.2	60.0
Unallocated expenditure	15.7	16.4	15.7	5.0	52.8

Cumulative allocation of proceeds



CASE STUDY

79% energy savings achieved after renovation completed by Purmo Group

Purmo Group is proud to offer high-quality, easy-to-install climate-friendly heating and cooling solutions to its customers all around Europe. Since being stock-listed in 2022, Purmo Group has delivered energy-efficient solutions, including solar panels, heat pumps and control systems to its customers, who can then enjoy lower energy costs and better indoor climate at their homes. One examples is a house in the Reggio Emilia region of Italy.

In Italy, a 140m² family home was ranked F on the A-G energy efficiency class scale. It consumed 270.5 kWh/sqm per year, and fuel bills amounted to approximately EUR 2,500. Purmo Group identified a combination of actions and products to transform the energy efficiency of the house. The project, which was completed in 2022, included replacing a gas boiler with a heat pump, adding the energy management system FEBOS, and installing photovoltaic solar panels. The house had an existing underfloor heating system before the renovation.

As a result of the renovation, 79% energy savings in consumption was achieved through the products installed working together to achieve significant energy savings. Firstly, the solar panels provide electricity to fuel the heat pump; this in turn creates the energy for the underfloor heating, which is stored in the concrete floor and released when needed. Any excess power produced is sold back to the electricity supplier, but at a much lower cost than any energy which needs to be bought, thus maximising usage of the free solar power is essential. FEBOS system also ensures that as much daytime energy as possible is stored on the floor for slow release.



“The energy efficiency of the house in Reggio Emilia is now completely transformed. The house is energy efficient, with just 57.14 kWh/sqm consumed energy every year, and annual fuel bills are now only EUR 901, which is approximately 70% less than before. What is more, approximately 2,900 kWh of electricity is produced by solar panels each year, and the house now ranks at energy efficiency class A2, six classes above where it was. We got another happy customer, which we are very proud of. It is important for us that we deliver a solution, which truly helps our customers towards a carbon-neutral future,” says **Marco Martin**, Vice President of Sales South at Purmo Group.

CASE STUDY

Energy class improvement from F to A2 in Rolo, Italy

Purmo Group is an ambassador of climate-friendly heating and cooling solutions and takes every opportunity to inform and educate its stakeholders about energy efficiency. In 2023, Purmo Group completed another successful renovation project in a residential house in Rolo, Italy. The happy customer achieved 79% energy consumption improvement through utilising the Group's solutions.

The house with 139.96 m² space had a low level of insulation and underfloor heating before the renovation. Purmo Group helped the customer by replacing a gas condensing boiler with its Mirai heat pump, sold by its Emmeti business in Italy, and installed 8kWp solar panels on the ceiling. The Group also added its FEBOS system for the customer for better monitoring and controlling of heating and cooling. One of the targets in the Group's sustainability strategy is increasing sales of smart products, which are EU-taxonomy aligned. These products include the FEBOS system, which is produced and distributed through the Climate Solution's division Emmeti business in Italy.

As a result of the renovation, 79% less energy was used from the network to heat and cool the house. Furthermore, CO₂ emissions from heating and cooling declined by 76% and the customer is now able to save 69% annually in energy costs.

|| The choice of the solution was proposed to the customer by me, the designer. The customer requested a system that was easy to manage, and reliable without too much spend on the investment. Therefore, having already tested the product on various construction sites, I recommended the solution to the customer. A particular benefit of this solution is the FEBOS system, from which the customer can monitor thermal energy produced, and electrical consumption remotely, just to name a few. To date, the customer is very satisfied as the house has a comfortable climate and very low energy consumption. The customer told me that he couldn't have made a better choice," says **Luca Belli**, the designer of the solution in the house in Rolo.



CASE STUDY

Self-regulated and climate-friendly heating for customers in Helsingborg, Sweden

Purmo Group helps its customers to save energy and make sustainable choices. The Group also strives to be recognised as the number one choice for energy-efficient solutions. In fact, our Customer Sustainability Net Promoter Score improved from +8 to +21 between 2022–2023. The better the score, the more sustainable choice Purmo Group is considered among our customers.

Purmo Group's Climate Solution division's Thermotech business in Sweden has an underfloor heating concept called MultiLevel. The concept uses multiple apartment frames to distribute heating both from the floor and the ceiling. The system is actively self-regulating, which means no individual room regulation is needed, and the supply temperature regulates the heat based on the outside temperature. The system provides twice the heat transfer surface compared to traditional underfloor heating, and the lowest energy consumption and free cooling when using a heat pump.

The first MultiLevel project was completed already in 2010 by Thermotech, and today a large number of customers of Purmo Group are enjoying the balanced and self-regulated heating via this underfloor heating system, including customers in Helsingborg, Sweden. This project was completed in 2023, and the building included nursing homes and dementia care, with 7,000 m² and five floors. Altogether 72 apartments now use Thermotech's MultiLevel heating.

Purmo Group's MultiLevel system consumes energy less compared to certified Passive Houses, especially popular in Sweden, which are also called zero-energy houses. Zero-energy houses are completely climate-neutral, meaning that they produce as much energy as they use. Passive Houses are zero-energy houses if they are self-sufficient. A house is self-sufficient, when natural heating from the occupants, passive solar heating and electrical appliances are sufficient to maintain a suitable temperature in a Passive House. When electrical heat sources are required to ensure a

certain room temperature, energy sources such as heat pumps have been proven to be even 30% more efficient in a Multilevel system compared to traditional radiator systems. The underfloor heating systems specifically sold through the company's business Thermotech in the Nordics, are also classified as EU-taxonomy-aligned products.



We have received a lot of positive comments on our Multilevel solution from our Swedish customers. They tell us that they are very satisfied with the room temperature, which is very stable. According to them, the heat can be transferred from a room to another part of the house – from the northern part of the house to the southern part, as an example, so that the temperature is balanced in all areas," says **Andreas Anderzon**, the father of the Multilevel concept and Operative Manager for Production and Supply Chain at Thermotech, part of Purmo Group Plc.



Independent Practitioner's Assurance Report to the Management of Purmo Group Oyj

We have been engaged by the Management of Purmo Group Oyj (business ID 2890898-5) (hereafter the "Purmo Group" or the "Company") to provide limited assurance on the use of proceeds and eligibility presented in Purmo Group's Green Finance Report 2023 (hereafter "Report").

Management's responsibilities

The Management of Purmo Group is responsible for the preparation and presentation of the Report in accordance with the reporting criteria, i.e. Purmo Group's Green Finance Framework published in February 2023. The Management is also responsible for producing a Report that is free from material misstatement.

Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the use of proceeds and eligibility

in the Green Finance Report 2023, as presented on Report's page 3, table titled 'Allocation to EU Taxonomy eligible activities'. Our assignment is limited to the historical information presented in the Report and does not encompass future-oriented tasks. We conducted our assurance engagement on the Report in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board IAASB. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement. The nature, timing and extent of the assurance procedures selected depend on professional judgement, including the assessment of material misstatement due to irregularity or error. We believe that the evidence we obtain is sufficient and appropriate to provide a basis for our conclusion on limited assurance.

We are independent of the Company in accordance with the ethical requirements applicable in Finland

to the engagement we have undertaken and have fulfilled our other ethical obligations under those requirements.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures performed

A limited assurance engagement on the Report consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed a member of Purmo Group's senior management and relevant staff responsible for providing the Report;

- Assessed the application of the Purmo Group's Green Finance Framework reporting principles in the presentation of Report;
- Assessed data management processes, information systems and working methods used to gather and consolidate the Report;
- Reviewed the presented the Report and assessed its quality and reporting boundary definitions and;
- Assessed the Report's data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Inherent limitations

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

Helsinki, 17 May 2024

KPMG Oy Ab

Kim Järvi
Authorised Public Accountant

Tomas Otterström
Partner, Advisory

Conclusion

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the Report subject to the limited assurance engagement is not prepared, in all material respects, in accordance with the Purmo Group's Green Finance Framework.

PURMO

GROUP

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