Purmo Group Plc

Financial Statements Review
1 January – 31 December 2022

Purmo Group's Financial Statements Review 1 January–31 December 2022:

Strong earnings growth in the ICS business, Group performance impacted by weak demand in Radiators

October–December 2022

- Net sales decreased by 7 per cent to EUR 206.6 million (222.6). Organic[1] net sales decline was 10 per cent.
- Net sales for ICS increased by 25 per cent to EUR 99.7 million (79.7) and net sales for Radiators declined by 25 per cent to EUR 106.9 million (142.9).
- Adjusted EBITDA decreased by 28 per cent to EUR 16.3 million (22.6), corresponding to an adjusted EBITDA margin of 7.9 per cent (10.1).
- EBIT was EUR -1.5 million (-41.9), which included EUR 9.7 million (57.7) of comparability adjustments.
- Cash flow from operating activities increased to EUR 40.2 million (32.2).
- On 5 October 2022, the new organisation was announced in conjunction with the strategy acceleration programme; the new organisation came into effect on 1 January 2023 and consists of two business divisions: Climate Products & Systems and Climate Solutions.

January–December 2022

- Net sales increased by 7 per cent to EUR 904.1 million (843.6). Organic[1] net sales growth was 3 per cent.
- Net sales for ICS increased by 26 per cent to EUR 425.3 million (337.2) and net sales for Radiators division decreased by 5 per cent to EUR 478.8 million (506.3).
- Adjusted EBITDA decreased by 11 per cent to EUR 92.9 million (103.9), corresponding to an adjusted EBITDA margin of 10.3 per cent (12.3).
- EBIT was EUR 39.0 million (3.5), which included EUR 21.7 million (70.2) of comparability adjustments.
- Cash flow from operating activities was EUR 31.1 million (35.4).
- The strategic acquisition of Thermotech was completed on 1 March 2022.
- Proposed return of capital for 2022 is EUR 0.36 per class C share and EUR 0.07 per class F share.

Financial guidance for 2023

Purmo Group's 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.

Visibility for 2023 is limited due to the geopolitical and macroeconomic uncertainties impacting Purmo Group's addressable markets. The company continues to actively manage the situation and improve its financial performance through, for example, pricing and cost reduction initiatives. Purmo Group reiterates the previously communicated targets for the strategy acceleration 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.

Key figures

EUR million	10–12/2022	10–12/2021	Change, %	2022	2021	Change, %
Net sales	206.6	222.6	-7%	904.1	843.6	7%
Adjusted EBITDA	16.3	22.6	-28%	92.9	103.9	-11%
Adjusted EBITDA margin	7.9%	10.1%		10.3%	12.3%	
Adjusted EBITA	9.2	16.5	-44%	64.6	76.6	-16%
Adjusted EBITA margin	4.4%	7.4%		7.1%	9.1%	
EBIT	-1.5	-41.9	96%	39.0	3.5	1025%
EBIT margin	-0.7%	-18.8%		4.3%	0.4%	
Profit for the period	-7.0	-46.7	85%	13.1	-18.8	170%
Adjusted profit for the period	2.6	11.0	-76%	34.9	51.4	-32%
Earnings per share, basic, EUR[2]	-0.17	-1.58	89%	0.32	-0.65	149%
Adjusted earnings per share, basic, EUR[2]	0.06	0.39	-85%	0.85	1.77	-52%
Cash flow from operating activities	40.2	32.2	25%	31.1	35.4	-12%
Adjusted operating cash flow, last 12 months[3]				51.9	50.2[8]	3%
Cash conversion[4]				55.9%	48.3%[8]	
Operating capital employed[5]				305.0	271.8	12%
Return on operating capital employed[6]				12.8%	1.3%	
Net debt				275.2	239.5	15%
Net debt / Adjusted EBITDA[7]				2.96	2.31	29%

[1]Adjusted for currency effects and impacts from acquisitions and divestments.
[2]The number of shares in the comparison period are those of Purmo Group Ltd. Before the merger 31 December 2021 Purmo Group Ltd shares amounted to 11,073,834 which have been converted using 31 December 2021 merger conversion ratio 2.600334506.
[3]Adjusted EBITDA on a rolling 12-month basis less by the change in net working capital and capex on a rolling 12-month basis.
[4]Adjusted operating cash flow divided by Adjusted EBITDA, both on a rolling 12-month basis.

[5)]Net working capital, other intangible assets, property, plant and equipment, and right-of-use-assets.
[6)]EBIT based on a rolling 12-month calculation divided by operating capital employed. Return on operating capital employed without non-recurring items was 1.0% (22.0%).
[7)]Adjusted EBITDA based on a rolling 12-month basis.
[8)]Figures for 1-12/2021 restated for comparability reasons.

Unless otherwise stated, the comparison figures refer to the corresponding period in 2021. The full year 2021 non-adjusted key figures are affected by a one-time, non-cash IFRS 2 merger impact of EUR 52.3 million as a result of the merger of Virala Acquisition Company Plc and Purmo Group Ltd on 31 December 2021, as well as EUR 17.9 million other items affecting comparability.

CEO's review

The market environment continued to be challenging in both renovation and new-build segments during the fourth quarter of the year, which resulted in weak demand; especially in our Radiators business. Despite the overall negative market sentiment, our ICS business performed strongly, supported especially by Emmeti: our solution-business in Italy.

Net sales declined in the fourth quarter by 7 per cent to EUR 206.6 million and adjusted EBITDA was EUR 16.3 million; a decline of 28 per cent. Adjusted EBITDA margin was 7.9 per cent.

For the full year 2022, net sales reached EUR 904.1 million; an increase of 7 per cent. Adjusted EBITDA was 92.9 million; a decrease of 11 per cent. Adjusted EBITDA margin was 10.3 per cent.

Strong performance in ICS, weak demand impacted performance in Radiators

Our ICS division's performance during the fourth quarter was strong; net sales grew by 25 per cent to EUR 99.7 million, and adjusted EBITDA was EUR 11.4 million; a growth of 17 per cent. Adjusted EBITDA margin was 11.4 per cent. ICS net sales for the full year grew by 26 per cent to reach EUR 425.3 million. Adjusted EBITDA grew by 19 per cent to EUR 51.9 million. Adjusted EBITDA margin was 12.2 per cent. We saw similar customer behaviour and demand during this quarter as throughout the year with highest growth in solar panels and heat pumps.

Our Radiators division was challenged by continued low demand in the fourth quarter. Net sales for the quarter were EUR 106.9 million; a decline of 25 per cent. Adjusted EBITDA was EUR 8.1 million, corresponding to a decline of 46 per cent, and adjusted EBITDA margin was 7.6 per cent. For the full year, net sales in Radiators were EUR 478.8 million; a decline of 5 per cent. Adjusted EBITDA was EUR 50.3 million, down 24 per cent compared to the previous year. EBITDA margin was 10.5 per cent.

Strategy acceleration programme underway

In October, we announced a strategy acceleration programme to strengthen the execution of our strategy. The "Accelerate PG" programme addresses a broad range of strategic and operational initiatives to support us in reaching our financial targets. It focuses on improving sales growth, profitability and net working capital efficiency. 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 programme is currently at full speed and progressing according to plan. By the end of 2022 we had already validated over 150 initiative roadmaps which are supporting achievement of the targeted improvements. Implemented run-rate EBITDA improvements at the end of 2022 amounted to EUR 1.4 million, which is according to expectations given the phasing of the programme's initiatives

We also announced a new organisational structure to support the execution of the programme, aligning resources with our strategic direction and strengthening customer focus. The new organisation came into effect on 1 January 2023 and consists of two business divisions: Climate Products & Systems and Climate Solutions.

As previously stated, solution selling was strong in Italy during the quarter and during the year. We were also active in our development of smart products throughout the year. In the fourth quarter we developed exciting innovations. The ICS division developed Unisenza PLUS control range which is built upon the original Unisenza underfloor heating platform. Unisenza PLUS is a second step towards a complete controls system allowing multiple Purmo Group products such as electronic radiator valves and wireless thermostats, to be inter-connected as part of a common indoor climate comfort control system. The hardware is adapted to future third-party home automation platforms.

Purmo Group continued to assess a large number of acquisition opportunities during the year, with a special focus on companies active within solution sales, heat pumps and ventilation. The exit from our business in Russia is ongoing.

Financial guidance for 2023

Purmo Group's 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.

Visibility for 2023 is limited due to the geopolitical and macroeconomic uncertainties impacting Purmo Group's addressable markets. The company continues to actively manage the situation and improve its financial performance through, for example, pricing and cost reduction initiatives. Purmo Group reiterates the previously communicated targets for the strategy acceleration 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.

I want to express my gratitude to our shareholders, customers, suppliers and Purmo Group's employees for the strong support during these extraordinary times. I am looking forward to our continued journey together in 2023.

John Peter Leesi
CEO, Purmo Group Plc

News conference and webcast for analysts, investors and media

Purmo Group's financial statements review 2022 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 9th of February 2023 at 10.00 EET

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

Webcast: https://purmogroup.videosync.fi/financial_statements_2022

Teleconference lines: https://palvelu.flik.fi/teleconference/?id=10010247

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	10–12/2022	10–12/2021	Change, %	2022	2021	Change, %
Net sales, by segment						
Radiators	106.9	142.9	-25%	478.7	506.3	-5%
ICS	99.7	79.7	25%	425.3	337.2	26%
Total	**206.6**	**222.6**	**-7%**	**904.1**	**843.6**	**7%**

In October–December 2022, Purmo Group's net sales reached EUR 206.6 million (222.6); a decrease of 7 per cent. Organic net sales decline, adjusted for currency effect, acquisitions and divestments was 10 per cent. Acquisitions contributed 3 per cent to net sales growth. The net currency impact was neutral.

Net sales for the Radiators division continued to be affected by weak demand in Europe during the fourth quarter of 2022. Renovation and new-build activity remained low during the quarter in most European countries, where high inflation and interest rates slowed down demand. Wholesalers continued to destock their inventories due to lower demand and high existing inventory levels from previous quarters. The division's exposure to Eastern Europe had the highest negative effect on the division during the quarter.

The exceptionally strong development of net sales performance in the ICS division continued during the fourth quarter. The Italian renovation market remained favourable where government incentives for improving energy efficiency of buildings and homes supported net sales growth. Sales in Brazil and Germany also developed well while other regions faced lower demand because of weak market environment. Wholesalers reduced their high inventories from previous quarters which partly slowed down demand.

Net sales in Western Europe (35 per cent of the Group's total sales) declined by 9 per cent. Northern Europe (24 per cent of total) grew by 13 per cent of which Thermotech contributed 14 per cent. Central and Eastern Europe excluding Commonwealth of Independent States (CIS countries) (11 per cent of total) declined by 34 per cent. CIS countries (5 per cent of total) declined by 49 per cent. Southern Europe (17 per cent of total) continued to grow steadily by 30 per cent supported by Italian government incentives for energy efficiency. The Rest of the World region (8 per cent of total) declined by 6 per cent.

In January–December 2022, Purmo Group's net sales amounted to EUR 904.1 million (843.6), an increase of 7 per cent. Organic net sales growth was 3 per cent. Thermotech and Evroradiator contributed 3 per cent to net sales growth. The net currency effect was positive 1 per cent.

Results and profitability

EUR million	10-12/2022	10-12/2021	Change, %	2022	2021	Change, %
Adjusted EBITDA, by segment						
Radiators	8.1	15.1	-46%	50.3	66.0	-24%
ICS	11.4	9.7	17%	51.9	43.7	19%
Other	-3.2	-2.2	43%	-9.4	-5.8	62%
Total	**16.3**	**22.6**	**-28%**	**92.9**	**103.9**	**-11%**
Adjusted EBITDA margin, %	**7.9%**	**10.1%**		**10.3%**	**12.3%**	

In October–December 2022, Purmo Group's adjusted EBITDA was EUR 16.3 million (22.6); a decrease of 28 per cent. The adjusted EBITDA margin was 7.9 per cent (10.1). The adjusted EBITDA margin continued to be burdened by low production and sales volumes in the Radiators division.

In response to lower production volumes, the Radiators division continued to adjust its fixed and variable costs for production, including raw materials and workforce.

The 17 per cent increase in ICS division's adjusted EBITDA to EUR 11.4 million (9.7) partly offset the Radiators division's 46 per cent decline to EUR 8.1 million (15.1).

Comparability adjustments amounted to EUR 9.7 million (57.7). The adjustments were mainly related to EUR 2.9 million costs associated with Accelerate PG and EUR 6.0 million of additional impairment and write-down charges of the Russian entities classified as assets held for sale.

In January–December 2022, Purmo Group's adjusted EBITDA reached EUR 92.9 million (103.9); a decrease of 11 per cent. The adjusted EBITDA margin was 10.3 per cent (12.3). Comparability adjustments amounted to EUR 21.7 million (70.2).

Net financial items amounted to EUR -17.4 million (-8.6).

Profit before tax was EUR 21.6 million (-5.1). Income tax expenses were EUR -8.4 million (-13.7) corresponding to an effective tax rate of 39.1 per cent (29.1 without IFRS 2 merger impact). When excluding certain non-deductible items, the effective tax rate was 20.1 per cent (25.8).

Profit for the review period was EUR 13.1 million (-18.8) and adjusted profit for the period was EUR 34.9 million (51.4). Earnings per share were EUR 0.32 (-0.65) and adjusted earnings per share were EUR 0.85 (1.77). The earnings per share in the comparison period are based on Purmo Group Ltd shares amounting to 29,249,105 shares using the 31 December 2021 conversion ratio. After the merger on 31 December 2021 between Virala Acquisition Company Plc and Purmo Group Ltd the combined company's shares amounted to 40,374,531 class C shares and 1,565,217 class F shares. The directed share issue of 671,779 class C shares in March 2022 and the directed share issue of 66,403 class C shares in October 2022 also diluted the earnings per share in the review period. The share issues were related to the acquisition of

Thermotech and the new share-based incentive plan to the key personnel.

Cash flow and financial position

In October–December 2022, cash flow from operating activities was EUR 40.2 million (32.2). Change in net working capital totalled EUR 34.8 million (11.8) and was mainly driven by decreased inventories and trade payables.

In January–December 2022, cash flow from operating activities was EUR 31.1 million (35.4). The decrease was due to lower profitability despite of positive development in net working capital.

The typical seasonal low point for net working capital is December, after which it builds up during the first and second quarter before reducing again during the third and fourth quarter.

Adjusted operating cash flow for the last 12 months increased by 3 per cent to EUR 51.9 million (50.2) and the cash conversion increased to 55.9 per cent (48.3). The change was a result of increased capex spend in the last 12 months of EUR -24.0 million (-14.8) mainly related to strategic projects but was offset by a favourable change in net working capital of EUR -16.9 million (-38.8). The adjusted EBITDA during the last 12 months decreased slightly to EUR 92.9 million (103.9).

Cash flow from investment activities was EUR -32.9 million (-18.6). The change was primarily attributable to the Thermotech acquisition of EUR -14.6 million (2021: EUR -4.5 million related to acquisition of Evroradiator) as well as investments in property, plant and equipment, and intangible assets of EUR -24.0 million (-14.8). The increased investments were off set by EUR 3.1 million (0.7) proceeds from the sale of property, plant and equipment, and intangible assets mostly from the sale of the Irish production site as well as EUR 2.7 million (0.0) proceeds from the divestment of a discontinued Chinese subsidiary.

Cash flow from financing activities was EUR -110.8 million (105.4), mostly from the repayment of the EUR 95.0 million bridge-loan facility in January and an increase in short-term funding of EUR 10.0 million. In May the first instalment was paid of the return of capital of EUR 0.18 per class C share and EUR 0.03 per class F share, totalling EUR 7.4 million. The second instalment of EUR 0.18 per class C share and EUR 0.04 per class F share was paid in October 2022, totalling EUR 7.5 million.

At the end of December, the Group's net debt was EUR 275.2 million (239.5) and the equity ratio was 41.0 per cent (37.3). The net debt to adjusted EBITDA ratio, based on the last 12 month's adjusted EBITDA, was 2.96 (2.31).

At the end of 2022, the liquidity position in terms of cash and cash equivalents totalled EUR 56.3 million (177.6). The decline in cash and cash equivalents mainly consisted of the Initial Public Offering proceeds of Virala Acquisition Company Plc, which were used to repay the bridge loan facility of EUR 95.0 million at the beginning of the year. The company has a Finnish commercial paper programme totalling EUR 100.0 million of which EUR 10.0 million was outstanding. The company also had an EUR 80.0 million undrawn committed revolving credit facility and EUR 20.5 million of undrawn overdraft facilities with core financial institutions.

Equity attributable to owners of the parent company totalled EUR 403.3 million (390.6).

Radiators Division

Purmo Group's Radiators division is a leading manufacturer of premium-quality radiators with strong local brands around the world. Demand is driven by residential repair and maintenance (about 60 per cent of sales) and new construction (about 40 per cent of sales). The division manufactures panel, tubular and electrical radiators, which are sold mainly to installers through wholesalers, either as individual units or as part of complete indoor climate comfort solutions.

EUR million	10–12/2022	10–12/2021	Change, %	2022	2021	Change, %
Net sales	106.9	142.9	-25%	478.8	506.3	-5%
Adjusted EBITDA	8.1	15.1	-46%	50.3	66.0	-24%
Adjusted EBITDA margin, %	7.6%	10.6%		10.5%	13.0%	
Depreciations, amortisations and impairments	-2.3	-4.6	-151%	-20.7	-21.1	-2%

Market overview

Radiators division continued to be affected by weak demand in Europe during the fourth quarter of 2022. Renovation and new-build activity remained low in most European countries during the quarter, where high inflation and interest rates slowed down demand. During the quarter wholesalers continued to destock their inventories due to lower demand and high inventory levels from previous quarters. The Radiators division's exposure to Eastern Europe had the most negative effect on the division during the quarter.

For the full year 2022, the markets for radiators developed favourably in the first half, when wholesalers were increasing their inventories after the lifting of COVID-19 lock-downs. In the latter half of the year, a correction in the supply chain occurred, as high inventory levels were met by weaker demand. This led to a decline in sales and profitability in the Radiators division.

As a consequence of the weaker demand in the latter half of the year, Radiators division introduced several, rapid cost-saving actions, including workforce reduction but also limiting operational expenses and relocating production to facilities with lower production cost.

Net Sales

In October–December 2022, net sales of the Radiators division decreased by 25 per cent to EUR 106.9 million (142.9) of which 26 per cent was an organic net sales decline. Acquisitions did not contribute to the division's net sales growth. The currency impact had a positive effect of 1 per cent.

Weak demand in renovation and new-build markets and high inventory levels of wholesalers led to an organic sales volume decline of around 33 per cent during the quarter. The decline was offset by 8 per cent improvement in sales prices which also partly mitigated high cost inflation.

Among the key markets, sales grew in the fourth quarter in Italy and the Nordics but declined in other sales regions during the fourth quarter compared to the same quarter last year. The war in Ukraine continued to heavily impact demand and sales declined in Eastern Europe which also burdened profitability of the division.

In January–December 2022, net sales for the Radiators division decreased by 5 per cent to EUR 478.8 million (506.3), of which organic net sales decline was of 7 per cent. An increase in sales prices of 17 per cent offset 22 per cent organic volume declines. Acquisitions contributed 1 per cent to the division's net sales growth. The currency impact was positive 1 per cent.

Profitability

In October–December 2022, adjusted EBITDA of the Radiators division declined by 46 per cent to EUR 8.1 million (15.1). The adjusted EBITDA margin was 7.6 per cent (10.6).

The decline in adjusted EBITDA margin was a result of low production and sales volumes. The radiator plants continued to adapt to lower level of production by introducing several rapid cost saving actions, including rightsizing the workforce.

In January–December 2022, adjusted EBITDA of the Radiators division declined by 24 per cent to EUR 50.3 million (66.0). The adjusted EBITDA margin was 10.5 per cent (13.0).

Key activities during the quarter

The Radiators division completed several profitability actions as a response to the weakened demand during the fourth quarter of the year. The expansion of the division's largest manufacturing plant in Rybnik, Poland was completed during the fourth quarter of the year. The installation of machinery for the facility will be finalised during 2023. The exit from our business in Russia is ongoing. The Russian subsidiary operates as a stand-alone business with a separate, local brand (EVRA).

ICS Division

Purmo Group's Indoor Climate Systems (ICS) division is one of the leading indoor climate comfort solution providers offering a broad range of components as well as products and systems to specifiers, developers, installers and wholesalers primarily in the residential and also in the non-residential sector. Demand is driven by new construction (about 70 per cent of sales) as well as repair, renovation and maintenance of buildings (about 30 per cent of sales). The division offers Radiant Heating and Cooling (RHC) including underfloor heating systems, Air Heating and Cooling (including air-conditioning), heat pumps, fan convectors, ventilation, water-distribution and connection systems, and HVAC system components such as hydronic and electronic controls and flow balancing technology.

EUR million	10–12/2022	10–12/2021	Change, %	2022	2021	Change, %
Net sales	99.7	79.7	25%	425.3	337.2	26%
Adjusted EBITDA	11.4	9.7	17%	51.9	43.7	19%
Adjusted EBITDA margin, %	11.4%	12.2%		12.2%	13.0%	
Depreciations, amortisations and impairments	-2.9	-2.2	32%	-11.4	-9.0	26%

Market overview

The exceptionally strong development of net sales performance in the ICS division continued during the fourth quarter. The Italian renovation market remained favourable where government incentives for improving energy efficiency of buildings and homes supported net sales growth. Sales in Brazil and Germany also developed well while other regions faced lower demand because of weak market environment. Wholesalers reduced their high inventories from previous quarters which partly slowed down demand.

In the full year 2022, ICS business developed strongly, showing double-digit growth in every quarter. Italy had the highest contribution to net sales growth, but other regions also performed well, including Germany and the Nordics which was supported by Thermotech, acquired in the beginning of the year. The demand for heat pumps was strong in each quarter, demonstrating a customer behaviour towards modern and sustainable heating and cooling solutions. In the latter part of the year, the ICS division faced supply chain constraints and high raw material prices due to high inflation. These were compensated by several price increases.

Net sales

In October–December 2022, net sales for the ICS division increased by 25 per cent to EUR 99.7 million (79.7), of which 18 per cent was organic net sales growth. The Thermotech business contributed 8 per cent to the division's net sales growth. The currency impact was neutral.

The growth in net sales was mainly driven by price increases during the fourth quarter. Stable development of volumes was achieved in Italy, Brazil and Germany. Demand was strong in heat pumps, solar panels, pipes and ceiling heating and cooling solutions.

In January-December 2022, net sales for the ICS division increased by 26 per cent to EUR 425.3 million (337.2), of which 19 per cent was organic net sales growth. Thermotech contributed 6 per cent to the division's net sales growth and the net currency effect was 1 per cent. Net sales growth for full year 2022 was a result of successful and gradual price increases in the division.

Profitability

In October–December 2022, adjusted EBITDA of the ICS division increased by 17 per cent to EUR 11.4 million (9.7). Profit improvement was driven by continued, successful price increases. Furthermore, the Thermotech business contributed about EUR 0.6 million to the adjusted EBITDA (a 6 per cent positive contribution to the adjusted EBITDA).

The adjusted EBITDA margin was 11.4 per cent (12.2). A slight decrease in adjusted EBITDA margin was a result of lower sales and production volumes in Central Europe in December.

In January–December 2022, adjusted EBITDA of the ICS division increased by 19 per cent to EUR 51.9 million (43.7). The adjusted EBITDA margin was 12.2 per cent (13.0).

Key activities during the quarter

During the fourth quarter of 2022, the ICS division developed the Unisenza PLUS control range, built upon the original Unisenza underfloor heating platform solution. Unisenza PLUS is designed to allow multiple Purmo Group products be inter-connected as part of a common indoor climate comfort control system. The new control range is available from Q1 2023.

Investments, acquisitions, structural changes and R&D

Investments

In October–December 2022, capital expenditure excluding business combinations and leased assets totalled EUR 11.6 million (6.8).

Capital expenditure for the full year, excluding business combinations and leased assets, totalled EUR 24.0 million (15.8). The investments were related primarily to strategic projects and maintenance.

Acquisitions and disposals

There were no acquisitions or disposals during the fourth quarter of the year.

During the third quarter, a subsidiary of Purmo Group was divested to a third party. It owned real-estate property and land area in Tianjin, China. The subsidiary was divested due to its discontinued use for production, sales and distribution.

On 1 March 2022 Purmo Group announced that it had acquired the entire share capital of the Nordic heating system company TT Thermotech Intressenter AB. The company manufactures and supplies customised and prefabricated underfloor heating systems to customers in the Nordic region. Thermotech is reported under the ICS segment. The acquisition supports Purmo Group's growth strategy by bringing smart technologies to the company's Indoor Climate System (ICS) offering, supporting its solution-selling approach and strengthening Purmo Group's position on the Nordic underfloor heating market.

Structural changes

At the end of March 2022, Purmo Group took the decision to exit its business in Russia. The company is seeking to divest and complete an orderly transfer of the business to a new owner in compliance with international and local laws in Russia. Upon completion of the divestment, the company will no longer have a manufacturing operation or sales in Russia. Purmo Group has classified its Russian business as assets held for sale, resulting in a non-recurring impairment and write-down of EUR 6.9 million in March 2022 and additional write-down of EUR 6.0 million in December 2022, totalling EUR 12.9 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 less than 4 per cent of Purmo Group's total net sales in 2022.

Research and development

Product development of Purmo Group focuses on connecting smart HVAC equipment from the energy source to thermal emitters in one unified and intelligent system. Additionally, focus is, on minimising material-usage including product packaging, and on smart design that improves 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 Smart Products pipeline continued to focus on three clear strategic priorities during the fourth quarter: intelligence and connectability, sustainability and aesthetics.

Research and development (R&D) expenditure totalled EUR 1.1 million (1.4) in October–December 2022. Purmo Group's research and development expenditure totalled EUR 6.1 million (5.9) in January–December 2022.

During the fourth quarter of 2022, the ICS division developed Unisenza PLUS control range which is built upon the original Unisenza underfloor heating platform solution. Unisenza PLUS is designed to allow multiple Purmo Group products, such as electronic radiator valves and wireless thermostats, be inter-connected as part of a common indoor climate comfort control system. The hardware is adapted to future third-party home automation platforms. The new control range is available from Q1 2023.

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, expansion and diversification.

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.

To support the execution of the programme, align resources with the strategic direction and to strengthen customer focus, the company announced a new organisational structure which came into effect on 1 January 2023.

The new organisation will consist of two business divisions: Climate Products & Systems, which will sell through the wholesaler channels; and Climate Solutions, which will sell integrated solutions directly to installers, served by the company's Emmeti business in South Europe and Thermotech business in the Nordic region.

Purmo Group's management team in the new organisational structure is:

- John Peter Leesi, Chief Executive Officer
- Erik Hedin, Chief Operating Officer; leading also the strategy acceleration programme
- Mike Conlon, President, Climate Solutions division
- Barry Lynch, President, Climate Products & Systems division
- Linda Currie, Chief People Officer

Matts Rosenberg was appointed interim CFO of Purmo Group Plc, effective as of 1 January 2023. He will act as interim CFO until the permanent role has been filled. The search for a new Chief Financial Officer is progressing according to plan.

On 8 November 2022, Purmo Group announced that due to the weak market environment the company expands its earlier announced strategy acceleration programme. The targeted adjusted EBITDA run-rate improvements are EUR 20 million (upgraded from EUR 15 million) by the end of 2023, and cumulatively EUR 40 million (upgraded from EUR 35 million) by the end of 2024.

The upgraded profitability improvements will include both variable and fixed cost savings, excluding areas where market growth is expected to continue, including Italy, Brazil and China. Additionally, the company will continue 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 (previously EUR 40 million), of which EUR 33 million (previously EUR 30 million) is expected to be incurred before the end of 2023 and the remainder in 2024.

The programme is currently progressing according to plan. By the end of 2022 Purmo Group had already validated over 150 initiative roadmaps which support achievement of the targeted improvements. Implemented run-rate EBITDA improvements at the end of 2022 amounted to EUR 1.4 million, which is according to expectations given the phasing of the programme's initiatives.

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 October–December 2022, organic net sales declined by 10 per cent, while total net sales declined with 7 per cent to EUR 206.6 million (222.6). The decline in net sales was a result of the continued weak demand in the market environment, which particularly impacted the Radiators division.

Profitability

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

In October–December 2022, the adjusted EBITDA margin was 7.9 per cent (10.1). The decrease in EBITDA margin was a result of lower production and sales volumes in the Radiators division.

The strategic transition to a solutions business and the introduction of the strategy acceleration programme in the fourth quarter of 2022 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 December 2022, net debt / adjusted EBITDA was 2.96 (2.31). The increase in the ratio was due to lower adjusted EBITDA and increase in net debt.

Dividend

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

For the financial year 2021 Purmo Group distributed a total of 44 per cent of annual net profit as return of capital, excluding IFRS 2 merger impact.

For financial year 2022 The Board of Directors of Purmo Group Plc proposes to the Annual General Meeting planned to be held on 12 April 2023 that a return of capital of EUR 0.36 per class C share and EUR 0.07 per class F share shall be paid.

Financial guidance for 2023

Purmo Group's adjusted EBITDA in 2023 is expected to be on a similar level as in 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent from the previous year.

Visibility for 2023 is limited due to the geopolitical and macroeconomic uncertainties impacting Purmo Group's addressable markets.

The company continues to actively manage the situation and improve its financial performance through, for example, pricing and cost reduction initiatives. Purmo Group reiterates the previously communicated targets for the strategy acceleration 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.

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 good progress against its ESG targets in the fourth quarter of 2022. This included energy efficiency improvements in operations, improvement in employee engagement results and accelerated volunteering hours by the Group's personnel. During 2022, the Group's greenhouse gas emissions continued to decline, it received its first Environmental Product Declaration and achieved improvement in all Health and Safety KPIs.

Production

During the fourth quarter, carbon intensity improved by 6 per cent to 89.8 (95.7). Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 13 per cent to 18,522 tCO_2e (21,304) principally due to lower production volumes. For the full year, carbon intensity improved by 15 per cent to 87.4 (102.9). Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 9 per cent to 79,035 tCO_2e (86,780).

Solutions

Purmo Group completed a trial of 100 per cent compostable bags made from corn at one of its plants in Italy during the fourth quarter. It also launched its improved sustainability webpages during the quarter. In 2022, the first Environmental Product Declaration (EPD) was completed. Also known as a Product Environmental Profile (PEP), it was given to the Thermopanel V4, V4 Plan and V4 Ramo ranges.

People

In the quarter, the Lost Time Injury Frequency Rate per million hours worked (LTIFR) increased by 130 per cent to 7.6 (3.3) and the number of safety observations increased by 37 per cent to 350 (255). Safety observations correspond the observations made by Purmo Group's employees about situations which are or might be unsafe or lead to an injury. For 2022 overall, all Health and Safety KPI's improved compared to 2021. Results for the employee engagement survey improved from -9 in 2021 to -8 in 2022. In addition, over 90 per cent of Purmo Group's employees were covered by an occupational health and safety standard, ISO 45,001.

Communities

During the fourth quarter Purmo Group employees dedicated 2,845 hours (N/A) to volunteering to local communities of 2022. For the whole of 2022, volunteering hours totalled 6,680 hours (N/A).

Other material activities

During the fourth quarter, Purmo Group joined the United Nations Global Compact initiative – a voluntary leadership platform for the development, implementation and disclosure of responsible business practices. By joining UN Global Compact, Purmo Group is demonstrating its commitment to taking responsible business action by aligning its strategies and operations with universal principles on human rights, labour, environment and anti-corruption. During the quarter, the assessment of Purmo Group's alignment to EU taxonomy was also completed. The outcome from the assessment will be published in the Annual Report for 2022.

In 2022, Purmo Group committed to setting Science Based Targets. These targets will give Purmo Group a clearly defined path to reduce emissions in line with the goals of the Paris Agreement under which Europe will reach net-zero global Green House Gas (GHG) emissions by 2050 in order to limit global warming to 1.5°C or lower. The aim is to submit targets in the near future, with certification expected during 2023.

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

Key indicators

	10–12/2022	10–12/2021[7]	Change, %	2022	2021	Change, %
Production						
Scope 1 and 2 GHG emissions, tCO_2e[1]	18,522	21,304	-13%	79,035	86,780	-9%
Scope 3 GHG emissions from procured steel, tCO_2e[2]	48,768	98,987	-51%	279,578	381,166	-27%
Scope 1 and 2 carbon intensity[3]	89.8	95.7	-6%	87.4	102.9	-15%
Solutions						
Customer Net Promoter Score, cNPS[4]	N/A	N/A	N/A	33.0	N/A	-3%
Customer Sustainability Net Promoter Score, sNPS[5]	N/A	N/A	N/A	8.0	N/A	N/A
People						
Lost Time Injury Frequency Rate, LTIFR[6]	7.6	3.3	130%	4.9	5.2	-6%
Number of safety observations	350	255	37%	1,218	1,013	20%
Number of accidents	10	5	100%	28	32	-13%
Proportion women in senior management positions	27%	N/A		27%	24%	
Communities						
Number of volunteering hours	2,854	N/A		6,680	N/A	

[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]tCO_2e/net sales in EUR million.

[4]Question asked: 'How likely is it that you would you 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 from the comparison periods are unavailable as the data collection for these sustainability focus areas began only after the comparison periods.

Shares and shareholders

Share capital, number of shares and shareholders

	31 Dec 2022
Number of class C shares	41,112,713
Number of class F shares	1,565,217
Number of shareholders	3,315 (31 Dec 2021: 3,095)

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 or 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.

Purmo Group Plc (former Virala Acquisition Company Plc) announced on 20 September 2021 that the first share price hurdle as set out in the company's Articles of Association had been exceeded, pursuant to which 18.75 per cent of class F shares held by the company's founding shareholder, Virala Corporation, have become eligible for conversion into class C shares starting from 28 June 2024.

The number of shares outstanding on 31 December 2022 was 41,112,713 class C shares and 1,565,217 class F shares. The company's registered share capital on 31 December 2022 was EUR 3,080,000. The company has no treasury shares. Trading in Purmo Group Plc's shares commenced in Nasdaq Helsinki on 3 January 2022.

On 31 December 2022 the five largest shareholders were Rettig Group Ltd (61.80 per cent of total shares), Virala Corporation (15.14 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 of 25 April 2022 authorised the Board of Directors to resolve on the issuance of a maximum of 8,000,000 class C shares as well as on 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 proposed number of shares corresponds to approximately 20 per cent of all class C shares in the company. 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 authorised the Board of Directors to repurchase a maximum of 4,000,000 of the company's own class C shares as well as on the acceptance of them as pledge. The shares shall be repurchased with funds from the company's unrestricted shareholders' equity. The number of shares corresponds to approximately 10 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. The authorisations are effective until the end of the next Annual General Meeting, however, no longer than until 30 June 2023.

Flagging notifications

During 2022, Purmo Group received the following notifications from major shareholders:

Transaction date	Shareholder	Direct holding after the transaction	Direct holding before the transaction	Total holding
5 Jan 2022	Rettig Group Ltd.	66.64%	68.28%	66.64%
17 Aug 2022	Virala Corporation[1]	15.09%	12.32%	15.14%

[1] Virala Corporation holds 4,895,000 class C and 1,565,217 class F shares of Purmo Group.

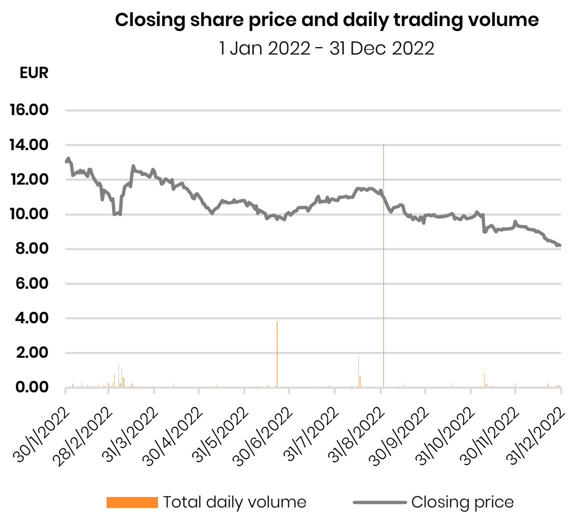
More information on flagging notifications is available on the company's website.

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 – 31 Dec 2022
High, EUR	15.65
Low, EUR	8.12
Volume-weighted average price	10.45
Closing price, EUR, 31 December 2022	8.22
Market capitalisation, class C share, EUR million, 31 December 2022	337.9
Number of traded shares	11,872



Governance

Personnel

The number of Group full-time-equivalent employees averaged 3,476 (3,360) in January–December. At the end of the period, the Group had 3,372 (3,471) full-time-equivalent employees. The decrease in full-time-equivalent employees was mainly due to organisational effectiveness related to Accelerate PG.

Changes in the management team

On 5 October 2022, Purmo Group announced a new organisational structure effective from 1 January 2023. The management team within the new organisational structure is as follows:

- John Peter Leesi, Chief Executive Officer
- Erik Hedin, Chief Operating Officer; leading also the strategy acceleration programme
- Mike Conlon, President, Climate Solutions division
- Barry Lynch, President, Climate Products & Systems division
- Linda Currie, Chief People Officer

On 25 November 2022, Purmo Group announced that Matts Rosenberg had been appointed interim CFO of Purmo Group Plc, effective as of 1 January 2023. He reports to CEO John Peter Leesi. Mr. Rosenberg will act as interim CFO until the permanent role has been filled. The search for a new Chief Financial Officer is progressing according to plan.

On 4 July 2022, Barry Lynch was appointed Senior Vice President of the Radiators division and member of the Management Team. He succeeded Tomasz Tarabura, who left the company.

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 plan requires a personal investment and continuous share ownership from the participants.

On 27 September 2022 Purmo Group announced that the Board approved a total of 66,403 subscriptions of new class C shares in the share issue for management and key employees. The subscription price EUR 10.23 per share was based on the trade-volume weighted average price of the Company's share on Nasdaq Helsinki Ltd during 12 July–5 September 2022. The total subscription price of the new class C shares was EUR 679,302.69.

The performance criterion of the plan is Total Shareholder Return (TSR) of the class C share. The minimum threshold for reward payout is a share price of EUR 16.00, and maximum reward shares are earned at a share price of EUR 24.00. Paid dividend and return of capital during the plan are added to the share price when calculating the TSR.

The reward will be paid in both Purmo Group class C shares and in cash to cover taxes and statutory social security contributions arising from receipt of the reward. The rewards payable according to the incentive plan, including the proportion to be paid in cash, correspond to the value of an approximate maximum total of 1,500,000 class C shares of Purmo Group Plc. The final number of reward shares is subject to each participant's personal share ownership and achievement of set TSR targets.

Purmo Group Plc has financed the subscriptions of the class C shares by offering interest-bearing loans to the participants to a maximum amount of 50 per cent of the subscription value of the subscribed shares. Participants have pledged the subscribed shares as a security for performing their obligations under the concluded loan agreement.

The performance period covers the financial years of 2022–2025 and pay out period covers the financial years of 2026–2027. The plan has 29 participants in total.

Purmo Group Plc's Remuneration Policy is available on the company's website.

Annual General Meeting

The Annual General Meeting was held on 25 April 2022. The meeting adopted the Annual Accounts, including the Consolidated Annual Accounts for 2021, and discharged the members of the company's Board of Directors and the CEO from the liability for the financial year 2021. The Annual General meeting also adopted the remuneration policy. All resolutions of the Annual General Meeting are available on the company's website.

Return of capital

The Annual General Meeting decided that a return of capital of EUR 0.36 per class C share is to be paid for the financial year 2021 in two instalments and that a return of capital for class F shares is to be paid in accordance with the Articles of Association of the company for the financial year 2021 in two instalments. The first instalment of the return of capital was EUR 0.18 per class C share and EUR 0.03 per class F share. The first instalment of the return of capital was paid on 4 May 2022. The second instalment of the return of capital was EUR 0.18 per class C share and EUR 0.04 per class F share. The second instalment was paid on 3 October 2022.

Remuneration of the members of the Board of Directors

The Annual General meeting resolved that the following annual remuneration will be paid to the members of the Board of Directors: EUR 92,000 per year for the Chairman of the Board, EUR 53,000 per year for the Vice-Chairman of the Board, EUR 53,000 per year for each of the Chairmen of the Board Committees and EUR 48,000 per year for each ordinary board member.

Approximately 40 per cent of the remuneration is to be used to acquire class C shares and the remainder is to be paid in cash. The annual remuneration shall be paid to the members of the Board of Directors in proportion to the length of their term of office.

Board of Directors
The Annual General Meeting resolved that the number of members of the Board of the Directors shall be seven. Tomas von Rettig, Matts Rosenberg, Alexander Ehrnrooth, Catharina Stackelberg, Carlo Grossi, Carina Edblad and Jyri Luomakoski were re-elected to the Board of Directors for a term of office ending at the conclusion of the next Annual General Meeting. The Annual General Meeting elected Tomas von Rettig as the Chairman of the Board and Matts Rosenberg as the Vice-Chairman.

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

Committees nominated by the Board

Purmo Group Plc's Board of Directors appointed the following members to its committees at its constitutive meeting on 25 April 2022:

- Audit Committee: Jyri Luomakoski (chairman), Matts Rosenberg, Alexander Ehrnrooth
- M&A Committee: Matts Rosenberg (chairman), Alexander Ehrnrooth, Carlo Grossi
- Remuneration Committee: Tomas von Rettig (chairman), Catharina Stackelberg, Carina Edblad

Shareholders' Nomination Board

In June 2022, Purmo Group Plc's three largest shareholders nominated the following representatives to the Shareholders' Nomination Board:

- Matts Rosenberg (Chairman)
- Alexander Ehrnrooth
- Peter Seligson

Risks and uncertainties in the near future

Purmo Group is affected by global supply chain disturbances which started during the COVID-19 pandemic. This involves uncertainties and may adversely affect demand and delivery capability of the company's products as well as availability of financing. Possible new COVID restrictions in China in particular might have an effect on Purmo Group's business. Purmo Group has been able to manage the adverse effect of the disturbances on its operations and hence, the impact of challenges in sourcing raw materials and components has been limited.

Purmo Group's costs have been affected by commodity and energy price increases caused, for example, by the sharp global increase in demand for commodities as well as other supply chain disturbances. The company has been able to manage profitability by implementing sales price increases with a reasonable delay. Inflation rates in Purmo Group's core markets are high and 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 profitability and operations in general.

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.

Financial uncertainty in the global economy and rising inflation can increase volatility in foreign exchange rates as well as have an adverse effect on interest rates and the availability of funding. Due to Purmo Group's global presence, it is exposed to currency risks. Purmo Group's financial risk management approach is to hedge highly probable foreign currencies (Swedish krona, British pound, Polish zloty and Romanian leu) cash flows. Regardless of hedging activities, the Group may still encounter fluctuations in its financial position due to volatility in foreign exchange rates. The Central bank's actions to tackle inflation with tightening monetary policy has had an impact in the cost of funding for Purmo Group. Company has encountered financial derivatives to reduce and manage the impact of interest rate fluctuations. The Group has sufficient short- and long-term committed funding to meet its short- and long-term obligations.

Climate change related impacts mean that Purmo Group must develop products that meet customer expectations and follow the changing regulations related to, for example, energy efficiency and product life cycle requirements. Purmo Group has a sustainability strategy and a function. Proactive, effective and right measures may mean that Purmo Group is able to use business opportunities relating to the expectations and requirements. The ongoing energy transition is expected to accelerate the demand for low-temperature systems and solutions which are compatible with energy sources other than fossil fuels. This is an opportunity for the execution Purmo Group's solution selling strategy. There are differences between markets in how the transition changes the product mix demand, however, Purmo Group is well positioned to manage the change and capture opportunities with the support of its wide product portfolio.

The war in Ukraine has resulted in economic sanctions being imposed on Russia by many countries. Purmo Group has about 210 employees in Russia and had two freelance sales representatives in Ukraine, based in Kiev. The Group has been importing into both countries for several years and, in 2021, established sourcing, production and additional sales in Russia through its acquisition of 51 per cent of the shares in Euroradiators Holding B.V., a Dutch holding company holding all shares in Russian Evroradiators LLC, from Bosch Group. Before suspending sales and operations in Russia, sales were generated both from Polish imports as well as an increasing portion of local production following the acquisition. Imports into Ukraine made up less than 1 per cent of total Group sales in 2022 and those into Russia, less than 4 per cent. On 31 March 2022, Purmo Group decided to exit its business in Russia.

The economic downturn in Ukraine continues to have a significant negative impact on demand for Purmo Group's products in the country. The company temporarily halted deliveries to Ukraine after the invasion but has later continued deliveries where arrangements have been possible. The health and safety of employees, customers and business are, as always, a priority.

The impact of the war has started to materialise in markets other than Russia and Ukraine, with effects including high inflation and a decline in the construction market. 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. The length of the decline in the construction markets in areas other than Russia and Ukraine is hard to estimate.

Events after the review period

There were no significant events after the review period.

Board of Director's proposal for the distribution of profit

The parent company's distributable equity on 31 December 2022 totalled EUR 407,036,848.65. The Board of Directors of Purmo Group Plc proposes to the Annual General Meeting convening 12 April 2023 that a return of capital of EUR 0.36 per class C share be paid for the financial year 2022 and that a return of capital for class F shares be paid in accordance with the Articles of Association of the Company for the financial year 2022 from the reserve for invested unrestricted equity of the Company.

All the class C shares in the Company are entitled to a return of capital except for treasury shares held by the Company on the return of capital record date. In accordance with the Articles of Association of the Company and as a consequence of the first share price hurdle for conversion of class F shares into class C shares having been exceeded in September 2021, class F shares currently carry a right to asset distribution equivalent to 0.69 per cent of the return of capital proposed to be distributed to class C shares, which corresponds to a return of capital of EUR 0.07 per class F share.

According to the Company's dividend policy at least 40% of annual net profit will be distributed as dividend or return of capital.

The return of capital is proposed to be paid in four instalments in Q2 2023, Q3 2023, Q4 2023 and in Q1 2024.

In Helsinki, 8 February 2023
Purmo Group Plc's Board of Directors

Condensed consolidated financial statement information

Consolidated statement of profit and loss

EUR million	Note	10–12/2022	10–12/2021	2022	2021
Net sales	3	206.6	222.6	904.1	843.6
Cost of sales		-163.2	-175.2	-700.8	-645.5
Gross profit		**43.4**	**47.4**	**203.3**	**198.1**
Sales and marketing expenses		-22.0	-22.3	-87.9	-78.3
Administrative expenses		-14.4	-8.6	-51.5	-42.0
Research and development expenses		-1.1	-1.4	-6.2	-5.9
Other income		0.9	1.1	4.9	2.6
Other expenses		-8.4	-58.0	-23.7	-71.0
Operational expenses		**-45.0**	**-89.2**	**-164.3**	**-194.6**
EBIT		**-1.5**	**-41.9**	**39.0**	**3.5**
Finance income		1.5	0.3	5.7	1.1
Finance expenses		-8.7	-3.0	-23.1	-9.7
Net financial items		**-7.3**	**-2.7**	**-17.4**	**-8.6**
Profit before tax		**-8.8**	**-44.6**	**21.6**	**-5.1**
Income tax expense	4	1.8	-2.1	-8.4	-13.7
Profit for the period		**-7.0**	**-46.7**	**13.1**	**-18.8**
Profit for the period attributable to:					
Owners of the parent		-7.0	-46.2	13.1	-18.8
Non-controlling interests		-	-0.5	-	-
Earnings per share for profit attributable to the ordinary equity holders of the parent company:					
Earnings per share basic, EUR		-0.17	-1.58	0.32	-0.65
Earnings per share diluted, EUR		-0.17	-1.58	0.32	-0.65

Consolidated statement of comprehensive income

EUR million	10–12/2022	10–12/2021	2022	2021
Profit for the period	-7.0	-46.7	13.1	-18.8
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Re-measurement of defined benefit liability (asset)	-10.9	-0.6	2.2	8.4
Related tax	2.4	2.0	-0.2	0.2
Total items that will not be reclassified to profit or loss	**-8.5**	**1.3**	**1.9**	**8.6**
Items that are or may be reclassified to profit or loss				
Foreign operations – foreign currency translation differences	-6.2	-1.0	0.5	0.4
Reclassification of foreign currency translation differences through profit and loss	-	-	0.4	-
Cash flow hedges – effective portion of changes in fair value	1.8	-0.9	3.4	-1.9
Cash flow hedges – reclassified to profit or loss	0.1	0.7	0.7	1.5
Related tax	-0.4	0.1	-0.8	0.2
Total items that are or may be reclassified to profit or loss	**-4.7**	**-1.0**	**4.2**	**0.1**
Other comprehensive income, net of tax	**-13.2**	**0.3**	**6.2**	**8.7**
Total comprehensive income for the period	**-20.2**	**-46.4**	**19.3**	**-10.1**
Total comprehensive income attributable to:				
Owners of the parent	-20.2	-45.9	19.3	-10.1
Non-controlling interests	-	-0.5	-	-

Consolidated balance sheet

EUR million	Note	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Goodwill	5	370.6	369.2
Other intangible assets	5	47.0	36.3
Property, plant and equipment	5	127.3	131.9
Right-of-use assets	5	39.3	31.3
Derivative assets	7	2.7	-
Other receivables		0.7	1.0
Deferred tax assets		29.2	26.5
Defined benefit asset		2.2	6.2
Total non-current assets		**618.9**	**602.4**
Current assets			
Inventories		174.1	157.4
Trade receivables	7	89.1	77.1
Derivative assets	7	2.7	0.7
Other receivables		25.6	29.7
Current tax asset		3.1	1.3
Cash and cash equivalents		56.3	177.6
Total current assets		**350.7**	**443.8**
Assets held for sale	13	**14.0**	**-**
Total assets		**983.7**	**1,046.2**
Equity and liabilities			
Equity			
Share capital		3.1	3.1
Reserve of invested unrestricted equity		380.8	385.9
Other reserves		-5.0	-9.3
Retained earnings		11.3	29.7
Profit for the period		13.1	-18.8
Equity attributable to owners of the company		**403.3**	**390.6**
Non-controlling interests		-	-
Total equity		**403.3**	**390.6**
Liabilities			
Non-current liabilities			
Loans and borrowings	7	278.1	285.7
Lease liabilities		34.3	30.7
Defined benefit liabilities		18.7	23.5
Other payables		1.4	1.2
Provisions	8	7.8	7.6
Deferred tax liabilities		5.4	2.6
Total non-current liabilities		**345.6**	**351.3**
Current liabilities			
Loans and borrowings	7	11.3	95.0
Lease liabilities		9.4	5.6
Trade and other payables	7	193.4	192.0
Derivative liabilities	7	1.5	2.0
Provisions	8	0.4	4.9
Current tax liabilities		8.8	4.8
Total current liabilities		**224.8**	**304.3**
Total liabilities		**570.5**	**655.6**
Liabilities directly attributed to assets held for sale	13	**10.0**	**-**
Total equity and liabilities		**983.7**	**1,046.2**

Consolidated statement of cash flows

EUR million	10–12/2022	10–12/2021	2022	2021
Cash flow from operating activities				
Profit for the period	-7.0	-46.7	13.1	-18.8
Adjustments:				
Depreciation, amortisation and impairment losses	8.1	6.7	32.1	30.2
Gain and losses on sale of property, plant and equipment and intangible assets	-	0.0	-	-0.5
Gain and losses on sale of subsidiaries	-	-	-1.2	-
Share-based payments	-	0.8	-	1.9
Finance income and expenses	7.3	2.7	17.4	8.6
Income tax expenses	-1.8	2.1	8.4	13.7
Reverse recapitalization	-	52.3	-	52.3
Other non-cash income and expenses	8.4	8.2	21.0	5.7
Cash flow before change in net working capital	**15.0**	**26.2**	**90.9**	**93.1**
Changes in net working capital				
Inventories, increase (-) / decrease (+)	17.7	-13.4	-21.4	-48.7
Trade and other receivables, increase (-) / decrease (+)	57.8	58.2	25.4	-31.2
Trade and other payables, increase (+) / decrease (-)	-41.0	-25.2	-31.5	45.0
Provisions and employee benefits, increase (+) / decrease (-)	0.4	-7.8	-4.1	-1.6
Changes in net working capital	**34.8**	**11.8**	**-31.5**	**-36.5**
Net cash flow from operating activities before financial items and taxes	**49.8**	**38.0**	**59.4**	**56.7**
Financial items, net	-7.5	-2.0	-17.4	-7.8
Income taxes paid, net	-2.1	-3.8	-10.9	-13.5
Cash from operating activities	**40.2**	**32.2**	**31.1**	**35.4**
Cash flow from investing activities				
Proceeds from sale of property, plant and equipment and intangible assets	-	-	3.1	0.7
Proceeds from sale of subsidiaries	-	-	2.7	-
Purchases of property, plant and equipment and intangible assets	-11.6	-6.8	-24.0	-14.8
Acquisitions of subsidiaries, net of cash acquired	-	-	-14.6	-4.5
Long-term loan receivables granted	-0.2	-	-0.2	-
Proceeds from long-term loan receivables	0.1	-	0.1	-
Cash flow from investing activities	**-11.7**	**-6.8**	**-32.9**	**-18.6**
Cash flow from financing activities				
Proceeds from long-term borrowings	-	279.0	-	279.0
Increase of equity	0.7	-	0.7	0.3
Proceeds from share issue	-	99.9	-	99.9
Dividends and group contributions paid to related party	-	-251.0	-	-266.4
Return of capital paid	-7.5	-	-14.9	-
Repayment of lease liabilities	-3.1	-2.3	-11.6	-9.6
Proceeds from short-term borrowings	30.6	95.0	197.9	95.0
Repayment of short-term borrowings	-46.3	-2.5	-282.9	-4.9
Proceeds from short-term borrowings from related party	-	-	-	10.2
Repayment of short-term borrowings to related party	-	-98.0	-	-98.0
Cash flow from financing activities	**-25.6**	**120.0**	**-110.8**	**105.4**
Change in cash and cash equivalents, increase (+) / decrease (-)	**2.9**	**145.4**	**-112.6**	**122.2**
Cash and cash equivalents at beginning of the period	53.1	32.2	177.6	55.0
Impact of change in exchange rates	-1.9	0.1	0.3	0.4
Cash classified as assets held	2.1	-	-9.1	-
Cash and cash equivalents at end of the period	**56.3**	**177.6**	**56.3**	**177.6**

Consolidated statement of changes in equity

	Attributable to owners of the parent company							Non-controlling interest	Total equity
EUR million	Share capital	Reserve of invested unrestricted equity	Translation reserve	Fair value reserve	Share based payment reserve	Retained earnings	Total		
Balance as at 1 Jan 2022	**3.1**	**385.9**	**-8.7**	**-0.6**	**-**	**10.9**	**390.6**	**-**	**390.6**
Profit for the period						13.1	13.1	-	13.1
Other comprehensive income			0.5	3.3		1.9	5.8		5.8
Translation differences reclassified to income statement			0.4				0.4		0.4
Total comprehensive income			**0.9**	**3.3**	**-**	**15.1**	**19.3**	**-**	**19.3**
Dividends and return of capital paid		-14.9					-14.9		-14.9
Share issue		9.7					9.7		9.7
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**

	Attributable to owners of the parent company							Non-controlling interest	Total equity
EUR million	Share capital	Reserve of invested unrestricted equity	Translation reserve	Fair value reserve	Share based payment reserve	Retained earnings	Total		
Balance as at 1 Jan 2021	**0.0**	**497.5**	**-9.1**	**-0.3**	**2.4**	**25.1**	**515.5**	**1.8**	**517.3**
Profit for the period						-18.8	-18.8		-18.8
Other comprehensive income			0.4	-0.3		8.6	8.7		8.7
Total comprehensive income			**0.4**	**-0.3**		**-10.3**	**-10.1**		**-10.1**
Dividends and return of capital paid		-15.0				-251.5	-266.4		-266.4
Long term incentive plan		0.4			2.0		2.3		2.3
Reverse recapitalization	3.1	-97.0			-4.3	250.3	152.1		152.1
Acquisition of minority						-2.8	-2.8	-1.8	-4.6
Balance as at 31 Dec 2021	**3.1**	**385.9**	**-8.7**	**-0.6**	**-**	**10.9**	**390.6**	**-**	**390.6**

Notes to the condensed consolidated financial statements

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.

These unaudited condensed consolidated financial statements 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 as of 3 January 2022.

Merger of Virala Acquisition Company Plc and Purmo Group Ltd

On 8 September 2021 Virala Acquisition Company Plc and Purmo Group Ltd announced that they had signed a merger agreement to combine the two companies. The merger was completed on 31 December 2021 and the combined company was re-named Purmo Group Plc. Following the merger, the combined company continued the business operations of Purmo Group Ltd and as a listed company on the official list of Nasdaq Helsinki.

2. Basis of preparation

These unaudited condensed financial statements have 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 2021, which have been prepared in accordance with IFRS. These condensed consolidated financial statements do 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 2021 except for IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, and the adoption of new and amended standards.

The condensed consolidated financial statements are 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.

Assets held for sale

Non-current assets or disposal groups and liabilities are classified as held for sale if their carrying amounts are expected to be recovered primarily through sale rather than through continuing use. Classification as held for sale requires that the following criteria are met; the sale is highly probable, the asset is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to the sale and the sale is expected to be completed within one year from the date of classification. Prior to classification as held for sale, the assets or assets and liabilities related to a disposal are measured according to the respective IFRS standards. From the date of classification, non-current assets held for sale and liabilities are measured at the lower of the carrying amount and the fair value less costs to sell, and the recognition of depreciation and amortization is discontinued. Non-current assets held for sale and liabilities are presented in the statement of financial position separately from other items.

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 2022. The application of the revised standards has not had a material impact on the results, the financial position or the presentation of the interim report.

Seasonality

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

Key accounting estimates and judgements

An IFRS-compliant interim report requires the Group's management to exercise judgment and make estimates and assumptions that affect the reported amounts of assets and liabilities and other information such as the amounts of income and expense. Although these estimates are based on the management's best knowledge at the time, it is possible that actual results differ from the estimates used in the interim reports. The Group's management has continued to assess the potential accounting implications of the COVID-19 pandemic. 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 has 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.

3. Segment information and net sales

Group's divisions

The Radiators division manufactures three main product categories: panel radiators, tubular radiators and electric radiators.

The ICS division provides a comprehensive range of components or full systems to specifiers, installers and wholesalers comprising of four product categories: radiant heating and cooling (RHC) including underfloor heating, air heating and cooling, water distribution systems as well as system components and controls.

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

The Group's products are sold mainly via sanitary and heating wholesalers in both residential and non-residential sectors in Northern, Western, Southern and Eastern Europe but also in the Rest of the World (including Brazil, China, Japan and the United States).

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, the one-time and non-cash IFRS 2 merger impact, impairment and write-down charges connected to the Russian business, costs that have been incurred in connection with the formation of Purmo Group, exceptional gains and losses relating to sale of fixed assets, and costs incurred to achieve stand-alone readiness which has not continued post-merger.

10–12/2022

EUR million	Radiators	ICS	Other and unallocated	Group
Net sales	**106.9**	**99.7**	**0.0**	**206.6**
Adjusted EBITDA	**8.1**	**11.4**	**-3.2**	**16.3**
Adjusted EBITDA % of net sales	**7.6%**	**11.4%**		**7.9%**
Material items impacting period profit and loss				-9.9
Depreciation, amortisation and impairment				-7.9
EBIT				**-1.5**
Net financial items				-7.3
Profit before tax				**-8.8**
Additional information for segments				
Depreciation, amortisation and impairment by segment	-5.0	-2.9	-	-7.9

10–12/2021

EUR million	Radiators	ICS	Other and unallocated	Group
Net sales	**142.9**	**79.7**	**0.0**	**222.6**
Adjusted EBITDA	**15.1**	**9.7**	**-2.2**	**22.6**
Adjusted EBITDA % of net sales	**10.6%**	**12.2%**	**-**	**10.1%**
Management fee to owners and legacy Rettig incentive plans				-1.0
Material items impacting period profit and loss				-56.7
Depreciation, amortisation and impairment				-6.7
EBIT				**-41.9**
Net financial items				-2.7
Profit before tax				**-44.6**
Additional information for segments				
Depreciation, amortisation and impairment by segment	-4.6	-2.2	-	-6.7

2022

EUR million	Radiators	ICS	Other and unallocated	Group
Net sales	**478.8**	**425.3**	**0.0**	**904.1**
Adjusted EBITDA	**50.3**	**51.9**	**-9.4**	**92.9**
Adjusted EBITDA % of net sales	**10.5%**	**12.2%**		**10.3%**
Material items impacting period profit and loss				-14.4
Depreciation, amortisation and impairment				-39.5
EBIT				**39.0**
Net financial items				-17.4
Profit before tax				**21.6**
Additional information for segments				
Depreciation, amortisation and impairment by segment	-28.1	-11.4	-	-39.5

2021

EUR million	Radiators	ICS	Other and unallocated	Group
Net sales	**506.3**	**337.2**	**0.0**	**843.6**
Adjusted EBITDA	**66.0**	**43.7**	**-5.8**	**103.9**
Adjusted EBITDA % of net sales	**13.0%**	**13.0%**	**-**	**12.3%**
Management fee to owners and legacy Rettig incentive plans				-2.4
Material items impacting period profit and loss				-67.9
Depreciation, amortisation and impairment				-30.2
EBIT				**3.5**
Net financial items				-8.6
Profit before tax				**-5.1**
Additional information for segments				
Depreciation, amortisation and impairment by segment	-21.1	-9.0	-	-30.2

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.

	10–12/2022			10–12/2021		
EUR million	Radiators	ICS	Group	Radiators	ICS	Group
Northern Europe[1)]	31.0	18.8	49.8	30.3	13.0	43.3
Western Europe	41.4	31.9	73.2	57.1	23.5	80.6
Central and Eastern Europe	25.0	8.1	33.0	43.5	11.3	54.8
Southern Europe	1.4	32.9	34.3	1.8	24.8	26.6
Rest of the world	8.1	8.1	16.3	10.2	7.1	17.3
Net Sales	**106.8**	**99.8**	**206.6**	**142.9**	**79.7**	**222.6**

[1)]Net sales in Finland (company's country of domicile) totalled to EUR 4.8million (3.9).

	2022			2021		
EUR million	Radiators	ICS	Group	Radiators	ICS	Group
Northern Europe[1)]	118.5	72.5	191.0	112.3	48.8	161.1
Western Europe	202.1	135.2	337.2	213.5	113.1	326.6
Central and Eastern Europe	126.3	48.3	174.5	150.6	50.9	201.5
Southern Europe	5.3	137.1	142.4	5.7	96.3	102.0
Rest of the world	26.7	32.3	58.9	24.3	28.1	52.4
Net Sales	**478.7**	**425.4**	**904.1**	**506.3**	**337.2**	**843.6**

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

The Group has one customer that amounts to more than 10 per cent of the Group's net sales.

4. Taxes

Total income tax expense of the Group for the reporting period was EUR 8.4 million (13.7) corresponding to a reported effective tax rate of 39.1 per cent (29.1 without IFRS 2 merger impact). The tax expenses are impacted by the following non-deductible items: an EUR 12.9 million impairment and write-down of the Russian business assets and liabilities, an EUR 3.2 million non-cash expense in relation with the restructuring of the Irish subsidiary, a trademark amortisation of EUR 3.6 million related to previous years company structuring and a disposal loss of 0.5 million on the divestment of a group company in China. When excluding these effects, the effective tax rate is 20.1 per cent (25.8).

5. Intangible and tangible assets

Intangible assets

EUR million	31 Dec 2022	31 Dec 2021
Opening balance	**405.5**	**403.4**
Effect of exchange rates	-0.1	0.0
Purchases of subsidiaries and business acquisitions	18.2	3.9
Additions	1.7	1.1
Disposals	-0.2	0.0
Transfers	0.3	-
Amortisation	-3.9	-2.9
Impairment charges	-4.0	-
Closing balance	**417.5**	**405.5**

Property, plant and equipment

EUR million	31 Dec 2022	31 Dec 2021
Opening balance	**131.9**	**133.3**
Effect of exchange rates	-1.8	1.3
Purchases of subsidiaries and business acquisitions	1.1	2.9
Classified as held for sale	-	-
Additions	23.7	11.9
Disposals	-25.8	-1.9
Transfers	-0.3	3.6
Depreciations	-19.1	-19.9
Depreciations on disposals	20.4	0.8
Impairment charges	-3.0	-
Closing balance	**127.3**	**131.9**

Right-of-use assets

EUR million	31 Dec 2022	31 Dec 2021
Opening balance	**31.3**	**30.9**
Effect of exchange rates	-0.4	0.7
Purchases of subsidiaries and business acquisitions	2.9	0.5
Classified as held for sale	0.0	-
Additions	14.4	6.5
Disposals	-0.2	-
Depreciations	-9.2	-7.4
Impairment charges	-0.4	-
Closing balance	**39.3**	**31.3**

6. Changes in the shares outstanding during the reporting period

The company's registered share capital on 31 December 2022 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.

On 1 March 2022 Purmo Group announced a directed share issue of 671,779 class C shares to the sellers of TT Thermotech Intressenter AB in connection with the acquisition of the company. The subscription price was EUR 13.50 per class C share and the subscription price totalling EUR 671,779 has been recorded to the reserve of invested unrestricted equity.

On 27 September 2022 Purmo Group announced that the board approved a total of 66,403 subscriptions of new class C shares in the directed share issue to management and key employees. The subscription price was EUR 10.23 per class C share and the subscription price totalling EUR 671,302.69 has been recorded to the reserve of invested unrestricted equity and was entered in the Finnish Trade Register on 25 October 2022.

		Number of outstanding shares (pcs)	
		Class C share	Class F share
1 Jan 2022		**40,374,531**	**1,565,217**
1 Mar 2022	Directed share issue of class C shares	671,779	-
25 Oct 2022	Directed share issue of class C shares	66,403	-
31 Dec 2022		**41,112,713**	**1,565,217**

7. Financial instruments and financial risk management

During the reporting period, the company entered into interest rate derivative agreement in order to hedge its exposure against fluctuations against market interest rates. According to Group Treasury Policy, approved by the Board of Directors, the target average interest fixing is 12 months. At the reporting date the average interest fixing term was 15 months.

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 to 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.

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 level
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**	**94.9**	
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			103.7	103.7	103.7	Level 2
Total liabilities	**1.4**	**0.1**	**400.7**	**402.2**	**402.2**	

[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.

31 Dec 2021

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy level
Financial assets						
Forward foreign exchange contracts	0.5[1]	0.1[1]		0.7	0.7	Level 2
Trade receivables			77.1	77.1	77.1	Level 2
Cash and cash equivalents			177.6	177.6		
Total assets	**0.5**	**0.1**	**254.7**	**255.4**	**77.8**	
Financial liabilities						
Forward foreign exchange contracts	1.4	0.6		2.0	2.0	Level 2
Loans from financial institutions			372.7	372.7	372.7	Level 2
Redemption liability			8.1	8.1	8.1	Level 3
Trade payables			116.7	116.7	116.7	Level 2
Total liabilities	**1.4**	**0.6**	**497.5**	**499.4**	**499.4**	

[1]Restated to correct figures.

8. Provisions

EUR million	31 Dec 2022	31 Dec 2021
Non-current		
Warranties and guarantees	1.6	1.4
Restructuring	0.2	-
Other provisions	6.0	6.2
Total	**7.8**	**7.6**
Current		
Warranties and guarantees	0.1	0.1
Restructuring	0.3	4.8
Other provisions	-	-
Total	**0.4**	**4.9**

The relocation of the production in Newcastle West, Ireland, to other existing sites of Purmo Group, was completed in June 2022 and the restructuring provision was released at the same time.

9. Commitments and contingencies

EUR million	31 Dec 2022	31 Dec 2021
Guarantees		
Bank guarantees	8.3	8.0
Parent guarantees	15.7	21.0
Total	**24.0**	**29.0**

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.

10. Related parties

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.

Until the merger of Virala Acquisition Company Plc (later Purmo Group Plc) and Purmo Group Ltd 31 December 2021, Purmo Group's related parties also included Purmo Group Ltd.'s Board of Directors and the members of the management team, including the CEO, as well as their family members.

In July 2022 Purmo Group Purmo Group announced that the Board of Director's had decided to launch a new share-based incentive plan directed for management and key employees. The company provided the participants 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.

The following table summarizes the related party transactions and balances:

EUR million	2022	2021
Items in the income statement		
Interest income	0.0	0.1
Interest expense	-	-2.2
Purchases	0.1	-0.5
Derivative instruments, gain	-	-0.0
Items in the balance sheet		
Non-current receivables	0.2	-
Current liabilities	-	0.0
Current receivables	-	0.1
Items recognized in equity		
Dividend and repayment of capital	-9.8	-266.4
Merger	-	152.1

11. Business Combinations

Purmo Group acquired the entire share capital of the Nordic heating system company TT Thermotech Intressenter AB on 1 March 2022. The preliminary consideration paid was EUR 9.2 million in cash and EUR 7.4 million in shares, and the amount of cash and cash equivalents obtained was EUR 0.2 million. The acquisition includes an earn-out of EUR 0.3 million payable in cash subject to achievement of certain objectives.

Preliminary fair values of acquired assets and liabilities at time of acquisition:

	EUR million
Preliminary purchase price	
Purchase price paid in cash	9.2
Purchase price paid in shares	7.4
Goodwill acquired	0.2
Other intangible assets	13.3
Tangible assets	1.3
Right-of-use assets	2.8
Inventories	5.9
Other current assets	3.9
Cash and cash equivalents	0.2
Total assets	**27.7**
Interest bearing liabilities	9.4
Deferred tax liabilities	3.3
Current liabilities	3.7
Total liabilities	**16.5**
Net assets acquired	**11.2**
Less goodwill on acquired balance sheet[1)]	-0.2
Net assets acquired excluding goodwill	**11.0**
Earn-out	0.3
Preliminary goodwill	**5.9**
Preliminary cash flow impact	
Purchase price paid in cash	9.2
Cash and cash equivalents of the acquired company	-0.2
Expenses related to the acquisition	0.4
Impact on cash flow	**9.4**

[1)]Goodwill on the acquired entities balance sheet is deducted as it is not an identifiable asset of Purmo Group according to IFRS.

The preliminary identified other intangible assets relate to customer relationships, technology and trademarks amounting to EUR 8.5 million. The EUR 5.9 million goodwill arising from the acquisition reflects the synergies expected to be achieved in sales, purchasing, selections and operational efficiency. The goodwill is not tax deductible. The Group income statement included EUR 0.4 million in acquisition-related costs under other operating expenses, presented as non-recurring items.

TT Thermotech Intressenter AB had a EUR 21.4 million impact on net sales for March–December 2022 and the impact on net profit was EUR 0.5 million. If the acquisition had taken place on 1 January 2022, according to management estimates, the impact on Group net sales would have been EUR 25.7 million and on the net profit EUR 0.7 million.

12. Disposals

In September 2022 Purmo Group divested the shares in Lampo Heating (Tianjin) Co., Ltd., to a third party. The company owned a real-estate property and a land area in Tianjin, China. The impact of the divestment on the profit for the financial period is approx. EUR 1.3 million.

13. Assets held for sale

End of March 2022 Purmo Group took the decision to exit its business in Russia. The Group will seek to divest and complete an orderly transfer of the business to a new owner, in compliance with international and local laws and considering the wellbeing of our employees 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 has recognised impairment charges and write-downs of EUR 6.9 million in March 2022 on goodwill, intangible assets, property, plant and equipment, right-of-use assets, inventories and the redemption liability and an additional write-down of EUR 6.0 million in December 2022 on inventories and other assets.

EUR million	31 Dec 2022
Assets held for sale[1]	
Right-of-use assets	0.0
Inventories	4.4
Other assets	0.6
Cash and cash equivalents	9.1
Total	**14.0**
Liabilities related to assets held for sale[1]	
Interest-bearing liabilities	7.6
Other liabilities	2.4
Total	**10.0**

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

14. Events after the reporting period

There were no significant events after the reporting period.

Key figures

EUR million	10–12/2022	10–12/2021	Change, %	1–12/2022	1–12/2021	Change, %
Net sales	206.6	222.6	-7%	904.1	843.6	7%
EBITDA	6.3	-35.1	-118%	78.5	33.6	133%
EBITDA margin	3.1%	-15.8%		8.7%	4.0%	
Adjusted EBITDA	16.3	22.6	-28%	92.9	103.9	-11%
Adjusted EBITDA margin	7.9%	10.1%		10.3%	12.3%	
EBITA	-0.5	-41.2	99%	46.8	6.3	638%
EBITA margin	-0.2%	-18.5%		5.2%	0.8%	
Adjusted EBITA	9.2	16.5	-44%	64.6	76.6	-16%
Adjusted EBITA margin	4.4%	7.4%		7.1%	9.1%	
EBIT	-1.5	-41.9	96%	39.0	3.5	1025%
EBIT margin	-0.7%	-18.8%		4.3%	0.4%	
Profit before tax	-8.8	-44.6	80%	21.6	-5.1	524%
Profit for the period	-7.0	-46.7	85%	13.1	-18.8	170%
Adjusted profit for the period	2.6	11.0	-76%	34.9	51.4	-32%
Earnings per share, basic, EUR	-0.17	-1.58	89%	0.32	-0.65	149%
Adjusted earnings per share, basic, EUR	0.06	0.39	-85%	0.85	1.77	-52%
Cashflow from operating activities	40.2	32.2	25%	31.1	35.4	-12%
Capex	11.6	6.8	70%	24.0	14.8	62%
Acquisitions	-	-		14.6	4.5	224%
Adjusted operating cash flow for the last 12 months				51.9	50.2[1)]	3%
Cash conversion				55.9%	48.3%[1)]	
Cash and cash equivalents				56.3	177.6	-68%
Net working capital				91.4	72.3	26%
Operating capital employed				305.0	271.8	12%
Return on operating capital employed				12.8%	1.3%	
Net debt				275.2	239.5	15%
Net debt / Adjusted EBITDA				2.96	2.31	29%
Equity / Asset ratio				41.0%	37.3%	
Return on equity				3.3%	-4.2%	

[1)]Figures for 1-12/2021 restated for comparability reasons.

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, costs that have been incurred in connection with the formation of Purmo Group and costs incurred to achieve stand-alone readiness which will not continue post-merger as well as costs incurred as a result of Rettig Group's ownership comprising of management fees and Rettig Group's legacy incentive plans in addition to 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, 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	EBITDA before 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.
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 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 attributed to the owners of the company 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 issuing shares rather than through external borrowings.

Return on equity	Group's profit for the period attributable to the owners of the Parent based on a rolling twelve-month basis divided by the average total equity attributable to owners of the company.	Shows owners the return on their invested capital.

Reconciliation of Alternative Performance Measures

EUR million unless otherwise indicated	10–12/2022	10–12/2021	2022	2021
Comparability adjustments				
IFRS 2 merger impact	–	52.3	–	52.3
M&A related transactions and integration costs	0.5	0.1	2.2	0.1
Restructuring costs and one-off costs related to efficiency programs	2.9	0.3	6.3[1)]	8.9
Formation of Purmo group and standalone preparations	–	3.7	0.3	6.6
Management fee to owners and legacy Rettig Group incentive plans	–	1.0	0.0	2.4
Impairment and write-down charges	6.0	-	12.9	-
Other	0.2	0.3	0.2	0.0
Total adjustments	**9.7**	**57.7**	**21.7**	**70.2**

[1)]Includes EUR 5.7 million non-cash expenses

	10–12/2022	10–12/2021	2022	2021
Net sales	206.6	222.6	904.1	843.6
EBIT	**-1.5**	**-41.9**	**39.0**	**3.5**
EBIT margin	-0.7%	-18.8%	4.3%	0.4%
Amortisation and impairment	1.1	0.7	7.9	2.9
EBITA	**-0.5**	**-41.2**	**46.8**	**6.3**
EBITA margin	**-0.2%**	**-18.5%**	**5.2%**	**0.8%**
Depreciation and impairment	6.8	6.0	31.6	27.3
EBITDA	**6.3**	**-35.1**	**78.5**	**33.6**
EBITDA margin	**3.1%**	**-15.8%**	**8.7%**	**4.0%**
Adjusted EBITDA				
EBIT	-1.5	-41.9	39.0	3.5
Depreciation, amortisation and impairment excluding comparability adjustments	8.1	6.7	32.1	30.2
Adjustments	9.7	57.7	21.7	70.2
Adjusted EBITDA	**16.3**	**22.6**	**92.9**	**103.9**
Adjusted EBITDA margin	**7.9%**	**10.1%**	**10.3%**	**12.3%**
Adjusted EBITA				
EBIT	-1.5	-41.9	39.0	3.5
Amortisation excluding comparability adjustments	1.1	0.7	3.9	2.9
Adjustments	9.7	57.7	21.7	70.2
Adjusted EBITA	**9.2**	**16.5**	**64.6**	**76.6**
Adjusted EBITA margin	**4.4%**	**7.4%**	**7.1%**	**9.1%**
Adjusted profit/loss for the period				
Profit/loss for the period	-7.0	-46.7	13.1	-18.8
Adjustments	9.7	57.7	21.7	70.2
Adjusted profit/loss for the period	**2.6**	**11.0**	**34.9**	**51.4**

EUR million unless otherwise indicated	2022	2021
Adjusted Operating cash flow for the last 12 months		
Adjusted EBITDA for the last 12 months	92.9	103.9
Change in net working capital compared to previous year same period	-16.9	-38.8[1)]
CAPEX for last 12 months	-24.0	-14.8
Adjusted Operating cash flow for the last 12 months	**51.9**	**50.2**[1)]
Cash conversion		
Adjusted operating cash flow for the last 12 months	51.9	50.2[1)]
Adjusted EBITDA in the last 12 months	92.9	103.9
Cash conversion	**55.9%**	**51.1%**
Net working capital		
Inventories	174.1	157.4
Operative receivables	110.5	104.7
Operative liabilities	193.1	189.7
Net working capital	**91.4**	**72.3**
Operating capital employed		
Net working capital	91.4	72.3
Other intangible assets	47.0	36.3
Property, plant and equipment	127.3	131.9
Right-of-use assets	39.3	31.3
Operating capital employed	**305.0**	**271.8**
Return on operating capital employed		
Operating capital employed	305.0	271.8
EBIT for the last 12 months	39.0	3.5
Return on operating capital employed	**12.8%**	**1.3%**
Net debt		
Loans and borrowings (non-current)	278.1	285.7
Loans and borrowings (current)	11.3	95.0
Loans and borrowings, assets held for sale	7.2	-
Lease liabilities (non-current)	34.3	30.7
Lease liabilities (current)	9.4	5.6
Lease liabilities, assets held for sale	0.4	-
Cash and cash equivalents	-56.3	-177.6
Cash and cash equivalents, assets held for sale	-9.1	-
Net debt	**275.2**	**239.5**
Net debt/Adjusted EBITDA		
Net debt	275.2	239.5
Adjusted EBITDA in the last 12 months	92.9	103.9
Net debt/Adjusted EBITDA	**2.96**	**2.31**
Equity/Asset ratio		
Equity attributable to owners of the company	403.3	390.6
Total assets	983.7	1,046.2
Equity/Asset ratio	**41.0%**	**37.3%**
Return on equity		
The cumulative last 12-month profit attributable to owners of the company	13.1	-18.8
Equity attributable to owners of the company beginning of period	390.6	515.5
Equity attributable to owners of the company end of period	403.3	390.6
Equity attributable to owners of the company average	396.9	453.1
Return on equity	**3.3%**	**-4.2%**

[1)]Figures for 1-2/2021 restated for comparability reasons.

EUR million unless otherwise indicated	10–12/2022	10–12/2021	2022	2021
Basic earnings per share				
Profit/loss attributable to shareholders of the parent company for class C shares	-7.0	-45.9	13.0	-18.7
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	-0.3	0.1	-0.1
Profit/loss attributable to the owners of the company	-7.0	-46.2	13.1	-18.8
Weighted average number of shares outstanding (pcs)[1]	41,406,191	29,240,295[2]	41,244,426	29,124,487
Basic earnings per share, EUR	**-0.17**	**-1.58**	**0.32**	**-0.65**
Diluted earnings per share				
Profit/loss attributable to shareholders of the parent company for class C shares	-7.0	-45.9	13.0	-18.7
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	-0.3	0.1	-0.1
Profit/loss attributable to the owners of the company	-7.0	-46.2	13.1	-18.8
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	29,240,295[2]	41,244,426	29,124,487
Diluted earnings per share, EUR	**-0.17**	**-1.58**	**0.32**	**-0.65**
Adjusted basic earnings per share				
Adjustments	9.7	57.7	21.7	70.2
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	2.6	11.4	34.6	51.1
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.2	0.4
Adjusted profit/loss attributable to the owners of the company	2.6	11.5	34.9	51.4
Weighted average number of shares outstanding (pcs)[1]	41,406,191	29,240,295[2]	41,244,426	29,124,487
Adjusted basic earnings per share, EUR	**0.06**	**0.39**	**0.85**	**1.77**
Adjusted diluted earnings per share				
Adjustments	9.7	57.7	21.7	70.2
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	2.6	11.4	34.6	51.1
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.1	0.2	0.4
Adjusted profit/loss attributable to the owners of the company	2.6	11.5	34.9	51.4
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	29,240,295[2]	41,244,426	29,124,487
Adjusted diluted earnings per share, EUR	**0.06**	**0.39**	**0.85**	**1.77**

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

[2]The number of shares in the comparison period are those of Purmo Group Ltd. Before the merger 31 December 2021 Purmo Group Ltd shares amounted to 11,073,834 which have been converted using the 31 December 2021 merger conversion ratio 2.600334506.

Purmo Group Plc's financial reporting in 2023

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Interim report, January–March 2023

19 July 2023

Half-year financial report, January–June 2023

25 October 2023

Interim report, January–September 2023

Contact:

investors@purmogroup.com
https://investors.purmogroup.com

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