

PURMO

GROUP

PURMO GROUP PLC

EUR 60 million 9.500 per cent. Green Capital Securities Issue price: 100.00 per cent.

On 23 February 2023, Purmo Group Plc (the “**Issuer**” or “**Purmo Group**”) issued unsecured subordinated green capital securities with an aggregate nominal amount of EUR 60,000,000 (the “**Capital Securities**”) to eligible counterparties, professional clients and retail clients (as such definitions have been defined in Directive 2014/65/EU) as approved by an authorisation given by Purmo Group’s Board of Directors on 13 February 2023. The Capital Securities are represented by units in denomination of EUR 20,000. The Capital Securities were offered for subscription in a minimum amount of EUR 100,000 in a private placement process on 16 February 2023 (the “**Offering**”). This listing prospectus (“**Prospectus**”) has been prepared solely for the purpose of listing the Capital Securities on the official list of Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”) (the “**Listing**”) and does not constitute any public offering of the Capital Securities.

Application has been made for the Capital Securities to be admitted to trading on the official list of the Helsinki Stock Exchange, and trading in the Capital Securities is expected to commence on or about 22 March 2023.

The validity of this Prospectus expires when the Capital Securities have been admitted to trading on the official list of Helsinki Stock Exchange. The obligations to supplement the Prospectus in the event of significant new factors, material mistakes or material inaccuracies do not apply when the Prospectus is no longer valid.

From and including 23 February 2023 (the “**Issue Date**”) to but excluding an interest reset date 23 February 2026 (the “**Reset Date**”), the Capital Securities will bear interest on their outstanding nominal amount at the fixed interest rate, subject to Conditions 7.3 (*Minority Dividend*) and 8.8 (*Change of Control*) of the terms and conditions (the “**Terms and Conditions**”). Such interest will be payable (subject to the provisions contained in Condition 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*)) annually in arrears on each interest payment date. From and including the Reset Date to but excluding the date on which the Capital Securities will be redeemed pursuant to the Terms and Conditions (the “**Redemption Date**”), the Capital Securities bear interest on their outstanding nominal amount at the floating interest rate, subject to Conditions 7.3 (*Minority Dividend*) and 8.8 (*Change of Control*). Such interest will be payable (subject to the provisions contained in Condition 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*)) quarterly in arrears on each interest payment date. The rate of interest may also be increased, subject to certain circumstances, in the event there is unpaid Deferred Interest (as defined in the Terms and Conditions) at the time when the Issuer declares a dividend which constitutes a Minority Dividend (as defined in the Terms and Conditions). Investors who have made an investment in the Capital Securities are referred to as “**Holders**” in this Prospectus.

Neither the Issuer (other than filing this Prospectus with the Finnish Financial Supervisory Authority (the “**FIN-FSA**”) and the application to the Helsinki Stock Exchange) nor the Joint Lead Managers (as defined below) have taken any action, nor will they take any action to render the public offer of the Capital Securities or their possession, or the distribution of this Prospectus or any other documents relating to the Capital Securities admissible in any other jurisdiction than Finland requiring special measures to be taken for the purpose of a public offer.

Investment in the Capital Securities involves certain risks. Each investor should carefully evaluate the risks involved before making a decision to invest. The principal risk factors that may affect the ability of the Issuer to fulfil its obligations under the Capital Securities are described in section “*Risk Factors*”.

The Capital Securities have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any State of the United States. The Capital Securities may not be offered, sold, pledged, or otherwise transferred directly or indirectly within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S under the Securities Act (“**Regulation S**”), except to a person who is not a U.S. Person (as defined in Regulation S) in an offshore transaction pursuant to Regulation S.

Joint Lead Managers

Nordea



IMPORTANT INFORMATION

This Prospectus has been prepared in accordance with the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “**Prospectus Regulation**”), the Commission Delegated Regulation (EU) 2019/979, as amended, the Commission Delegated Regulation (EU) 2019/980, as amended, in application of the Annexes 6 and 14 thereof, the Finnish Securities Markets Act (746/2012, as amended) (the “**Finnish Securities Markets Act**”) and the regulations and guidelines issued by the FIN-FSA. The FIN-FSA, which is the competent authority for the purposes of the Prospectus Regulation and relevant implementing measures in Finland has approved the Prospectus but assumes no responsibility for the correctness of the information contained herein. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Capital Securities nor the Issuer. Investors should make their own assessment as to the suitability of investing in the Capital Securities. The record number of the FIN-FSA’s approval is FIVA/2023/421. This Prospectus has been prepared in English only. In accordance with Article 7 of the Prospectus Regulation, a summary has been prepared in English and translated into Finnish. This Prospectus is valid until the Listing.

This Prospectus should be read in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall be read and construed on the basis that such documents are incorporated and form a part of this Prospectus. See “*Information Incorporated by Reference*”.

Nordea Bank Abp (“**Nordea**”) and OP Corporate Bank plc (“**OP**” and together with Nordea, the “**Joint Lead Managers**”) are acting exclusively for the Issuer in connection with the Offering and the Listing and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor giving investment or other advice in relation to the Capital Securities.

Prospective investors should rely solely on the information contained in this Prospectus. Neither the Issuer nor the Joint Lead Managers have authorised anyone to provide any information or give any statements other than those provided in this Prospectus. The Joint Lead Managers assume no responsibility for the accuracy or completeness of the information in this Prospectus and, accordingly, disclaim to the fullest extent permitted by law, any and all liability which they might otherwise be found to have in respect of this Prospectus or any such statement. Delivery of this Prospectus shall not, under any circumstances, indicate that the information presented in this Prospectus is correct on any day other than the date of this Prospectus (excluding historical financial information and other information referring to the past and to a specific defined historical time-point in time), or that there would not be any changes in the business of the Issuer after the date of this Prospectus. Information given in this Prospectus is not a guarantee or grant for future events by the Issuer and shall not be considered as such. Unless otherwise stated, any estimates with respect to market development relating to the Issuer or its industry are based upon the reasonable estimates of the Issuer’s management. In making an investment decision, each investor is advised to rely on their examination, analysis and enquiry of the Issuer and the Terms and Conditions, including the risks and merits involved. Neither the Issuer, nor the Joint Lead Managers nor any of their respective affiliated parties or representatives, is making any representation to any offeree or subscriber of the Capital Securities regarding the legality of the investment by such person. Investors are advised to make their independent assessment of the legal, tax, business, financial and other consequences of an investment in the Capital Securities. The contents of this Prospectus are not to be construed as legal, business, tax, financial or other advice.

It is prohibited to copy or distribute this Prospectus or to reveal or use the information contained herein for any purpose other than considering an investment in the Capital Securities. The distribution of this Prospectus and the offer and sale of the Capital Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. This Prospectus may not be distributed in the United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or such other countries or otherwise in such circumstances in which the offering of the Capital Securities would be unlawful or require measures other than those required under the laws of Finland. This Prospectus does not constitute an offer of, or an invitation to purchase, the Capital Securities in any jurisdiction. No offer will be made to persons whose participation in the Offering requires any additional Prospectus or registration. None of the Issuer, the Joint Lead Managers or any of their respective affiliates or representatives accepts any legal responsibility for any such violations by any person or entity, whether or not a prospective purchaser of Capital Securities, and whether or not the person or entity is aware of such restrictions. The Capital Securities are governed by Finnish law. Any dispute arising in relation to the Capital Securities shall be settled exclusively by Finnish courts in accordance with Finnish law.

Prohibition of sales to UK Retail Investors: The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. In so far this offering of the Capital Securities is made or would cause any effect in the United Kingdom, this offering of the Capital Securities when made will be only addressed to and directed at persons in the United Kingdom who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Order**”), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom this offering of the Capital Securities may otherwise lawfully be communicated (all such persons together being referred to as “**Relevant Persons**”). This offering of the Capital Securities must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this offering of the Capital Securities relates is available only to Relevant Persons in the United Kingdom and will be engaged in only with such persons.

Important – EEA retail investors: The Capital Securities are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the “**PRIIPs Regulation**”) and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Capital Securities. **MiFID II product governance / Retail clients, professional clients and eligible counterparties target market:** Solely for the purposes of each manufacturer’s product governance requirements set forth in Directive 2014/65/EU (as amended, “**MiFID II**”), the manufacturers have made a target market assessment in respect of the Capital Securities, and have concluded that the target group for the Capital Securities is eligible counterparties, professional clients and retail clients, each as defined in MiFID II and (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the Capital Securities to retail clients are appropriate: investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Securities (a “**distributor**”) should take into consideration the manufacturers’ target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable.

Prohibition of sales to Russia and Belarus: Pursuant to Article 1 of the Council Decision (CFSP) 578/2022 of 8 April 2022 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine and to Article 1 of the Council Decision (CFSP) 579/2022 of 8 April 2022 amending Decision 2012/642/CFSP concerning restrictive measures in view of the situation in Belarus and the involvement of Belarus in the Russia aggression against Ukraine, it shall be prohibited to sell transferable securities denominated in any official currency of a Member State issued after 12 April 2022 or units in collective investment undertakings providing exposure to such securities to any Russian or Belarusian national or natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. The prohibition of sales to Russia and Belarus applies to the Capital Securities.

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SUMMARY

Introduction and Warnings

*The following summary contains all the sections required by the Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended (the “**Prospectus Regulation**”). This summary should be read as an introduction to this Prospectus (the “**Prospectus**”). Any decision to invest in the unsecured subordinated green capital securities (the “**Capital Securities**”) issued by Purmo Group Plc (the “**Issuer**” or “**Purmo Group**”) should be based on consideration of this Prospectus as a whole.*

An investor investing in the securities could lose all or part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Issuer assumes civil liability in respect of this summary including translation thereof only if it is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the securities issued by the Issuer.

Name and contact information of the Issuer:

Issuer:	Purmo Group Plc
Address:	Bulevardi 46, 00120 Helsinki
Telephone:	+358 (0)40 750 1184
Business Identity Code:	2890898-5
Legal entity identifier code (LEI):	743700JHE9365SIHRE72

The Capital Securities, the ISIN-code of which is FI4000548896, are issued in dematerialised form in the Infinity book-entry securities system of Euroclear Finland Oy.

This Prospectus has been approved by the Finnish Financial Supervisory Authority (“**FIN-FSA**”) as the competent authority under the Prospectus Regulation on 20 March 2023. The FIN-FSA has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval shall not be considered as an endorsement of the qualities of the Issuer. The record number of the approval by the FIN-FSA is FIVA/2023/421.

The identity and contact details of the competent authority, the FIN-FSA, approving the Prospectus are as follows:

Authority:	Financial Supervisory Authority
Address:	P.O. Box 103, FI-00101 Helsinki, Finland
Telephone:	+358 9183 51
Email address:	kirjaamo@finanssivalvonta.fi

Key information on the Issuer

Who is the Issuer of the securities?

The business name of the Issuer is Purmo Group Oyj in Finnish and Purmo Group Plc in English. Purmo Group is a Finnish public limited company operating under the laws of Finland. The Issuer is registered in the trade register maintained by the Finnish Patent and Registration Office under business identity code 2890898-5. The Issuer’s domicile is Helsinki and its legal entity identifier code (LEI) is 743700JHE9365SIHRE72.

Principal activities

According to Purmo Group’s management estimates based on BRG’s market studies in 2022 (Radiators) and 2021 (RHC), Purmo Group is a leader in indoor climate comfort solutions in Europe in both hydronic and electrical forms. Purmo Group supplies comprehensive solutions for heating and cooling including heat generation, distribution, emission and control for residential and non-residential buildings. Purmo Group’s complete heating and cooling solutions include radiators, underfloor heating, heat pumps, towel warmers, valves and controls. Purmo Group’s 3,400 employees operate

in 24 countries, manufacturing and distributing top quality products and solutions to its customers in more than 100 countries globally.

Major shareholders

As of the date of this Prospectus, Rettig Group Ltd has control of Purmo Group in accordance with Chapter 2, Section 4 of the Securities Markets Act (746/2012, as amended). Purmo Group's internal corporate governance principles supplement the Finnish Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, with amendments), the Accounting Act (1336/1997, as amended), the rules of Nasdaq Helsinki Ltd as well as the company's articles of association. In addition, Purmo Group complies with the Finnish Corporate Governance Code published by the Securities Market Association in 2020. Purmo Group published its first Corporate Governance Statement for 2021 with its annual report in 2022.

The Issuer is not aware of any arrangements that could lead to a change of control in the Issuer.

The following table sets forth Purmo Group's ten (10) largest shareholders as at 28 February 2023:

Shareholder	Number of Shares and votes	Shares and votes, %
Rettig Group Ltd	26,373,971	61.80
Virala Corporation*	6,471,739	15.16
Ahlstrom Invest B.V.	1,200,700	2.81
Varma Mutual Pension Insurance Company	1,000,000	2.34
Jussi Capital Oy	616,077	1.44
Fennia Mutual Insurance Company	500,000	1.17
Svenska Litteratursällskapet i Finland	500,000	1.17
Oy Julius Tallberg Ab	442,000	1.04
John Peter Leesi	418,927	0.98
Aipa Invesco AB	337,208	0.79
10 largest shareholders total	37,870,008	88.73
Other shares	4,807,922	11.27
All shares total	46,677,930	100

*Virala Corporation holds 4,906,522 class C shares and 1,565,217 class F shares of Purmo Group.

Board of Directors

Following table presents the members of the Board of Directors of Purmo Group as at the date of this Prospectus:

Name	Position	Year Born	Profession / Title	Member of the Board of Directors since
Tomas von Rettig	Chair	1980	Independent	2016
Matts Rosenberg	Vice Chair	1977	CEO, Rettig Group	2016
Alexander Ehrnrooth	Member	1974	CEO, Virala Oy Ab	2021
Carina Edblad	Member	1963	CEO, Thomas Betong	2021
Carlo Grossi	Member	1956	Board Professional	2021
Jyri Luomakoski	Member	1967	Board Professional	2021
Catharina Stackelberg-Hammarén	Member	1970	Senior Advisor, Marketing Clinic Group	2021

Core Leadership Team

Following table presents the members of the Core Leadership Team of Purmo Group as at the date of this Prospectus:

Name	Position	Year born	Nationality	Employed by Purmo Group since
John Peter Leesi	Chief Executive Officer	1961	Swedish	2020
Erik Hedin	Chief Operating Officer	1977	Swedish	2020
Mike Conlon	President, Climate Solutions division	1966	British / Irish	2015
Linda Currie	Chief People Officer	1973	British	1994
Barry Lynch	President, Climate Products & Systems division	1975	British	1994
Matts Rosenberg	Interim Chief Financial Officer	1977	Finnish	2023

Statutory auditor

The Annual General Meeting of shareholders of Purmo Group resolved on 25 April 2022, in accordance with the Board of Directors' proposal upon the recommendation of the Audit Committee, to re-elect KPMG Oy Ab as Purmo Group's auditor, with Kim Järvi, Authorised Public Accountant, as the auditor with principal responsibility for a term that ends at the close of the next Annual General Meeting. The registered address of KPMG Oy Ab is Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland. Kim Järvi is registered in the register of auditors referred in Section 9 of Chapter 6 of the Finnish Auditing Act (1141/2015, as amended).

What is the key financial information regarding the Issuer?

The selected historical key financial information presented below has been derived from Purmo Group's audited consolidated financial statements as at and for the financial year ended 31 December 2022 and 31 December 2021.

(In EUR million)	For the year ended 31 December	
	2022 (audited)	2021 (audited)
EBIT	39.0	3.5
Net debt	275.2	239.5
Net cash flow from operating activities	31.1	35.4
Net cash flow from financing activities	-110.8	-105.4
Net cash flow from investing activities	-32.9	-18.6

What are the key risks that are specific to the Issuer?

- Uncertain global economic, political and financial market conditions and adverse economic developments, such as effects due to the COVID-19 pandemic or the war in Ukraine, may have a material adverse effect on the Issuer.
- Fluctuations in prices of raw materials and supplies, including energy, and in freight rates as well as problems in the availability of raw materials, supplies, labour and freight shipping could adversely affect Purmo Group's profitability and operations in general.
- Purmo Group operates in many markets, such as emerging markets, in which the operating environment contains inherent risks.
- A significant part of Purmo Group's revenue comes from sales to a few large wholesaler customer groups and losing any such customer groups could have a material adverse effect on Purmo Group's business and financial result.
- Significant disruptions in or the suspension of Purmo Group's production or deliveries, or damage to Purmo Group's production facilities, distribution centres or warehouses, could significantly undermine Purmo Group's business.
- Purmo Group may face increasing competition and it may not be successful in responding to changes in its operating environment and developing products that allow it to maintain its market position.
- Purmo Group may face various challenges in pursuing its sustainability requirements and its complex supply chains may expose it to risks related to compliance with legislative requirements and changes thereof as well as risks related to harmonising and maintaining its governance and cultural standards.

- Difficulties in maintaining and updating IT systems, defects, interruptions, or disruptions in IT systems, and possible information security breaches could have an adverse effect on Purmo Group’s business and could result in unexpected costs.
- Fluctuations in interest rates could have a material adverse effect on Purmo Group’s business, financial position, results of operations, future prospects and Capital Securities.
- Purmo Group could encounter difficulties in refinancing its debt and financing its operations at competitive terms.

Key information on the Capital Securities

What are the main features of the securities?

The Capital Securities constitute direct, unsecured, and subordinated obligations of the Issuer ranking *pari passu* without any preference among themselves, and at least *pari passu* with any other present capital securities or future outstanding New Capital Securities (as defined in the Terms and Conditions) of the Issuer, save for such obligations as may be preferred by mandatory provisions of law. The Capital Securities are dematerialised securities in book-entry form and issued in the Infinity-book-entry securities system maintained by Euroclear Finland Ltd. The ISIN code of the Capital Securities is FI4000548896 and the currency of the issue is EUR. The aggregate nominal amount of the Capital Securities is EUR 60,000,000 and the denomination of each book-entry unit is EUR 20,000. The number of issued Capital Securities is 3,000.

The Capital Securities have no stated maturity date and the Issuer is under no obligation to redeem the Capital Securities at any time. The Capital Securities bear interest on their principal amount (i) from (and including) 23 February 2023 (the “**Issue Date**” to (but excluding) 23 February 2026 (the “**Reset Date**”) at a fixed rate of 9.500 per cent per annum annually in arrears on 23 February in each year and commencing on 23 February 2024 and (ii) from (and including) the Reset Date to (but excluding) the final redemption of the Capital Securities, at a floating quarterly determined rate in arrears on 23 February, 23 May, 23 August and 23 November in each year and commencing on 23 May 2026. The Issuer has, subject to certain restrictions, the right to defer any payment of interest on the Capital Securities.

The Capital securities are freely transferable after having been registered in the respective book-entry account.

According to Purmo Group’s financial statements review for the financial year ended 31 December 2022, 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 Purmo Group, its financial position and future growth potential.

Where will the securities be traded?

Application has been made to have the Capital Securities listed on the Helsinki Stock Exchange.

What are the key risks that are specific to the securities?

- The Capital Securities are deeply subordinated obligations of the Issuer which increases the Holders’ credit risk in respect of the Issuer.
- The Capital Securities do not, as a rule, contain covenants governing the Issuer’s financial standing or operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Capital Securities and the Holders.
- The Capital Securities contain no limitation on issuing additional debt or granting of security.
- The market value of the Capital Securities may fluctuate.
- Risk of early redemption at the option of the Issuer or following the occurrence of a Tax Event, Corporate Restructuring Event, Accounting Event, Replacing Capital Event, Withholding Tax Event, Clean-up Call Option Event or Change of Control.

Key information on the listing of the Capital Securities

Under which conditions and timetable can I invest in this security?

The Capital Securities were offered for subscription in a minimum amount of EUR 100,000 in a private placement process that was carried out on 16 February 2023 to eligible counterparties, professional clients and retail clients (as such definitions have been defined in Directive 2014/65/EU). Application has been made for the Capital Securities to be

admitted to trading on the official list of the Helsinki Stock Exchange, and the Listing is expected to take on or about 22 March 2023.

The Capital Securities may be registered on behalf of the Holders on book-entry accounts and transfers of Capital Securities may only be effected through, and title thereto will only pass upon, registration and transfer in such Book-Entry Accounts.

The total estimated fees and expenses incurred in connection with the Offering and Listing and payable by the Issuer amount in aggregate to approximately EUR 0.6 million. No expenses will be charged to the investors by the Issuer or Nordea Bank Abp (“**Nordea**”) or OP Corporate Bank plc (“**OP**”) and together with Nordea, the “**Joint Lead Managers**”).

Why is this Prospectus being produced?

Purmo Group has prepared this Prospectus for listing of the Capital Securities on the official list of Helsinki Stock Exchange and to provide investors with information about Purmo Group, the Capital Securities and the risks involved in investing in the Capital Securities. The aggregate net proceeds to the Issuer from the Offering, after deduction of the fees and expenses payable by the Issuer, will be approximately EUR 59.4 million.

The proceeds from the issue of the Capital Securities, less the costs and expenses incurred by Purmo Group in connection with the issue of the Capital Securities, shall be used for financing or refinancing eligible green assets or expenditures in accordance with the Issuer’s green finance framework (the “**Green Finance Framework**”) dated February 2023.

Interests of the Joint Lead Managers

The Issuer has entered into agreements with the Joint Lead Managers with respect to certain services to be provided by the Joint Lead Managers in connection with the offering and issuance of the Capital Securities that are customary in the financial markets. The Joint Lead Managers’ fees will be paid by the Issuer in respect of the offering and issuance of the Capital Securities.

In addition, the Joint Lead Managers and other entities within the same groups and/or their affiliates have provided, and may provide in the future, the Issuer with investment, insurance, banking and/or other services in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions. The Joint Lead Managers and other entities within the same groups and/or their affiliates have also acted in the ordinary course of business as arrangers or lenders under certain loan agreements of the Issuer and its affiliates, for which it has received, and may continue to receive, customary interest, fees and commissions. The Lead Managers and their respective affiliates may hold long or short positions, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities of the Issuer.

TIIVISTELMÄ

Johdanto ja varoitukset

Tämä tiivistelmä sisältää kaikki Euroopan parlamentin ja neuvoston asetuksessa (EU) 2017/1129 ("**Esiteasetus**"), muutoksineen, vaaditut kohdat. Tätä tiivistelmää tulee lukea esitteen ("**Esite**") johdantona. Sijoittajan tulee perustaa Purmo Group Oyj:n ("**Liikkeeseenlaskija**" tai "**Yhtiö**") liikkeeseen laskemia arvopapereita ("**Velkakirjat**") koskeva sijoituspäätöksensä Velkakirjoihin Esitteeseen kokonaisuutena.

Arvopapereihin sijoittava sijoittaja voi menettää kaiken tai osan sijoitetusta pääomasta. Jos tuomioistuimessa pannaan vireille esitteeseen sisältyviä tietoja koskeva kanne, kantajana toimiva sijoittaja voi sovellettavan lainsäädännön mukaan joutua ennen oikeudenkäynnin vireillepanoa vastaamaan esitteen käännskustannuksista. Liikkeeseenlaskija vastaa siviilioikeudellisesti tästä tiivistelmästä vain, jos tiivistelmä luettuna yhdessä Esitteen muiden osien kanssa on harhaanjohtava, epätarkka tai epä johdonmukainen tai jos tiivistelmässä ei luettuna yhdessä Esitteen muiden osien kanssa anneta keskeisiä tietoja sijoittajien auttamiseksi, kun he harkitsevat sijoittamista arvopapereihin.

Liikkeeseenlaskijan nimi ja yhteystiedot ovat seuraavat:

Liikkeeseenlaskija:	Purmo Group Plc
Osoite:	Bulevardi 46, 00120 Helsinki
Puhelinnumero:	+358 (0)40 750 1184
Yritys- ja yhteisötunnus:	2890898-5
Oikeushenkilötunnus (LEI-tunnus):	743700JHE9365SIHRE72

Velkakirjat, joiden ISIN-koodi on FI4000548896 ja joista ei anneta fyysisiä velkakirjoja, ovat laskettu liikkeeseen Euroclear Finland Oy:n ylläpitämään arvo-osuusjärjestelmään.

Arvopaperia koskevat tiedot ovat seuraavat:

Finanssivalvonta on Esiteasetuksen mukaisena toimivaltaisena viranomaisena hyväksynyt Esitteen 20.3.2023. Finanssivalvonta on hyväksynyt Esitteen vain siltä osin, että se täyttää Esiteasetuksen mukaiset kattavuutta, ymmärrettävyyttä ja johdonmukaisuutta koskevat vaatimukset, mutta ei vastaa siinä esitetyn tiedon todenmukaisuudesta. Finanssivalvonnan antamaa Esitteen hyväksyntää ei tule pitää osoituksena sen liikkeeseenlaskijan hyväksynnästä, jota tämä Esite koskee. Esitteen hyväksymispäätöksen diaarinumero on FIVA/2023/421.

Toimivaltaisen viranomaisen eli Finanssivalvonnan, joka hyväksyy tämän Esitteen, yhteystiedot ovat seuraavat:

Viranomainen:	Finanssivalvonta
Osoite:	PL 103, 00101 Helsinki
Puhelinnumero:	+358 9183 51
Sähköpostiosoite:	kirjaamo@finanssivalvonta.fi

Keskeisiä tietoja liikkeeseenlaskijasta

Kuka on arvopapereiden liikkeeseenlaskija?

Liikkeeseenlaskijan rekisteröity toiminimi on Purmo Group Oyj suomeksi ja Purmo Group Plc englanniksi. Purmo Group on julkinen osakeyhtiö, joka on perustettu Suomessa ja siihen sovelletaan Suomen lakia. Liikkeeseenlaskija on rekisteröity Patentti- ja rekisterihallituksen ylläpitämään kaupparekisteriin y-tunnuksella 2890898-5. Liikkeeseenlaskijan kotipaikka on Helsinki ja sen oikeushenkilötunnus (LEI) on 743700JHE9365SIHRE72.

Pääasiallinen toiminta

Purmo Groupin johto arvioi BRG:n tuottamien markkinatutkimusten perusteella (Radiators, 2022 ja RHC, 2021), että Purmo Group on yksi johtavista vesikiertoisten ja sähköisten sisäilman mukavuusratkaisujen toimittajista. Purmo Group tarjoaa kokonaisratkaisuja lämmitykseen ja jäähdytykseen asuinrakennuksiin ja muihin rakennuksiin lämmöntuotannon, jakelun, lämmityksen kuin ohjauksen suhteen. Purmo Group valmistaa vesikiertoisia ja sähköisiä lämpöpattereita, upotettuja lämmitys- ja jäähdytysjärjestelmiä, ilmapohjaisia lämmitys- ja jäähdytysjärjestelmiä, erityisiä vesikiertoisia ja elektronisia säätimiä sekä putkistojen jakelujärjestelmiä. Purmo Groupin 3 400 työntekijää operoi 24 maassa, joissa valmistetaan ja joista toimitetaan laadukkaita tuotteita ja kokonaisratkaisuja yli 100 eri maahan maailmanlaajuisesti.

Suurimmat osakkeenomistajat

Tämän Esitteen päivämääränä, arvopaperimarkkinalain (746/2012, muutoksineen) 2 luvun 4 §:n mukainen määräysvalta on Rettig Group Ltd:llä. Purmo Groupin sisäiset hallinnointiperiaatteet täydentävät osakeyhtiölakia (624/2006, muutoksineen), arvopaperimarkkinalakia (746/2012, muutoksineen), kirjanpitolakia (1336/1997, muutoksineen), Nasdaq Helsinki Oy:n sääntöjä sekä yhtiön yhtiöjärjestystä. Lisäksi Purmo Group Oyj noudattaa Arvopaperimarkkinayhdistys ry:n julkaisemaa Hallinnointikoodia 2020. Purmo Group julkaisi ensimmäisen selvityksen hallinto- ja ohjausjärjestelmästä vuodelta 2021 vuosikertomuksensa yhteydessä vuonna 2022.

Liikkeeseenlaskija ei ole tietoinen järjestelyistä, jotka voisivat johtaa määräysvallan muuttumiseen Liikkeeseenlaskijassa.

Alla oleva taulukko kuvaa Liikkeeseenlaskijan kymmenen suurinta osakkeenomistajaa 28.2.2023:

Osakkeenomistaja	Osakkeiden ja äänten lukumäärä	Osuus osakkeista ja äänistä, %
Rettig Group Ltd	26.373.971	61,80
Virala Oy Ab*	6.471.739	15,16
Ahlstrom Invest B.V.	1.200.700	2,81
Varma Mutual Pension Insurance Company	1.000.000	2,34
Jussi Capital Oy	616.077	1,44
Fennia Mutual Insurance Company	500.000	1,17
Svenska Litteratursällskapet i Finland	500.000	1,17
Oy Julius Tallberg Ab	442.000	1,04
John Peter Leesi	418.927	0,98
Aipa Invesco AB	337.208	0,79
10 suurinta osakkeenomistajaa yhteensä	37.870.008	88,73
Muut osakkeet	4.807.922	11,27
Kaikki osakkeet yhteensä	46.677.930	100

* Virala Oy Ab:lla on hallussa 4.906.522 C-sarjan osaketta ja 1.565.217 F-sarjan osaketta Purmo Group:ssa.

Hallitus

Alla olevassa taulukossa esitetään Purmo Groupin hallituksen jäsenet Esitteen päivämääränä:

Nimi	Tehtävä	Syntymävuosi	Ammatti / Tehtävä	Jäsen vuodesta
Tomas von Rettig	Puheenjohtaja	1980	Riippumaton	2016
Matts Rosenberg	Varapuheenjohtaja	1977	Toimitusjohtaja, Rettig Group	2016
Alexander Ehrnrooth	Jäsen	1974	Toimitusjohtaja, Virala Oy Ab	2021
Carina Edblad	Jäsen	1963	Toimitusjohtaja, Thomas Betong	2021
Carlo Grossi	Jäsen	1956	Hallitusammattilainen	2021
Jyri Luomakoski	Jäsen	1967	Hallitusammattilainen	2021
Catharina Stackelberg-Hammarén	Jäsen	1970	Senior Advisor, Marketing Clinic Group	2021

Johtoryhmä

Alla olevassa taulukossa esitetään Purmo Groupin johtoryhmän jäsenet Esitteen päivämääränä:

Nimi	Tehtävä	Syntymävuosi	Kansalaisuus	Työsuhteessa vuodesta
John Peter Leesi	Toimitusjohtaja	1961	Ruotsi	2020
Erik Hedin	Operatiivinen johtaja	1977	Ruotsi	2020
Mike Conlon	President, Climate Solutions -divisioona	1966	Iso-Britannia / Irlanti	2015
Linda Currie	Henkilöstöjohtaja	1973	Iso-Britannia	1994

Barry Lynch	President, Climate Products & Systems -divisioona	1975	Iso-Britannia	1994
Matts Rosenberg	Väliaikainen talousjohtaja	1977	Suomi	2023

Liikkeeseenlaskijan tilintarkastaja

Purmo Groupin varsinainen yhtiökokous päätti 25.4.2022 hallituksen tilintarkastusvaliokunnalle antaman ehdotuksen mukaisesti valita KMPG Oy Ab:n uudelleen Purmo Groupin tilintarkastajaksi, päävastuullisena tilintarkastajana KHT Kim Järven seuraavan varsinaisen yhtiökokouksen päättyessä päättyväksi toimikaudeksi. KMPG Oy Ab:n rekisteröity osoite on Töölönlahdenkatu 3 A, 00100 Helsinki. Kim Järvi on merkitty tilintarkastuslain (1141/2015, muutoksineen) 6 luvun 9 §:ssä tarkoitettuun tilintarkastajarekisteriin.

Mitkä ovat liikkeeseenlaskijaa koskevat keskeiset taloudelliset tiedot?

Alla esitettävät valikoidut historialliset keskeiset taloudelliset tiedot ovat peräisin Purmo Groupin tilintarkastetuista konsernitilinpäätöksistä 31.12.2022 ja 31.12.2021 päättyneiltä tilikausilta.

(miljoonaa euroa)	31.12. päättynyt vuosi	
	2022 (tilintarkastettu)	2021 (tilintarkastettu)
Liikevoitto	39,0	3,5
Nettovelka	275,2	239,5
Liiketoiminnan nettorahavirta	31,1	35,4
Rahoituksen nettorahavirta	-110,8	-105,4
Investointien nettorahavirta	-32,9	-18,6

Mitkä ovat liikkeeseenlaskijaan liittyvät olennaiset riskit?

- Epävarmat olosuhteet maailmanlaajuisessa taloudessa, politiikassa ja rahoitusmarkkinoilla taikka epäsuotuisa kehitys taloudessa, kuten COVID-19 pandemian ja Ukrainan sodan aiheuttamat haasteet, voivat vaikuttaa haitallisesti Purmo Groupin liiketoimintaan.
- Ongelmat raaka-aineiden, materiaalien, työvoiman ja rahdin saatavuudessa ja raaka-aineiden hinnanvaihtelut, mukaan lukien energian ja rahtikustannusten merkittävät hinnanvaihtelut, saattavat vaikuttaa haitallisesti Purmo Groupin liiketoiminnan tulokseen ja liiketoimintaan yleisesti.
- Purmo Group toimii usealla markkinalla, kuten esimerkiksi kehittyvillä markkinoilla, jotka voivat sisältää luontaisia riskejä Purmo Groupin toimintaympäristössä.
- Valtaosa Purmo Groupin liikevaihdosta muodostuu myynnistä muutamille suurimmille tukkuasiakasryhmille ja tällaisen suuren tukkuasiakasryhmän menettäminen voi vaikuttaa olennaisen haitallisesti Purmo Groupin liiketoimintaan ja liiketoiminnan tulokseen.
- Merkittävät häiriöt tai keskeytykset Purmo Groupin tuotannossa tai toimituksissa taikka vahingot Purmo Groupin tuotantolaitoksissa, jakelukeskuksissa tai varastoissa saattavat merkittävästi heikentää Purmo Groupin liiketoimintaa.
- Purmo Group saattaa kohdata lisääntyvää kilpailua, eikä se välttämättä onnistu vastaamaan toimintaympäristönsä muutoksiin taikka kehittämään tuotteita, jotka mahdollistavat sen markkina-aseman säilyttämisen.
- Purmo Groupin vastuullisuustavoitteet voivat aiheuttaa erilaisia haasteita ja sen monitahoiset tuotantoketjut voivat altistaa Purmo Groupin haasteille ja riskeille, jotka liittyvät lainsäädännön vaatimusten noudattamiseen tai näiden muutoksiin taikka riskeille, jotka liittyvät hallinto- ja kulttuuristandardien yhdenmukaistamiseen ja ylläpitämiseen.
- Vaikeudet tietojärjestelmien ylläpidossa ja päivittämisessä tai mahdolliset puutteet, katkokset ja häiriöt tietojärjestelmissä taikka mahdolliset tietoturvahyökkäykset saattavat vaikuttaa haitallisesti Purmo Groupin liiketoimintaan ja aiheuttaa odottamattomia kustannuksia.
- Korkovaihteluilla voi olla haitallinen vaikutus Purmo Groupin taloudelliseen asemaan, liiketoiminnan tulokseen, tulevaisuuden näkyisiin ja Velkakirjoihin.
- Purmo Groupilla voi olla vaikeuksia jälleenrahoittaa lainojaan ja rahoittaa toimintaansa kilpailukykyisin ehdoin.

Keskeiset tiedot arvopapereista

Mitkä ovat arvopapereiden keskeiset ominaisuudet?

Velkakirjat ovat Liikkeeseenlaskijan suoria, alisteisia ja vakuudettomia velvoitteita (**”Velkakirjat”**) tai (**”Velkakirjalaina”**), jotka ovat samanarvoisia keskenään ja jotka ovat etuoikeusjärjestyksessä vähintään samalla sijalla Liikkeeseenlaskijan nykyisten tai tulevien (lisätietoa jäljempänä kohdassa *”Terms and Conditions”*) vakuudettomien velvoitteiden kanssa, lukuun ottamatta niitä velvoitteita, joilla on etuoikeus pakottavan lain nojalla. Velkakirjat rekisteröidään Euroclear Finland Oy:n ylläpitämään arvo-osuusjärjestelmään eikä niistä anneta fyysisiä velkakirjoja. Velkakirjojen ISIN on FI4000548896. Velkakirjojen valuutta on euro. Velkakirjojen yksikkökoko on 20.000 euroa ja niiden yhteenlaskettu nimellisarvo on 60.000.000 euroa. Velkakirjoja lasketaan liikkeeseen yhteensä 3.000 kappaletta.

Velkakirjoille ei ole ennalta määrättyä eräpäivää eikä Liikkeeseenlaskijalla ole takaisinostovelvollisuutta minään aikana. Velkakirjoille maksetaan (i) kiinteää korkoa alkaen 23.2.2023 (**”Liikkeeseenlaskupäivä”**) 23.2.2026 asti (pois lukien 23.2.2026), joka on 9,500 prosenttia vuodessa, ja joka maksetaan vuosittain alkaen 23.2.2024 ja tämän jälkeen 23.2.2026, joka on 9,500 prosenttia vuodessa, ja joka maksetaan vuosittain alkaen 23.2.2026 (mukaan lukien 23.2.2026), joka maksetaan vuosittain erissä aina 23.2., 23.5., 23.8. ja 23.11. alkaen 23.5.2026 aina Velkakirjalainan takaisinostoon saakka (pois lukien takaisinostopäivä). Liikkeeseenlaskijalla on oikeus lykätä koronmaksua tiettyjen rajoitusten täytyessä.

Velkakirjat ovat vapaasti vaihdettavissa sen jälkeen, kun ne ovat rekisteröity arvo-osuustilille.

Purmo Groupin 31.12.2022 päättyneeltä tilikaudelta julkistetun tilinpäätöstiedotteen mukaisesti, Purmo Groupin tavoitteena on jakaa vähintään 40 prosenttia vuotuisesta nettotuloksesta osinkoina tai pääomanpalautuksena, huomioiden kuitenkin ensin konsernin tuloskehitys, taloudellinen asema ja tulevat kasvumahdollisuudet.

Missä arvopapereilla tullaan käymään kauppaa?

Velkakirjojen ottamisesta kaupankäynnin kohteeksi pörssilistalle on tehty hakemus Nasdaq Helsinki Oy:lle (**”Helsingin Pörssi”**).

Mitkä ovat arvopapereihin liittyvät keskeiset riskit?

- Velkakirjat ovat Liikkeeseenlaskijan vakuudettomia alisteisia velvoitteita, mikä lisää velkakirjan haltijoiden luottoriskiä suhteessa Liikkeeseenlaskijaan.
- Velkakirjalainan ehdot eivät sisällä Liikkeeseenlaskijan toimintaan liittyviä kovenanttiehtoja eivätkä rajoita Liikkeeseenlaskijaan oikeutta tehdä yritysjärjestelyjä, myydä omaisuuttaan tai muutoin ryhtyä merkittäviin liiketoimiin, joilla saattaisi olla haitallinen vaikutus Velkakirjoille tai Velkakirjan haltijoille.
- Velkakirjalainan ehdot eivät estä Liikkeeseenlaskijaa laskemasta liikkeeseen uutta velkakirjalainaa tai antamasta tiettyjä vakuuksia ilman Velkakirjojen haltijoiden suostumusta.
- Velkakirjojen markkina-arvo saattaa vaihdella.
- Liikkeeseenlaskijalla on oikeus lunastaa Velkakirjalaina ennenaikaisesti *”Tax Event”*, *”Corporate Restructuring Event”*, *”Accounting Event”*, *”Replacing Capital Event”*, *”Withholding Tax Event”*, *”Clean-up Call Option Event”* tai *”Change of Control”* -tapahtumien jälkeen.

Keskeiset tiedot arvopapereiden kaupankäynnin kohteeksi ottamisesta

Mitkä ovat arvopapereihin sijoittamisen edellytykset ja aikataulu?

Velkakirjat tarjottiin merkittäviksi suunnatussa annissa 16.2.2023 hyväksyttävillä vastapuolilla, ammattimaisilla asiakkaille ja yksityisasiakkaille (kuten määritelty Euroopan parlamentin ja neuvoston Direktiivissä 2014/65/EU). Vähimmäismerkintänä oli 100.000 euroa. Velkakirjojen ottamisesta kaupankäynnin kohteeksi Helsingin Pörssin pörssilistalle on jätetty hakemus ja Helsingin Pörssin odotetaan ottavan Velkakirjat kaupankäynninkohteeksi 22.3.2023 alkaen.

Velkakirjat voidaan rekisteröidä haltijoiden puolesta arvo-osuustilille ja Velkakirjat ja niiden omistusoikeus on siirrettävissä ja omistusoikeus merkittävässä vain arvo-osuustilin kautta.

Liikkeeseenlaskijan arvio sille Velkakirjojen liikkeeseenlaskusta ja listalleotosta aiheutuvista kustannuksista on yhteensä noin 0,6 miljoonaa euroa. Liikkeeseenlaskija tai Nordea Bank Oyj ("**Nordea**") tai OP Yrityspankki Oyj ("**OP**") ja yhdessä Nordean kanssa "**Pääjärjestäjät**") eivät veloita palkkioita tai muita maksuja sijoittajalta.

Miksi tämä Esite on laadittu?

Tämä Esite on laadittu Velkakirjojen Nasdaq Helsingin päälistalle listalleottoa varten ja antamaan tietoja sijoittajille Purmo Groupista, Velkakirjoista ja riskeistä liittyen Velkakirjoihin ja niihin sijoittamiseen. Liikkeeseenlaskijan arvio liikkeeseenlaskusta kerättävien varojen nettomäärästä, kulujen ja palkkioiden vähennysten jälkeen, on noin 59,4 miljoonaa euroa.

Liikkeeseenlaskija tulee käyttämään Velkakirjalainasta saamansa varat, liikkeeseenlaskusta aiheutuvien kulujen vähentämisen jälkeen, rahoitustarpeisiin ja uudelleenrahoittamiseen Liikkeeseenlaskijan helmikuussa 2023 julkistetun vihreän rahoituksen viitekehysten ("**Vihreän Rahoituksen Viitekehys**") mukaisesti hyväksytyihin vihreisiin investointeihin ja menoihin.

Olennaiset intressit

Liikkeeseenlaskija on tehnyt sopimuksen Pääjärjestäjien kanssa koskien tiettyjä Pääjärjestäjien tarjoamia palveluita Velkakirjojen tarjoamisen ja liikkeeseenlaskun yhteydessä. Pääjärjestäjien intressit ovat tavanomaiset liiketaloudelliset intressit rahoitusmarkkinoilla. Liikkeeseenlaskija vastaa Pääjärjestäjien palkkiosta liittyen Velkakirjojen tarjoamiseen ja liikkeeseenlaskuun.

Lisäksi Pääjärjestäjät ja niiden kanssa samaan konserniin kuuluvat yhtiöt ja/tai niiden lähipiiriyhtiöt ovat kukin tarjonneet ja saattavat tulevaisuudessa tarjota Purmo Groupille neuvonanto-, konsultointi-, vakuutus- tai pankkipalveluita osana tavanomaista liiketoimintaansa, josta ne ovat saaneet, tai tulevat saamaan, tavanomaiset palkkiot ja kulukorvaukset. Pääjärjestäjät tai niiden lähipiiriin kuuluvat tahot ovat toimineet tavanomaisen liiketoiminnan yhteydessä ja voivat tulevaisuudessa toimia järjestäjinä tai lainanantajina tietyissä Purmo Groupin rahoitussopimuksissa, joista ne ovat saaneet, tai tulevat saamaan, tavanomaiset palkkiot ja kulukorvaukset. Pääjärjestäjät tai niiden lähipiiriyhtiöt saattavat pitää pitkiä tai lyhyitä positioita, ja käydä muutoin kauppaa tai muutoin tehdä transaktioita Liikkeeseenlaskijan velka- tai pääomainstrumenteilla sekä omaan, että asiakkaidensa lukuun.

RISK FACTORS

Investors considering investment in the Capital Securities should carefully review the information contained in this Prospectus and, in particular, the risk factors described below. Factors possibly affecting an investment decision are also discussed elsewhere in this Prospectus. Each of the risk factors described herein are specific to Purmo Group, and should one or more of the risk factors, or any other risk, materialise, it may have a material adverse effect on Purmo Group's business, financial condition, results of operations and future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities. As a result, investors may lose part or all of their investments. The following description is a summary of certain risk factors that may affect the Issuer's ability to fulfil its obligations under the Capital Securities or that are material in order to assess the market risk associated with the Capital Securities. This description is based on the information known and assessed at the time of preparing this Prospectus, and, therefore, the description of the risk factors is not necessarily exhaustive. All investors should make their own evaluations of the risks associated with an investment in the Capital Securities and consult with their own professional advisers if they consider it necessary.

The risk factors presented herein have been divided into six (6) categories based on their nature. These categories are:

- A. Risks relating to Purmo Group's operating environment;*
- B. Risks relating to Purmo Group's business operations;*
- C. Risks relating to Purmo Group's financing;*
- D. Risks relating to the Capital Securities as debt instrument;*
- E. Risks relating to the marketability of the Capital Securities; and*
- F. Risks relating to the Terms and Conditions;*

While the categories are not presented in any order of materiality, within each risk category the most material risks, in the assessment of the Issuer, taking into account the negative impact on Purmo Group and the probability of their occurrence, are presented first. However, the order in which the risk factors are presented after the first risk factors in each category is not intended to reflect either the relative probability or the potential impact of their materialisation. The order of the categories does not represent any evaluation of the materiality of the risk factors within that category, when compared to risk factors in another category.

Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the Terms and Conditions.

A. Risks relating to Purmo Group's operating environment

Uncertain global economic, political and financial market conditions and adverse economic developments, such as effects due to the COVID-19 pandemic or the war in Ukraine, may have a material adverse effect on the Issuer.

General economic development and uncertainties related to the financial markets in the European Union (the "EU"), and elsewhere in the world could have an adverse effect on Purmo Group's business and growth potential. Purmo Group is particularly exposed to macroeconomic conditions affecting Europe, in addition to which economic, political and financial market conditions in China, Brazil and the United States may impact the demand for Purmo Group's products. As at the date of this Prospectus, the rise in inflation has caused uncertainty for the development of global economic growth. Rising inflation in Purmo Group's core markets has raised raw material and energy prices and has triggered tightening of monetary policy leading to higher interest rates. Such events could adversely affect the demand of Purmo Group's products and as a result, its sales and profitability.

Both the European and the global economies and the financial markets are facing uncertainty, for instance, by the varying pace of economic growth and high debt levels globally, economic sanctions imposed by the United States and the EU against certain Russian individuals and entities, trade policies mainly between the EU and its key trading partners, including the United Kingdom and Turkey, and the continuing trade tensions between the United States and China. It is difficult to predict the trend in market conditions because they are influenced by macro-level changes in the financial markets and many other factors, including, among other things, the stock, bond and derivative markets and measures taken by various administrative and regulatory authorities and central banks, which Purmo Group cannot influence. Uncertainty remains in the global markets and it cannot be ruled out that the global economy could fall back into a recession, or even depression, which could be deeper and longer lasting than the recessions previously seen.

The coronavirus ("COVID-19") pandemic has had and continues to have, an impact on societies, the financial markets and businesses around the globe and has impacted different countries and fields of business in very different ways.

Uncertainty in the global economy and financial markets, which may be exacerbated by pandemics or epidemics, undermines both corporate and consumer confidence in the economy, and may reduce their economic activity, for example, by causing them to postpone purchasing decisions or investments. In addition to the severe shock caused to the global economy in general, COVID-19 as well as other pandemics or epidemics that could emerge in the future may also have direct and indirect impacts on Purmo Group's operations. Purmo Group is affected by global supply chain disturbances, which started during COVID-19. This involves uncertainties and may adversely affect the demand for and the delivery capability of Purmo Group's products. COVID-19 or other pandemics or epidemics that could emerge and related business constraints may also weaken the operational capacity and financial situation of Purmo Group's suppliers, which in turn could have a negative impact on Purmo Group's ability to deliver products and services to its customers.

Purmo Group operates in a large number of countries, including Russia (although operations in Russia are intended to be discontinued in a controlled way, for more information see section "*Information about the Issuer – Exit from Russia*"). Due to Russia's invasion of Ukraine, the Western countries have imposed economic sanctions on Russia, several Russian companies and Russian individuals, to which Russia has responded with countersanctions. The ongoing war in Ukraine has increased tensions between Russia, the members of the North Atlantic Treaty Organisation (NATO) and the Western countries, which has caused disruptions to the global economy, financial markets, and Purmo Group's business environment, and may further cause, particularly, if even stricter sanctions and/or trade restrictions are imposed by the Western countries and/or Russia, or, if the conflict escalates or expands to other countries or regions. During 2022, many international companies, including Purmo Group, have or are in the process of partly or wholly shutting down, divesting or suspending their operations in Russia in response to the war in Ukraine and ensued sanctions. At the end of March 2022, Purmo Group took the decision to exit its business in Russia. Purmo Group will seek 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, Purmo Group will no longer have a manufacturing operation or sales in Russia. The unsuccessful divestment and transfer of the Russia business may, if realised, result in reputational damage for Purmo Group.

Purmo Group's industry is exposed to fluctuations in demand in the construction industry which is cyclical in nature, especially new building, and the volumes and profitability of which vary as a result of, inter alia, economic conditions and the amount of investments in real estate. A lower or negative level of general economic activity or, in particular, investments made in fixed assets could have material adverse effects on the overall demand and profitability of the construction sector. In case of a decline or shrinkage in the economy, Purmo Group's customers may face financial distress, and their demand for Purmo Group's products and solutions may weaken. Although Purmo Group's business is currently partly geared towards the renovation market, which is somewhat less cyclical in nature than the new building market, any decline in the construction industry could result in a decrease in Purmo Group's sales and profitability. Purmo Group's sales in the residential and commercial new construction market correlate closely to the number of new homes and buildings that are built and renovated, which in turn is affected by macroeconomic factors, including the availability of financing, cost of financing, consumer confidence and spending, the unemployment rate, urbanisation, commodity prices and inflation.

The materialisation of any of the aforementioned risks could have a material adverse effect on Purmo Group's business, financial condition, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

B. Risks relating to Purmo Group's business operations

Fluctuations in prices of raw materials and supplies, including energy, and in freight rates as well as problems in the availability of raw materials, supplies, labour and freight shipping could adversely affect Purmo Group's profitability and operations in general.

Purmo Group's profitability is affected by the prices and availability of the raw materials and supplies, including components and energy, used in the manufacture of its products as well as the availability of labour and of freight shipping and rates thereof. Purmo Group's principal materials to be used in the manufacture of its products include, for example, steel, brass, aluminum, EVOH, adhesives and plastics. In addition, Purmo Group uses, among other operators active in the same industry, a range of components, such as electronic components, the price of which depends, to a certain degree, on market prices and the availability of such components.

The prices and availability of raw materials and supplies including components and energy as well as freight shipping and the availability of labour might fluctuate based on a number of factors beyond Purmo Group's control, including changes in supply and demand, general economic conditions, labour costs, competition, import duties, tariffs, trade wars, sanctions, currency exchange rates, and government regulation. If the prices of raw materials and supplies rise

significantly or there are significant interruptions in the supply of any raw materials or supplies, Purmo Group may have to purchase its raw materials or supplies from alternative suppliers, which could have a considerable impact on Purmo Group's ability to offer competitively priced products to its customers in a timely manner, thereby affecting its profitability adversely. Shortage in raw material or supplies could also cause production stops or production shortcuts. Significant changes in the markets in which Purmo Group purchases raw materials and supplies from suppliers for the manufacture of its products may adversely impact Purmo Group's profitability. High demand in building materials and components, and possible limitations to external purchase possibilities of semi-finished goods and finished goods and/or limitations to productions shortcuts could impact profitability negatively.

Purmo Group aims to pass these additional costs resulting from changes in raw material and supplies, including components and energy as well as freight shipping prices, onto its customers by negotiating with its customers on annual price changes or, if needed, more frequent changes such as during recent spike in raw material prices. However, if Purmo Group cannot offset increases in raw material and supplies costs, energy as well as freight shipping costs, whether through price increases or otherwise, there could be a negative impact on Purmo Group's profitability and margins. Furthermore, any long-term increase in the cost of supplies or raw materials, energy or freight shipping, and the resultant increase in the price of Purmo Group's products, could have a negative impact on the demand for its products and on Purmo Group's market share and customer relationships. Purmo Group has decided not to use any derivative instruments to hedge its exposure to fluctuations in raw material costs and it fixes prices for future periods with certain suppliers and hedges exposure to changes in currency exchange rates, which also has an impact on raw material costs.

Any inability to manage availability, price increases over a midterm period and costs related to raw materials and supplies, energy, freights or labour, in part or in full, or to find suitable substitutes at a more viable cost, could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group operates in many markets, such as emerging markets, in which the operating environment contains inherent risks.

As at 31 December 2022, Purmo Group had approximately 3,400 employees operating in 24 countries. In accordance with its strategy, in addition to strengthening its position in its current markets, such as in Germany and the UK, Purmo Group focuses on accelerating its growth in the geographical areas outside its current core markets, such as in China (see also "*Information about the Issuer – Business Strategy*"). Additionally, Purmo Group has operations in Russia, which it is currently discontinuing (for more information see section "*Information about the Issuer – Exit from Russia*"). Therefore, Purmo Group currently has and continues to have operations in markets that are developing and therefore, more unpredictable legal, regulatory and economic systems, which adds greater uncertainty to Purmo Group's operations in those markets. Emerging markets may be subject to greater economic and political instability, in addition to greater exposure to social unrest and infrastructure complications, than more mature markets. Examples of the above include nationalisation of property without fair compensation or other loss of assets and extortion, and greater regulation of production and pricing. Purmo Group's global operations also expose it to risks related to sustainability factors, such as human rights violations and corruption. These risks arise in several phases of the production chain, such as in purchasing and sales. Any violations of anti-corruption legislation that lead to extensive fines or other criminal sanctions or lead to Purmo Group being excluded from participating in public tenders would have a material adverse effect on Purmo Group's reputation and business operations. Moreover, the business environments and political situations in emerging markets as well as the differences in legislation, its interpretation and official practices, including deficiencies in the legal system, administrative proceedings and mechanisms of legal enforcement, may jeopardise the predictability and continuity of Purmo Group's operations in emerging markets and cause Purmo Group to incur significant expenses or otherwise hinder its operations in such regions. Furthermore, Purmo Group is exposed to various political decisions, in particular decisions that affect international trade, such as economic sanctions as well as tariffs, duties, export controls and other trade sanctions and trade barriers. Adverse changes in the operating environment of such markets could, among other things, lead to losses related to currency exchange rates or increased delivery costs.

Materialisation of any of the above risks could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

A significant part of Purmo Group's revenue comes from sales to a few large wholesaler customer groups and losing any such customer groups could have a material adverse effect on Purmo Group's business and financial result.

Purmo Group's customer base consists mainly of wholesalers who sell Purmo Group's products to technical installers and specifiers. Purmo Group is reliant on sales to certain key wholesaler customer groups who account for a large portion of Purmo Group's total sales. Purmo Group's ten largest wholesaler customer groups had a combined share of 41 per cent of Purmo Group's total sales during the financial year ended 31 December 2022, and Purmo Group's three largest wholesaler customer groups represented a combined share of 29 per cent of Purmo Group's total sales during the financial year ended 31 December 2022. The largest wholesaler customer group represented a combined share of approximately 20 per cent of Purmo Group's total sales during the financial year ended 31 December 2022.

Purmo Group has long lasting and solidly established relationships with its key customers and to the knowledge of Purmo Group's management, there has been no loss of any such key customers in a long period of time. In addition, Purmo Group's brand awareness is, according to Purmo Group's management, very high in many markets. However, past purchases are no assurance that these customers will continue to purchase Purmo Group's products and solutions, for instance, if Purmo Group's competitors were to develop superior products or offer similar products on more competitive terms than what Purmo Group is able to offer or if customers are not able to obtain sufficient financing. Furthermore, as Purmo Group focuses on a small number of wholesaler customer groups, this has allowed such customer groups to benefit from favourable contractual terms for themselves.

The loss of major wholesaler customer groups due to any of the foregoing or other factors, such as deterioration of business relationships, could negatively impact Purmo Group's reputation and could materially decrease Purmo Group's profitability and lead to loss of sales and therefore, have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Significant disruptions in or the suspension of Purmo Group's production or deliveries, or damage to Purmo Group's production facilities, distribution centres or warehouses, could significantly undermine Purmo Group's business.

Purmo Group's production largely relies on its own production facilities, and its own production provides it with control over product quality and the health and environmental aspects of its production and products. Purmo Group has currently 21 production facilities located mainly in Europe, but also one in China and Turkey. Purmo Group's inventories or production facilities may be destroyed, they may be closed down, termination of lease agreements for premises, such as in UK or Belgium, may disrupt operations or the equipment on the premises may be damaged due to for example, fire, machinery failure, severe weather conditions, natural disasters such as flooding, other disasters or pandemics or equivalent events beyond Purmo Group's control. The materialisation of any such events could significantly disrupt Purmo Group's production and deliveries, increase costs, delay delivery of products or result in Purmo Group not necessarily being able to fulfil its obligations to its customers. In addition, production capacity limitations could lead to loss of customers and cause Purmo Group to reduce or delay sales efforts until production capacity is available, which could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects, or share price. In a worst-case scenario, a fire or breakage of Purmo Group's key machinery in any of its factories may stop or slow down the production in such factory for months and Purmo Group may not be able to utilise its supply base and identified third-party suppliers. There can be no assurance that Purmo Group would be able to locate alternative production facilities or transfer its manufacturing to other facilities of Purmo Group or to repair the damaged premises or equipment in a timely and cost-effective manner. For information on ownership and security of tenure matters and operational and other regulatory permits, approvals, certificates and licences necessary to conduct business as well as environmental compliance matters, see section "*Changes in environmental laws and regulations as well as permits may have a material adverse effect on Purmo Group's business in addition to which Purmo Group may be subject to rehabilitation obligations or other obligations due to environmental conditions of its production facilities or Purmo Group's large property portfolio may expose Purmo Group to risks*" below.

Furthermore, from time to time, Purmo Group may relocate or transfer part of its manufacturing capacity to new plants or between existing plants. The potential transfer of production from one facility to another as well as construction of new plants are costly and complex processes and present a risk of additional disruptions and delays during the transition or construction period in addition to which Purmo Group may be required to consult with trade unions, consultations of which may be difficult. In addition, Purmo Group's risks may continue to incur in additional costs after the relocation process, during the time that the new facility is in ramp-up stage or experiencing shortages in capacity, which may affect deliveries to customers. Any prolonged delay in shifting manufacturing operations to new facilities, whether due to technical or labour difficulties or delays in regulatory approvals or any start-up problems, would result in delays in

delivery of products to customers, increased costs and reduced sales as well as potential harm to brand strength, both locally, if a site is closed, and globally, if production is moved to low-cost countries.

Purmo Group's success is dependent on its ability to efficiently manage its product flows and inventory levels in order to fulfil its customers' needs. In order to operate efficiently and ensure sufficiently fast deliveries, Purmo Group must be able to maintain sufficient inventory levels taking into consideration, among other things, product demand and seasonal changes in the demand. On the other hand, depending on the product category, Purmo Group must also avoid accruing excess inventory. Excessive inventory levels may lead to additional costs of storage and, therefore, holding excess products in the inventory could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may face increasing competition and it may not be successful in responding to changes in its operating environment and developing products that allow it to maintain its market position.

Within the overall heating, ventilation, air conditioning ("HVAC") industry, Purmo Group operates primarily in fragmented and competitive radiators and radiant heating and cooling ("RHC") markets, which are characterised by evolving industry standards and continuous improvements in efficiency to satisfy the needs of installers, specifiers and end-customers. According to Purmo Group's management estimates based on BRG's market studies in 2022 for radiators market and 2021 for RHC market, the top three (3) market players represent a share of 37 per cent of the European radiators market and 29 per cent of the European RHC market.¹ Purmo Group's competitive environment varies between product divisions and product categories, but in general, most of the other players in the market have a narrower product assortment and geographical footprint than Purmo Group. According to the management's estimates based on BRG's market studies, Purmo Group is positioned as number one (1) in the European radiators market and among the top four in the European RHC market.² Further, according to Purmo Group's management estimates based on BRG's market studies, Purmo Group is the only market player in Europe in top five (5) for both radiators and RHC markets whereas most of the other key players occupy top positions in only one of the aforementioned markets. Although the markets in which Purmo Group operates are fragmented, Purmo Group's competitors may consolidate, which may result in tightened competition.

Purmo Group's offering can be divided into six (6) distinct product categories: panel radiators and other radiators with respect to radiators as well as radiant heating and cooling, water distribution systems, system components and controls and air heating and cooling with respect to Indoor Climate Systems ("ICS"). Within these categories, there may be categories in which the demand outlook may in the future weaken in terms of volume and/or supply exceeding demand which in turn may have a negative impact on prices. Furthermore, in the markets in which Purmo Group operates, the market evolution due to new construction techniques, changing preferences as well as sustainability regulations and certifications may mean that alternative heating sources are considered, and as a consequence, other types of emitters get increasingly popular over radiators, where, according to the management's estimates based on BRG's market studies, Purmo Group is estimated to be the largest manufacturer in Europe. Although the shift is not towards only one type of product in addition to which there are significant differences between markets in terms of evolution in solution preferences (and Purmo Group itself supplies certain other solutions, such as underfloor heating), there is a risk of an overall decline in sales and product mix changing to less profitable products as well as one-off costs related to panel radiator production footprint resizing.

The principal factors affecting Purmo Group's competitive position in the market include product offering, pricing, product quality, innovation and development of new products, customer relationships, brand recognition, distribution capabilities and the ability to foresee changing consumer preferences and demand, which are guided for instance by megatrends, such as sustainable development, digitalisation, and urbanisation, and an ability to respond to them. The acceptance of Purmo Group's products and solutions by the key decision makers in the HVAC industry, such as technical installers and specifiers, is dependent on how such parties perceive Purmo Group's products and solutions, and, for instance, on whether they perceive Purmo Group's products and solutions as safer or having other perceived advantages, such as the cost of Purmo Group's products relative to their effectiveness, over competing products. Operating in the changing industry requires new capabilities and technologies to create market pull, e.g. in relation to digitalisation or renewable energy demands.

A number of companies are active in the research and development of products and solutions that could compete with Purmo Group's offering. Competitors may have more resources with regard to research and development, superior access

¹ The underlying market data is based on competitive position in 2021 for the radiators market and competitive position in 2020 for the RHC market.

² Market position estimate in radiators is based on European radiator volumes and market position in RHC is based on radiant heating and cooling solutions including underfloor heating and radiant panel volumes.

to financing, higher manufacturing, and distribution capacity as well as superior sales and marketing strategies than Purmo Group. It is important for Purmo Group to develop new products and solutions and to update its existing product offering to be competitive and to meet evolving demand, although the launch and updating of new products and solutions is an inherently uncertain process. Further, due to commoditisation and private labelling, Purmo Group is exposed to the risk of not being able to maintain price premiums to compete. In addition, low-cost competition from developing markets could also decrease the demand for Purmo Group's products. As several of Purmo Group's production facilities are located in high-cost countries, Purmo Group's cost base is high, and Purmo Group may not be able to compete with lower cost base suppliers of indoor climate comfort products.

Furthermore, although Purmo Group currently has local manufacturing footprint in many of its operating countries, including in China, increasingly protectionist trade policies have in recent years been adopted around the world and this could weaken Purmo Group's ability to sell its products in some of its operating markets, such as in Brazil and the United States where there is no local production, and deteriorate its market position compared to its competitors. EU carbon border adjustment mechanism may have an impact on Purmo Group's competitive position to the extent that its competitors have production in Turkey as the imports of finished goods (radiators) to the EU are not subject to such tariffs that are levied on steel raw materials. Thus, if EU tariffs on steel raw materials would increase, Turkish based competitors will benefit from such increase.

Failure by Purmo Group to continuously develop and update its product offering, for whichever reason, could adversely affect Purmo Group's ability to generate revenue and entail that Purmo Group is unable to meet its financial targets, maintain operations in their current form or, ultimately, needs to discontinue its operations.

Any of the foregoing could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Potential product quality defects, product recalls, product liability or warranty claims may have an adverse effect on Purmo Group and its reputation and cause significant costs.

Purmo Group focuses on product safety and product quality monitoring. Although Purmo Group has several quality control measures in place, such as quality checks in production line and approval process for product types (research and development and sales), in addition to which both EU and national level certification regulations set certain standards for product quality, there can be no assurances that such measures will be adequate to detect potential product quality defects. Failure in Purmo Group's quality control may lead to the delivery of defective products to its customers. Purmo Group has in the past detected and may in the future detect defects in its products and in components sourced from third party suppliers, which have in the past led to termination of relationships with suppliers of Purmo Group. If a product of Purmo Group proves to be defective, Purmo Group may be liable for costs resulting from defective products.

Some of Purmo Group's existing customer agreements include warranty provisions, whereby a warranty of up to ten (10) years is granted by Purmo Group for the products sold under the agreements. Purmo Group also provides to some of its customers warranties that extend further than its suppliers' warranties for components included in Purmo Group's products. Purmo Group is exposed to costs for potential product recalls and warranty claims that cannot be recovered from its suppliers. Further, due to long warranty periods pursuant to some of Purmo Group's customer agreements, claims under the warranties may be brought several years after the products were delivered, which may expose Purmo Group to significant risks. In addition, Purmo Group may be required to repair or replace defective products and may, in addition, be not only liable for direct damages but also indirect and consequential damages pursuant to some of its customer agreements. Some of Purmo Group's agreements with its largest customers do not limit or cap Purmo Group's liability. Furthermore, some of Purmo Group's customer agreements include provisions whereby Purmo Group warrants that the products sold under the agreements comply with the related regulatory requirements, and undertakes, in case of regulatory changes whereby the products are no longer compliant with said regulatory requirements, to deliver as replacement of any non-compliant products in the customer's warehouse new products that are compliant with said requirements.

Further, in some cases, Purmo Group relies only on individual purchase orders with its suppliers without formal comprehensive agreements being in place either at group or local level. The lack of detailed written agreements regulating the relationship with counterparties exposes Purmo Group to legal risks such as ambiguity of applicable terms and issues relating to enforcement of obligations or rights between the parties. If these agreements are breached or their interpretation causes disputes in relation to the allocation of risk for product liability, this could divert the management's resources and cause claims and disputes as well as significant costs, which could disrupt Purmo Group's operations.

Defective products or defective installation can also cause risks of water leaks. All hydronic radiators, when installed, contain water, and therefore carry an inherent risk of leaking resulting in potential damage to property. Historically, Purmo Group has been subject to product quality issues related to faulty components and installation thereof with potential to cause e.g. water leaks or radiators falling from walls due to faulty suspension. Purmo Group may be liable for damages or other costs as well as suffer reputational harm caused by defective products out in the market, including from water leaks in buildings where the products have been installed, even after a long time after installation of the potentially faulty products and the maximum limit for any potential total costs resulting from such quality issues cannot be estimated with certainty. Further, Purmo Group's insurance coverage may not, in general, cover claims based on quality issues and product liability claims concerning Purmo Group's products.

Materialisation of the aforementioned risks may have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Delivery and quality of Purmo Group's products will be dependent on the capabilities of its suppliers.

Purmo Group's products consist of components and materials from a number of suppliers and Purmo Group's manufacturing process is dependent on the availability and timely supply of components and materials purchased primarily from third-party suppliers. Purmo Group has certain suppliers who represent a big share of annual purchases. If any of Purmo Group's key steel suppliers were unable or unwilling to meet Purmo Group's supply requirements, including on the scale or within the timeframes Purmo Group requires, Purmo Group could experience difficulties to find alternative suppliers. Further, Purmo Group is within the area of electronics and controls dependent on certain suppliers, who have been affected by the global shortage of microchips and other materials as a result of the COVID-19 pandemic and Purmo Group may not be able to substitute the related products easily from other suppliers, as certain products are tailored to Purmo Group's specific needs. Some of these products also have third-party approvals that must be adhered to in order to sell them in different markets for which the products cannot be changed without external testing and approvals. Such third-party approvals mainly affect electrical products, and such products have to be certified mainly for safety reasons. The exposure for Purmo Group relates mainly to the ICS division product areas relating to air heating and cooling as well as controls, which is part of radiant heating and cooling. The sales for such products are estimated to be less than ten (10) per cent of the combined net sales of Purmo Group. Although Purmo Group designs and purchases more off the shelf products than in the past, compatibility is not always possible. For certain products, Purmo Group currently also, due to e.g. limited volume constraints, relies only on certain supply sources that may be the sole suppliers of respective products.

If any of Purmo Group's key suppliers terminate their contractual relationship with Purmo Group, or if suppliers are not able to provide the materials procured from them by Purmo Group, Purmo Group may be unable to obtain the necessary materials it needs for its business. Delays in key suppliers' capabilities to provide Purmo Group with necessary materials and components or possible quality defects in materials or components procured from suppliers may delay production at a number of Purmo Group's manufacturing locations and result in extended lead times. Delays in obtaining supplies may result from a number of factors, including capacity constraints, business or production interruptions occurring on the suppliers' production sites, labour disputes, suppliers' impaired financial position, suppliers' allocations to other purchasers, weather emergencies or pandemics. Any significant delay in procuring materials and supplies from any key suppliers, combined with an inability to source alternative suppliers in a timely manner or at commercially competitive terms, could impair Purmo Group's ability to deliver products to its customers and result in loss of customers or sales and, consequently, adversely affect Purmo Group's reputation. Further, some of Purmo Group's supplier agreements contain exclusivity provisions whereby Purmo Group may be prevented from purchasing certain products from third parties and any potential violations of or failures to comply with such contractual obligations may lead to liability towards the relevant supplier.

Furthermore, Purmo Group's agreements with certain of its customers contain provisions pursuant to which Purmo Group is obliged to pay damages, including, in certain cases, liquidated damages, in event of delay in delivery of products. There is a risk that Purmo Group may be unable to protect itself against such damages by recovering incurred costs from its suppliers in the event of delays or non-delivery of products as a consequence of delays by its suppliers.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may face various challenges in pursuing its sustainability requirements and its complex supply chains may expose it to risks related to compliance with legislative requirements and changes thereof as well as risks related to harmonising and maintaining its governance and cultural standards.

Purmo Group aims to be a global leader in sustainable indoor climate comfort solutions. However, there can be no assurance that any sustainability targets set by Purmo Group will be met as expected. Purmo Group's strategy guides its sustainability work, and Purmo Group's code of conduct sets the overall principles for how it acts in relation to the environment and society and conducts business in an ethical and responsible way. See section "Information about the Issuer – Business Strategy". Furthermore, Purmo Group has established a Green Finance Framework (as defined below) to strengthen its funding for the strategy acceleration programme. For more information see sections "Information about the Issuer – Business Strategy – Strategy Acceleration Programme" and "Green Finance Framework". Should Purmo Group's existing policies prove to be ineffective in creating and implementing a uniform culture and code of conduct, Purmo Group's governance and compliance processes may not prevent breaches of law or governance standards. Any negative publicity regarding Purmo Group's sustainability or compliance among stakeholders could have an adverse effect on the placement in sustainability indices, lead to deviations in audits and lead to loss of investors and customers expecting high standards for sustainability and ethical conduct. Further, the construction industry is becoming increasingly aware of corporate responsibility matters and Purmo Group's customers as well as their customers, such as technical installers and specifiers, require concrete actions and reporting on the suppliers used in the supply chain. However, Purmo Group has not historically been able to provide information on its suppliers' performance and compliance in relation to such matters as it has not conducted external audits on suppliers but only relied on supplier questionnaires at the on-boarding stage, and there is no assurance that Purmo Group will be able to fully monitor its suppliers' compliance in the future. Further, under some of Purmo Group's existing customer agreements, customers are entitled to audit Purmo Group's organisation in relation to responsible business obligations or other sustainability matters. There can be no assurance that Purmo Group's suppliers, subcontractors, agents, distributors, or customers adhere to international conventions or best practices regarding environmental sustainability, human and labour rights, or other applicable laws or rules or changes thereof. The materialisation of these risks could lead to reputational damage, loss of customers and business opportunities, prevent Purmo Group from reaching its growth and profitability objectives, disqualify it from public procurement processes or cause it to incur significant expenses through deviations in audits, legal or administrative proceedings, or sanctions. Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group's reputation and brands may be harmed, which could have an adverse effect on Purmo Group.

Purmo Group believes that high brand awareness among the technical installers and specifiers, and reputation as a trusted organisation among such persons in Purmo Group's operational markets are key competitive advantages of Purmo Group's business, and its success depends on its ability to maintain and enhance its reputation and brand image among technical installers, specifiers, and end-users in particular. Relationships with technical specifiers are in a key role to create a "pull" demand for Purmo Group's product offering, as technical specifiers are usually in a position to decide which brands are to be used in projects. Purmo Group's products' high brand awareness among technical installers also creates a "pull" demand for Purmo Group's products as technical installers manage the installation process of whole systems from parts to a ready solution and act as technical experts on the product and how to install it for different applications. Purmo Group markets and sells its products under eight key brands: Emmeti, Finimetal, Myson, Purmo, Radson, Vogel&Noot, Thermotech and Merriott. Purmo Group's ability to attract and retain customers is partially dependent upon the perceptions of the quality of the products and services offered by Purmo Group and Purmo Group's reliability as a product and service provider, implementation of corporate responsibility, and Purmo Group's business practices, including the actions of its employees and third-party suppliers and service providers.

Negative perceptions or publicity regarding these matters or any breaches or non-compliance for any reason could damage Purmo Group's brand and reputation in the eyes of its customers and customers' customers and the public and hamper its ability to attract and retain customers and recruit and retain key employees. Purmo Group's reputation and brand image may be harmed by many factors, such as actual occurrence of breaches or non-compliance, incorrect perceptions, from founded or unfounded rumours, or even flash-trends on social media. In addition, Purmo Group's image among its customers as a premium supplier of indoor climate comfort may suffer over time if it is unable to continue investing in its brands. Adverse developments with respect to Purmo Group's industry may also be reflected in Purmo Group and have a negative effect on its reputation or result in higher regulatory or legislative scrutiny. Any developments leading to negative perceptions or publicity could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group is dependent on its ability to develop and manage changes to sales channel dynamics and its distributor relationships.

For the year ended 31 December 2022, more than 69 per cent of Purmo Group's sales were generated through wholesalers whereas less than 31 per cent were generated through other channels, such as by sales directly to technical installers and specifiers, as well as the sales of the company's non-branded private label offering. Purmo Group believes that its strong and longstanding relationships with the key distributors in Europe and elsewhere are a key competitive advantage of Purmo Group's business. The primary route-to-market for Purmo Group is through its distributors, and such distributors select such manufactures whose products are most in demand. Purmo Group's operations are, however, also partly dependent upon Purmo Group's ability to maintain relations with its distributors. If Purmo Group's key distributors are unwilling to continue to sell Purmo Group's products, if the agreements with such parties are terminated or renegotiated in an unfavourable way, or if Purmo Group's key distributors merge with or are purchased by a competitor, Purmo Group could experience a decline in sales. If Purmo Group is unable to replace such distributors or otherwise replace the resulting loss of sales, Purmo Group's business and results of operations could be adversely affected. However, if a new distributor is sought to be engaged, Purmo Group may be required to purchase any existing stock of competitor products that the distributor may have.

Furthermore, the growth in alternative sales channels, such as do-it-yourself (DIY) retail, online and direct sales, may diminish the importance of Purmo Group's competitive advantage it gains through its relationships with distributors. Any changes in sales channels may lead to a situation where Purmo Group, due to its organisation and business model, may end up being more poorly positioned to respond to the characteristics of new sales channels when compared to other market operators. Changes to sales channels so that Purmo Group's products are sold directly to technical installers and specifiers and not through wholesalers mean that Purmo Group will need to adapt its approach and continue to invest in specification sales and demand generation. In addition, Purmo Group needs to balance between such sales channels as Purmo Group competes directly with its largest customers when selling its products directly to technical installers and specifiers. Therefore, Purmo Group has to be geographically selective in direct sales approach in addition to which logistics competencies are needed to facilitate direct deliveries which in turn may result in increased costs for Purmo Group. Further, Purmo Group operates with its brands Sigarth and Hewing on an OEM (Original Equipment Manufacturer) basis, which means that it supplies products to some of its direct competitors, which can cause internal or external conflicts and also affect sales and profitability. In addition, growing sales channels, such as online and DIY, may be better adapted to digitalisation. Digitalisation of the value chain also means that there is an increased demand in certain projects for Purmo Group to provide product information in PIM (Product Information Management) or BIM (Building Information Modelling) and while Purmo Group is working towards meeting such demand, not all of its products are in PIM or BIM yet, which can deteriorate Purmo Group's competitive position.

Materialisation of any of the aforementioned risks may have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may be unsuccessful in fulfilling its strategy or the strategy itself may be unsuccessful, which may lead to lower sales or slower growth than intended and to Purmo Group not being able to achieve its financial targets.

Purmo Group's strategy is built on three pillars to realise its vision of becoming the global leader in sustainable indoor climate comfort solutions. These pillars are increasing specification sales to sell full solutions in the most mature core markets, launching new smart products (intelligent/sustainable/aesthetic) to deliver higher customer value and promote sustainability as well as capturing biggest opportunities beyond current core markets. Purmo Group is also keen to enable growth through M&A opportunities for consolidation and expansion. In October 2022, Purmo Group announced a strategy acceleration programme to strengthen the execution of the strategy launched in 2021. The programme addresses a broad area of strategic and operational initiatives, with focus on improving net sales growth, profitability and net working capital efficiency to support reaching its financial targets. For more information, see section "*Information about the Issuer – Business Strategy – Strategy Acceleration Programme*".

Purmo Group has traditionally had a strong position in product sales business, whilst its current strategy is, however, to progressively move towards specifying solutions and to sell, for example, complete RHC system solutions instead of only components. However, these sales models require different capabilities, which means that transformation from one model to another and growth in the solutions business expose Purmo Group to various possible risks. Further, radiant heating and cooling is a growing market with multiple competitors and partly lower margins than radiators, and Purmo Group may face increasing competition. The risks for Purmo Group are, for example, that its overall sales for RHC solutions do not increase at the expected rate and margins do not achieve targeted levels.

The successful execution of Purmo Group's strategy depends on several factors, some of which are completely or partially outside of Purmo Group's control. Purmo Group may not necessarily be able to successfully execute its strategy in its main markets and achieve its financial targets due to the market conditions, regulatory changes, operational challenges or a failure in the management of Purmo Group. The execution of the strategy may also cause increased costs as a result of the reorganisation of operations. Purmo Group may also decide to amend or adapt its strategy in response to changes in its operating environment. Furthermore, key assumptions made when setting the long-term financial targets of Purmo Group rely on the successful execution of Purmo Group's strategy and a failure in executing the strategy may lead to Purmo Group not being able to achieve these financial targets. In addition, even if Purmo Group succeeds in the execution of its strategy, there can be no certainty that the chosen strategy is or will be successful. Costs related to pursuing a strategy or an amended strategy or any failure in executing or amending Purmo Group's strategy, or a failure of the strategy itself or the amended strategy, could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Failure in the protection of intellectual property rights could have a material adverse effect on Purmo Group.

Purmo Group owns patents, design, trademarks such as its product names as well as other intellectual property rights that are important to its business and competitive position. In addition to its patent portfolio and trademarks, Purmo Group's measures for protecting its intellectual property consist of business secrets, know-how, the development of new products and services and technological development in combination with non-disclosure agreements and certain other agreements protecting intellectual property rights. However, Purmo Group may fail to establish, protect, maintain or enforce its intellectual property rights and Purmo Group may also incur costs for the establishment, protection and enforcement of its intellectual property rights. The potential expansion of the business of Purmo Group into new countries will increase the costs associated with measures to establish, protect and enforce its intellectual property rights, as well as the risks associated with the increasing presence of products imitating or otherwise infringing Purmo Group's intangible assets. Furthermore, it may not be possible to register, protect and enforce the intellectual property rights in all new markets due to similar earlier or reminiscent rights. Some of Purmo Group's intellectual property may not be capable of being registered due to, for example, descriptive elements, and Purmo Group may therefore have difficulties protecting such intellectual property. Purmo Group's ability to protect and maintain trademarks may be further hindered through degeneration of some of Purmo Group's trademarks. Hence, there is a risk that Purmo Group's products and solutions may be copied by competitors.

Furthermore, there is a risk that someone who has access to trade secrets and other confidential information, such as employees, partners or customers, will disseminate or otherwise use this information in a manner that damages Purmo Group.

Any of the above-described factors could, if realised, have a significant adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Claims of infringement of third-party intellectual property rights could have a material adverse effect on Purmo Group.

Competitors may infringe the intellectual property rights owned or licensed by Purmo Group, or Purmo Group's trademark applications may be opposed, or disputes could arise as to ownership of intellectual property owned, used or licensed by Purmo Group, and intellectual property may otherwise become known or competitors could independently develop similar know-how. Purmo Group may have to initiate legal proceedings against such competitors. For example, two of Purmo Group's trademark applications in the US have been opposed and there is no assurance as to the likelihood of the issue being resolved between Purmo Group and the opponent. Purmo Group also has an ongoing issue concerning IP in China where a non-practicing entity in the Chinese market has registered multiple of Purmo Group's trademarks. Moreover, certain technologies and processes used by Purmo Group may be subject to intellectual property rights of third parties. Such third parties may take legal action against Purmo Group based on alleged infringements of their intellectual property rights, and any such claims could delay or prevent the sale or delivery of Purmo Group's products or services. Any claims of infringement of third-party intellectual property rights could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may fail to recruit and retain key employees and some of its key employees' employment agreements include insufficient post-termination obligations.

Purmo Group and its business success is dependent on the competence and professional skills of its management, and Purmo Group's ability to hire, develop, train, motivate, and retain skilled and professional personnel. The ability of Purmo Group to recruit and to retain persons who have the appropriate competence, experience, and aptitude are crucial for Purmo Group's future development, the implementation of its strategic goals, product development and the efficient operation, management, and supervision of Purmo Group's business in a competitive market. The loss of certain key personnel, including members of management with pivotal roles and employees with experience in areas such as research and development and production, may have a material adverse effect on Purmo Group's business especially when such individuals possess specialised knowledge or regional and/or product expertise that is not easily replaceable. If Purmo Group fails to recruit and retain its key employees with specialised knowledge, this could delay or impair Purmo Group's continued product development. In addition, some of the key employee employment agreements include post-termination non-competition or non-solicitation obligations. Without adequate post-contractual non-competition and non-solicitation restrictions, the key employees could resign from their positions and be engaged in competing activities relatively quickly and recruit employees and customers from Purmo Group, which could have an adverse effect on Purmo Group's business.

Any of the above-described factors could, if realised, have a significant adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group is exposed to the risk of deteriorated relationships with employees or labour disputes, including any restructuring of operations that may be carried out by Purmo Group.

As Purmo Group's business is labour intensive, maintaining good relationships with Purmo Group's employees, unions and other employee representatives will be crucial to Purmo Group's operations.

Any deterioration of the relationships with its employees could result in disruptions of Purmo Group's operations. Possible plans to develop or restructure certain aspects of Purmo Group's business, such as relocation of production to new or existing sites, would be subject to the applicable national communication and co-operation obligations, which may affect to some extent Purmo Group's ability to restructure its operations and organisation or entail additional costs. Should any discussions on workforce reductions become relevant in the future, this could lead to concerns and restlessness among the employees. Further, any establishment by Purmo Group of a European Works Council ("EWC") could deteriorate employee relationships if establishment and possible prior notification and/or co-determination processes in relation to EWC in certain jurisdictions were not handled appropriately.

Shortage of labour, increased costs of labour, including the costs of employee benefits plans or labour disputes, and labour union activity may lead to significant disruptions in Purmo Group's business operations in addition to which labour disputes or industrial actions concerning Purmo Group's or its customers' and suppliers' business may in the future disrupt Purmo Group's operations or cause costs.

With a workforce of approximately 3,400 employees, there is an inherent risk of potential labour disputes, out of which one or more could turn out to be material.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group's customer and supplier agreements may become subject to early termination or include onerous terms, and loss of agreements may adversely affect Purmo Group's business.

As Purmo Group has been dependent on a small number of customer groups, such customer groups have been able to drive favourable contractual terms for themselves (see also section "– A significant part of Purmo Group's revenue comes from sales to a few large wholesaler customer groups and losing any such customer groups could have a material adverse effect on Purmo Group's business and financial result." above). Some of Purmo Group's existing customer agreements have terms pursuant to which the customer is entitled to terminate the agreement on short notice. Early termination of contracts may reduce the planned revenue of any businesses based on terminated contracts. Purmo Group's customer and other agreements may also include onerous terms, such as insufficient limitations of liability, various types of indemnity undertakings, post-termination success fees, or terms restricting the operations of Purmo Group such as change of control provisions, most favoured customer and supplier provisions or minimum purchase or exclusivity obligations, as well as

stock cleansing clauses and take-back obligations, whereby Purmo Group is obligated to repurchase any unsold new products from the respective distributor of the stock. For example, monetary caps on liability have not been included in many customer agreements in addition to which Purmo Group potentially has extensive liability towards some of its customers for damages and unlimited liability towards certain of its other customers. Purmo Group's contract management has not historically been centralised at the group level but managed locally and thus, there may be deficiencies related to obligations and rights between the parties.

Furthermore, in certain cases Purmo Group's agreements with its suppliers and customers are not written, but prices, deliveries and volumes as well as other mainly commercial terms and conditions are agreed on by, for example, individual purchase orders or on the basis of offer and acceptance notices. Further, besides a memorandum of understanding including mainly commercial terms, no written supply agreement has been entered into between Purmo Group and one of its key suppliers. Lack of detailed written agreements regulating the relationship with counterparties may lead to ambiguity and uncertainty in relation to the length and the terms and conditions governing the cooperation between the parties.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Mergers and acquisitions, divestments and joint arrangements may pose risks, and Purmo Group's operating results and financial condition may be adversely affected if it acquires businesses or enters into joint arrangements that do not perform as expected or that are difficult to integrate.

Purmo Group's current strong market position is a result of a number of corporate transactions, followed by extensive integration process. For example, Purmo Group has acquired Nordic heating systems company Thermotech Intressenter AB's entire share capital in March 2022. Likewise, Purmo Group has acquired Swedish radiator suspension systems company Sigarth AB in 2018 and remaining nine per cent stake in Italian HVAC company Emmeti S.p.A in 2019 (91 per cent of the shares were acquired in 2015). In April 2021, Purmo Group acquired 51 per cent of the shares in Euroradiators Holding B.V., a Dutch holding company holding all shares in Evroradiators LLC, from Robert Bosch Holding Nederland B.V. and Robert Bosch Investment Nederland B.V. in April 2021, thereby gaining a share of a panel radiator factory in Engels, Russia. At the end of March 2022, Purmo Group took the decision to exit its business in Russia. For more information, see section "*Information about the Issuer – Exit from Russia*". Purmo Group will aim to grow organically, in addition to which Purmo Group will be expected, in accordance with its strategy, to seek to develop its business through mergers and acquisitions.

In a situation where Purmo Group is pursuing acquisitions or divestment, there is a risk that Purmo Group will not be able to find suitable acquisition targets, or buyers, or that any required approval of the relevant regulatory or competition authorities is not received on commercially feasible terms or at all. There can also be no certainty that Purmo Group is able to complete prospective corporate acquisitions, or divestments in the required time, at the anticipated price, and on anticipated commercial terms or at all, which could reduce or delay the anticipated advantages of the transactions or prevent them entirely. Furthermore, there can be no assurance, that Purmo Group is able to successfully divest its operations in Russia within the planned timeframe or at all. When acquiring new businesses, the acquirer typically makes certain assumptions and determinations about the business based on information available at the time of acquisition, however, such assumptions and determinations may prove to be incorrect. Furthermore, there can also be no certainty that Purmo Group is able to successfully integrate the acquired business into its own operations and organisation. The examination of potential acquisition targets, execution of potential corporate acquisitions as well as integration of acquired businesses requires considerable management attention and resources. If an acquisition or divestment is not completed, significant expenses incurred, such as adviser fees, and time and other resources used by the management, may turn out to have been unnecessary. Further, pursuing growth through corporate acquisitions may result in expenses that may not be necessary as for every acquisition Purmo Group completes, there may have been lots of other speculative targets and processes that have been pursued but not completed. In addition, any past or future intra-group acquisitions and the terms thereof may entail, inter alia, taxational risks. Furthermore, corporate acquisitions may entail risks related to claims periods whereby Purmo Group may not be compensated the full amount due to, inter alia, limitations of liability or exceptions to the seller's warranties. Further, if a warranty dispute or claim arises, it may also be a distraction to management time and can involve further material costs in pursuing the claim.

Purmo Group may also choose to enter new markets and businesses by entering into joint arrangements, which may involve similar risks and uncertainties that are involved in acquisitions. Purmo Group will not be able to exercise full control over joint arrangements due to their nature, and is therefore reliant, to an extent, on its joint arrangement partners. Any joint arrangement partner may be incapable or reluctant to fulfil its commitments, encounter financial distress, require

Purmo Group to make additional investments or dissent with Purmo Group in terms of its rights, responsibilities and obligations. Should Purmo Group lose its joint arrangement partner, it could lose its production capacity or its possibility to exploit commercial agreements or access to important markets. Also, should Purmo Group decide to seek to dispose its share in a joint arrangement, there can be no certainty that Purmo Group would be able to divest its investment at fair value or otherwise on favourable terms, or at all.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Seasonal fluctuations may adversely affect Purmo Group's business.

Purmo Group's business and cash flows are partly subject to seasonality, with most of the demand for Purmo Group's product offering occurring during the peak heating-season with usually a notable increase in monthly demand in September-November each year. However, quarterly seasonality is more muted because the third and fourth quarters are tempered by lower demand in July-August and December due to holiday periods. Overall, the second quarter has the lowest demand for Purmo Group, when the heating demand is at its lowest and is only partially offset by the peak cooling-season and where 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 impacted by seasonality as well as changes in raw material prices and should not be relied on as an indication of future performance, and the results of any quarterly period may not be indicative of expected results for a full year. In addition, extreme weather conditions related to climate change, such as considerably warmer weather during the winter, may have an impact on the dynamics of seasonal fluctuations. Furthermore, if problems occur in the management of Purmo Group's inventory or working capital or in the availability of its products, or if Purmo Group faces other operational disturbances that have an effect on Purmo Group's operating conditions during the peak season, this may have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Difficulties in maintaining and updating IT systems, defects, interruptions, or disruptions in IT systems, and possible information security breaches could have an adverse effect on Purmo Group's business and could result in unexpected costs.

Purmo Group uses information technology systems for the processing, transmission and storage of electronic data relating to its operations and financial reporting, as well as for its production, inventory tracking, order bookings, logistics, human resources, and other operations. A significant portion of communications between Purmo Group's personnel, customers and suppliers rely on the efficient performance of information technology systems and Purmo Group's operations are also dependent on data networks and data transfer, as well as data systems used by external parties. The key IT systems used by Purmo Group have been to some extent developed internally and customised to meet Purmo Group's needs. Purmo Group's enterprise resource planning systems ("**ERP systems**"), which allow Purmo Group to order materials, produce, take customer orders, deliver goods and invoice customers, are particularly important for its operations. ERP systems are also integrated with third-party solutions for a variety of purposes, such as financial record-keeping as well as reporting and payroll. If these systems do not work as planned, this can interfere with Purmo Group's activities and impact Purmo Group's net sales and results of operations.

Purmo Group is consequently subject to several risks associated with maintaining, developing and securing its information technology and infrastructure systems. Purmo Group's data, information technology and infrastructure may be vulnerable to attacks by hackers, computer viruses or malicious code. Various cyber threats have increased in recent years along with the digitalisation of companies' operations and the recent increased tensions in the international geopolitical situation. Purmo Group may be targeted, for example, by phishing or malware attacks, denial-of-service attacks, breaches in information or data systems, ransomware or attacks targeting production processes. It may also be difficult for Purmo Group to detect cyber-attacks upon their occurrence, which could have an impact on the size of damage and length of disruption. In addition, Purmo Group's information technology and infrastructure may be breached due to employee error or malfeasance or affected by other disruptions, including as a result of natural disasters or telecommunications breakdowns or other reasons beyond Purmo Group's control. For example, in the past Purmo Group has had certain extensive user rights in one of its ERP systems. In addition, problems may emerge in the integration of Purmo Group's data systems, including systems implemented or acquired in connection with the potential or past corporate acquisitions, or integration of customers', vendors or suppliers' data systems into Purmo Group's data systems, especially as the systems may be in use in various countries. Purmo Group uses also SaaS technology (cloud application) which transfers the risk from on-premise system to cloud systems operated by third-party companies, but exposes Purmo Group to different risks, such as dependence on delivery by the external partner in accordance with the respective

contracts. Furthermore, remote working becoming more common, it will increase demand on Purmo Group's information technology resources and systems and increase risks related to connections, data privacy and cybersecurity.

In addition, with Purmo Group's existing and upcoming smart products, such as connected controls enabling system control via mobile app, Purmo Group may be exposed to similar risks and uncertainties that are involved in IT systems, such as data breaches and hacking.

If one or more such events occur, it could cause, among other things, disruptions or delays to Purmo Group's operations, direct or indirect loss of profit, violations of personal data, significant remediation costs, legal proceedings, loss or negative publicity of intangible assets, especially trade secrets, which could expose Purmo Group to losses, damage and liability and which could cause its business and reputation to suffer. Should any of the aforementioned risks or any other information security risk materialise, it could have, either individually or collectively, a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group's insurance cover may prove inadequate.

Purmo Group maintains insurance covering, among other things, property damage, business interruption and product and general liability under terms and in amounts considered to be consistent with industry practices. However, Purmo Group is not fully insured against all risks, and insurance against all types of risks, including cyber risks such as ransomware, and catastrophic events may not be available on reasonable economic terms or at all. Notwithstanding the insurance coverage that Purmo Group carries, the occurrence of an event, accident or damage that causes losses in excess of limits specified under the relevant policy or is subject to material deductibles, policy exclusions or self-insured retentions, poses risks to Purmo Group. In addition, Purmo Group could be exposed to circumstances arising from events not covered by insurance policies, which are inherently unpredictable in terms of both their occurrence and severity. Such events include natural catastrophic events such as windstorms, severe winter weather, floods and earthquakes as well as pandemics. Purmo Group may also be exposed to the risk of terrorism, the materialisation of which could have a material adverse effect on the industry where Purmo Group operates and, thus, to Purmo Group's business. In addition, there can be no certainty that Purmo Group will be able to maintain its current insurance coverage, or get additional insurance coverage, on terms and premiums acceptable to it. Should the insurance coverage of Purmo Group prove to be insufficient to cover some or all losses associated with damage, liability, loss of income or other costs, this could cause significant additional costs to Purmo Group. Any liability, losses and damage not covered by Purmo Group's current or future insurance policies could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may fail in identifying and managing information and cyber security risks and in complying with related rules and regulations.

Purmo Group collects, stores and processes personal data as part of its business operations. Statutes regarding data protection and privacy, such as the EU General Data Protection Regulation (EU 2016/679, the "GDPR") and national data protection laws, are applied to Purmo Group's operations. Requirements based on these laws affect Purmo Group's ability to collect and process personal data in a manner that is commercially viable for Purmo Group. Moreover, in case of infringements or breaches, the GDPR also provides for the imposition of significant sanctions, such as administrative fines of up to EUR 20 million or 4 per cent of Purmo Group's total worldwide annual turnover, whichever is the highest. Any data protection infringements or breaches by Purmo Group may also result in significant liability for damages towards Purmo Group's contractual partners. Even if possible failures or breaches would not directly result in significant financial consequences, the negative publicity related to them could have a material adverse effect on Purmo Group's business, in particular in the form of lack of trust or diminished trust in Purmo Group.

Even though Purmo Group seeks to comply with all laws and other regulations related to privacy and data protection, including the GDPR, it is possible that Purmo Group is found not to be compliant with the set requirements. The requirements based on privacy and data protection laws and other provisions can also be interpreted and applied in the case of Purmo Group in a different or unanticipated manner from the prevailing interpretations and practices of the EU, Finnish, and other authorities. The information assets stored on Purmo Group's premises, in the cloud, and with external service providers, among other things, are exposed to risks such as unauthorised access, abuse, user errors, ransomware, malware and hacker attacks. In addition, as SaaS technology is becoming more common it increases the risk of threats to cloud based services. A breach of applicable rules and regulations or information security breaches resulting from cyberattacks or other reasons could result in the imposition of fines, in damage, or in an order to cease processing personal data altogether, and they can also damage Purmo Group's reputation, lead to disruption of business or otherwise have a

negative effect on Purmo Group's business. Thus, a failure to comply with such rules and regulations may, as a result of the sanctions imposed by the authorities or lost customer trust, have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The materialisation of risks related to occupational health and safety could have a material adverse effect on Purmo Group.

Risks related to occupational health and safety may result in accidents inflicted in Purmo Group's business operations. Purmo Group operates many factories and warehouses with heavy equipment and materials. Employees are at risk of significant injuries and even death if proper procedures and processes are not followed. Any failure to maintain high levels of safety management could result in physical injury or impairment of Purmo Group's reputation or inability to attract and retain skilled employees. Purmo Group follows a health and safety policy, and Purmo Group is expected to issue and apply, group-wide guidelines for occupational health and safety and provide regular personnel training. Purmo Group has also monitored, and Purmo Group is expected to monitor, the development of occupational safety at the management team and Board of Directors levels. However, there can be no assurances that such measures will be adequate to manage risks involved in occupational health and safety. Negligence in occupational safety could increase the number of fatal and serious accidents that cause permanent injury, which could lead to reputational damage or expose Purmo Group to the risk of additional costs in the form of, among other, corporate fines for occupational safety violations, claims for damages and the costs of early retirement. As at 31 December 2022, the number of occupational accidents per one (1) million work hours was 4.9 per year.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Failures or deficiencies in operational risk management and internal control practices may have an adverse effect on Purmo Group's business.

Purmo Group has adopted and introduced processes, systems and controls to ensure compliance with applicable laws, regulations and permits, but such measures may not necessarily be or have been sufficient to prevent or detect any deficient practices or non-compliance with Purmo Group's guidelines or regulations that may have been or may be applicable not only to Purmo Group's employees and representatives, but also to its suppliers and customers. In addition, Purmo Group has established a risk policy setting out Purmo Group's targets, principles and responsibilities for the risk management as well as the reporting principles. However, Purmo Group's risk management policies and internal control procedures may not achieve their intended effects. Purmo Group cannot be certain that individual employees, partners, customers, or other representatives of its interest groups will observe the internal guidelines issued by Purmo Group or applicable laws, rules or authority regulation or that operational risks will not be realised regardless of the observance of internal guidelines, which could harm Purmo Group's business, reputation and brand. In addition, potential deficiencies in working culture, especially with respect to the lack of respect for policies and procedures, could lead to various operational risks. Purmo Group may also face losses due to fraud or other malicious acts of its employees. Purmo Group monitors the development of the legislation related to its business, but there can be no certainty that Purmo Group's internal guidelines or Purmo Group's interpretations would at all times be compliant with the regulation in force from time to time.

In addition, Purmo Group expects to incur expenses in relation to maintaining regulatory compliance. If Purmo Group fails to organise or maintain effective internal controls or to introduce the necessary, new or improved control procedures, Purmo Group may fail in the correctness of reporting or prevention of abuses. In addition, a risk assessment exercise or internal audit may not be sufficient to detect misconduct. The materialisation of any of these risks may have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

With operations in several countries, Purmo Group is subject to a variety of laws and regulations, and potential violations of such laws and regulations could have an adverse effect of Purmo Group.

Purmo Group and its employees must comply with a wide variety of laws and regulations enacted on both the EU and national level, including regulations on occupational safety, information security, environmental, labour, general product safety, competition, anti-bribery, anti-corruption and other compliance-related matters, including sanctions and export control, as well as corporate and securities market laws, accounting and tax laws, and also import bans triggered by

sanctions imposed against certain individuals and entities, all of which may be amended from time to time. There are no guarantees that Purmo Group will be able to successfully adapt its operations or strategy to changes in the regulatory framework and the interpretation thereof. For example, as Purmo Group's business is subject to regulation concerning, for example, energy efficiency, increased regulation concerning energy efficiency requirements may have an adverse effect on Purmo Group's business if it is not able to deliver products that comply with the highest rating in their category and could therefore become a supplier of components only, resulting in lower profitability.

In addition, contemplated changes to carbon tax in the EU for items manufactured outside the EU may expose Purmo Group to risks related to added tariffs and taxes on imports from outside the EU, which in turn may have an adverse effect on profitability and synergies related to potential investments outside the EU if the intention is to import goods to the EU. For further information on impact of carbon border adjustment mechanism on Purmo Group's competitive position, see section "*– Purmo Group may face increasing competition and it may not be successful in responding to changes in its operating environment and developing products that allow it to maintain its market position*" above.

In the normal course of its business activities, Purmo Group may be involved in legal proceedings or investigations regarding contractual responsibility, employers' liabilities, anti-trust, anti-bribery and anti-corruption matters or other compliance-related matters, including sanctions and export control, and penal issues. If Purmo Group was considered to be in a dominant position in some of its operating markets, certain additional requirements could be applied to Purmo Group.

Purmo Group also faces a variety of risks generally associated with doing business with third parties and foreign entities. Its business model, including the contractual arrangements with distributors, agents and other third parties, may expose Purmo Group to political, economic, regulatory and reputational risks, including anti-trust, anti-corruption and other compliance risks, such as trade sanctions. Although Purmo Group requires that its third-party suppliers and other partners adhere to Purmo Group's code of conduct, Purmo Group may not be able to ensure, or supervise, that its third-party suppliers conform with its code of conduct and comply with all relevant laws and regulations. If laws and regulations were violated by Purmo Group's suppliers, Purmo Group could experience delays in the delivery of its products, be subject to fines or penalties, be disqualified or excluded from future public procurement processes or suffer reputational harm, which could reduce demand for Purmo Group's products.

Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Changes in environmental laws and regulations as well as permits may have a material adverse effect on Purmo Group's business in addition to which Purmo Group may be subject to rehabilitation obligations or other obligations due to environmental conditions of its production facilities and Purmo Group's large property portfolio may expose Purmo Group to risks.

The majority of Purmo Group's environmental impacts comes from its production facilities, and in connection with its business operations, Purmo Group may store and handle hazardous materials, release of which into the environment may cause soil contamination or other environmental damage. As laws and regulations are amended or as their application or enforcement is changed, costs in complying with such may be imposed on Purmo Group. Inadequate compliance with environmental legislation could lead to reputational harm, preventing Purmo Group from developing its businesses and affecting the results of operations.

Purmo Group's business requires environmental and other regulatory permits, approvals, certificates and licenses from government authorities. Such permits and licenses may be subject to modification, renewal or, under certain conditions, revocation by the issuing authority. Permit procedures and other proceedings with authorities are complex in emerging markets in particular and authorities may have significant discretion in the enforcement and interpretation of applicable legislation, in the procedures and renewal of permits and other regulatory approvals, and in the monitoring of compliance with terms. Deficiencies in the management of Purmo Group's permit application process or changes in applicable regulations or their interpretation by the authorities could significantly delay the process for obtaining the necessary operational and other regulatory permits and licenses or preclude certain previously allowed activities altogether. Failure to comply with permits may cause Purmo Group financial losses, result in significant fines and even criminal sanctions, undermine Purmo Group's business opportunities and harm Purmo Group's reputation and negatively impact its operations and cash flow.

There can be no assurance that Purmo Group will hold all the necessary licenses and permits for its business operations or that Purmo Group would be fully compliant with such permits, or zoning plans. For example, Purmo Group is currently

in a process to renew and complement the required environmental permits in Hungary and Italy to ensure that the relevant facilities are able to operate at the contemplated level and in compliance with applicable regulations. Further, minor non-conformities with permits and environmental regulations typically exist in these types of production sites. Furthermore, the large property portfolio held by Purmo Group may expose Purmo Group to risks as there is a possibility of imperfections in title of ownership in addition to which carrying a significant property portfolio that is geographically widely dispersed also requires, inter alia, maintenance, repair and management of such properties, which may add burden to Purmo Group.

Furthermore, relevant authorities may impose rehabilitation obligations or other obligations on Purmo Group based on the environmental conditions of its production facilities or other properties, which could result in material costs. Purmo Group has identified certain contamination at certain of its production sites. Purmo Group may also incur costs related to earlier contamination at its properties which it has acquired, owns or has previously owned, irrespective of whether Purmo Group has caused the contamination. In addition, obligations imposed by relevant authorities may give rise to a need for additional investment at production facilities, for example, and cause Purmo Group to incur material costs.

Materialisation of any of the above risks could cause reputational damage if any environmental incident is of high profile and also have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

The materialisation of risks related to legal proceedings could have a material adverse effect on Purmo Group's business or give rise to unforeseen costs.

As Purmo Group operates globally and provides a wide range of products and solutions to its customers worldwide, it may be exposed to various legal actions, claims and other proceedings, which may involve significant claims for damages or other payments or costs, in various countries. These claims may involve contractual disputes, warranty claims, product liability, including design and manufacturing defects, failure to post appropriate warnings, employment issues as well as other matters, and these claims may arise well after the underlying event actually occurred. In particular, Purmo Group may be exposed to possible claims concerning personal injury or death, as well as concerning property damage resulting from Purmo Group's products and solutions. Personnel at Purmo Group's production facilities in particular are at risk of accidents, and Purmo Group is, therefore, exposed to risks relating to occupational safety and health, such as employees' claims for compensation. Purmo Group's products may also contain substances that could cause injury to a person or damage the environment.

Even if Purmo Group aims to manage these risks, it cannot eliminate such risks completely and may not be able to control or limit any consequent damage in the event any such risks materialise. Purmo Group seeks to settle potential disagreements with its counterparties, but there is no assurance that such settlement would be reached on reasonable terms, which in turn could expose Purmo Group to expensive legal proceedings. Such proceedings or the threat of such may claim the time of Purmo Group's management and disrupt normal operations.

There can be no assurance that existing or future claims will be covered by Purmo Group's insurance. In addition, there can be no assurance that insurance coverage will be available on economically reasonable terms or that Purmo Group's insurers would not require it to increase its deductibles. Claims brought against Purmo Group that are not covered by insurance or that are in excess of insurance coverage could lead to reputational damage, loss of customers or significant costs or damages. Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

C. Risks relating to Purmo Group's financing

Fluctuations in interest rates could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and Capital Securities.

Changes in market interest rates and interest margins may affect Purmo Group's financing costs, returns on financial investments and market valuation of interest-bearing liabilities. Purmo Group's interest-bearing liabilities were approximately EUR 297 million as at 31 December 2022. Purmo Group is exposed to an interest rate risk that is the risk of fluctuating interest rates affecting the interest expense of Purmo Group and value of its assets and liabilities. Purmo Group is exposed to cash flow interest rate risk mainly through its floating rate loans. Purmo Group has defined thresholds to interest fixing maturity to manage interest rate risk. According to Purmo Group's treasury policy, Purmo Group uses interest-rate swaps, cross-currency swaps or options to manage the interest-rate risk either by synthetically converting

floating-rate loans into fixed-rate loans through the use of derivatives or buying an option or options to set limits to interest rate fluctuation.

Any increase in interest rates would cause Purmo Group's current financial expenses to increase and could have a material adverse impact on Purmo Group's financial condition, ability to raise capital, liquidity as well as its future refinancing expenses. Although Purmo Group manages its interest rate risks, there can be no assurance that interest rate fluctuations will not have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group is exposed to foreign exchange rate risks.

Purmo Group operates globally and is exposed to a foreign-currency risk arising from exchange rate fluctuations. Some of Purmo Group's business transactions are made in currencies other than the euro, primarily Polish zloty, Swedish krona, Romanian leu and British pound. Purmo Group's results of operations will be subject to both translation risks and transaction risks arising from fluctuations in currency exchange rates. Translation risk covers the effects arising from the translation of the foreign subsidiaries' income statements and balance sheets into EUR in Group consolidation. Transaction risks caused by foreign currency denominated items in the balance sheet and future cash flows relate to sales, purchases, internal lending and borrowing as well as cash balances. Borrowings are, with a few exceptions, denominated in the subsidiaries' domestic currencies and Purmo Group Plc as the lender. The key currencies in which Purmo Group has the most exchange rate risk exposures are the Polish zloty, the Swedish krona, Romanian leu and the British pound. In accordance with Purmo Group's Treasury Policy, at any point in time, Purmo Group hedges on average 40 to 70 per cent of its estimated foreign currency exposure in respect of forecasted sales and purchases over the following 15 months. Purmo Group uses forward exchange contracts to hedge its currency risk, with a maturity of up to 15 months from the forecast date.

Unfavourable fluctuations in exchange rates of especially the Polish zloty, Swedish krona, Romanian leu and British pound could have an adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group may not be able to maintain sufficient liquidity.

As at, and for the period ended 31 December 2022, the liquidity position of Purmo Group was at sufficient levels. Cash funds and undrawn committed credit facilities totalled EUR 156.8 million for the year ended 31 December 2022. Purmo Group's material liquidity needs will mainly relate to short- and long-term debt servicing costs, capital expenditure, dividend and tax payments, mergers and acquisitions, restructuring projects, investments and changes in working capital. Purmo Group's primary sources of liquidity are cash flow from operations, funds available from committed credit facilities, commercial papers and cash and cash equivalents.

Liquidity risk is the risk that Purmo Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Purmo Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when these are due, under both normal and stressed conditions. However, adverse developments in the general economic situation could have a significant effect on Purmo Group's ability to maintain its liquidity. In addition, disruptions in the supply chain may lead to an increase in inventories, which may affect Purmo Group's liquidity position. Decreased customer demand and investment appetite resulting from economic downturns or market volatility could have a negative impact on Purmo Group's sales and ability to maintain its operating cash flows. This could in turn lead to the depletion of its cash and cash equivalents reserves, resulting in the need to obtain further funding from markets. In the event of uncertainty and volatility in the financial markets, such financing may be unavailable at favourable terms or at all. Furthermore, Purmo Group's business is seasonal in nature, and therefore Purmo Group's liquidity needs vary considerably during any given annual period. Materialisation of any of the above factors could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group could encounter difficulties in refinancing its debt and financing its operations at competitive terms.

The target of Purmo Group's capital management is to secure an effective capital structure to maintain market confidence, sustain future development of the business and to meet its obligations. Given the uncertain conditions prevailing in the financial markets and the macroeconomic environment, there is no certainty that Purmo Group will be able to obtain

financing, or it may only be able to obtain financing at a significantly higher cost than is currently the case. Many factors such as financial market conditions and the general availability of credit may affect the availability of financing. Financial market conditions may be affected by various factors, including adverse macroeconomic development, sovereign debt crises and unstable political environments. Any increased volatility and uncertainty as well as disruptions and adverse developments in the financial markets could constrain Purmo Group's access to capital and result, for example, in a reduction of liquidity that could make it more difficult to obtain funding at reasonable price levels. Should Purmo Group not be able to obtain necessary financing, this could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

Purmo Group is exposed to credit and counterparty risks through trade receivables and receivables associated with financial intermediaries.

Purmo Group's credit risk arises from credit exposures to customers, from outstanding receivables, financial assets, as well as from funding of subsidiaries in the form of loans. Purmo Group has established a process in the local subsidiaries under which each new customer is analysed individually for creditworthiness before Purmo Group's standard payment and delivery terms and conditions are offered to the customer. Purmo Group's review includes external ratings, when available, and in some cases bank references. Although Purmo Group's exposure to credit risk stems mainly from the individual characteristics of each customer, Purmo Group's management also considers the factors that could influence the credit risk of its customer base, including the default risk of the industry and country in which the customers operate. In addition, the credit risk of Purmo Group's customers may be adversely affected by a number of factors outside of the control of Purmo Group, including, among other things, market volatility, industry consolidation, economic conditions, interest rates, currency fluctuations, diminished liquidity and credit availability. If Purmo Group's customers are not successful in generating sufficient revenue or are precluded from securing financing, they may not be able to pay, or may delay payment of, Purmo Group's products or accounts receivable owed. Exposure to credit risk is of particular importance in emerging markets where these factors are more prevalent and more volatile. For example, unhedged currency fluctuations may force customers in emerging markets to postpone projects or even to cancel existing orders. Credit risk is monitored by grouping customers according to their credit characteristics, including whether they are individuals or legal entities and whether they are wholesale, retail or end-user customers, as well as by geographic location, industry and the existence of previous financial difficulties. Further, factoring transfers the risk of trade receivables of around EUR 30 to 40 million on a rolling basis to the factoring bank counterparty.

As at 31 December 2022, Purmo Group's trade receivables amounted to EUR 62 million. Failure by any of the significant counterparties to fulfil their obligations towards Purmo Group in full, in a timely manner or at all may result in significant credit losses and may have an adverse effect on Purmo Group's cash flows. An increase in credit losses or failure by counterparties to meet their obligations towards Purmo Group could have a material adverse effect on Purmo Group's business, financial position, results of operations, future prospects and, thereby, on the Issuer's ability to fulfil its obligations under the Capital Securities as well as the market price and value of the Capital Securities.

D. Risks relating to the Capital Securities as debt instrument

The Capital Securities are deeply subordinated obligations of the Issuer which increases the Holders' credit risk in respect of the Issuer.

The Capital Securities are unsecured, deeply subordinated obligations of the Issuer and are currently the most junior debt instruments of the Issuer, ranking behind all the claims of unsubordinated creditors of the Issuer and the claims of the creditors in respect of Issuer Subordinated Indebtedness, at least *pari passu* with any present or future outstanding capital securities of the Issuer, and in priority to payments to the holders of all classes of share capital of the Issuer in their capacity as such holders and any other obligation of the Issuer expressed by its terms to rank junior to the Capital Securities. The investors who have made an investment in the Capital Securities (the " **Holders**") are exposed to a credit risk in respect of the Issuer and would be unsecured and subordinated creditors in the event of the Issuer's voluntary or involuntary liquidation, bankruptcy or reorganisation and they would not be entitled to demand that any collateral or guarantee be given for the Capital Securities in connection with a Corporate Restructuring Event (as defined in the terms and conditions (the " **Terms and Conditions**")) which increases the Holders' credit risk in respect of the Issuer. The investor's possibility to receive payment under the Capital Securities is thus dependent on the Issuer's ability to fulfil all its senior payment obligations, which, in turn, is to a large extent dependent on developments in the Issuer's business and financial performance. Accordingly, any adverse change in the financial condition and prospects of the Issuer may adversely affect the liquidity, values and market prices for the Capital Securities, and significantly reduce the probability that the Holder will receive prompt and full payment, when due, for principal, interest and/or any other amounts and items payable to the Holders pursuant to the Capital Securities from time to time. In addition to the Capital Securities being

subordinated obligations of the Issuer themselves, the Capital Securities will effectively be subordinated to claims of all of the creditors of the Issuer's subsidiaries, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiaries.

Should the Issuer become insolvent during the term of the Capital Securities, an investor may forfeit interest payable on, and the principal amount of, the Capital Securities in whole or in part.

The Capital Securities do not, as a rule, contain covenants governing the Issuer's financial standing or operations and do not limit its ability to merge, effect asset sales or otherwise effect significant transactions that may have a material adverse effect on the Capital Securities and the Holders.

As a rule, the Capital Securities do not, in addition to the rights of creditors in general, contain any covenant governing the Issuer's operations or financial standing or other provisions designed to protect Holders from a reduction in the creditworthiness of the Issuer. In particular, the Terms and Conditions do not, except for the conditions relating to Change of Control event (see Condition 8.8 (*Change of Control*) of the Terms and Conditions) which grants the Holders the right of repayment of the Capital Securities in certain limited circumstances, restrict the Issuer's ability to enter into a merger, asset sale or other significant transaction that could materially alter its existence, jurisdiction of organisation or regulatory regime and/or its composition and business. In the event the Issuer was to enter into such a transaction, Holders could be materially and adversely affected. Such a transaction could, for example, alter the Issuer's risk profile and impair the Issuer's repayment capacity, which could lead to a loss of the Holder's investment. Furthermore, the Change of Control condition does not restrict any of the current shareholders of the Issuer from disposing any or all of their shareholdings.

The Capital Securities contain no limitation on issuing additional debt or granting of security.

There is no restriction on the amount of debt that the Issuer may issue or guarantee that ranks senior or *pari passu* to the Capital Securities nor is there any restriction on granting of security by the Issuer on any existing or future debts. Such issuance of further debt or granting of security may significantly reduce the amount recoverable by the Holders upon the winding-up or insolvency of the Issuer or may increase the likelihood that the Issuer elects to defer interest payments under the Capital Securities or reduce the market value of the Capital Securities.

The Holders have no voting rights.

The Holders have no voting rights with respect to the general meetings of shareholders of the Issuer. Consequently, in the Issuer's general meetings of shareholders, the Holders cannot influence any decisions by the Issuer to redeem the Capital Securities, defer interest payments or any decisions by the Issuer's shareholders concerning, for instance, the capital structure of the Issuer or any other matters relating to the Issuer.

F. Risks relating to the marketability of the Capital Securities

The market value of the Capital Securities may fluctuate.

The market value of the Capital Securities will be affected by the creditworthiness of the Issuer and a number of additional factors, including, but not limited to, market interest and yield rates and the perpetual nature of the Capital Securities. The value of the Capital Securities depends on a number of interrelated factors, including economic, financial and political events in Finland or elsewhere, including factors affecting capital markets generally. Any such changes could have a more volatile effect on, and lead to a greater deterioration in, the value of the Capital Securities than that of a senior bond. The price at which a Holder may be able to sell the Capital Securities from time to time may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Holder.

The Capital Securities are not rated.

The Capital Securities or any other long-term indebtedness of the Issuer are not currently rated by any rating agency nor is it the current intention of the Issuer to request any such rating. One or more independent credit rating agencies may independently assign credit ratings to the Capital Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Capital Securities. Further, the non-rated nature of the Capital Securities bring more uncertainty, as the Holder may not be able to determine the Capital Securities' comparability to other, rated capital securities. Additionally, non-rated capital securities in general include risks related to price volatility, liquidity, credit, default and bankruptcy. Thus, the Holders may face more risks when investing in the non-rated Capital Securities versus investing in rated capital securities.

There is no prior public market for the Capital Securities and there can be no assurance that an active trading market will develop, which, in turn, may result in a material decline in the market price of the Capital Securities and the liquidity of the Capital Securities may be adversely affected.

The Capital Securities constitute a new issue of securities. The Issuer has made an application to list the Capital Securities on Nasdaq Helsinki Ltd (the “**Helsinki Stock Exchange**”) and prior to the listing, there is no public market for the Capital Securities. Although an application has been made to list the Capital Securities on the official list of the Helsinki Stock Exchange, there can be no assurance that such application will be approved. There can be no assurance that an active trading market for the Capital Securities will develop, or, if one does develop, that it will be maintained. If an active trading market for the Capital Securities does not develop or is not maintained, it may result in a material decline in the market price of the Capital Securities, and the liquidity of the Capital Securities may be adversely affected. Therefore, investors may not be able to sell their Capital Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Further, if additional and competing products are introduced in the markets, this may also result in a material decline in the market price and value of the Capital Securities.

Holders should be aware of the prevailing and widely reported global credit market conditions (which continue as at the date of this Prospectus), whereby there is a lack of liquidity in the secondary market for instruments similar to the Capital Securities. Such lack of liquidity may result in investors suffering losses on the Capital Securities in secondary resales even if there is no decline in the performance of the assets of the Issuer. The Issuer cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Capital Securities and instruments similar to the Capital Securities at that time.

G. Risks relating to the Terms and Conditions

Risk of early redemption at the option of the Issuer or following the occurrence of a Tax Event, Corporate Restructuring Event, Accounting Event, Replacing Capital Event, Withholding Tax Event, Clean-up Call Option Event or Change of Control.

The Issuer may, at its option, elect to redeem all outstanding Capital Securities in whole, but not in part on the Reset Date and on any Interest Payment Date after the Reset Date, and at any time following the occurrence of a Tax Event, an Accounting Event, a Change of Control, a Withholding Tax Event, a Corporate Restructuring Event or a Replacing Capital Event, as described in Condition 8 (*Redemption and Purchase*) of the Terms and Conditions. The Issuer may, at its option, at any time, also elect to redeem the Capital Securities in whole, but not in part if at any time the Adjusted Nominal Amount (as defined in the Terms and Conditions) of the Capital Securities is twenty-five (25) per cent. or less of the aggregate nominal amount of the Capital Securities issued (a “**Clean-up Call Option Event**”).

The circumstances upon which a Tax Event, an Accounting Event, a Change of Control, a Withholding Tax Event, Corporate Restructuring Event, a Clean-up Call Option Event or a Replacing Capital Event could occur may be uncertain and unforeseeable to the Holders and the Issuer. However, the Holders should note that a Corporate Restructuring Event in certain scenarios may be within the Issuer’s control.

The likelihood of redemption at the option of the Issuer might adversely affect the market value of such Capital Securities. During any period when the Issuer may elect to redeem the Capital Securities, the market value of the Capital Securities generally will not rise substantially above the price at which they can be redeemed. The Issuer may also be expected to redeem the Capital Securities when its cost of borrowing is lower than the interest rate on the Capital Securities. There can be no assurance that, at the relevant time, the Holders will be able to reinvest the redemption proceeds at an effective interest rate as high as the return that would have been received on such Capital Securities had they not been redeemed.

The Capital Securities are perpetual.

The Capital Securities are perpetual securities with no specified final maturity date. The Issuer is under no obligation to redeem the Capital Securities at any time. The Holders have no right to call for their redemption and, therefore, the Holders should be aware that they may be required to bear the financial risks of an investment in the Capital Securities for an indefinite period of time and may not recover their investment in the foreseeable future, or at all.

The Issuer has the right to defer interest payments indefinitely unless certain events occur.

The Issuer has the right to defer any payment of interest on the Capital Securities which would otherwise be due on any Interest Payment Date (in whole or in part) if the requirements for deferral set out in Condition 7 (*Interest Payment and*

Deferral) of the Terms and Conditions are satisfied. As a result, the sequence of future payments to the Holders is uncertain.

Interest, which accrues during an Interest Period ending on, but excluding, an Interest Payment Date, will be due on that Interest Payment Date, unless the Issuer elects to defer such payment in whole or part, and the Issuer shall not have any obligation to make such payment and any failure to so pay shall not constitute a default by the Issuer under the Capital Securities or for any other purpose.

Any interest in respect of the Capital Securities, which has been deferred on an Interest Payment Date, shall constitute arrears of interest and bear interest, and shall be payable, as described in Condition 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*) of the Terms and Conditions. The Issuer shall not be entitled to further defer any such deferred payment of interest that has become payable in accordance with the above.

Any deferral of interest payments or expectation of deferral will be likely to have an adverse effect on the market price of the Capital Securities. In addition, as a result of the above provisions of the Capital Securities, the market price of the Capital Securities may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes in the Issuer's financial condition.

The purpose of the use of proceeds from the issue of the Capital Securities may not be suitable for the investment criteria of all investors seeking exposure to green assets.

As specified in the Terms and Conditions, the Issuer shall use the proceeds from the issue of the Capital Securities, less costs and expenses incurred by the Issuer in connection with the issue of the Capital Securities, for refinancing and financing, in accordance with Purmo Group's Green Finance Framework dated February 2023 (the "**Green Finance Framework**") (for further information on the Green Finance Framework, see "*Green Finance Framework*"). There is a risk that the use of proceeds will not satisfy any and all present or future investors as regards any investment criteria or guidelines which such investor or its investments are required to comply with.

If the Capital Securities are listed or admitted to trading on any dedicated "green", "environmental", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), or are included in any dedicated "green", "environmental", "sustainable" or other equivalently-labelled index or indices, no representation or assurance is given by the Issuer, any of the Joint Lead Managers or any other person that such listing or admission, or inclusion in such index or indices, satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any eligible green projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another and also the criteria for inclusion in such index or indices may vary from one index to another. Nor is any representation or assurance given or made by the Issuer, the Joint Lead Managers or any other person that any such listing or admission to trading, or inclusion in any such index or indices, will be obtained in respect of any such Capital Securities or, if obtained, that any such listing or admission to trading, or inclusion in such index or indices, will be maintained during the life of the Capital Securities.

In addition, no market consensus exists as to what constitutes a "green" labelled project or asset. On 12 July 2020, Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**Taxonomy Regulation**") came into force. On 1 January 2022, Commission Delegated Regulation (EU) 2021/2139 on technical screening criteria (the "**EU Taxonomy Technical Screening Criteria**") for economic activities that make a substantial contribution to climate change mitigation or adaptation came into force. The European Securities and Markets Authority ("**ESMA**") has recently stated that external reviewers conducting assessments of the Green Bond Standards should be subject to EU-wide registration and supervision and that the Green Bond Standards should be aligned with the Taxonomy Regulation. However, there is no assurance that the two will in fact be aligned. Until the legislative process for such an ESMA-led supervision can be fully operational, a market-based and voluntary interim registration process for verifiers of "green" bonds may be set up for a transitional period, which would allow for a standardised external verification of "green" bonds by a registered verifier. Consequently, there is a risk that any eligible projects or assets described in the Green Finance Framework will not meet any or all present or future investor expectations as regards such "green" performance objectives, nor can any assurance be given that there will be no adverse environmental or other impacts during the implementation of, or otherwise attributable to, any eligible projects or assets described in the Green Finance Framework.

No assurance is given by the Issuer nor the Joint Lead Managers that the use of proceeds will satisfy any present or future investment criteria or guidelines with which an investor is required, or intends, to comply, in particular with regard to any direct or indirect environmental or sustainability impact of any project or uses, the subject of or related to, the Green Finance Framework.

Further, there can be no assurance that the eligible projects and assets described in the Green Finance Framework will be capable of being implemented in the manner set out in the Green Finance Framework and that the proceeds from the issue of the Capital Securities will be disbursed for such eligible projects and assets. Nor can there be any assurance that any eligible projects and assets described in the Green Finance Framework will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer, and there is a risk that the Holders will not have appropriate or timely remedies, or any remedies at all, available in any such event or failure.

The third-party opinions on the Green Finance Framework may not be deemed reliable on an ongoing basis.

Moody's Investors Service ("Moody's") has provided the Issuer with a third-party second opinion on the Green Finance Framework. Based on its review, Moody's assesses the Green Finance Framework to have Sustainability Quality Score of Good (for further information on the Green Finance Framework, see "*Green Finance Framework*"). In addition, the Issuer will annually publish a report on the allocation and impact of the proceeds of the Capital Securities and a second party opinion has been published on the Issuer's website. The provider of the second party opinion is not responsible for the implementation of the Green Finance Framework, nor following up on the investments made under the Green Finance Framework and thus, the opinion and the reviews may be misleading on an ongoing basis. Further, the opinion and reviews will only be current on the date of issue and could be deemed irrelevant at a later stage. The providers of such reviews and opinions might not be subject to any supervision or regulatory regime and there is a risk that they will be deemed as not being reliable or objective in the future. There is a risk that the Green Finance Framework or the use of proceeds of the issue of the Capital Securities will not satisfy any and all present or future investors as regards any investment criteria or guidelines which such investor or its investments are required to comply with.

No assurance or representation is given by the Issuer or the Joint Lead Managers as to the suitability or reliability for any purpose whatsoever of any opinion (including the opinion provided by Moody's confirming the alignment of the Green Finance Framework with the Green Bond Principles published by the International Capital Markets Association (the "**Second Party Opinion**")) or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with such Capital Securities and, in particular, with any eligible green projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated herein.

None of the Joint Lead Managers will verify or monitor the proposed use of proceeds of the Capital Securities. Any failure to apply an amount equal to the net proceeds of the Capital Securities to eligible green projects as aforesaid and/or withdrawal or amendment of any external party opinion or certification (whether or not solicited by the Issuer), and/or the amendment of any criteria on which such opinion or certification was given, or any such external party opinion or certification stating that the Issuer is not complying or fulfilling relevant criteria, in whole or in part, with respect to any matters for which such opinion or certification is opining or certifying and/or such Capital Securities no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid, may have a material adverse effect on the value of such Capital Securities and also potentially the value of any other Capital Securities which are intended to finance Eligible Assets and Expenditures and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

The Terms and Conditions may be subject to amendments.

Pursuant to Condition 14 (*Holder's Meeting and Written Procedure*) of the Terms and Conditions, the Terms and Conditions may be amended in certain circumstances with the required consent of a defined majority of the Holders. The Terms and Conditions contain provisions for the Issuer to convene meetings or procedure in writing of the Holders to consider and vote upon matters affecting the interests of the Holders generally. Resolutions passed at such Holders' meetings and in such procedures in writing will bind all Holders, including Holders who did not attend and vote at the relevant Holders' meeting or participate in the relevant procedure in writing and Holders who voted in a manner contrary to the requisite majority. This may incur financial losses, among other things, to all Holders, including such Holders who did not attend and vote at the relevant Holders' meeting or participate in the relevant procedure in writing and Holders who voted in a manner contrary to the requisite majority.

Rights to payments that have not been claimed within three (3) years are prescribed.

Under the Terms and Conditions, the right to receive payment in respect of principal and interest on the Capital Securities will become void, unless claimed by the relevant Holder, in respect of principal, three (3) years from the relevant Redemption Date and, in respect of interest, three (3) years from the relevant Interest Payment Date or the relevant Deferred Interest Payment Date on which interest became due (see Condition 12 (*Prescription*) of the Terms and Conditions. Such forfeiture to receive payment causes financial losses to such Holders who have not claimed payment under the Capital Securities within the relevant time limit.

Fixed interest rate risk.

Interest on the Capital Securities before the Reset Date, which is calculated at a fixed rate, involves the risk that subsequent changes in market interest rates may adversely affect the value of the Capital Securities. While the nominal interest rate of a fixed interest rate security is fixed, in this case, during a certain period of time, the current interest rate on the capital markets (market interest rate) typically changes on a daily basis. As the market interest rate changes, the price of such security changes in the opposite direction. If the market interest rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate decreases, the price of a fixed rate security typically increases, until the yield of such security is approximately equal to the market interest rate. The Holders should be aware that movements of the market interest rate can adversely affect the price of the Capital Securities and can lead to losses for the Holders if they sell Capital Securities during the period in which the market interest rate exceeds the fixed rate of the Capital Securities.

Floating interest rate risk.

The interest rate of the Capital Securities will be reset on the Reset Date. The floating interest rate will be first determined on the second TARGET Settlement Day before the commencement of the Interest Period commencing on the Reset Date (and re-determined thereafter on the second TARGET Settlement Day before the commencement of each subsequent Interest Period) and as such is not pre-defined at the date of issue of the Capital Securities. Such re-determined interest rate may be different from the initial interest rate and may adversely affect the yield of the Capital Securities.

According to the Terms and Conditions, the Screen Rate used when determining the Floating Interest Rate will initially be EURIBOR, but investors should be aware, that if EURIBOR was discontinued or otherwise unavailable, the Floating Interest Rate will be subject to the fallback provisions of the Capital Securities and be based on the 3-month rate of the Replacement Benchmark.

Interest payments made by the Issuer or a securities dealer to Holders who are not resident in Finland for tax purposes may be subject to Finnish withholding tax.

Holders who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland should not be subject to Finnish taxes on interest or gains realised on the sale of the Capital Securities. However, interest payments made by the Issuer or a securities dealer (i.e., a financial institution making the payment) to Holders who are not resident in Finland for tax purposes may, nevertheless, be subject to Finnish withholding tax, unless the identity of the Holders can be appropriately established. It may be difficult for investors holding interests in the Capital Securities through Euroclear Finland Oy or Clearstream (especially when the Capital Securities are held in a nominee account) to appropriately establish their identity as non-Finnish residents. Furthermore, the tax gross-up contained in Condition 8.4 (*Redemption due to a Withholding Tax Event*) of the Terms and Conditions provides that no additional amounts will be payable to, or to a third party on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

As a result, non-Finnish residents who are not liable for tax in Finland, yet who are unable, for whatever reason, to establish their identity as a non-Finnish resident, may have amounts in respect of taxation withheld from payments of interest under the Capital Securities. Whilst it may be possible for non-Finnish residents who are not liable for tax in Finland to reclaim amounts that have been withheld, this would require an application to the Finnish taxation authorities, which represents an added administrative burden and may be a time-consuming process.

GENERAL INFORMATION

The Issuer

Purmo Group Plc
Bulevardi 46
FI-00120 Helsinki
Finland

The Joint Lead Managers for the Issue of the Capital Securities

Nordea Bank Abp
Satamaradankatu 5
FI-00020 Helsinki
Finland

OP Corporate Bank plc
Gebhardinaukio 1
FI-00510 Helsinki
Finland

The Transaction Counsel

Castrén & Snellman Attorneys Ltd
Eteläesplanadi 14
FI-00131 Helsinki
Finland

The Auditor

KPMG Oy Ab
Töölönlahdenkatu 3 A
FI-00100 Helsinki
Finland

The Annual General Meeting of shareholders of Purmo Group resolved on 25 April 2022, in accordance with the Board of Directors' proposal upon the recommendation of the Audit Committee, to re-elect KPMG Oy Ab as Purmo Group's auditor, with Kim Järvi, Authorised Public Accountant, as the auditor with principal responsibility for a term that ends at the close of the next Annual General Meeting. The registered address of KPMG Oy Ab is Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland. Kim Järvi is registered in the register of auditors referred in Section 9 of Chapter 6 of the Finnish Auditing Act (1141/2015, as amended).

Responsibility Statement

This Prospectus has been prepared by the Issuer and the Issuer accepts responsibility regarding the information contained in this Prospectus. To the best knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Purmo Group Plc
Helsinki, Finland

Information Derived from Third Party Sources

This Prospectus contains information about Purmo Group's markets and estimates regarding Purmo Group's competitive position therein. Such information is prepared by the Issuer based on third-party sources and the Issuer's own internal estimates. In many cases, there is no publicly available information on such market data. The Issuer believes that its estimates of market data and information derived therefrom are helpful in order to give investors a better understanding of the industry in which it operates as well as its position within this industry. Although the Issuer believes that its internal market observations are fair estimates, they have not been reviewed or verified by any external experts and the Issuer cannot guarantee that a third-party expert using different methods would obtain or generate the same results. Further, the

Issuer or the Joint Lead Managers have not independently verified, and cannot give any assurances as to the appropriateness of, such information. Should this Prospectus contain market data or market estimates in connection with no source has been presented, such market data or market estimate is based on Purmo Group's management's estimates.

Where certain market data and market estimates contained in this Prospectus have been derived from third party sources, such as industry publications, the name of the source is given therein. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the correctness and completeness of such information is not guaranteed. The Issuer confirms that any information derived from third-party sources has been accurately reproduced herein and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Forward-looking Statements

This Prospectus contains forward-looking statements about Purmo Group's business that are not historical facts, but statements about future expectations. Such forward-looking statements are based on Purmo Group's present plans, estimates, projections and expectations. They are based on certain expectations, which, even though they seem to be reasonable at present, may turn out to be incorrect. Such forward-looking statements are based on assumptions and are subject to various risks and uncertainties. The words such as "*aims*", "*assumes*", "*believes*", "*estimates*", "*expects*", "*will*", "*intends*", "*may*", "*plans*", "*should*" and similar expressions or negative of such terms identify certain of such forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements are set forth in a number of places in this Prospectus regarding the future results, plans and expectations with regard to Purmo Group's business, and on growth, profitability and the general economic conditions to which Purmo Group is exposed.

The forward-looking statements involve known and unknown risks, uncertainties and other important factors, and as a result, events described in the forward-looking statements may not occur or may fail to materialise. The section "*Risk Factors*" of this Prospectus presents examples of these and other risks, uncertainties and other important factors. Should one or more of these or other risks or uncertainties materialise, or should any underlying assumptions prove to be incorrect, the actual results of operations or financial condition of the Issuer or its ability to fulfil its obligations under the Capital Securities could differ materially from those described herein as anticipated, believed, estimated or expected. Prospective investors should not unduly rely on these forward-looking statements. Numerous factors may cause actual results, realised revenues or performance to differ materially from the results, revenues and performance expressed or implied in the forward-looking statements of the Issuer. The Issuer does not intend and does not assume any obligation to update any forward-looking statements contained herein or to adjust them in the light of future events or developments unless required by applicable legislation. For additional information on factors that could affect Purmo Group's actual results of operations, performance or achievements of the Issuer to differ materially, see "*Risk Factors*".

Market Information

This Prospectus contains information about the markets and industries in which the Issuer operates. Where such information contained in this Prospectus has been derived from third party sources, the name of the source is given therein.

While the Issuer has accurately reproduced such third-party information, the Issuer has not verified the accuracy of such information, market data or other information on which third parties have based their studies. As far as the Issuer is aware and is able to ascertain from information published by these third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Moreover, market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward-looking and speculative.

This Prospectus also contains estimates on markets and industries in which the Issuer operates as well as assessments on general market developments and trends that cannot be gathered from publications by market research institutions or any other independent sources. In many cases, there is no publicly available information on such data, for example from industry associations, public authorities or other organisations and institutions. The Issuer believes that its internal estimates of market data and information derived therefrom included in this Prospectus are helpful in order to give investors a better understanding of the industry in which the Issuer operates as well as its position within the industry. Although the Issuer believes that its internal market estimates are fair, they have not been reviewed or verified by any external experts and the Issuer cannot guarantee that a third-party expert using different methods would obtain or generate the same results.

No Incorporation of Website Information

This Prospectus with the documents incorporated by reference herein are available on the Issuer's website at <https://investors.purmogroup.com/greenfinance>. However, any other information presented on the Issuer's website or any other website does not form a part of this Prospectus (except for any supplement to the Prospectus and information which has been incorporated by reference into the Prospectus, see "*Information Incorporated by Reference*"), and the information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Capital Securities.

Arrangements with the Joint Lead Managers

Nordea and OP act as the Joint Lead Managers and joint bookrunners (the "**Joint Bookrunners**") of the offering and issuance of the Capital Securities. The Issuer has entered into agreements with the Joint Lead Managers and Joint Bookrunners with respect to certain services to be provided by the Joint Lead Managers and Joint Bookrunners in connection with the offering and issuance of the Capital Securities that are customary in the financial markets. The Joint Lead Managers and Joint Bookrunners will be paid a fee by the Issuer in respect of the offering and issuance of the Capital Securities. Existing financial indebtedness to be refinanced with the proceeds from the issuance of Capital Securities may include financial indebtedness provided by one or more of the Joint Lead Managers and Joint Bookrunners.

In addition, the Joint Lead Managers and Joint Bookrunners and other entities within the same group and/or their affiliates have provided, and may provide in the future, the Issuer with investment, insurance, banking and/or other services in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions. The Joint Lead Managers and Joint Bookrunners and other entities within the same group and/or their affiliates have also acted in the ordinary course of business as arrangers or lenders under certain loan agreements of the Issuer and its affiliates, for which they have received, and may continue to receive, customary interest, fees and commissions.

Other Information

Financial information set forth in a number of tables in this Prospectus has been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

In this Prospectus, references to "euro" or "EUR" are to the currency of the member states of the EU participating in the European Economic and Monetary Union. References to any other currencies or currency codes are to current currencies in accordance with ISO 4217 Currency Codes standard.

Notice to Investors in the EEA

This Prospectus has been prepared on the basis that all offers of the Capital Securities in the European Economic Area (the "**EEA**") will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus under the Prospectus Regulation for offers of securities. Accordingly, any person making or intending to make any offer of the Capital Securities within the EEA should only do so in circumstances in which no obligation arises for the Issuer or the Joint Lead Managers to publish a prospectus under the Prospectus Regulation for such offer. Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of securities through any financial intermediary.

MiFID II product governance / Retail clients, professional clients and eligible counterparties target market

Solely for the purposes of each manufacturer's product governance requirements set forth in Directive 2014/65/EU (as amended, "**MiFID II**"), the manufacturers have made a target market assessment in respect of the Capital Securities, and have concluded that the target group for the Capital Securities is:

Type of client: Clients that are eligible counterparties, professional clients and retail clients, each as defined in MiFID II.

Knowledge and experience: Clients that are (i) informed investors, having one or more of the following characteristics: (a) average knowledge of the relevant financial products (an informed investor can make an informed investment decision based on the offering documentation, together with knowledge and understanding of the specific risk factors/risks

highlighted with them only), or (b) some financial industry experience, or (ii) advanced investors, having one or more of the following characteristics: (x) good knowledge of the relevant financial products and transactions, or (y) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

Financial situation with a focus on the ability to bear losses: Clients that have the ability bear losses of up to 100 per cent of the capital invested in the Capital Securities.

Risk tolerance: Financial ability and willingness to put the entire capital invested at risk. Clients investing in the Capital Securities are willing to take more risk than deposit savings and do not require a fully guaranteed income or return profile.

Investment objective: Clients whose investment objective is to generate growth of the invested capital and have a long-term investment horizon.

Furthermore, the manufacturers have made an assessment as to the negative target market and concluded that the negative target market for the Capital Securities is clients that seek full capital protection or full repayment of the amount invested, are fully risk averse/have no risk tolerance or need a fully guaranteed income or fully predictable return profile.

The manufacturers have made an assessment as to the distribution strategy for the Capital Securities, and have concluded that (i) all channels for distribution to eligible counterparties and professional clients are appropriate; and (ii) the following channels for distribution of the Capital Securities to retail clients are appropriate: investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Securities (a "**distributor**") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

EEA retail investors – The Capital Securities are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the "**PRIIPs Regulation**") and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Capital Securities.

Prohibition of Sales to UK Retail Investors

The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA European Union (Withdrawal) Act 2018. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Capital Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Capital Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

In so far this offering of the Capital Securities is made or would cause any effect in the United Kingdom, this offering of the Capital Securities when made will be only addressed to and directed at persons in the United Kingdom who (i) are persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) are persons who are high net worth entities falling within Article 49(2)(a) to (d) of the Order, or (iii) are other persons to whom this offering of the Capital Securities may otherwise lawfully be communicated (all such persons together being referred to as "**Relevant Persons**"). This offering of the Capital Securities must not be acted on or relied on in the United Kingdom by persons who are not Relevant Persons. Any investment or investment activity to which this offering of the Capital Securities relates is available only to Relevant Persons in the United Kingdom and will be engaged in only with such persons.

Prohibition of sales to Russia and Belarus

Pursuant to Article 1 of the Council Decision (CFSP) 578/2022 of 8 April 2022 amending Decision 2014/512/CFSP concerning restrictive measures in view of Russia's actions destabilising the situation in Ukraine and to Article 1 of the Council Decision (CFSP) 579/2022 of 8 April 2022 amending Decision 2012/642/CFSP concerning restrictive measures

in view of the situation in Belarus and the involvement of Belarus in the Russia aggression against Ukraine, it shall be prohibited to sell transferable securities denominated in any official currency of a Member State issued after 12 April 2022 or units in collective investment undertakings providing exposure to such securities to any Russian or Belarusian national or natural person residing in Russia or Belarus or any legal person, entity or body established in Russia or Belarus. The prohibition of sales to Russia and Belarus applies to the Capital Securities.

Notice to Prospective Investors in the United States

The Capital Securities have not been and will not be registered under the Securities Act and the Capital Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph and not otherwise defined herein have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Capital Securities, an offer or sale of the Capital Securities within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act.

TERMS AND CONDITIONS OF THE GREEN CAPITAL SECURITIES
PURMO GROUP PLC
EUR 60 MILLION 9.500 PER CENT. GREEN CAPITAL SECURITIES
ISIN FI4000548896

MiFID II product governance / Retail clients, professional clients and eligible counterparties target market

Solely for the purposes of each manufacturer's product governance requirements set forth in Directive 2014/65/EU (as amended, "MiFID II"), the manufacturers have made a target market assessment in respect of the Capital Securities, and have concluded that the target group for the Capital Securities is:

Type of client: Clients that are eligible counterparties, professional clients and retail clients, each as defined in MiFID II.

Knowledge and experience: Clients that are (i) informed investors, having one or more of the following characteristics: (a) average knowledge of the relevant financial products (an informed investor can make an informed investment decision based on the offering documentation, together with knowledge and understanding of the specific risk factors/risks highlighted with them only), or (b) some financial industry experience, or (ii) advanced investors, having one or more of the following characteristics: (x) good knowledge of the relevant financial products and transactions, or (y) financial industry experience or accompanied by professional investment advice or included in a discretionary portfolio service.

Financial situation with a focus on the ability to bear losses: Clients that have the ability bear losses of up to 100 per cent of the capital invested in the Capital Securities.

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The manufacturers have made an assessment as to the distribution strategy for the Capital Securities, and have concluded that (i) all channels for distribution to eligible counterparties and professional clients are appropriate; and (ii) the following channels for distribution of the Capital Securities to retail clients are appropriate: investment advice, portfolio management, non-advised sales and pure execution services, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Capital Securities (a "distributor") should take into consideration the manufacturers' target market assessment. However, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Capital Securities (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable.

Important – EEA retail investors – The Capital Securities are not PRIIPs for the purposes of Regulation ((EU) No 1286/2014) (the "PRIIPs Regulation") and, accordingly, no key information document pursuant to the PRIIPs Regulation has been or will be made available in respect of the Capital Securities.

Prohibition of sales to UK Retail Investors – The Capital Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA which were relied on immediately before exit day to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

1. DEFINITIONS AND INTERPRETATIONS

1.1 *Definitions*

“**Accounting Event**” means the receipt by the Issuer of an opinion of an Authorised Public Accountant in Finland (reputable and experienced in such matters) to the effect that, as a result of a change in the applicable accounting standards or interpretation thereof after the Issue Date, the equity treatment of the Capital Securities as “equity” in full in the Issuer’s consolidated financial statements has ceased or will cease.

“**Accrued Interest**” means interest (including Deferred Interest) accrued from the immediately preceding Interest Payment Date on which interest (including Deferred Interest) was paid or, if none, the Issue Date, to the Redemption Date.

“**Additional Amounts**” shall have the meaning ascribed to it in Clause 9 (*Taxation*).

“**Adjusted Nominal Amount**” means the total outstanding Nominal Amounts of the Capital Securities not held by the Issuer or any Group Company from time to time.

“**Adjustment Spread**” means a spread (which may be positive or negative) or formula or methodology for calculating a spread, which (i) the Relevant Nominating Body recommends in connection with the Screen Rate Replacement Event or (ii) as determined by the Issuer in consultation with the Calculation Agent, provided that such spread is generally accepted in the international or any relevant domestic debt capital markets, or (iii) as determined by the Independent Adviser, in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Holders as a result of the replacement of the Screen Rate with the Replacement Benchmark.

“**Authorised Public Accountant**” means an authorised public accountant (Fin: *KHT-tilintarkastaja*) certified by the Auditor Oversight Unit within the Finnish Patent and Registration Office being a partner or an employee of a recognised accountancy firm of international standing.

“**Book-Entry Account**” means a securities account (Fin: *arvo-osuustili*) according to the Act on the Book-Entry System and Clearing Operations (348/2017 as amended from time to time, Fin: *laki arvo-osuusjärjestelmästä ja selvitystoiminnasta*) and the Act on Book-Entry Accounts (827/1991 as amended from time to time, Fin: *laki arvo-osuustileistä*).

“**Business Day**” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets are generally open to settle payments in Helsinki and a day on which (i) EFi’s Infinity system and (ii) TARGET2 System or any successor to it are open.

“**Calculation Agent**” means OP Custody Ltd or any successor or assign, acting also as the issuer agent (Fin: *liikkeeseenlaskijan asiamies*) of the Capital Securities referred to in the rules of EFi.

“**Capital Security**” means a debt instrument which has been issued by the Issuer subject to these Terms and Conditions.

“**Change of Control**” means the occurrence of an event or series of events whereby any person, other than Rettig Group Oy Ab, or a group of persons acting in concert, directly or indirectly acquires control over the Issuer and where “control” means (a) acquiring ownership of more than 50 per cent of the voting share capital of the Issuer or (b) becoming capable of appointing the majority of the board of directors of the Issuer, and “acting in concert” means that a person or a group of persons pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition by any of them, either directly or indirectly, of shares in the Issuer or attempting otherwise to obtain or consolidate control of the Issuer.

“**Corporate Restructuring Event**” means any reduction of the share capital pursuant to Chapter 14 of the Finnish Companies Act (including share premium fund and reserve fund pursuant to the Act on the Implementation of the Finnish Companies Act (625/2006, as amended, Fin: *laki osakeyhtiölain voimaannpanosta*)), amendment of the Issuer’s Articles of the Association pursuant to Chapter 14, Section 7 of the Finnish Companies Act, merger or demerger, pursuant to Chapter 16 or Chapter 17 of the Finnish Companies Act, as applicable or similar creditor protection mechanisms that may become applicable on the Issuer.

“**Deferred Interest**” shall have the meaning ascribed to it in Clause 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*).

“**Deferred Interest Payment Date**” means the earlier of:

- (a) the Interest Payment Date on which the Issuer elects to pay interest (other than Deferred Interest), in whole or in part, in respect of the Capital Securities;
- (b) the date on which any payment is made in respect of (i) the New Capital Securities (unless such payment is a compulsory interest payment or otherwise non-discretionary under the terms of the New Capital Securities) or (ii) other obligations of the Issuer ranking *pari passu* with or junior to the Capital Securities (in bankruptcy, liquidation and company reorganisation of the Issuer), if any, or any guarantee thereof (with same ranking) but senior to the share capital and other classes of common equity of the Issuer (unless such payment is compulsory or non-discretionary under the applicable terms);
- (c) the Business Day falling on (or, if not, immediately after) the date on which any General Meeting of the Issuer approves a proposal of the Board of Directors regarding a distribution of dividend in any form and amount (excluding Minority Dividend whether proposed by the Board of Directors or not), or the Issuer makes payment of any nature on any share capital or securities ranking junior to the Capital Securities (such payment to be at the sole discretion of the Issuer); or
- (d) the Business Day falling on (or, if not immediately after) the date on which any of the Issuer or any Group Company redeems, purchases or otherwise acquires any share capital or securities issued by it or other obligations owed by it (other than the Capital Securities), in each case ranking junior to or *pari passu* with the Capital Securities (in bankruptcy, liquidation and company reorganisation of the Issuer or such other Group Company), if any (unless such redemption, purchase or acquisition is compulsory or non-discretionary for the Issuer or such Group Company under the applicable terms or unless the shares or securities are acquired for the purpose of allocating such shares or securities in accordance with the terms and conditions of any share based incentive scheme of the Issuer aimed at its employees, or management, or unless the relevant securities are redeemed, purchased or acquired from another Group Company or, if the acquirer is not the Issuer, from the Issuer).

“**EFi**” means Euroclear Finland Oy, the Finnish central securities depository in respect of the Capital Securities.

“**EUR**”, “**euro**” and “**€**” means (i) the single currency of the participating member states of the European Economic and Monetary Union or (ii) in the event the Republic of Finland having ceased for whatever reason to adopt the euro as its currency, such currency the Republic of Finland has adopted as its currency instead of the euro. Any amount in euro in this Agreement shall be converted into the currency the Republic of Finland has adopted as its currency in accordance with the applicable legislation in Finland.

“**EURIBOR**” means:

- (a) the interest rate which, as of approximately 11.00 a.m. (Brussels time) on the applicable Interest Determination Date, is displayed on Thomson Reuter’s page EURIBOR01 (or any other system or other page which replaces such system or page); or
- (b) if the relevant rate does not temporally appear (but no Screen Rate Replacement Event has occurred), in each case as determined by the Calculation Agent, the average of four major European commercial banks’ (as determined by the Calculation Agent) quoted lending rates in the relevant interbank market or, if only one or no such quote exists, such interest rate which, according to the Calculation Agent’s opinion, corresponds to the interest rates offered by leading European commercial banks, in each case for the lending of EUR for the applicable period in the relevant interbank market.

“**Extraordinary Resolution**” shall have the meaning ascribed to it in Clause 14 (*Holders’ Meeting and Written Procedure*).

“**Finnish Companies Act**” means the Finnish Companies Act (624/2006, as amended from time to time, *Fin: osakeyhtiölaki*).

“**Fixed Day Count Fraction**” means (a) the actual number of days in the period from (and including) the date from which the interest began to accrue for the relevant period of calculation (the “**accrual date**”) to (but excluding) the date on which it falls due divided by (b) the actual number of days from and including the accrual date to (but excluding) the next following Interest Payment Date.

“**Fixed Interest Rate**” means, in relation to each Interest Period from and including the Issue Date to, but excluding, the Reset Date, 9.500 per cent per annum.

“**Floating Day Count Fraction**” means, in relation to a specific interest period, the actual number of days in that interest period divided by 360.

“**Floating Interest Amount**” shall have the meaning ascribed to it in Clause 6.3 (*Determination of Floating Interest Rate and the Floating Interest Amount*).

“**Floating Interest Rate**” means, in relation to each Interest Period commencing on or after the Reset Date, a percentage rate per annum which is the aggregate of 3-month Screen Rate plus a margin in the aggregate of the Re-Offer Spread and 5 per cent per annum.

If any applicable Floating Interest Rate is below zero, Floating Interest Rate will be deemed to be zero.

“**Green Finance Framework**” means the Issuer’s Green Finance Framework dated February 2023 (which is published on the website of the Issuer (as amended from time to time)).

“**Group Company**” means, in relation to the Issuer, any Finnish or foreign legal entity which at any time is a subsidiary (Fin: *tytäryritys*) within the meaning of Chapter 1, Sections 5 and 6 of the Finnish Accounting Act (1997/1336, as amended, Fin: *kirjanpitolaki*) to the Issuer, directly or indirectly.

“**Holder**” means a person that is either a direct owner or nominee registered on a Book-Entry Account as holder of any Capital Securities.

“**Holders’ Meeting**” means a meeting of Holders held in accordance with Clause 14 (*Holders’ Meeting and Written Procedure*).

“**Independent Adviser**” means an independent financial institution of international repute or other independent financial adviser of recognised standing with relevant experience in the international capital markets, in each case appointed by the Issuer at its own expense.

“**Interest Determination Date**” means the second TARGET Settlement Day before the commencement of the Interest Period for which the rate will apply.

“**Interest Payment Date**” means, until the Reset Date, 23 February in each year with the first Interest Payment Date being 23 February 2024 and, after the Reset Date, 23 February, 23 May, 23 August and 23 November in each year with the first such Interest Payment Date being 23 May 2026.

“**Interest Period**” means each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date or, in respect of the last Interest Period, the Redemption Date (whether or not an Interest Payment Date).

“**Interest Rate**” means the Fixed Interest Rate and/or the Floating Interest Rate (as applicable).

“**Investment Grade Credit Rating**” means the rating assigned to the senior unsecured debt of the Issuer by any Rating Agency that is Baa3, BBB- or its equivalent for the time being or better.

“**Issue Date**” means 23 February 2023.

“**Issue Price**” means 100.00 per cent.

“**Issuer**” means Purmo Group Plc, business identity code 2890898-5.

“**Issuer Subordinated Indebtedness**” means any obligation of the Issuer (including any guarantee or indemnity), whether or not having a fixed maturity, which by its terms is, or is expressed to be, subordinated in the event of voluntary or involuntary liquidation, bankruptcy or company reorganisation of the Issuer to the claims of all other subordinated creditors of the Issuer, but which by their terms as at their original issue date are expressed to rank, or pursuant to applicable Finnish law rank, senior to all capital securities, including the Capital Securities issued or guaranteed by the Issuer.

“**Minority Dividend**” means the distribution of a dividend pursuant to a resolution by the Issuer (i) in accordance with the Finnish Companies Act and based on a demand made by shareholders attending in an Annual General Meeting of the shareholders and representing at least 10 per cent of all shares of the Issuer or (ii) in accordance

with a proposal made by the Board of Directors which proposal is based on a claim for minimum dividend pursuant to the Finnish Companies Act made by shareholders representing at least 10 per cent of all shares of the Issuer. Such claim shall be made before the Annual General Meeting makes a decision on the use of the profit funds.

“**New Capital Securities**” means any capital securities of, or guaranteed by, the Issuer which securities and/or guarantee are expressed to rank (in bankruptcy, liquidation and company reorganisation of the Issuer) junior to Issuer Subordinated Indebtedness and *pari passu* with or junior to the Capital Securities.

“**Nominal Amount**” means the nominal amount of each Capital Security, being EUR 20,000.

“**Rating Agency**” means any of Moody’s Investors Service Limited (or any of its subsidiaries or any successor in business thereto from time to time), S&P Global Ratings Europe Limited (or any of its subsidiaries or any successor in business thereto from time to time), or Fitch Ratings Limited (or any of its subsidiaries or any successor in business thereto from time to time).

“**Redemption Date**” means the date on which the Capital Securities will be redeemed pursuant to these Terms and Conditions.

“**Relevant Nominating Body**” means:

- (a) the European Central Bank or any supervisory authority which is responsible for supervising the administrator of the benchmark; or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (i) the European Central Bank, (ii) any central bank or supervisory authority which is responsible for supervising the administrator of the benchmark, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board.

“**Re-Offer Spread**” means 6.145 per cent per annum.

“**Replacement Benchmark**” means a benchmark rate which is (in the following order):

- (a) formally designated, nominated or recommended as the replacement for a Screen Rate by:
 - (i) the administrator of the Screen Rate in respect of which the Screen Rate Replacement Event has occurred; or
 - (ii) any Relevant Nominating Body,
and if replacements have, at the relevant time, been formally designated, nominated or recommended under both sub-sections (i) and (ii), the “Replacement Benchmark” will be the replacement under sub-section (ii) above;
- (b) in the opinion of the Issuer in consultation with the Calculation Agent, generally accepted in the international or any relevant domestic bond markets as the appropriate successor to a Screen Rate; or
- (c) in the opinion of an Independent Advisor appointed by the Issuer in consultation with the Calculation Agent, an appropriate successor to a Screen Rate.

“**Replacing Capital Event**” means one or more issuances of equity by the Issuer the aggregate proceeds of which (net of commissions) is equal to or greater than the outstanding aggregate amount of the Capital Securities provided that such proceeds have not been used, directly or indirectly, to repurchase or redeem, or make any payments in respect of, any shares or securities of the Issuer which rank (in bankruptcy, liquidation and company reorganisation of the Issuer) *pari passu* with, or junior to, the Capital Securities.

“**Reset Date**” means 23 February 2026.

“**Screen Rate**” means initially EURIBOR, and on, or after Screen Rate Replacement Date, if any, the Replacement Benchmark plus Adjustment Spread, if applicable.

“**Screen Rate Replacement Date**” means the next Interest Determination Date appearing after:

- (a) the occurrence of a Screen Rate Replacement Event: and
- (b)
 - (i) in case of the change in the methodology, formula or other means of determining the Screen Rate, the publishing of the first quotation of the reformed Screen Rate by the administrator;
 - (ii) in case of discontinuation of publication, or impossibility of use of the Screen Rate, the date on which the quotes in the Screen Rate have ceased to be published by the administrator, or it has become impossible to use the Screen Rate; or
 - (iii) in case of absence of approval, authorisation or other decision or in respect of the Screen Rate or the administrator of that Screen Rate, the date on which authorisation, registration, recognition, endorsement, equivalent decision, approval or inclusion in any official register is (i) required under any applicable law or regulation or (ii) rejected, refused, suspended or withdrawn, if the applicable law or regulation provides that that Screen Rate is not permitted to be used following rejection, refusal, suspension or withdrawal.

“**Screen Rate Replacement Event**” means, in relation to a Screen Rate:

- (a) the methodology, formula or other means of determining that Screen Rate has materially changed;
or
- (b)
 - (i)
 - (A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or
 - (B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;
 - (ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;
 - (iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued;
 - (iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used or use of that Screen Rate will be subject to restrictions or adverse consequences to Holders; or
 - (v) the Issuer determines (in consultation with the Calculation Agent) that any authorisation, registration, recognition, endorsement, equivalent decision, approval or inclusion in any official register in respect of that Screen Rate or the administrator of that Screen Rate has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, with the effect that the Issuer or the Calculation Agent is not, or will not be, permitted under any applicable law or regulation to use that Screen Rate as a benchmark rate.

“**TARGET Settlement Day**” means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the “**TARGET2 System**”) is open.

“**Taxes**” shall have the meaning ascribed to it in Clause 9 (*Taxation*).

“**Tax Event**” means the receipt by the Issuer of an opinion of counsel in Finland (reputable and experienced in such matters) to the effect that, as a result of (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations thereunder) of Finland affecting taxation, (b) any governmental action or (c) any amendment to, clarification of, or change in the official position or the interpretation of such governmental action or any interpretation or pronouncement that provides for a position with respect to such governmental action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or regulator body, irrespective of the manner in which such amendment, clarification or change is made known, which amendment, clarification or change is effective or such pronouncement or decision is announced on or after the Issue Date, there is a sufficiently certain risk that (i) the Issuer is, or will be, subject to more than a *de minimis* amount of other taxes, duties or other governmental charges or civil liabilities with respect to the Capital Securities (other than, for the avoidance of doubt, a Withholding Tax Event) or (ii) the treatment of any of the Issuer’s items of income or expense with respect to the Capital Securities as reflected in the tax returns (including estimated returns) filed (or to be filed) by the Issuer will not be accepted by a taxing authority, which subjects the Issuer to more than a *de minimis* amount of additional taxes, duties or other governmental charges, which in either such case cannot be avoided by the Issuer taking measures reasonably available to it.

“**Withholding Tax Event**” shall have the meaning ascribed to it in Clause 8.4 (*Redemption due to a Withholding Tax Event*).

“**Written Procedure**” means the written or electronic procedure for decision making among the Holders in accordance with Clause 14 (*Holdings’ Meeting and Written Procedure*).

1.2 **Interpretations**

1.2.1 Any reference in these Terms and Conditions to principal or principal amount in respect of the Capital Securities shall be deemed to include:

- (a) any Additional Amounts which may be payable with respect to principal; and
- (b) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Capital Securities.

1.2.2 Any reference in these Terms and Conditions to interest in respect of Capital Securities shall be deemed to include:

- (a) any Deferred Interest (including any interest on Deferred Interest as calculated in accordance with Clause 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*)); and
- (b) any Additional Amounts which may be payable with respect to interest.

1.2.3 Any reference in these Terms and Conditions to bankruptcy, liquidation and company reorganisation shall mean the Finnish law concepts *konkurssi*, *purkaminen* and *yrittysaneeraus* as such concepts are applied from time to time pursuant to Finnish law.

2. **THE CAPITAL SECURITIES AND OBLIGATION TO PAY**

2.1 The aggregate amount of the Capital Securities (subject to the issue of any further capital securities pursuant to Clause 17 (*Further Issues*)) is EUR 60,000,000 and is represented by the Capital Securities, each in the Nominal Amount. The Capital Securities were offered for subscription in a minimum amount of EUR 100,000. Each Capital Security is freely transferable after it has been registered into the respective book-entry account.

2.2 The Issuer undertakes, pursuant to these Terms and Conditions, to redeem the Capital Securities, to pay interest on the Capital Securities and to otherwise comply with these Terms and Conditions.

3. **STATUS AND SUBORDINATION**

3.1 The Capital Securities (including the obligation to pay interest thereon) constitute unsecured and subordinated obligations of the Issuer. In the event of a voluntary or involuntary liquidation, a bankruptcy or a company

reorganisation of the Issuer, the rights of the Holders to payments of the principal amount of the Capital Securities, Accrued Interest and any other amounts due in respect of the Capital Securities rank and will rank:

- (a) *pari passu* without any preference among themselves;
- (b) at least *pari passu* with any other present capital securities or future outstanding New Capital Securities of the Issuer;
- (c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders and any other obligation of the Issuer (including New Capital Securities) expressed by its terms as at its original issue date to rank, or pursuant to applicable Finnish law rank, junior to the Capital Securities; and
- (d) junior in right of payment to the payment of any present or future claims (i) of all unsubordinated creditors of the Issuer, and (ii) of all creditors of the Issuer in respect of Issuer Subordinated Indebtedness, if any.

3.2 Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of or arising under or in connection with the Capital Securities and each Holder shall, by virtue of its holding of any Capital Security, be deemed to have waived all such rights of set-off, compensation or retention.

3.3 A Holder shall not be entitled to demand that any collateral or guarantee be given for the Capital Securities in connection with a Corporate Restructuring Event.

4. **REGISTRATION AND ISSUANCE OF CAPITAL SECURITIES**

The Capital Securities will be registered on behalf of the Holders on Book-Entry Accounts by the Issue Date in accordance with the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi and title to the Capital Securities will be evidenced by such registration. The Capital Securities are not freely transferable until they have been registered in a Book-Entry Account and transfers of Capital Securities may only be effected through, and title thereto will only pass upon, registration and transfer in such Book-Entry Accounts. No physical certificates or other documents of title will be issued in respect of the Capital Securities.

5. **USE OF PROCEEDS**

The Issuer shall use the proceeds from the issue of the Capital Securities, less the costs and expenses incurred by the Issuer in connection with issue of the Capital Securities, for financing or refinancing eligible green assets or expenditures or otherwise in accordance with the Issuer's Green Finance Framework.

6. **INTEREST**

6.1 ***Fixed Interest Rate***

From and including the Issue Date to but excluding the Reset Date, the Capital Securities bear interest on their outstanding Nominal Amount at the Fixed Interest Rate, subject to Clauses 7.3 (*Minority Dividend*) and 8.8 (*Change of Control*). Such interest will be payable (subject to the provisions contained in Clause 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*)) annually in arrears on each Interest Payment Date. The interest payable shall be determined by the Calculation Agent by applying the Fixed Interest Rate to the Nominal Amount of such Capital Security, multiplying the product by the Fixed Day Count Fraction and rounding the resulting figure to the nearest euro cent (half a cent being rounded upwards).

For the Fixed Interest Rate, if a payment is due on a day which is not a Business Day, the due date for that payment shall be instead the following Business Day and the relevant Holder shall not be entitled to any interest or other sums in respect of such postponed payment.

6.2 ***Floating Interest Rate***

From and including the Reset Date to but excluding the Redemption Date, the Capital Securities bear interest on their outstanding Nominal Amount at the Floating Interest Rate, subject to Clauses 7.3 (*Minority Dividend*) and

8.8 (*Change of Control*). Such interest will be payable (subject to the provisions contained in Clause 7.1 (*Cumulative Optional Interest Deferral and Optional Payment*)) quarterly in arrears on each Interest Payment Date.

If an Interest Period falling after the Reset Date would otherwise end on a day which is not a Business Day, that Interest Period shall instead end on the following Business Day. The postponement of the Interest Payment Date shall have an impact on the amount payable.

After the Reset Date, whenever it is necessary to compute an amount of interest in respect of any Capital Security for a period other than an Interest Period, such interest shall be calculated on the basis of the Floating Day Count Fraction and otherwise in accordance with Clause 6.3 (*Determination of Floating Interest Rate and Floating Interest Amount*).

6.3 ***Determination of Floating Interest Rate and Floating Interest Amount***

The Calculation Agent shall, as soon as practicable after 11.00 a.m. (Brussels time) on each Interest Determination Date, but in no event later than the tenth (10th) Business Day thereafter, determine the euro amount (the “**Floating Interest Amount**”) payable in respect of interest of each Capital Security for the relevant Interest Period. The Floating Interest Amount shall be determined by applying the Floating Interest Rate to the Nominal Amount of such Capital Security, multiplying the product by the Floating Day Count Fraction and rounding the resulting figure to the nearest euro cent (half a cent being rounded upwards).

If the Calculation Agent, due to the existence of an obstacle referred to in Clause 19 (*Limitation of Liability*), is unable to determine the Floating Interest Rate and the Floating Interest Amount for an Interest Period, the Floating Interest Rate for the preceding Interest Period shall apply. The Calculation Agent shall, as soon as the obstacle has been removed, determine the Floating Interest Rate and the Floating Interest Rate Amount for the current Interest Period, which shall apply from the second (2nd) Business Day of such determination until the end of the current Interest Period.

6.4 ***Calculation Agent***

The calculations and determinations made by the Calculation Agent shall (save for any manifest error) be final and binding upon all parties. The Calculation Agent shall have no responsibility for good faith errors or omissions in any calculation made by it as provided herein.

7. **INTEREST PAYMENT AND DEFERRAL**

7.1 ***Cumulative Optional Interest Deferral and Optional Payment***

7.1.1 The Issuer may, in its sole discretion but subject to Clauses 7.1.2, 7.1.3 and 7.1.4, elect to defer any interest payment which would otherwise be due on any Interest Payment Date (in whole or in part). Any interest in respect of any Capital Security due but not paid on an Interest Payment Date shall constitute “**Deferred Interest**”. If there are several amounts of Deferred Interest they shall accumulate until paid in full on the first Deferred Interest Payment Date following such Interest Payment Date.

If the Issuer makes only a partial payment of interest on any Interest Payment Date, such amount shall be applied equally to each Capital Security.

7.1.2 If any of the events referred to in sub-clauses (b), (c) or (d) of the definition of Deferred Interest Payment Date has occurred during the twelve (12) months immediately preceding an Interest Payment Date, the Issuer may not defer an interest payment due on such Interest Payment Date in accordance with Clause 7.1.1.

7.1.3 Each amount of Deferred Interest shall bear interest (as if it constitutes a principal amount) at an Interest Rate which equals the current Interest Rate on the Capital Securities. Deferred Interest shall not be capitalised to the principal amount of the Capital Securities.

7.1.4 The Issuer shall:

- (a) if it wishes to elect to defer any interest payment, as soon as practicable and in any event not less than twenty (20) Business Days prior to the relevant Interest Payment Date; or

- (b) in respect of any payment of Deferred Interest on a Deferred Interest Payment Date, as soon as practicable,

in the case of (a), give notice of such election (which shall be irrevocable) or, in the case of (b), give notice of such Deferred Interest Payment Date (which, save as provided above, shall be irrevocable) to the Calculation Agent and the Holders.

- 7.1.5 Deferred Interest may be paid, in whole or in part, at any time at the option of the Issuer following delivery of a notice given by the Issuer to the Calculation Agent and the Holders not less than seven (7) Business Days prior to the date (to be specified in such notice) on which the Issuer will pay such Deferred Interest.

7.2 ***Compulsory Interest Payment***

The Issuer shall pay the Deferred Interest (including interest accrued thereon) in whole on the next following Deferred Interest Payment Date. If a Deferred Interest Payment Date is a result of an event referred to in sub-clauses (c) or (d) of the definition of Deferred Interest Payment Date, Deferred Interest shall be deemed to have become due on the Business Day immediately preceding the date of such event.

7.3 ***Minority Dividend***

If there is any unpaid Deferred Interest at the time when the Issuer declares a dividend which constitutes a Minority Dividend, the Interest Rate applicable to the Capital Securities shall be increased by an additional margin of five (5.00) per cent per annum applicable as from the date on which such dividend is declared. The increased Interest Rate shall apply also to the current amount of Deferred Interest and any further Deferred Interest to the extent that the Issuer defers any interest payment after the declaration of a dividend which constitutes a Minority Dividend. The increased Interest Rate shall apply until the next following Deferred Interest Payment Date provided the payment of any and all unpaid Deferred Interest is made on such date.

8. **REDEMPTION AND PURCHASE**

8.1 ***No maturity***

The Capital Securities do not have any specified maturity date and may not be called for repayment, repaid or redeemed otherwise than in accordance with these Terms and Conditions.

8.2 ***Redemption due to a Tax Event, Corporate Restructuring Event or an Accounting Event***

Upon the occurrence of a Tax Event, a Corporate Restructuring Event or an Accounting Event, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time after the occurrence of the relevant event, at (i) where such redemption occurs before the Reset Date, an amount equal to 101 per cent of their Nominal Amount and (ii) where such redemption occurs on or after the Reset Date, an amount equal to 100 per cent of their Nominal Amount, in each case, together with any Accrued Interest to but excluding the date of redemption.

8.3 ***Redemption due to a Replacing Capital Event***

Upon the occurrence of a Replacing Capital Event, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time after the occurrence of such event, at (i) where such redemption occurs before the Reset Date, an amount equal to 103 per cent of their Nominal Amount and (ii) where such redemption occurs on or after the Reset Date, an amount equal to 100 per cent of their Nominal Amount, in each case, together with any Accrued Interest to but excluding the date of redemption.

8.4 ***Redemption due to a Withholding Tax Event***

- 8.4.1 Unless notice of redemption has been given pursuant to Clause 8.2 (*Redemption due to a Tax Event, Corporate Restructuring Event or an Accounting Event*) above, the Issuer may, if it gives not less than thirty (30) nor more

than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Capital Securities in whole, but not in part, at any time, if:

(a) on the occasion of the next or any following payment due under the Capital Securities, the Issuer has or (as evidenced by an opinion of a tax counsel in Finland (reputable and experienced in such matters) will become obliged to pay Additional Amounts as a result of any change in, or amendment to, the laws or regulations of Finland or any political subdivision thereof or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

(a "**Withholding Tax Event**") provided that no such notice of redemption shall be given earlier than ninety (90) days prior to the earliest date on which the Issuer would be obliged to pay such Additional Amounts in relation to a payment in respect of the Capital Securities then due.

8.4.2 Capital Securities redeemed pursuant to this Clause 8.4 will be redeemed at their Nominal Amount, together with any Accrued Interest to, but excluding the date of redemption.

8.5 ***Redemption at the Option of the Issuer***

The Issuer may, by giving not less than thirty (30) nor more than sixty (60) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and specify the date fixed for redemption), elect to redeem all outstanding Capital Securities in whole, but not in part on the Reset Date or on any Interest Payment Date thereafter at their Nominal Amount, together with any Accrued Interest to, but excluding the date of redemption.

8.6 ***Clean-up call option***

If at any time the Adjusted Nominal Amount of the Capital Securities is twenty-five (25) per cent or less of the aggregate nominal amount of the Capital Securities issued, the Issuer may, at its option, at any time, by giving not less than fifteen (15) nor more than forty-five (45) days' notice to the Calculation Agent and the Holders (which notice shall be irrevocable and specify the date fixed for redemption), elect to redeem all of the outstanding Capital Securities in whole, but not in part at (i) where such redemption occurs before the Reset Date, an amount equal to 101 per cent of their Nominal Amount and (ii) where such redemption occurs on or after the Reset Date, an amount equal to 100 per cent of their Nominal Amount, in each case, together with any Accrued Interest to, but excluding, the date of redemption.

8.7 ***Purchases***

The Issuer or any Group Company may at any time purchase Capital Securities in any manner and at any price. If purchases are made by tender, tenders must be available to all Holders alike. The repurchased Capital Securities may be resold or nullified.

8.8 ***Change of Control***

Upon the occurrence of a Change of Control, the Issuer may, if it gives not less than thirty (30) nor more than sixty (60) days' notice as from the date of such Change of Control to the Calculation Agent and the Holders (which notice shall be irrevocable and shall specify the date fixed for redemption which shall be no later than the date which is six (6) months after the date of the Change of Control), redeem the Capital Securities in whole, but not in part, at an amount equal to 100 per cent of their Nominal Amount, together with any Accrued Interest. Such notice shall also specify the nature of the Change of Control, the circumstances giving rise to it and the date on which it became effective.

If such notice is not published within such sixty (60) days of the Change of Control occurring, the Issuer will notify the Calculation Agent and the Holders, no later than sixty (60) calendar days following the effective Change of Control specifying the nature of the Change of Control, the circumstances giving rise to it and the date on which it became effective.

If, after the occurrence of a Change of Control, the Issuer has not redeemed the Capital Securities within six (6) months after the date of the Change of Control, the Interest Rate applicable to the Capital Securities (including any amount of current or future Deferred Interest) shall, subject to the following paragraph, be increased by an additional margin of 5.00 per cent per annum. This increase shall become effective on the date which is six (6) months after the date of the Change of Control.

The increase in Interest Rate set out in the preceding paragraph shall not be applied if, prior to the date which is six (6) months after the date of the Change of Control, the Issuer has obtained an Investment Grade Credit Rating. The Issuer will notify the Calculation Agent and the Holders not later than ten (10) calendar days after the date which is six (6) months after the date of the Change of Control whether or not it has obtained such an Investment Grade Credit Rating.

8.9 ***Redemption at the Option of the Issuer due to a Holder's Opposition of a Corporate Restructuring Event***

In the event that any Holder exercises its statutory right to oppose a Corporate Restructuring Event, the Issuer may, by giving not less than seven (7) days nor more than twenty-one (21) days prior to intended date of the consummation of the Corporate Restructuring Event, a written notice (which notice shall be irrevocable and specify the intended date of the consummation of the Corporate Restructuring Event) to the Calculation Agent and the Holder who has opposed the relevant Corporate Restructuring Event (the "**Redeemed Holder**"), redeem the Capital Securities held by the Redeemed Holder. In such case, the redemption shall take place at the Nominal Amount of the redeemed Capital Securities, together with any Accrued Interest. The Redeemed Holder is obliged to withdraw its notice of opposing the relevant Corporate Restructuring Event no later than seven (7) days prior to the intended date of the consummation of the Corporate Restructuring Event at the latest, as specified in the Issuer's notice and the Issuer shall pay the Redeemed Holder the relevant redemption amount in accordance with Clause 10 (*Payments of Principal and Interest*) below no later than on the date that the Corporate Restructuring Event is consummated. Further, without prejudice to the Redeemed Holder's primary obligation to withdraw its notices opposing the relevant Corporate Restructuring Event, the Redeemed Holder has by these Terms and Conditions irrevocably authorised the Issuer to represent it with respect to the Trade Register maintained by the Finnish Patent and Registration Office at any time after the relevant Redemption Date in order to withdraw such notices opposing the relevant Corporate Restructuring Event following the payment of the relevant redemption amount.

8.10 ***Irrevocable Notices and Redemption Process***

Upon the expiry of any notice as referred to in Clauses 8.2 (*Redemption due to a Tax Event, Corporate Restructuring Event or an Accounting Event*), 8.3 (*Redemption due to a Replacing Capital Event*), 8.4 (*Redemption due to a Withholding Tax Event*), 8.5 (*Redemption at the Option of the Issuer*), 8.6 (*Clean-up call option*) 8.8 (*Change of Control*) and 8.9 (*Redemption at the Option of the Issuer due to a Holder's Opposition of a Corporate Restructuring Event*) above, the Issuer shall be bound to redeem the Capital Securities in accordance with the terms of such Clause.

Upon the redemption of the Capital Securities the Issuer is entitled to have the Capital Securities debited from the relevant Book-Entry Accounts without any further consent from the Holders. The Issuer shall be entitled to carry out the redemption in the manner chosen by the Issuer at its sole discretion under the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi.

8.11 ***Additional Process Terms***

The Capital Securities will be redeemed pursuant to Clauses 8.2 (*Redemption due to a Tax Event, Corporate Restructuring Event or an Accounting Event*), 8.3 (*Redemption due to a Replacing Capital Event*) and 8.4 (*Redemption due to a Withholding Tax Event*) above, as the case may be, by the Issuer delivering a certificate signed by two of its authorised signatories to the Calculation Agent (and copies thereof will be available at the Calculation Agent's specified office during its normal business hours) not less than five (5) Business Days prior to the date set for redemption that the Tax Event, Accounting Event, Corporate Restructuring Event, Withholding Tax Event, Replacing Capital Event, as the case may be, has occurred or (other than in the case of the Replacing Capital Event) will occur no more than ninety (90) days following the date fixed for redemption, as the case may be.

9. **TAXATION**

All payments in respect of the Capital Securities by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of Finland or any political subdivision of, or any authority in, or of, Finland having power to tax, unless the withholding or deduction of the Taxes is required by Finnish law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders after the withholding or deduction shall equal the respective amounts which

would have been receivable in respect of the Capital Securities in the absence of the withholding or deduction (such amounts being “**Additional Amounts**”), except that no Additional Amounts shall be payable in relation to any payment in respect of any Capital Security:

- (a) to, or to a third party on behalf of, a Holder who is liable to Taxes in respect of the Capital Security by reason of it having some connection with Finland other than the mere holding of the Capital Security; or
- (b) to, or to a third party on behalf of, a Holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority.

10. PAYMENTS OF PRINCIPAL AND INTEREST

- 10.1 Payment of principal and interest shall be made to the Holders who in accordance with the Act on the Book-Entry System and Clearing Operations and the Act on Book-Entry Accounts and the rules and regulations of EFi are entitled to receive such payments and the payments shall be carried out in the manner provided in such Acts and regulations.
- 10.2 If both the principal amount and interest are due and payable and the available funds are insufficient to discharge all the amounts due and payable, the available funds shall first be applied towards payment of interest and secondly, towards payment of the principal amount and shall be applied pro rata among the Holders.
- 10.3 Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Clause 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations or agreements thereunder or official interpretations thereof), or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law implementing such an intergovernmental agreement) (collectively, “**FATCA**”).

11. DEFAULT INTEREST

- 11.1 If the Issuer fails to pay any amount due in accordance with these Terms and Conditions, the Issuer shall, for the period commencing on the date such payment was due and ending on the date of actual payment, pay default interest on the overdue amount at a rate corresponding to the average of one (1) week Screen Rate during the delay plus two (2) percentage units. The Screen Rate shall be determined on the first Business Day of each week during the delay. Default interest shall however, subject to Clause 11.2 below, never be less than the Interest Rate plus two (2) percentage units or if Clause 7.3 (*Minority Dividend*) or Clause 8.8 (*Change of Control*) applies not less than the Interest Rate plus seven (7) percentage units. Accrued default interest shall not be capitalised.
- 11.2 If the delay is due to an existence of an obstacle for any one of the Calculation Agent or EFi, respectively, referred to in Clause 19 (*Limitation of Liability*), the default interest shall not accrue nor become payable.

12. PRESCRIPTION

The right to receive payment in respect of principal and interest on the Capital Securities will become void, unless claimed by the relevant Holder, in respect of principal, three (3) years from the relevant Redemption Date and, in respect of interest, three (3) years from the relevant Interest Payment Date or the relevant Deferred Interest Payment Date on which interest became due.

13. ENFORCEMENT EVENTS

- 13.1 There are no events of default in respect of the Capital Securities.
- 13.2 However, if proceedings are commenced for the dissolution, bankruptcy or liquidation of the Issuer, or a court or agency or supervisory authority in Finland (having jurisdiction in respect of the same) shall have instituted a proceeding or entered a decree of order for the appointment of a bankruptcy administrator or liquidator in any bankruptcy or liquidation of the Issuer, and such proceedings, decree or order shall not have been vacated or

shall have remained in force, undischarged or unstayed for a period of thirty (30) days, each Holder may (i) give notice to the Issuer that the Capital Securities of such Holder are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with Accrued Interest and (ii) institute steps in order to obtain a judgement against the Issuer for any amounts due in respect of the Capital Securities of such Holder if the Issuer is declared bankrupt or put into liquidation by a competent court.

- 13.3 For the avoidance of doubt, the above shall not apply to (i) the institution of, or petition for, a company reorganisation (Fin: *yrittysaneeraus*) or (ii) a dissolution resulting from a Corporate Restructuring Event.
- 13.4 If the Issuer fails to pay any principal or interest (as referred to in Clause 7.2 (*Compulsory Interest Payment*)) which has become due and payable in respect of the Capital Securities, each Holder may institute such steps as it considers desirable with a view to obtaining a judgement against the Issuer for any amounts due to such Holder or having the Issuer declared bankrupt, put into liquidation or subjected to a company reorganisation, if such steps are available under applicable law. The Holder shall not be able to declare the principal amount of the Capital Securities due and repayable by reason of any such failure to pay interest.
- 13.5 No remedy against the Issuer, other than as provided above or proving or claiming in the bankruptcy, liquidation or company reorganisation of the Issuer in Finland or elsewhere, shall be available to the Holders, whether for the recovery of amounts owing in respect of the Capital Securities or in respect of any breach by the Issuer of any of its obligations or undertakings with respect to the Capital Securities.

14. **HOLDERS' MEETING AND WRITTEN PROCEDURE**

- 14.1 The Issuer may, and shall upon the written request of Holders holding not less than one-tenth (1/10th) of the Adjusted Nominal Amount at the time of the request, convene a Holders' Meeting or arrange a Written Procedure. The person requesting the decision may suggest the method for decision-making (being either Holders' Meeting or Written Procedure), but if it is in the Issuer's opinion more appropriate that a matter is dealt with at a Holders' Meeting or by way of a Written Procedure, the Issuer shall have the right to decide the method of decision-making. The Holders' Meeting shall be held at a venue determined by the Issuer provided that the venue shall be in Helsinki, Finland. At the Issuer's discretion, a Holders' Meeting may also be held (or participation to a physical meeting enabled) by telecommunications or other electronic or technical means.
- 14.2 The Issuer, the Holders, EFi and the Calculation Agent shall be given notice to attend a Holders' Meeting at least ten (10) Business Days before such meeting. The notice to attend shall be given in accordance with Clause 15 (*Notices*) and it shall contain (i) the time and venue for the meeting and (ii) an agenda of the matters to be addressed and, as the case may be, resolved, at the meeting as well as (iii) any action required on the part of a Holder to attend the Holders' Meeting. No other matters than those referred to in the notice to attend may be resolved upon. The notice to attend shall specifically address that in the case of Capital Securities registered with a nominee, the underlying beneficiaries shall register their right to vote separately in order to be capable of casting votes at the meeting, in which case the nominee shall hold no voting rights in respect of such Capital Securities.
- 14.3 The Issuer shall instigate a Written Procedure no later than ten (10) Business Days after receipt of a valid request from the Holder(s) (or such later date as may be necessary for technical or administrative reasons). The Issuer shall instigate a Written Procedure requested to be arranged by the Issuer pursuant to Clause 14.1 above or by the Holders pursuant to this Clause 14.3 by sending a communication to those who, according to the register kept by EFi in respect of the Capital Securities, were Holders at the end of the fifth (5th) Business Day prior to the date on which the communication is sent. The notice to attend shall be given in accordance with Clause 15 (*Notices*) and it shall contain (i) each request for a decision by the Holders or the Issuer, (ii) a description of the reasons for each request, (iii) a specification of the Business Day at the end of which a person must be registered as a Holder in order to be entitled to exercise voting rights, (iv) instructions and directions on where to receive a form for replying to the request (such form to include an option to vote yes or no for each request) as well as a form of power of attorney, and (v) the stipulated time period within which the Holder must reply to the request (such time period to last at least fifteen (15) Business Days from the communication pursuant to this Clause 14.3). If the voting is to be made electronically, instructions for such voting shall be included in the communication.
- 14.4 Representatives of the Holders, the Calculation Agent and the Issuer and their respective proxies and advisers, and, in the case of the Issuer, directors, the chief executive officer and other senior officers and external auditors of the Issuer, may attend a Holders' Meeting.

- 14.5 The Issuer shall appoint the chairman of the meeting, unless otherwise decided by the Holders' Meeting. The chairman shall prepare a list of present Holders setting out the proportion of the Adjusted Nominal Amount each Holder represents ("**Voting Register**"). The Voting Register shall be approved by the Holders' Meeting. Only those who, according to the register kept by EFi in respect of the Capital Securities, were Holders on the fifth (5th) Business Day prior to the Holders' Meeting, or proxies authorised by such Holders, shall, if holding any Adjusted Nominal Amount at the time of the meeting, be entitled to vote at the meeting and shall be registered in the Voting Register.
- 14.6 The chairman shall ensure that minutes are kept at the Holders' Meeting. The chairman shall record the date and place of the Holders' Meeting as well as resolutions adopted by the Holders' Meeting and results of voting. The Voting Register shall be incorporated in, or be attached to, the minutes. The minutes shall be signed by the keeper of the minutes. The minutes shall be attested by the chairman of the meeting, where the chairman has not kept the minutes, and by at least one Holder appointed by the meeting to attest the minutes. The minutes shall thereafter be provided to the Holders no later than seven (7) Business Days after the meeting. Should the Holders' Meeting resolve to amend these Terms and Conditions, the Terms and Conditions as so amended shall be attached to the minutes and be provided by the Issuer to EFi. The minutes shall be safely kept by the Issuer.
- 14.7 The Holders' Meeting or the Written Procedure is quorate if Holders representing not less than one fifth (1/5th) of the Adjusted Nominal Amount are present or reply to the request (as applicable). However, in relation to resolutions in the following matters (an "**Extraordinary Resolution**"), the Holders' Meeting or Written Procedure is quorate only if Holders representing not less than one half (1/2) of the Adjusted Nominal Amount for which Holders are voting at a Holders' Meeting or for which Holders reply in a Written Procedure in accordance with the instructions given pursuant to Clause 14.3:
- (a) approving a change of a Reset Date, Interest Payment Date, Redemption Date or any term triggering the right of such redemption or any other terms relating to interest, reduction or cancellation of the amount payable and change of the currency in which payments under the Capital Securities are to be made;
 - (b) approving a substitution of the Issuer; and
 - (c) amendment to this Clause 14.

However, any amendment to these Terms and Conditions (including substitution of the Issuer) shall be made in accordance with the Clause 16 (*Amendments*). For the sake of clarity, any resolution at a Holders' Meeting or in the Written Procedure, which extends or increases the obligations of the Issuer, or limits, reduces or extinguishes the rights or benefits of the Issuer (other than in accordance with these Terms and Conditions), shall be subject to the consent of the Issuer.

- 14.8 If quorum does not exist at the Holders' Meeting or in respect of a Written Procedure, the Issuer shall convene a second Holders' Meeting (in accordance with Clause 14.2) or initiate a second Written Procedure (in accordance with Clause 14.3), as the case may be, provided that the relevant proposal has not been withdrawn by the person(s) who initiated the procedure for Holders' consent. When an adjourned Holders' Meeting or Written Procedure resumes, the Holders' Meeting or the Written Procedure shall, if Holders representing not less than one tenth (1/10th) of the Adjusted Nominal Amount are voting at a Holders' Meeting or for which Holders reply in a Written Procedure (in accordance with the instructions given pursuant to Clause 14.3), be deemed quorate and resolutions may, also in respect of Extraordinary Resolutions, be adopted by a simple majority of the votes cast.
- 14.9 Resolutions at Holders' Meetings or in a Written Procedure shall be adopted by way of voting. Each Holder entitled to vote shall have one (1) vote for each Nominal Amount of the Capital Security held by it. The Issuer and any Group Company shall not hold voting rights at the Holders' Meeting nor in the Written Procedure. In the event of a tied vote, the chairman shall have the casting vote. An Extraordinary Resolution shall, subject to Clause 14.7, be valid only where supported by Holders representing not less than three-fourths (3/4th) of the votes cast at the Holders' Meeting or in the Written Procedure. In all other matters (including but not limited to actions to be taken upon an enforcement event), resolutions by the Holders' Meeting or Written Procedure by shall be adopted by a simple majority of the votes cast.
- 14.10 Resolutions adopted at a duly convened and held Holders' Meeting or by way of a Written Procedure shall be binding on all Holders, whether or not present at the Holders' Meeting or replying to the Written Procedure and

whether or not supporting the resolutions. No Holder shall be held responsible for any damage any resolution of a Holders' Meeting or by way of a Written Procedure may cause to another Holder.

- 14.11 If a Holders' Meeting is convened or a Written Procedure arranged for the approval of a Corporate Restructuring Event and a resolution to approve that Corporate Restructuring Event is adopted in accordance with this Clause 14, such resolution shall be binding on all Holders in accordance with Clause 14.10 and as a result of the adoption of such resolution each individual Holder shall be deemed to have waived its statutory right to oppose the Corporate Restructuring Event in question.
- 14.12 The Issuer shall reimburse all actual out-of-pocket costs and expenses incurred by the Calculation Agent and EFi in connection with a Holders' Meeting or a Written Procedure, regardless of who requested the meeting or procedure.

15. NOTICES

- 15.1 Notices concerning the Capital Securities (including calling Holders' Meetings and Written Procedure) shall be published (i) on the official website of the Issuer and (ii) by a press release or a stock exchange release, as appropriate under applicable law. Any notice delivered by a press release or a stock exchange release shall be deemed to have been received by the Holders when so published by the Issuer.
- 15.2 In addition to, or alternatively to, the procedure described in Clause 15.1 above, the Issuer may deliver notices concerning the Capital Securities in writing directly to Holders (e.g., through EFi's book-entry system or account operators of the book-entry system).
- 15.3 Notices (including requests for Holders' Meetings and Written Procedures) shall be given to the Issuer at the following address, or any substitute address notified to the Holders:

Purmo Group Plc

Attention: Tanja Träff, Group Treasurer
Bulevardi 46
00120 HELSINKI
Finland

- 15.4 Notices (including requests for Holders' Meetings and Written Procedures) shall be given to the Calculation Agent at the following address, or any substitute address notified to the Holders:

OP Custody Ltd

Gebhardinaukio 1
FI-00510 HELSINKI
Finland

- 15.5 Failure to send a notice or other communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

16. AMENDMENTS

- 16.1 All amendments to these Terms and Conditions (including without limitation to those set forth in Clause 14 (*Holders' Meeting and Written Procedure*)) with binding effect for all Holders, the Calculation Agent and the Issuer are possible only provided that such amendment has been duly approved by the Issuer and a Holders' Meeting or a Written Procedure in accordance with Clause 14 (*Holders' Meeting and Written Procedure*) or all Holders and the Issuer otherwise agree to such amendment.
- 16.2 Notwithstanding the foregoing, the Calculation Agent and the Issuer may, however, without the consent of the Holders, agree on (i) the replacement of the Calculation Agent or (ii) any amendment of these Terms and Conditions which is of a formal, minor or technical nature or which is made to correct a clear and manifest error.
- 16.3 The Issuer shall promptly notify the Holders of any amendments or waivers made in accordance with Clause 14 (*Holders' Meeting and Written Procedure*), setting out the date from which the amendment or waiver will be effective. The Issuer shall ensure that any amendments to these Terms and Conditions are duly registered with the EFi and each other relevant organisation or authority.

16.4 An amendment to these Terms and Conditions shall, in the case of amendments resolved upon by a Holders' Meeting or by way of a Written Procedure, take effect on the date determined by the Holders Meeting or in the Written Procedure, or, in the case of amendments made by the Calculation Agent and the Issuer pursuant to Clause 16.2, on the date determined by the Calculation Agent and the Issuer.

17. FURTHER ISSUES

The Issuer shall, from time to time and without the consent of the Holders, have the right to create and issue further capital securities ranking *pari passu* in all respects and having the same terms and conditions as the Capital Securities, other than the amount and date of the first payment of interest thereon, and so that the same shall be consolidated and form a single series with the outstanding Capital Securities. For the avoidance of doubt, this Clause 17 shall not limit the Issuer's right to issue any other capital securities.

18. NOMINEE REGISTRATION AND RIGHT TO INFORMATION

In respect of Capital Securities registered in the name of a nominee, the Act on the Book-Entry System and the Act on Book-Entry Accounts and the rules and regulations of EFi shall apply to the extent not validly otherwise provided in these Terms and Conditions. Notwithstanding any secrecy obligations, the Issuer shall, subject to the rules and regulations of EFi and applicable laws, be entitled to obtain information on the Holders from EFi and EFi shall be entitled to provide such information to the Issuer. Furthermore, the Issuer and the Calculation Agent shall, subject to the rules and regulations of EFi and applicable laws, be entitled to obtain from EFi a list of the Holders, provided that it is technically possible for EFi to maintain such list. Each Holder shall be considered to have given its consent to actions described above by subscribing or purchasing a Capital Security.

19. LIMITATION OF LIABILITY

19.1 None of the Issuer, the Calculation Agent and EFi (each a "**Protected Party**") shall be held responsible for any damage arising out of any Finnish or foreign legal enactment, or any measure undertaken by a Finnish or foreign public authority, or war, strike, lockout, boycott, blockade or any other similar circumstance. The reservation in respect of strikes, lockouts, boycotts and blockades applies even if a Protected Party takes such measures, or is subject to such measures.

19.2 Any damage that may arise in other cases shall not be compensated by any Protected Party if it has observed customary care. No Protected Party shall in any case be held responsible for any indirect damage, consequential damage and/or loss of profit.

19.3 Should there be an obstacle as described above for a Protected Party to take any action in compliance with these Terms and Conditions, such action may be postponed until the obstacle has been removed.

19.4 The provisions in this Clause 19 apply unless they are inconsistent with the provisions of the Act on the Book-Entry System and Clearing Operations, the Act on Book-Entry Accounts and the rules and regulations of EFi, which provisions shall prevail.

20. LISTING AND SECONDARY MARKET

An application will be made to have the Capital Securities listed on the official list of Nasdaq Helsinki Ltd within three (3) months from the Issue Date and continue to being listed thereon as long as any Capital Securities are outstanding.

21. GOVERNING LAW AND JURISDICTION

21.1 The Capital Securities and these Terms and Conditions shall be governed by and construed in accordance with Finnish law.

21.2 The courts of Finland, with the District Court of Helsinki (*Helsingin käräjäoikeus*) as the court of first instance, shall have non-exclusive jurisdiction in relation to any dispute arising out of or in connection with these Terms and Conditions or the Capital Securities (including a dispute regarding the existence, validity or termination of these Terms and Conditions or the Capital Securities).

22. **ISIN**

The ISIN code of the Capital Securities is FI4000548896.

ADDITIONAL INFORMATION ON THE ISSUE OF THE CAPITAL SECURITIES

This overview is an overview of certain key features of the Offering and the Capital Securities. Any decision by an investor to invest in any Capital Securities should be based on a consideration of this Prospectus as a whole, including the information incorporated by reference herein.

Unless otherwise stated herein or the context otherwise requires, capitalised terms used below shall have the meaning ascribed to them in the Terms and Conditions.

Issuer:	Purmo Group Plc, a public limited company incorporated in Finland.
Issuer's LEI code:	743700JHE9365SIHRE72.
Risk Factors:	Investing in the Capital Securities involves risks. The principal risk factors relating to the Issuer and the Capital Securities are discussed in section "Risk Factors" of this Prospectus.
Joint Lead Managers:	Nordea Bank Abp and OP Corporate Bank plc.
Type and class of the Capital Securities:	Unsecured and subordinated perpetual green capital securities with and aggregate principal amount of EUR 60,000,000.
Ranking of the Capital Securities:	<p>The Capital Securities constitute direct, unsecured and subordinated obligations of the Issuer. In the event of a voluntary or involuntary liquidation, a bankruptcy or a company reorganisation of the Issuer, the rights of the Holders to payments of the principal amount of the Capital Securities, Accrued Interest and any other amounts due in respect of the Capital Securities rank and will rank:</p> <ul style="list-style-type: none">a) <i>pari passu</i> without any preference among themselves;b) at least <i>pari passu</i> with any other present capital securities or future outstanding New Capital Securities (as defined in the Terms and Conditions) of the Issuer;c) in priority to payments to holders of all classes of share capital of the Issuer in their capacity as such holders and any other obligation of the Issuer (including New Capital Securities) expressed by its terms as at its original issue date to rank, or pursuant to applicable Finnish law rank, junior to the Capital Securities; andd) junior in right of payment to the payment of any present or future claims (i) of all unsubordinated creditors of the Issuer, and (ii) of all creditors of the Issuer in respect of Issuer Subordinated Indebtedness, if any.
Form of the Capital Securities:	Securities in dematerialised, book-entry form issued in the Infinity-book-entry securities system maintained by Euroclear Finland Oy.
ISIN Code of the Capital Securities:	FI4000548896.
Depository and settlement system:	Euroclear Finland Oy, Urho Kekkosen katu 5 C, FI-00100, Helsinki, Infinity book-entry securities system of Euroclear Finland Oy.
Issue Price of the Capital Securities:	Issue price of 100.00 per cent.
Minimum subscription amount:	EUR 100,000.

Denomination of a book-entry unit:	EUR 20,000.
Issue Date:	23 February 2023.
Reset Date:	23 February 2026.
Maturity:	Perpetual. The Capital Securities are undated securities with no specific maturity date.
Interest on the Capital Securities:	9.500 per cent fixed rate for the first 3 years, payable annually in arrears (Basis is Act/Act ICMA). After Reset Date reset to a Floating Interest Rate of 3mE+Re-Offer Spread + step-up of 500 bps. payable quarterly in arrears (Basis is ACT/360).
Reference mid-swap rate:	3.355 per cent.
Re-Offer Spread:	614.5 bps.
Optional Redemption:	At par, Reset Date 23 February 2026 (3Y) and every interest payment date thereafter.
Special Events Optional Redemption:	Tax Event (101% / par), Accounting Event (101% / par), Corporate Restructuring Event (101% / par), Withholding Tax Event (par), Replacing Capital Event (103% / par), Clean-up Call 75% (101% / par), Change of Control Call Event (par; 500 bps step-up if not called or acquired an investment grade rating).
Purchases:	The Issuer or any of Purmo Group's subsidiaries may at any time purchase Capital Securities in any manner and at any price. If purchases are made by tender, tenders must be available to all Holders alike. The repurchased Capital Securities may be resold or nullified.
Guarantee:	None.
Issuer Agent and Paying Agent:	OP Custody Ltd.
Publication date and investors:	The result of the Offering was announced on 16 February 2023 and the Capital Securities were allocated to certain eligible counterparties, professional clients and retail clients (as such definitions have been defined in Directive 2014/65/EU).
Applicable law:	Finnish law.
Description of restrictions on free transferability of the Capital Securities:	Each Note will be freely transferable after it has been registered into the respective book-entry account and transfers of Capital Securities may only be effected through, and title thereto will only pass upon, registration and transfer in such Book-Entry Accounts
Listing:	An application will be made to have the Capital Securities listed on the official list of the Helsinki Stock Exchange maintained by Nasdaq Helsinki Ltd within three (3) months from the Issue Date and continue to being listed thereon as long as any Capital Securities are outstanding.
Interests of the participants of the Offering:	The Joint Lead Managers and other entities within the same group and/or their affiliates may have performed and may in the future perform investment or other banking services for the Issuer in the ordinary course of business for which they may have received and may continue to receive customary fees and commissions.
Interests of the Joint Lead Managers:	Business interest normal in the financial markets.

Estimated net amount of the proceeds:	The aggregate net proceeds to the Issuer from the Offering, after deduction of the fees and expenses payable by the Issuer, will be approximately EUR 59.4 million.
Use of proceeds:	The Issuer shall use the proceeds from the issue of the Capital Securities, less the costs and expenses incurred by the Issuer in connection with issue of the Capital Securities, for financing or refinancing eligible green assets or expenditures or otherwise in accordance with the Issuer's Green Finance Framework.
Credit rating:	None.
Estimated total expenses related to the Offering and Listing:	The total estimated fees and expenses incurred in connection with the Offering and Listing and payable by the Issuer amount in aggregate to approximately EUR 0.6 million.
Date of the entry of the Capital Securities to the book-entry system:	Capital Securities subscribed and paid for have been entered by the Issuer Agent to the respective book-entry accounts of the subscribers by 23 February 2023 in accordance with the Finnish legislation governing book-entry system and book-entry accounts as well as regulations and decisions of Euroclear Finland Oy.

INFORMATION ABOUT THE ISSUER

Overview

The business name of the Issuer is Purmo Group Oyj, in English Purmo Group Plc. Purmo Group is a public limited liability company incorporated in Finland on 1 March 2018, and organised under the laws of Finland. Purmo Group is registered in the Finnish Trade Register under business identity code 2890898-5 and it is domiciled in Helsinki, Finland. Purmo Group's registered address is Bulevardi 46, 00120 Helsinki, Finland, and its telephone number is +358 9 6188 3188. Purmo Group's legal entity identifier code (LEI) is 743700JHE9365SIHRE72.

According to Article 2 of Purmo Group's Articles of Association, Purmo Group's field of business is to develop, manufacture and trade in products related to indoor climate comfort solutions, including heating and cooling equipment, as well as engage in other business related to these areas, such as development of software and offering of services. The business operations are to be conducted either directly or via affiliated companies or other group companies. In addition, Purmo Group may engage in other industrial business activities as well as own and hold real estate, securities and other movable property.

Purmo Group is a leader in sustainable indoor climate comfort solutions in Europe according to Purmo Group's management estimates based on BRG's market studies in 2022 (Radiators) and 2021 (RHC). Purmo Group provides complete heating and cooling solutions to residential and non-residential buildings, including radiators, underfloor heating, heat pumps, towel warmers, valves and controls. Products are mainly sold via sanitary and heating wholesalers to installers and end-consumers. Purmo Group's mission is to be the global leader in sustainable indoor climate comfort solutions. Sustainability is at the centre of Purmo Group's vision, according to which perfect indoor climates should not cost the planet's climate.

Purmo Group's headquarters is located in Helsinki, Finland and Purmo Group has approximately 3,400 employees operating in 24 countries, manufacturing and distributing top quality products and solutions to customers in more than 100 countries globally.

Corporate History

The roots of Purmo Group are in the village of Purmo in Finland. The business has grown to become a leader in indoor climate comfort solutions in Europe through successful operations, mergers and acquisitions according to Purmo Group's management estimates based on BRG's market studies for radiators market (2022) and RHC market (2021). Additionally, according to the same market study, Purmo Group has a top one (1) position in radiators and a top four (4) position in RHC in Europe as regards market share based on volumes.

Purmo Group's history can be traced back to 1953, when Purmo-Tuote Oy was established by three Purmo based entrepreneurs. In 1971, the company was subsequently acquired by Strengberg of the Rettig group, today Rettig Group Plc.

Purmo Group's first sales offices were established in the 1970s, and in the 1980s it acquired its first radiator factories outside of Finland. Thereafter, Purmo Group continued its growth from a regional to a global player in panel radiators by building up a radiator production platform. This was carried out through the acquisitions of further factories across Europe and by establishing a global footprint of sales offices and subsidiaries.

In 1992, a sales office was opened in Poland and in 1993, Purmo Group acquired Silesia radiator factory in Rybnik, Poland. The factory was developed into a modern production site and Purmo Group's largest panel radiator factory in Europe to serve the Eastern European market.

In the early 2000s, Purmo Group acquired strong brands under its multi-brand strategy (such as Delta, Vogel&Noot, MYSON, Finimétal, Thermopanel, LVI and MMA). In 2003, the single business area of Rettig Indoor Climate Comfort (Rettig ICC) was formed.

Having operated under a multi-brand strategy, Purmo Group switched its focus to portfolio integration and brand consolidation and built up an integrated pan-European platform. In the process, Purmo Group carried out structural measures to create a more function-based organisation, making changes to its processes and closing factories, among other things.

In 2012, Purmo Group acquired Hewing GmbH, a manufacturer of for example high-quality PE-Xc pipes, to establish a position in underfloor heating, thereby diversifying its portfolio into adjacent climate comfort systems. It continued rationalising its geographical footprint to achieve further cost efficiencies.

The acquisition of 91 per cent of shares in Emmeti S.p.A in 2015 (remaining nine (9) per cent stake was acquired in 2019) further expanded Purmo Group's manufacturing footprint and its offering of indoor climate solutions in underfloor heating, pipe fittings and controls as well as increased its sales presence in Italy and Brazil. This set the foundation for building leadership positions outside of the radiator business. In 2018 to 2019, Purmo Group's product portfolio was further expanded through the acquisitions of the Sweden-based Sigarth AB, a market leader in radiator suspension systems and accessories, and the decorative steel tubular business of Quinn Radiators Ltd in the UK. This further strengthened Purmo Group's position in the radiator business. In 2019, Purmo Group also opened a new, modern factory in Yangzhou, China. In 2021, Purmo Group began local production of radiators in Russia. At the end of March 2022, Purmo Group took the decision to exit its business in Russia and will seek to divest and complete an orderly transfer of the business to a new owner, in compliance with international and local laws in Russia. In 2022, Purmo Group expanded its offering in underfloor heating systems by acquiring the entire share capital of TT Thermotech Intressenter AB, a Nordic heating systems company.

Since 2018, Purmo Group has undergone an internal reorganisation to transform the company from an operative business area of Rettig Group to an independent, wholly owned portfolio company of Rettig Group. These measures have included transferring all shares in the former company Rettig ICC B.V. to the new Purmo Group Ltd, established in April 2018, relocating its headquarters from the Netherlands to Finland, transferring key trademarks from Rettig Group to Purmo Group, simplifying the group structure, rebranding the company from Rettig ICC to Purmo Group as well as measures to improve the company's governance. Under its new structure and name, Purmo Group continued to optimise its radiator footprint in radiators, underfloor heating and adjacent products and to ramp-up its capabilities to sell whole solutions.

In 2020, the group embarked upon PGUp – an ambitious raft of operational performance improvements right across its business. In addition to finding considerable improvements in profitability, it developed a new level of adaptability. Having also refreshed its company culture, which aims to develop strong innovation, collaboration and initiative, Purmo Group was now ready to embrace the growth offered by its new strategy.

On 8 September 2021, Virala Acquisition Company Plc, a SPAC company listed on the official list of Nasdaq Helsinki, 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

Throughout Purmo Group's history, the company has been anticipating the direction of the industry in which it operates – from taking a major role in the rebuilding of the infrastructure in eastern Europe to taking advantage of the development of the pan-European market and beyond. Today, Purmo Group has a complete offering of heating and cooling solutions and according to Purmo Group's management estimates based on BRG's market studies for radiators (2022) and RHC markets (2021), is a leader in sustainable indoor climate comfort solutions in Europe, as it has a top one (1) position in radiators and a top four (4) position in RHC in Europe as regards market share based on volumes. The company is committed to delivering solutions that address the growing demand of sustainable solutions on a global scale.

Purmo Group's business operations

According to Purmo Group's management estimates based on BRG's market studies for radiators and RHC markets, Purmo Group is a leading manufacturer of hydronic radiators as well as other heating and cooling products. The market position estimate in radiators is based on European radiator volumes and market position in RHC is based on radiant heating and cooling solutions including underfloor heating and radiant panel volumes. With its broad product offering, Purmo Group is well positioned to offer integrated indoor climate comfort solutions. Purmo Group's products are sold under different brands globally and its core customer markets are mainly located in Europe. Purmo Group is only active in the manufacturing and distribution stages of its value chain and does not operate in its products' installation stage.

The most significant countries in terms of sales for Purmo Group are Germany, the United Kingdom, Italy, Sweden and Poland, which together form approximately 59 per cent of the sales of Purmo Group. The following table presents net sales of Purmo Group by geographical area for the years ended 31 December 2022 and 31 December 2021.

In EUR million	For the year ended 31 December	
	2022	2021
	(audited)	(audited)
Northern Europe ¹⁾	191.0	161.1
Western Europe.....	337.2	326.6
Central and Eastern Europe.....	174.5	201.5
Southern Europe.....	142.4	102.0
Rest of the world.....	58.9	52.4
Total	904.1	843.6

1) Net sales in Finland (Purmo Group's country of domicile) totalled to EUR 17.8 million (14.0).

Purmo Group's business divisions

Purmo Group's business operations were run through two divisions until the end of the financial year 2022: Radiators and ICS. The divisions were responsible for sales and marketing, operations, logistics, product management, innovation and research & development. Purmo Group markets its products under strong brands recognised for product quality, such as Emmeti, Finimetal, F.I.V, LVI, MMA, Myson, Purmo, Radson, Vogel&Noot, Thermotech and Merriott. The largest direct customers are sanitary and heating wholesalers based in Northern, Western, Southern and Eastern Europe but also in the rest of the world (including Brazil, China, Japan and the United States).

From 1 January 2023, Purmo Group's business operations have been run by two new divisions: Climate Products & Systems, which sells through the wholesaler channels; and Climate Solutions, which sells integrated solutions directly to installers served by Purmo Group's Emmeti business in Southern Europe and Thermotech business in the Nordic region.

Climate Products & Systems

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

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

Climate Solutions

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

Purmo Group will start reporting based on the new organisation structure from the first quarter of 2023 onwards. Therefore, the market information and Purmo Group's figures below are based on the two operational divisions applicable until year end 31 December 2022.

The following table presents net sales of Purmo Group by Radiators and ICS division for the years ended 31 December 2022 and 31 December 2021:

In EUR million	For the year ended 31 December	
	2022	2021
	(audited)	(audited)
Radiators.....	478.7	506.3
ICS.....	425.3	337.2
Total	904.1	843.6

Radiators division

According to Purmo Group's management estimates based on BRG's market studies for radiators market in 2022 (updated in October 2022), Purmo Group's Radiators division is the leading European manufacturer of radiators in terms of sales volume. In 2022, Purmo Group's Radiators division generated EUR 478.7 million in net sales and EUR 50.3 million in Adjusted EBITDA.

Radiators' global demand is driven by stable new construction, residential and non-residential repair, maintenance and improvement spending. In terms of end-market breakdown for the sales of Purmo Group's Radiators division, approximately 90 per cent of sales come from the residential market and approximately 10 per cent from the non-residential market. Alternatively, approximately 40 per cent of the sales come from the new build end-market, and approximately 60 per cent from the repair, maintenance and improvement end-market.

The Radiators division targets its operating markets' premium quality radiator products segment. According to Purmo Group's management estimates based on BRG's market studies for radiators market in 2022 (updated in October 2022), Purmo Group's local brands, including Purmo in the Nordic countries, Germany, Poland, China and Japan, Vogel & Noot in Austria, Radson in the Netherlands, Belgium and Luxembourg, Myson in the United Kingdom, Ireland and the United States, and Finimetal in France are well known in their respective regions among installers and specifiers. Purmo Group boasts a broad geographical footprint through its portfolio brands with its pan-European presence and direct access to China via local manufacturing. The radiator products are mainly sold as complete packages through wholesalers to installers, which according to the company's management emphasises wholesaler relationships as a key competitive advantage.

The Radiators division manufactures two (2) broader product categories: panel radiators and tubular radiators. The panel radiators category comprises three (3) sub-categories: horizontal panel radiators, horizontal designer radiators, and low-temperature radiators. Horizontal panel radiator is the most popular heat emitter type in Europe and Asia, providing flexibility in dimensions and connection variants, and the value of the sales of the product category is expected to grow. Horizontal and vertical designer panel radiators are the decorative versions of panel radiators. Horizontal designer radiators is a strongly growing product category both in Western and Eastern Europe and Purmo Group offers such products in many variants and colours and is currently developing a new model for the category. Purmo Group has also an extensive portfolio of vertical radiators, and the models developed on the panel radiator platform generate high margins for Purmo Group.

The other radiators category comprises three sub-categories: towel warmers, decorative tubular radiators, and electric radiators. Additionally, the other radiators category accounts for radiator accessories sales. Purmo Group's decorative tubular radiators offering includes a design collection including decorative products based on tubular platform, but also products such as column radiators, which are laser welded. Purmo Group offers many different models of bathroom radiators, using different technologies like weld-in or weld-on, round-tube or flat-tube. Purmo Group's towel warmers product portfolio targets customers in the mid-end segment. Purmo Group offers a full range of electric radiators based on both panel and tubular technology. Purmo Group also has the capability to offer the possibility of controlling the products via a smartphone app. Increasing advanced technologies in this respect is part of Purmo Group's strategy and Purmo Group is currently preparing the next smart generation for the category.

Indoor Climate Systems (ICS) division

Purmo Group's ICS division provides a broad range of components as well as products and systems to specifiers, developers, installers and wholesalers primarily in the residential and institutional sectors. 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 RHC including underfloor heating systems, air heating and cooling including air-conditioning, heat pumps, fan convectors and ventilation, water-distribution and connection systems, as well as HVAC system components such as hydronic and electronic controls and flow balancing technology.

As a significant player in the radiant heating and cooling market in Europe with a broad product offering, Purmo Group's management estimates it is the only radiator manufacturer to offer a full range of radiant emitter systems.³ Hence, Purmo Group is well positioned to offer complete energy-efficient, heating and cooling solutions in addition to single products.

For the year ended 2022, Purmo Group's ICS division generated EUR 425.3 million in net sales and EUR 51.9 million in Adjusted EBITDA. Purmo Group's ongoing transition to a solutions sales model is designed to generate additional demand and higher margins.

³ Source: Purmo Group's management estimates based on BRG's market studies RHC market in 2021.

In terms of end-market breakdown for the sales of Purmo Group's ICS division, 90 per cent of sales come from the residential market and approximately 10 per cent from the non-residential market. Alternatively, approximately 70 per cent of the sales come from the new build end-market, and approximately 30 per cent from the repair, maintenance and improvement end-market.

Purmo Group's ICS division provides a comprehensive range of components or full systems to specifiers, installers and wholesalers in both residential and non-residential sectors. According to Purmo Group's management estimates based on BRG's market studies RHC market in 2021, Purmo Group's brands are associated with certified, high-quality products across the whole product range. The ICS division utilises customer service, which is tailored to cater local, market specific customer needs in conjunction with a global network of sales and marketing teams.

The ICS division comprises four product categories: radiant heating and cooling (RHC), air heating and cooling, water distribution systems, as well as system components and controls. Under the radiant heating and cooling category, Purmo Group manufactures two sub-categories: underfloor (and wall) heating and cooling as well as radiant ceiling panels. Underfloor heating and cooling products supply integrated underfloor heating systems, which include pipes, manifolds, insulation, controls and fixing systems. The products enable a uniform distribution of heat, which provides an increased level of comfort for the end-user. Radiant heating panels include radiant insulated panels that can be fixed to the ceiling allowing installation of heating and cooling system across residential and commercial buildings.

Air heating and cooling comprises three sub-categories: convectors, air conditioning and ventilation. Convectors are a key element in cooling systems and provide a wide range of solutions for all building types. Heat pumps (reversible) act as an energy generator and a sustainable alternative to fossil fuelled boilers, and in conjunction with a hydronic system they can provide heating and cooling. Purmo Group's offering includes inverter heat pumps for residential and commercial buildings. The ventilator products include local and central heat recovery ventilation for new build and renovation. Ventilation systems deliver fresh air to the room(s) and remove stale air, while recovering the energy in the exhausted air.

The water distribution systems comprise two sub-categories: high pressure pipes and fittings. High-pressure, embedded multi-layer pipes circulate hot and cold water for heating and cooling. Other pipe and fitting systems include those used in the installation of air conditioning, and the distribution of gas, primarily indoors. The fittings offering includes brass and plastic leak before press (LBP) fittings, slide-and-sleeve and push-fit fittings. Pipes and fittings generally require certification, thus making them an approved system. Purmo Group's base pipe offering includes a number of different pipe technologies, such as PEX-C, PEX-B, PERT and PEX-Penta in the plastic range and PEX-C / Aluminium / PEX-C, PEX-B / Aluminium / PEX-B and PERT / Aluminium / PERT in the multilayer range.

The system components and controls category comprises of two (2) sub-categories: hydronic control valves and electronic controls. Hydronic control valves include manual and thermostatic radiator valves and thermostatic heads, static and dynamic balancing valves, ball valves for HVAC applications and gas distribution systems as well as other control valves and safety devices. The valves control the water flows throughout HVAC. Accessory products include, e.g., PV panels and other items associated with an HVAC system offering.

The electronic controls portfolio includes a range from mechanical dial thermostats to Wi-Fi enabled touch controls and a range (under development) utilising Zigbee 3.0 technology. Electronic controls provide effective precision control of heating systems. In addition, Purmo Group's smart controls connect all smart HVAC equipment into one unified system, which can be controlled via mobile app or voice control. Such unified system is compatible with and connectable to major smart home platforms.

Manufacturing and logistics

Manufacturing

Purmo Group has a total of 21 manufacturing locations across 12 countries. Purmo Group's radiator products are manufactured in 13 manufacturing locations across 11 countries in Austria, Belgium, France, Germany, Hungary, Poland, Sweden, United Kingdom as well as in Turkey, Russia and China. Purmo Group's ICS products are manufactured solely on European locations in eight (8) different manufacturing locations across three (3) countries in Germany, Italy and Sweden. The capacity utilisation levels at Purmo Group's plants are currently in the range of 75 to 85 percent, depending on the type of products manufactured. Purmo Group's manufacturing site in Yangzhou, China, currently utilises approximately 78 per cent of its installed capacity.

At the centre of Purmo Group's manufacturing operations strategy is its local presence in its European core customer markets. Localised manufacturing in its core customer markets enables Purmo Group to service better and with shorter

lead times. Purmo Group is constantly looking for ways to optimise its manufacturing operations to drive cost efficiency as a competitive advantage. All Purmo Group's manufacturing and logistics plants except three have been certified for OHSAS 18001, which was replaced by ISO 45001 in March 2021. In addition, over 90 per cent of Purmo Group's employees are covered by an occupational health and safety standard ISO 45001.

As regards Purmo Group's ICS division's products, the main production plants for fittings, valves and manifolds are located in Italy in Brescia and Vigonovo. In the company's management's view, Brescia is the heart of the European brass production and is a leading region in terms of technology in this field. Pursuant to Purmo Group's strategy and sustainability targets, Purmo Group has acquired own brass-based manufacturing in the region. Core products manufactured at the aforementioned plants are fittings for tap water and sanitary applications as well as ball valves, TRVs and radiator valves as well as different versions of manifolds. The company also has a smaller pipe production for multilayer pipes in Forcate, Italy, serving mainly the local Italian market.

The main pipe production is located in Ochtrup, Germany. This plant is a modern production site for PE-Xc pipes with its own bunker facilities for irradiation of the tubes with beta rays. The plant produces a significant volume of PE-Xc and multilayer pipes and has specific know-how, making it a competitive pipe producer in Europe, according to Purmo Group's management.

Purmo Group also manufactures stainless steel chimneys in Lilienthal, Germany and insulation panels in Vienenburg, Germany. The company's plant in Markaryd, Sweden produces special balancing valves for Purmo Group. This requires a fully integrated production process and high flexibility. The Markaryd site is also the main production site for TRVs and also has its own wax-sensors technology to assure the highest control comfort for radiators.

As regards Purmo Group's Radiators division's products, the company's main panel radiator plants are in Rybnik, Poland and in Gateshead, UK. Other key plants include the radiator factories in Walcz (Poland), Moson (Hungary) and Zonhoven (Belgium).

Purmo Group is also the only Western radiator manufacturer with local production in China. Purmo Group opened its production plant in Yangzhou in 2019 with an opportunity to build a second production line. Purmo Group believes it is well-positioned to capture market growth and market share in China with the new Chinese plant. The plant strengthens its products' cost competitiveness in the local markets due to reduced transportation and labour costs as well as avoidance of customs duties and import VAT when compared to Purmo Group's European production.

Procurement

Purmo Group has a strong global supply chain network with limited dependency on any single supplier. The procurement function has developed from a country-based into a centralised function, starting with steel category management. As at the date of this Prospectus several other key raw materials and partially indirect categories are also sourced centrally. Exposure to raw material index movements is generally handled through annual sales price negotiations, where in periods of raw material price inflation, the increased prices are passed on to customers, including wholesalers. Short-term movements can be handled through hedging procedures where purchase prices are agreed in advance for a fixed period of time, such as for aluminium and brass. For raw materials where hedging is generally not available, such as steel, the use of annual contracts based on a lagging raw material index is used, where future supply volumes are priced at historical price levels on a rolling basis. During periods of rapid price increases in key raw materials, such as steel, sales prices will be negotiated more frequently with the aim of making continuous product price updates based on underlying raw material price development. For Purmo Group, steel and steel components represented the largest cost category with EUR 212 million incurred in 2022.

Distribution and logistics

Purmo Group's distribution model consists of three distinct routes from manufacturer to market, i.e. from Purmo Group to product installers.

The main distribution channel, which accounted for approximately 70 per cent of Purmo Group's sales in 2022, is through third-party wholesalers, such as GC Gruppe, Saint-Gobain, Wolseley, Ahlsell, GSH, and Onninen, where Purmo Group sells its offering to certain key wholesalers, who in turn distribute the products to installers. A key advantage of using wholesalers as the company's distribution channel is that much of the logistics and credit risks related to the distribution process are outsourced to the wholesaler. A key factor in stable relationships with important distributors is demand generation with installers. In addition, by offering certain product characteristics in its radiators and other "high bulk" items, such as size and shape, Purmo Group creates additional barriers to entry as distributors can only offer one to two

brands per outlet. To protect relationships with key wholesalers, Purmo Group also offers private label ranges on a selective basis alongside its branded portfolio.

In addition, Purmo Group distributes its branded offering through direct sales to installers (including using the Emmeti and Thermotech brands), sales to specialist dealers and fixed-price merchants as well as pure online sales. Purmo Group also sells to other manufacturers on an OEM basis. These channels together accounted for approximately 30 per cent of Purmo Group's sales in 2022.

Order fulfilment to customers is done by delivering a broad range of products on time through Purmo Group's logistics network. In its core markets in Europe, Purmo Group operates a pan-European logistics and support network with its own warehouses, capable of reaching any location in Europe in less than 24 hours.

Purmo Group is actively increasing the digitalisation of its value chain. For example, Purmo Group is developing Building Information Modelling (BIM) and Product Information Modelling (PIM) in-cloud solutions to allow live and location-independent project access by providing a direct channel between manufacturers and key decision makers to access, view and edit data. In addition to these advantages, the new digitalised solutions also pose challenges for Purmo Group as a manufacturer. Purmo Group needs to be able to provide data in a diligent manner as decision making and information gathering is digitalised. Increasing importance is also placed on Purmo Group's ability to handle multiple channels and to maintain existing relationships whilst building new ones. However, wholesalers are expected to remain the key distributors for large scale logistics and handling of credit risk.

Customers, sales and marketing

Purmo Group's customer base is diverse and its ten largest wholesaler customer groups accounted for approximately 41 per cent of Purmo Group's sales for 2022. The most important customer segment for Purmo Group's business is technical wholesalers. Purmo Group considers its relationships with some of Europe's largest wholesalers to constitute a key competitive advantage in the industry. Purmo Group's large customers primarily purchase branded products but in some instances private label products are also offered. In selected markets, Purmo Group's branded offering is sold directly to technical installers, which can provide Purmo Group better profit margins as the third-party distributor stage in the value chain is eliminated. Purmo Group also sells on an OEM basis to other manufacturers under its Hewing and Sigarth brands.

Purmo Group's customers are not bound by any minimum purchase obligations. However, to encourage customers to include Purmo Group's new products in their selection, certain of Purmo Group's existing customer agreements contain stock cleansing clauses and take-back obligations whereby Purmo Group may be obligated to repurchase any unsold new products from the respective distributor of the stock. However, the above-mentioned contractual terms and liabilities are rare and take-back obligations' amount in euros is insignificant. Some of Purmo Group's existing customer agreements have terms pursuant to which the customer is entitled to terminate the agreement on short notice. In addition, the guarantee clauses of Purmo Group's customer agreements vary geographically, but some of Purmo Group's existing customer agreements contain guarantee clauses whereby Purmo Group grants the products sold under such an agreement up to ten years' guarantee. For further information on the terms and conditions that may restrict Purmo Group's operations set out in Purmo Group's agreements, see section "*Risk Factors — Risks Related to Purmo Group's Business and Operating Environment — Purmo Group's agreements may become subject to early termination or include onerous terms, and loss of agreements may adversely affect Purmo Group's business*".

Purmo Group's wholesaler distribution channel is important especially for its radiator products' sales. Despite this, multiple industry trends, such as digitalisation, solutions selling and disintermediation are driving Purmo Group's sales increasingly towards direct and online influenced sales channels. This shift decreases wholesalers' influence in Purmo Group's value chain, as decision makers', such as technical installers' and specifiers' direct interaction with manufacturers increases. The shift is expected to be similar across the majority of product categories, but the rate of disintermediating distributors varies from country to country and the company's management expects the role of wholesalers to remain the strongest in established markets where there is a long tradition of radiators having a large market share as heat emitters, such as most of the Central European countries.

In contrast to Purmo Group's radiator products, which are generally sold as stand-alone products, Purmo Group's ICS products and solutions are increasingly sold as complete systems, consisting of several different products and Purmo Group's system integration service. This enables Purmo Group to deliver a sustainable, energy efficient, optimal and trustworthy solution to the customer thus saving the customer's time and resources. It also solves the customer's issue of limited experience in or knowledge of individual systems or components. Purmo Group's system solution services include e.g. specification, design and quotation services. Purmo Group also plans to increasingly offer complete solutions including both radiators and embedded systems (such as underfloor heating), in order to better meet the expectations of customers and offer them better comfort at an optimal price. Currently, some 70 to 75 percent of Purmo Group's ICS

offering and whole solutions offering comprise of Purmo Group's own products, while the rest of the products are outsourced.

Purmo Group maintains local sales and marketing presence across different geographies and functions, including sales support, customer service and product management. Its local expertise enables Purmo Group to offer customer driven solutions in accordance with local preferences in products and service. Additionally, Purmo Group believes that strong technical support and experienced local teams and specifications provide added value and thereby raise the customers' costs and risks associated with switching to competing products. Purmo Group's broad geographic presence supports lead conversion rate of solution sales in the ICS division's products.

An important part of Purmo Group's pull marketing strategy is to generate demand among influencers and key decision makers in its value chain, such as technical installers and specifiers, through strong specification service and product offering. Specification service involves pre-project consultation and advice, performance specification confirmation, design layout and post installation support. In addition, Purmo Group's sales force is experienced in solving customer's "pain points". These strategies clearly demonstrate Purmo Group's ability to innovate and manufacture high quality products and services, access and influence key decision makers, as well as benefit from its experience in solving specifiers' and other customers' needs in indoor climate comfort.

Purmo Group's Net Sales is a result of sales reported based on gross price for which sales adjustments mechanism is applied depending on local practices of each market and as agreed with each customer. Rebates consist of (i) group rebates agreed with certain multinational groups (ii) volume rebates (iii) contract support & development rebates with which Purmo Group is able to support certain contracts such as commercial projects or it may relate to specific brand contracts based on fixed volume targets and (iv) settlement discounts i.e. discount given for early payment or within a certain time frame. Points i, ii and iii are so called off-invoice terms which are accrued and paid afterwards on different periodic basis. Accruals are based on management estimates for which Purmo Group has a robust system and process in place, but the final settlement may deviate from the accruals.

Product development and innovation (PDI)

Purmo Group's product development and innovation (PDI) capabilities support its business plan execution and growth strategy. The PDI function is in charge of the company's research and development (R&D) and innovation and it is split between eight (8) locations across Europe, close to the company's manufacturing facilities. Of the eight (8) locations, four (4) support the Radiators division, and the other four (4) support the ICS division. As at the date of this Prospectus, the PDI function employs approximately 50 people. The PDI function in conjunction with Product Management collaborates with operations and sales to develop effective innovation. Its key responsibilities include product development and innovation, product line maintenance, patent monitoring and handling, technology road mapping, technical documentation and certification as well as communication with authorities and institutions. PDI has a key role in supporting operational excellence (through e.g. material choices, and design to cost initiatives) as well as supporting Purmo Group's sustainability and growth strategy.

Purmo Group's PDI process has clearly defined steps, deliverables and stakeholders. The seven-step PDI tollgate process begins with idea generation and proceeds on to project definition, followed by concept development, technical development, industrialisation, production, and finally market launch. The seven-step PDI process model allows systematic PDI project management across the company helping to speed up PDI projects. The PDI function strives for close collaboration between markets and PDI for better understanding of market demand. Purmo Group also utilises centralised project tracking system for a holistic view across markets for Radiators and ICS divisions.

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.

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.

Operational excellence

Operational excellence is an integral part of Purmo Group's operating model and sets the foundation for the company's strategy. The company has a track record of enhancing operational excellence and optimising its footprint. The company

has for example undertaken several manufacturing footprint improvement actions in order to secure further cost competitiveness. Such actions have in recent years included for example the restructuring of the distribution center in Jakobstad, Finland in 2020, the establishment of tubular radiator production in the UK and an extension of the Turkish tubular site in 2020 as well as the opening of a new factory in Yangzhou, China in 2019. The company's management has also identified further possible measures to solidify the company's cost position.

During the second half of 2020 and into 2021, Purmo Group carried out a clearly defined operational excellence program, (the "PGUp"), aimed at achieving operational excellence step-change and improving cost competitiveness across Purmo Group to support growth and fund future investments. Further, PGUp aimed to replace the temporary cost measures taken to manage the COVID-19 crisis with recurring savings. The key optimisation levers of the program included pricing, procurement, manufacturing, organisation as well as other matters, such as non-personnel IT cost savings. The program involved active Purmo Group teams, as evidenced by the close to 300 initiatives made under the program. The program generated recurring run-rate cost savings of approximately EUR 20 million as of June 2021, which exceeded the upper end of the targeted run-rate savings to be achieved by that time, replacing temporary savings during the COVID-19 pandemic.

The company has also commenced a new operational excellence program called PGOS (Purmo Group Operations System), the aim of which is to continually design better ways of working to reduce waste.

Mergers and Acquisitions (M&A)

Purmo Group has a track record of successful M&A-led growth and the current company structure is a result of a number of corporate transactions throughout its corporate history. Since 2008, Purmo Group and its predecessor have acquired targets with revenues of approximately EUR 214 million in total.⁴ In more recent years, by acquiring 91 per cent of the shares in Emmeti S.p.A in 2015 (remaining nine per cent stake was acquired in 2019), the company further expanded its geographical footprint and started building on its position in the RHC market by acquiring new technologies and businesses such as the heat pump, air conditioning and solar panel businesses. In 2018 and 2019, Purmo Group carried out further corporate transactions, such as the acquisitions of Sigarth AB, a market leader in radiator suspension systems and accessories, and the decorative steel tubular business of Quinn Radiators Ltd in the UK. The acquisition of Sigarth AB complemented the company's radiator offering with a well-known brand and the Quinn acquisition further strengthened the company's foothold in the UK market while also bringing new customer relationships. In 2021, Purmo Group gained access to local low-cost manufacturing in Russia by completing the acquisition in April 2021. Local production was considered as a prerequisite for participating in certain tender processes in Russia. However, in March 2022, Purmo Group took the decision to exit its business in Russia and is currently seeking to divest its operations in Russia. The acquisition regarding the local low-cost manufacturing in Russia further increased the company's radiator production capacity and freed up capacity at the Rybnik plant in Poland. Most recently, on 1 March 2022, Purmo Group acquired Nordic heating systems company Thermotech Intressenter AB's entire share capital. The acquisition supports Purmo Group's growth strategy: it brings smart technologies to Purmo Group's Indoor Climate System (ICS) offering, supports its solution-selling approach and strengthens Purmo Group's position in the Nordic underfloor heating market. See section "*– Material Agreements*".

M&A also constitutes a key part of Purmo Group's strategy. M&A is considered an inorganic growth enabler and Purmo Group will also in the future explore opportunities for consolidation and expansion. For further information, see section "*– Business strategy – M&A enabling growth*".

Group Structure

As at the date of this Prospectus, Purmo Group has several subsidiaries in different countries and Purmo Group Ltd is responsible for, among other things, the management of the group as well as finance functions and legal affairs. The business operations of the group, such as manufacturing and sales, are carried out mainly by the division head companies in the UK and in Poland.

As at the date of this Prospectus, Purmo Group has a total of 39 subsidiaries. The following table presents the subsidiaries of Purmo Group along with respective ownership shares of Purmo Group as at the date of this Prospectus.

Subsidiaries of Purmo Group	Consolidated shareholding and voting right (per cent)	Country of incorporation
Purmo Group Plc	Parent	Finland
Purmo Group Finland Oy Ab	100	Finland

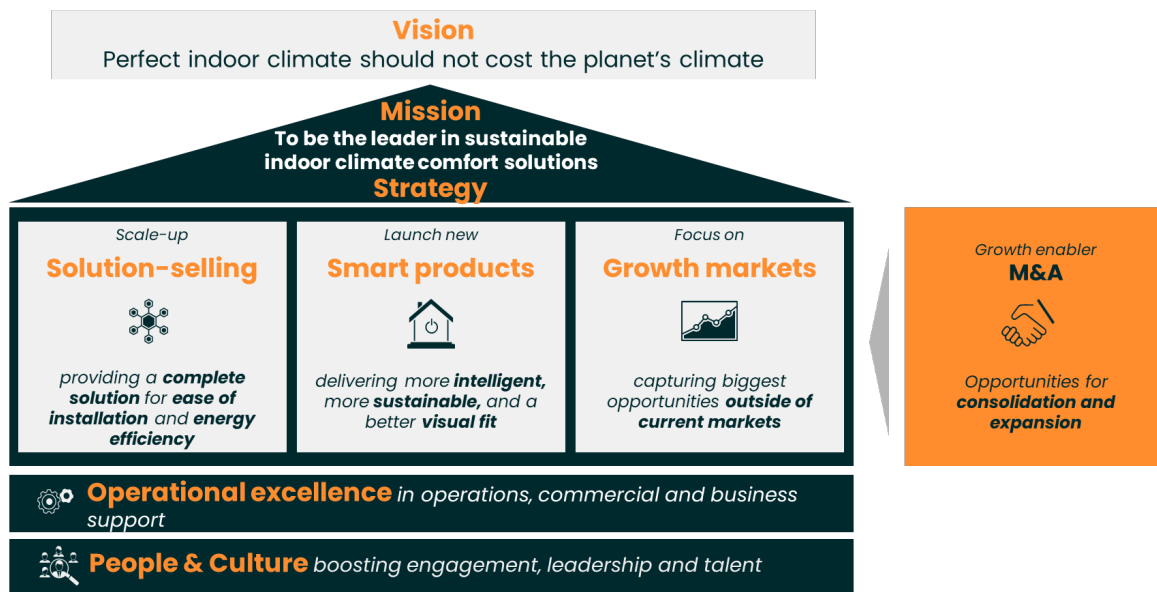
⁴ Based on revenues from the acquired businesses at the time of acquisition.

Purmo Group Latvia SIA	100	Latvia
Purmo Group Estonia AS	100	Estonia
ZAO EVRA Varne RUS	100	Russia
Purmo Group Denmark ApS	100	Denmark
Rettig Heating Equipment (Jiangsu) Co. Ltd	100	China
Purmo Group Poland Sp. z o.o	100	Poland
Purmo Group Sweden AB	100	Sweden
Emmeti S.p.A	100	Italy
Emmeti Iberica S.L.	100	Spain
Fabbrica Italiana Valvole S.r.l	100	Italy
Sigarth GmbH	100	Germany
Sigarth Sp. z o.o.	100	Poland
PG Austria GmbH	100	Austria
PG Slovenija d.o.o.	100	Slovenia
PG Hungary Kft	100	Hungary
PG Hrvatska d.o.o	100	Croatia
PG Germany GmbH	100	Germany
Hewing GmbH	100	Germany
NORAL GmbH & Co. KG	100	Germany
Purmo Group Belgium NV	100	Belgium
PG Ceska s.r.o	100	Czech Republic
Purmo Group USA Inc	100	United States
Purmo Group Turkey Ticaret ve Sanayi A.S.	100	Turkey
Purmo Group Romania srl	100	Romania
CAN Sp. z o.o	100	Poland
Purmo Group France SAS	100	France
Purmo Group (UK) Ltd	100	United Kingdom
Purmo Group UK Pension Trustee Limited	100	United Kingdom
Vogel&Noot Products Ltd.	100	United Kingdom
SFERA Comercial e Importadora	100	Brazil
Euroradiators Holding B.V.	51 ¹	Netherlands
Evradiators LLC Russia	100	Russia
Thermotech Management Services Ab	100	Sweden
Thermotech Scandinavia Ab	100	Sweden
Thermotech Scandinavia Finland Oy	100	Finland
Thermotech Pipeline Oy	100	Finland
Rettig Heating Group UK Ltd.	100	United Kingdom
Purmo Group Ireland Ltd.	100	United Kingdom

¹⁾ Remaining 49 per cent held by Robert Bosch Investment Nederland B.V.

Business strategy

Clear and well-defined strategy



Purmo Group's strategy is built on three pillars to realise its mission of becoming the global leader in sustainable indoor climate comfort solutions. These are:

- Solution-selling – increase specification sales to sell whole solutions in the most mature core markets
- Smart products – launch new smart products (intelligent/sustainable/aesthetic) to deliver higher customer value and promote sustainability
- Growth markets – capture biggest opportunities beyond current core markets

Purmo Group will also be supportive of growth through M&A opportunities that support consolidation, expansion and diversification.

The strategy is supported by a strong foundation of operational improvement in:

- Operational excellence – pivoting to the next level of efficiency in operational, commercial and business support
- People and culture – focusing on employee engagement, values, leadership, skills and competence development

The different aspects of Purmo Group's strategy are described in more detail below.

Solution-selling

Purmo Group's strategic direction is to move from selling individual products or systems to selling increasingly comprehensive Purmo Group solutions. By combining Purmo Group's broad offering of equipment, controls and experience, Purmo Group can offer a significant amount of system combinations of hydronic and electrical systems (radiators and embedded in floors, ceilings or walls), radiant heating and cooling systems, and fast responding air-based convective heating and cooling systems. Purmo Group supplies components individually but has found that the best way to offer (i) lower operating costs, (ii) lower energy consumption, and (iii) the best indoor-climate experience, is not to look at the solution in parts but as a whole. This enables digging to the root of the challenge at hand to deliver what is an optimal solution that accounts for the customer's building, their finance, and their future outlook in a sustainable way. This is why whole solutions are at the core of Purmo Group's strategy.

Purmo Group strives to scale up solutions sales to increasingly sell a full end-to-end offering leveraging Purmo Group's strong brands, broad offering and sales model. Purmo Group has identified concrete measures to scale up solutions in Italy, Austria, the United Kingdom, Poland and Romania and elsewhere to capture potential in underpenetrated areas. Such measures include accelerating the sale of products requiring specifications, capturing whitespace in core markets and launching a solution sales programme with targeted technical recruitment of sales personnel. Additionally, Purmo Group's new organisation structure is designed to further support the solution sales strategy both direct to installers and to wholesalers. Purmo Group estimates that a successful solutions-selling strategy would increase "pull sales" effect for

Purmo Group's offering, i.e. customer demand created by specifying solutions for customers' needs and having their orders fulfilled by a wholesaler. A key relationship in the solutions-selling strategy is between Purmo Group and the specifiers, who make decisions or recommendations to the end-user on suitable HVAC systems. The specifiers and end-users benefit from Purmo Group's specification service, the value proposition of which depends on the specific circumstances of the project. For this purpose, it is essential that Purmo Group is able to offer specification services, has strong product offering, and builds relationships with specifiers.

Purmo Group sees potential in solution sales through 2 step channel (i.e. sales directly to installers) and its growth ambitions are to further grow this channel across Europe to benefit from growing segments of the market, including further offering in heat pumps and energy generation component of overall solution.

Smart products

Purmo Group defines 'smart products' in the following manner:

- It's smart because it's intelligent – able to quantify what it is doing, how hard it is working to do it, and to communicate with a bigger system
- It's smart because it's good-looking – it fits in aesthetically with its surroundings and contributes to a building that people want to be in
- It's smart because it's a highly sustainable choice – its manufacture, operation and end-of-life recyclability make it a sustainable choice for the environment

Purmo Group's strategy is to introduce more smart products to its offering and to improve or upgrade existing products wherever there's an opportunity. The technology, the looks, the performance – with smarter products and whole solutions, Purmo Group is able to move closer and closer to a time when a system will create the best possible indoor climate in an environment-friendly way.

The aim is to launch new smart products to deliver better customer value and promote sustainability. In order to achieve this aim, Purmo Group intends to future proof its product portfolio by responding to key market trends of sustainability and digitalisation, to launch products that meet market opportunities focused on intelligent, sustainable and aesthetic smart products and to strengthen its end-to-end offering to accelerate solution sales. As a result of delivering on this part of the strategy, Purmo Group has for example developed intelligent radiators that can identify their surroundings and optimise heating accordingly, developed new fan assisted radiators that are significantly more efficient than those without the feature as well as an underfloor heating system that heats up faster than normal systems. In addition, Purmo Group has a range of smart products ready for launch and it is working on introducing more across all key markets.

Growth markets

Through leveraging its strong platform, Purmo Group aims to capture the biggest growth opportunities outside of its current core markets (for further information on Purmo Group's core markets, see section "*Operating Environment and Megatrends – Operating Environment*"). Purmo Group has identified concrete measures to achieve this aim, including accelerating growth with its core product portfolio, i.e. radiators, in markets with less steel panel radiator penetration and vast growth potential, establishing local supply chains to secure cost competitiveness and leveraging its strong market positions and go-to-market accesses. Furthermore, Purmo Group aims to further grow in markets where it identifies opportunities for growth, such as, primarily in China where Purmo Group aims to capture growth with localised manufacturing, and expansion in untapped Eastern European countries. To this end, Purmo Group established a new, modern factory in China, being the only Western company in the industry with local panel radiator supply in China. For further information, see section "*– Manufacturing and logistics – Manufacturing*".

M&A enabling growth

Purmo Group has a track record of successful M&A-led growth and footprint optimisation. M&A has been identified as an inorganic growth enabler also in the future. Purmo Group identifies significant opportunities for consolidation and expansion. The company currently has a strong pipeline of bolt-on and strategic acquisition targets, while also monitoring transformational M&A opportunities to support its mission. Purmo Group currently considers ideal M&A opportunities to be transactions that (i) improve product positioning, (ii) add complementary products, (iii) add new technologies or (iv) expand the company's geographical footprint, or a combination of the aforementioned. Purmo Group has identified six key target markets as being in scope for further M&A activity, these markets being indoor climate system integrators, heat pumps, ventilation, electronic controls, electric radiators and cooling emitters.

Purmo Group's management believes that the company is strongly positioned to continue realising cost and revenue synergies through M&A, enabled by the company's solid cost efficiency, scale advantage, strong brand and customer relationships.

Operational excellence in operational and commercial functions and business support

Purmo Group aims to drive efficiency and effectiveness through executing operational and commercial excellence plans. Purmo Group intends to pivot operational excellence to the next level of efficiency in operational and commercial functions and business support. Key value creation initiatives that have been identified include enhancement and optimisation of the supply network in order to achieve better customer service levels, scale benefits and further improved cost position. The company also aims to optimise its product portfolio through design-to-cost initiatives to improve cost competitiveness. These measures include design optimisation to reduce materials used in the manufacturing, including using thinner gauged steel with same heating output. Furthermore, the measures include product design harmonisation enabling potential production moves, supply chain rationalisation and modularisation of design to subdivide products into scalable, independently created or modified modules. Furthermore, Purmo Group has also identified additional operational excellence measures related to continuous improvement of its operations systems based on lean principles, as well as commercial excellence measures to enable growth, such as a differentiated value-proposition and optimising its sales and delivery model. For example, Purmo Group's ongoing operational excellence program PGOS (Purmo Group Operations System) aims to continually design better ways of working to reduce waste. The program has already been launched through a series of scopes in multiple plants and expected to be further rolled out. The focus will be on key parameters such as customer, capacity, capital, cost and culture.

Purmo Group has recently successfully carried out operational excellence programs and is well-equipped to further improve its operational excellence. For further information, see section “– *Operational excellence*”.

People & Culture boosting engagement, leadership and talent

Purmo Group aims to deliver on its strategy through a future-fit and diverse workforce that has the skills and commitment to deliver upon Purmo Group's sustainability goals. To reach this goal, Purmo Group aims to develop talent, values, leadership, and culture of strong innovation, collaboration and initiative. Concrete targets with respect to People and Culture include ensuring participation of the workforce in relevant upskilling and reskilling programmes, dedication to continually measuring and improving employee satisfaction, developing a more diverse workforce and achieving gender parity in management positions.

The health, well-being and safety of employees lies at the heart of Purmo Group's culture and is guided by the Purmo Motto; “We are proud of what we do and we care. We are courageous and ambitious and we make changes that matter”.

Purmo Group's strategic area of people and culture consist of four main focus areas: (i) culture and values, (ii) leadership and management, (iii) competence and skill development and (iv) operating model and business structure.

Strategy Acceleration Programme

On 5 October 2022, Purmo Group announced a strategy acceleration programme (“**Accelerate PG**”) and a new organisational structure to support reaching its financial targets and to strengthen the execution of Purmo Group's existing strategy launched in 2021.

The programme aims to address a broad area of strategic and operational initiatives, with focus on improving sales growth, profitability and net working capital efficiency to support reaching its long-term financial targets communicated in conjunction with the stock listing in January 2022. In order to support the execution of the programme, aligning resources with the strategic direction and to strengthen customer focus, Purmo Group announced a new organisational structure effective from 1 January 2023. The new organisation is based on two business divisions: Climate Products & Systems and Climate Solutions.

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.

Key objectives of the strategy acceleration programme:

The programme targets adjusted EBITDA run-rate improvements of EUR 20 million by the end of 2023 and cumulatively EUR 40 million by the end of 2024. In addition, the aim is to improve net working capital efficiency. The costs for the programme are expected to be approximately EUR 43 million, of which EUR 33 million is expected to incur before the end of 2023 and the remainder (EUR 10 million) in 2024. The costs are related to restructuring costs and advisory fees of one-off nature and will be treated as items affecting comparability.

Growth	Profitability	Net working capital
<ul style="list-style-type: none">• Strengthened position as a provider of complete indoor climate solutions, including heat pumps• Expansion of both direct and wholesaler channels• Introduction of new products• Increased sales in identified growth markets	<ul style="list-style-type: none">• Improved efficiency in manufacturing, supply chain and sourcing• Strengthened commercial execution• Increased organisational effectiveness	<ul style="list-style-type: none">• Improved net working capital efficiency, in particular through enhanced inventory turnover

Alongside the programme, Purmo Group will continue to pursue acquisition opportunities, to enable the realisation of Purmo Group's strategy and to complement the current offering in indoor climate solutions.

New organisational structure

To support the execution of the programme, aligning resources with the strategic direction and to strengthen customer focus, Purmo Group announced a new organisational structure effective from 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.

Sustainability and corporate responsibility

Overview

Purmo Group's sustainability strategy puts climate at the heart of its business, and covers four key areas: production, solutions, people, and communities. All of this is enabled by strong governance, safe working practices, and ethical behaviours.

- **Production.** Purmo Group strives to do its part in contributing to the goal of the Paris Agreement to limit the planet's rise in mean temperature to a less than 1.5 degrees Celsius.
- **Solutions.** Purmo Group will be the champion of climate-friendly heating and cooling solutions. Purmo Group will take every opportunity it can to inform and educate, as well as developing and improving the way it makes and delivers its products, their performance in operation and their recyclability.
- **People.** Purmo Group will nurture and grow a diverse, happy and motivated workforce that has the skills and commitment to deliver upon its sustainability goals.
- **Communities.** Purmo Group will collaborate with like-minded external organisations to give greater access to energy-efficient indoor climates for all.

In 2021, Purmo Group developed and strengthened its sustainability by creating a sustainability strategy and a position for Head of Sustainability and CSR. As part of an extensive materiality analysis, stakeholder engagement consisting of over 130 interviews, a landscape assessment, and workshops were completed in order to analyse and define material issues. Key issues were prioritised, and target setting, roadmaps and governance were developed together with reporting capabilities. The key policies on the group level governing sustainability and corporate responsibility topics are the Code of Conduct, the Whistleblowing Policy, the Enterprise Risk Management Policy and the Sustainability Policy.

Purmo Group's corporate responsibility is governed with a model that sets out responsibilities for, inter alia, the Board of Directors, Core Leadership Team and Extended Leadership Team. Purmo Group's ESG (Environmental, Social, Governance) Governance model ensures that Purmo Group's sustainability strategy is implemented and updated regularly in a structured and purpose driven way. Key policies are approved jointly by the Board of Directors and Core Leadership Team which also monitors the implementation of key policies. The Core Leadership Team approves, and the Board of Directors reviews the sustainability programme annually.

During 2022, Purmo Group's greenhouse gas emissions continued to decline, it received its first Environmental Product Declaration and achieved improvement in all Health and Safety KPIs. During the fourth quarter of 2022, 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 fourth quarter of 2022, the assessment of Purmo Group's alignment to EU taxonomy was also completed (as explained under “ – *EU taxonomy aligned products of Purmo Group based on 2022 assessment*”).

In 2022, Purmo Group committed to setting Science Based Targets (SBTi). 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 to SBTi in the near future, with certification expected during 2023.

EU taxonomy aligned products of Purmo Group based on 2022 assessment

During 2022, Purmo Group formed a working group to assess if the eligible activities recognised in the EU Taxonomy are fulfilling the criteria for Taxonomy alignment. For each economic activity, Purmo Group conducted assessment for substantial contribution and 'do no significant harm' criteria to determine the alignment. The alignment was determined for the climate change mitigation objective. Minimum safeguards were assessed on the Group level.

Purmo Group's taxonomy aligned turnover consists mostly of solution sales (total package installations) under the activity 3.5. Manufacture of energy efficiency equipment for buildings. The total package deliveries include underfloor heating equipment, automation, control valves and in some cases also heat pumps.

Purmo group identified the following as EU taxonomy aligned products and carried out the assessments for Taxonomy-eligibility and Taxonomy- alignment based on the best interpretation of the Taxonomy Regulation and the Climate Delegated Act and the currently available guidelines from the European Commission.

- Radiant heating and cooling: underfloor heating systems under economic activity 3.5; underfloor heating systems specifically sold through the company's business Thermotech in the Nordics.
- System components: in particular solutions sold by the company's business Emmeti in Italy, which includes a FEBOS system.

The portion of the aligned turnover is lower than that of the eligible turnover, due to the fact that Purmo Group's radiator and underfloor heating product categories initially identified as eligible do not fulfil the substantial contribution criteria due to the fact that there is no required energy labelling currently available for these products.

Operating Environment and Megatrends

Operating environment

Purmo Group operates in the European hydronic heating and piping market, which is part of the European HVAC equipment market and according to BRG's market studies and Euroconstruct report (November 2022), was estimated to be worth approximately EUR 21 billion in 2021. The core product segments within focus markets consist of Radiator (EUR 2.3 billion), Radiant Heating and Cooling or RHC (EUR 1.2 billion) and Fixed Electric Heating (EUR 1.3 billion), all of which combined are estimated to account for approximately 23 per cent of the total European HVAC equipment market, or approximately EUR 4.8 billion according to BRG's market studies and Euroconstruct report (November 2022). Outside these core markets Purmo Group is also active in adjacent markets including Ventilation and Heat Pumps. Purmo Group's core geographical end-market is Europe, of which Western Europe and the DACH area (Germany, Austria and Switzerland) are the largest in terms of sales for Purmo Group. In addition, Purmo Group has operations in North and South America, as well as in China.

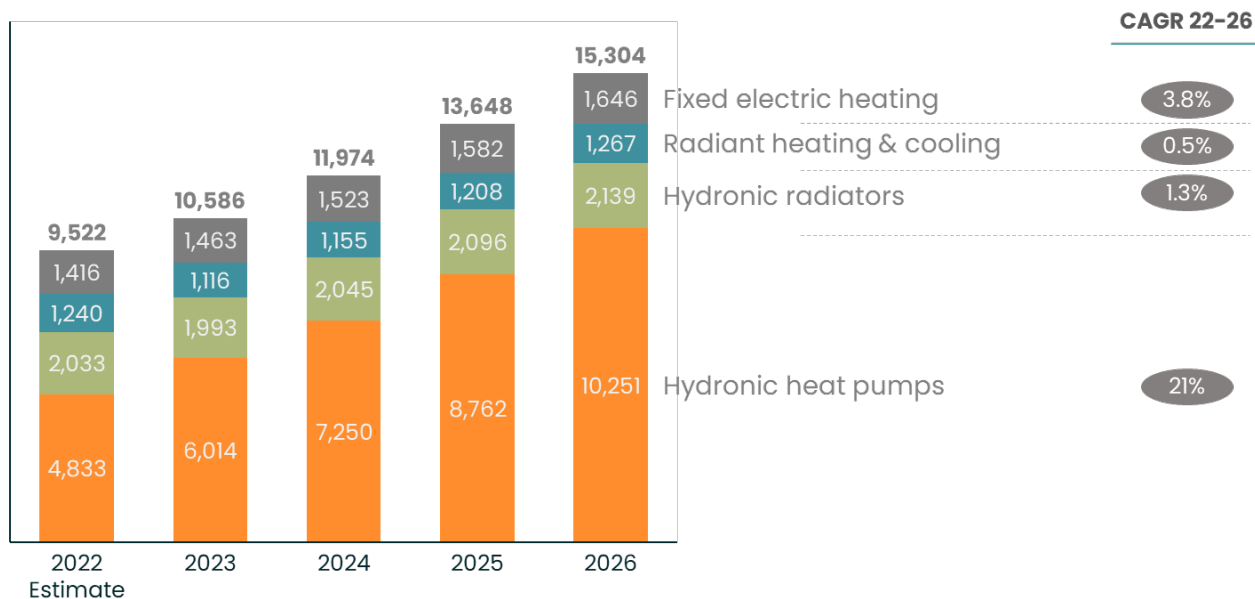
The European HVAC market has experienced stable average annual growth of 3.4 per cent between 2016 and 2019 and is estimated to continue to grow with an average annual growth of 6 per cent during 2021–2026 and to be worth EUR 30 billion in 2026. In 2016–2019, the European hydronic heating and piping market is estimated to have grown by approximately 1.9 per cent annually. Between 2019 and 2020, impacted by the COVID-19 pandemic, the market declined by approximately 3.5 per cent according to BRG’s market studies and Euroconstruct report (November 2022).

Between 2021 and 2026, the Radiator market is expected to decline 1.5 per cent at an average annual rate, RHC by 1.8 per cent and Fixed Electric Heating by 4 per cent on average per annum. The outlook across all categories has been impacted by economic decline in Europe post war in Ukraine since the beginning of 2022 and the consequent energy crisis. Despite the inherent cyclical nature of the construction industry, which affects demand in the HVAC industry, Purmo Group’s business has traditionally been very resilient and the impact of economic cycles has been limited according to BRG’s market studies and Euroconstruct report (November 2022).

The European construction sector was severely impacted in 2020 by the COVID-19 crisis but experienced a rebound in 2021 and 2022. However, it is expected to decline in 2023 and 2024 with challenging economic outlook in Europe. In Purmo Group’s case, the radiator market is more dependent on renovation projects, whereas RHC is predominantly used in new builds the market of which tends to be more cyclical. Purmo Group benefited from growth in both categories during 2021 and first half of 2022. However, there has been a decline in both categories in late 2022 and Purmo Group anticipates continued trend in 2023 according to the Euroconstruct report (November 2022).

Addressable segments in European HVAC market for Purmo Group are shown below:⁵

European heating (hydronic and electric) and radiant cooling market (EURm)



The addressable segments expanded to hydronic heat pumps (air to water heat pumps as main relevant segment for Purmo Group) following its solution sales strategy. Strongest growth in Europe is expected in heat pumps segment as a result of expedited need for energy independence and electrification.

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 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

⁵ BRG data includes manufacturer sales estimates across all segments (covering residential and commercial); data for 28 main European countries (for radiant heating and cooling, limited to: DACH, Benelux, FR, IT, PL, RO, SE, UK)
 Segments included: Fixed electric heating (Electric rads, electric towel warmers, electric underfloor heating & radiant panels); radiant heating & cooling (pipes, fixing systems, components incl. actuators, manifolds, room thermostats & wiring centres, hydronic panels); Hydronic rads (steel panel radiators, towel warmers, decorative tubular radiators & convectors); Heat pumps (hydronic air to water heat pumps incl. monobloc and split units)
 Source: BRG, Updated market trend as of Oct 2022 (excl. RHC; based on 2021 data and management view).

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.

Megatrends

Purmo Group expects three key trends to drive demand for its products and services in coming years:

Sustainability

Energy efficiency requirements for new and existing buildings are expected to favourably influence demand for Purmo Group's indoor climate comfort solutions. Governments and local authorities are incentivising the shift to renewable energy sources, energy efficiency through low-temperature systems and well-insulated housing, and also introducing of energy performance requirements for new and renovated buildings. As a result of global warming and rising energy prices, consumers show an increasing preference and need for combatting climate change and supporting sustainability. Consumer's preferences are moving towards sustainable solutions and products.

European countries are required to have long-term renovation strategies for achieving energy-efficient and decarbonised building stock by 2050, in particular for existing buildings which have the biggest impact on global warming. In addition, they are required to facilitate cost-effective transformation of existing buildings into nearly zero-energy buildings. One key action is to replace existing high-temperature systems with low-temperature systems, such as underfloor heating or radiators combined with a heat pump. Renovations of existing buildings continue to be popular, with radiators still being a good option as a heat emitter based on the Euroconstruct report (November 2022). As a result, the demand for a wide range of radiators should continue but with a higher focus on improved energy efficiency and low-temperature options.

Energy independence

The megatrend for energy independence is expected to drive the demand for Purmo Group's indoor climate comfort solutions. Impacts of the war in Ukraine have created the need for energy independence from decentralised sourcing of energy, as well as reducing reliance on fossil fuels and the use of gas for heating and cooling homes. Governments in Europe have put further focus on electrification, investing in green energy sources and building incentive plans to improve energy efficiency. Households are consequently moving towards solutions that can support energy independency, including heating and cooling. The European Union's Commission's plans to expedite the roll-out of heat pumps in EU households is an example of a positive driver for Purmo Group. Plans were announced in March 2022 with targets requiring around 20 million heat pumps to be installed in the EU by 2026 and nearly 60 million by 2030.

Digitalisation

According to Purmo Group's management estimates based on BRG's market studies, digitalisation is expected to drive the demand and enable the development of smart products of Purmo Group. It also drives the Group's focus on improved electronic controls and full solution offering. Digitalisation is increasingly driving the building markets, offering better capabilities for smart controls, large data sets and Building Information Modelling* (BIM). The availability of data and Artificial Intelligence (AI) capabilities in data control systems have improved operational efficiency. This trend is also supporting decision-making online.

Market Outlook

Purmo Group's market environment has weakened during the latter part of 2022, in particular for the Radiators division. The market outlook remains challenging due to the ongoing decline in the European construction markets. The war in Ukraine has also impacted the demand in Eastern Europe. Furthermore, the necessary price increases to offset the increased raw material prices have been announced but realisation has been delayed.

The outlook remains uncertain mainly due to the ongoing decline in European construction markets following consumer hesitancy in starting new indoor climate solution projects, higher raw material costs and increased interest rates. The geopolitical crisis caused by the war in Ukraine continues to have an impact on some markets of Purmo Group. Supply chain constraints and raw material price inflation persists but which Purmo Group continues to mitigate. Challenges remain in some areas and the situation could change. Purmo Group continues to actively manage the situation including making necessary price increases to offset cost inflation and mitigating supply chain constraints. Purmo Group will also focus on operational efficiency during 2023-2024 as part of Accelerate PG.

Material Agreements

Except as set forth below under “ - *Recent Events*” (and excluding the *Merger Agreement*), Purmo Group has not entered into (i) material agreements outside of its ordinary course of business or (ii) other agreements outside its ordinary course of business based on which a company belonging to Purmo Group would have material obligations or rights to the Issuer’s ability to meet its obligations to the Holders in respect of the Capital Securities.

Recent Events

Merger Agreement

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**”). 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.

Financing arrangements

In order to support and finance the completion of the Merger, Purmo Group entered into financing agreements with Nordea Bank Abp, Skandinaviska Enskilda Banken AB, Danske Bank A/S and OP Corporate Bank plc. The agreement consists of EUR 280 million term loan, EUR 80 million committed revolving credit facility and uncommitted EUR 125 million M&A facility. The financing agreement has customary covenants related to leverage and equity.

Share sale and purchase agreement and shareholders’ agreement with Bosch

In November 2020, Purmo Group signed a sale and purchase agreement with Robert Bosch Holding Nederland B.V. and Robert Bosch Investment Nederland B.V. (together “**Bosch**”) regarding the acquisition of 51 per cent of the outstanding shares of Euroradiators Holding B.V., a Dutch holding company holding all shares in Evroradiators LLC, a Russian limited liability company operating a radiator factory in Engels, Russia. Robert Bosch Holding Nederland B.V. retained a 49 per cent stake in the company. The acquisition was completed in April 2021. The share purchase agreement includes customary warranties by the seller concerning Euroradiators Holding B.V. and the parties have agreed on indemnification to Purmo Group for breaches of the warranties.

In connection with the acquisition, Purmo Group and Robert Bosch Holding Nederland B.V. entered into a shareholders’ agreement relating to the joint venture, where the parties have agreed on matters relating to the operations of the factory. For example, the factory produces radiators for both Purmo Group and Bosch to be independently on-sold in their respective sales channels. The shareholders agreement also includes an option structure whereby, after a lock-up period of three years from completion of the acquisition, Purmo Group has an exclusive call option to purchase the remaining shares in Euroradiators Holding B.V. from Bosch, and Bosch has a respective exclusive put option to sell their shares to Purmo Group. The exercise window for the options is three years under the shareholders’ agreement. At the end of March 2022, Purmo Group took the decision to exit its business in Russia. Purmo Group will seek to divest and complete an orderly transfer of the business to a new owner, in compliance with international and local laws in Russia.

Share sale and purchase agreement regarding TT Thermotech Intressenter AB

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 for a purchase price of SEK 195 million (EUR 18.4 million). TT Thermotech Intressenter AB manufactures and supplies customised and prefabricated underfloor heating systems to its customers in the Nordic region. The acquisition supports Purmo Group’s growth strategy: it brings in smart technologies to the company’s Indoor Climate System (ICS) offering, supports its solution-selling approach and strengthens Purmo Group’s position on the Nordic underfloor heating market. In addition to the transaction price, and subject to achievement of certain objectives, the sellers are entitled to receive a maximum earn-out consideration of SEK 60 million (EUR 5.7 million) payable in cash.

Exit from Russia

At the end of March 2022, Purmo Group took the decision to exit its business in Russia. Purmo Group will seek 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, Purmo Group will no longer have a manufacturing operation or sales in Russia. Purmo Group has classified the Russian business as assets held for sale, resulting in a non-recurring impairment of EUR 6.9 million in March 2022 and additional impairment 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 not meet criteria for discontinued operations. Russia represented less than 5 per cent of Purmo Group's total net sales in 2022.

Legal Proceedings

As at the date of this Prospectus, Purmo Group is not, and has not been within the past 12 months, party to any material administrative, legal, or arbitration proceeding that may have or have had a significant effect on the financial position or profitability of Purmo Group, and Purmo Group is not aware of any such proceedings being pending or threatened.

Regulatory Environment

Purmo Group is a supplier of heating and cooling solutions and products. In Purmo Group's operations, contracts entered into with customers, suppliers and other parties are of key importance, and Purmo Group's business operations are not governed by special regulations materially affecting its business that would not also be applicable in other industries. Nevertheless, Purmo Group is a global industrial company with a wide range of products, which exposes Purmo Group to different legal actions, claims and other proceedings in different countries. Since Purmo Group operates in many markets, it and its services and processes may become subject to numerous, and sometimes even conflicting, laws, rules, practices, product quality requirements and discretionary powers of authorities. Purmo Group is subject to, for example, health, safety and environmental regulations, product quality requirements, competition, anti-bribery and anti-corruption legislation, tax laws, data protection and privacy regulations and many others in the jurisdictions in which it operates, and also EU and national-level product certification regulations, which set out certain standards regarding product quality.

Additionally, Purmo Group operates in 24 countries, manufacturing and distributing top quality products and solutions to its customers in more than 100 countries globally. The radiator products of Purmo Group are manufactured in Europe in Austria, Belgium, France, Germany, Hungary, Poland, Sweden and the United Kingdom, as well as in Russia, Turkey and China. The ICS products of Purmo Group are manufactured only in European manufacturing sites in Germany, Italy and Sweden. Purmo Group's manufacturing activities in certain jurisdictions, such as in Belgium, Italy, Poland, Turkey, the United Kingdom, Sweden, Hungary and France require necessary operational permits and licenses, such as environmental permits and licenses. Further, in certain jurisdictions, such as in Austria and Poland, certain environmental permits and licenses relating to waste water treatment are required, and in the Hewing plant in Germany Purmo Group is required to hold a license to operate an accelerator which emits ionising radiation. Finally, in China, Purmo Group is required to hold business licenses and permits required to conduct business in China, as well as an emissions permit for its Yangzhou plant.

CERTAIN FINANCIAL AND OTHER INFORMATION

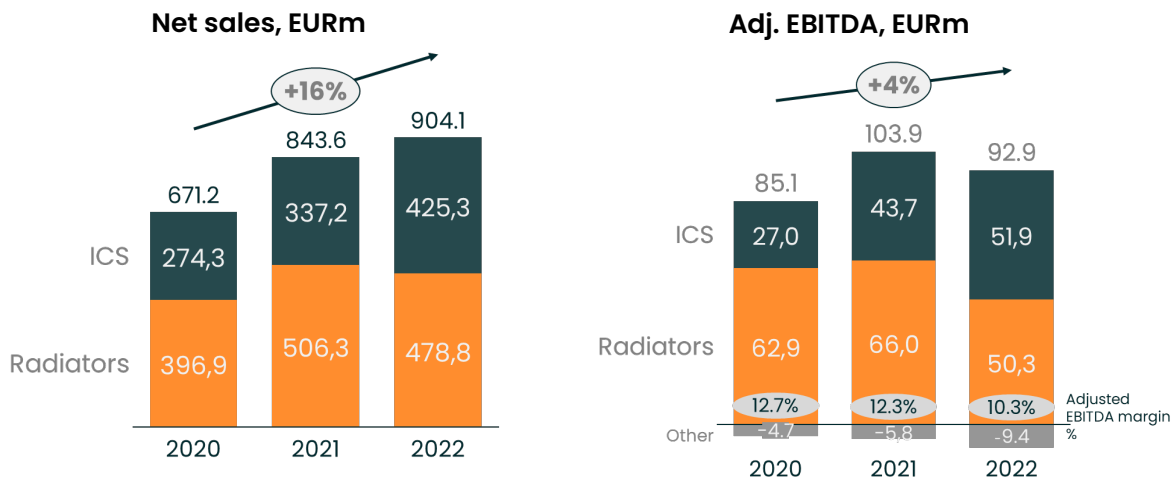
Historical Financial Information

Purmo Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), as adopted in the EU. Purmo Group’s audited consolidated financial statement as at and for the year ended 31 December 2021 and as at and for the year ended 31 December 2022 have been incorporated into this Prospectus by reference. Save for Purmo Group’s audited consolidated financial statement as at and for the financial years ended 31 December 2021 and 31 December 2022, no part of this Prospectus has been audited. See “*Information Incorporated by Reference*”.

Certain Financial Information

Net Sales

The following graphs describe Purmo Group’s net sales and adjusted EBITDA (in EUR million) over the years indicated based on Purmo Group’s old segment reporting until end of the financial year 2022:⁶



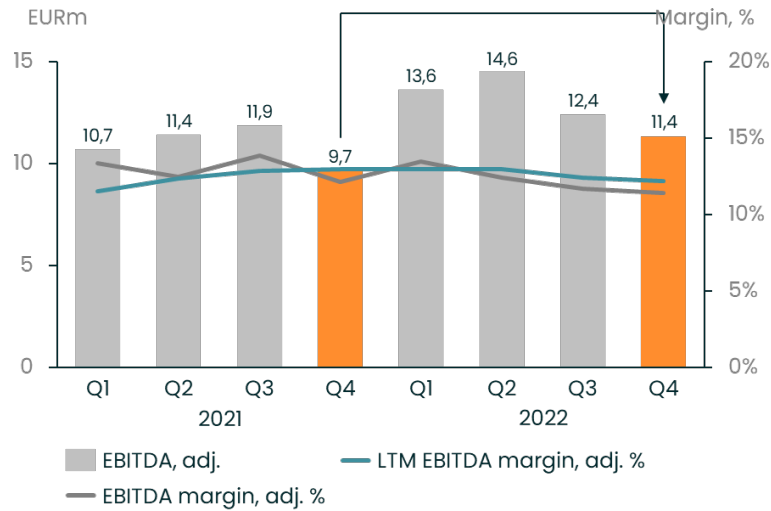
A breakdown of net sales and adjusted EBITDA for Purmo Group’s ICS and Radiator divisions’ are described in the following graphs, including unaudited quarterly data.



⁶ Net sales and adjusted EBITDA for financial years 2022, 2021 and 2020 are based on audited financial statements. Percentual changes are unaudited.

⁷ Net sales and adjusted EBITDA tables for ICS and Radiator divisions are based on previous division structure. Quarterly data, LTM amounts and percentual changes are unaudited.

Adj. EBITDA, EURm

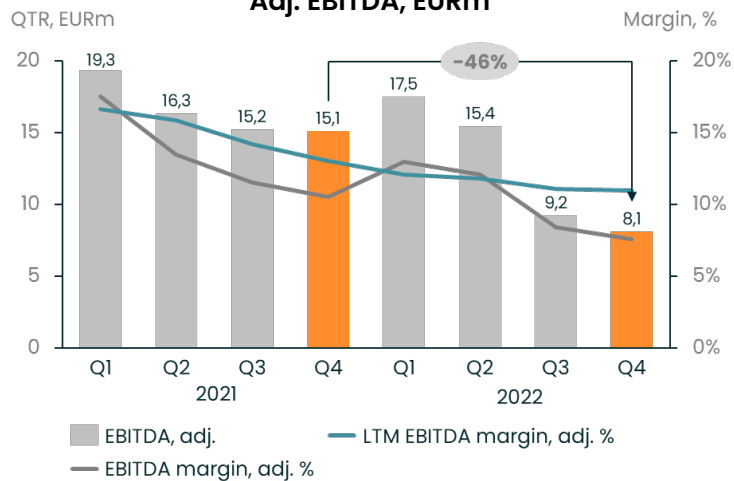


Radiator division⁸

Net sales, EURm



Adj. EBITDA, EURm



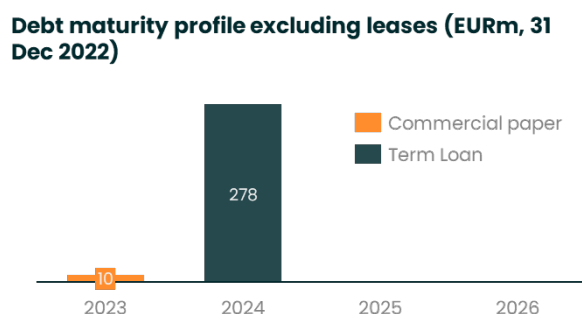
⁸ Net sales and adjusted EBITDA tables for ICS and Radiator divisions are based on previous division structure. Quarterly data, LTM amounts and percentual changes are unaudited.

Cash flow and financial position

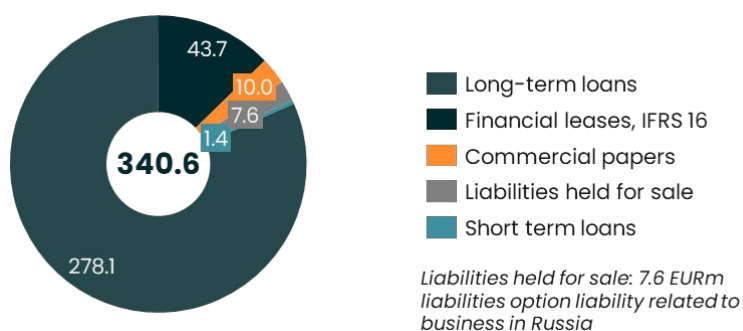
All figures in EUR million as of 31 December 2022

- Group net debt EUR 275.2 million.
- Cash and cash equivalents totalled EUR 56.3 million.
- Commercial paper program of EUR 100 million, of which EUR 10.0 million was outstanding.
- Undrawn committed revolving credit facility an EUR 80.0 million and EUR 20.5 million of undrawn overdraft facilities with core financial institutions.
- Group's EUR ~278.1 million term loan includes two one-year extension options.

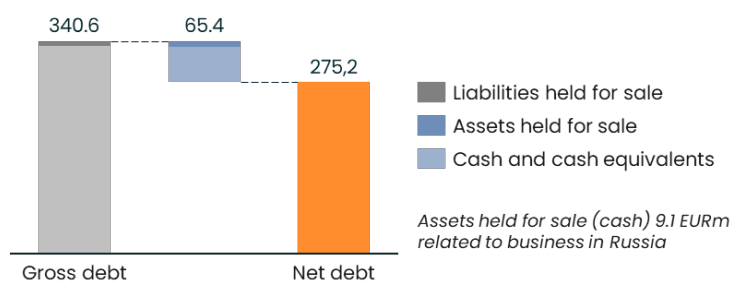
Debt maturity profile excluding leases (EURm, 31 Dec 2022)⁹



Interest bearing debt (EURm, 31 Dec 2022)¹⁰



Gross interest bearing debt and net debt (EURm, 31 Dec 2022)¹¹

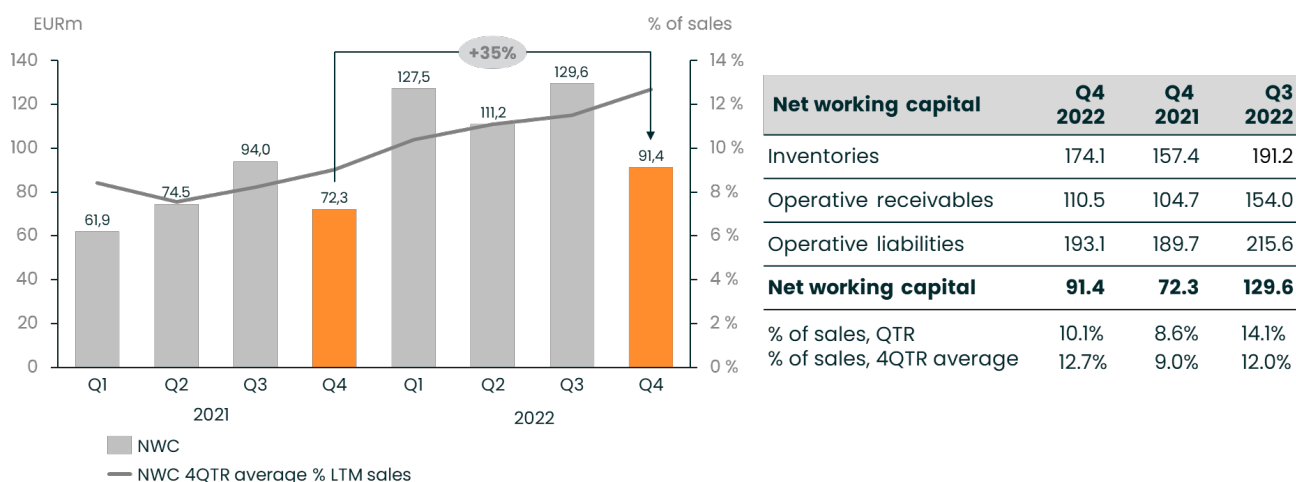


⁹ Group data.

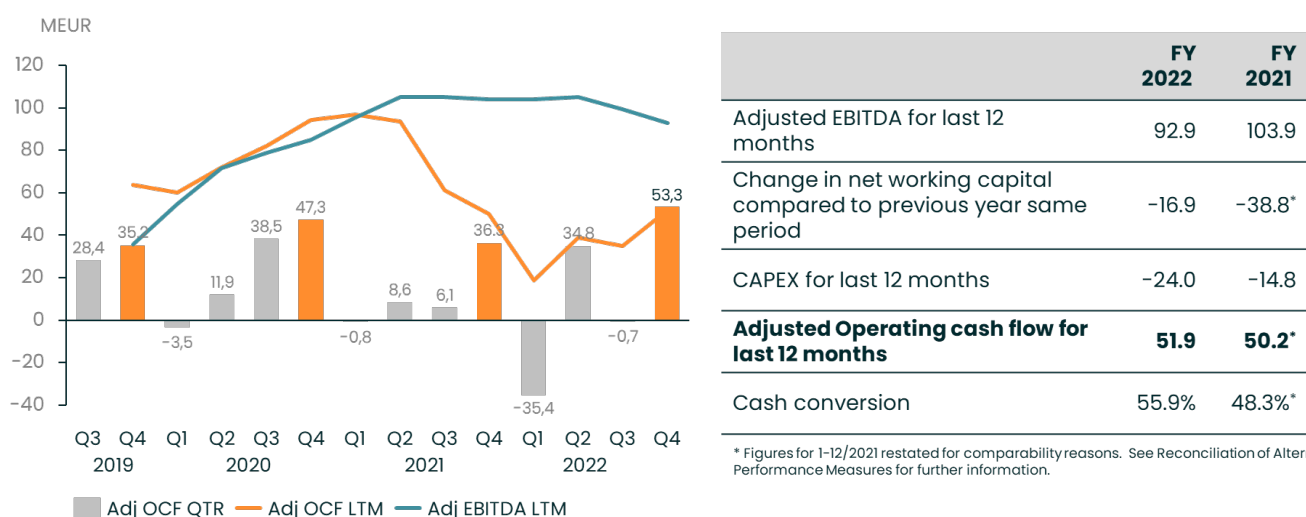
¹⁰ Group data.

¹¹ Group data.

Net Working Capital¹²



Adjusted Operating Cash Flow¹³



* Figures for 1-12/2021 restated for comparability reasons. See Reconciliation of Alternative Performance Measures for further information.

Dividend policy

According to Purmo Group's financial statements review for the financial year ended 31 December 2022, 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 Purmo Group, its financial position and future growth potential.

¹² Group data. Data presented in the figure is unaudited except for inventories, which is audited.

¹³ Group data. Data presented in the figure is unaudited. Change in the net working capital compared to previous year same period has been restated due to the acquisition of ZAO EVRA Varne RUS in 2021 (EUR -2.9 million).

Key Figures

In EUR million, unless otherwise indicated	For the year ended 31 December	
	2022 (unaudited, unless otherwise stated)	2021 (unaudited, unless otherwise stated)
Net sales.....	904.1*	843.6*
EBITDA.....	78.5	33.6
EBITDA margin.....	8.7%	4.0%
Adjusted EBITDA.....	92.9	103.9
Adjusted EBITDA margin.....	10.3%	12.3%
EBITA.....	46.8	6.3
EBITA margin.....	5.2%	0.8%
Adjusted EBITA.....	64.6	76.6
Adjusted EBITA margin.....	7.1%	9.1%
EBIT.....	39.0*	3.5*
EBIT margin.....	4.3%	0.4%
Profit before tax.....	21.6	-5.1
Profit for the period.....	13.1	-18.8
Adjusted profit for the period.....	34.9	51.4
Earnings per share, basic, EUR.....	0.32	-0.65
Adjusted earnings per share, basic, EUR.....	0.85	1.77
Cashflow from operating activities.....	31.1	35.4
Capex.....	-24.0	-14.8
Acquisitions.....	14.6	4.5
Adjusted operating cash flow for the last 12 months.....	51.9	50.2
Cash conversion.....	55.9%	48.3%
Cash and cash equivalents.....	56.3	177.6
Net working capital.....	91.4	72.3
Operating capital employed.....	305.0	271.8
Return on operating capital employed.....	12.8%	1.3%
Net debt.....	275.2	239.5
Net debt / Adjusted EBITDA.....	2.96	2.31
Equity / Asset ratio.....	41.0%	37.3%
Return on equity.....	3.3%	-4.2%

*Audited

Consolidated statement of profit and loss

In EUR million, unless otherwise indicated	For the year ended 31 December	
	2022 (audited)	2021 (audited)
Net sales	904.1	843.6
Cost of sales	-700.8	-645.5
Gross profit	203.3	198.1
Sales and marketing expenses	-87.9	-78.3
Administrative expenses	-51.5	-42.0
Research and development expenses	-6.2	-5.9
Other income	4.9	2.9
Other expenses	-23.7	-71.0
Operational expenses	-164.3	-194.6
EBIT	39.0	3.5
Finance income	5.7	1.1
Finance expenses	-23.1	-9.7
Net financial items	-17.4	-8.6
Profit before tax	21.6	-5.1
Income tax expense	-8.4	-13.7
Profit for the period	13.1	-18.8
Profit for the period attributable to:		
Owners of the parent	13.1	-18.8
Non-controlling interests	-	-
Earnings per share for profit attributable to the ordinary equity holders of the parent company:		
Earnings per share, EUR	0.32	-0.65
Earnings per share diluted, EUR	0.32	-0.65

Consolidated statement of comprehensive income

In EUR million, unless otherwise indicated	For the year ended 31 December	
	2022 (audited)	2021 (audited)
Profit for the period	13.1	-18.8
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Re-measurements of defined benefit liability (asset)	2.2	8.4
Related tax	-0.2	0.2
Total items that will not be reclassified to profit or loss	1.9	8.6
Items that are or may be reclassified to profit or loss		
Foreign operations – foreign currency translation differences	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.....	3.4	-1.9
Cash flow hedges – reclassified to profit or loss	0.7	1.5
Related tax	-0.8	0.2
Total items that are or may be reclassified to profit or loss	4.2	0.1
Other comprehensive income, net of tax	6.2	8.7
Total comprehensive income for the period	19.3	-10.1
Total comprehensive income attributable to:		
Owners of the parent	19.3	-10.1
Non-controlling interests.....	-	-

Consolidated balance sheet

In EUR million	For the year ended 31 December	
	2022 (audited)	2021 (audited)
Assets		
Non-current assets		
Goodwill	370.6	369.2
Other intangible assets	47.0	36.3
Property, plant, and equipment	127.3	131.9
Right-of-use assets	39.3	31.3
Derivate assets	2.7	-
Other receivables	0.7	1.0
Deferred tax assets	29.2	26.5
Defined benefit assets	2.2	6.2
Total non-current assets	618.9	602.4
Current assets		
Inventories	174.1	157.4
Trade receivables	89.1	77.1
Derivative assets	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	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 company.....	403.3	390.6
Non-controlling interests.....	-	-
Total equity.....	403.3	390.6
Liabilities		
Non-current liabilities		
Loans and borrowings.....	278.1	285.7
Lease liabilities	34.3	30.7
Defined benefit liabilities.....	18.7	23.5
Other payables	1.4	1.2
Provisions	7.8	7.6
Deferred tax liabilities.....	5.4	2.6
Total non-current liabilities	345.6	351.3
Current liabilities		
Loans and borrowings.....	11.3	95.0
Lease liabilities	9.4	5.6
Trade and other payables	193.4	192.0
Derivative liabilities.....	1.5	2.0
Provisions	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.....	10.0	-
Total equity and liabilities	983.7	1,046.2

Consolidated statement of cash flows

In EUR million	For the year ended 31 December	
	2022 (audited)	2021 (audited)
Cash flow from operating activities		
Profit for the period.....	13.1	-18.8
Adjustments:		
Depreciation, amortisation and impairment losses.....	32.1	30.2
Gain and losses on sale of property, plant and equipment and intangible assets	-	-05
Gain and losses on sale of subsidiaries	-1.2	-
Share-based payments.....	-	1.9
Finance income and expenses	17.4	8.6
Income tax expenses	8.4	13.7
Reverse recapitalisation	-	52.3
Other non-cash income and expenses	21.0	5.7
Cash flow before change in net working capital.....	90.9	93.1
Changes in net working capital:		
Inventories, increase (-) / decrease (+)	-21.4	-48.7
Trade and other receivables, increase (-) / decrease (+)	25.4	-31.2
Trade and other payables, increase (+) / decrease (-)	-31.5	45.0
Provisions and employee, benefits increase (+) / decrease (-).....	-4.1	-1.6
Changes in net working capital	-31.5	-36.5
Net cash flow from operating activities before financial items and taxes	59.4	56.7
Financial items, net.....	-17.4	-7.8
Income taxes paid, net.....	-10.9	-13.5
Cash from operating activities	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...	-24.0	-14.8
Acquisitions of subsidiaries, net of cash acquired.....	-14.6	-4.5
Long-term loan receivables granted.....	-0.2	-
Proceeds from long-term loan receivables	0.1	-
Cash flow from investing activities	-32.9	-18.6
Cash flow from financing activities		
Proceeds from long-term borrowings.....	-	279.0
Increase of equity	0.7	0.3
Proceeds from share issue	-	99.9
Dividends and group contributions paid to related party.....	-	-266.4
Return of capital paid.....	-14.9	-
Repayment of lease liabilities	-11.6	-9.6
Proceeds from short-term borrowings.....	197.9	95.0
Repayment of short-term borrowings.....	-282.9	-4.9
Proceeds from short-term borrowings from related party	-	10.2
Repayment from short-term borrowings to related party	-	-98.0
Cash flow from financing activities	-110.8	105.4
Change in cash and cash equivalents, increase (+) / decrease (-)	-112.6	122.2
Cash and cash equivalents at the beginning of the period.....	177.6	55.0
Impact of change in exchange rates	0.3	0.4
Cash classified as assets held	-9.1	-
Cash and cash equivalents at end of the period.....	56.3	177.6

Alternative Performance Measures

This Prospectus includes certain financial measures, which, in accordance with the “Alternative Performance Measures” guidance issued by ESMA, are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS and are, therefore, considered alternative performance measures (“**Alternative Performance Measures**”). Calculation formulas for the Alternative Performance Measures are specified in section “ – *Calculation of Key Figures*” below.

Alternative Performance Measures should not be viewed in isolation or as a substitute to the IFRS financial measures. Companies do not calculate alternative performance measures in a uniform way and, therefore, the Alternative Performance Measures presented in this Prospectus may not be comparable with similarly named measures presented by other companies. Furthermore, these Alternative Performance Measures may not be indicative of Purmo Group’s historical results of operations and are not meant to be predictive of potential future results. The alternative performance measures presented in this Prospectus are unaudited unless otherwise stated. Accordingly, undue reliance should not be placed on the Alternative Performance Measures presented in this Prospectus.

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 Purmo 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 Purmo 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 Purmo 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 Purmo 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.	

Key figure	Definition	Reason for use
Capex	Capex is a measure of capital expenditure for the period which comprises Purmo Group's investments in property, plant and equipment and intangible assets derived from the consolidated cash flow statement.	Capex is an indicator of Purmo 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.	Acquisitions capex is an indicator for investments in acquisition of businesses that are intended to grow Purmo 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-month basis.	Adjusted operating cash flow provides information on Purmo 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 Purmo 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 and equipment, and right-of-use assets.	Capital employed presents the total investment in Purmo 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 Purmo Group can repay its net debt using adjusted EBITDA (expressed in years), and it is a useful measure to monitor the level of Purmo 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 Purmo Group's assets are funded by issuing shares rather than through external borrowings.
Return on equity	Purmo Group's profit for the period attributable to the owners of the parent based on a rolling twelve-month calculation 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

In EUR million, unless otherwise indicated	For the year ended 31 December	
	2022 (unaudited, unless otherwise stated)	2021 (unaudited, unless otherwise stated)
Comparability adjustments		
IFRS 2 merger impact.....	-	52.3
M&A related transactions and integration costs	2.2	0.1
Restructuring costs and one-off costs related to efficiency programs	6.3 ¹⁾	8.9
Formation of Purmo Group and standalone preparations.....	0.3	6.6
Management fee to owners and legacy Rettig Group incentive plans	0.0	2.4
Impairment and write-down charges.....	12.9	-
Other	0.2	0.0
Total adjustments.....	21.7	70.2
Net sales.....	904.1*	843.6*
EBIT.....	39.0*	3.5*
EBIT margin	4.3%	0.4%
Amortisation and impairment	7.9*	2.9*
EBITA.....	46.8	6.3
EBITA margin.....	5.2%	0.8%
Depreciation and impairment.....	31.6*	27.3*
EBITDA.....	78.5	33.6
EBITDA margin.....	8.7%	4.0%
Adjusted EBITDA		
EBIT	39.0*	3.5*
Depreciation, amortisation and impairment excluding comparability adjustments	32.1*	30.2*
Adjustments	21.7	70.2
Adjusted EBITDA.....	92.9	103.9
Adjusted EBITDA margin	10.3%	12.3%
Adjusted EBITA		
EBIT	39.0*	3.5*
Amortisation excluding comparability adjustments	3.9*	2.9*
Adjustments	21.7	70.2
Adjusted EBITA.....	64.6	76.6
Adjusted EBITA margin	7.1%	9.1%
Adjusted profit/loss for the period		
Profit/loss for the period	13.1*	-18.8*
Adjustments	21.7	70.2
Adjusted profit/loss for the period.....	34.9	51.4
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 ²⁾
CAPEX for last 12 months.....	-24.0	-14.8
Adjusted Operating cash flow for the last 12 months	51.9	50.2²⁾
Cash conversion		
Adjusted operating cash flow for the last 12 months	51.9	50.2 ²⁾
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 ³⁾	110.5	104.7
Operative liabilities ⁴⁾	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%
Basic earnings per share		
Profit/loss attributable to shareholders of the parent company for class C shares	13.0	-18.7
Profit/loss attributable to shareholders of the parent company for class F shares	0.1	-0.1
Profit/loss attributable to the owners of the company	13.1*	-18.8*
Weighted average number of shares outstanding (pcs) ⁵⁾	41,244,426	29,124,487
Basic earnings per share, EUR	0.32	-0.65
Diluted earnings per share		
Profit/loss attributable to shareholders of the parent company for class C shares	13.0	-18.7
Profit/loss attributable to shareholders of the parent company for class F shares	0.1	-0.1
Profit/loss attributable to the owners of the company	13.1*	-18.8*
Diluted weighted average number of shares outstanding (pcs) ⁵⁾	41,244,426	29,124,487
Diluted earnings per share, EUR	0.32	-0.65
Adjusted basic earnings per share		
Adjustments	21.7	70.2
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	34.6	51.1
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.2	0.4
Adjusted profit/loss attributable to the owners of the company	34.9	51.4
Weighted average number of shares outstanding (pcs) ⁵⁾	41,244,426	29,124,487

Adjusted basic earnings per share, EUR	0.85	1.77
Adjusted diluted earnings per share		
Adjustments	21.7	70.2
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	34.6	51.1
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.2	0.4
Adjusted profit/loss attributable to the owners of the company	34.9	51.4
Diluted weighted average number of shares outstanding (pcs) ⁵⁾	41,244,426	29,124,487
Adjusted diluted earnings per share, EUR	0.85	1.77

*Audited

- 1) Includes EUR 5.7 million non-cash expenses.
- 2) Figures for 1-12/2021 restated for comparability reasons. Change in the net working capital compared to previous year same period has been restated due to the acquisition of ZAO EVRA Varne RUS in 2021 (EUR -2.9 million).
- 3) Includes trade receivables and EUR 21.3 million (31 Dec 2021: EUR 27.0 million and 31 Dec 2020: EUR 17.1 million) other current operative receivables included in other receivables and EUR 0.1 million (31 Dec 2021: EUR 0.5 million and 31 Dec 2020: EUR 0.5 million) non-current operative receivables in other receivables.
- 4) Includes EUR 192.0 million (31 Dec 2021: EUR 188.6 million and 31 Dec 2020: EUR 141.3 million) included in current trade and other payables and EUR 1.1 million (31 Dec 2021: EUR 1.2 million and 31 Dec 2020: EUR 1.2 million) in non-current other payables.
- 5) Including 293,478 class F shares convertible to class C shares at the start of the conversion period on 28 June 2024.

Share Capital and Shareholders

As at the date of the Prospectus, the Issuer has issued 41,112,713 class C shares and 1,565,217 class F shares representing a total of 42,677,930 shares in Purmo Group. The Issuer has a registered share capital of EUR 3,080,000.00 which is fully paid. The Issuer currently 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.

At the General Meeting of shareholders, one share of either class carries one vote. Class C shares carry a preferential right to dividends and to other distributions of assets until an aggregate amount of EUR 60,000,000 has been distributed to class C shares whereafter class C shares and class F shares carry equal right to dividends and to other distributions of assets unless otherwise stipulated in the Articles of Association of Purmo Group.

As at 28 February 2023, there were altogether 3,309 holders of shares in the Issuer, of which ten largest shareholders are listed below with their respective ownership participation percentage.

Shareholder	Number of Shares and votes	Shares and votes, %
Rettig Group Ltd	26,373,971	61.80
Virala Corporation*	6,471,739	15.16
Ahlstrom Invest B.V.	1,200,700	2.81
Varma Mutual Pension Insurance Company	1,000,000	2.34
Jussi Capital Oy	616,077	1.44
Fennia Mutual Insurance Company	500,000	1.17
Svenska Litteratursällskapet i Finland	500,000	1.17
Oy Julius Tallberg Ab	442,000	1.04
John Peter Leesi	418,927	0.98
Aipa Invesco AB	337,208	0.79
10 largest shareholders total	37,870,008	88.73
Other shares	4,807,922	11.27

All shares total

| 46,677,930 |

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*Virala Corporation holds 4,906,522 class C shares and 1,565,217 class F shares of Purmo Group.

As of the date of this Prospectus, Rettig Group Ltd has control of Purmo Group in accordance with Chapter 2, Section 4 of the Securities Markets Act (746/2012, as amended). Purmo Group's internal corporate governance principles supplement the Finnish Companies Act (624/2006, as amended), the Securities Markets Act (746/2012, with amendments), the Accounting Act (1336/1997, as amended), the rules of Nasdaq Helsinki Ltd as well as the company's articles of association. In addition, Purmo Group complies with the Finnish Corporate Governance Code published by the Securities Market Association in 2020. Purmo Group published its first Corporate Governance Statement for 2021 with its annual report in 2022.

The Issuer is not aware of any arrangements that could lead to a change of control in the Issuer.

No Material Adverse Changes in the Prospects

Since 31 December 2022, the last day of the financial period in respect of which the most recent audited financial statements published by Purmo Group on 20 March 2023 have been prepared, there has been no material adverse change in the prospects of Purmo Group.

No Significant Change in the Financial Performance or Financial Position

There has been no significant change in the financial performance or the financial position of the Issuer since 31 December 2022.

BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

General

In its corporate governance, decision making and administration, the Issuer's internal Corporate Governance Principles supplement the Finnish Companies Act (624/2006, as amended), the Finnish Securities Markets Act (746/2012, as amended), the Finnish Accounting Act (1336/1997, as amended), the rules of Nasdaq Helsinki Ltd as well as the Issuer's Articles of Association. In addition, the Issuer complies with the Finnish Corporate Governance Code published by the Securities Market Association in 2020.

Pursuant to the provisions of the Finnish Companies Act and Purmo Group's Articles of Association, the control and management of Purmo Group is divided between the General Meeting of shareholders, the Board of Directors, Chief Executive Officer (the "CEO"), who is assisted by the rest of the Core Leadership Team. The ultimate decision-making authority lies with shareholders at the General Meetings of shareholders. The Annual General Meeting is convened by the Board annually within six months from the end of the previous financial year.

The business address of the members of the Board of Directors and the CEO and the rest of the Core Leadership Team is Bulevardi 46, FI-00120 Helsinki, Finland.

Board of Directors

The Board of Directors operates in accordance with the Articles of Association, the Finnish Companies Act and other applicable legislation. The Board of Directors is responsible for Purmo Group's governance and the appropriate organisation of Purmo Group's operations. The Board of Directors also ensures that the control of Purmo Group's accounts and finances is appropriately arranged.

The Board of Directors has general competence to decide and act in all matters not reserved for other corporate governing bodies by law or under the provisions of Purmo Group's Articles of Association. The Board of Directors is responsible for Purmo Group's administration and the appropriate organisation of its operations. The Board of Directors decides on group-wide significant matters of principal importance. The Board of Directors appoints and dismisses the CEO, supervises his or her actions and decides on his or her remuneration and other terms and conditions of employment. The Board of Directors also makes decisions on the strategy, key investments, organisation, and financial affairs of Purmo Group. In addition, the Board of Directors monitors and assesses Purmo Group's financial performance and position and reviews and approves Purmo Group's interim reports and financial statements. In all situations, the Board of Directors must act in accordance with the best interest of Purmo Group.

The Board of Directors has established and approved a written charter for its work to complement the Articles of Association and applicable laws and regulations. The charter of the Board of Directors describes the composition of the Board of Directors and the selection of directors, the responsibilities of the Board of Directors, meeting practices and division of tasks within the Board of Directors.

The Board of Directors convenes regularly, at least six (6) times per financial year and as required. The Board of Directors receives current information on the operations, financial situation, market and competitive situation and risks of Purmo Group in its meetings. Meetings of the Board of Directors are attended by the CEO, the CFO and the secretary of the Board of Directors in addition to the members of the Board of Directors. Minutes are kept of all meetings. The Board of Directors constitutes a quorum when more than half of the elected members are present. When this proportion is calculated, disqualified members are excluded.

In addition, the Board of Directors' responsibilities and duties include:

- the administration of the company and the appropriate organisation of its operations
- the appropriate arrangement of the supervision of the company's accounts and finances
- decisions on company-wide significant matters of principal importance
- appointing and dismissing the CEO, supervising their actions, and deciding on their remuneration and other terms and conditions of service
- making decisions on the strategy, investments, organisation and financial affairs of the company; and
- convening the General Meeting.

In accordance with Purmo Group’s Articles of Association, the Board of Directors has between three (3) and ten (10) members that are elected at the Annual General Meeting of shareholders for a period of office that extends to the following Annual General Meeting of shareholders. In accordance with the Shareholders’ Nomination Board’s proposal, the Annual General Meeting held on 25 April 2022 decided that the Board of Directors shall have seven (7) members. The following members of the Board of Directors were re-elected to the Board until the end of the next Annual General Meeting: Tomas von Rettig, Matts Rosenberg, Alexander Ehrnrooth, Carina Edblad, Carlo Grossi, Jyri Luomakoski and Catharina Stackelberg-Hammarén. Further, Tomas von Rettig was elected as the Chairman of the Board of Directors and Matts Rosenberg was elected as the Vice Chairman of the Board of Directors.

<p>Name: Tomas Von Rettig</p> <p>Born 1980, BBA, CEFA</p> <p>Chairman of the Board (2021-)</p> <p>Chairman of the Remuneration Committee</p>	<p>Background Career history: President and CEO, Rettig Group (2016–2019) Various management positions within Rettig Group (2011–2015) Senior Portfolio Manager, Rettig Asset Management Oy Ab (2011) Portfolio Manager, Rettig Asset Management Oy Ab (2008–2010) Middle office, Skandinaviska Enskilda Banken Ab, (2006–2008)</p> <p>Current other positions of trust: eQ, Member of the Board (2019–)</p> <p>Prior positions of trust: Rettig Group, Chairman of the Board (2019–2022) Terveystalo, Vice Chairman of the Board (2018–2022) Purmo Group Ltd, Chairman of the Board of Directors (2016–2021) Nordkalk Corporation, Chairman of the Board (2016–2018) Bore, Chairman of the Board (2016)</p>
<p>Alexander Ehrnrooth</p> <p>Born 1974, M.Sc. (Econ.) and MBA, Kellogg Executive Scholar</p> <p>Member of the Board (2021-)</p> <p>Member of the Audit and M&A Committees</p>	<p>Career history: Virala Oy Ab, CEO and Member of the Board (1995–) Belgrano Inversiones Oy, CEO (2013–)</p> <p>Current other positions of trust: Ahlstrom Oyj (previously Ahlström-Munksjö Oyj), Member of the Board (2014–) Family G.J. Ehrnrooth Foundation sr, Member of the Board (2019–) Louise and Göran Ehrnrooth Foundation, Member of the Board (2014–) Ahlstrom Holding 1 Oy, Member of the Board (2020–) Ahlstrom Holding 2 Oy, Member of the Board (2020–) Ahlstrom Holding 3 Oy, Member of the Board (2020–) Belgrano Inversiones Oy, Member of the Board (1996–)</p> <p>Prior positions of trust: YIT Corporation, Member of the Board (2019–2021) Fiskars Corporation, Member of the Board (2005–2018)</p>
<p>Carina Edblad</p> <p>Born 1963, M.Sc. (Eng.)</p> <p>Member of the Board (2021-)</p> <p>Member of the Remuneration Committee</p>	<p>Career history: CEO, Thomas Betong (2011–) Various senior management positions within Skanska (1986 – 2010)</p> <p>Current other positions of trust: Instalco, Member of the Board (2018–) Royal Swedish Academy of Engineering Sciences, Member (2016–)</p> <p>Prior positions of trust: Adapteo, Member of the Board (2019–2021) NCC AB, Member of the Board (2014–2019) Hifab Group, Member of the Board (2012–2018) Svensk Markservice, Member of the Board (2011–2013)</p>

<p>Carlo Grossi</p> <p>Born 1956, Master in Engineering, Advanced Management Program INSTEAD</p> <p>Member of the Board (2021-)</p> <p>Member of the M&A Committee</p>	<p>Career history: CEO, Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. (2016–2021) CEO, DeLClima (2011–2015) Managing Director, DL Radiators S.p.A. (2010–2014) President, Eurovent (2011–2013) Director, Eurovent Certita Certification (2008–2013) Managing Director, Climaveneta (2001–2011) Director, deLonghi Professional SA (2007–2011)</p> <p>Current other positions of trust: deLonghi S.P.A., Member of the Board (2022-) Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A., Chairman of the Board (2021–)</p>
<p>Jyri Luomakoski</p> <p>Born 1967, MBA</p> <p>Member of the Board (2021-)</p> <p>Chairman of the Audit Committee</p>	<p>Career history: President and CEO, Uponor Group (2008–2021) Deputy CEO, Uponor Group (2002–2008) CFO, Uponor Group (1999-2008) CFO, Asko and Uponor (1999)</p> <p>Current other positions of trust: YIT Corporation, Member of the Board and member of the Audit Committee (2022–), Vice Chairman of the Board and Chairman of the Audit Committee (2023–) Fiskars Group, Member of the Board and Chairman of the Audit Committee (2016-), Vice Chairman of the Board (2018–) Varma Mutual Pension Insurance Company, Member of the Board (2015–)</p> <p>Prior positions of trust: Association of the European Heating Industries, Member of the Board (2014–2018) The European Plastic Pipes and Fittings Association, Member of the Board (2009–2021) Procurator-Holding Oy, Member of the Board (2006–2016)</p>
<p>Catharina Stackelber-Hammarén</p> <p>Born 1970, M.Sc. (Econ.)</p> <p>Member of the Board (2021-)</p> <p>Member of the Remuneration Committee</p>	<p>Career history: Senior Advisor, Marketing Clinic Group (2022–) Executive Chairman, Marketing Clinic Group (2019–2022) Founder and Managing Director, Marketing Clinic (2004-2019) Managing Director, Coca-Cola Finland (2000-2002, 2003-2004) Managing Director, Coca-Cola AB in Stockholm (2002-2003) Marketing Director, Coca-Cola Nordic & Baltic Division in Copenhagen (2000) Consumer Marketing Manager, Coca-Cola Finland (1996-2000) Marketing Manager, Sentra plc. (1994-1996)</p> <p>Current other positions of trust: Marketing Clinic Group, Member of the Board (2022–) Kojamo, Member of the Board (2021–) Royal Unibrew, Member of the Board (2019–) Alma Media, Member of the Board (2009–) Alma Media, Chairman of the Board (2022–)</p>

	<p>Prior positions of trust: Marimekko, Member of the Board (2014–2022) Cision, Member of the Board (2013–2014) Aktia Bank, Member of the Board (2012–2019) eQ, Member of the Board (2011-2012) Stiftelsen Svenska Handelshögskolan, Member of the Board (2011–2017) Tradedoubler, Member of the Board (2006–2007)</p>
<p>Matts Rosenberg Born 1977, Ph.D. (Econ.) Vice Chairman of the Board (2021-) Chairman of the M&A Committee Chairman of the Shareholders’ Nomination Board</p>	<p>Career history: Interim CFO, Purmo Group, (2023–) CEO, Rettig Group (2019–) Deputy CEO & Head of Core Investments, Rettig Group (2018–2019) COO, Rettig Group (2016–2018) Deputy CEO & CFO, Fortaco Group (2014–2016) Investment Professional, IK Investment Partners (2005–2013)</p> <p>Current other positions of trust: Terveystalo Oyj, Vice Chairman of the Board and member of the Audit Committee (2022-)</p> <p>Prior positions of trust: Purmo Group Plc, Member of the Audit Committee (2018-2022) Purmo Group Ltd, Member of the Board (2016-2021), Vice Chairman of the Board (2021) Nordkalk Corporation, Chairman of the Board and member of the Audit Committee (2018–2021) and Member of the Board (2016-2018) Alandia Försäkring, Chairman of the Board (2020–2021)</p>

Board Committees

General

The Board of Directors may establish specific committees to assist the Board of the Directors in the preparation and performance of the Board’s duties and responsibilities and determine their sizes, compositions and tasks. The Board of Directors has established the Audit Committee, the M&A Committee and the Remuneration Committee. The term of the committees is one year. The term begins when the committees are appointed after the Annual General Meeting and lasts until the next Annual General Meeting. The committees have charters approved by the Board of Directors and they report to the Board of Directors. The key contents of the charters of the committees are described below.

Audit Committee

The Audit Committee as a whole must have the expertise and experience required for the performance of the duties and responsibilities of the Committee. At least one (1) Committee member must have competence in accounting or auditing and the Committee members as a whole must have competence relevant to one or several of the sectors in which Purmo Group operates. Current members of the Audit Committee are Jyri Luomakoski (Chairman of the Audit Committee) and Alexander Ehrnrooth. The Committee meets at least four (4) times each year.

Key responsibilities of the Audit Committee:

- Assists the Board in fulfilling its oversight responsibilities of the company’s financial reporting process and in monitoring the statutory audit of the company.
- Assists the Board in its oversight of matters pertaining to financial reporting, internal control, internal audit, risk management, and related party transactions, and by making proposals on such matters to the Board.

- In addition, the duties of the Audit Committee include preparatory work on the decision on electing the auditor. Also, the Audit Committee monitors the efficiency of the system of internal control and risk management, and the audit process.

M&A Committee

The Mergers and Acquisitions (M&A) Committee shall have a minimum of three (3) members. The Committee members shall have the expertise and experience required for the performance of the Committee duties and responsibilities. Current members of the M&A Committee are Matts Rosenberg (Chairman of the M&A Committee), Alexander Ehrnrooth and Carlo Grossi. The Committee meets at least two (2) times each year.

Key responsibilities of the M&A Committee:

- Reviews with management and the Board the role of M&A within Purmo Group's overall growth strategy.
- Provides advise to management regarding Purmo Group's various strategic alternatives and funding structures for relevant acquisitions.
- Reviews material mergers, acquisitions, dispositions or other potential transactions, among other things.

Remuneration Committee

The Remuneration Committee shall have a minimum of three (3) members. The majority of the committee members must be independent of Purmo Group. The company's CEO or any other executive director may not be a member of the Committee. The committee members must have the expertise and experience required for the performance of the duties and responsibilities of the committee. Current members of the Remuneration Committee are Tomas von Rettig (Chairman of the Remuneration Committee), Catharina Stackelberg-Hammarén and Carina Edblad. The Committee meets at least two (2) times each year.

Key responsibilities of the Remuneration Committee:

- Prepares matters pertaining to the remuneration of the CEO and other members of the Core Leadership Team, appointment of the CEO as well as the remuneration principles observed by the company.
- Prepares the remuneration policy and remuneration report of the company's corporate bodies, among others.

Shareholders' Nomination Board

The Issuer has established a Shareholders Nomination Board (the "**Shareholders Nomination Board**") to ensure that the Board and its members represent a sufficient level of expertise, knowledge and competence for the needs of Purmo Group and have the possibility to devote sufficient amount of time to attending their duties as members of the Board of Directors. The Shareholders' Nomination Board consists of persons appointed by the three largest shareholders of Purmo Group who (i) represent the largest number of votes out of all shares in the company on 30 May each year (the "**Assessment Day**") as determined on the basis of the shareholder register of the company maintained by Euroclear Finland Oy; and (ii) wish to nominate a member to the Shareholders Nomination Board. The Shareholders Nomination Board is established for preparing, annually and otherwise when appropriate, proposals concerning the election and the remuneration of the members of the Board of Directors, including the Chairman and the Vice Chairman of the Board of Directors, to the following Annual General Meeting.

As at the date of this Prospectus, the Shareholders' Nomination Board consist of the following persons: Matts Rosenberg (Chairman of the Nomination Board), Alexander Ehrnrooth and Peter Seligson.

CEO and Core Leadership Team

The CEO is responsible for managing, supervising and controlling the business operations of Purmo Group and for the day-to-day executive management of the company in accordance with the instructions and orders given by the Board. In addition, the CEO ensures that the accounting practices of the company comply with Finnish law and that its financial affairs have been arranged in a reliable manner.

The duties of the CEO are governed primarily by the Finnish Companies Act. The CEO shall provide the Board and its members with the information necessary for the performance of the duties of the Board.

The CEO prepares matters for decision by the Board, develops the company in line with the targets approved by the Board and ensures the proper implementation of the decisions of the Board. The CEO is also responsible for ensuring that the company is managed in compliance with applicable laws and regulations. The CEO is not a member of the Board but attends the meetings of the Board and has the right to speak at the meetings.

Purmo Group’s Board appoints and dismisses the CEO. The Board decides on the financial benefits within the framework of the valid Remuneration Policy presented to the General Meeting and on other terms and conditions of the CEO’s position. The terms and conditions of the CEO’s position are specified in a written service contract.

Purmo Group’s Board appoints the members of the Core Leadership Team , which currently comprises the CEO, interim CFO, President of Climate Products & Systems division, President of Climate Solutions division and Chief People Officer. The Core Leadership Team is not a decision-making body of Purmo Group but assists the CEO in the implementation of the group strategy and in operational management. The Core Leadership Team is responsible for managing the company’s core business operations as a whole, which requires planning of various development processes, group principles and group practices, as well as monitoring the development of financial matters and the group’s business plans.

The Core Leadership Team convenes regularly at a schedule agreed in advance and also as required and minutes are kept of all meetings. Board members are free to join the meetings of the Core Leadership Team in order to ensure a smooth cooperation between the Board and the Core Leadership Team.

<p>Name: John Peter Leesi</p> <p>Chief Executive Officer (2022-) Member of the Core Leadership Team (2020-)</p> <p>Born 1961, Bachelor of Business Administration (advanced studies in international finance)</p> <p>Citizenship: Swedish</p>	<p>Background</p> <p>Career history: CEO, Purmo Group Ltd. 2020-2021 CEO and President, Munters Group 2014–2019 CEO and President, Luvata Group 2005–2014 CFO, Corporate Vice President and Head of Strategy, Legal, IS/IT and IPR, Sony Ericsson 2001–2005 CFO and various senior leadership positions, Ericsson 1997–2001</p> <p>Key positions of trust: Board member, Polarium 2017–2021 Advisory Board member, Agraria Inc. 2019–2020 Chairman of the Board, Luvata Oy 2014–2017 Chairman of the Board, Munters AB 2012–2015</p>
<p>Erik Hedin</p> <p>Chief Operating Officer (2023-) Member of the Core Leadership Team (2020-)</p> <p>Born 1977, M.Sc. (Ind. Eng.), BSc (Econ.)</p> <p>Citizenship: Swedish</p>	<p>Career history: Chief Financial Officer, Purmo Group 2020-2022 Senior Director, Alvarez & Marsal 2017-2020 Interim Chief Financial Officer, Sportradar 2019-2020 Division CFO roles, Luvata 2011-2017 Business Development Director, Luvata 2008-2011 Manager, Arthur D. Little, 2003-2008</p>
<p>Mike Conlon</p> <p>President, Climate Solutions division (2023-) Member of the Core Leadership Team (2015-)</p> <p>Born 1966, BA (Hons)</p> <p>Citizenship: British and Irish</p>	<p>Career history: Senior Vice President, ICS division, Purmo Group, 2019–2022 Group Managing Director (West), Purmo Group 2015–2019 Managing Director and member of leadership team, Stelrad Radiators 2011–2015 Division Vice President, Sanitec Group – Division 2008–2011 Managing Director, Sanitec Group (UK/Ireland) 2006–2011 Commercial Director, Sanitec UK/Ireland 2001–2006</p> <p>Key positions of trust:</p>

	<p>Member of Stelrad Ideal Group M&A committee 2011–2015 Pension trustee at Twyford Bathrooms UK 2003–2009 Member of Sanitec M&A committee 2008-2011 Board member at Sanitec UK 2001–2011</p>
<p>Linda Currie</p> <p>Chief People Officer (2021-) Member of the Core Leadership Team (2013-)</p> <p>Born 1973, BA (Hons) Business & Human Resource Management, CIPD</p> <p>Citizenship: British</p>	<p>Career history: CPO, Purmo Group Ltd. 2018-2021 CPO, Rettig ICC 2013-2018 HR Director, UK & Ireland, Purmo Group 2009–2013 HR Manager UK, Myson Radiators, 2005–2009 HR Officer, Myson Radiators UK, 1999–2005 Project Officer, Myson Radiators UK, 1994–1999</p> <p>Key positions of trust: Chairman of Purmo Group UK Ltd 2019– Director of Purmo Group UK Ltd 2014– Chairman of Trustees, Purmo Group UK Pension Scheme 2019– Company Trustee of Purmo Group UK Pension Scheme 2014–</p>
<p>Barry Lynch</p> <p>President, Climate Products & Systems division (2023-) Member of the Core Leadership Team (2022-)</p> <p>Born 1975, MBA, Post Graduate Diploma (Business Administration), BA Hons (Business Studies)</p> <p>Citizenship: British</p>	<p>Career history: Senior Vice President, Radiators division, Purmo Group, 2022 Vice President, Anglophone, Purmo Group 2019-2022 Managing Director, UK & ROI, Purmo Group 2016-2019 Sales & Marketing Director, UK & ROI, Purmo Group 2013-2016 R&D Group Team Leader, Group Role, Purmo Group 2011-2013 Group Marketing Manager, UK & ROI, Purmo Group 2007-2011 National Key Account Manager, UK & ROI, Purmo Group 2006-2007 Group Product Manager, UK & ROI, Purmo Group 2005-2006</p> <p>Key positions of trust: Board Member, Purmo Group UK 2013- Chairman, Manufacturers Association of Radiators and Convectors 2018-</p>
<p>Matts Rosenberg</p> <p>Interim Chief Financial Officer Member of the Core Leadership Team (2023-)</p> <p>Born 1977, Ph.D. (Econ.)</p> <p>Citizenship: Finnish</p>	<p>Career history: CEO, Rettig Group (2019–) Deputy CEO & Head of Core Investments, Rettig Group (2018–2019) COO, Rettig Group (2016–2018) Deputy CEO & CFO, Fortaco Group (2014–2016) Investment Professional, IK Investment Partners (2005–2013)</p> <p>Key positions of trust: Purmo Group Plc, Vice Chairman of the Board, Chairman of the M&A Committee, Chairman of the Shareholders’ Nomination Board (2021-) Terveystalo Oyj, Vice Chairman of the Board and member of the Audit Committee (2022-)</p> <p>Prior positions of trust: Purmo Group Plc, Member of the Audit Committee (2018-2022) Purmo Group Ltd, Member of the Board (2016-2021), Vice Chairman of the Board (2021) Nordkalk Corporation, Chairman of the Board and member of the Audit Committee (2018–2021) and Member of the Board (2016-2018) Alandia Försäkring, Chairman of the Board (2020–2021)</p>

Conflicts of Interest

To the knowledge of the Issuer, notwithstanding any shares they hold directly or indirectly in Purmo Group, the members of the Board of Directors, the CEO, and the members of the Management Team do not have any conflicts of interest between their duties to Purmo Group and their private interests and/or their other duties. There are no family relationships between the members of Purmo Group's Board of Directors or the members of its Management Team.

The members of the Board of Directors, apart from Tomas Von Rettig, Alexander Ehrnrooth and Matts Rosenberg, are independent of Purmo Group and its significant shareholders. Tomas Von Rettig is dependent of Purmo Group's significant shareholder Rettig Group Ltd., where he is the Chairman of the Board of Directors. Alexander Ehrnrooth is dependent of Purmo Group's significant shareholder Virala Oy Ab, where he is the President and CEO. Matts Rosenberg is dependent of Purmo Group's significant shareholder Rettig Group Ltd., where he is the CEO. Matts Rosenberg is currently the interim CFO of Purmo Group through a service agreement with Rettig Group Ltd.

Auditors

The Annual General Meeting of shareholders of Purmo Group resolved on 25 April 2022, in accordance with the Board of Directors' proposal upon the recommendation of the Audit Committee, to re-elect KPMG Oy Ab as Purmo Group's auditor, with Kim Järvi, Authorised Public Accountant, as the auditor with principal responsibility for a term that ends at the close of the next Annual General Meeting. The registered address of KPMG Oy Ab is Töölönlahdenkatu 3 A, FI-00100 Helsinki, Finland. Kim Järvi is registered in the register of auditors referred in Section 9 of Chapter 6 of the Finnish Auditing Act (1141/2015, as amended).

The audited consolidated financial statements of Purmo Group for the financial year ended 31 December 2021 incorporated into this Prospectus by reference has been audited by KPMG Oy Ab, Authorised Public Accountants. Kim Järvi acted as the auditor with principal responsibility in the financial year ended 31 December 2021.

GREEN FINANCE FRAMEWORK

The following is a summary of Purmo Group's green finance framework (the "**Framework**") published on 13 February 2023 and available on Purmo Group's website: <https://investors.purmogroup.com/greenfinance>.

General

The Framework is done in alignment with the Green Loan Principles (GLP)¹⁴ from February 2021 and with the June 2022 version of the Green Bond Principles (GBP)¹⁵. In addition, Purmo Group has taken into account market expectations, voluntary standards and recent regulatory developments in the preparation of the Framework.

The four core components of Green Bond/Loan Principles are:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework is applicable, but not limited to, for issuance of green debt instruments including green bonds, green hybrid bonds, green commercial papers, green loans and other types of debt instruments where an amount equal to the net proceeds will be applied to finance or re-finance, in part or in full, new and/or existing expenditures and assets with clear environmental benefits, as defined in the Framework ("**Green Financing**").

In relation to the EU Taxonomy alignment, the Framework refers to the EU environmental objectives. The Use of Proceeds section builds upon the EU Taxonomy eligible activities of Purmo Group and Purmo Group aims to reassess the eligibility criteria presented below once the EU Taxonomy is completed and widely adopted in the financial markets.

Use of Proceeds

An amount equivalent to the net proceeds from Purmo Group's Green Financing will be used to finance or re-finance, in part or in full, Eligible Green Assets and Expenditures (as defined below) that enable distinct environmental benefits as described in the defined eligibility criteria.

Financing and refinancing of tangible assets (with no specific age restriction) and capital and operational expenditure (with up to three (3) year lookback period before the issuance of any Green Financing), such as research and development costs related to energy efficient product development, can qualify. The combined allocated amount to a specific asset or expenditure, by one or several sources of financing through eligible use of proceeds, may not exceed its value.

Purmo Group currently operates in 24 countries. The Framework and listed Eligible Green Assets and Expenditures cover all of Purmo Group's operations.

Eligible Green Assets and Expenditures under the Framework are presented in the table below.

ENERGY EFFICIENCY

Contribution towards European Union Environmental Objective:
Climate change mitigation
The following products, enabling energy efficiency improvements, and associated expenditure, including energy efficiency improvements in the production lines, may qualify as Eligible Green Assets and Expenditures:
<ul style="list-style-type: none">• Underfloor heating systems, radiators, convectors and other equipment for central heating and for space heating

¹⁴ The Green Loan Principles are published by the Loan Market Association ("**LMA**"), Asia Pacific Loan Market Association ("**APLMA**") and the Loan Syndications and Trading Association ("**LSTA**") respectively.

¹⁵ The Green Bond Principles are published by International Capital Markets Association ("**ICMA**").

- Cooling and ventilation systems, including heat pumps
- Components enabling smart controlling and monitoring of heating and ventilation systems, such as zoned thermostats

Each above being ‘enabling activity’, meaning that the solutions Purmo Group provides enable its end-customers and installer clients to fulfil the EU Taxonomy’s economic activity 7.3 ‘Installation, maintenance and repair of energy efficiency equipment’ and Purmo Group enables in broader sense greening of the built environment.

In addition to the positive contribution, each above activity will include the following considerations, where relevant, available and feasible, to minimise any negative environmental impacts:

- Designing products for high durability and recyclability
- Minimising waste in the manufacturing process
- Minimising water consumption in the manufacturing process
- Refusing to source conflict minerals¹⁶



Process for Project Evaluation and Selection

Selection of Eligible Assets and Expenditure

The evaluation and selection process for Eligible Green Assets and Expenditures is a key process in ensuring that an amount equal to the net proceeds from Green Financing is allocated to assets and expenditure that meet the criteria in the Framework.

The selection of Eligible Green Assets and Expenditures is managed by a dedicated group, the Purmo Group ESG Steering Group (the “PG ESG SG”). Members of the PG ESG SG consist of members from Core Leadership Team, including CEO and CFO, Product Managers, Operations Directors and Head of CSR and Sustainability. Chairman of the committee is the Head of CSR and Sustainability. Purmo Group will ensure that sustainability expertise always resides within the PG ESG SG. All decisions are made in consensus, however, Head of CSR and Sustainability holds veto right on decisions related to the definitions of Eligible Green Assets and Expenditures. The PG ESG SG will meet at least twice a year to analyse, validate and report Eligible Green Assets and Expenditures and will keep track of all decisions made.

A list of Eligible Green Assets and Expenditures is kept by the Group Finance, and the CFO is responsible for keeping this list up to date.

The PG ESG SG will continuously exercise its professional judgement, discretion and sustainability expertise when identifying the Eligible Green Assets and Expenditures.

The PG ESG SG follows the below process when selecting and evaluating potentially Eligible Green Assets and Expenditures:

1. any PG ESG SG member, or their respective unit, may propose a potential asset and/or expenditure to the PG ESG SG;
2. the Head CSR of Sustainability, or other appointed person, evaluates that the proposal is aligned with the eligibility criteria defined in the Green Finance Framework and removes asset(s)/expenditure(s) that do not meet the criteria;

¹⁶ Purmo Group does not source minerals such as tin, tungsten, tantalum and gold, often referred to as ‘conflict minerals’. These derive from politically unstable areas and their trade may be used to finance illegal or unethical practices. As such, these would need to be responsibly sourced, in compliance with local regulations, such as the EU Conflict Minerals Regulation

3. PG ESG SG verifies the eligibility of the asset or expenditure; and
4. Eligible Assets and Expenditures are booked into the Green Financing Register (as defined below).

Exclusions

The proceeds of Purmo Group's Green Financing will not be used to finance fossil fuel energy generation, nuclear energy generation, the weapons and defence industries, gambling or tobacco (the "**Exclusions**").

Management of Proceeds

Approach to Managing Proceeds

Amount equal to the net proceeds from Purmo Group's Green Financing will be tracked by Group Treasury using a register where all issued amounts of green debt instruments will be monitored (the "**Green Financing Register**"). The purpose of the Green Financing Register is to ensure that an amount equal to the Green Financing net proceeds only support the financing or refinancing of Green Assets and Expenditures.

Purmo Group will maintain a possibility to choose, at its own discretion, the most suitable allocation method for any Green Financing net proceeds. Commonly used approaches, as described in the Green Bond Principles, are based on a portfolio approach and bond-by-bond approach. Purmo Group will maintain high level of transparency in its reporting to investors and will always state the chosen allocation method at the latest in connection to the first allocation and impact reporting of each Green Financing instrument.

The list of Eligible Green Assets and Expenditures is monitored on a regular basis during the term of green debt instruments to ensure that the proceeds are sufficiently allocated to Eligible Green Assets and Expenditures. Assets and expenditures can, whenever needed, be removed or added to/from the Green Financing Register.

Temporary holdings

Any unallocated proceeds temporary held by Purmo Group will be placed in the liquidity reserve and managed accordingly by Purmo Group, taking also account the Exclusions stated above.

Reporting

To enable investors, lenders, and other stakeholders to follow the development of the assets and expenditure (re-)financed by Green Financing, an investor letter will be made available on Purmo Group's website ("**Green Finance Report**"). First such report will be made available for investors approximately 12 months after the issuance of Purmo Group's inaugural bond transaction under the Framework and may be integrated with Purmo Group's annual report thereafter.

The Green Finance Report will include an allocation report and an impact report. The Green Finance Report will be published annually as long as there are Green Financing outstanding or until full allocation of proceeds. Each Green Financing instrument will have at least one (1) Green Finance Report available during its lifetime, and multiple Green Finance instruments may be combined in one (1) Green Finance Report. Allocation of proceeds will be subject to an external auditor's review, either in connection to Purmo Group's Annual Report or separately as a part of a Green Finance Report.

In case Purmo Group has Green Financing outstanding in a form of bank loans, Purmo Group may report necessary annual details related to such bank loans directly to its lenders, as may be required in respective loan documentation.

Allocation reporting

- Total amount of Green Financing outstanding
- Share of proceeds used for financing and re financing
- Share of co-financing (if any)
- Share of unallocated proceeds (if any)
- Types of temporary unallocated funds placements (if any)
- Chosen allocation method (portfolio or bond by bond).

Impact reporting

The impact report includes metrics related to the environmental impact of the Green Eligible Assets and Expenditures financed under the Framework. Given the enabling nature of Purmo Group's products and solutions, the impact report may, to some extent, be dependent on the data collected from end-customers, and the reporting may be aggregated due to large number of eligible activities. Depending on data availability, calculations will be made on a best effort basis. The impact report may include some of the below listed metrics, and the reporting will always include methodologies used.

- Energy efficiency improvements and/or savings achieved through products and solutions
- CO² emissions from the use of products and solutions, if available and reasonable to calculate without sacrificing reliability
- Number of new R&D projects related to Eligible Assets and Expenditures
- Number of new green products and solutions
- Examples of selected projects and solutions, together with the achieved energy efficiency benefits.

Second Party Opinion

To confirm the transparency, robustness and alignment with market standards of the Framework, Purmo Group has engaged Moody's to act as an external reviewer of the Green Finance Framework. Amongst other things, it confirms the alignment of the Framework with the Green Bond Principles set out in 2021 by ICMA and the Green Loan Principles set out in 2021 by LMA, LSTA, and APLMA. Moody's has assessed the Framework to be aligned with Green Bond and Loan Principles, and to have a Good sustainability quality score, with the Use of Proceeds having high relevance.¹⁷

The Framework and the Second Party Opinion are publicly available on Purmo Group's website at <https://investors.purmogroup.com/greenfinance>.

¹⁷ Moody's Overall Sustainability Quality Score indicates Moody's Investors Service's (MIS) opinion of the overall sustainability quality of a financial instrument or financing framework which is expressed on a five-point scale ranging from excellent to weak (1. Weak 2. Intermediate 3. Good 4. Very Good 5. Excellent).

FINNISH TAXATION

The following summary is based on the tax laws of Finland as in effect as at the date of this Prospectus, and is subject to changes in Finnish law, including changes that could have a retroactive effect. The following summary is not exhaustive and does not take into account or discuss the tax laws of any country other than Finland. Prospective investors are advised to consult their own professional tax advisors as to the tax consequences relating to investment in the Capital Securities. Listed Capital Securities are not subject to Finnish transfer tax (Varainsiirtoverolaki 931/1996, as amended).

Individuals

If the recipient of interest paid on the Capital Securities is an individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident, such interest is, when paid by the Issuer or securities dealer (i.e., a Finnish financial institution making the payment), subject to an advance withholding tax in accordance with the Finnish Withholding Tax Act (*Ennakkoperintälaki* 1118/1996, as amended) and final taxation as capital income in accordance with the Finnish Income Tax Act (*Tuloverolaki* 1535/1992, as amended). The current withholding tax and capital income tax rate is 30 per cent. Should the amount of capital income received by a resident natural person exceed EUR 30,000 in a calendar year, the capital income tax rate is 34 per cent. on the amount that exceeds the EUR 30,000 threshold. However, advance tax withholdings will still be made at the rate of 30 per cent.

If Capital Securities are disposed of during the loan period, any capital gain as well as accrued interest received (secondary market compensation) is taxed as capital income. The Issuer or a securities dealer (i.e., a Finnish financial institution making the payment) must deduct an advance withholding tax from the secondary market compensation paid to an individual (natural person) residing in Finland or an undistributed estate of a deceased Finnish resident.

Capital losses are primarily deductible from capital gains arising in the same year. Any capital losses that cannot be used to offset capital gains in the same year can then be applied against other capital income in the same year. Any remaining unused capital losses can finally be carried forward for five years and used in the same manner as described above.

If Capital Securities are acquired in the secondary market, any accrued interest paid (secondary market compensation) is deductible from the capital income or, to the extent exceeding capital income, from earned income subject to the limitations of the Finnish Income Tax Act.

Corporate Entity or Partnership

Interest paid to Finnish corporate entities (other than non-profit associations) and to Finnish partnerships is deemed to be taxable income of the recipient of interest. Any gain or loss realised following a disposal of the Capital Securities will be taxable income or a tax deductible loss for the relevant Holder. The current tax rate for corporate entities is 20 per cent. Interest paid to such Holders is not subject to any withholding tax.

Non-Finnish Resident Holders

Holders who are not resident in Finland for tax purposes and who do not engage in trade or business through a permanent establishment or a fixed place of business in Finland should not be subject to Finnish taxes on interest or gains realised on the sale or redemption of the Capital Securities. Interest payments made by the Issuer or a securities dealer (i.e., a Finnish financial institution making the payment) to Holders who are not resident in Finland for tax purposes may, however, be subject to Finnish withholding tax, unless the identity of the Holders can be appropriately established. Investors who are in any doubt as to their position should consult their professional advisers.

INFORMATION INCORPORATED BY REFERENCE

The following documents are incorporated into and form part of the Prospectus by reference. The non-incorporated information in the documents incorporated by reference is not relevant for investors or can be found elsewhere in the Prospectus. The referenced documents have been published on the Issuer's website at <https://investors.purmogroup.com/ir-material/>.

Document	Information by reference	Hyperlink
Annual Report 2021	Audited financial statements of the Issuer as at and for the financial year ended 31 December 2021, pages 71-130, the report by the Board of Directors for the financial year 2021, pages 53-66 and the Auditor's report, pages 127-130.	https://investors.purmogroup.com/wp-content/uploads/2022/03/Purmo_Annual_report_2021_250322-final.pdf
Annual Report 2022	Audited financial statements of the Issuer as at and for the financial year ended 31 December 2022, pages 73-130, the report by the Board of Directors for the financial year 2022 pages 50-72 and the Auditor's report, pages 131-134.	https://investors.purmogroup.com/wp-content/uploads/2023/03/Purmo_Annual_report_2022_final_20032023.pdf

DOCUMENTS ON DISPLAY AND AVAILABLE INFORMATION

In addition to the documents incorporated by reference into this Prospectus, the Issuer's Finnish and English language Articles of Association are available on the Issuer's website at <https://investors.purmogroup.com/governance/articles-of-association/> and extract from the Finnish Trade Register may be inspected at the head office of the Issuer, Bulevardi 46, 00120 Helsinki, Finland on weekdays within regular business hours. In order to ensure best possible service, persons wishing to examine the documents referred to in this section are kindly requested to notify the Issuer of their visit in advance by telephone +358 (0)40 750 1184.

The Issuer publishes annual reports, including audited consolidated financial statements, quarterly interim financial information and other information as required by the Finnish Securities Market Act and the rules of the Helsinki Stock Exchange. As at the date of this Prospectus, all annual reports, interim reports and stock exchange releases are published in Finnish and English. Such information will be available on the Issuer's website at <https://investors.purmogroup.com/ir-material/>.

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