

Purmo Group Plc

**Interim report**  
**January-March 2024**



## Clear margin improvement and solid adjusted EBITDA

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### January–March 2024

- Net sales decreased by 11 per cent to EUR 187.9 million (211.7). The organic<sup>1</sup> decline in net sales was 12 per cent.
- Net sales for the Climate Product & Systems division decreased by 9 per cent to EUR 153.3 million (169.3) and net sales for the Climate Solutions division decreased by 18 per cent to EUR 34.7 million (42.5).
- Adjusted EBITDA increased by 1 per cent to EUR 26.6 million (26.4).
- Adjusted EBITDA margin improved materially to 14.2 per cent (12.5) supported by the Accelerate PG programme, including strong margin management and cost savings.
- EBIT increased to EUR 17.9 million (15.1), which included EUR -1.4 million (-3.4) of comparability adjustments.
- Cash flow from operating activities increased to EUR 1.0 million (-1.2), mainly due to a decrease in financial items and income taxes paid.
- Accelerate PG programme's adjusted EBITDA run-rate improvements amounted to EUR 34.1 million (EUR 30.1 million at the end of Q4 2023), of which periodic impact for the first quarter was EUR 7.8 million (EUR 1.4 million in Q1 2023).

### Financial guidance 2024

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

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

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

<sup>1</sup> Excluding currency effects and impacts from acquisitions and divestments.

## Key figures and financial performance

EUR million	1-3/2024	1-3/2023	Change,%	2023
Net sales	187.9	211.7	-11%	743.2
Adjusted EBITDA <sup>1</sup>	26.6	26.4	1%	92.3
Adjusted EBITDA margin, % <sup>1</sup>	14.2%	12.5%		12.4%
Adjusted EBITA <sup>1</sup>	20.3	19.4	4%	66.3
Adjusted EBITA margin, % <sup>1</sup>	10.8%	9.2%		8.9%
EBIT	17.9	15.1	19%	9.7
EBIT margin, %	9.5%	7.1%		1.3%
Profit for the period	9.4	6.7	40%	-9.3
Adjusted profit for the period <sup>1 3</sup>	10.5	9.3	13%	32.2
Earnings per share, basic, EUR	0.22	0.16	36%	-0.32
Adjusted earnings per share, basic, EUR <sup>1 3</sup>	0.26	0.25	2%	0.68
Cash flow from operating activities	1.0	-1.2		40.4
Adjusted operating cash flow, last 12 months <sup>1 2</sup>	87.0	88.4	-2%	75.1
Cash conversion <sup>1 2</sup>	94.1%	98.2%		81.4%
Operating capital employed <sup>1</sup>	303.1	326.4	-7%	294.7
Return on operating capital employed, % <sup>1</sup>	3.7%	12.6%		2.9%
Net debt <sup>1</sup>	230.2	226.9	1%	219.6
Net debt / Adjusted EBITDA <sup>1</sup>	2.49	2.52	-1%	2.38

<sup>1</sup> Purmo Group presents certain measures of financial performance, financial position and cash flows, which are alternative performance measures in accordance with the guidance issued by the European Securities and Markets Authority ('ESMA'). For the detailed definitions and reconciliation of alternative performance measures see page 40 in the January-March 2024 interim financial statements review.

<sup>2</sup> Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (2.9) million.

<sup>3</sup> Comparative figures for Q1 2023 have been restated due to change in calculation of the key figure, see page 41 in the January-March 2024 interim financial statements review.

## CEO's review



Purmo Group delivered a clear margin expansion despite weak markets in the first quarter of 2024. No major signs of improvement in construction activity were visible in our core markets. However, we did see a sequential uptick of radiator orders in Central and Eastern Europe mainly due to some restocking and slight growing optimism regarding demand recovery. We continue to believe in and push our integrated system approach which delivers value for installers, and sustainable living for end-users.

### **Increase in the adjusted EBITDA in the Climate Products & Systems division, coupled with a clear margin improvement in the Climate Solution division**

In the Climate Products & Systems division, we saw a pickup in radiator sales in a few regions, but experienced some weakness in other areas and product groups, leading to a decline of 9 per cent in net sales during the quarter. Demand remained generally subdued, although we noticed increasing optimism in a few markets such as Poland. Due to strong margin management, the adjusted EBITDA for the quarter grew by 5 per cent to EUR 23.7 million. Adjusted EBITDA margin improved by 2.1 percentage points from last year.

In the Climate Solutions division, we sell pre-fabricated and time-saving solution packages to our installer customers. In the first quarter, we saw continuing normalisation of the Italian market, with mixed development in other regions. As a consequence, net sales declined by 18 per cent. Even though the Nordic markets struggle in the general construction downturn, we completed an important agreement with Kastelli Talot Oy after the review period. Kastelli is the largest manufacturer of prefabricated houses in Finland. Purmo Group will design and deliver underfloor heating solutions, pipes and valves for Kastelli houses during

2024 and 2025. Although earnings in the division were supported by systematic cost savings, the adjusted EBITDA decreased by 11 per cent to EUR 5.6 million partly due to the strong comparison period last year. Nevertheless, the adjusted EBITDA margin increased by 1.4 percentage points compared to last year.

### **Shift to growth in the successful Accelerate PG programme**

Our Accelerate PG programme continued to deliver increasing run-rate benefits in the first quarter. The programme delivered EUR 7.8 million adjusted EBITDA periodic impact in the quarter, and the total EBITDA run-rate improvements were EUR 34.1 million. Our programme's target remains at EUR 50.0 million in run-rate improvements in adjusted EBITDA by the end of 2024. Whilst securing the targeted savings, we will pivot the programme towards generating sales growth with the same programmatic approach and attention to detail that has delivered great earnings improvements during the last years. In the growth phase, the programme targets approximately EUR 15.0 million adjusted EBITDA run-rate improvements by the end of 2025.

### **A road to carbon-neutrality: carbon offset radiator production started in the United Kingdom**

As we wait for the green steel production in the H2 Green Steel plant in Sweden to begin, we started the production of electric radiators made of carbon offset steel in our factory in Gateshead, United Kingdom after the review period in April. In this green initiative, we utilise Arcelor Mittal's registered green steel certificates allowing us to invest in a range of initiatives that reduce an equivalent amount of carbon emissions.

### **Guidance for 2024 unchanged, growth phase to start**

In the first quarter of 2024, we started to gradually shift our focus to growth initiatives in the Accelerate PG programme. Due to the absence of broad-based, notable demand recovery, coupled with the APG programme and strong margin management, we keep our guidance unchanged. Adjusted EBITDA in 2024 is expected to be on a similar or higher level than in 2023 (EUR 92.3 million).

## News conference and webcast for analysts, investors and media

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

### **Webcast and teleconference on Wednesday 24 April 2024 at 10.00 a.m. EEST**

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

- Webcast: <https://purmogroup.videosync.fi/2024-q1-results>
- Teleconference lines: <http://palvelu.flik.fi/teleconference/?id=10012030>

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

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

### **Further information:**

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## Group financial overview

### Net Sales

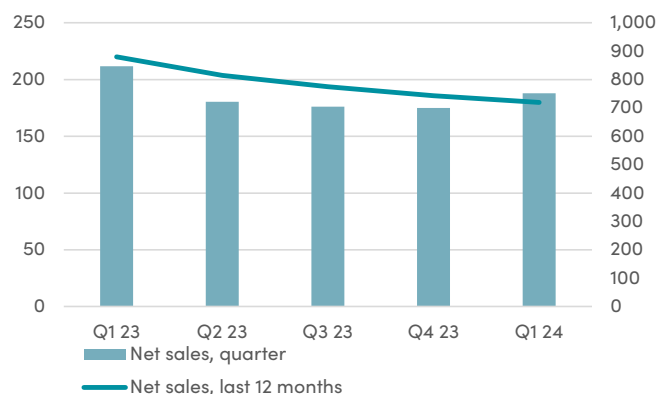
EUR million	1-3/2024	1-3/2023	Change, %	2023
<b>Net sales, by segment</b>				
Climate Products & Systems	153.3	169.3	-9%	591.9
Climate Solutions	34.7	42.5	-18%	151.6
Eliminations	-0.1	-0.1		-0.3
<b>Total</b>	<b>187.9</b>	<b>211.7</b>	<b>-11%</b>	<b>743.2</b>

In January-March 2024, Purmo Group's net sales reached EUR 187.9 million (211.7); a decrease of 11 per cent. The organic decline in net sales, excluding currency effects, acquisitions and divestments, was 12 per cent. Acquisitions did not contribute to net sales. The net impact of changes in currencies was -1 per cent.

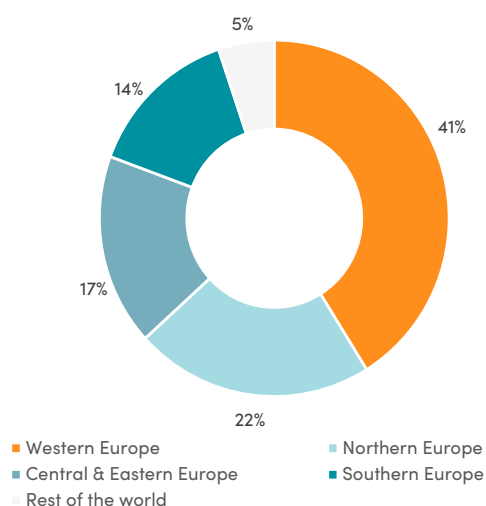
Net sales for the Group declined as a result of a continued general downturn in the construction markets in the Group's sales regions and a decline in demand for its product groups during the quarter. However, a slight pickup was seen in radiator sales in certain regions. The improvement in radiator volumes in these regions was mainly a result of some restocking and slightly growing optimism regarding market recovery. Sales in the Climate Products & Systems division were depressed in all regions, however a continued recovery in radiator sales was seen in the Polish market due to cautious optimism for market recovery. In the Climate Solutions division, the normalisation of the Italian market continued. Weak construction markets in the Nordics impacted negatively on net sales for the quarter.

Net sales from Northern Europe declined by 5 per cent amounting to EUR 41.5 million (43.6). Western Europe declined by 15 per cent, amounting to EUR 77.3 million (91.2). Central and Eastern Europe declined by 2 per cent to EUR 32.7 million (33.5). Southern Europe declined by 15 per cent to EUR 26.7 million (31.6) and the Rest of the world region declined by 18 per cent to EUR 9.7 million (11.9).

### Net sales, MEUR



### Net sales by geographical area, 1-3/2024



## Results and profitability

EUR million	1-3/2024	1-3/2023	Change, %	2023
<b>Adjusted EBITDA, by segment</b>				
Climate Products & Systems	23.7	22.7	5%	78.5
Climate Solutions	5.6	6.2	-11%	23.7
Other and unallocated	-2.7	-2.5	8%	-9.9
<b>Total</b>	<b>26.6</b>	<b>26.4</b>	<b>1%</b>	<b>92.3</b>
<b>Adjusted EBITDA margin, %</b>	<b>14.2%</b>	<b>12.5%</b>		<b>12.4%</b>

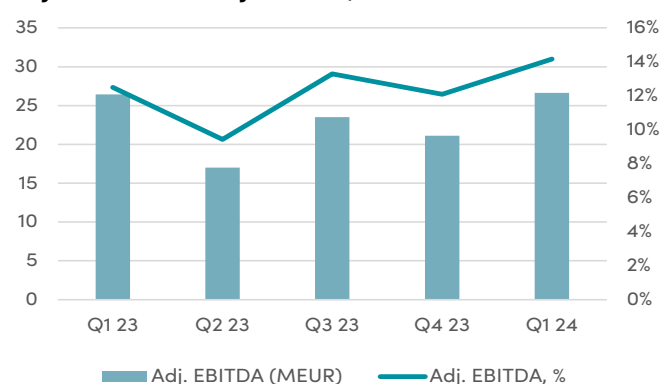
In January–March 2024, Purmo Group’s adjusted EBITDA improved to EUR 26.6 million (26.4); an increase of 1 per cent.

The adjusted EBITDA margin improved clearly to 14.2 (12.5) per cent. The increase in adjusted EBITDA margin was supported by the Accelerate PG programme, including strong margin management actions and continued cost savings.

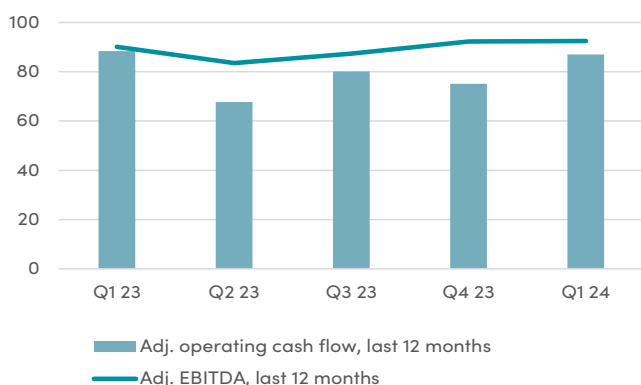
Comparability adjustments affecting EBITDA and EBITA amounted to EUR 1.4 million (3.4) and the adjustments were mainly related to the Accelerate PG programme.

Profit for the review period was EUR 9.4 million (6.7) and adjusted profit for the period was EUR 10.5 million (9.3). Earnings per share were EUR 0.22 (0.16) and adjusted earnings per share were EUR 0.26 (0.25).

Adj. EBITDA and Adj. EBITDA, %



**Adj. operating cash flow, last 12 months, MEUR**



**Cash flow and financial position**

**In January-March 2024**, cash flow from operating activities increased to EUR 1.0 million (-1.2). The cash flow was slightly impacted by the improvement of net working capital of EUR -17.1 million (-17.3) during the quarter. The cash flow was positively impacted by a decrease in financial items and income taxes paid of EUR -6.6 million (-8.4).

Adjusted operating cash flow for the last 12 months decreased by 2 per cent to EUR 87.0 million (88.4), and the cash conversion remained on a high level at 94.1 per cent (98.2). The change was mainly a result of a decrease in net working capital of EUR 14.6 million (23.9). The adjusted EBITDA during the last 12 months increased to EUR 92.5 million and, was higher than the previous year (90.1).

Cash flow from investing activities was EUR -3.7 million (-3.9) in the reporting period mainly attributing from investments in property, plant and equipment, and intangible assets.

Cash flow from financing activities, which include the hybrid bond annual coupon payment of EUR 5.7 million, was EUR -7.7 million (49.2).

At the end of March 2024, the Group's net debt was EUR 230.2 million (31 Dec 2023: 219.6), and the net debt to adjusted EBITDA ratio, based on the last 12 months adjusted EBITDA, was 2.49 (31 Dec 2023: 2.38). The increase in the Group's net debt and the net debt to adjusted EBITDA ratio was mainly due to the payment of return of capital, the hybrid bond related annual coupon payment and the change in net working capital. The hybrid bond is treated as equity according to IFRS and therefore not included in net debt.

At the end of March 2024, the equity ratio was 43.2 per cent (31 Dec 2023: 43.7) having decreased mainly due to the hybrid bond related annual coupon payment. The equity ratio calculation has been updated to be calculated from total equity instead of equity attributable to the owners of the company from the beginning of 2023.

At the end of March 2024, the liquidity position in terms of cash and cash equivalents totalled EUR 101.3 million (31 Dec 2023: 111.7). The company has a Finnish commercial paper programme of EUR 100.0 million (31 Dec 2023: 100.0), which was unutilised at the end of the reporting period. The company also had an EUR 80.0 million (31 Dec 2023: 80.0) unutilised committed revolving credit facility, EUR 18.0 million (31 Dec 2023: 20.5) of unutilised overdraft facilities with core financial institutions and EUR 125.0 million (31 Dec 2023: 125.0) unutilised uncommitted M&A facility.

Total equity remained on the same level at EUR 437.5 million (31 Dec 2023: 435.7) compared to the comparison period.



## Market overview

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

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

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

The estimated compounded annual growth rate for Purmo Group's products and systems varies. As an example, the demand for air-to-water heat pumps is expected to grow by 19 per cent annually (CAGR) within the company's addressable markets (2021-2026) (BRG, December 2023).

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

During the first quarter of 2024, construction activity across Purmo Group's key markets remained weak. Low consumer confidence decreased demand, leading to lower volumes in heating and cooling projects. Nevertheless, the Polish market faced a continued pick-up in radiator sales due to cautious optimism regarding the residential construction market recovery. Wholesalers also filled their stocks to some extent during the quarter in some regions in Central Europe.

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

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

## Climate Products & Systems Division

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

EUR million	1-3/2024	1-3/2023	Change, %	2023
Net sales	153.3	169.3	-9%	591.9
Adjusted EBITDA	23.7	22.7	5%	78.5
Adjusted EBITDA margin, %	15.5%	13.4%		13.3%
Depreciations, amortisations and impairments	-6.1	-6.8	-10%	-31.7

### Net sales

In January-March 2024, net sales for the Climate Products & Systems division decreased by -9 per cent to EUR 153.3 million (169.3). The organic decline in net sales was -10 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was negative 1 per cent.

Net sales of radiators amounted to EUR 103.9 million (110.2) during the first quarter of the year. The weak demand in construction markets as well as heating and cooling projects led to a decline in the organic sales volume in radiators of around -8 per cent during the quarter.

During the first quarter of the year, net sales declined in all regions of the division. However, a continued pickup was seen in Poland, where radiator sales continued to grow supported by slightly growing optimism regarding residential construction recovery. Also in some countries of Central Europe wholesalers refilled their stocks of radiators.

### Profitability

In January-March 2024, adjusted EBITDA for the Climate Products & Systems division increased by 5 per cent to EUR 23.7 million (22.7). The adjusted EBITDA margin improved to 15.5 per cent (13.4).

The improvement in adjusted EBITDA margin was a result of good performance in the Accelerate PG programme: the division continued strong margin management actions in addition to cost savings during the quarter.

## Climate Solutions Division

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

EUR million	1-3/2024	1-3/2023	Change, %	2023
Net sales	34.7	42.5	-18%	151.6
Adjusted EBITDA	5.6	6.2	-11%	23.7
Adjusted EBITDA margin, %	16.1%	14.7%		15.6%
Depreciations, amortisations and impairments	-1.3	-1.2	8%	-5.1

### Net sales

**In January–March 2024**, net sales for the Climate Solutions division decreased by 18 per cent to EUR 34.7 million (42.5). The organic decline in net sales was 19 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was 0.4 per cent.

During the quarter, net sales for the Climate Solutions division declined especially due to weak construction markets in Nordics. Conversely, sales in Ireland grew during the quarter as a result of investments in accelerating sales activities. Also the Italian market continued to normalise during the quarter. The comparison period in Italy was strong due to high demand as a result of government incentives for improving the energy efficiency of buildings and homes.

### Profitability

**In January–March 2024**, adjusted EBITDA for the Climate Solutions division decreased by 11 per cent to EUR 5.6 million (6.2). The adjusted EBITDA margin increased to 16.1 per cent (14.7).

The increase in adjusted EBITDA margin during the quarter was a result of better product sales mix in Italy. The division also continued margin management and cost saving actions throughout the quarter, which had a positive impact on the adjusted EBITDA margin.

## Investments, acquisitions, structural changes and R&D

### Investments

In January–March 2024, capital expenditure, excluding business combinations and leased assets, totalled EUR 3.7 million (3.9). The investments during the review period and the comparison period were related primarily to strategic projects as well as factory expansions and maintenance.

### Acquisitions and disposals

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

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

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

### Structural changes

On 28 November 2023, Purmo Group announced that it had completed the consultation process concerning the discontinuation of its radiator production in Zonhoven, Belgium. According to the plan, part of the radiator production in Zonhoven ceased at the end of the fourth quarter of 2023, and the remainder will close by the end of April 2024.

According to the plan horizontal radiator production was transferred from Zonhoven to be manufactured at the Group's most efficient production lines at its plant in Rybnik, Poland.

### Research and development

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

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

Research and development (R&D) expenditure totalled EUR 1.6 million (1.7) in January–March 2024.

During the first quarter, the Group launched the Ulow-E heat pump radiator, a simplified version of the Ulow-E2 radiator. It is a low temperature panel radiator with integrated fans that boost heat output at low system temperatures. It is especially suitable for renovation projects when heat generators are upgraded as it can easily serve as a replacement for older radiators without having to change the pipe system. The heat output from Ulow-E is also 60 per cent higher than a standard radiator.

## Strategy

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

- (i) scaling-up of solution-selling to provide complete solutions and to capture growth potential in underpenetrated markets;
- (ii) launching and delivering smart products that are more intelligent, sustainable and aesthetic; and
- (iii) focusing on growth markets to capture the biggest opportunities outside of current markets.

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

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

### Strategy acceleration programme

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

The programme targets cumulative adjusted EBITDA run-rate improvements of EUR 50.0 million, which are expected to be reached by the end of 2024. The programme also targets cumulative net working capital improvements of EUR 45.0 million by the end of 2024. In 2025, the programme will pivot to improving net sales growth. The target for the growth phase is to achieve approximately EUR 15.0 million of incremental adjusted EBITDA run-rate improvements by the end of 2025.

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

ensuring optimal enablers in terms of systems, processes, and ways of working.

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

Accelerate PG is delivering improvements according to plan. Implemented adjusted EBITDA run-rate improvements at the end of the first quarter amounted to EUR 34.1 million. This was up from EUR 30.1 million at the end of 2023. Adjusted EBITDA periodic impact during the quarter amounted to EUR 7.8 million (EUR 6.4 million during the previous quarter). The programme has also realised a cumulative net working capital improvement of EUR 31.7 million, of which periodic impact amounted to EUR 11.1 million during the first quarter.

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

As part of the programme, on 28 November 2023, Purmo Group announced that it had completed the consultation process with employee representatives concerning the discontinuation of its radiator production in Zonhoven, Belgium. The remainder of the radiator production will be closed by the end of April 2024. On 10 January 2024, the Group announced that it had entered into consultation with employee representatives regarding its intention to relocate production from its plant in Hull, United Kingdom, with a possible collective redundancy. The plant employs 35 employees working in the manufacturing of low surface-temperature radiators, fan convectors and other components.

## Sustainability

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

### Production

Carbon intensity increased by 5 per cent to 94.0 (89.2) (tCO<sub>2</sub>e/net sales in EUR million) and Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 7 per cent to 17,582 tCO<sub>2</sub>e (18,875) during the quarter. Purmo Group received an EcoVadis Gold medal following a sustainability assessment for its plant in Markaryd, Sweden during the quarter. The recognition placed the company in the top 5 per cent of all companies assessed by EcoVadis in the last 12 months.

### Solutions

During the quarter, a strategy for the industrialisation of EPDs (Environmental Product Declarations) for Purmo Group's products was approved. In addition, resources were identified for training regarding EPDs.

### People

Lost Time Injury Frequency Rate per million hours worked (LTIFR) decreased to 1.5 (6.4) as a result of a continued, strong focus on Health and Safety. The number of safety observations decreased by 40 per cent to 172 (289) in the quarter. The proportion of women in senior management positions decreased slightly to 25 per cent (26) during the quarter.

### Communities

During the quarter, Purmo Group's employees dedicated 1,216 hours in total (1,708) to volunteering in local communities. During the quarter, the Italian teams of Purmo Group collaborated to improve efficiencies and

reduce waste at the plant in Italy. The team comprising Production, Planning and Quality made an improvement by replacing cardboard boxes of valves with huge, reusable metal boxes. The improvement will save 30,519 cardboard boxes each year in addition to time spent on logistics between the Italian plants to deliver the boxes.

### Other material activities

After the review period in April, Purmo Group started the production of carbon offset steel electric radiators in its factory in Gateshead, United Kingdom. In this green initiative, the Group cooperates with Arcelor Mittal, who have set up a global steelmaking innovation programme targeted at carbon-neutral steel by 2050. Their registered green steel certificates allow customers such as Purmo Group to invest in a range of initiatives that reduce an equivalent amount of carbon emissions, all of which will be ultimately verified by a third party.

More information on Purmo Group's sustainability strategy is available on the [company's website](#).

**Key indicators**

	1-3/2024	1-3/2023	Change, %	2023
<b>Production</b>				
Scope 1 and 2 GHG emissions, tCO <sub>2</sub> e <sup>1 8</sup>	17,582	18,875	-7%	63,898
Scope 3 GHG emissions from procured steel, tCO <sub>2</sub> e <sup>2</sup>	57,692	52,704	9%	211,445
Scope 1 and 2 carbon intensity <sup>3 8</sup>	94.0	89.2	5%	86.0
<b>Solutions</b>				
Customer Net Promoter Score, cNPS <sup>4</sup>	- <sup>9</sup>	- <sup>9</sup>	-	46
Customer Sustainability Net Promoter Score, sNPS <sup>5</sup>	- <sup>9</sup>	- <sup>9</sup>	-	21
<b>People</b>				
Lost Time Injury Frequency Rate, LTIFR <sup>6 8</sup>	1.5	6.4	-77%	6.3
Number of safety observations <sup>8</sup>	172	289	-40%	1,032
Number of accidents <sup>8</sup>	2	9	-78%	33
Employee Net Promoter Score, eNPS <sup>7</sup>	- <sup>9</sup>	- <sup>9</sup>		-8
Proportion of women in senior management positions	25%	26%		26%
<b>Communities</b>				
Number of volunteering hours <sup>8</sup>	1,216	1,708	-29%	7,213

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

<sup>2</sup> In 2024, used the 2022 World Steel Association data of 1.91 tCO<sub>2</sub>e embodied carbon produced for every tonne of crude steel cast, while in 2023, applied the 2021 World Steel Association data of 1.89 tCO<sub>2</sub>e embodied carbon produced for the same measure.

<sup>3</sup> tCO<sub>2</sub>e/net sales in EUR million.

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

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

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

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

<sup>8</sup> Comparison figures recalculated due to additional data received after the publication of previous interim reports.

<sup>9</sup> Certain data is unavailable because it is currently not collected on a quarterly basis.

## Other significant events during the quarter

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On 10 January 2024, Purmo Group announced that it had launched a consultation process to relocate its manufacturing from Hull, United Kingdom. The plant employs 35 employees working in the manufacturing of low surface-temperature radiators, fan convectors and other components. The production of these products could possibly be relocated to other manufacturing locations in the United Kingdom.

## Events after the review period

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

Completion of the transaction is subject to approvals by the relevant regulatory authorities in Russia, which are expected to be received during the second quarter of 2024. After the potential divestment, Purmo Group will not have any activities in Russia or any redemption liabilities concerning the Russian business.

In 2023, the business in Russia represented approximately 3% of the Group's total net sales. The divestment will not have a material financial impact on Purmo Group and will not affect the financial guidance for 2024.



## Shares and shareholders

### Share capital, number of shares and shareholders

	31 Mar 2024
Number of class C shares	41,112,713
Number of class F shares	1,565,217
Number of shareholders	3,323 (31 Mar 2023: 3,268)

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

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

The number of shares outstanding on 31 March 2024 was 41,112,713 class C shares and 1,565,217 class F shares. The company's registered share capital on 31 March 2024 was EUR 3,080,000. The company has no treasury shares.

On 31 March 2024, the five largest shareholders were Rettig Ltd (61.80 per cent of total shares), Virala Corporation (15.16 per cent), Ahlström Invest B.V. (2.81 per cent), Varma Mutual Pension Insurance Company (2.34 per cent) and Jussi Capital Oy (1.42 per cent).

### Board authorisation regarding share issue and share repurchase

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

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

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

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

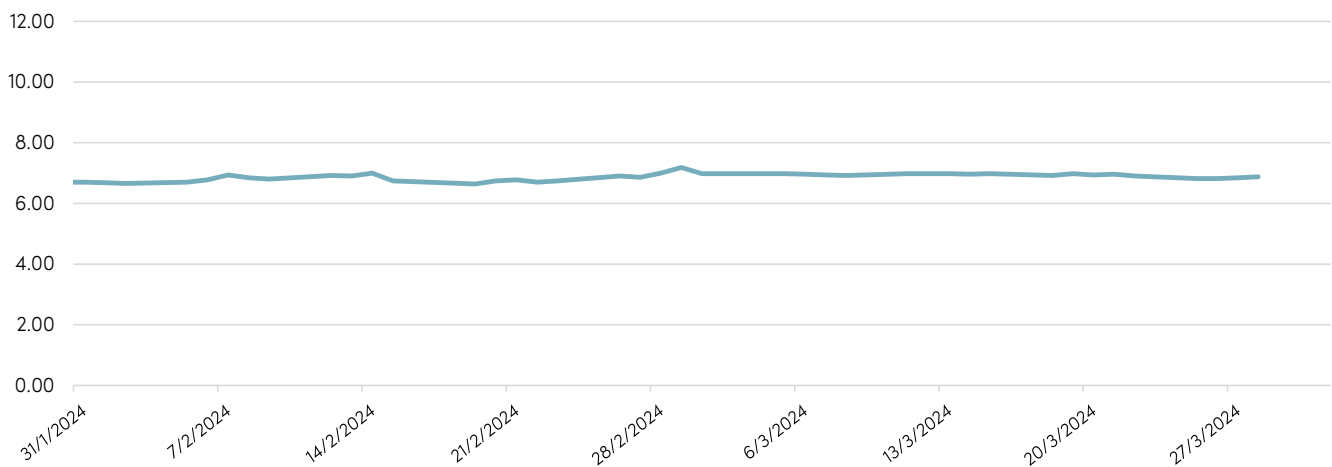
The shares will be repurchased to be used to improve Purmo Group's capital structure, to finance or carry out corporate acquisitions or other arrangements, for incentive arrangements and remuneration schemes or to be retained by the Company as treasury shares, transferred, cancelled or for other purposes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

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

**Trading of shares on Nasdaq Helsinki**

	1 Jan - 31 Mar 2024
High, EUR	7.46
Low, EUR	6.54
Volume-weighted average price	6.86
Closing price, EUR, 31 March 2024	6.88
Market Capitalisation, class C share, EUR million, 31 March 2024	282.9
Number of traded shares	303,516

**Closing share price 1 January 2024 – 31 March 2024, EUR**



## Governance

### Personnel

The number of Group full-time-equivalent employees averaged 3,103 (3,330) in January–March. At the end of the period, the Group had 3,089 (3,311) full-time-equivalent employees. The decrease in full-time-equivalent employees was mainly due to organisational effectiveness related to the Accelerate PG programme.

### Changes in the management team

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

### Share based incentive plans

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

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

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

More information about Purmo Group Plc’s remuneration is available on the [company’s website](#).

### Annual General Meeting

The Annual General Meeting held on 9 April 2024 approved the financial statements, adopted the proposed Remuneration Report, and discharged the members of the Board of Directors and the company’s CEO from liability for the financial year 2023. All current Board members

were re-elected for the following term of office. All resolutions of the Annual General Meeting are available on the [company’s website](#).

### Return of capital

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

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

### Remuneration of the members of the Board of Directors

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

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

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

### Board of Directors

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

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

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

### **Board authorisations**

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

### **Committees nominated by the Board**

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

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

### **Shareholders' Nomination Board**

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

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

### **Auditor**

KPMG Oy Ab was re-elected as the Company's auditor for a term that ends at the close of the next Annual General Meeting. The Authorized Public Accountant Kim Järvi will continue as the auditor in charge. The

Authorized Public Accountant Kim Järvi will also provide sustainability reporting assurance for the year 2024.

Auditor's fees will be paid against an invoice approved by the Company.

### **Risks and uncertainties in the near future**

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

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

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

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

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

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

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

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

## Financial targets and dividend policy

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

### Growth

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

**In January-March 2024**, the organic decline in net sales was 12 per cent, while total net sales decreased by 11 per cent to EUR 187.9 million (211.7).

Net sales for the Group declined as a result of a continued general downturn in the construction markets in the Group's sales regions and a decline in demand for its product groups during the quarter. However, a slight pickup was seen in radiator sales in certain regions. The improvement in radiator volumes in these regions was mainly a result of some restocking and slight growing optimism regarding market recovery.

### Profitability

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

**In January-March 2024**, the adjusted EBITDA margin improved clearly to 14.2 per cent (12.5).

The increase in adjusted EBITDA margin was supported by the Accelerate PG programme, including strong margin management actions and continued cost savings.

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

### Leverage

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

**At the end of March 2024**, net debt / adjusted EBITDA was 2.49 (31 Dec 2023: 2.38). The increase in the ratio was mainly due to the payment of return of capital, the hybrid bond related annual coupon payment and the change in net working capital.

### Dividend

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

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

## Financial guidance for 2024

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

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

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

In Helsinki, 23 April 2024

Purmo Group Plc's Board of Directors

## Condensed consolidated financial information

### Consolidated statement of profit and loss

EUR million	Note	1-3/2024	1-3/2023	2023
Net sales	3	187.9	211.7	743.2
Cost of sales		-132.9	-155.7	-551.2
<b>Gross profit</b>		<b>55.0</b>	<b>56.0</b>	<b>192.0</b>
Sales and marketing expenses		-24.2	-22.9	-87.6
Administrative expenses		-12.3	-12.8	-51.1
Research and development expenses		-1.6	-1.7	-5.3
Other income		2.5	0.6	8.8
Other expenses		-1.6	-4.2	-47.1
<b>Operational expenses</b>		<b>-37.2</b>	<b>-40.9</b>	<b>-182.3</b>
<b>EBIT</b>		<b>17.9</b>	<b>15.1</b>	<b>9.7</b>
Finance income		3.0	1.8	13.2
Finance expenses		-8.5	-7.4	-32.5
<b>Net financial items</b>		<b>-5.5</b>	<b>-5.6</b>	<b>-19.3</b>
<b>Profit before tax</b>		<b>12.4</b>	<b>9.5</b>	<b>-9.6</b>
Income tax expense	4	-3.0	-2.7	0.3
<b>Profit for the period</b>		<b>9.4</b>	<b>6.7</b>	<b>-9.3</b>
<b>Profit for the period attributable to:</b>				
Owners of the parent		9.4	6.7	-9.3
<b>Earnings per share for profit attributable to the ordinary equity holders of the parent company:</b>				
Earnings per share basic, EUR		0.22	0.16	0.32
Earnings per share diluted, EUR		0.22	0.16	0.32



## Consolidated statement of comprehensive income

EUR million	1-3/2024	1-3/2023	2023
Profit for the period	9.4	6.7	-9.3
<b>Other comprehensive income</b>			
<b>Items that will never be reclassified to profit or loss</b>			
Remeasurement of defined benefit liability (asset)	-1.4	0.3	-3.2
Related tax	0.3	-0.1	0.9
<b>Total items that will not be reclassified to profit or loss</b>	<b>-1.2</b>	<b>0.2</b>	<b>-2.3</b>
<b>Items that are or may be reclassified to profit or loss</b>			
Foreign operations – foreign currency translation differences	-1.0	-0.9	-1.8
Cash flow hedges – effective portion of changes in fair value	1.4	-0.6	4.5
Cash flow hedges – reclassified to profit or loss	-1.4	-0.1	-3.4
Related tax	-0.0	0.1	-0.2
<b>Total items that are or may be reclassified to profit or loss</b>	<b>-0.9</b>	<b>-1.4</b>	<b>-0.9</b>
<b>Other comprehensive income, net of tax</b>	<b>-2.1</b>	<b>-1.2</b>	<b>-3.2</b>
<b>Total comprehensive income for the period</b>	<b>7.3</b>	<b>5.6</b>	<b>-12.5</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent	7.3	5.6	-12.5

## Consolidated statement of financial position

EUR million	Note	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	5	370.3	370.5	370.6
Other intangible assets	5	44.4	45.4	45.9
Property, plant and equipment	5	128.3	127.1	127.6
Right-of-use assets	5	34.8	40.1	35.8
Defined benefit assets		0.0	2.6	0.0
Derivative assets	7	1.3	2.2	1.0
Other receivables		4.7	0.6	4.5
Deferred tax assets		40.7	29.4	42.8
<b>Total non-current assets</b>		<b>624.5</b>	<b>617.9</b>	<b>628.2</b>
<b>Current assets</b>				
Inventories		144.3	169.1	143.7
Trade receivables	7	105.7	114.2	75.2
Derivative assets	7	4.3	2.4	4.7
Other receivables		24.5	22.6	24.2
Current tax asset		3.2	4.1	4.4
Cash and cash equivalents		101.3	101.6	111.7
<b>Total current assets</b>		<b>383.4</b>	<b>414.0</b>	<b>364.0</b>
<b>Assets held for sale</b>	11	<b>5.3</b>	<b>10.4</b>	<b>5.6</b>
<b>Total assets</b>		<b>1,013.2</b>	<b>1,042.4</b>	<b>997.8</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Share capital		3.1	3.1	3.1
Reserve for invested unrestricted equity		365.9	380.8	365.9
Other reserves		-6.9	-6.4	-5.9
Retained earnings		6.7	24.8	22.8
Profit for the period		9.4	6.7	-9.3
<b>Equity attributable to owners of the company</b>		<b>378.2</b>	<b>409.0</b>	<b>376.4</b>
Hybrid bond		59.3	59.3	59.3
<b>Total equity</b>		<b>437.5</b>	<b>468.2</b>	<b>435.7</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	7	278.1	278.3	277.9
Lease liabilities		28.6	34.8	31.7
Defined benefit liabilities		19.3	18.5	18.0
Derivative liabilities		-	0.0	0.3
Other payables		1.3	1.4	1.3
Provisions	8	7.6	7.9	8.1
Deferred tax liabilities		4.4	5.0	6.4
<b>Total non-current liabilities</b>		<b>339.4</b>	<b>345.9</b>	<b>343.8</b>
<b>Current liabilities</b>				
Loans and borrowings	7	8.3	4.0	7.3
Lease liabilities		12.6	9.9	10.4
Derivative liabilities	7	1.1	1.6	3.0
Trade and other payables	7	183.3	192.1	160.5
Provisions	8	18.7	0.2	24.8
Current tax liabilities		2.1	10.2	1.7
<b>Total current liabilities</b>		<b>226.1</b>	<b>218.0</b>	<b>207.8</b>
<b>Total liabilities</b>		<b>565.5</b>	<b>563.8</b>	<b>551.6</b>
<b>Liabilities directly attributed to assets held for sale</b>	11	<b>10.3</b>	<b>10.3</b>	<b>10.5</b>
<b>Total equity and liabilities</b>		<b>1,013.2</b>	<b>1,042.4</b>	<b>997.8</b>

## Consolidated Statement of cash flows

EUR million	1-3/2024	1-3/2023	2023
<b>Cash flow from operating activities</b>			
Profit for the period	9.4	6.7	-9.3
Adjustments:			
Depreciation, amortisation and impairment losses	7.4	8.0	29.8
Gain on sale of property, plant and equipment and intangible assets	-0.1	-	-0.1
Finance income and expenses	5.5	5.6	19.3
Income tax expenses	3.0	2.7	-0.3
Other non-cash items	-0.5	1.3	39.1
<b>Cash flow before change in net working capital</b>	<b>24.7</b>	<b>24.3</b>	<b>78.6</b>
<b>Changes in net working capital</b>			
Inventories, increase (-) / decrease (+)	-0.6	6.1	32.8
Trade and other receivables, increase (-) / decrease (+)	-30.9	-51.0	9.6
Trade and other payables, increase (+) / decrease (-)	20.1	27.9	-44.3
Provisions and employee benefits, increase (+) / decrease (-)	-5.7	-0.2	-0.2
<b>Changes in net working capital</b>	<b>-17.1</b>	<b>-17.3</b>	<b>-2.1</b>
<b>Net cash flow from operating activities before financial items and taxes</b>	<b>7.6</b>	<b>7.1</b>	<b>76.5</b>
Financial items, net	-4.9	-5.4	-15.9
Income tax paid, net	-1.7	-3.0	-20.1
<b>Cash flow from operating activities</b>	<b>1.0</b>	<b>-1.2</b>	<b>40.4</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment and intangible assets	-3.7	-3.9	-20.3
Proceeds from long-term loan receivables	-	0.1	0.1
<b>Cash flow from investing activities</b>	<b>-3.7</b>	<b>-3.9</b>	<b>-20.2</b>
<b>Cash flow from financing activities</b>			
Return of capital paid	-	-	-11.1
Proceeds from hybrid bond	-	60.0	60.0
Hybrid bond interest and expenses	-5.7	-0.7	-0.7
Repayment of lease liabilities	-3.0	-2.9	-11.8
Change in short-term borrowings	1.0	-7.2	-3.8
<b>Cash flow from financing activities</b>	<b>-7.7</b>	<b>49.2</b>	<b>32.6</b>
<b>Change in cash and cash equivalents, increase (+) / decrease (-)</b>	<b>-10.4</b>	<b>44.0</b>	<b>52.8</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>116.3</b>	<b>65.4</b>	<b>65.4</b>
Impact of change in exchange rates	-0.1	-0.6	-1.9
Cash classified as assets held for sale	-4.6	-7.1	-4.6
<b>Cash and cash equivalents at the end of the period</b>	<b>101.3</b>	<b>101.6</b>	<b>111.7</b>

**Consolidated statement of changes in equity**

EUR million	Attributable to owners of the parent company						Hybrid bond	Total equity
	Share capital	Reserve for unrestricted equity	Translation reserve	Fair value reserve	Retained earnings	Total		
<b>Balance as at 1 Jan 2023</b>	<b>3.1</b>	<b>380.8</b>	<b>-7.8</b>	<b>2.7</b>	<b>24.4</b>	<b>403.3</b>	<b>-</b>	<b>403.3</b>
Profit for the period					6.7	6.7		<b>6.7</b>
Other comprehensive income			-0.9	-0.5	0.2	-1.2		<b>-1.2</b>
<b>Total comprehensive income for the period</b>			<b>-0.9</b>	<b>-0.5</b>	<b>6.9</b>	<b>5.6</b>		<b>5.6</b>
Share-based payments					0.1	0.1		<b>0.1</b>
Proceeds from hybrid bond						-	59.3	<b>59.3</b>
<b>Balance as at 31 Mar 2023</b>	<b>3.1</b>	<b>380.8</b>	<b>-8.6</b>	<b>2.2</b>	<b>31.5</b>	<b>408.9</b>	<b>59.3</b>	<b>468.2</b>
Profit for the period					-16.1	-16.1		-16.1
Other comprehensive income			-0.9	1.4	-2.5	-2.0		-2.0
<b>Total comprehensive income for the period</b>			<b>-0.9</b>	<b>1.4</b>	<b>-18.6</b>	<b>-18.1</b>		<b>-18.1</b>
Dividends and return of capital paid		-14.9				-14.9		-14.9
Share-based payments					0.5	0.5		0.5
<b>Balance as at 31 Dec 2023</b>	<b>3.1</b>	<b>365.9</b>	<b>-9.6</b>	<b>3.6</b>	<b>13.4</b>	<b>376.4</b>	<b>59.3</b>	<b>435.7</b>
Profit for the period					9.4	9.4		9.4
Other comprehensive income			-1.0	0.0	-1.2	-2.1		-2.1
<b>Total comprehensive income for the period</b>			<b>-1.0</b>	<b>0.0</b>	<b>8.3</b>	<b>7.3</b>		<b>7.3</b>
Share-based payments					0.1	0.1		0.1
Hybrid bond interest and expenses after taxes					-5.7	-5.7		-5.7
<b>Balance as at 31 Mar 2024</b>	<b>3.1</b>	<b>365.9</b>	<b>-10.5</b>	<b>3.7</b>	<b>16.1</b>	<b>378.2</b>	<b>59.3</b>	<b>437.5</b>

## Notes to the interim financial statements review

### 1. Reporting entity

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

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

### 2. Basis of preparation

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

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

#### New and amended standards

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

### Seasonality

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

### Key accounting estimates and judgements

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

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

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

and redemption liability in 2022. In 2023 the Group increased the redemption liability with EUR 1.3 million and recognised additional impairment charges of EUR 3.9 million on inventories and other assets.

### 3. Segment information and net sales

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

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

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

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

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

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

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

1-3/2024

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	153.3	34.7	-	-0.1	187.9
Adjusted EBITDA	23.7	5.6	-2.7	0.0	26.6
Adjusted EBITDA % of sales	15.5%	16.1%			14.2%
Comparability adjustments impacting EBITDA					-1.4
Depreciation, amortisation and impairment	-6.1	-1.3	-0.0	-	-7.4
<b>EBIT</b>					<b>17.9</b>
Net financial items					-5.5
<b>Profit before tax</b>					<b>12.4</b>

1-3/2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	169.3	42.5	-	-0.1	211.7
Adjusted EBITDA	22.7	6.2	-2.5	0.0	26.4
Adjusted EBITDA % of sales	13.4%	14.7%			12.5%
Comparability adjustments impacting EBITDA					-3.4
Depreciation, amortisation and impairment	-6.8	-1.2	-0.0	-	-8.0
<b>EBIT</b>					<b>15.1</b>
Net financial items					-5.6
<b>Profit before tax</b>					<b>9.5</b>

2023

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

### Net sales by market area for divisions

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

EUR million	1-3/2024				1-3/2023			
	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe <sup>1</sup>	36.5	5.0	-0.0	41.5	36.8	6.8	0.0	43.6
Western Europe	74.5	2.8	-	77.3	87.9	3.3	0.0	91.2
Central and Eastern Europe	31.0	1.6	-	32.7	31.7	1.8	-0.0	33.5
Southern Europe	7.1	19.7	-0.1	26.7	7.3	24.3	-0.0	31.6
Rest of the world <sup>2</sup>	4.2	5.5	-	9.7	5.7	6.2	0.0	11.9
<b>Net sales</b>	<b>153.3</b>	<b>34.7</b>	<b>-0.1</b>	<b>187.9</b>	<b>169.3</b>	<b>42.5</b>	<b>-0.1</b>	<b>211.7</b>

<sup>1</sup> Net sales in Finland (company's country of domicile) totalled to EUR 3.7 million (4.0).

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

<sup>1</sup> Net sales in Finland (company's country of domicile) totalled to EUR 14.6 million (17.8).

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

### 4. Taxes

In January-March 2024, the total income tax expense of the Group was EUR 3.0 million (2.7) corresponding to a reported effective tax rate of 23.8 per cent (28.9). The tax expenses are impacted by the following non-deductible

item: a trademark amortisation of EUR 0.9 million related to previous years company structuring. When excluding this item, the effective tax rate is 22.2 per cent (23.1).



## 5. Intangible and tangible assets

### Intangible assets

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Opening balance</b>	<b>416.5</b>	<b>417.5</b>	<b>417.5</b>
Effect of exchange rates	-0.7	-0.3	0.0
Additions	0.0	0.1	0.9
Disposals	-	-	-0.1
Transfers	0.0	-0.5	1.9
Amortisation	-1.0	-0.9	-3.8
<b>Closing balance</b>	<b>414.7</b>	<b>415.9</b>	<b>416.5</b>

### Property, plant and equipment

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Opening balance</b>	<b>127.6</b>	<b>127.3</b>	<b>127.3</b>
Effect of exchange rates	0.2	-0.4	1.6
Additions	4.6	4.5	21.6
Disposals	-0.2	-0.2	-13.6
Transfers	0.0	0.5	-1.1
Depreciations	-4.0	-4.7	-16.4
Depreciations on disposals	0.1	0.1	12.0
Impairment charges	-	-	-3.9
<b>Closing balance</b>	<b>128.3</b>	<b>127.1</b>	<b>127.6</b>

### Right-of-use assets

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Opening balance</b>	<b>35.8</b>	<b>39.4</b>	<b>39.3</b>
Effect of exchange rates	0.1	-0.0	0.2
Classified as held for sale	-	-	-
Additions	1.2	2.8	8.4
Disposals	-0.0	0.2	-0.0
Depreciations	-2.3	-2.3	-9.6
Impairment charges	0.0	-	-2.4
<b>Closing balance</b>	<b>34.8</b>	<b>40.1</b>	<b>35.8</b>

## 6. Changes in the shares outstanding during the reporting period

There were no changes in the shares outstanding during the reporting period. The company's registered share capital on 31 March 2024 was EUR 3,080,00. The company has two share classes. The 41,112,713 class C shares are listed and the 1,565,217 class F shares are held by Purmo Group Plc's founding shareholder, Virala Corporation. The shares have no nominal value.

The company's class F shares ('Founder Shares') are subject to redemption and consent clauses in accordance with the Articles of Association, which restrict the rights to transfer or acquire Founder Shares. The Founder Shares are not publicly traded. The company has no treasury shares.

## 7. Financial instruments

31 Mar 2024

EUR million	Carrying amount				Fair value	Fair value hierarchy
	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total		
<b>Financial assets</b>						
Foreign exchange derivatives	3.9	0.4		4.3	4.3	Level 2
Interest rate derivatives	1.3			1.3	1.3	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			105.7	105.7	105.7	Level 2
Cash and cash equivalents <sup>1</sup>			105.8	105.8	105.8	
<b>Total assets</b>	<b>5.2</b>	<b>0.4</b>	<b>212.0</b>	<b>217.7</b>	<b>217.7</b>	
<b>Financial liabilities</b>						
Foreign exchange derivatives	0.8	0.4		1.1	1.1	Level 2
Interest rate derivatives	-			-	-	Level 2
Loans from financial institutions			286.4	286.4	286.4	Level 2
Redemption liability <sup>2</sup>			8.5	8.5	8.5	Level 3
Trade payables			87.0	87.0	87.0	Level 2
<b>Total liabilities</b>	<b>0.8</b>	<b>0.4</b>	<b>381.9</b>	<b>383.0</b>	<b>383.0</b>	

<sup>1</sup> Cash and cash equivalents include EUR 4.6 million classified as assets held for sale and short-term bank deposits of EUR 72.0 million.

<sup>2</sup> The redemption liability has been classified as liabilities related to assets held for sale.

31 Mar 2023

EUR million	Carrying amount				Fair value	Fair value hierarchy
	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total		
<b>Financial assets</b>						
Foreign exchange derivatives	1.9	0.5		2.4	2.4	Level 2
Interest rate derivatives	2.2			2.2	2.2	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			114.2	114.2	114.2	Level 2
Cash and cash equivalents <sup>1</sup>			108.8	108.8	108.8	
<b>Total assets</b>	<b>4.1</b>	<b>0.5</b>	<b>223.4</b>	<b>228.1</b>	<b>228.1</b>	
<b>Financial liabilities</b>						
Foreign exchange derivatives	1.4	0.2		1.6	1.6	Level 2
Interest rate derivatives	0.0			0.0	0.0	Level 2
Loans from financial institutions			282.3	282.3	282.3	Level 2
Redemption liability <sup>2</sup>			8.3	8.3	8.3	Level 3
Trade payables			105.1	105.1	105.1	Level 2
<b>Total liabilities</b>	<b>1.5</b>	<b>0.2</b>	<b>395.6</b>	<b>397.3</b>	<b>397.3</b>	

<sup>1</sup> Cash and cash equivalents include EUR 7.1 million classified as assets held for sale and short-term bank deposits of EUR 23.0 million.

<sup>2</sup> The redemption liability has been classified as liabilities related to assets held for sale.

31 Dec 2023

EUR million	Carrying amount			Total	Fair value	Fair value hierarchy
	Fair value through OCI	Fair value through profit or loss	Amortised cost			
<b>Financial assets</b>						
Foreign exchange derivatives	4.6	0.2		4.7	4.7	Level 2
Interest rate derivatives	1.0			1.0	1.0	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			75.2	75.2	75.2	Level 2
Cash and cash equivalents <sup>1</sup>			116.3	116.3	116.3	
<b>Total assets</b>	<b>5.5</b>	<b>0.2</b>	<b>192.0</b>	<b>197.7</b>	<b>197.7</b>	
<b>Financial liabilities</b>						
Foreign exchange derivatives	0.8	2.2		3.0	3.0	Level 2
Interest rate derivatives	0.3			0.3	0.3	Level 2
Loans from financial institutions			285.1	285.1	285.1	Level 2
Redemption liability <sup>2</sup>			8.6	8.6	8.6	Level 3
Trade payables			71.2	71.2	71.2	Level 2
<b>Total liabilities</b>	<b>1.1</b>	<b>2.2</b>	<b>364.9</b>	<b>368.3</b>	<b>368.3</b>	

<sup>1</sup> Cash and cash equivalents include EUR 4.6 million classified as assets held for sale and short-term bank deposits of EUR 82.0 million.

<sup>2</sup> The redemption liability has been classified as liabilities related to assets held for sale.

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

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

**Carrying amounts and fair values of financial instruments**

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

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

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

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

## 8. Provisions

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Non-current</b>			
Warranties and guarantees	1.4	1.6	1.4
Restructuring	0.0	0.1	0.0
Other provisions	6.2	6.1	6.7
<b>Total</b>	<b>7.6</b>	<b>7.9</b>	<b>8.1</b>
<b>Current</b>			
Warranties and guarantees	0.0	0.0	0.0
Restructuring	17.7	0.1	23.8
Other provisions	1.0	-	1.0
<b>Total</b>	<b>18.7</b>	<b>0.2</b>	<b>24.8</b>

The restructuring provisions are mainly related to the Accelerate PG programme and the closure of the panel radiator plant in Zonhoven, Belgium as announced on 28 November 2023.

## 9. Commitments and contingent assets and liabilities

EUR million	31 Mar 2024	31 Mar 2023	31 Dec 2023
<b>Guarantees</b>			
Bank guarantees	7.6	11.9	5.4
Parent guarantees	20.0	15.6	19.9
<b>Total</b>	<b>27.5</b>	<b>27.5</b>	<b>25.4</b>

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

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

The accrued unrecognised interest on the hybrid bond amounted to EUR 0.6 million (0.6) as of 31 March 2024.

## 10. Related party transactions

The following table summarizes the related party transactions and balances:

EUR million	1-3/2024	1-3/2023	2023
<b>Items in the income statement</b>			
Interest income	0.0	0.0	0.0
Purchases	-0.0	-0.1	-0.2
<b>Items in the balance sheet</b>			
Non-current receivables	0.2	0.2	0.2
Current receivables	0.0	0.0	-
<b>Items recognised in equity</b>			
Dividend and repayment of capital	-2.4	-	-7.1

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

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

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

## 11. Assets held for sale

EUR million	1-3/2024	1-3/2023	2023
<b>Assets held for sale<sup>1</sup></b>			
Right-of-use assets	-0.0	0.0	-0.0
Inventories	0.0	2.8	0.0
Other assets	0.7	0.4	1.0
Cash and cash equivalents	4.6	7.1	4.6
<b>Total</b>	<b>5.3</b>	<b>10.4</b>	<b>5.6</b>
<b>Liabilities related to assets held for sale<sup>1</sup></b>			
Interest-bearing liabilities	8.5	8.7	8.6
Other liabilities	1.7	1.6	1.9
<b>Total</b>	<b>10.3</b>	<b>10.3</b>	<b>10.5</b>

<sup>1</sup> Amounts are presented net of internal balances with other Purmo Group subsidiaries.

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

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

## 12. Events after the reporting period

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

Completion of the transaction is subject to approvals by the relevant regulatory authorities in Russia, which are expected to be received during the second quarter of 2024. After the potential divestment, Purmo Group will not have any activities in Russia or any redemption liabilities concerning the Russian business.

In 2023, the business in Russia represented approximately 3% of the Group's total net sales. The divestment will not have a material financial impact on Purmo Group and will not affect the financial guidance for 2024.

## Key figures

EUR million	1-3/2024	1-3/2023	Change, %	2023
Net sales	187.9	211.7	-11%	743.2
EBITDA	25.3	23.0	10%	46.6
EBITDA margin	13.5%	10.9%		6.3%
Adjusted EBITDA	26.6	26.4	1%	92.3
Adjusted EBITDA margin	14.2%	12.5%		12.4%
EBITA	18.9	16.0	18%	14.4
EBITA margin	10.1%	7.6%		1.9%
Adjusted EBITA	20.3	19.4	4%	66.3
Adjusted EBITA margin	10.8%	9.2%		8.9%
EBIT	17.9	15.1	19%	9.7
EBIT margin	9.5%	7.1%		1.3%
Profit before tax	12.4	9.5	31%	-9.6
Profit for the period	9.4	6.7	40%	-9.3
Adjusted profit for the period <sup>2</sup>	10.5	9.3	13%	32.2
Earnings per share, basic, EUR	0.22	0.16	36%	-0.32
Adjusted earnings per share, basic, EUR	0.26	0.25	2%	0.68
Cashflow from operating activities	1.0	-1.2		40.4
Capex	3.7	3.9	-6%	20.3
Adjusted operating cash flow for the last 12 months <sup>1</sup>	87.0	88.4	-2%	75.1
Cash conversion <sup>1</sup>	94.1%	98.2%		81.4%
Cash and cash equivalents	101.3	101.6	-0%	111.7
Net working capital	95.5	113.8	-16%	85.4
Operating capital employed	303.1	326.4	-7%	294.7
Return on operating capital employed	3.7%	12.6%		2.9%
Net debt	230.2	226.9	1%	219.6
Net debt / Adjusted EBITDA	2.49	2.52	-1%	2.38
Equity / Asset ratio	43.2%	44.9%		43.7%
Return on equity	-1.5%	3.1%		-2.2%

<sup>1</sup> Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (2.9) million.

<sup>2</sup> The definition of adjusted profit for the period has been updated to include tax impact from comparability adjustments from Q4 2023 and the comparative data for Q1 2023 has been restated.

## Calculation of key figures

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



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

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

## Reconciliation of Alternative Performance Measures

EUR million unless otherwise indicated	1-3/2024	1-3/2023	2023
<b>Comparability adjustments</b>			
M&A related transactions and integration costs	-	-	0.3
Restructuring costs and one-off costs related to efficiency programs	1.4	2.2	46.0
Impairment and write-down charges	-	1.3	5.2
Other	-	-0.1	1.3
<b>Total comparability adjustments affecting in EBITDA and EBITA<sup>1</sup></b>	<b>1.4</b>	<b>3.4</b>	<b>52.8</b>
Taxes relating to comparability adjustments <sup>1</sup>	-0.3	-0.8	-11.2
<b>Total comparability adjustments<sup>1</sup></b>	<b>1.0</b>	<b>2.6</b>	<b>41.6</b>
Net sales	187.9	211.7	743.2
<b>EBIT</b>	<b>17.9</b>	<b>15.1</b>	<b>9.7</b>
EBIT margin	9.5%	7.1%	1.3%
Amortisation and impairment	1.0	0.9	4.7
<b>EBITA</b>	<b>18.9</b>	<b>16.0</b>	<b>14.4</b>
<b>EBITA margin</b>	<b>10.1%</b>	<b>7.6%</b>	<b>1.9%</b>
Depreciation and impairment	6.4	7.0	32.2
<b>EBITDA</b>	<b>25.3</b>	<b>23.0</b>	<b>46.6</b>
<b>EBITDA margin</b>	<b>13.5%</b>	<b>10.9%</b>	<b>6.3%</b>
<b>Adjusted EBITDA</b>			
EBIT	17.9	15.1	9.7
Depreciation, amortisation and impairment excluding comparability adjustments	7.4	8.0	29.8
Total comparability adjustments affecting in EBITDA and EBITA <sup>1</sup>	1.4	3.4	52.8
<b>Adjusted EBITDA<sup>1</sup></b>	<b>26.6</b>	<b>26.4</b>	<b>92.3</b>
<b>Adjusted EBITDA margin<sup>1</sup></b>	<b>14.2%</b>	<b>12.5%</b>	<b>12.4%</b>
<b>Adjusted EBITA</b>			
EBIT	17.9	15.1	9.7
Amortisation excluding comparability adjustments	1.0	0.9	3.8
Total comparability adjustments affecting in EBITDA and EBITA <sup>1</sup>	1.4	3.4	52.8
<b>Adjusted EBITA<sup>1</sup></b>	<b>20.3</b>	<b>19.4</b>	<b>66.3</b>
<b>Adjusted EBITA margin<sup>1</sup></b>	<b>10.8%</b>	<b>9.2%</b>	<b>8.9%</b>
<b>Adjusted profit/loss for the period</b>			
Profit/loss for the period	9.4	6.7	-9.3
Total comparability adjustments <sup>1</sup>	1.0	2.6	41.6
<b>Adjusted profit/loss for the period<sup>1</sup></b>	<b>10.5</b>	<b>9.3</b>	<b>32.2</b>

<sup>1</sup> The definition of adjusted profit for the period to include tax impact from comparability adjustments has been updated from Q4 2023 and the comparative data for Q1 2023 has been restated.

EUR million unless otherwise indicated	31 Mar 2024	31 Mar 2023	2023
<b>Adjusted operating cash flow for the last 12 months</b>			
Adjusted EBITDA for the last 12 months	92.5	90.1	92.3
Change in net working capital compared to previous year same period <sup>1</sup>	14.6	23.9	3.2
Capex for last 12 months	-20.1	-25.6	-20.3
<b>Adjusted operating cash flow for the last 12 months</b>	<b>87.0</b>	<b>88.4</b>	<b>75.1</b>
<b>Cash conversion</b>			
Adjusted operating cash flow for the last 12 months	87.0	88.4	75.1
Adjusted EBITDA in the last 12 months	92.5	90.1	92.3
<b>Cash conversion<sup>1</sup></b>	<b>94.1%</b>	<b>98.2%</b>	<b>81.4%</b>
<b>Net working capital</b>			
<b>Inventories</b>	<b>144.3</b>	<b>169.1</b>	<b>143.7</b>
Non-current operative other receivables <sup>2</sup>	4.2	0.1	4.0
Trade receivables	105.7	114.2	75.2
Current operative other receivables <sup>2</sup>	20.1	19.0	19.4
<b>Operative receivables</b>	<b>130.1</b>	<b>133.3</b>	<b>98.6</b>
Non-current operative payables <sup>3</sup>	1.0	1.1	1.0
Trade payables	87.0	105.1	71.2
Current operative payables <sup>3</sup>	90.8	82.4	84.7
<b>Operative liabilities</b>	<b>178.9</b>	<b>188.6</b>	<b>156.9</b>
<b>Net working capital</b>	<b>95.5</b>	<b>113.8</b>	<b>85.4</b>
<b>Operating capital employed</b>			
Net working capital	95.5	113.8	85.4
Other intangible assets	44.4	45.4	45.9
Property, plant and equipment	128.3	127.1	127.6
Right-of-use assets	34.8	40.1	35.8
<b>Operating capital employed</b>	<b>303.1</b>	<b>326.4</b>	<b>294.7</b>
<b>Return on operating capital employed</b>			
Quarterly end average operating capital employed	338.3	318.0	331.9
EBIT for the last 12 months	12.5	40.0	9.7
<b>Return on operating capital employed</b>	<b>3.7%</b>	<b>12.6%</b>	<b>2.9%</b>
<b>Net debt</b>			
Loans and borrowings (non-current)	278.1	278.3	277.9
Loans and borrowings (current)	8.3	4.0	7.3
Loans and borrowings, assets held for sale	8.5	8.3	8.6
Lease liabilities (non-current)	28.6	34.8	31.7
Lease liabilities (current)	12.6	9.9	10.4
Lease liabilities, assets held for sale	0.0	0.5	0.0
Cash and cash equivalents	-101.3	-101.6	-111.7
Cash and cash equivalents, assets held for sale	-4.6	-7.1	-4.6
<b>Net debt</b>	<b>230.2</b>	<b>226.9</b>	<b>219.6</b>
<b>Net debt/Adjusted EBITDA</b>			
Net debt	230.2	226.9	219.6
Adjusted EBITDA in the last 12 months	92.5	90.1	92.3
<b>Net debt/Adjusted EBITDA</b>	<b>2.49</b>	<b>2.52</b>	<b>2.38</b>
<b>Equity/Asset ratio</b>			
Total equity	437.5	468.2	435.7
Total assets	1,013.2	1,042.4	997.8
<b>Equity/Asset ratio</b>	<b>43.2%</b>	<b>44.9%</b>	<b>43.7%</b>
<b>Return on equity</b>			
Cumulative last 12-month profit attributable to owners of the company	-6.6	13.4	-9.3
Total equity at the beginning of the period	435.7	403.3	403.3
Total equity at the end of the period	437.5	468.2	435.7
Total equity average	436.6	435.8	419.5
<b>Return on equity</b>	<b>-1.5%</b>	<b>3.1%</b>	<b>-2.2%</b>

<sup>1</sup> Change in net working capital includes assets held for sale. M&A and comparability adjustments totalled EUR 6.3 (2.9) million.

<sup>2</sup> Non-current and current operative other receivables are in the balance sheet presented in non-current and current other receivables.

<sup>3</sup> Non-current and current operative payables are presented in the balance sheet in non-current other payables and current trade and other payables.

EUR million unless otherwise indicated	1-3/2024	1-3/2023	2023
<b>Basic earnings per share</b>			
Profit/loss attributable to shareholders of the parent company for class C shares	9.4	6.7	-9.3
Profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.0	-0.1
<b>Profit/loss attributable to the owners of the company</b>	<b>9.4</b>	<b>6.7</b>	<b>-9.3</b>
Accumulated interest expenses on hybrid bond after taxes	-0.5	-0.5	-3.9
<b>Profit/loss used in calculation of earnings per share</b>	<b>9.0</b>	<b>6.3</b>	<b>-13.3</b>
Weighted average number of shares outstanding (pcs) <sup>1</sup>	41,406,191	41,406,191	41,406,191
<b>Basic earnings per share, EUR</b>	<b>0.22</b>	<b>0.16</b>	<b>-0.32</b>
<b>Diluted earnings per share</b>			
Profit/loss attributable to shareholders of the parent company for class C shares	9.4	6.7	-9.3
Profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.0	-0.1
<b>Profit/loss attributable to the owners of the company</b>	<b>9.4</b>	<b>6.7</b>	<b>-9.3</b>
Accumulated interest expenses on hybrid bond after taxes	-0.5	-0.5	-3.9
<b>Profit/loss used in calculation of earnings per share</b>	<b>9.0</b>	<b>6.3</b>	<b>-13.3</b>
Diluted weighted average number of shares outstanding (pcs) <sup>1</sup>	41,406,191	41,406,191	41,406,191
<b>Diluted earnings per share, EUR</b>	<b>0.22</b>	<b>0.16</b>	<b>-0.32</b>
<b>Adjusted basic earnings per share</b>			
Total comparability adjustments <sup>2</sup>	1.7	3.4	41.6
Adjusted profit/loss attributable to shareholders of the parent company for class C shares <sup>2</sup>	11.0	10.9	32.0
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.1	0.2
<b>Adjusted profit/loss attributable to the owners of the company<sup>2</sup></b>	<b>11.1</b>	<b>11.0</b>	<b>32.2</b>
Accumulated interest expenses on hybrid bond after taxes	-0.5	-0.5	-3.9
<b>Adjusted profit/loss used in calculation of earnings per share<sup>2</sup></b>	<b>10.7</b>	<b>10.5</b>	<b>28.3</b>
Weighted average number of shares outstanding (pcs) <sup>1</sup>	41,406,191	41,406,191	41,406,191
<b>Adjusted basic earnings per share, EUR<sup>2</sup></b>	<b>0.26</b>	<b>0.25</b>	<b>0.68</b>
<b>Adjusted diluted earnings per share</b>			
Total comparability adjustments <sup>2</sup>	1.7	3.4	41.6
Adjusted profit/loss attributable to shareholders of the parent company for class C shares <sup>2</sup>	11.0	10.9	32.0
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.1	0.2
<b>Adjusted profit/loss attributable to the owners of the company<sup>2</sup></b>	<b>11.1</b>	<b>11.0</b>	<b>32.2</b>
Accumulated interest expenses on hybrid bond after taxes	-0.5	-0.5	-3.9
<b>Adjusted profit/loss used in calculation of earnings per share<sup>2</sup></b>	<b>10.7</b>	<b>10.5</b>	<b>28.3</b>
Diluted weighted average number of shares outstanding (pcs) <sup>1</sup>	41,406,191	41,406,191	41,406,191
<b>Adjusted diluted earnings per share, EUR<sup>2</sup></b>	<b>0.26</b>	<b>0.25</b>	<b>0.68</b>

<sup>1</sup> Including 293,478 class F shares convertible to class C shares at the start of the conversion period on 28 June 2024.

<sup>2</sup> The definition of adjusted profit for the period has been updated from Q4 2023 to include tax impact from comparability adjustments and the comparative data for Q1 2023 has been restated.

Purmo Group Plc

# Interim report January–March 2024



**17 July 2024**

Half-year financial report, January–June 2024

**22 October 2024**

Interim report, January–September 2024

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