PURMO
GROUP

A leader in sustainable indoor climate comfort solutions

Investor presentation

July 2023

Agenda

- Purmo Group at a glance
- Operating environment and megatrends
- Reasons to invest in Purmo Group
- The Accelerate PG programme
- Sustainability
- Mergers & acquisitions
- Financial performance and guidance
- Largest shareholders

Purmo Group at a glance

Purmo Group at a glance
A leader in sustainable indoor climate comfort solutions

Listed on **Nasdaq Helsinki**

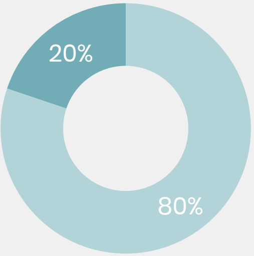
Industrial history since **1953**

Top 1 position in Radiators & **Top 4** position in radiant heating and cooling (RHC)[1]

3,372 employees globally (2022)

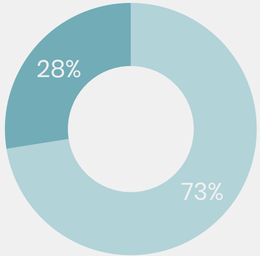
Net sales (2022)	Adjusted EBITDA (2022)	Net debt / Adj. EBITDA (2022)
EUR 904.1 million	**EUR 92.9 million**	**2.96x**

Net Sales by division² (Q2 2023)



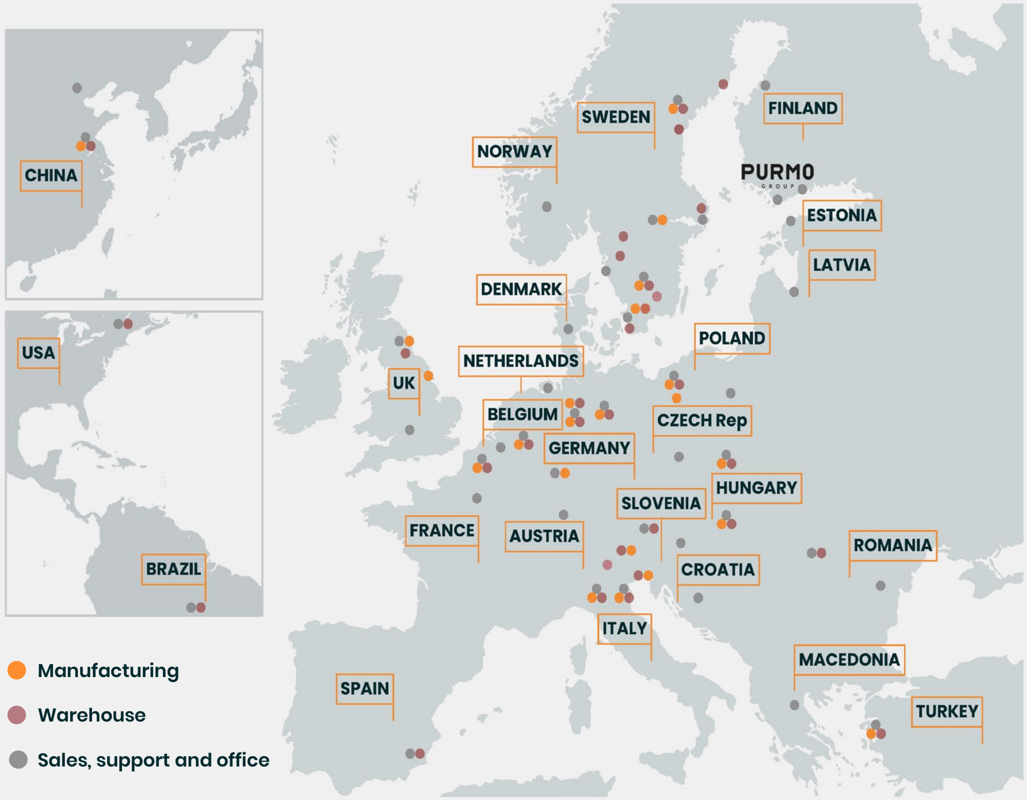
Climate Solutions
Climate Products & Systems

Adj. EBITDA by division² (Q2 2023)



Climate Solutions
Climate Products & Systems

Manufacturing in 12 countries
Operations in 24 countries
Customers in 100+ countries

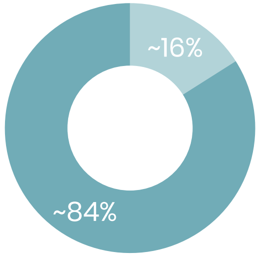


1) Management estimates based on a third-party data. Relates to European market share by volume; market position in RHC is based on radiant heating and cooling solutions including underfloor heating and radiant panel volumes.
2) Divisional net sales and adjusted EBITDA figures excluding impact of "Eliminations' and Other and unallocated'.

Purmo Group's addressable markets and solutions

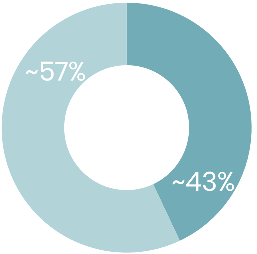
Purmo Group estimates it is the only one in its field to offer a full range of heating and cooling solutions

Sales and end-market breakdown[1]



Non-residential

Residential

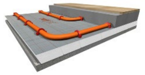


New-build

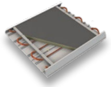
Repair, maintenance & improvement

Share of group net sales[1]

Radiant heating and cooling



Underfloor and wall heating and cooling



Radiant ceiling panels

Heat pumps

Heat pump (10 Kw)

Heat pump (6 kW)

Air heating and cooling

Convectors

Air conditioning

Ventilation

Share of group net sales[1]

Water distribution systems

High pressure pipes

Fittings

System components & controls

Hydronic control valves

Electronic controls

Panel radiators

Horizontal panel radiators

Horizontal designer radiators

Low-temperature radiators

Other radiators[2]

Decorative tubular radiators

Towel warmers

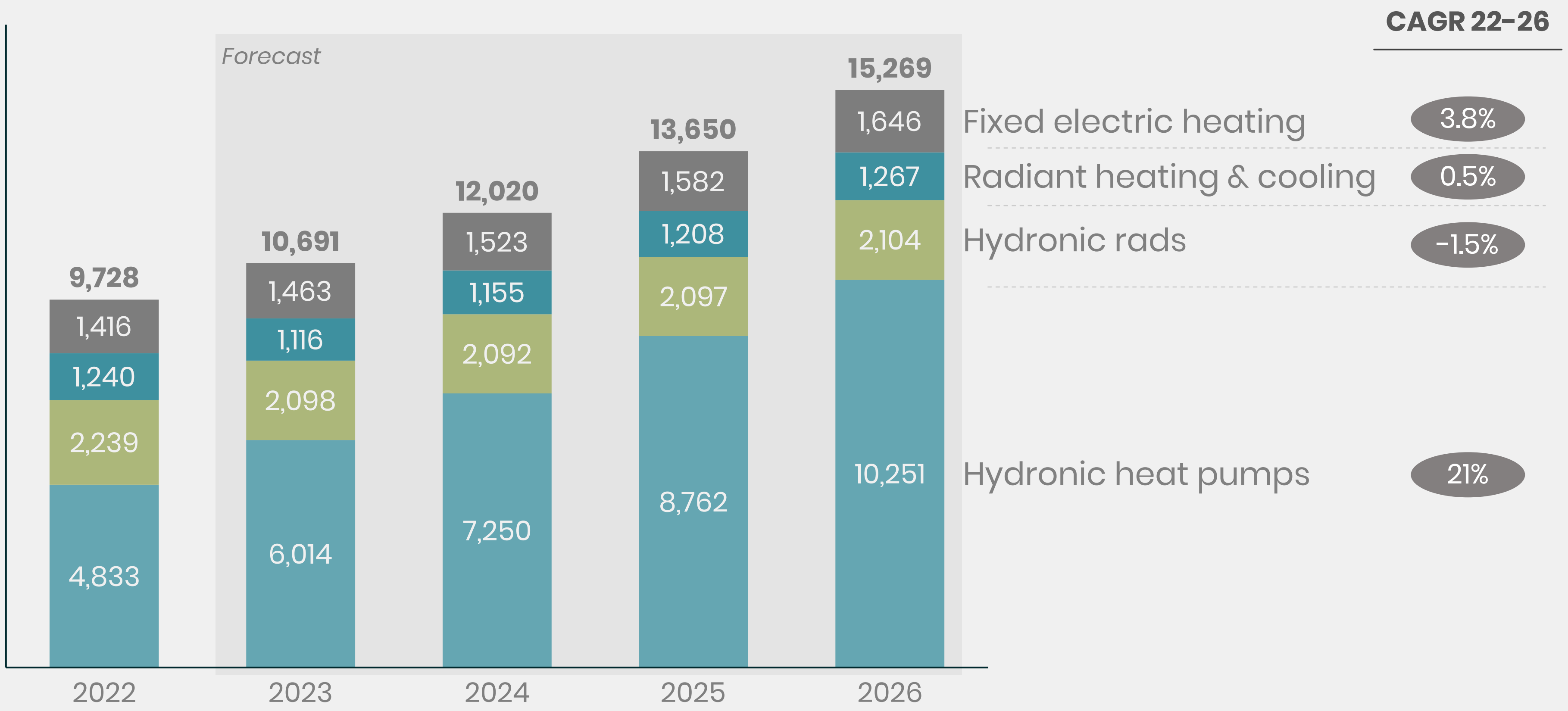
Electric radiators

Source: Purmo Group company information and management estimates based on a third-party information.
1) Based on management estimates.
2) Includes radiator accessories.

Operating environment and megatrends

Key addressable markets for Purmo Group in Europe

European heating (hydronic & electric) and radiant cooling market – (million EUR)



- Solid growth in demand expected for heat pumps: Purmo Group offers air-to-water heat pumps
- Decline in demand for radiators to continue until 2024

1. Radiant Heating & Cooling

Note: BRG data includes manufacturer sales estimates across all segments (covering residential and commercial); data for 28 main European countries (for radiant heating and cooling, limited to: DACH, Benelux, FR, IT, PL, RO, SE, UK)

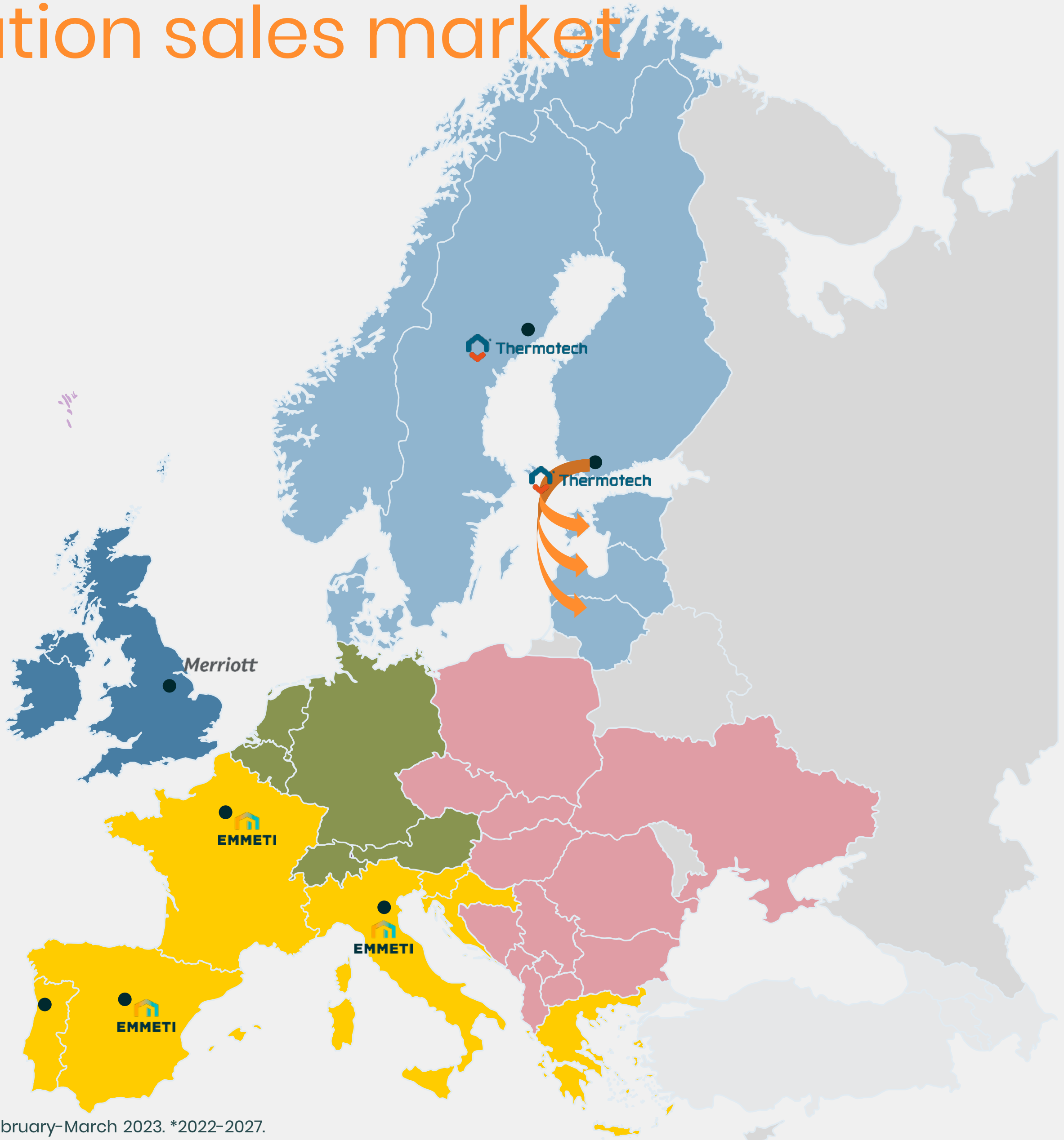
Segments included: Fixed electric heating (Electric rads, electric towel warmers, electric underfloor heating & radiant panels); radiant heating & cooling (pipes, fixing systems, components incl. actuators, manifolds, room thermostats & wiring centres, hydronic panels); Hydronic rads (steel panel rads, towel warmers, decorative tubular rads, & convectors); Heat pumps (hydronic air to water heat pumps incl. monobloc and split units)

Source: BRG, Rads and HP, June 2023, FESH from Oct 2022, RHC; based on 2021 data and mgmt. view

Purmo Group focuses on increasing its share of the growing solution sales market

~2.4 BEUR **Solution sales market in 2022**

~6% **Expected annual CAGR***



- Purmo Group sees potential in solution sales: sales directly to installers
- In solution sales, the company currently operates in the Nordics, South Europe and the United Kingdom
- Purmo Group's ambitions are to further grow the solution sales channel across Europe: achieved by benefiting from growing product segments of the market, including further offering in heat pumps

Source: a third-party study on solutions sales market, February-March 2023. *2022-2027.

Megatrends driving the demand for Purmo Group

Sustainability

- Consumer preferences drive demand for energy efficient and recyclable products and solutions
- Governments and local authorities are incentivising the shift to:
    - renewable energy sources
    - energy efficiency through low-temperature systems and well-insulated housing

Energy independence

- Emphasised need for energy independence due to events in 2022
- Governments in Europe have put further focus on electrification, investing in green energy sources and building incentive plans to improve energy efficiency
- Households are consequently moving towards solutions that can support energy independence

Digitalisation

- Digitalisation is increasingly driving the construction markets, offering better capabilities for:
    - smart controls
    - large data sets and
    - Building Information Modelling (BIM)
- For the end user this offers:
    - improved climate comfort and control
    - smart home integration

Reasons to invest in Purmo Group

Reasons to invest in Purmo Group

PURMO GROUP

1. Purmo Group is at the centre of the global sustainability journey
2. Broadest offering of sustainable heating and cooling solutions
3. Brand portfolio recognised for product quality and innovation
4. Longstanding relationships with wholesalers and installers mainly across Europe and China
5. Clear and well-defined strategy supported by key growth pillars
6. Strong historical financial track record
7. Skilled personnel and customer-centric operating model

Source: Purmo Group's management estimates that Purmo Group has a top 1 position in radiators and a top 4 position in RHC in Europe as regards market share based on volumes. This estimation is based on third-party information.

1 Purmo Group is at the centre of the global sustainability journey

17% of households' energy consumption in Europe is to heat and cool homes

40% of the EU's CO_2 emissions comes from buildings today

Reaching EU Green Deal objectives by 2030 requires a:

18% reduction in energy consumption

60% reduction in buildings' greenhouse-gas emissions

The challenge:

75% of the buildings in the EU30 require deep energy renovation

The drivers:

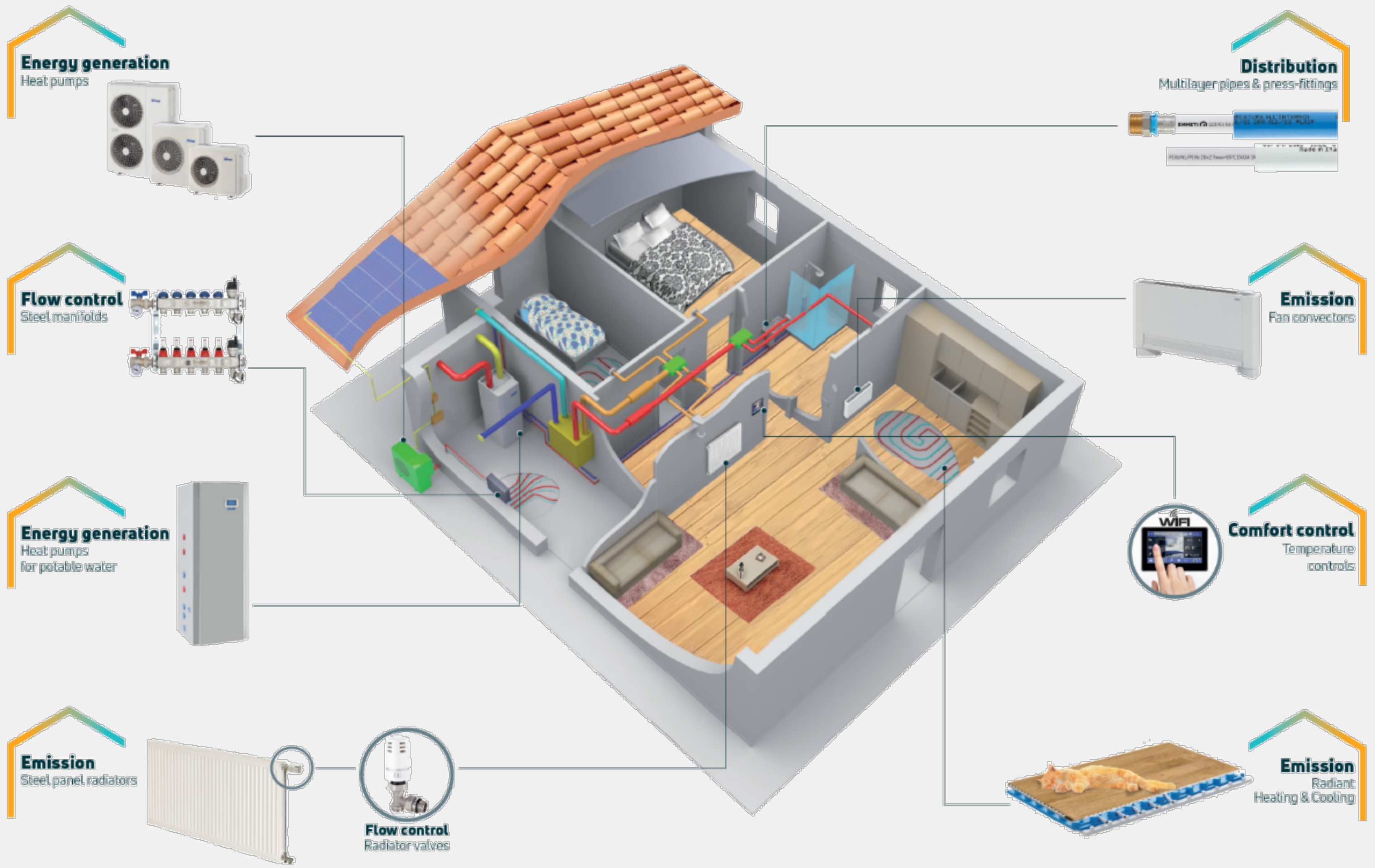
EUR 250 billion of annual additional funding in the EU Green Deal in the next seven years

Regulatory requirements and consumer preferences towards energy efficiency and recyclability

Source: European Commission, EU-27 in 2018; IPCC (The Intergovernmental Panel on Climate Change).

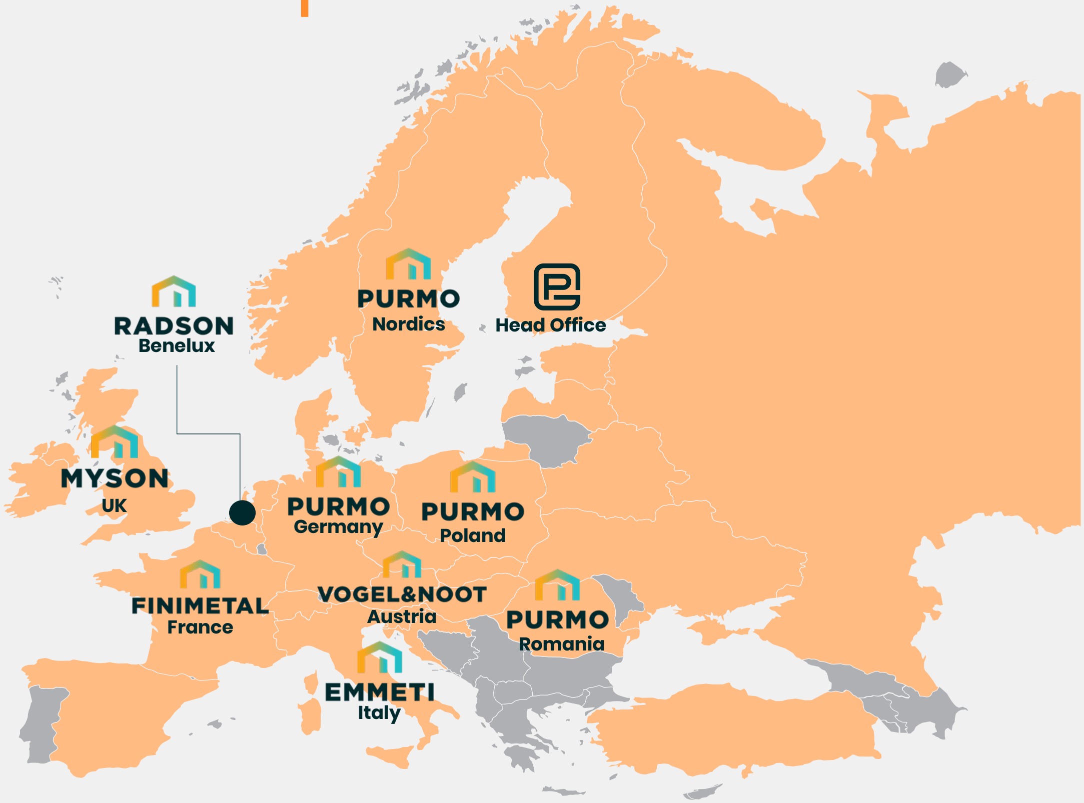
2 Purmo Group has the broadest offering of sustainable heating and cooling solutions

- Heating and cooling emission
- Flow control
- Comfort control
- Energy distribution
- Energy generation
- Ventilation



Source: Purmo Group company information.

3 Leading market position supported by recognized brand portfolio



Market position in Europe
#1 in radiators[1]
#4 in indoor climate systems[2]

Product line brands LVI MMA FIV

OEM brands SIGARTH HEWING

Other brands Thermotech Merriott

Source: Purmo Group's management estimates based on third-party market studies.
1) Radiators 2022 (BRG).
2) Radiant Heating and Cooling 2021 as no data was available from BRG (main data source).

4 Longstanding relationships with wholesalers and installers

- The longstanding relationships with wholesalers and installers derive from the long and established industrial history of Purmo
- Wholesalers have a central role in Purmo's distribution model, which is also typical for the industry in general
- Purmo will emphasise the direct to installers channel going forward, but wholesalers will however remain important to Purmo nevertheless

Approximately 70% of Purmo Group's sales distributed through wholesalers
The remaining 30% of sales comprises direct sales[3]

Manufacturer → **Distributor** → **Installer** → **Influencers and end-customers**

Manufacturer: PURMO GROUP

Branded offering increasingly sold directly to installers

Distributor:

- **Other (private label sales)[1]**
- **Purmo Group (Emmeti)[2] Thermotech**
- **Examples of wholesalers:**
  - Saint-Gobain
  - Wolseley
  - Ahlsell
  - GSH
  - Onninen

Installer:

- **Contractors & developers**
- **Architects & Engineers**
- **HVAC engineers**
- **Installers / builders**

Examples of technical installers / specifiers:

- Bravida
- Bouygues Construction
- Bovis Lend Lease
- PEAB

Influencers and end-customers:

End-customers: increasing influence in the choice of systems

Source: Purmo Group company information and management estimates.
1) Includes the sale of non-branded private labels to other manufacturers including competitors.
2) Consists of mainly Emmeti acting as wholesaler selling traded and proprietary goods to customers.
3) Purmo Group distributes its branded offering through direct sales to installers (including using the Emmeti and Thermotech brands), sales to specialist dealers and fixed-price merchants as well as pure online sales. Purmo Group also sells to other manufacturers on an OEM basis.

5 Clear and well-defined strategy

Vision

Perfect indoor climate should not cost the planet's climate

Mission

To be the leader in sustainable indoor climate comfort solutions

Strategy

Scale-up

Solution-selling

*providing a **complete solution** for **ease of installation** and **energy efficiency***

Launch new

Smart products

*delivering more **intelligent,** more **sustainable,** and a better **visual fit***

Focus on

Growth markets

*capturing biggest opportunities **outside of current markets***

Growth enabler

M&A

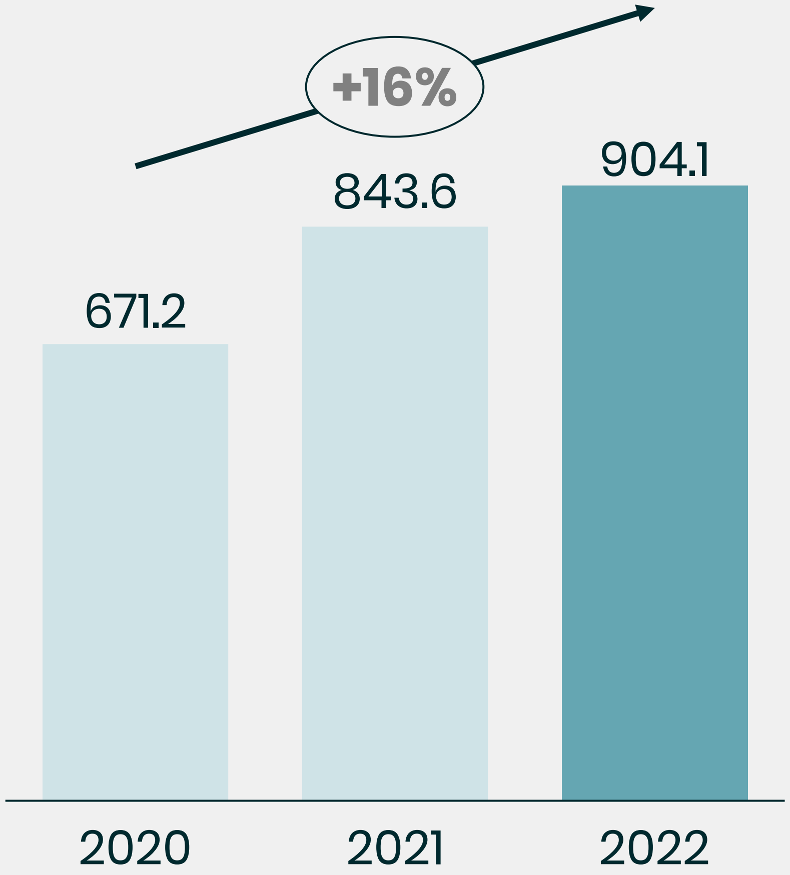
*Opportunities for **consolidation and expansion***

Operational excellence *in operations, commercial and business support*

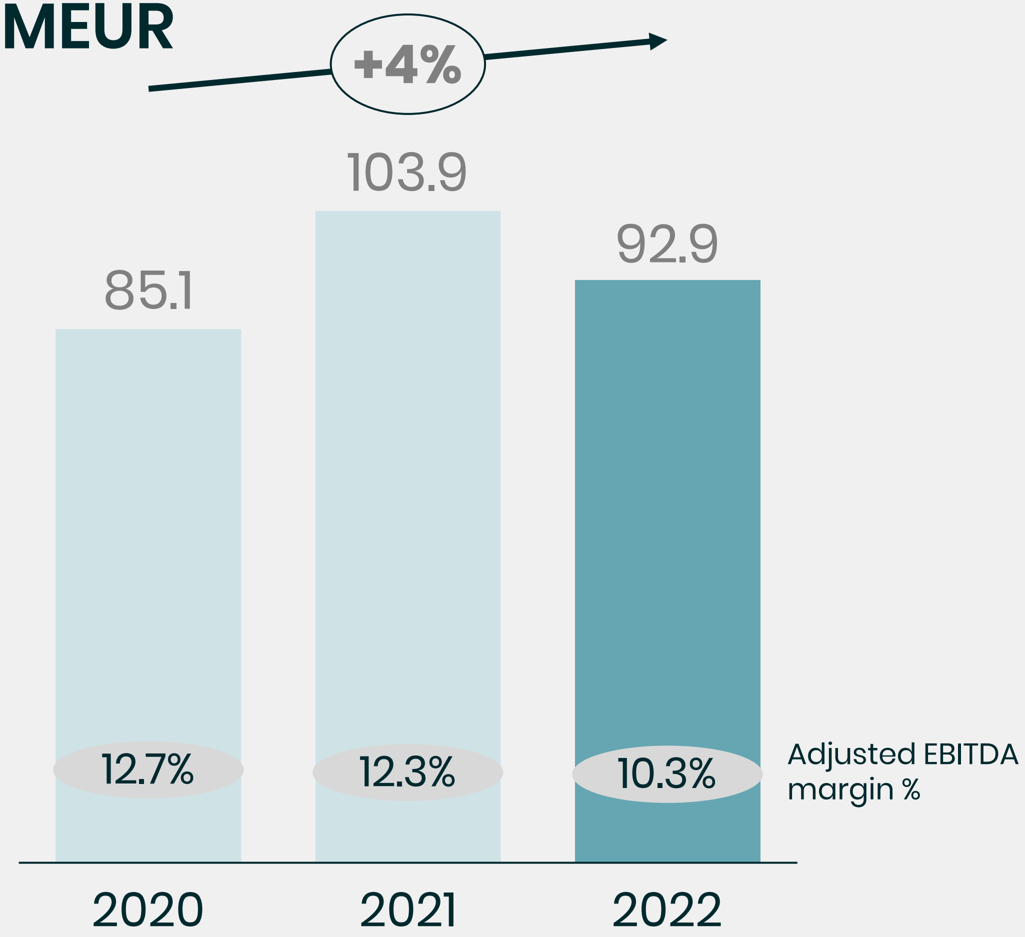
People & Culture *boosting engagement, leadership and talent*

6 Strong historical financial track record

Group net sales, MEUR



Group Adj. EBITDA, MEUR



7 Skilled workforce and customer-centric operating model

John Peter Leesi, Joined 2020

CEO

- Strategy
- Legal

Mike Conlon, Joined 2015

President Climate Solutions

- Emmeti
- Business development
- Thermotech
- Merriott

Barry Lynch, Joined 2004

President Products & Systems

- Sales Clusters
- Commercial excellence
- Product management
- Product development
- Marketing

Erik Hedin, Joined 2020

Chief Operating Officer

- Operations
- Supply chain
- PGOS
- ICT
- Procurement
- Strategy deployment & PMO
- Enterprise risk management

Linda Currie, Joined 1994

Chief People Officer

- HR
- Global comms
- ESG
- Employee experience
- Health and safety

Jan-Elof Cavander, Joined 2023

Chief Financial Officer

- Business control
- Financial control
- Investor relations
- M&A
- Tax
- Treasury

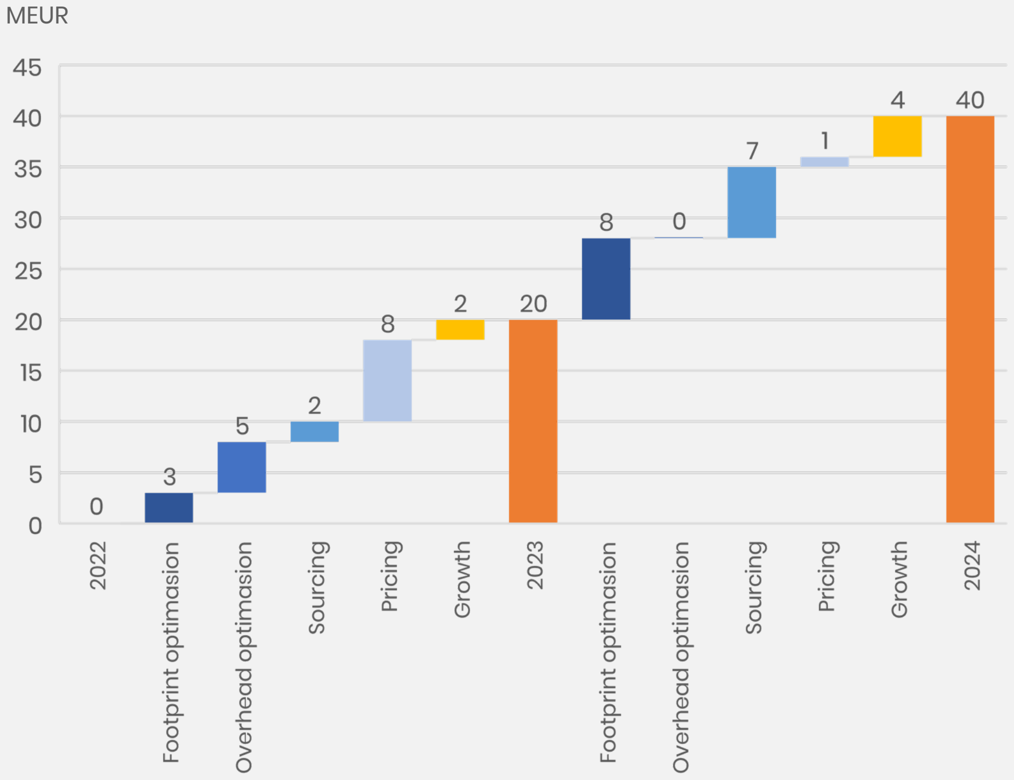
The Accelerate PG programme

Strategy acceleration programme overview

- The Accelerate PG programme launched in H2/2022 to strengthen the execution of Purmo Group's strategy
- Accelerate PG is a successor programme to Purmo Group's previous PG Up performance improvement programme which was successfully executed during 2020–2021
- The programme focuses on improving net sales growth, profitability and net working capital
- The programme will support reaching the financial targets communicated in conjunction with the stock listing in January 2022

Accelerate PG – Programme target

APG programme target (Nov-2022)



Adjusted EBITDA run-rate target – EUR 40 million
Adjusted EBITDA run-rate improvements of EUR 20 million by the end of 2023 and cumulatively EUR 40 million by the end of 2024

Profitability improvements include:

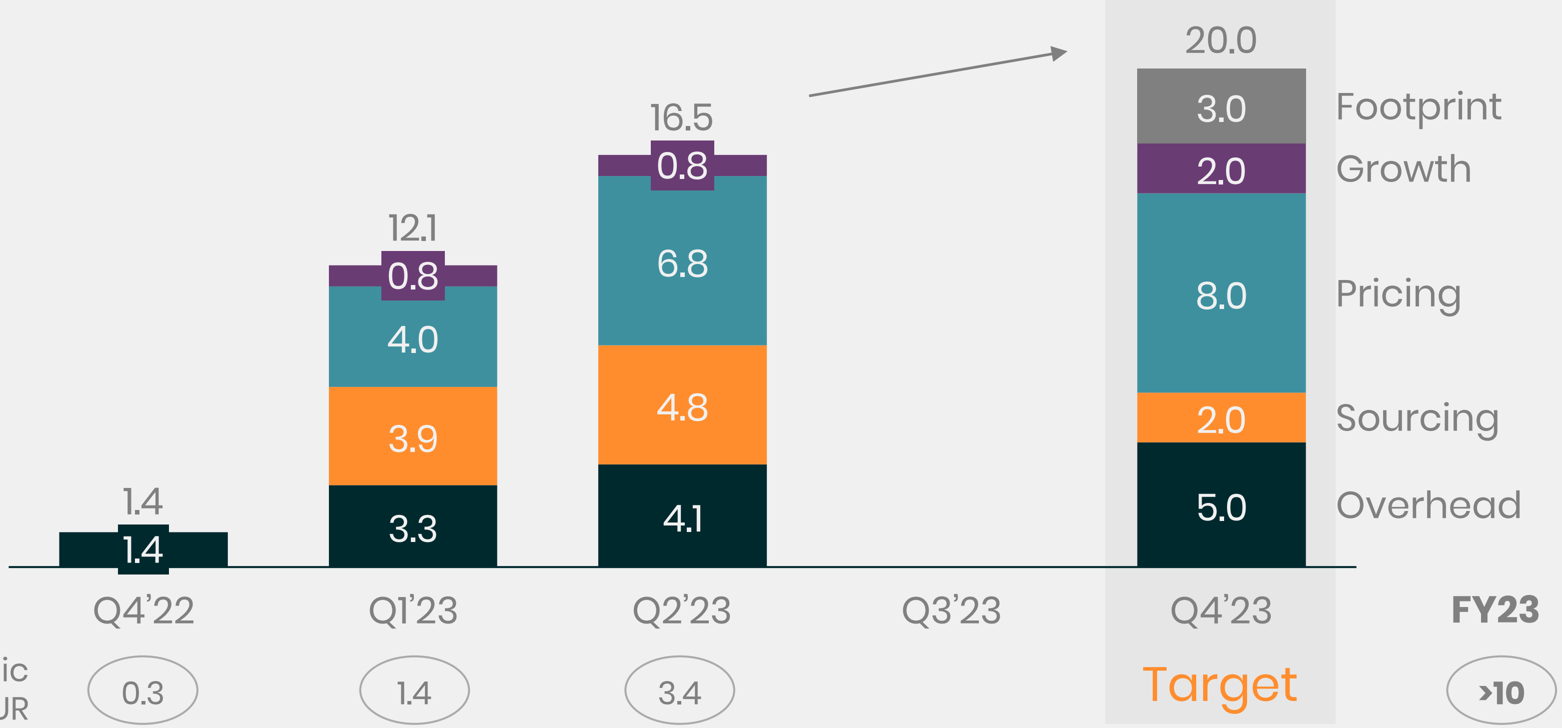
- **Footprint** optimisation of manufacturing, warehouse and distribution facilities circa EUR 11 million
- **Overhead** optimisation of circa EUR 5 million
- **Sourcing** including purchasing savings and value engineering circa EUR 9 million
- **Pricing** for selected products of circa EUR 9 million
- **Growth** initiatives of circa EUR 6 million

Costs of the programme of EUR 43 million:

- EUR 33 million are expected to incur before the end of 2023 and the remainder in 2024, to be treated as items affecting comparability

Adjusted EBITDA run-rate impact EUR 16.5 million at the end of Q2 2023

Projected run-rate Adj. EBITDA impact, EUR million – status end of June 2023
Run-rate visible in the P&L by the end of the quarter, from the initiatives already implemented



	Q4'22	Q1'23	Q2'23	FY23
Adj. EBITDA periodic effect, MEUR	0.3	1.4	3.4	>10
NWC improvement cumulative, MEUR	-	3.3	6.1	>10
One-off cost (periodic), MEUR	-2.7	-2.2	-3.5	~33

- The 2023 APG programme target of EUR 20 million run-rate improvements within reach
- The company continues to pursue further actions to achieve 2024 target of EUR 40 million run-rate improvements
- This includes to evaluate accelerating footprint optimisation, covering both manufacturing and supply chain

Improvements completed at the end of Q2 2023

APG impact by category, EUR million	Actual run-rate[1], (change since Q1 end)	2024 target[2]	Key initiatives implemented during the quarter
Growth	0.8	6	✓ Push on **unpenetrated markets** & smart products continued
Pricing	6.8 (+2.8)	9	✓ Implementation **proceeding to plan** despite challenging market conditions ✓ **Pricing Excellence** tools and processes deployed to manage turbulent market conditions
Sourcing	4.8 (+0.9)	9	✓ Components **outsourced** achieving significant cost savings ✓ Renegotiated **UFH insulation** material commercial mechanism and logistics model ✓ Optimised **packaging** to reduce costs
Overhead optimisation	4.1 (+0.8)	5	✓ Implementation of **overhead reductions** proceeding to plan ✓ Further improvements being prepared
Footprint optimisation	-	11	✓ Consultation of intention to potentially discontinue panel radiator production in Zonhoven, Belgium ✓ External warehouse contract discontinued in UK
Adj. EBITDA total	**16.5 (+4.4)**	**40**	
NWC	**6.1 (+2.8)**	**-**	✓ **Implementation progressing well** with substantial additional cash released, rigorous real-time monitoring practices ramped up ✓ **Intense planning for expanding scope to next wave of entities at full speed**

1. Impact visible in P&L, 2. Upgraded on 8 Nov 2022

Sustainability

Purmo Group's 'Complete Care' sustainability strategy

Complete Care strategy

- Our strategy puts climate at the heart of every aspect of our business
- "We are proud of what we do, and we care," is echoed in our sustainability strategy, 'Complete Care'

Four key focus areas

- ***Production***
  We strive to contribute to the goal of the Paris Agreement to limit the rise of global mean temperature to 1.5˚C.
- ***Solutions***
  We will champion climate-friendly heating and cooling solutions.
- ***People***
  We will nurture and grow a future-fit and diverse workforce that has the skills and commitment to deliver our sustainability goals.
- ***Communities***
  We will collaborate with external organisations to give greater access to energy-efficient indoor climates for all and enable climate resilience.

For key focus areas, there are ten commitments (measured by 24 KPIs)

Commitment 1
- We will align with a 1.5 degree future and target carbon neutrality in our Scope1, 2 and 3 emissions by 2050

Commitment 2
- We will use fewer resources to make products and eliminate waste

Commitment 3
- We will source our key materials responsibly

Commitment 4
- We will help our customers save energy and make sustainable choices

Commitment 5
- We will apply circular design principles to all products. We will invest in new solutions where circularity is not immediately possible

Commitment 6
- We will create a diverse and inclusive workplace culture

Commitment 7
- We will ensure our employees are satisfied at work

Commitment 8
- We will help prepare a future-fit workforce to tackle the skills gap and build a pipeline of talented employees

Commitment 9
- We will ensure Purmo Group is a safe place to work

Commitment 10
- We will help the most vulnerable people access adequate shelter and indoor climate

Learn more: https://www.purmogroup.com/en/sustainability/kpis-and-progress.

Progress in sustainability strategy execution in Q2 2023

- A total of 4,817 solar panels were installed on the roof of the plant in Yangzhou, China. The solar panels will generate 2,500 MWh annually and they are part of Group's commitment to sourcing 100% renewable energy for all its plants by 2030.

- Group began a programme to accelerate the production of Environmental Product Declarations with an external partner.

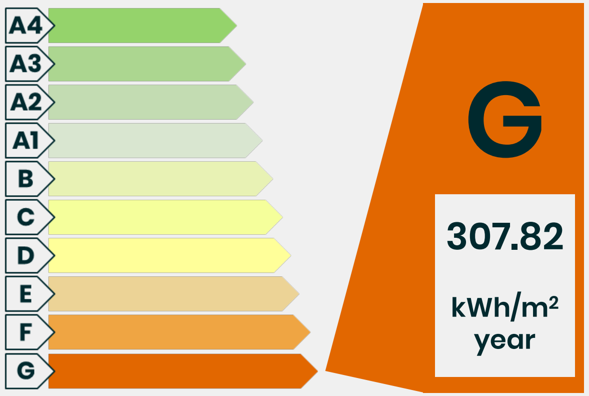
- The number of safety observations decreased by 15 per cent to 250 (293).

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

Solution case study - Energy improvement

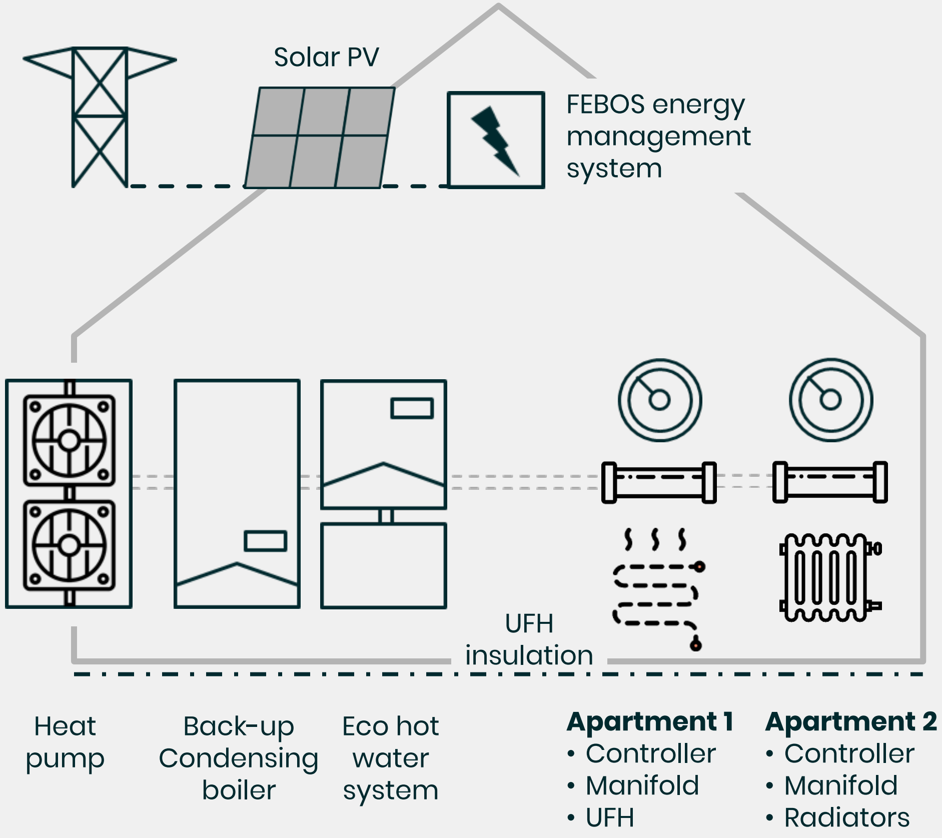
Energy-class improvement: 366m² twin-apartment building, Dovadola, Italy

Energy label before

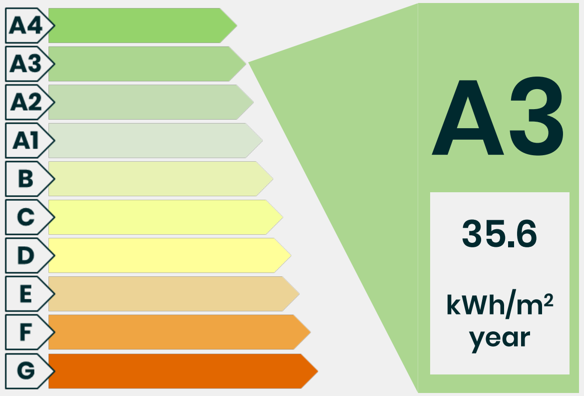


Primary energy balance		(kWh)
Energy used		**112,662**
	Electricity*	2,849
	Gas	109,813
Energy exported to grid		**0**
	Energy produced	0
	Used locally	0

Purmo Group's sustainable indoor climate solution



Energy label after



Primary Energy balance		(kWh)
Energy used		**13,061**
	Electricity*	7,591
	Gas	5,425
Energy exported to grid		**(3,568)**
	Energy produced	(6,157)
	Used locally	2,571

* Distribution factors are applied to calculate primary energy usage for energy labels, to reflect losses in production and transmission. 2.93 for grid and 1.96 for grid mixed with local PV

Mergers and acquisitions

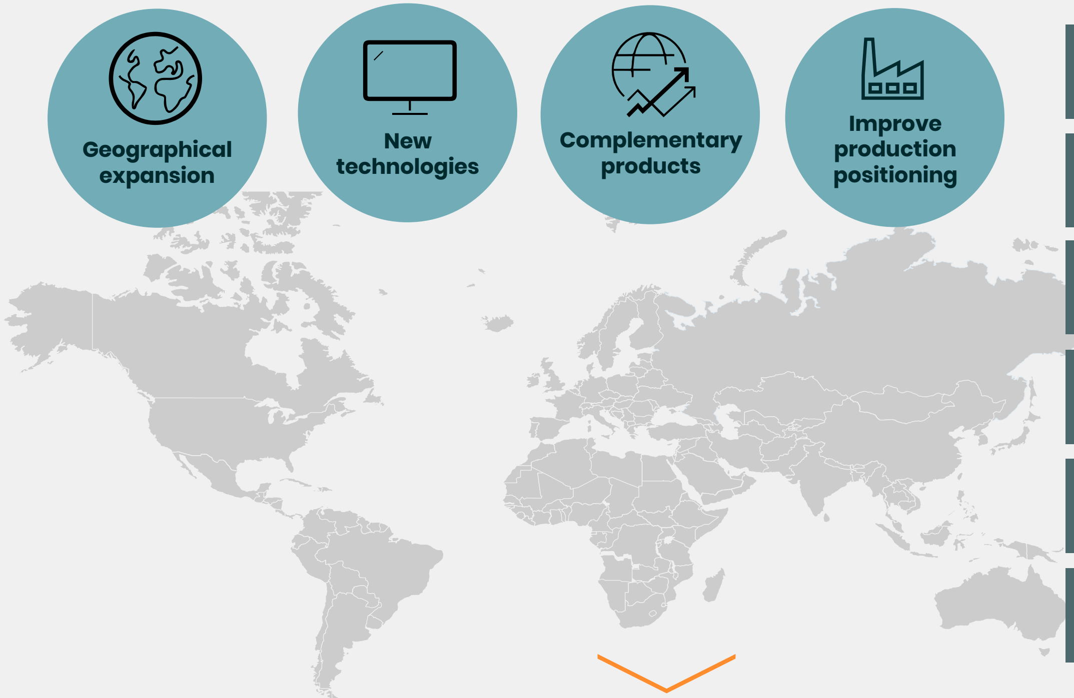
M&A strategy and pipeline

Proven track record of value creation through M&A

Year	Target	Strategic rationale
2008	Turkish towel warmer plant	Access to low cost manufacturing
2012	HEWING	Pivot entry into adjacent climate comfort systems
2015	EMMETI	Forward integration, building leadership positions in ICS and geographical expansion[1]
2018	SIGARTH	Complementary product offering
2019	QUINN radiators	Asset acquisition opportunity
2020	BOSCH	Access to low cost manufacturing[2]
2022	Thermotech	Smart technologies to the ICS offering, strengthening the position in the Nordics

~EUR 214m of acquired sales[3]

Pipeline of opportunities



Key target segments

- Indoor climate system integrators
- Heat pumps
- Ventilation
- Electronic controls
- Electric radiators
- Cooling emitters

Snapshot of current M&A pipeline

Possible acquisition targets (Tier 3) → Potential short list (Tier 2) → Current short list (Tier 1)

Source: Purmo Group company information and management estimates.
1) Relating to expansion in southern Europe and LATAM.
2) On 28 April, Purmo Group signed an agreement to divest all of its Russian operations to IPLS.
3) Based on revenues at the time of the acquisitions.

Financial performance and guidance

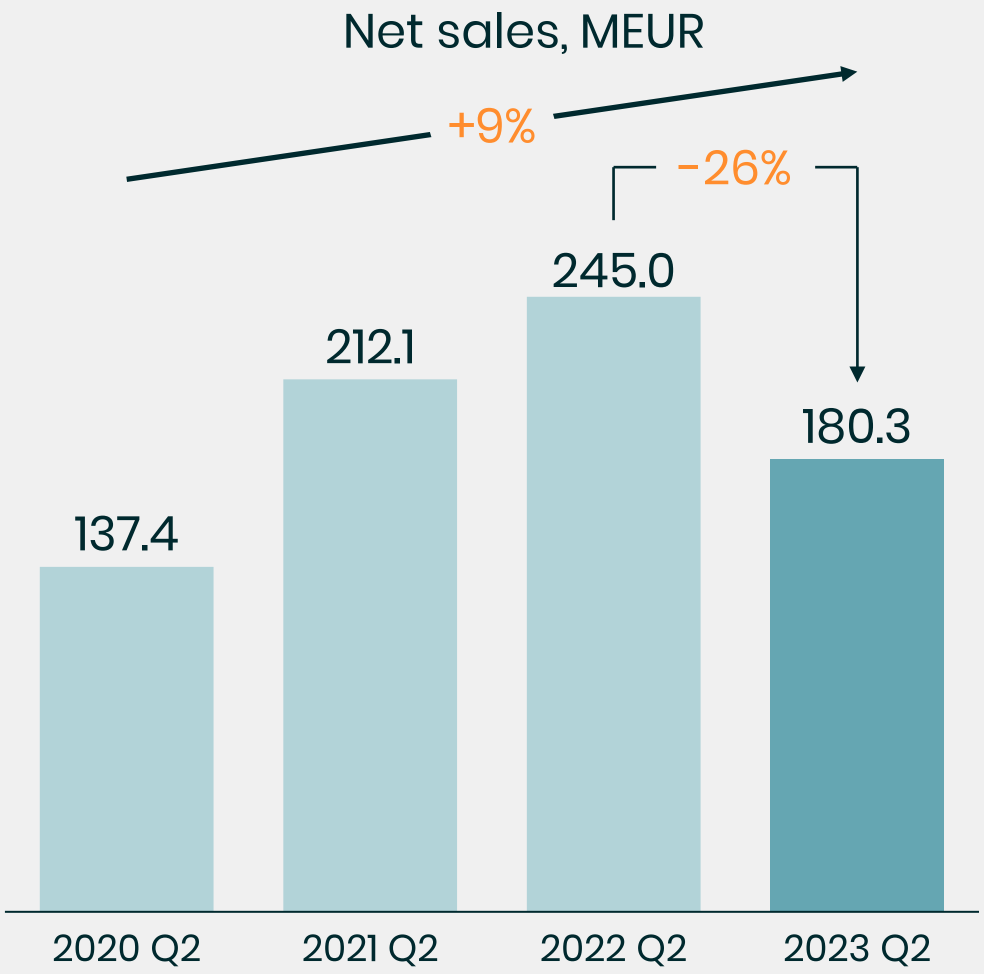
April-June 2023

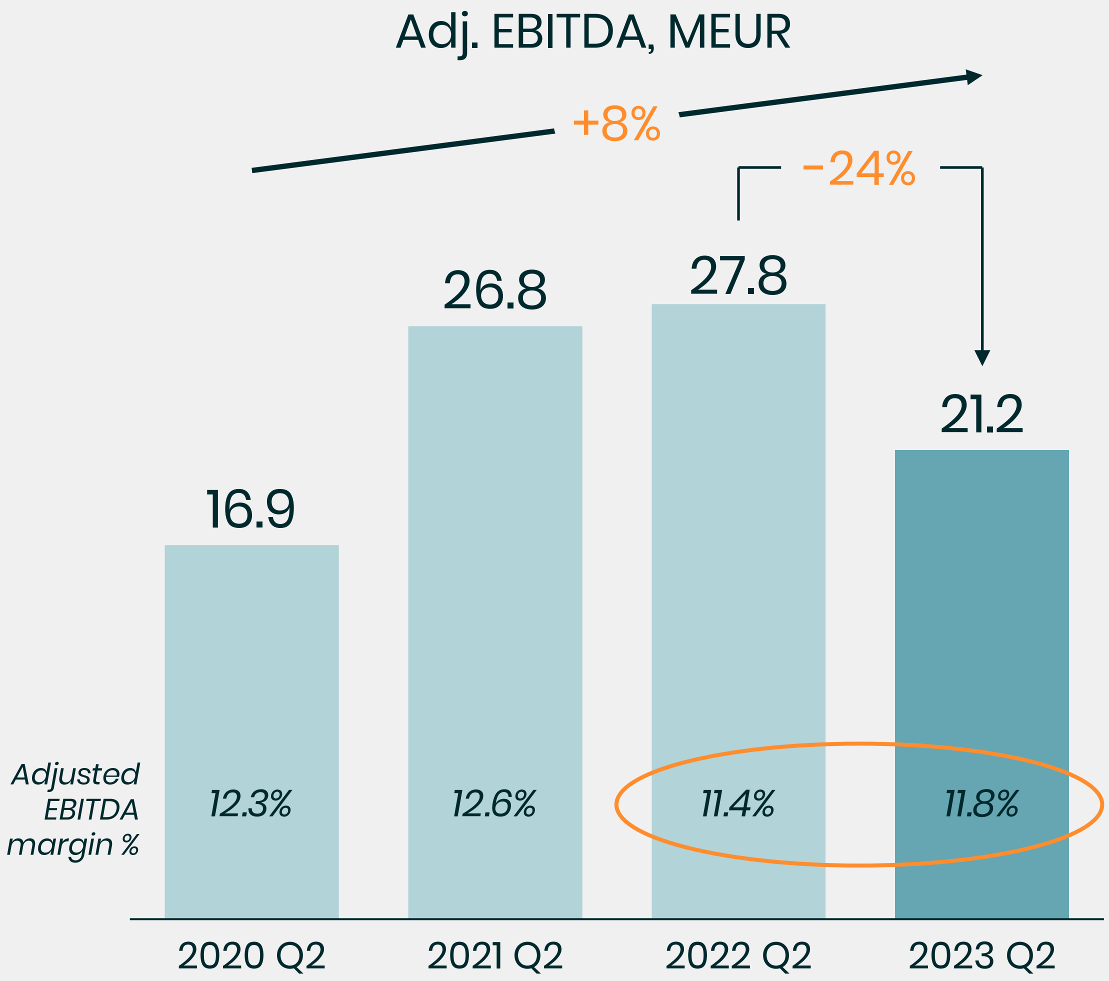
Successful margin management during challenging market conditions, Accelerate PG provides support for full-year outlook

Market environment with low volumes	Improved margins in both divisions	Accelerate PG progressing ahead of plan	Guidance unchanged

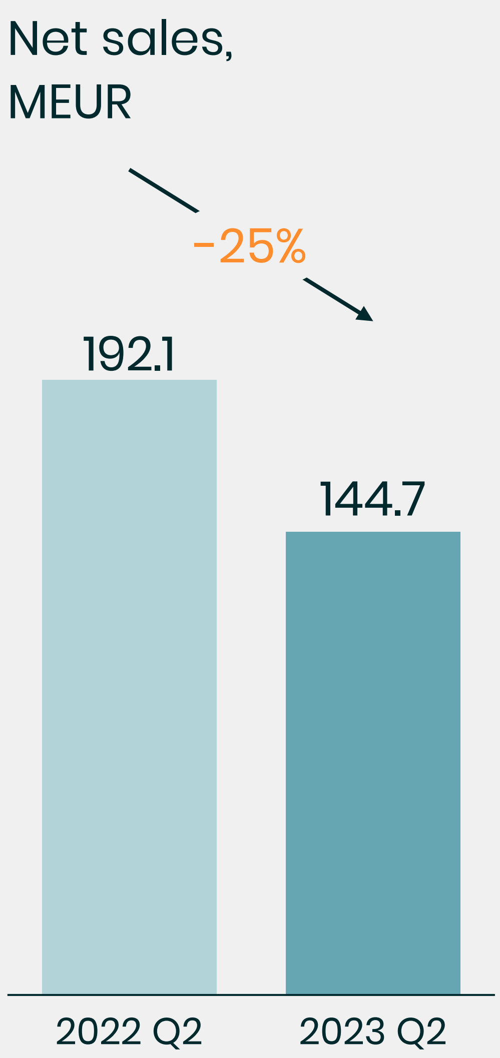
Q2 2023: Purmo Group

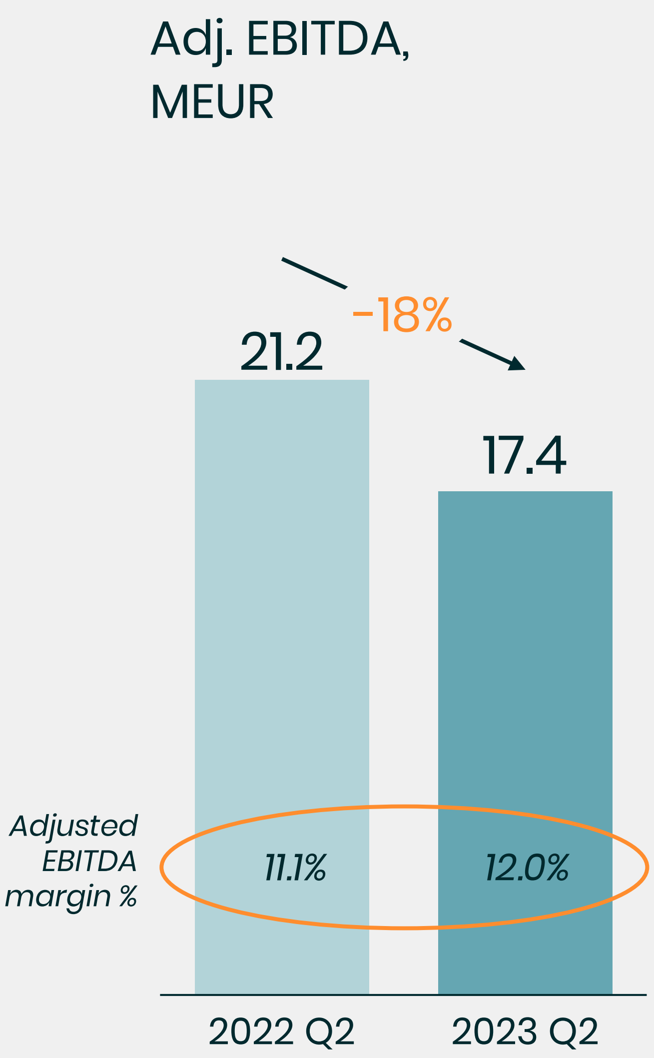
Net sales declined due to low volumes, adjusted EBITDA margin improved





Margin improvement despite challenging market conditions

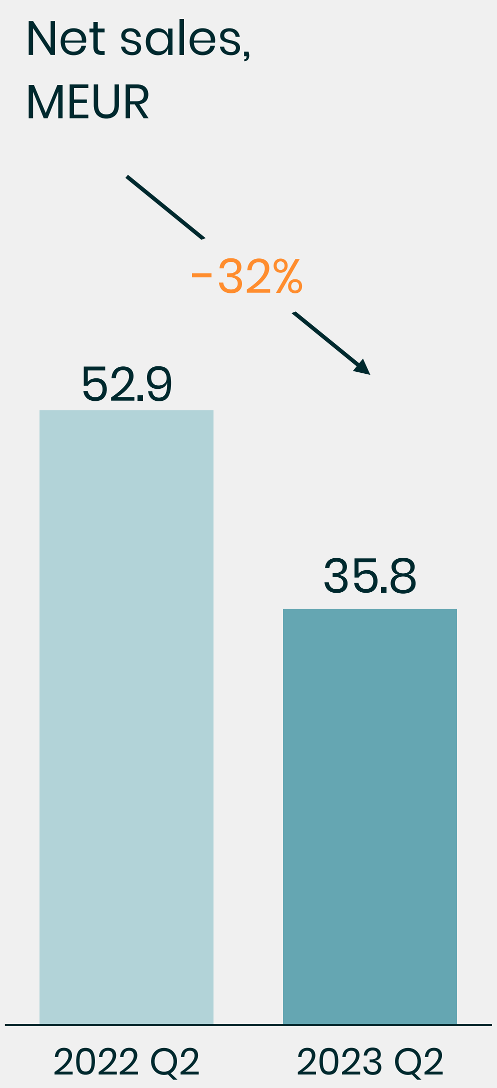


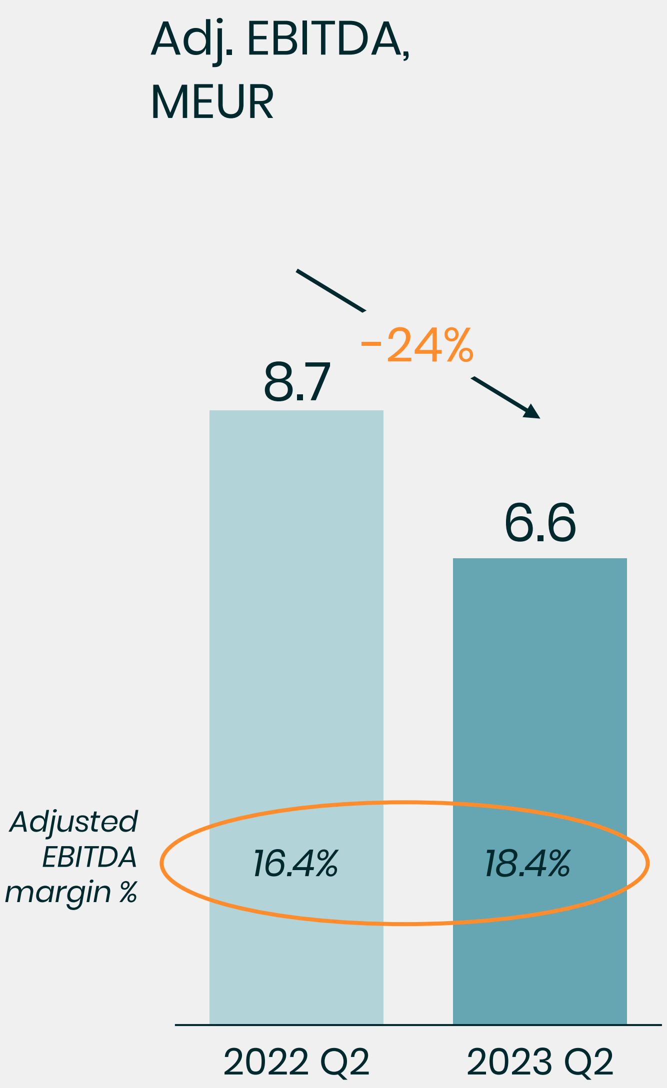


- The decline in net sales was a result of low volumes
- The improvement in adjusted EBITDA margin was a result of strong margin management, including pricing, cost-saving actions in operations and savings in sourcing
- Net sales of radiators amounted to MEUR 92.0 (126.2)
- Net sales of other products, including e.g. underfloor heating, was MEUR 51.9 (65.9)

Q2 2023: Climate Solutions division

Margin improvement in a tough market





- The decline in net sales was a result of further normalisation in trading conditions in the Italian market compared to last year, when demand was exceptionally high due to government energy incentives
- The adjusted EBITDA margin increased to 18.4 per cent (16.4)
- Improvement in adjusted EBITDA margin was a result of strong actions for margin management during the quarter, including several cost-saving actions and maintaining prices on a healthy level

Strategy execution during the quarter

Solution selling

- Thermotech's first eco-building project in Finland of UFH system deliveries

Smart products

- Upgraded version of oil-filled electric YALI PLUS radiator range launched
- The world's most flexible PE-Xc pipe development completed

Growth markets

- Russia exit agreement signed with IPLS on 28th of April

Operational excellence

- Accelerate PG ahead of target: run-rate profitability improvements EUR 16.5 million (11.3)
- Strong margin management mitigated weak demand
- Launch of a consultation process regarding the future of manufacturing plant in Zonhoven, Belgium

Sustainability

- 4,817 solar panels installed in China: part of Group's commitment to sourcing 100% renewable energy for all its plants by 2030
- A programme began to accelerate the production of Environmental Product Declarations (EPDs)
- Ongoing preparations for the implementation of the Corporate Sustainability Reporting Directive (CSRD) for the reporting year 2024

Solution case studies during Q2 2023

Two mid-sized public buildings with heating system deliveries in Finland and in Sweden

Hospital, Tammisaari

- Delivery of underfloor heating and snow melting systems

Office building, Malmö

- Highest wooden office building in Sweden with 11 floors and 7,900 m^2 of space in total
- Delivery of water distribution systems including pipes for domestic water and tap water distribution

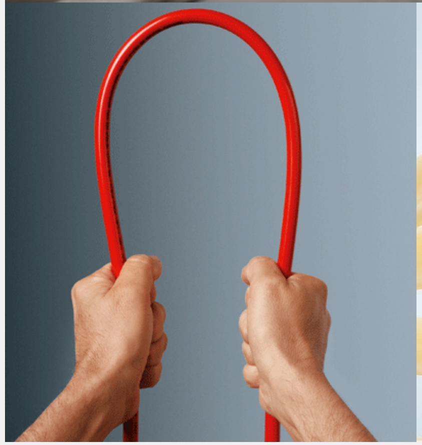
Smart product development during Q2 2023

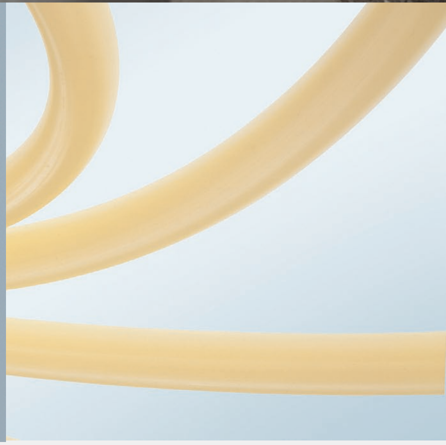
Upgraded versions of oil-filled electric Yali Plus radiators

- Integrated with the Unisenza Plus control system
- Unisenza application available for smart phones, with additional functionality

The world’s most flexible PE-Xc pipe offered by Purmo

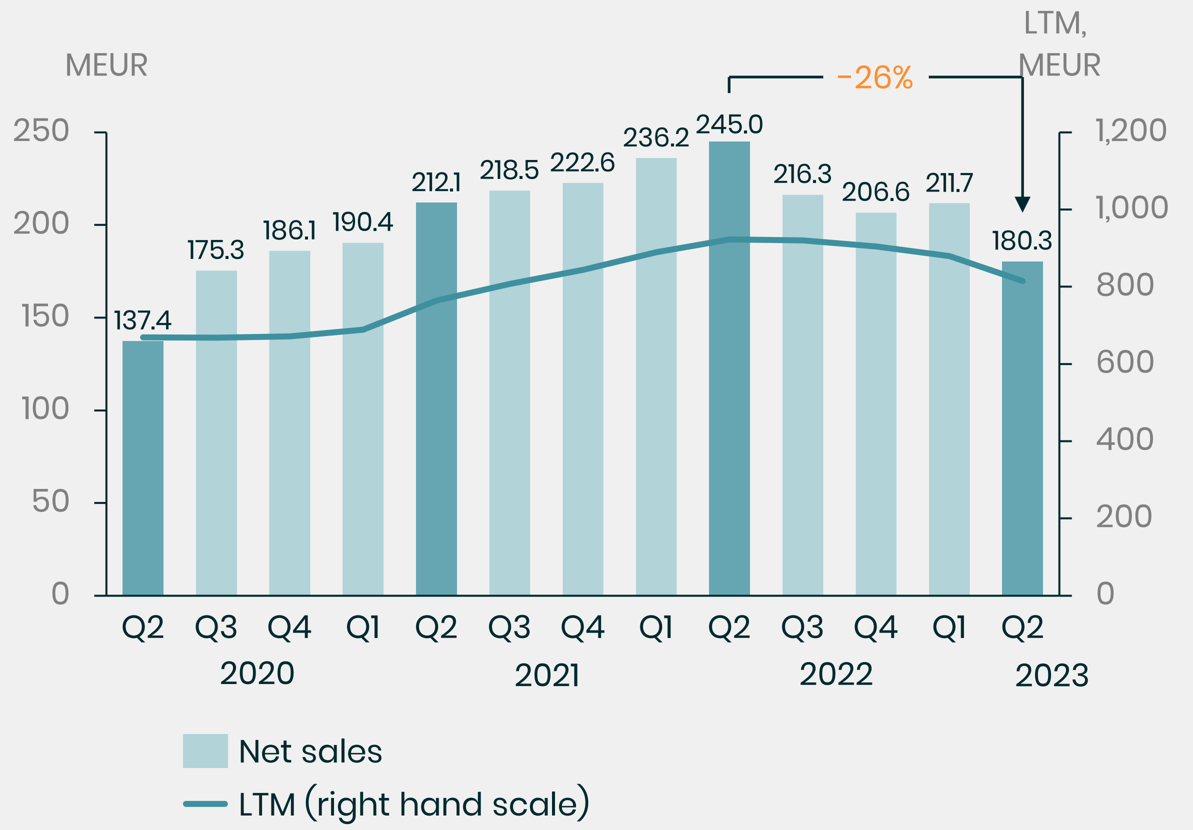
- Easy and quick installation for customers





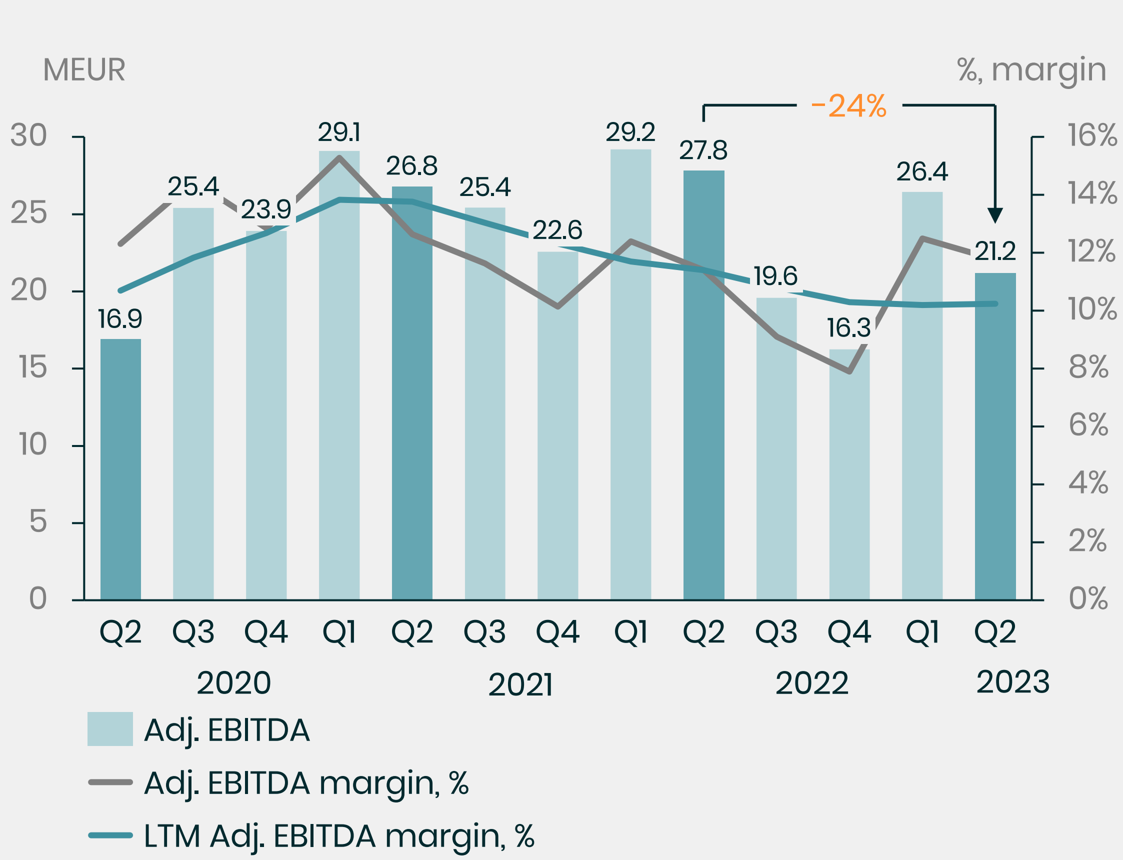
Purmo Group

Net sales



- Organic sales -25% in Q2/23
- The decline in net sales was a result continued weakness across markets and regions for the Group, which led to low volumes
- Acquisitions had no impact on Q2/23
- Changes in FX rates decreased reported sales by -1%

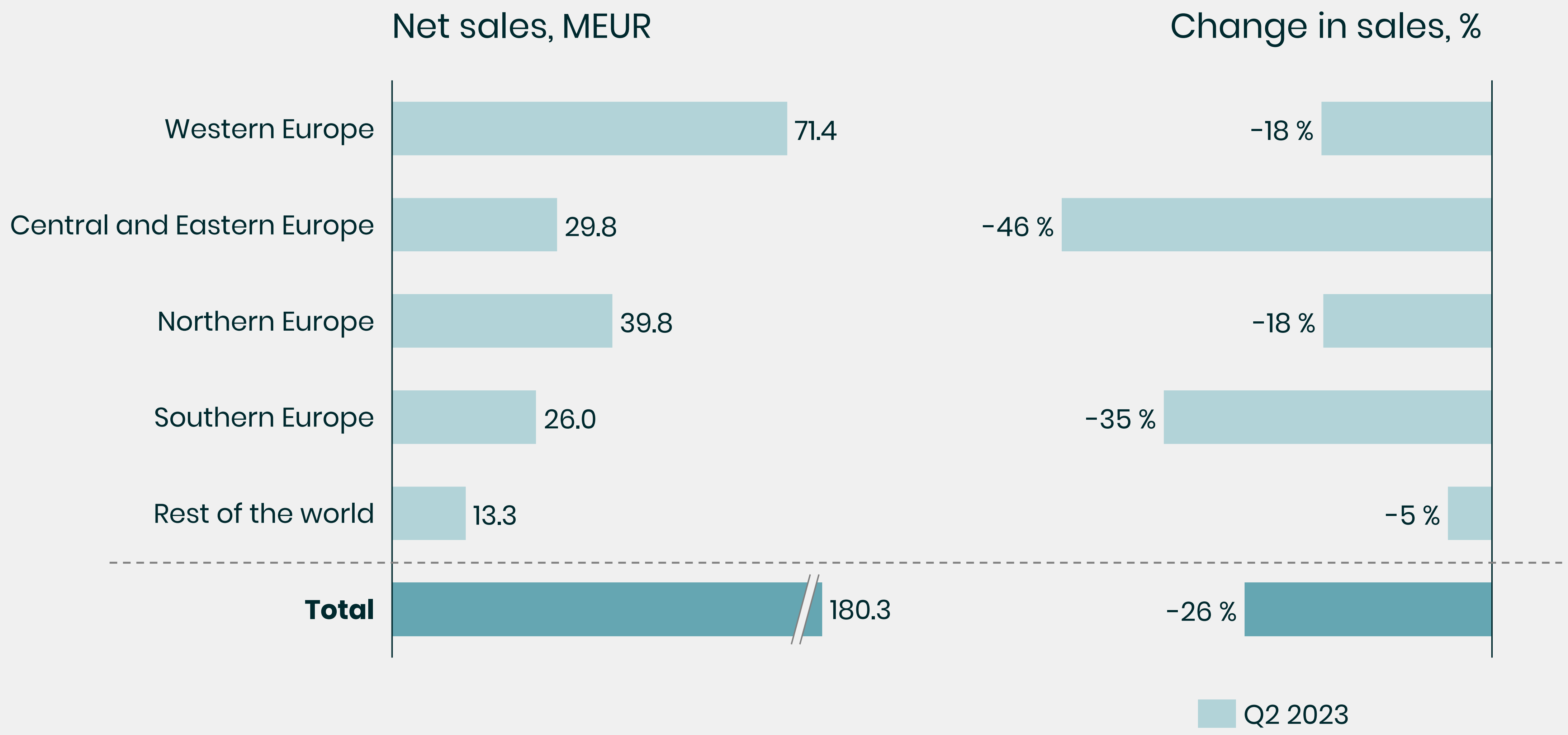
Adj. EBITDA



- The decline of 24% in adjusted EBITDA a result of lower levels of adjusted EBITDA for both divisions, burdened by low volumes
- Adjusted EBITDA margin reached 11.8% in Q2/23 (11.4%)
- The improvement in adjusted EBITDA margin was a result of strong pricing and cost-saving actions within the Group

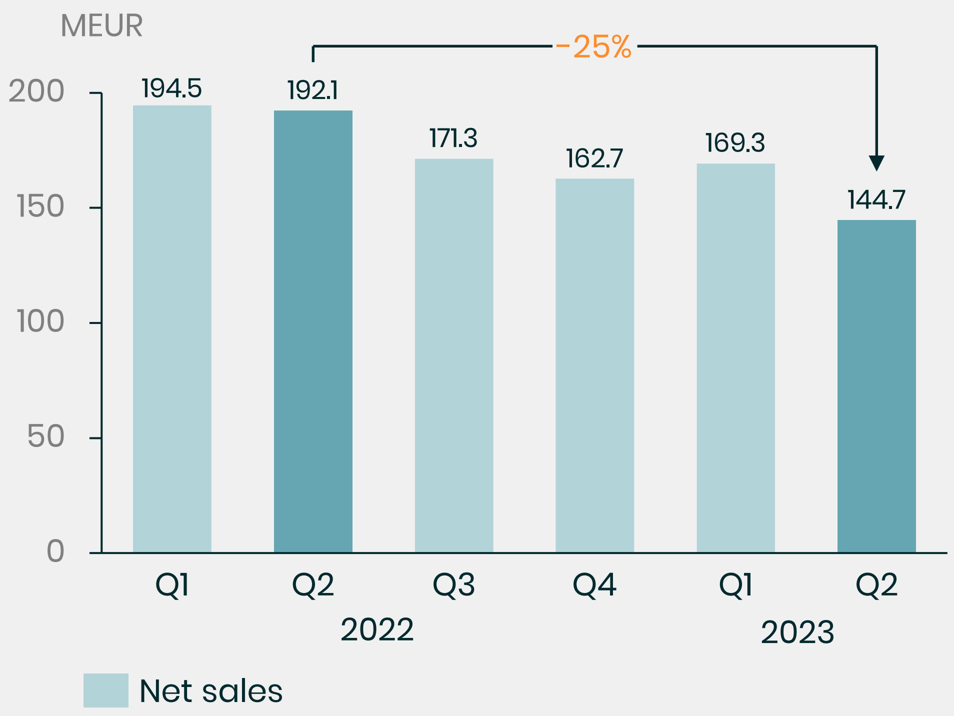
Notes: Quarterly data is unaudited

Q2 2023 net sales by geographical area

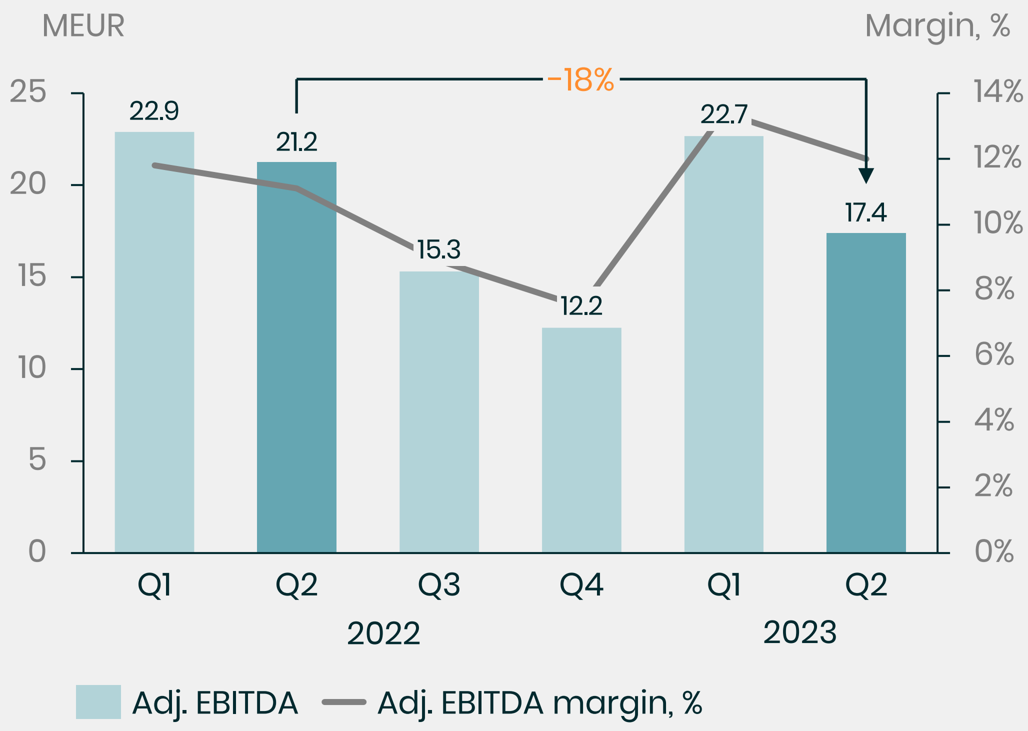


Climate Products & Systems division

Net sales



Adj. EBITDA



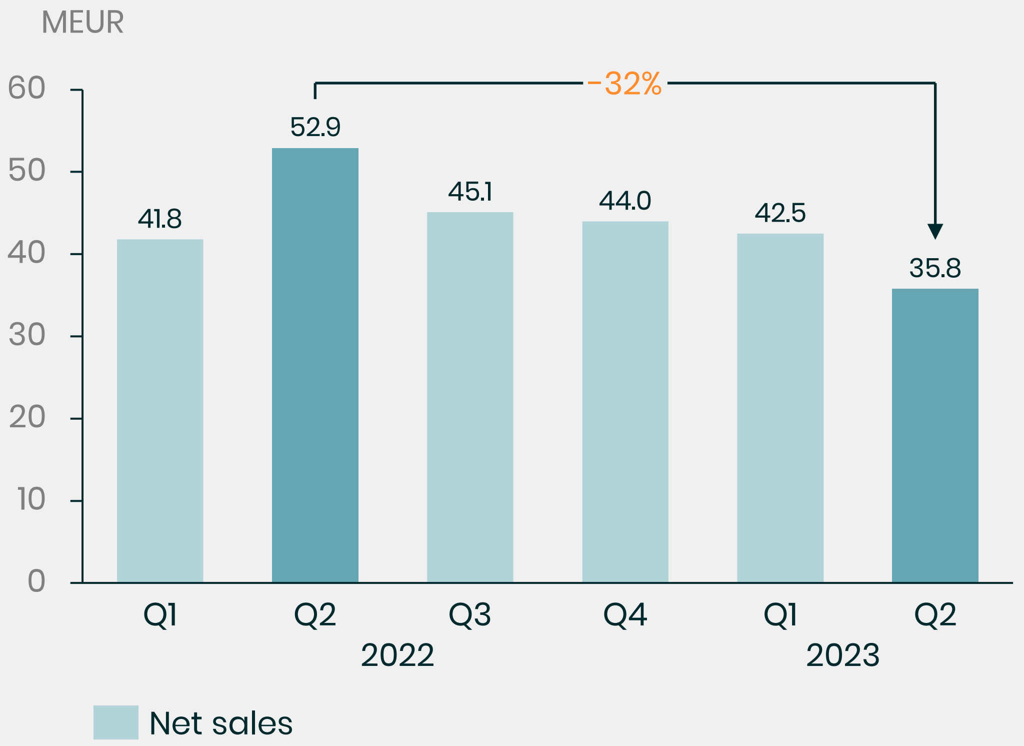
- Organic sales decline -23% in Q2/23, net currency -1%, acquisitions 0%
- Net sales in radiators amounted to EUR 92.0 (126.2) million
- Volume decline of -34% in radiators, due to the weak demand in renovation and new build markets
- Price increases +6% in radiators
- Q2/23 LTM net sales 648.0 MEUR

- Adjusted EBITDA margin improved to 12.0% in Q2/23 (11.1%)
- The increase in adjusted EBITDA margin was a result of successful margin management actions,
- Q2/23 LTM Adj. EBITDA 67.6 MEUR, LTM Adj. EBITDA margin 10.4%

Notes: Quarterly data is unaudited

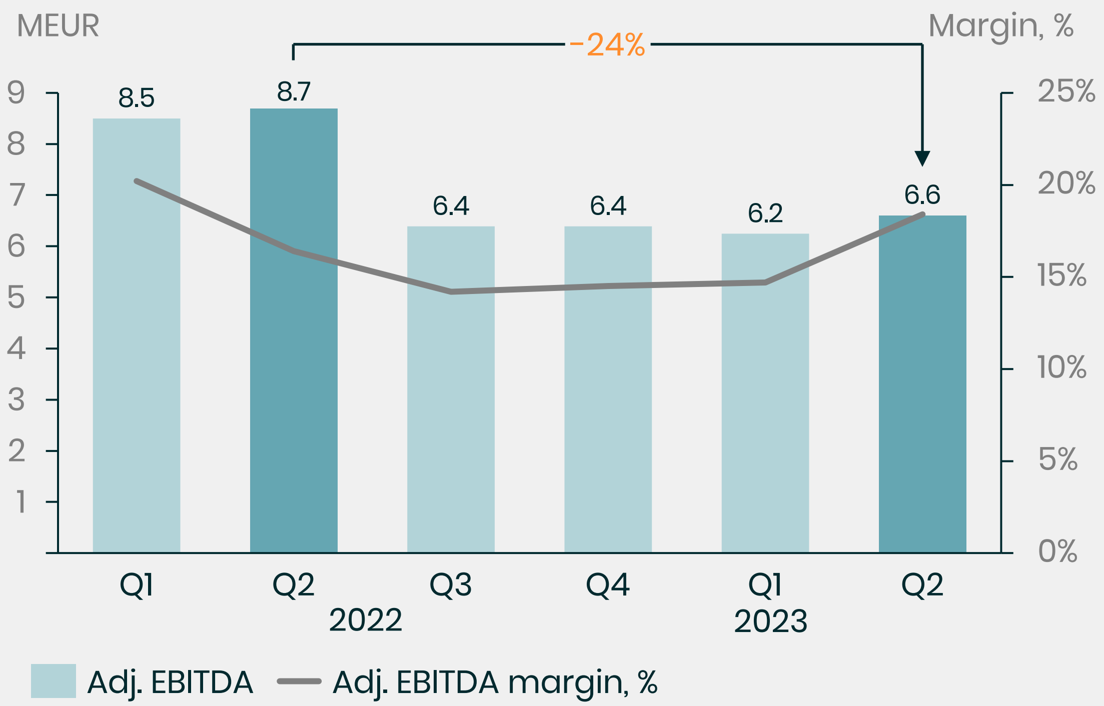
Climate Solutions division

Net sales



- Organic sales decline -31% in Q2/23, acquisitions 0%, net currency -1%
- Further normalisation in the Italian market continued, in addition to the Nordics, driving down demand
- Project deliveries of radiators increased slightly in Ireland during the second quarter. Volumes dropped in heat pumps, gas pipes and products related to air conditioning.
- Q2/23 LTM net sales 167.5 MEUR

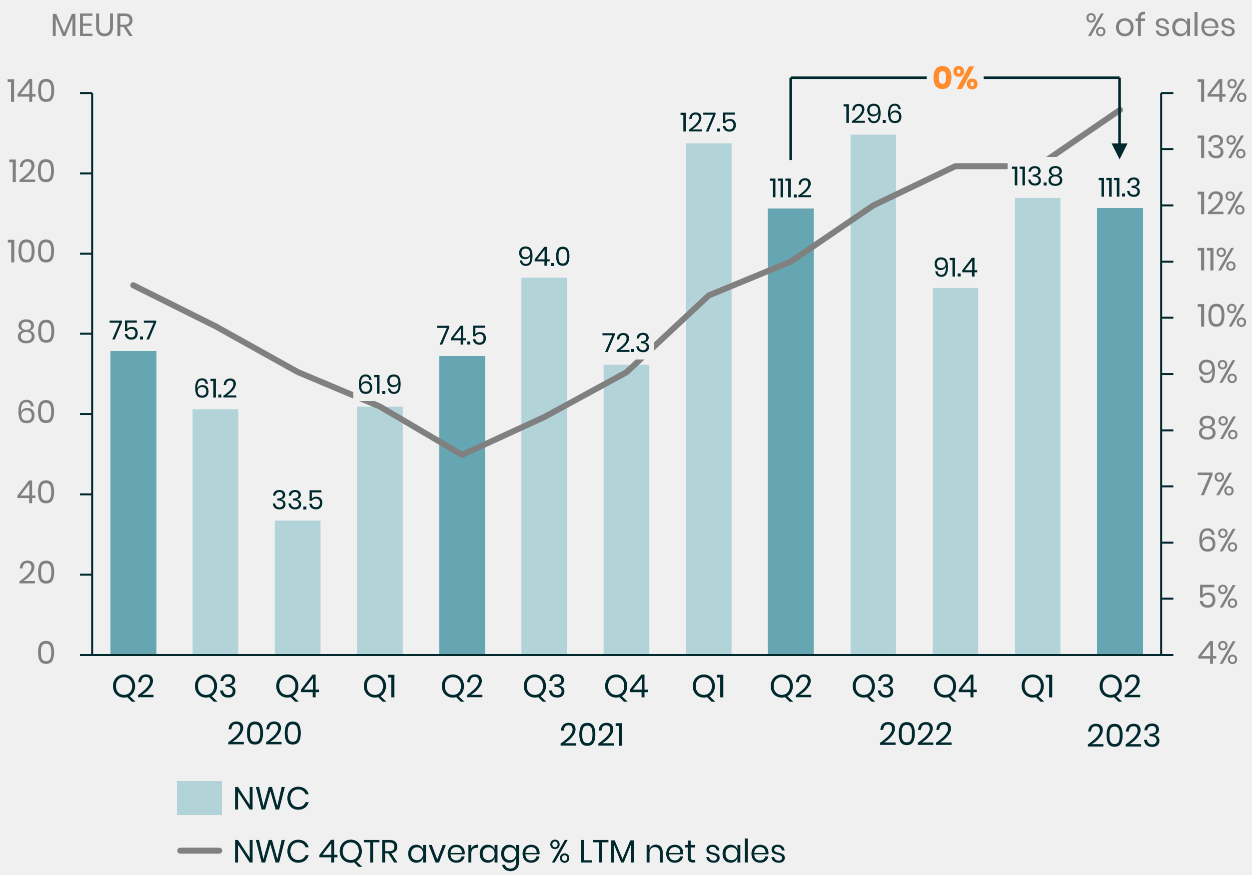
Adj. EBITDA



- Adj. EBITDA margin was 18.4% (16.4%)
- Improvement in adjusted EBITDA margin was a result of strong actions for margin management: cost-saving actions and price increases
- Thermotech contributed with EUR 0.3 million
- Q2/23 LTM Adj. EBITDA 25.6 MEUR, LTM Adj. EBITDA margin 15.3%

Notes: Quarterly data is unaudited

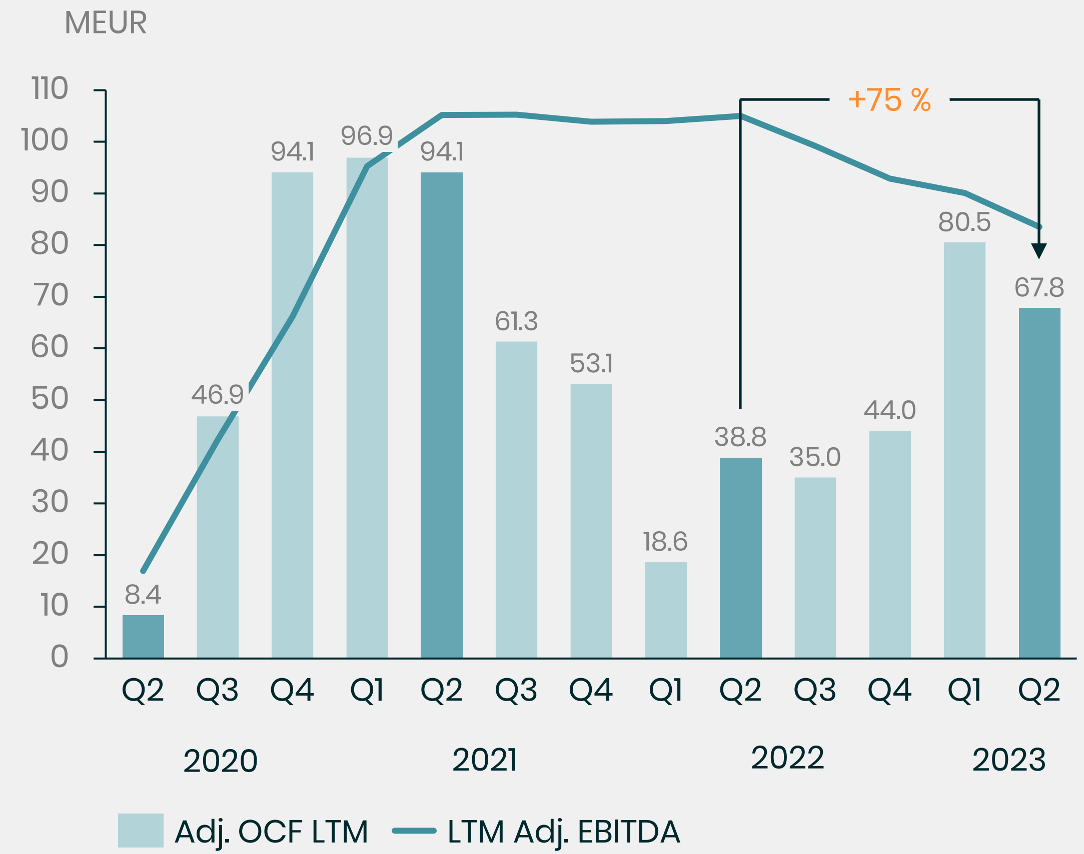
Net working capital



Net working capital	Q2 2023	Q2 2022	FY 2022
Inventories	178.5	179.5	174.1
Operative receivables	117.0	129.9	110.5
Operative liabilities	184.2	198.2	193.1
Net working capital	**111.3**	**111.2**	**91.4**
% of LTM net sales, QTR	15.4%	11.3%	10.1%
% of LTM net sales, 4QTR average	13.7%	11.0%	12.7%

Notes: Quarterly data is unaudited

Adjusted operating cash flow



Adjusted operating cash flow, last 12 months	Q2 2023	Q2 2022	FY 2022
Adjusted EBITDA LTM	83.5	105.0	92.9
NWC change*	8.1	-48.2	-24.8
Capex LTM**	-23.8	-18.0	-24.0
Adj. operating cash flow, LTM* **	**67.8**	**38.8**	**44.0**
Cash conversion	81.2%	37.0%	44.7%

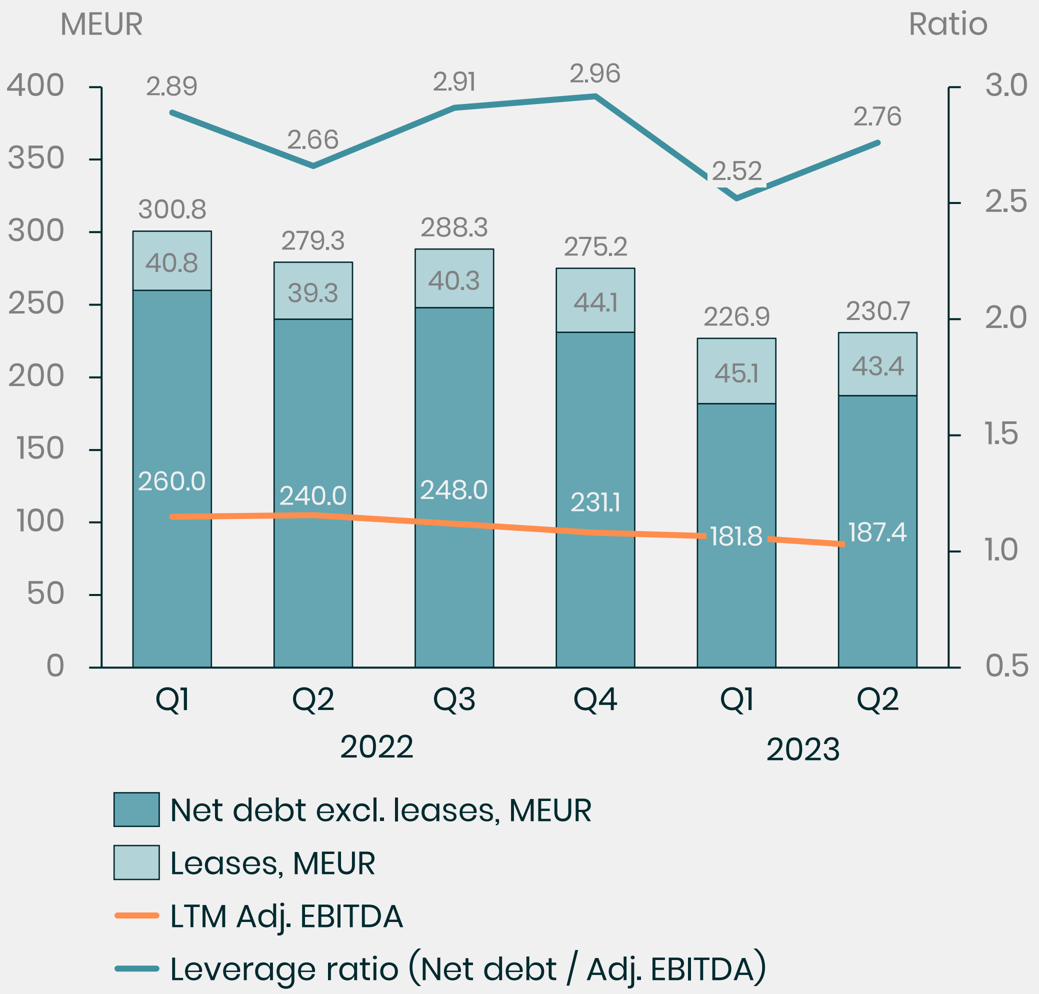
* Change compared to previous year same period, adjusted for impact from M&A. Including the Russian business which has been classified as assets held for sale. The 2022 comparison figure has been restated by EUR 7.9 million impairment charges related to the business in Russia.

** Investments tangible and intangible assets, excluding acquisitions (M&A).

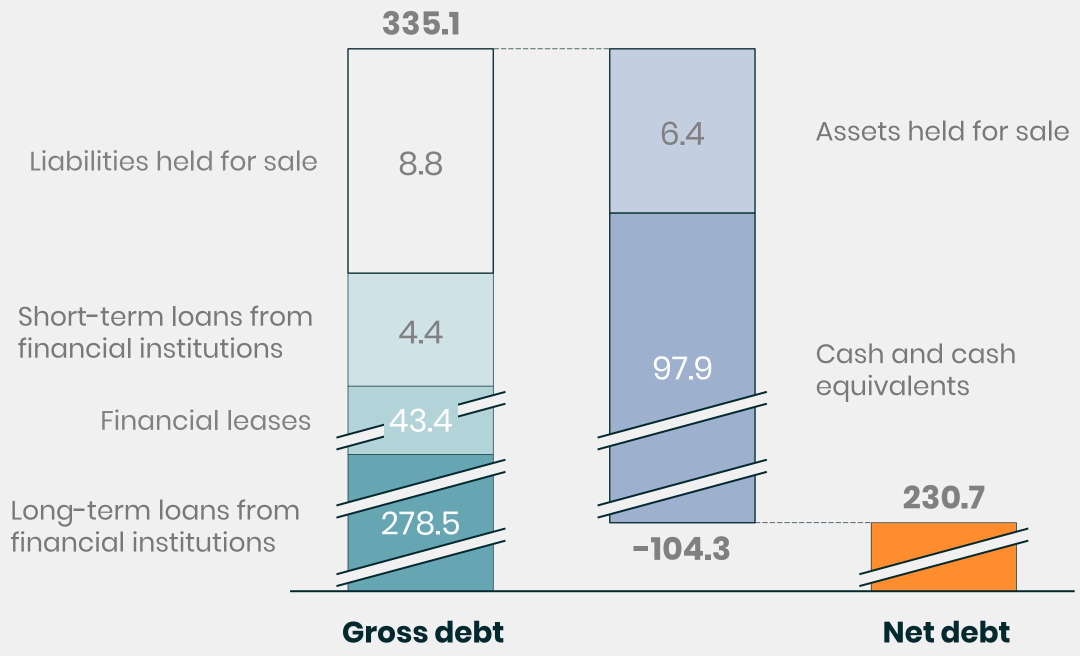
*** Adjusted operating cash flow before acquisitions and disposals of companies, financial net items and paid taxes.

Notes: Quarterly data is unaudited

Net debt and leverage



Distribution of gross and net debt (MEUR)



- Liabilities held for sale: EUR 8.8 million liabilities redemption liability related to business in Russia
- Assets held for sale (cash) EUR 6.4 million related to business in Russia

Notes: Quarterly data is unaudited

Financial guidance for 2023 remains unchanged

Purmo Group's adjusted EBITDA in 2023 is expected to be on a similar level as in 2022 (EUR 92.9 million).

Similar means a change within +/- 5 per cent from the previous year.

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

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

Long-term financial targets and dividend policy

Growth	**> Market organic growth and notable M&A**	Net sales growth
Profitability	**> 15%**	Adj. EBITDA margin %
Leverage[1]	**≤ 3.0x**	Interest bearing net debt / Adj. EBITDA on a rolling twelve-month basis
Dividend[2]	**≥ 40%**	Distributed as a % of annual net profit

1) 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.
2) Purmo Group's aim is to distribute at least 40% 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.

Appendix

Key figures

MEUR	Q2 2023	Q2 2022	Change, %	1-6/2023	1-6/2022	Change, %	FY 2022
Net sales	180.3	245.0	*-26%*	392.1	481.2	*-19%*	904.1
Adjusted EBITDA	21.2	27.8	*-24%*	47.7	57.0	*-16%*	92.9
Adjusted EBITDA margin, %	11.8%	11.4%		12.2%	11.9%		10.3%
EBIT	9.0	15.9	*-44%*	24.0	30.0	*-20%*	39.0
EBIT margin, %	5.0%	6.5%		6.1%	6.2%		4.3%
Profit for the period	2.9	8.4	*-65%*	9.6	14.9	*-35%*	13.1
Cash flow from operating activities	8.1	32.0	*-75%*	6.8	-6.9		31.1
Adjusted operating cash flow, last 12 months[1 3]				67.8	38.8	*75%*	44.0
Cash conversion %, last 12 months[2 3]				81.2%	37.0%		47.7%

[1] Adjusted EBITDA on a rolling 12 month basis deducted by the change in net working capital and capex on a rolling 12 month basis.
[2] Adjusted operating cash flow divided by Adjusted EBITDA, both on a rolling 12 month basis.
[3] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 7.9 million impairment charges related to the business in Russia.

Comparability adjustments

Comparability adjustments	Q2 2023	Q2 2022	1-6/2023	1-6/2022	FY 2022	
M&A related transactions and integration costs	–	–	0.0	0.3	2.2	
Restructuring costs and one-off costs related to efficiency programs	4.3	3.7	6.5	3.7	6.6	Partly non-cash
Impairment and write-down charges	–	–	1.3	6.9	12.9	Non-cash
Other	-0.1	-0.1	-0.2	0.3	0.2	
Total adjustments	**4.2**	**3.6**	**7.6**	**11.1**	**21.7**	

Net financials, depreciation and amortisation

Net Financial items	Q2 2023	Q2 2022
Interest net	-2.5	-2.6
Exchange gains and losses (FX and financing items)	-0.6	0.7
Leases IFRS 16	-0.9	-0.5
Other financial income and expenses	-0.9	-0.6
Total	**-4.8**	**-3.0**
% of net sales	***-4.8%***	***-1.2%***

Depreciation and amortisation	Q2 2023	Q2 2022
Amortisation on intangible assets	-0.9	-1.1
Tangible assets	-4.8	-5.2
Impairment of intangible and tangible assets	–	–
Right-of-use assets (IFRS 16)	-2.4	-2.0
Total	**-8.0**	**-8.3**
% of net sales	***4.5%***	***3.4%***

Tax

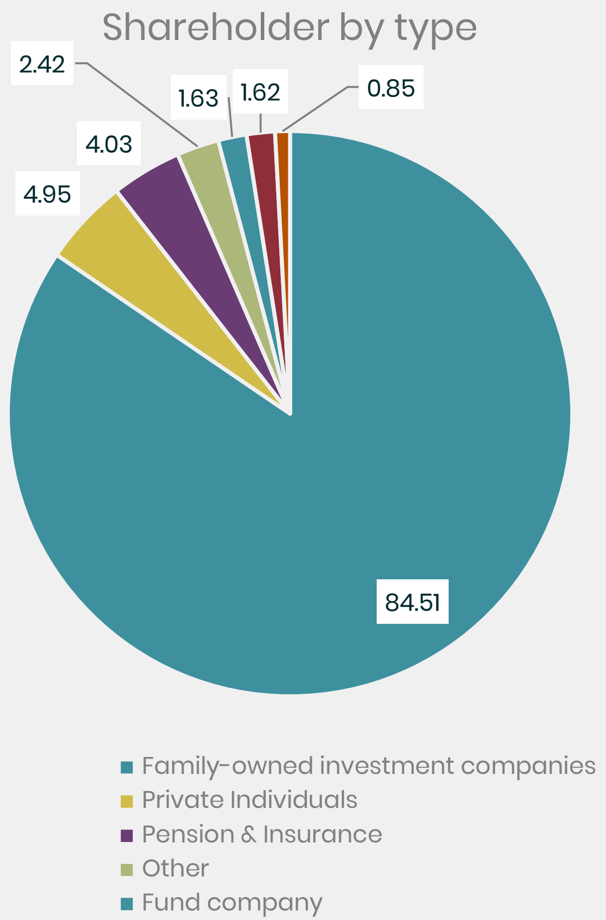
Income tax expense, MEUR	Q2 2023	Q2 2022	
For the financial period	-7.0	-6.7	
Change in deferred taxes	2.8	-2.6	
Previous years taxes	0.2	0.0	
Total income tax expense	**-4.0**	**-9.3**	
Effective Tax Rate adjusted for non-deductible items	***24.3%***	***25.6%***	
Non-deductible items			**Comments**
Profit before taxes	13.7	24.2	As reported
Russian divestment plan	1.3	6.9	Impairment and write-down of Russian business assets and liabilities
Restructuring costs	-	3.7	Non-deductible restructuring costs related to the Irish subsidiary in 2022
Trademark amortisation	1.8	1.8	Related to previous years' company structuring
PBT adjusted for non-deductible items	**16.8**	**36.6**	PBT adjusted for non-deductible items

Largest shareholders

Largest shareholders on 20 July 2023

#	Name	Shares	Change	% of Shares
1	Rettig Group Ltd	26,373,971	0	61.80%
2	Virala Corporation*	6,471,739	0	15.16%
3	Ahlstrom Invest B.V.	1,200,700	0	2.81%
4	Varma Mutual Pension Insurance Company	1,000,000	0	2.34%
5	Jussi Capital Oy	606,951	-8,770	1.42%
6	Fennia Mutual Insurance Company	500,000	0	1.17%
7	Svenska Litteratursällskapet i Finland	500,000	0	1.17%
8	Oy Julius Tallberg Ab	442,000	0	1.04%
9	John Peter Leesi	418,927	0	0.98%
10	Alcur Fonder	400,240	12,623	0.94%
11	Aipa Invesco AB	337,208	0	0.79%
12	Erik Hedin	251,256	0	0.59%
13	Tannergård Invest AB	250,798	0	0.59%
14	Seafarers' Pension Fund	200,000	0	0.47%
15	Föreningen Konstsamfundet	178,400	-5,259	0.42%
16	Turret Oy Ab	160,000	0	0.37%
17	Oy G.W. Sohlberg Ab	150,000	0	0.35%
18	Hammarén & Co Oy Ab	150,000	0	0.35%
19	Sp-Fund Management Company	111,267	0	0.26%
20	Heikintorppa Oy	105,000	0	0.25%
	Total	**39,808,457**	**-1,406**	**93.27%**
	Others	2,869,473		6.73%
	Total	**42,677,930**		**100%**

Virala Corporation holds 4,906,522 class C and 1,565,217 class F shares of Purmo Group.
More information: https://investors.purmogroup.com/share/shareholders/.

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