PURMO
GROUP

Purmo Group Plc

Interim Report
January-September
2023

Clearly improved profitability and cash flow driven by strong operational execution

July–September 2023

- Net sales decreased by 19 per cent to EUR 176.1 million (216.3). The organic[1] decline in net sales was 17 per cent.
- Net sales for the Climate Product & Systems division decreased by 17 per cent to EUR 143.0 million (171.3) and net sales for the Climate Solutions division decreased by 26 per cent to EUR 33.2 million (45.1).
- Adjusted EBITDA increased by 20 per cent to EUR 23.5 million (19.6).
- Adjusted EBITDA margin improved to 13.3 per cent (9.1) supported by strong margin management and solid performance in the Accelerate PG programme.
- EBIT was EUR 11.2 million (10.5), which was burdened by EUR -6.2 million (-1.0) of comparability adjustments mainly related to the Accelerate PG programme.
- Cash flow from operating activities improved to EUR 1.1 million (-2.2), mainly due to positive development in net working capital.
- Accelerate PG programme's adjusted EBITDA run-rate improvements amounted to EUR 22.4 million (EUR 16.5 million at the end of Q2 2023), of which periodic impact for the third quarter was EUR 4.8 million.

January–September 2023

- Net sales decreased by 19 per cent to EUR 568.2 million (697.5). The organic[1] decline in net sales was 18 per cent.
- Net sales for the Climate Product & Systems division decreased by 18 per cent to EUR 457.0 million (557.9) and net sales for the Climate Solutions division decreased by 20 per cent to EUR 111.5 million (139.9).
- Adjusted EBITDA decreased by 7 per cent to EUR 71.1 million (76.6).
- Adjusted EBITDA margin improved and was 12.5 per cent (11.0).
- EBIT was EUR 35.2 million (40.5), which was burdened by EUR -13.8 million (-12.1) of comparability adjustments mainly related to the Accelerate PG programme.
- Cash flow from operating activities improved to EUR 7.9 million (-9.1), mainly due to positive development in net working capital.
- Adjusted operating cash flow (last 12 months) improved by 129 per cent to EUR 80.1 million (35.0).

Financial guidance 2023

Purmo Group reiterates its financial guidance for 2023. Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

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 upgrades the targets for the Accelerate PG programme for 2023 and 2024. Targeted adjusted EBITDA run-rate improvements will be above EUR 25 million (previously EUR 20 million) by the end of 2023. Cumulatively the targeted adjusted EBITDA run-rate improvements will be above EUR 40 million by the end of 2024 (previously EUR 40 million). Cumulative run-rate improvements of above EUR 40 million are expected to be reached by the middle of 2024, which is two quarters earlier than originally planned. The programme also targets net working capital improvements of more than EUR 10 million by the end of 2023 and more than EUR 30 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. However, inventory levels of wholesalers in Purmo Group's core markets have normalised. 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.

[1] Excluding currency effects and impacts from acquisitions and divestments.

Key figures and financial performance

EUR million	7-9/2023	7-9/2022	Change,%	1-9/2023	1-9/2022	Change,%	2022
Net sales	176.1	216.3	-19%	568.2	697.5	-19%	904.1
Adjusted EBITDA[1]	23.5	19.6	20%	71.1	76.6	-7%	92.9
Adjusted EBITDA margin, %[1]	13.3%	9.1%		12.5%	11.0%		10.3%
Adjusted EBITA[1]	18.3	12.5	47%	51.8	55.4	-6%	64.6
Adjusted EBITA margin, %[1]	10.4%	5.8%		9.1%	7.9%		7.1%
EBIT	11.2	10.5	7%	35.2	40.5	-13%	39.0
EBIT margin, %	6.3%	4.8%		6.2%	5.8%		4.3%
Profit for the period	4.5	5.3	-16%	14.1	20.2	-30%	13.1
Adjusted profit for the period[1]	10.7	6.3	68%	27.9	32.3	-14%	34.9
Earnings per share, basic, EUR	0.08	0.13	-38%	0.27	0.49	-44%	0.32
Adjusted earnings per share, basic, EUR	0.23	0.15	50%	0.61	0.78	-23%	0.85
Cash flow from operating activities	1.1	-2.2		7.9	-9.1		31.1
Adjusted operating cash flow, last 12 months[1 2]				80.1	35.0	129%	44.0
Cash conversion[1 2]				91.6%	35.3%		47.7%
Operating capital employed[1]				327.1	333.4	-2%	305.0
Return on operating capital employed, %[1 3]				10.5%	-0.4%		12.2%
Net debt[1]				238.4	288.3	-17%	275.2
Net debt / Adjusted EBITDA[1]				2.73	2.91	-6%	2.96

[1] 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 42 in the January-September 2023 interim financial report.
[2] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 9.6 million impairment charges related to the business in Russia.
[3] Comparative figures have been restated due to change in calculation of the key figure, see page 43 in the January-September 2023 interim financial report.

CEO's review

Adjusted EBITDA for the third quarter of the year reached EUR 23.5 million, which is 20 per cent higher than last year. This was a result of our strong operational execution delivering a 4.3 percentage point year-on-year adjusted EBITDA margin uplift despite the weak market environment. These significant and sustainable improvements will strengthen Purmo Group financially in the medium and long term and support our target for an adjusted EBITDA margin of above 15 per cent.

Climate Products & Systems improved its earnings while Climate Solutions was impacted by the market correction in Italy and a strong downturn in the Nordics

During the quarter, the Climate Products & Systems division's net sales declined by 17 per cent to EUR 143.0 million due to a continued weak market environment. However, the division improved its Adjusted EBITDA by 45% as a result of margin management actions, lower raw material costs, and structural efficiency improvements as a result of the Accelerate PG programme.

Net sales in the Climate Solutions division declined 26 per cent in the quarter. The majority of the division's sales are in Italy and the Nordics, which have seen a market correction and a major downturn during the year. Despite a challenging market environment, our solutions concept is gaining traction. The European energy renovation wave, in which gas boilers are exchanged for heat pumps, will drive a growing demand for complete solutions. Heat pumps produce lower-temperature water and need to be coupled with efficient emitters and controls for end-users to enjoy the benefits of increased energy efficiency. On the back of this development, we estimate that the demand for efficient radiators as a part of a heat pump system will increase strongly in the future.

Accelerate PG supported earnings and delivered a profit improvement of EUR 4.8 million for the quarter

Our strategy acceleration programme, Accelerate PG, continued to support our earnings development and delivered implemented adjusted EBITDA run-rate improvements of EUR 22.4 million at the end of the third quarter of the year. The periodic impact in the third quarter was EUR 4.8 million. These improvements were mainly related to pricing optimisation, procurement savings and cost reductions from changes to the operating model. In addition, we achieved improvements in net working capital efficiency. Thanks to the strong performance in the programme we upgrade the targets of the programme to reach above EUR 25 million adjusted EBITDA run-rate improvements in 2023, and above EUR 40 million in 2024. The programme also targets net working capital improvements of more than EUR 10 million by the end of 2023 and more than EUR 30 million by the end of 2024.

Strong pipeline of product and solution innovations during the quarter

During the quarter, we launched several product and solution innovations that are suitable for our customers wishing to easily replace their old heating systems and save more energy. Within complete solutions, we launched an easy-to-install offering in Austria, which will expand across Europe in the future. This solution combines our well-received ULOW heat pump radiator, underfloor heating products and a heat pump from one of our partners. It also includes other products from Purmo Group as well as service and support.

An important addition to our smart products was the iQ control system. It offers wireless connection and control of heating and cooling through any heat pump among many other advanced functionalities.

Full-year guidance unchanged

We maintain our guidance for 2023 thanks to strong measures to combat market headwinds. Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

John Peter Leesi
CEO, Purmo Group Plc

News conference and webcast for analysts, investors and media

Purmo Group's interim report for January-September 2023 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 25 October 2023 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/2023-q3-results

Teleconference lines: http://palvelu.flik.fi/teleconference/?id=10010613

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

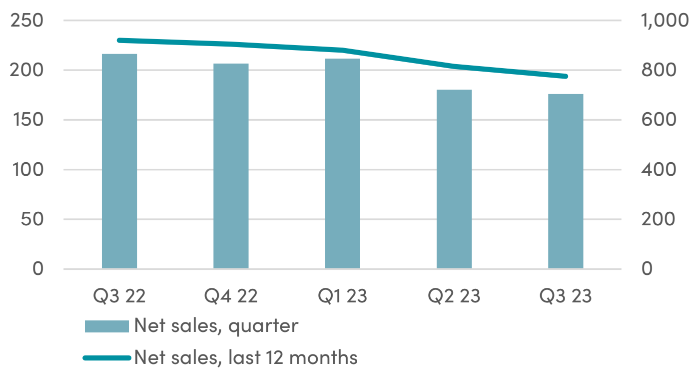
EUR million	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	2022
Net sales, by segment							
Climate Products & Systems	143.0	171.3	-17%	457.0	557.9	-18%	720.6
Climate Solutions	33.2	45.1	-26%	111.5	139.9	-20%	183.9
Eliminations	-0.1	-0.1		-0.3	-0.3		-0.4
Total	**176.1**	**216.3**	**-19%**	**568.2**	**697.5**	**-19%**	**904.1**

In July-September 2023, Purmo Group's net sales were EUR 176.1 million (216.3); a decrease of 19 per cent. The organic decline in net sales, excluding currency effect, acquisitions and divestments, was 17 per cent. Acquisitions did not contribute to net sales. The net impact of changes in currencies was -2 per cent.

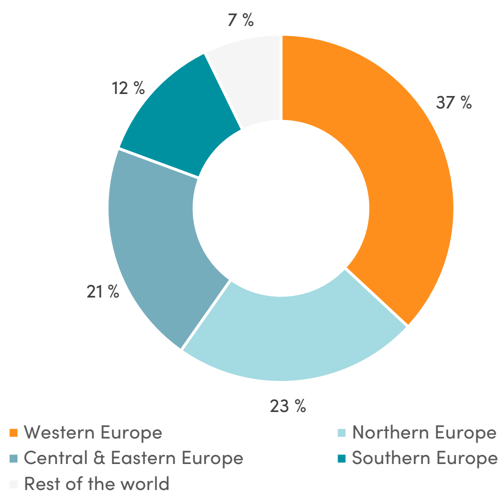
The decline in net sales was a result of low volumes across markets and regions for the Group. The decline was particularly strong in Italy where the market continued to normalise. The corresponding period last year in Italy was exceptionally strong due to government incentives for improving energy efficiency of buildings and homes. Also the downturn of the construction markets in the Nordics impacted net sales for the quarter.

Net sales from Northern Europe declined by 14 per cent amounting to EUR 40.2 million (46.6). Western Europe declined by 20 per cent, amounting to EUR 65.0 million (81.1). Central and Eastern Europe declined by 8 per cent to EUR 36.7 million (40.0). Southern Europe declined by 34 per cent to EUR 21.4 million (32.6) and the Rest of the world region declined by 20 per cent to EUR 12.7 million (16.0).

Net sales, MEUR



Net sales by geographical area, 7-9/2023



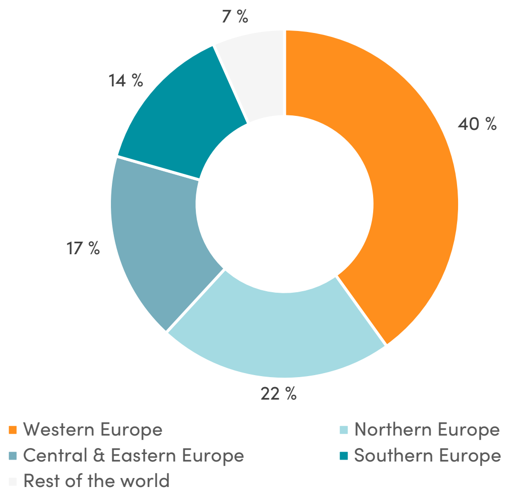
Net sales by geographical area

EUR million	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2023	Change, %	2022
Northern Europe	40.2	46.6	-14%	123.7	141.3	-12%	191.0
Western Europe	65.0	81.1	-20%	227.7	263.3	-14%	337.2
Central and Eastern Europe	36.7	40.0	-8%	99.8	142.1	-30%	174.5
Southern Europe	21.4	32.6	-34%	79.1	108.3	-27%	142.4
Rest of the world	12.7	16.0	-20%	37.9	42.5	-11%	58.9
Net sales	**176.1**	**216.3**	**-19%**	**568.2**	**697.5**	**-19%**	**904.1**

In January–September 2023, Purmo Group's net sales were EUR 568.2 million (697.5); a decrease of 19 per cent. The organic decline in net sales, excluding currency effect, acquisitions and divestments was 18 per cent. Acquisitions did not have a material contribution to net sales. The net impact of changes in currencies was -1 per cent.

Net sales in Northern Europe declined by 12 per cent to 123.7 million (141.3). Western Europe declined by 14 per cent, amounting to EUR 227.7 million (263.3). Central and Eastern Europe declined by 30 per cent to EUR 99.8 million (142.1). Southern Europe declined by 27 per cent to EUR 79.1 million (108.3) and the Rest of the world region declined by 11 per cent to EUR 37.9 million (42.5).

Net sales by geographical area, 1-9/2023



Results and profitability

EUR million	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	2022
Adjusted EBITDA, by segment							
Climate Products & Systems	22.2	15.3	45%	62.2	59.4	5%	71.7
Climate Solutions	3.6	6.4	-43%	16.4	23.5	-30%	29.9
Other and unallocated	-2.3	-2.1	11%	-7.5	-6.4	19%	-8.7
Total	**23.5**	**19.6**	**20%**	**71.1**	**76.6**	**-7%**	**92.9**
Adjusted EBITDA margin, %	**13.3%**	**9.1%**		**12.5%**	**11.0%**		**10.3%**

In July-September 2023, Purmo Group's adjusted EBITDA improved to EUR 23.5 million (19.6); an increase of 20 per cent. The increase in adjusted EBITDA was driven by strong and systematic margin management actions and good performance in the Accelerate PG programme. Lower raw material prices also had a positive impact on adjusted EBITDA for the quarter.

The adjusted EBITDA margin improved to 13.3 (9.1) per cent.

Comparability adjustments amounted to EUR -6.2 million (-1.0). The adjustments were mainly related to the Accelerate PG programme costs of EUR 4.0 million. Furthermore, an additional impairment of EUR 1.7 million on inventory related to Purmo Group's Russian business classified as assets held for sale was realised.

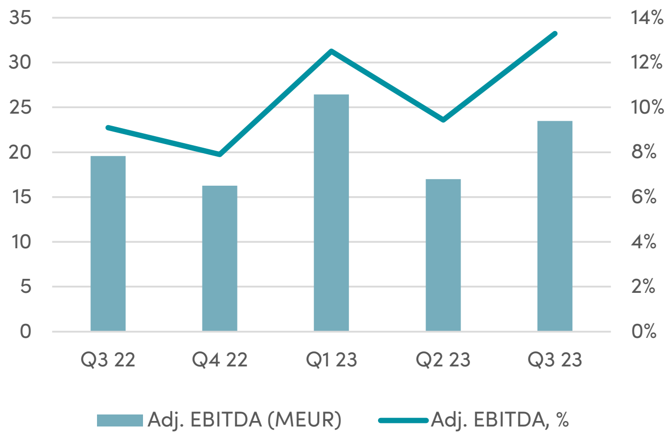
Profit for the review period was EUR 4.5 million (5.3) and adjusted profit for the period was EUR 10.7 million (6.3). Earnings per share were EUR 0.08 (0.13) and adjusted earnings per share were EUR 0.23 (0.15).

In January–September 2023, Purmo Group's adjusted EBITDA was EUR 71.1 million (76.6); a decrease of 7 per cent. The decline in adjusted EBITDA for the Group was a result of lower volumes for both divisions.

The adjusted EBITDA margin improved to 12.5 (11.0) per cent.

Comparability adjustments amounted to EUR -13.8 million (-12.1). The adjustments were mainly related to EUR 10.5 million costs associated with the Accelerate PG programme. Furthermore, EUR 1.3 million increase in the redemption liability and an additional impairment of EUR 1.7 million on inventory related to Purmo Group's Russian business classified as assets held for sale were realised.

Adj. EBITDA and Adj. EBITDA, %

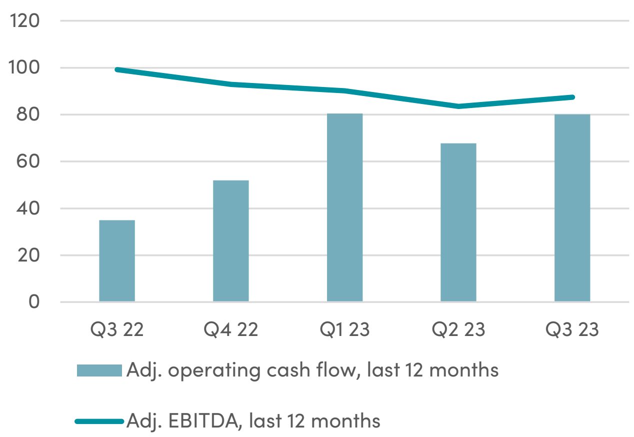


Net financial items amounted to EUR -14.4 million (-10.1).

Profit before tax was EUR 20.8 million (30.4). Income tax expenses were EUR -6.8 million (-10.2) corresponding to an effective tax rate of 32.5 per cent (33.6). When excluding mostly the non-deductible adjustments to EBITDA, the effective tax rate would have been 24.1 per cent (23.3).

Profit for the review period was EUR 14.1 million (20.2) and adjusted profit for the period was EUR 27.9 million (32.3). Earnings per share were EUR 0.27 (0.49) and adjusted earnings per share were EUR 0.61 (0.78).

Adj. operating cash flow, last 12 months, MEUR



Cash flow and financial position

In July-September 2023, cash flow from operating activities increased to EUR 1.0 million (-2.2). The cash flow was positively impacted by the development in net working capital of EUR -3.7 million (-15.4) during the quarter. The cash flow was reduced by increase in financial items and income taxes paid of EUR -14.2 million (-5.6).

In January-September 2023, cash flow from operating activities increased to EUR 7.9 million (-9.1). The cash flow was positively impacted by the development in net working capital of EUR -21.3 million (-66.3) during the review period. The cash flow was reduced by increase in financial items and income taxes paid of EUR -31.2 million (-18.7). The favourable development in net working capital was positively impacted by the Accelerate PG programme.

Adjusted operating cash flow for the last 12 months increased by 129 per cent to EUR 80.1 million (35.0) and the cash conversion increased to 91.6 per cent (35.3). The change was a result of a positive development in net working capital of EUR 16.1 million (-43.7). However, the adjusted EBITDA during the last 12 months decreased to EUR 87.4 million (99.2).

Cash flow from investing activities was EUR -11.7 million (-21.2). The change was primarily attributable to the Thermotech acquisition in 2022 of EUR 14.6 million. In the reporting period, the investments in property, plant and equipment, and intangible assets were EUR -11.8 million (-12.4).

Cash flow from financing activities was EUR 37.3 million (-85.2), and was mainly related to the proceeds from the hybrid bond of EUR 60.0 million in February 2023.

At the end of September 2023, the Group's net debt was EUR 238.4 million (31 Dec 2022: 275.2) and the net debt to adjusted EBITDA ratio, based on the last 12 months adjusted EBITDA, was 2.73 (31 Dec 2022: 2.96). The hybrid bond is treated as equity according to IFRS and therefore not included in net debt.

At the end of September 2023, the equity ratio was 46.3 per cent (31 Dec 2022: 41.0) and it improved compared to the corresponding period last year mainly due to the issuance of the hybrid bond. 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 September 2023, the liquidity position in terms of cash and cash equivalents totalled EUR 89.9 million (31 Dec 2022: 56.3). The company has a Finnish commercial paper programme totalling EUR 100.0 million (31 Dec 2022: 100.0) of which EUR 100.0 million was unutilised (31 Dec 2022: 10.0 outstanding). The company also had an EUR 80.0 million (31 Dec 2022: 80.0) undrawn committed revolving credit facility and EUR 20.5 million (31 Dec 2022: 20.5) of undrawn overdraft facilities with core financial institutions.

Total equity was EUR 465.3 million (31 Dec 2022: 403.3). The increase in total equity was mainly due to the hybrid bond.

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, energy efficiency through low-temperature systems and well-insulated housing, and also 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.

Up to 75% of the buildings in the EU require deep energy renovation (European Commission), 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 hydronic systems to low-temperature hydronic 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 or cooling 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 is 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 individual products and systems varies. As an example, the demand for air-to-water heat pumps is expected to grow by 25 per cent annually (CAGR) within the company's addressable markets in 2021-2026 (BRG, September 2023). The energy renovation trend in Europe requires an upgrade of radiators in conjunction with heat pump installations to capture full energy savings. This is expected to have a positive long-term effect on the demand for radiators.

During the third quarter of 2023, construction market activity across Purmo Group's key markets remained weak. Continued high inflation and high interest rates further undermined consumer confidence and led to lower volumes in renovation and new construction projects.

The low demand continued in all regions for Purmo Group; the decline in demand was particularly intense in Italy and the Nordics. The decline in demand in Italy was strong due to the exceptional corresponding period last year, when demand was high because of government incentives for improving the energy efficiency of buildings and homes. However, inventory levels of wholesalers in Purmo Group's core markets have normalised.

The mid-to long-term market outlook is positive for Purmo Group given the support from secular green transition tailwinds.

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	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	2022
Net sales	143.0	171.3	-17%	457.0	557.9	-18%	720.6
Adjusted EBITDA	22.2	15.3	45%	62.2	59.4	5%	71.7
Adjusted EBITDA margin, %	15.5%	8.9%		13.6%	10.7%		9.9%
Depreciations, amortisations and impairments	-4.8	-6.7	-28%	-18.3	-28.3	-35%	-34.9

Net sales

In July-September 2023, net sales for the Climate Products & Systems division decreased by 17 per cent to EUR 143.0 million (171.3). The organic decline in net sales was 14 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was -2 per cent.

Net sales of radiators amounted to EUR 94.8 million (108.4) during the third quarter of the year. The weak demand in the renovation and new build markets led to a decline in the organic sales volume in radiators of around 13 per cent during the quarter. The decline was offset by a 1 per cent improvement in sales prices in radiators.

During the third quarter of the year, net sales declined across all regions of the division.

In January–September 2023, net sales for the Climate Products & Systems division decreased by 18 per cent to EUR 457.0 million (557.9). The organic decline in net sales was 17 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was -1 per cent.

Net sales of radiators amounted to EUR 297.6 million (369.1).

Profitability

In July–September 2023, adjusted EBITDA for the Climate Products & Systems division increased by 45 per cent to EUR 22.2 million (15.3). The adjusted EBITDA margin improved to 15.5 per cent (8.9).

The significant improvement in adjusted EBITDA margin was a result of continued and systematic margin management actions in the division as well as good performance in the Accelerate PG programme. The effect of the volume decline was offset by price management actions, lower raw material prices as well as cost reductions in the division.

In January–September 2023, adjusted EBITDA of the Climate Products & Systems division increased by 5 per cent to EUR 62.2 million (59.4). The adjusted EBITDA margin improved to 13.6 per cent (10.7).

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	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	2022
Net sales	33.2	45.1	-26%	111.5	139.9	-20%	183.9
Adjusted EBITDA	3.6	6.4	-43%	16.4	23.5	-30%	29.9
Adjusted EBITDA margin, %	10.9%	14.2%		14.8%	16.8%		16.3%
Depreciations, amortisations and impairments	-1.2	-1.4	-13%	-3.7	-3.3	12%	-4.5

Net sales

In July–September 2023, net sales for the Climate Solutions division decreased by 26 per cent to EUR 33.2 million (45.1). The organic decline in net sales was 26 per cent. Acquisitions did not contribute to the division's net sales. The net impact of changes in currencies was -1 per cent.

The decline in net sales was primarily driven by the normalisation of the Italian market as well as the downturn in construction markets in the Nordics. The corresponding period last year in Italy was very strong due to governmental incentives for improving the energy efficiency of buildings and homes. Despite the weakness in the main markets, the Merriott business in the United Kingdom and Ireland in addition to the Emmeti business in France performed well and grew strongly in net sales during the quarter.

In January–September 2023, net sales for the Climate Solutions division decreased by 20 per cent to EUR 111.5 million (139.9). The organic decline in net sales was 22 per cent. The Thermotech business contributed 2 per cent to the division's net sales growth. The net impact of changes in currencies was -1 per cent.

Profitability

In July–September 2023, adjusted EBITDA for the Climate Solutions division decreased by 43 per cent to EUR 3.6 million (6.4). The Thermotech business contributed about EUR 0.1 million to the adjusted EBITDA. The adjusted EBITDA margin decreased to 10.9 per cent (14.2).

The decrease in adjusted EBITDA margin during the quarter was a result of lower volumes in the main markets of the division, Italy and the Nordics. As a response to lower volumes, the division continued several cost-saving actions including headcount reductions as well as pricing optimisation within the Emmeti and the Thermotech businesses.

In January–September 2023, adjusted EBITDA for the Climate Solutions division decreased by 30 per cent to EUR 16.4 million (23.5). The Thermotech business contributed about EUR 0.9 million to the adjusted EBITDA. The adjusted EBITDA margin was 14.8 per cent (16.8).

Investments, acquisitions, structural changes and R&D

Investments

In July–September 2023, capital expenditure, excluding business combinations and leased assets totalled EUR 4.7 million (5.1) and in January–September 2023 EUR 11.8 million (12.4). The investments during the review period were related primarily to strategic projects as well as factory expansions and maintenance. The investments in the comparison periods comprised mainly of factory expansions.

Acquisitions and disposals

On 28 April 2023, Purmo Group announced that it had signed an agreement to divest all of its Russian operations to IPLS, including all related assets and liabilities. Subsequent to the closing of the transaction, Purmo Group will not have any redemption liabilities in relation to the Russian business. Completion of the transaction is subject to the approval of the relevant regulatory authority in Russia. The process has taken longer than expected. The company will publish the closing of the transaction separately as soon as possible.

Purmo Group has classified its Russian business as assets held for sale, resulting in non-recurring impairments totalling EUR 12.9 million in 2022. In March 2023 the redemption liability related to Purmo Group's Russian business increased by EUR 1.3 million and in September 2023 an additional impairment on inventory of EUR 1.7 million was recognised. For accounting purposes, the Russian business is presented as continuing operations as it does not meet the criteria for discontinued operations. Russia represented circa 3 per cent of Purmo Group's total net sales in 2022.

Structural changes

There were no major structural changes during the third quarter of the year.

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 the 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 collaboration with its network in the field of control systems.

In line with its strategy, Purmo Group's pipeline of smart products continued to focus on three clear strategic priorities during the quarter: intelligence and connectivity, sustainability and aesthetics.

Research and development (R&D) expenditure totalled EUR 1.1 million (1.5) in July-September 2023. Research and development (R&D) expenditure totalled EUR 4.3 million (5.0) in January–September 2023.

During the quarter, Purmo Group launched a new iQ control system. This advanced control system is wirelessly connected and comes with several benefits such as a smart fireplace function, an option to regulate both heating and cooling via any heat pump, and radiator control for each desired room or zone.

Furthermore, Purmo Group started an innovation study during the quarter to test its distribution systems for the usage of hydrogen and natural gas. Hydrogen is considered the next important step in sustainable energy distribution within Europe due to its low carbon emissions. As the first company, the Group worked with testing, inspection and certification organisation, KIWA in Italy and the Netherlands, producing promising results.

In complete solutions, the company launched an easy-to-install offering in Austria, which will expand across Europe in the future. This solution combines Purmo Group's ULOW heat pump radiator, underfloor heating products and a heat pump from a partner of Purmo Group. It also includes other products from Purmo Group as well as service and support.

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 for the full year 2023 and beyond.

Purmo Group upgrades the targets for the Accelerate PG programme for 2023 and 2024. Targeted adjusted EBITDA run-rate improvements will be above EUR 25 million (previously EUR 20 million) by the end of 2023. Cumulatively the targeted adjusted EBITDA run-rate improvements will be above EUR 40 million by the end of 2024 (previously EUR 40 million). Cumulative run-rate improvements of above EUR 40 million are expected to be reached by the middle of 2024, which is two quarters earlier than originally planned. The programme also targets net working capital improvements of more than EUR 10 million by the end of 2023 and more than EUR 30 million by the end of 2024.

Profitability improvements include both variable and fixed cost savings. Additionally, the company continues to evaluate accelerating its footprint optimisation, covering both manufacturing and supply chain.

The costs for the programme, excluding non-cash items, are expected to be approximately EUR 45 million, of which approximately EUR 35 million is expected to be incurred before the end of 2023 and the remainder in the first half of 2024. In addition, non-cash costs for the programme are expected to be approximately EUR 10 million.

Accelerate PG is delivering improvements ahead of plan. Implemented adjusted EBITDA run-rate improvements at the end of the third quarter amounted to EUR 22.4 million. This was up from EUR 16.5 million at the end of the second quarter of 2023, and above the original target of EUR 20 million at the end of 2023, which was defined on 8 November 2022. Adjusted EBITDA periodic impact during the quarter amounted to EUR 4.8 million (EUR 3.4 million during the previous quarter). The programme has also realised a cumulative net working capital improvement of EUR 9.0 million, of which periodic impact amounted to EUR 2.9 million during the third 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 a part of the programme, and in response to overcapacity in the panel radiator market, on 11 May 2023 the company entered into consultation with employee representatives regarding its intention to discontinue the production of panel radiators at its plant in Zonhoven, Belgium. The possible consequences could be the closure of the production and maintenance departments and a collective redundancy. The process is subject to local consultation. The announced intention concerns 143 employees. Purmo Group Belgium employs 227 people in the manufacture of steel panel radiators, warehousing and distribution as well as in customer service, sales and support functions. The consultation process is proceeding as planned.

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 third quarter of 2023.

Production

Carbon intensity improved and decreased by 3 per cent to 83.8 (86.6) during the third quarter, as a result of lower production volumes. Similarly, Scope 1 and 2 greenhouse gas (GHG) emissions decreased by 21 per cent to 14,758 tCO2e (18,729) driven by continued lower production volumes.

Solutions

During the quarter, Purmo Group reduced the thickness of the stretch wrap used around pallets from 23 to 17 microns in the production facility in Gateshead, United Kingdom. This new type of product, called Fusion, comes with less plastic and reduces the impact on the environment without affecting the quality or performance of the packaging. Furthermore, Purmo Group established a new working group during the quarter to identify key improvements to more sustainable packaging, including developing packaging guidelines by the end of 2023. The Group also adopted a software to industrialise the Life Cycle Analysis of products and the creation of Environmental Product Declarations (EPDs) during the quarter.

People

The proportion of women in senior management positions increased to 31 per cent (28) during the quarter. Lost Time Injury Frequency Rate per million hours worked (LTIFR) increased to 4.0 (2.9). Due to the weaker LTIFR rate, a strong focus on Health and Safety continued. Actions to improve the metric included enhanced communications, identification of root causes, training and the review and improvement of the accident reporting process. In addition, a new Safety Steering Group was established to provide senior support in driving Health & Safety improvements. However, the number of safety observations decreased by 15 per cent to 210 (246) in the quarter.

Communities

Community activity was strong among Purmo Group's employees during the quarter. Employees dedicated 1,261 hours in total (1,932) to volunteering in local communities. As an example, Purmo Group began a partnership with Reforest'Action, a French-certified forestry company, during the quarter. It has planted over 23 million trees in 42 countries thanks to the commitment of 3,000 companies and 400,000 citizens. All the Group's locations now have the opportunity to earn trees and choose which forest to plant them in.

Other material activities

Purmo Group is preparing for the implementation of the Corporate Sustainability Reporting Directive (CSRD), for the reporting year 2024. A double materiality analysis related to CSRD preparations began during the quarter. Furthermore, Human Rights Impact Assessment was completed and the work on developing a robust Human Rights Due Diligence (HRDD) approach continued during the quarter. Purmo Group has also started measures to source near zero-emission steel in its production. Activity to baseline Purmo Group's Scope 3 emissions continues as part of the objective to submit Science Based Targets to the SBTi organisation in 2023. The targets will then be validated by the SBTi, which is expected to take place during 2024.

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

Key indicators

EUR million	7-9/2023	7-9/2022[8]	Change, %	1-9/2023	1-9/2022[8]	Change, %	2022
Production							
Scope 1 and 2 GHG emissions, tCO_2e[1]	14,758	18,729	-21%	56,088	61,411	-9%	79,035
Scope 3 GHG emissions from procured steel, tCO_2e[2]	46,793	64,453	-27%	157,177	230,811	-32%	279,578
Scope 1 and 2 carbon intensity[3]	83.8	86.6	-3%	98.7	88.0	12%	87.4
Solutions							
Customer Net Promoter Score, cNPS[4]	–[7]	–[7]	–	–[7]	–[7]	–	33
Customer Sustainability Net Promoter Score, sNPS[5]	–[7]	–[7]	–	–[7]	–[7]	–	8
People							
Lost Time Injury Frequency Rate, LTIFR[6]	4.0	2.9	38%	7.1	4.1	73%	4.9
Number of safety observations	210	246	-15%	749	868	-14%	1,218
Number of accidents	5	4	25%	27	18	50%	28
Employee Net Promoter Score , eNPS	–[7]	–[7]		-6	–[7]		-8
Proportion of women in senior management positions	31%	28%		31%	28%		27%
Communities							
Number of volunteering hours	1,261	1,932	-35%	5,665	3,826	48%	6,680

[1] Market based GHG emissions based on Purmo Group's procurement mix of electricity and gas in countries with manufacturing operations.
[2] 2021 World Steel Association data of 1.89 tCO_2e embodied carbon produced for every tonne of crude steel cast.
[3] tCO_2e/net sales in EUR million.
[4] Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague?'
[5] Question asked: 'How likely is it that you would recommend <Purmo brand> to a friend or colleague as a leader in sustainable indoor climate comfort?
[6] Lost Time Injury Frequency Rate (LTIFR) is the number of lost time injuries occurring in a workplace per 1 million hours worked.
[7] Certain data is unavailable because it is currently not collected on a quarterly basis.
[8] Comparison figures recalculated due to additional data after the previous January-September interim report.

Other significant events during the quarter

There were no other significant events during the quarter.

Events after the review period

There were no significant events after the review period.

Shares and shareholders

Share capital, number of shares and shareholders

	30 Sep 2023
Number of class C shares	41,112,713
Number of class F shares	1,565,217
Number of shareholders	3,271 (30 Sep 2022: 3,293)

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 have right to demand conversion into class C shares subject to certain price hurdles calculated in accordance with the Articles of Association. Further class F shares carry a right to asset distribution equivalent to a certain proportion of asset distributed to class C shares in accordance with the Articles of Association.

The number of shares outstanding on 30 September 2023 was 41,112,713 class C shares and 1,565,217 class F shares. The company's registered share capital on 30 September 2023 was EUR 3,080,000. The company has no treasury shares.

On 30 September 2023 the five largest shareholders were Rettig Group 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 12 April 2023 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 2024.

Flagging notifications

During the third quarter of 2023, Purmo Group did not receive flagging notifications from major shareholders.

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

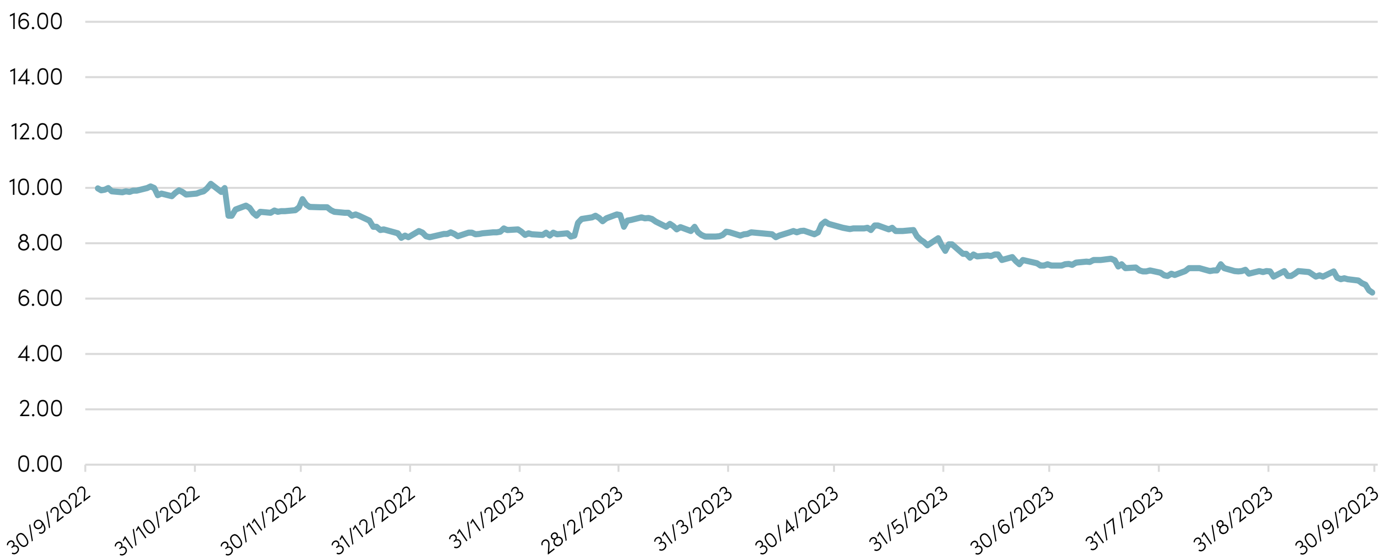
Managers' transactions

Purmo Group's managers transactions are published as stock exchange releases, and they are available on the company's website.

Trading of shares on Nasdaq Helsinki

	1 Jan - 30 Sep 2023
High, EUR	9.04
Low, EUR	6.22
Volume-weighted average price	7.99
Closing price, EUR, 30 September 2023	6.22
Market Capitalisation, class C share, EUR million, 30 September 2023	255.7
Number of traded shares	667,615

Closing share price 1 October 2022 – 30 September 2023, EUR



Governance

Personnel

The number of Group full-time-equivalent employees averaged 3,243 (3,499) in January–September. At the end of the period, the Group had 3,178 (3,425) full-time-equivalent employees. The decrease in full-time-equivalent employees was mainly due to organisational effectiveness related to 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 173,146 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 12 April 2023 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 2022. 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 2022. 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 was paid on 21 April 2023. The second instalment of the return of capital of EUR 0.09 per class C share and EUR 0.02 per class F share was paid on 22 September 2023. 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 19 December 2023. 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 22 March 2024.

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 should be paid annual fees as follows:

- EUR 92,000 for the Chairman of the Board of Directors;
- EUR 53,000 for the Vice Chairman of the Board of Directors;
- EUR 53,000 for each of the Chairmen 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 Chairman of the Board of Directors and Matts Rosenberg as the Vice Chairman 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 12 April 2023, the Board of Directors appointed the following members to its committees:

- Jyri Luomakoski was re-elected as the Chairman of the Audit Committee with Matts Rosenberg and Alexander Ehrnrooth as members of the Committee. Matts Rosenberg accepted his role as a member of the Audit Committee when his role as interim CFO of Purmo Group ended and Jan-Elof Cavander started as a CFO of Purmo Group on 22 June 2023.
- Matts Rosenberg was re-elected as the Chairman of the M&A Committee with Alexander Ehrnrooth and Carlo Grossi as members of the Committee.
- Tomas von Rettig was re-elected as the Chairman 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 (Chairman)
- 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 and auditor's fees will be paid against an invoice approved by the Company.

Amendment of Section 10 § of the Articles of Association

The Annual General Meeting resolved that Section 10 §, item 5 of the Company's Articles of Association will be amended so that the Company's class F shares' conversion right into class C shares in connection with certain corporate events is aligned with the new share-based incentive plan.

The amendments will limit the rights of the holders of class F shares to get class F shares held by them converted with respect to the provision in the current Articles of Association in events where a public tender offer for the Company's shares or a "Dilution Event", as defined in the Articles of Association, is announced. A "Dilution Event" stands for an event where the Company decides to issue class C shares or any other special rights entitling to class C shares in a directed issue, where the holders of class F shares will not be given pre-emptive rights. The proposed amendment will not change or reduce any rights or obligations related to class C shares.

Amendment of Section 8 § of the Articles of Association

The Annual General Meeting resolved that Section 8 § of the Articles of Association of the Company will be amended to enable holding a general meeting in addition to the Company's domicile, entirely without a physical meeting venue as a so-called remote meeting.

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. There is no certainty whether the inflation rates will decrease in the near future. Fluctuations in the prices of raw materials, consumables, energy, and freight rates as well as 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 building. Volumes and profitability may vary as a result of economic conditions and the amount of investments in real estate.

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 have had an 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 Purmo Group's solution selling strategy. There are differences between markets in how the transition changes the demand for certain products, however, Purmo 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 a 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.

Financial targets and dividend policy

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

Growth

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

In July-September 2023, the organic decline in net sales was 17 per cent, while total net sales decreased by 19 per cent to EUR 176.1 million (216.3).

The decline in net sales was a result of lower volumes and continued weak demand in renovation and new build sectors across markets for the Group.

Profitability

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

In July-September 2023, the adjusted EBITDA margin improved to 13.3 per cent (9.1).

The increase in adjusted EBITDA margin was supported by strong margin management and solid performance in the Accelerate PG programme. 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 September 2023, net debt / adjusted EBITDA was 2.73 (31 Dec 2022: 2.96). The decrease in the ratio was due to lower level of net debt mainly as a result of the issuance of the hybrid bond of EUR 60.0 million in February 2023.

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 financial year 2022 Purmo Group Plc distributes a return of capital of 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 21 April 2023, 22 September 2023, 19 December 2023 and 22 March 2024.

Financial guidance for 2023

Purmo Group reiterates its financial guidance for 2023. Adjusted EBITDA in 2023 is expected to be on a similar level to 2022 (EUR 92.9 million). Similar means being within +/- 5 per cent of the previous year.

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 upgrades the targets for the Accelerate PG programme for 2023 and 2024. Targeted adjusted EBITDA run-rate improvements will be above EUR 25 million (previously EUR 20 million) by the end of 2023. Cumulatively the targeted adjusted EBITDA run-rate improvements will be above EUR 40 million by the end of 2024 (previously EUR 40 million). Cumulative run-rate improvements of above EUR 40 million are expected to be reached by the middle of 2024, which is two quarters earlier than originally planned. The programme also targets net working capital improvements of more than EUR 10 million by the end of 2023 and more than EUR 30 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. However, inventory levels of wholesalers in Purmo Group's core markets have normalised. 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.

In Helsinki, 24 October 2023

Purmo Group Plc's Board of Directors

Condensed consolidated financial information

Consolidated statement of profit and loss

EUR million	Note	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Net sales	3	176.1	216.3	568.2	697.5	904.1
Cost of sales		-128.5	-171.0	-417.9	-537.6	-700.8
Gross profit		**47.6**	**45.3**	**150.2**	**159.9**	**203.3**
Sales and marketing expenses		-20.2	-21.2	-64.2	-65.9	-87.9
Administrative expenses		-11.9	-12.4	-37.9	-37.1	-51.5
Research and development expenses		-1.1	-1.5	-4.3	-5.0	-6.2
Other income		2.3	1.8	4.9	4.0	4.9
Other expenses		-5.5	-1.6	-13.5	-15.3	-23.7
Operational expenses		**-36.4**	**-34.8**	**-115.0**	**-119.3**	**-164.3**
EBIT		**11.2**	**10.5**	**35.2**	**40.5**	**39.0**
Finance income		3.5	2.3	7.3	4.7	5.7
Finance expenses		-7.5	-6.6	-21.6	-14.8	-23.1
Net financial items		**-4.0**	**-4.3**	**-14.4**	**-10.1**	**-17.4**
Profit before tax		**7.2**	**6.2**	**20.8**	**30.4**	**21.6**
Income tax expense	4	-2.7	-0.9	-6.8	-10.2	-8.4
Profit for the period		**4.5**	**5.3**	**14.1**	**20.2**	**13.1**
Profit for the period attributable to:						
Owners of the parent		4.5	5.3	14.1	20.2	13.1
Earnings per share for profit attributable to the ordinary equity holders of the parent company:						
Earnings per share basic, EUR		0.08	0.13	0.27	0.49	0.32
Earnings per share diluted, EUR		0.08	0.13	0.27	0.49	0.32

Consolidated statement of comprehensive income

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Profit for the period	4.5	5.3	14.1	20.2	13.1
Other comprehensive income					
Items that will never be reclassified to profit or loss					
Remeasurement of defined benefit liability (asset)	-0.4	4.6	0.0	13.1	2.2
Related tax	0.1	-0.7	-0.0	-2.6	-0.2
Total items that will not be reclassified to profit or loss	**-0.4**	**3.9**	**0.0**	**10.5**	**1.9**
Items that are or may be reclassified to profit or loss					
Foreign operations – foreign currency translation differences	-1.5	-2.0	-4.0	6.7	0.5
Reclassification of foreign currency translation differences through profit and loss	–	0.4	–	0.4	0.4
Cash flow hedges – effective portion of changes in fair value	-3.4	1.1	1.6	1.6	3.4
Cash flow hedges – reclassified to profit or loss	-1.2	0.3	-1.9	0.6	0.7
Related tax	0.9	-0.3	0.1	-0.5	-0.8
Total items that are or may be reclassified to profit or loss	**-5.2**	**-0.6**	**-4.3**	**8.9**	**4.2**
Other comprehensive income, net of tax	**-5.6**	**3.4**	**-4.3**	**19.4**	**6.2**
Total comprehensive income for the period	**-1.1**	**8.7**	**9.8**	**39.5**	**19.3**
Total comprehensive income attributable to:					
Owners of the parent	-1.1	8.7	9.8	39.5	19.3

Consolidated statement of financial position

EUR million	Note	30 Sep 2023	30 Sep 2022	2022
Assets				
Non-current assets				
Goodwill	5	370.3	370.7	370.6
Other intangible assets	5	43.5	47.3	47.0
Property, plant and equipment	5	126.6	122.3	127.3
Right-of-use assets	5	38.2	34.2	39.3
Defined benefit assets		2.9	13.6	2.2
Derivative assets	7	2.7	1.8	2.7
Other receivables		1.4	0.5	0.7
Deferred tax assets		31.5	24.7	29.2
Total non-current assets		**617.1**	**615.1**	**618.9**
Current assets				
Inventories		163.9	191.2	174.1
Trade receivables	7	97.9	132.3	89.1
Derivative assets	7	3.8	3.7	2.7
Other receivables		19.9	26.2	25.6
Current tax asset		5.5	5.9	3.1
Cash and cash equivalents		89.9	53.1	56.3
Total current assets		**380.9**	**412.3**	**350.7**
Assets held for sale	11	**7.5**	**28.9**	**14.0**
Total assets		**1,005.5**	**1,056.3**	**983.7**
Equity and liabilities				
Equity				
Share capital		3.1	3.1	3.1
Reserve of invested unrestricted equity		373.3	388.2	380.8
Other reserves		-9.4	-0.4	-5.0
Retained earnings		24.9	20.0	11.3
Profit for the period		14.1	20.2	13.1
Equity attributable to owners of the company		**406.0**	**431.1**	**403.3**
Hybrid bond		59.3	-	-
Total equity		**465.3**	**431.1**	**403.3**
Liabilities				
Non-current liabilities				
Loans and borrowings	7	278.2	278.2	278.1
Lease liabilities		33.1	38.4	34.3
Defined benefit liabilities		18.6	21.1	18.7
Derivative liabilities		0.1	0.0	-
Other payables		1.3	1.4	1.4
Provisions	8	7.5	7.9	7.8
Deferred tax liabilities		6.2	10.5	5.4
Total non-current liabilities		**344.9**	**357.5**	**345.6**
Current liabilities				
Loans and borrowings	7	5.2	26.4	11.3
Lease liabilities		10.0	1.9	9.4
Derivative liabilities	7	2.1	3.1	1.5
Trade and other payables	7	162.3	215.9	193.4
Provisions	8	1.3	0.6	0.4
Current tax liabilities		3.6	8.6	8.8
Total current liabilities		**184.4**	**256.5**	**224.8**
Total liabilities		**529.3**	**614.0**	**570.5**
Liabilities directly attributed to assets held for sale	11	**10.9**	**11.2**	**10.0**
Total equity and liabilities		**1,005.5**	**1,056.3**	**983.7**

Consolidated Statement of cash flows

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Cash flow from operating activities					
Profit for the period	4.5	5.3	14.1	20.2	13.1
Adjustments:					
Depreciation, amortisation and impairment losses	6.1	8.1	22.1	24.0	32.1
Gain on sale of property, plant and equipment and intangible assets	-0.0	0.0	-0.1	–	0.0
Gain and losses on sale of subsidiaries	–	-1.2	–	-1.2	-1.2
Finance income and expenses	4.0	4.3	14.4	10.1	17.4
Income tax expenses	2.7	0.9	6.8	10.2	8.4
Other non-cash items	1.8	1.4	3.3	12.7	21.0
Cash flow before change in net working capital	**19.0**	**18.8**	**60.5**	**75.9**	**90.9**
Changes in net working capital					
Inventories, increase (-) / decrease (+)	13.4	-11.8	11.7	-39.1	-21.4
Trade and other receivables, increase (-) / decrease (+)	3.0	-7.1	-3.6	-32.3	25.4
Trade and other payables, increase (+) / decrease (-)	-19.0	3.0	-28.9	9.5	-31.5
Provisions and employee benefits, increase (+) / decrease (-)	-1.1	0.4	-0.6	-4.4	-4.1
Changes in net working capital	**-3.7**	**-15.4**	**-21.3**	**-66.3**	**-31.5**
Net cash flow from operating activities before financial items and taxes	**15.3**	**3.3**	**39.2**	**9.6**	**59.4**
Financial items, net	-4.6	-2.5	-14.8	-9.9	-17.4
Income tax paid, net	-9.6	-3.1	-16.5	-8.8	-10.9
Cash flow from operating activities	**1.1**	**-2.2**	**7.9**	**-9.1**	**31.1**
Cash flow from investing activities					
Proceeds from sale of property, plant and equipment and intangible assets	–	0.0	–	3.1	3.1
Proceeds from sale of subsidiaries	–	2.7	–	2.7	2.7
Purchases of property, plant and equipment and intangible assets	-4.7	-5.1	-11.8	-12.4	-24.0
Acquisitions of subsidiaries, net of cash acquired	–	–	–	-14.6	-14.6
Long-term loan receivables granted	–	–	–	–	-0.2
Proceeds from long-term loan receivables	-0.0	–	0.1	–	0.1
Cash flow from investing activities	**-4.7**	**-2.5**	**-11.7**	**-21.2**	**-32.9**
Cash flow from financing activities					
Increase of equity	–	–	–	–	0.7
Return of capital paid	-3.7	0.0	-7.5	-7.4	-14.9
Proceeds from hybrid bond	0.1	–	60.0	–	–
Hybrid bond interest and expenses	-0.1	–	-0.7	–	–
Repayment of lease liabilities	-2.9	-2.9	-8.5	-8.5	-11.6
Change in short-term borrowings	3.2	10.1	-6.0	-69.2	-85.0
Cash flow from financing activities	**-3.4**	**7.3**	**37.3**	**-85.2**	**-110.8**
Change in cash and cash equivalents, increase (+) / decrease (-)	**-7.0**	**2.6**	**33.6**	**-115.5**	**-112.6**
Cash and cash equivalents at beginning of the period	**97.9**	**51.3**	**65.4**	**177.6**	**177.6**
Impact of change in exchange rates	-0.6	-0.5	-2.2	2.1	0.3
Cash classified as assets held for sale	-0.4	-0.3	-6.8	-11.1	-9.1
Cash and cash equivalents at the end of the period	**89.9**	**53.1**	**89.9**	**53.1**	**56.3**

Consolidated statement of changes in equity

EUR million	Attributable to owners of the parent company							
	Share capital	Reserve of invested unrestricted equity	Translation reserve	Fair value reserve	Retained earnings	Total	Hybrid bond	Total equity
Balance as at 1 Jan 2022	**3.1**	**385.9**	**-8.7**	**-0.6**	**10.9**	**390.6**		**390.6**
Profit for the period					20.2	20.2		20.2
Other comprehensive income			7.1	1.8	10.5	19.4		19.4
Total comprehensive income			**7.1**	**1.8**	**30.7**	**39.5**		**39.5**
Dividends and return of capital paid		-7.4				-7.4		-7.4
Share issue		9.7				9.7		9.7
Share-based payments					0.0	0.0		0.0
Other changes					-1.4	-1.4		-1.4
Balance as at 30 Sep 2022	**3.1**	**388.2**	**-1.6**	**1.2**	**40.2**	**431.1**		**431.1**
Profit for the period					-7.0	-7.0		-7.0
Other comprehensive income			-6.2	1.5	-8.5	-13.2		-13.2
Total comprehensive income			**-6.2**	**1.5**	**-15.6**	**-20.2**		**-20.2**
Dividends and return of capital paid		-7.5				-7.5		-7.5
Share-based payments					0.1	0.1		0.1
Other changes					-0.3	-0.3		-0.3
Balance as at 31 Dec 2022	3.1	380.8	-7.8	2.7	24.4	403.3		403.3
Profit for the period					14.1	14.1		14.1
Other comprehensive income			-4.0	-0.3	0.0	-4.3		-4.3
Total comprehensive income			**-4.0**	**-0.3**	**14.1**	**9.8**		**9.8**
Dividends and return of capital paid		-7.5				-7.5		-7.5
Share-based payments					0.4	0.4		0.4
Proceeds from hybrid bond						–	59.3	59.3
Balance as at 30 Sep 2023	**3.1**	**373.3**	**-11.8**	**2.4**	**39.0**	**406.0**	**59.3**	**465.3**

Notes to the interim financial report

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 unaudited interim financial report 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 2022, 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 2022 except the adoption of new and amended standards.

On 16 February 2023 Purmo Group issued a hybrid bond of EUR 60.0 million. The hybrid bond is subordinated to the company's other debt obligations and is treated as equity in the Group's consolidated financial statements prepared in accordance with IFRS. The hybrid bond does not confer to its holders the rights of a shareholder and does not dilute the holdings of the shareholders. The hybrid bond bears interest at a fixed rate of 9.5 per cent per annum until 23 February 2026 after which the hybrid bond will bears interest at a floating interest rate quarterly in arrears on each interest payment date. The hybrid bond does not have a specified maturity date, and the Company is not under an obligation to repay, repurchase or redeem the hybrid bond at any specified date. The Company has the possibility to redeem the hybrid bond on the reset date, on 23 February 2026. The hybrid bond is initially recognised at fair value less transaction cost and subsequently the bond is measured at cost. Interest is recorded into retained earnings adjusted with tax effect upon payment or accrued interest is recorded into retained earnings adjusted with tax effect and as an accrued interest liability when the commitment to payment arises. When calculating earnings per share, the result is adjusted with hybrid bond interests regardless of payment date and adjusted with tax effect.

This interim financial report 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 2023. 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 financial year 2022. During 2023 the Group increased the redemption liability with EUR 1.3 million and recognised additional impairment charges of EUR 1.7 million on inventories.

3. Segment information and net sales

Group's divisions

As of 1 January 2023, the segments for Purmo Group are Climate Products & Systems and Climate Solutions. The new segment reporting structure is aligned with the new organisational structure announced 5 October 2022. Purmo Group has restated the 2022 comparison figures according to the new segment reporting. The restated figures are unaudited.

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.

7-9/2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**143.0**	**33.2**	**-**	**-0.1**	**176.1**
Adjusted EBITDA	**22.2**	**3.6**	**-2.3**	**0.0**	**23.5**
Adjusted EBITDA % of sales	**15.5%**	**10.9%**			**13.3%**
Comparability adjustments impacting period profit and loss					-6.2
Depreciation, amortisation and impairment	-4.8	-1.2	-0.0	-	-6.1
EBIT					**11.2**
Net financial items					-4.0
Profit before tax					**7.2**

7-9/2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**171.3**	**45.1**	**-**	**-0.1**	**216.3**
Adjusted EBITDA	**15.3**	**6.4**	**-2.1**	**-0.0**	**19.6**
Adjusted EBITDA % of sales	**8.9%**	**14.2%**			**9.1%**
Comparability adjustments impacting period profit and loss					-1.0
Depreciation, amortisation and impairment	-6.7	-1.4	-0.0	-	-8.1
EBIT					**10.5**
Net financial items					-4.3
Profit before tax					**6.2**

1-9/2023

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**457.0**	**111.5**	**0.0**	**-0.3**	**568.2**
Adjusted EBITDA	**62.2**	**16.4**	**-7.5**	**0.0**	**71.1**
Adjusted EBITDA % of sales	**13.6%**	**14.8%**			**12.5%**
Comparability adjustments impacting period profit and loss					-13.8
Depreciation, amortisation and impairment	-18.3	-3.7	-0.1	-	-22.1
EBIT					**35.2**
Net financial items					-14.4
Profit before tax					**20.8**

1-9/2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**557.9**	**139.9**	**-**	**-0.3**	**697.5**
Adjusted EBITDA	**59.4**	**23.5**	**-6.4**	**0.0**	**76.6**
Adjusted EBITDA % of sales	**10.7%**	**16.8%**			**11.0%**
Comparability adjustments impacting period profit and loss					-4.5
Depreciation, amortisation and impairment	-28.3	-3.3	-0.0	-	-31.6
EBIT					**40.5**
Net financial items					-10.1
Profit before tax					**30.4**

2022

EUR million	Climate Products & Systems	Climate Solutions	Other and unallocated	Eliminations	Group
Net sales	**720.6**	**183.9**	**0.0**	**-0.4**	**904.1**
Adjusted EBITDA	**71.7**	**29.9**	**-8.7**	**-0.0**	**92.9**
Adjusted EBITDA % of sales	**9.9%**	**16.3%**			**10.3%**
Comparability adjustments impacting period profit and loss					-14.4
Depreciation, amortisation and impairment	-34.9	-4.5	-0.1	-	-39.5
EBIT					**39.0**
Net financial items					-17.4
Profit before tax					**21.6**

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.

	7-9/2023				7-9/2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	34.8	5.4	-0.0	40.2	39.4	7.2	-0.0	46.6
Western Europe	63.2	1.8	–	65.0	79.4	1.7	0.0	81.1
Central and Eastern Europe	34.6	2.1	0.0	36.7	37.8	2.2	–	40.0
Southern Europe	4.9	16.6	-0.0	21.4	5.3	27.4	-0.1	32.6
Rest of the world	5.5	7.2	–	12.7	9.4	6.7	-0.1	16.0
Net sales	**143.0**	**33.2**	**-0.1**	**176.1**	**171.3**	**45.1**	**-0.1**	**216.3**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 3.1 million (4.7).

	1-9/2023				1-9/2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	105.8	18.1	-0.2	123.7	121.4	20.2	-0.3	141.3
Western Europe	220.0	7.7	–	227.7	257.0	6.2	-0.0	263.3
Central and Eastern Europe	94.1	5.7	-0.0	99.8	134.5	7.6	–	142.1
Southern Europe	18.4	60.7	0.0	79.1	20.7	87.5	-0.0	108.3
Rest of the world	18.6	19.3	–	37.9	24.2	18.3	-0.0	42.5
Net sales	**457.0**	**111.5**	**-0.3**	**568.2**	**557.9**	**139.9**	**-0.3**	**697.5**

[1] Net sales in Finland (company's country of domicile) totalled to EUR 10.4 million (13.0).

	2022			
EUR million	Climate Products & Systems	Climate Solutions	Eliminations	Group
Northern Europe[1]	163.8	27.4	-0.1	191.0
Western Europe	329.5	7.9	-0.1	337.2
Central and Eastern Europe	164.9	9.7	-0.1	174.5
Southern Europe	27.7	114.8	-0.1	142.4
Rest of the world	34.7	24.2	–	58.9
Net sales	**720.6**	**183.9**	**-0.4**	**904.1**

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

4. Taxes

In January-September 2023, Purmo Group's income tax expenses were EUR 6.8 million (10.2) corresponding to a reported effective tax rate of 32.5 per cent (33.6). The tax expenses are impacted by the following non-deductible items: A trademark amortisation and claw-back of Group internal capital gain related to previous years company restructurings of total EUR 4.8 million as well as a redemption liability and an additional impairment on inventory both relatating to the Russian business assets held for sale of total EUR 2.6 million. When excluding these effects, the effective tax rate is 24.1 per cent (23.3).

5. Intangible and tangible assets

Intangible assets

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening balance	**417.5**	**405.5**	**405.5**
Effect of exchange rates	-0.7	-0.2	-0.1
Purchases of subsidiaries and business acquisitions	–	19.4	18.2
Additions	0.3	0.6	1.7
Disposals	-0.0	-0.0	-0.2
Transfers	-0.5	-0.5	0.3
Amortisation	-2.8	-2.8	-3.9
Impairment charges	–	-4.0	-4.0
Closing balance	**413.8**	**418.0**	**417.5**

Property, plant and equipment

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening balance	**127.3**	**131.9**	**131.9**
Effect of exchange rates	-1.1	-0.9	-1.8
Purchases of subsidiaries and business acquisitions	–	1.3	1.1
Classified as held for sale	–	-1.2	–
Additions	13.0	13.8	23.7
Disposals	-0.6	-24.5	-25.8
Transfers	-0.2	-0.2	-0.3
Depreciations	-12.0	-15.3	-19.1
Depreciations on disposals	–	20.6	20.4
Impairment charges	–	-3.3	-3.0
Closing balance	**126.6**	**122.3**	**127.3**

Right-of-use assets

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening balance	**39.3**	**31.3**	**31.3**
Effect of exchange rates	0.0	-0.4	-0.4
Purchases of subsidiaries and business acquisitions	–	2.8	2.9
Classified as held for sale	–	-0.1	–
Additions	6.0	8.9	14.4
Disposals	-0.2	-2.1	-0.2
Depreciations	-7.1	-5.9	-9.2
Impairment charges	–	-0.4	-0.4
Closing balance	**38.2**	**34.2**	**39.3**

6. Changes in the shares outstanding during the reporting period

Number of outstanding shares (pcs)	Class C share	Class F share
1 Jan 2023	41,112,713	1,565,217
30 Sep 2023	41,112,713	1,565,217

The company's registered share capital on 30 September 2023 was EUR 3,080,000. The company has two share classes of which class C shares are listed and class F shares are held by Purmo Group Plc's founding shareholder, Virala Corporation. The shares have no nominal value.

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

7. Financial instruments

30 Sep 2023

	Carrying amount					
EUR million	Fair value through OCI	Fair value through profit or loss	Amortised cost	Total	Fair value	Fair value hierarchy
Financial assets						
Forward foreign exchange contracts	1.7	2.0		3.8	3.8	Level 2
Interest rate derivatives	2.7			2.7	2.7	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			97.9	97.9	97.9	Level 2
Cash and cash equivalents[1]			96.8	96.8		
Total assets	**4.5**	**2.0**	**195.1**	**201.7**	**104.9**	
Financial liabilities						
Forward foreign exchange contracts	1.5	0.6		2.1	2.1	Level 2
Interest rate derivatives	0.1			0.1	0.1	Level 2
Loans from financial institutions			283.3	283.3	283.3	Level 2
Redemption liability[2]			8.4	8.4	8.4	Level 3
Trade payables			76.5	76.5	76.5	Level 2
Total liabilities	**1.5**	**0.6**	**368.3**	**370.4**	**370.4**	

[1] Cash and cash equivalents include EUR 6.8 million classified as assets held for sale and EUR 35.0 million short term bank deposit.
[2] The redemption liability has been classified as liabilities related to assets held for sale.

30 Sep 2022

EUR million	Carrying amount: Fair value through OCI	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised cost	Carrying amount: Total	Fair value	Fair value hierarchy
Financial assets						
Forward foreign exchange contracts	2.6	1.1		3.7	3.7	Level 2
Interest rate derivatives	1.8			1.8	1.8	Level 2
Loan receivables			0.3	0.3	0.3	Level 2
Trade receivables			132.3	132.3	132.3	Level 2
Cash and cash equivalents[1]			64.3	64.3		
Total assets	**4.4**	**1.1**	**196.8**	**202.3**	**138.0**	
Financial liabilities						
Forward foreign exchange contracts	3.0	0.1		3.1	3.1	Level 2
Interest rate derivatives	–			–	–	Level 2
Loans from financial institutions			279.7	279.7	279.7	Level 2
Commercial papers			25.0	25.0	25.0	Level 2
Redemption liability[2]			7.1	7.1	7.1	Level 3
Trade payables			105.4	105.4	105.4	Level 2
Total liabilities	**3.0**	**0.1**	**417.1**	**420.2**	**420.2**	

[1] Cash and cash equivalents include EUR 11.1 million classified as assets held for sale.
[2] The redemption liability has been classified as liabilities related to assets held for sale. Comparison figures have been restated by EUR 0.6 million.

31 Dec 2022

EUR million	Carrying amount: Fair value through OCI	Carrying amount: Fair value through profit or loss	Carrying amount: Amortised cost	Carrying amount: Total	Fair value	Fair value hierarchy
Financial assets						
Forward foreign exchange contracts	2.0	0.7		2.7	2.7	Level 2
Interest rate derivatives	2.7			2.7	2.7	Level 2
Loan receivables			0.5	0.5	0.5	Level 2
Trade receivables			89.1	89.1	89.1	Level 2
Cash and cash equivalents[1]			65.4	65.4		
Total assets	**4.7**	**0.7**	**155.0**	**160.3**	**160.3**	
Financial liabilities						
Forward foreign exchange contracts	1.4	0.1		1.5	1.5	Level 2
Loans from financial institutions			279.4	279.4	279.4	Level 2
Commercial papers			10.0	10.0	10.0	Level 2
Redemption liability[2]			7.6	7.6	7.6	Level 3
Trade payables			102.1	102.1	102.1	Level 2
Total liabilities	**1.4**	**0.1**	**399.1**	**400.6**	**400.6**	

[1] Cash and cash equivalents include EUR 9.1 million classified as assets held for sale.
[2] The redemption liability has been classified as liabilities related to assets held for sale.

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.

At the end of the reporting date the company had the following undrawn credit facilities; EUR 80.0 million committed revolving credit facility, EUR 20.5 million overdraft facilities and EUR 125.0 million uncommitted M&A facility.

Carrying amounts and fair values of financial instruments

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

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

8. Provisions

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current			
Warranties and guarantees	1.5	1.4	1.6
Restructuring	0.0	0.1	0.2
Other provisions	6.0	6.3	6.0
Total	**7.5**	**7.9**	**7.8**
Current			
Warranties and guarantees	0.0	0.1	0.1
Restructuring	1.2	0.5	0.3
Other provisions	–	0.0	–
Total	**1.3**	**0.6**	**0.4**

The restructuring provisions on 30 September 2023 are mainly related to the Accelerate PG programme.

9. Commitments and contingent assets and liabilities

EUR million	30 Sep 2023	30 Sep 2022[1]	31 Dec 2022
Guarantees			
Bank guarantees	5.3	9.1	8.3
Parent guarantees	15.4	16.5	15.7
Total	**20.7**	**25.6**	**24.0**

[1]Comparative figures have been restated due to change in presentation.

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 3.5 million as of 30 September 2023.

10. Related party transactions

The following table summarizes the related party transactions and balances:

EUR million	1-9/2023	1-9/2022	2022
Items in the income statement			
Interest income	0.0	-	0.0
Purchases	-0.2	0.1	-0.1

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Items in the balance sheet			
Non-current receivables	0.2	-	0.2
Current receivables	0.0	-	-
Current liabilities	-0.0	0.1	-
Items recognised in equity			
Dividend and repayment of capital	-2.4	-5.0	-9.8

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

Purmo Group's related parties include subsidiaries as well as the members of the Board of Directors and the CEO and members of the Group management.

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

In July 2022 Purmo Group 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	30 Sep 2023	30 Sep 2022	2022
Assets held for sale[1]			
Right-of-use assets	0.1	1.3	0.0
Inventories	0.2	11.0	4.4
Other assets	0.3	5.4	0.6
Cash and cash equivalents	6.8	11.1	9.1
Total	**7.5**	**28.9**	**14.0**
Liabilities related to assets held for sale[1]			
Interest-bearing liabilities	8.7	7.7	7.6
Other liabilities	2.3	3.5	2.4
Total	**10.9**	**11.2**	**10.0**

[1] 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. On 28 April 2023, the Group announced that it had signed an agreement to divest its Russian operations to ILPS. The completion of the transaction is subject to the approval by the relevant regulatory authority in Russia. Upon completion of the divestment, the Group will no longer have a manufacturing operation or sales in Russia. The Russian business has been measured at fair value less costs to sell and classified as assets held for sale and continuing operations.

The Group's management has assessed the balance sheet impact of the decision to divest the business in Russia. The management has considered indicators of impairment of goodwill and intangible assets, the recoverable amount of property plant and equipment and right-of-use assets, the valuation of inventories, trade receivables and the redemption liability. Due to the significant uncertainties related to the business in Russia the Group recognised impairment charges of EUR 12.9 million in 2022 on goodwill, intangible assets, property, plant and equipment, right-of-use assets, inventories, other assets and the redemption liability. In March 2023 the Group increased the redemption liability with EUR 1.3 million. In September 2023 the Group recognised additional impairment charges of EUR 1.7 million on inventories.

12. Events after the reporting period

There were no significant events after the reporting period.

Key figures

EUR million	7-9/2023	7-9/2022	Change, %	1-9/2023	1-9/2022	Change, %	1–12/2022
Net sales	176.1	216.3	-19%	568.2	697.5	-19%	904.1
EBITDA	17.3	18.6	-7%	57.3	72.1	-21%	78.5
EBITDA margin	9.8%	8.6%		10.1%	10.3%		8.7%
Adjusted EBITDA	23.5	19.6	20%	71.1	76.6	-7%	92.9
Adjusted EBITDA margin	13.3%	9.1%		12.5%	11.0%		10.3%
EBITA	12.1	11.4	6%	38.0	47.3	-20%	46.8
EBITA margin	6.9%	5.3%		6.7%	6.8%		5.2%
Adjusted EBITA	18.3	12.5	47%	51.8	55.4	-6%	64.6
Adjusted EBITA margin	10.4%	5.8%		9.1%	7.9%		7.1%
EBIT	11.2	10.5	7%	35.2	40.5	-13%	39.0
EBIT margin	6.3%	4.8%		6.2%	5.8%		4.3%
Profit before tax	7.2	6.2	17%	20.8	30.4	-31%	21.6
Profit for the period	4.5	5.3	-16%	14.1	20.2	-30%	13.1
Adjusted profit for the period	10.7	6.3	68%	27.9	32.3	-14%	34.9
Earnings per share, basic, EUR	0.08	0.13	-38%	0.27	0.49	-44%	0.32
Adjusted earnings per share, basic, EUR	0.23	0.15	50%	0.61	0.78	-23%	0.85
Cashflow from operating activities	1.1	-2.2		7.9	-9.1		31.1
Capex	4.7	5.1	-9%	11.8	12.4	-5%	24.0
Acquisitions				-	14.6		14.6
Adjusted operating cash flow for the last 12 months[1]				80.1	35.0	129%	44.0
Cash conversion[1]				91.6%	35.3%		47.7%
Cash and cash equivalents				89.9	53.1	69%	56.3
Net working capital				118.7	129.6	-8%	91.4
Operating capital employed				327.1	333.4	-2%	305.0
Return on operating capital employed[2]				10.5%	-0.4%		12.2%
Net debt				238.4	288.3	-17%	275.2
Net debt / Adjusted EBITDA				2.73	2.91	-6%	2.96
Equity / Asset ratio				46.3%	40.8%		41.0%
Return on equity				1.6%	-6.5%		3.3%

[1] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 9.6 million impairment charges related to the business in Russia.
[2] The definition for Return on operating capital employed has been updated from 1 January 2023 and the comparative data 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 before the period before comparability adjustments.	
Capex	Capex is a measure of capital expenditure for the period which comprises the Group's investments in property plant and equipment and intangible assets derived from the consolidated cash flow statement.	Capex is an indicator of the Group's investments in property plant and equipment and intangible assets.
Acquisitions (M&A)	Acquisitions of subsidiaries and investments in associates derived from the consolidated cash flow statement for the period.	Acquisition capex is an indicator for investments in acquisition of businesses that are intended to grow the Group's product or service offering, assets or technologies, productive capacity or performance.

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.	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 1 January 2023 onwards Purmo Group has revised the Return of operating capital employed calculation from end of period operating capital employed to quarterly end average operating capital employed. The key figure calculation has been revised to consider the seasonality. The comparative figures have been restated accordingly.

From 1 January 2023 onwards Purmo Group has revised the Equity to Asset ratio and Return on Equity calculations to be calculated from total equity instead of total equity attributable to owners of the company. The key figure calculations have been revised to include the hybrid bond presented in equity according to IFRS. The comparative figures have not been restated since the hybrid bond was issued in February 2023.

Reconciliation of Alternative Performance Measures

EUR million unless otherwise indicated	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Comparability adjustments					
M&A related transactions and integration costs	0.1	1.3	0.1	1.6	2.2
Restructuring costs and one-off costs related to efficiency programs	4.0	-0.2	10.5	3.7	6.6
Impairment and write-down charges	1.7	–	3.0	6.9	12.9
Other	0.4	–	0.2	–	0.2
Total adjustments	**6.2**	**1.0**	**13.8**	**12.1**	**21.7**
Net sales	176.1	216.3	568.2	697.5	904.1
EBIT	**11.2**	**10.5**	**35.2**	**40.5**	**39.0**
EBIT margin	6.3%	4.8%	6.2%	5.8%	4.3%
Amortisation and impairment	0.9	0.9	2.8	6.8	7.9
EBITA	**12.1**	**11.4**	**38.0**	**47.3**	**46.8**
EBITA margin	**6.9%**	**5.3%**	**6.7%**	**6.8%**	**5.2%**
Depreciation and impairment	5.2	7.1	19.3	24.8	31.6
EBITDA	**17.3**	**18.6**	**57.3**	**72.1**	**78.5**
EBITDA margin	**9.8%**	**8.6%**	**10.1%**	**10.3%**	**8.7%**
Adjusted EBITDA					
EBIT	11.2	10.5	35.2	40.5	39.0
Depreciation, amortisation and impairment excluding comparability adjustments	6.1	8.1	22.1	24.0	32.1
Adjustments	6.2	1.0	13.8	12.1	21.7
Adjusted EBITDA	**23.5**	**19.6**	**71.1**	**76.6**	**92.9**
Adjusted EBITDA margin	**13.3%**	**9.1%**	**12.5%**	**11.0%**	**10.3%**
Adjusted EBITA					
EBIT	11.2	10.5	35.2	40.5	39.0
Amortisation excluding comparability adjustments	0.9	0.9	2.8	2.8	3.9
Adjustments	6.2	1.0	13.8	12.1	21.7
Adjusted EBITA	**18.3**	**12.5**	**51.8**	**55.4**	**64.6**
Adjusted EBITA margin	**10.4%**	**5.8%**	**9.1%**	**7.9%**	**7.1%**
Adjusted profit/loss for the period					
Profit/loss for the period	4.5	5.3	14.1	20.2	13.1
Adjustments	6.2	1.0	13.8	12.1	21.7
Adjusted profit/loss for the period	**10.7**	**6.3**	**27.9**	**32.3**	**34.9**

EUR million unless otherwise indicated	30 Sep 2023	30 Sep 2022	31 Dec 2022
Adjusted Operating cash flow for the last 12 months			
Adjusted EBITDA for the last 12 months	87.4	99.2	92.9
Change in net working capital compared to previous year same period[1]	16.1	-43.7	-24.8
CAPEX for last 12 months	-23.4	-20.5	-24.0
Adjusted Operating cash flow for the last 12 months	**80.1**	**35.0**	**44.0**
Cash conversion			
Adjusted operating cash flow for the last 12 months	80.1	35.0	44.0
Adjusted EBITDA in the last 12 months	87.4	99.2	92.9
Cash conversion[1]	**91.6%**	**35.3%**	**47.7%**
Net working capital			
Inventories	**163.9**	**191.2**	**174.1**
Non-current operative other receivables[2]	0.8	0.1	0.1
Trade receivables	97.9	132.3	89.1
Current operative other receivables[2]	14.6	21.6	21.3
Operative receivables	**113.3**	**154.0**	**110.5**
Non-current operative payables[3]	1.0	1.0	1.1
Trade payables	76.5	105.4	103.7
Current operative payables[3]	81.0	109.2	88.3
Operative liabilities	**158.5**	**215.6**	**193.1**
Net working capital	**118.7**	**129.6**	**91.4**
Operating capital employed			
Net working capital	118.7	129.6	91.4
Other intangible assets	43.5	47.3	47.0
Property, plant and equipment	126.6	122.3	127.3
Right-of-use assets	38.2	34.2	39.3
Operating capital employed	**327.1**	**333.4**	**305.0**
Return on operating capital employed[4]			
Quarterly end average operating capital employed	319.9	310.2	318.5
EBIT for the last 12 months	33.7	-1.4	39.0
Return on operating capital employed	**10.5%**	**-0.4%**	**12.2%**
Net debt			
Loans and borrowings (non-current)	278.2	278.2	278.1
Loans and borrowings (current)	5.2	26.4	11.3
Loans and borrowings, assets held for sale	8.4	7.1	7.2
Lease liabilities (non-current)	33.1	38.4	34.3
Lease liabilities (current)	10.0	1.9	9.4
Lease liabilities, assets held for sale	0.2	0.6	0.4
Cash and cash equivalents	-89.9	-53.1	-56.3
Cash and cash equivalents, assets held for sale	-6.8	-11.1	-9.1
Net debt	**238.4**	**288.3**	**275.2**
Net debt/Adjusted EBITDA			
Net debt	238.4	288.3	275.2
Adjusted EBITDA in the last 12 months	87.4	99.2	92.9
Net debt/Adjusted EBITDA	**2.73**	**2.91**	**2.96**
Equity/Asset ratio			
Total equity	465.3	431.1	403.3
Total assets	1,005.5	1,056.3	983.7
Equity/Asset ratio	**46.3%**	**40.8%**	**41.0%**
Return on equity			
Cumulative last 12-month profit attributable to owners of the company	7.0	-26.5	13.1
Total equity at the beginning of the period	403.3	390.6	390.6
Total equity at the end of the period	465.3	431.1	403.3
Total equity average	434.3	410.9	396.9
Return on equity	**1.6%**	**-6.5%**	**3.3%**

[1] Change in net working capital includes assets held for sale. The 2022 comparison figure has been restated by EUR 9.6 million impairment charges related to the business in Russia.
[2] Non-current and current operative other receivables are in the balance sheet presented in non-current and current other receivables.
[3] Non-current and current operative payables are presented in the balance sheet in non-current other payables and current trade and other payables.
[4] The definition for Return on operating capital employed has been updated from 1 January 2023 and the comparison data has been restated.

EUR million unless otherwise indicated	7-9/2023	7-9/2022	1-9/2023	1-9/2022	2022
Basic earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	4.4	5.3	14.0	20.0	13.0
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.0	0.1	0.1	0.1
Profit/loss attributable to the owners of the company	**4.5**	**5.3**	**14.1**	**20.2**	**13.1**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-2.8	-	-
Profit/loss used in calculation of earnings per share	3.3	5.3	11.3	20.2	13.1
Weighted average number of shares outstanding (pcs)[1]	41,406,191	41,339,788	41,406,191	41,190,504	41,244,426
Basic earnings per share, EUR	**0.08**	**0.13**	**0.27**	**0.49**	**0.32**
Diluted earnings per share					
Profit/loss attributable to shareholders of the parent company for class C shares	4.4	5.3	14.0	20.0	13.0
Profit/loss attributable to shareholders of the parent company for class F shares	0.0	0.0	0.1	0.1	0.1
Profit/loss attributable to the owners of the company	**4.5**	**5.3**	**14.1**	**20.2**	**13.1**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-2.8	-	-
Profit/loss used in calculation of earnings per share	**3.3**	**5.3**	**11.3**	**20.2**	**13.1**
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	41,339,788	41,406,191	41,190,504	41,244,426
Diluted earnings per share, EUR	**0.08**	**0.13**	**0.27**	**0.49**	**0.32**
Adjusted basic earnings per share					
Adjustments	6.2	1.0	13.8	12.1	21.7
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	10.6	6.3	27.7	32.0	34.6
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.0	0.2	0.2	0.2
Adjusted profit/loss attributable to the owners of the company	**10.7**	**6.3**	**27.9**	**32.3**	**34.9**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-2.8	-	-
Adjusted profit/loss used in calculation of earnings per share	**9.5**	**6.3**	**25.1**	**32.3**	**34.9**
Weighted average number of shares outstanding (pcs)[1]	41,406,191	41,339,788	41,406,191	41,190,504	41,244,426
Adjusted basic earnings per share, EUR	**0.23**	**0.15**	**0.61**	**0.78**	**0.85**
Adjusted diluted earnings per share					
Adjustments	6.2	1.0	13.8	12.1	21.7
Adjusted profit/loss attributable to shareholders of the parent company for class C shares	10.6	6.3	27.7	32.0	34.6
Adjusted profit/loss attributable to shareholders of the parent company for class F shares	0.1	0.0	0.2	0.2	0.2
Adjusted profit/loss attributable to the owners of the company	**10.7**	**6.3**	**27.9**	**32.3**	**34.9**
Accumulated interest expenses on hybrid bond after taxes	-1.2	-	-2.8	-	-
Adjusted profit/loss used in calculation of earnings per share	**9.5**	**6.3**	**25.1**	**32.3**	**34.9**
Diluted weighted average number of shares outstanding (pcs)[1]	41,406,191	41,339,788	41,406,191	41,190,504	41,244,426
Adjusted diluted earnings per share, EUR	**0.23**	**0.15**	**0.61**	**0.78**	**0.85**

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

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