Virala Acquisition Company and Purmo Group merge to form a publicly listed company aiming for global leadership in sustainable indoor climate comfort solutions

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, HONG KONG, JAPAN, NEW ZEALAND, SINGAPORE, SOUTH AFRICA OR ANY OTHER JURISDICTION WHERE THE RELEASE, PUBLICATION OR DISTRIBUTION WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION. FOR FURTHER INFORMATION, PLEASE SEE THE "IMPORTANT NOTICE" BELOW.

Virala Acquisition Company Plc
Stock Exchange Release (inside information), September 8, 2021 at 9.00 a.m. EEST

Virala Acquisition Company Plc (**"VAC"**), the first company listed on the SPAC segment of the regulated market of Nasdaq Helsinki Ltd (**"Nasdaq Helsinki"**), and Purmo Group Ltd (**"Purmo Group"** or the **"Company"**), an internationally leading company that aims for global leadership in sustainable indoor climate comfort solutions and a subsidiary of the family owned Rettig Group Ltd (**"Rettig Group"**), have today signed a merger agreement to combine VAC and Purmo Group. The new combined company's (the **"Combined Company"**) shares will be applied to be listed on the official list of Nasdaq Helsinki.

Transaction highlights

- Purmo Group is to become publicly listed on Nasdaq Helsinki through a statutory absorption merger whereby Purmo Group will be merged into VAC (the "**Merger**"). The Merger values Purmo Group at EUR 685 million in enterprise value.
- Upon its completion, the Merger is expected to become the first business combination (**"de-SPAC"**) completed by a company listed on the SPAC segment of the regulated market of Nasdaq Helsinki and in the Nordic countries. The completion is expected to occur by the end of December 2021.
- Purmo Group, with EUR 671 million in revenues and EUR 85 million in adjusted EBITDA in 2020, is a leading provider of sustainable indoor climate comfort solutions, specialising in heating and cooling systems. The Company has a complete product and solutions offering in hydronic heating and cooling including radiators, towel warmers, underfloor heating, convectors, valves, controls, heat pumps, and ventilation products.
- For the year 2021, Purmo Group expects to generate adjusted EBITDA of slightly above EUR 90 million. The Combined Company's net debt / adjusted EBITDA as per December 31, 2021 is estimated to be lower than 2.5x, including VAC's cash position and Rettig Group's pre-completion distribution of funds authorised under the Merger agreement[1], and assuming the current shareholders of VAC do not demand the redemption of their class C shares in the context of the Merger[2].

---

[1] See "The terms of the Merger in brief" below.
[2] All VAC's shareholders, excluding certain closely related parties of VAC, have, under certain conditions, the right to demand the redemption of their class C shares in the event that the General Meeting of VAC approves the acquisition against which the shareholders in question have voted. The shareholders' right to have their class C shares redeemed is, however, limited in total to a maximum of ten (10)% of the total amount of issued and outstanding class C shares on the record date of the General Meeting that has been convened to approve the acquisition. The redemption will occur at a cash amount equal to the shareholder's class C shares' pro rata share of the aggregate amount in VAC's restricted bank accounts.

- The contemplated public listing of Purmo Group through the Merger is an important milestone in the Company's highly successful over 50-year-long journey as part of Rettig Group, and is expected to support the Company's well-defined strategy to grow both organically and through acquisitions. The stock exchange listing significantly increases the Company's flexibility to finance future acquisitions with equity and/or debt, while maintaining an optimal capital structure. Execution of this strategy will help the Company achieve its ambition of becoming the global leader in sustainable indoor climate comfort solutions.
- Upon completion of the Merger, Purmo Group's current shareholders will hold an ownership share of 73.3% in the aggregate and the existing shareholders of VAC an ownership share of 26.7% in the aggregate of the class C shares in the Combined Company, with VAC's largest shareholder Virala Corporation ("**Virala**") holding 8.8% of the class C shares in the Combined Company.
- In accordance with the SPAC regulations of Nasdaq Helsinki, the independent members of the Board of Directors of VAC have unanimously decided to recommend that the shareholders of VAC support the Merger and vote in its favour in a General Meeting of VAC. Certain large shareholders of VAC, i.e., Virala, Ahlstrom Invest B.V., Jussi Capital Oy, Fennia Mutual Insurance Company, Svenska Litteratursällskapet i Finland, Oy Julius Tallberg Ab, and certain other shareholders including VAC's executive management and members of the Board of Directors, together representing in total approximately 79.5% of the votes in VAC, have irrevocably undertaken to support the Merger and vote in its favour in a General Meeting of VAC.
- The completion of the Merger is subject to approval by a majority of two-thirds of the votes cast and shares represented at the respective Extraordinary General Meetings ("**EGMs**") of VAC and Purmo Group. The completion of the Merger is also subject to obtaining necessary regulatory approvals as well as other customary conditions.
- The Combined Company has secured committed debt financing for the completion of the Merger from Nordea Bank Abp (**"Nordea"**) and Skandinaviska Enskilda Banken AB (publ) (**"SEB"**). The total committed financing package is EUR 455 million, including EUR 95 million short term bridge facility. The availability of the above-mentioned debt financing is subject to the completion of the Merger and certain customary conditions precedent requirements.
- The aggregate number of new class C shares in VAC to be issued in connection with the Merger is expected to be 29,594,531 shares, resulting in 40,374,531 class C shares in total in the Combined Company.

VAC is a Finnish acquisition company, which raised EUR 107.5 million in gross proceeds in its initial public offering in June 2021. VAC's founding shareholder is the industrial family enterprise Virala owned by Alexander and Albert Ehrnrooth. VAC's goal is to acquire a company with good growth and profitability potential, and strong ties to Finland, to generate significant returns to its shareholders and create long-term value for the acquired company. After examining a large pool of potential opportunities, VAC has concluded that Purmo Group on all accounts fulfils VAC's investment criteria and has selected Purmo Group as the target company in accordance with its investment process. Upon completion of the Merger, the Combined Company will be named Purmo Group Plc and will be applied to be listed as of the completion of the Merger on the official list of Nasdaq Helsinki.

Purmo Group (formerly Rettig ICC Oy Ab), owned by the Finnish family-held investment company Rettig Group as well as the Company's management and certain Board members, is one of the largest providers of indoor climate comfort solutions globally. The Company has a unique market position offering both hydronic radiators and other heating and cooling products into integrated indoor climate comfort solutions. In Europe, Purmo Group is the clear market leader in radiators and is a top company and a leading challenger in the market for radiant heating and cooling[3].

Purmo Group is well positioned to benefit from long-term sustainability trends, both in Europe and globally, as c. 40% of EU's CO2 emissions come from buildings[4] as of today. Demand for sustainable solutions is supported by a regulatory push towards energy efficiency and recyclability, as well as c. EUR 250 billion of additional funding per annum over the next 7 years, related to the EU Green deal. To enable better energy-efficiency and achieve the goal of reducing buildings' greenhouse gas emissions, digital and integrated solutions are becoming increasingly important and are expected to underpin future growth. These factors benefit Purmo Group as a provider of solutions enabling unified HVAC systems for improved indoor climate, increased energy efficiency, Smart Home integration, greater system control and simple automation. Furthermore, expected positive construction growth outlook and European residential construction spending is also supporting the overall underlying market.

The contemplated Merger and listing will support Purmo Group's strategy to grow both organically and through acquisitions, implementing its vision to become a global leader in sustainable indoor climate comfort solutions. The Company's strategic cornerstones include (i) scaling-up of solution-selling in order to capture market share in underpenetrated areas; (ii) the introduction of new smart products with a significant launch ready pipeline; (iii) increasing the Company's market share in Russia and China via new, localized manufacturing; (iv) margin expansion through continued operational excellence; and (v) a well-defined M&A strategy and pipeline, built on the Company's proven track record of value creation through M&A. The stock exchange listing significantly increases the flexibility to finance future business acquisitions with equity in addition to debt, as well as to maintain an optimal capital structure.

Purmo Group generated revenues of EUR 671 million and adjusted EBITDA of EUR 85 million in 2020. For the year 2021, Purmo Group expects to generate adjusted EBITDA of slightly above EUR 90 million. The Combined Company will be led by Purmo Group's current CEO John Peter Leesi and CFO Erik Hedin. VAC's Executive Chairman of the Board Alexander Ehrnrooth will join the Combined Company's Board of Directors. In addition, Tomas von Rettig, currently the Chairman of the Board of Directors of Rettig Group and Purmo Group, and Matts Rosenberg, CEO of Rettig Group and currently a member of the Board of Directors of Purmo Group, will join the Combined Company's Board of Directors, as Chairman and Vice Chairman, respectively.

VAC considers Purmo Group to be an excellent fit with VAC's investment criteria and experience. VAC estimates Purmo Group to have good long-term growth and profitability potential through both organic growth and acquisitions. VAC's executive management, Board of Directors and Virala have broad experience in owning, developing and driving value creation as hands-on owners and through M&A in international industrial companies with strong ties to Finland. VAC's management is convinced that Purmo Group's attractive underlying market, track record of growth and cash generation as well as its strategy build a strong foundation for growth and dividend distribution in the future. The two families owning Virala and Rettig Group are committed to long-term significant value creation and active hands-on development of Purmo Group in cooperation with the Company's world class management.

Alexander Ehrnrooth, Executive Chairman of VAC's Board of Directors, comments:

"After a very successful IPO of VAC as the first Finnish acquisition company listed on Nasdaq Helsinki, our work focused on finding the optimal acquisition target for our over 3,100 shareholders who gave us this mandate in the IPO. I am very happy to say that the family business Purmo Group with roots and ownership in Finland, its relatively large size and long-term growth trajectory, perfectly matches the acquisition criteria we had set for VAC. We, together with our partners, are committed to make Purmo Group grow significantly and perform to potential as dedicated and profitable growth-driven

---

[3] Purmo Group management estimates based on a third-party market study. Relates to European market share by volume; ICS denotes Indoor Climate Systems and relates to market position in Radiant, Heating and Cooling.
[4] European Commission, EU-27 in 2018. Relates to emissions related to heating, cooling, electricity and water in buildings.

owners. The cash balance of VAC in addition to the committed financing obtained gives us a strong balance sheet and a lot of flexibility to use for acquisitions."

Tomas von Rettig, Chairman of Rettig Group's Board of Directors, comments:

"Rettig Group's mission is to create value for generations and our strategic objective is to own and develop best-in-class companies together with partners who share our vision and ambition. The contemplated listing of Purmo Group through a merger with VAC is perfectly aligned with our strategy, and will support Purmo Group's growth strategy and value creation agenda. Purmo Group will continue to have a committed owner base and an experienced management team with a strong track record of delivering profitable growth. We are very proud of Purmo Group's over 50-year long journey as a part of Rettig Group. As a majority owner of Purmo Group also subsequent to the contemplated listing, we are fully supportive of the company's growth and value creation strategy and committed to its new journey as a listed company." John Peter Leesi, CEO of Purmo Group, comments:

"In the midst of a globally urgent need for sustainable solutions to solve the climate challenge, Purmo Group is uniquely positioned as a leading provider of indoor climate solutions in Europe and globally. Our solutions provide not only indoor climate comfort in residential, commercial and public buildings, but also a solution to the climate challenge through improved energy efficiency of those buildings. We have a clear and well-defined growth strategy supported by longstanding relationships with wholesalers across Europe, Russia and China, a brand portfolio recognized for quality and innovation, a broad product offering and committed employees. Together with my team, I am very excited to lead Purmo Group to become a publicly listed company with a clear ambition to become global market leader in indoor climate comfort solutions."

The investment case for Purmo Group

- Purmo Group is at the centre of the **global sustainability journey**
- **Broadest offering of sustainable heating and cooling solutions**[5]
- **Brand portfolio** recognized for product quality and innovation
- **Longstanding relationships** with wholesalers and installers mainly across Europe, China and Russia
- **Clear and well-defined strategy** supported by key growth drivers
- **Experienced management team** with a clear focus on value creation and growth

Key financials

Key financial information presented herein comprise selected key performance indicators for Purmo Group as historically reported by Rettig Group for Purmo Group as Purmo Group has not historically prepared consolidated financial statements or interim reports under IFRS. As VAC is a special purpose acquisition company that lacks operational and relevant financial history, its historical financial data has not been included herein. For more information on the basis of presentation, sources of financial information, definitions for the alternative performance measures and reconciliations refer to Annex 1 of this release.

EURm	2018	2019	2020	CAGR 2018-2020	H1 2019	H1 2020	H1 2021	CAGR H1 19-H1 21
Sales	**682**	**697**	**671**	*(1%)*	**338**	**312**	**405**	*9%*
YoY growth	**n.a.**	***2%***	***(4%)***		***n.a.***	***(8%)***	***30%***	

[5] Purmo Group management estimates based on a third-party market study.
[6] Defined as adjusted EBITDA less change in net working capital and capex.

Radiators		*411*	*397*		*194*	*181*	*232*	*9%*
YoY growth		*n.a.*	*(3%)*		*n.a.*	*(7%)*	*28%*	
ICS		*286*	*274*		*144*	*130*	*172*	*9%*
YoY Growth		*n.a.*	*(4%)*		*n.a.*	*(9%)*	*32%*	
Adjusted EBITDA	**65**	**65**	**85**	*15%*	**30**	**36**	**56**	*37%*
Adjusted EBITDA margin	***9.5%***	***9.3%***	***12.7%***		***8.9%***	***11.5%***	***13.8%***	
Radiators		*45*	*60*		*20*	*26*	*34*	*30%*
Adjusted EBITDA margin		*10.9%*	*15.2%*		*10.3%*	*14.6%*	*14.7%*	
ICS		*20*	*25*		*10*	*9*	*21*	*46%*
Adjusted EBITDA margin		*7.0%*	*9.1%*		*7.0%*	*7.0%*	*12.3%*	
Change in NWC		21	20			(22)	(42)	
Gross capex		(31)	(11)			(6)	(4)	
Adjusted operating cash flow		**55**	**95**			**8**	**11**	
Cash conversion[1)]		**84%**	**111%**			**22%**	**19%**	

1) Cash conversion is defined as: (adjusted EBITDA - change in NWC – gross capex)/adjusted EBITDA

Preliminary outlook for 2021

Adjusted EBITDA for FY 2021 expected to be slightly above EUR 90m:

- Market demand was very strong and above trend in H1 2021, while outlook for H2 2021 is expected at a more normalised level.
  - Sales growth in H2 2021 will get strong support from commercial excellence initiatives during 2021 by Purmo Group’s local sales directors and in alignment with Purmo Group’s longstanding customer base, mitigating raw materials inflation.
- Lower expected Adjusted EBITDA margin in H2 2021 vs H2 2020 mainly due to high steel prices.
  - Though unusual H1 market environment was well managed, H2 expected to be more challenging (for factors including comparison vs temporary raw materials savings experienced last year; expected slight lag in Purmo Group’s already announced four sales price increases in 2021).
  - H2 margin pressure is offset by management executing Purmo Group’s structural performance improvement program (PGUp, aimed at replacing temporary gains in 2020 with permanent savings in 2021).
- Higher volumes and permanent savings from Purmo Group’s structural performance program (PGUp) allow Purmo Group to continue to grow Adjusted EBITDA also in 2021, notwithstanding strong headwind from raw material prices.

The statements set forth above include forward-looking statements and are not guarantees of Purmo Group’s financial performance in the future. Purmo Group’s actual results and financial position could differ materially from those expressed or implied by these forward-looking statements as a result of numerous factors.

Transaction overview

Upon completion of the Merger, the current shareholders of Purmo Group will hold an ownership share of 73.3% in the aggregate and the existing shareholders of VAC an ownership share of 26.7% in the aggregate of the class C shares in the Combined Company.

The Merger values Purmo Group at EUR 685 million in enterprise value, equivalent to approximately 8.1x the Company’s 2020 adjusted EBITDA of EUR 85 million, or equivalent to approximately 7.6x the 2021E adjusted EBITDA, which is expected to be slightly above EUR 90 million. The Combined Company’s net debt / adjusted EBITDA as per December 31, 2021 is estimated to be lower than 2.5x, including VAC’s cash position and Rettig Group’s pre-completion distribution of funds authorised under the Merger agreement[7], and assuming the current shareholders of VAC do not demand the redemption of their class C shares in the context of the Merger[8]. The Merger is expected to be completed by the end of December 2021.

VAC's largest shareholder Virala will hold an ownership share of 8.8% of the class C shares in the Combined Company. To enhance VAC's shareholders' influence potential and to actively develop Purmo Group as a long-term significant investor, Virala will have an option to acquire further 689,576 class C shares from Rettig Group (at EUR 10.19 per share) following the completion of the Merger to hold over 10.5% of the class C shares, in addition to which Virala will hold class F shares that represent approximately 3.7% of the Combined Company's outstanding shares. Class F shares can be converted to class C shares at the earliest 3 years and at the latest 7 years after the IPO of VAC, assuming certain share price hurdles have been met. The highest hurdle requires a 140% total share return corresponding to a VAC share price of EUR 24.00. The class F shares represent a maximum of 8% of all shares in VAC, until a maximum of 19.57 million total shares. Given that the new total number of shares exceeds 19.57 million shares, Virala's ownership share is diluted accordingly.

In order to conform to the 25% free float requirement of the official list of Nasdaq Helsinki, and support liquidity and price discovery of the class C shares of the Combined Company, the Board of Directors of VAC has resolved to terminate Virala's three-year lock-up undertaking concluded in connection with VAC's IPO, concerning its class C shares subscribed for in the IPO. The termination of the lock-up undertaking is subject to the completion of the Merger and the lock-up undertaking terminates in connection with the completion of the Merger. The transfer restriction of the class F shares remain in place in accordance with the articles of association.

The Board of Directors of VAC has unanimously decided to recommend that the shareholders of VAC support the Merger and vote in its favour in a General Meeting of VAC. Certain large shareholders of VAC, i.e., Virala, Ahlstrom Invest B.V., Jussi Capital Oy, Fennia Mutual Insurance Company, Svenska Litteratursällskapet i Finland, Oy Julius Tallberg Ab, and certain other shareholders including VAC's executive management and members of the Board of Directors, together representing approximately 79.5% of the votes in VAC, and 66.7% excluding the votes of Virala, have irrevocably undertaken to support and vote in favour of the Merger in a General Meeting of VAC.

The Finnish Financial Supervisory Authority has granted Rettig Group and its parent company, Rettig Capital Ltd, a permanent exemption from the obligation to launch a mandatory public tender offer for all issued and outstanding shares in VAC in accordance with the Finnish Securities Markets Act, subject to certain customary conditions. The exemption requires that shareholders who are independent of the arrangement must vote in favour of the Merger by a majority of at least two thirds of the votes cast. As set out above, irrevocable undertakings have already been received to cover this requirement.

The parties aim to a tax neutral statutory absorption merger and will apply for preliminary tax ruling.

Preliminary timetable

VAC will publish a prospectus with detailed information on the Merger in November 2021. VAC expects to convene the EGM resolving on the Merger to be held on or about December 13, 2021. Subject to all conditions for completion of the Merger being fulfilled, the completion of the Merger is expected to occur by the end of December 2021.

[7] See "The terms of the Merger in brief" below.
[8] All VAC's shareholders, excluding certain closely related parties of VAC, have, under certain conditions, the right to demand the redemption of their class C shares in the event that the General Meeting of VAC approves the acquisition against which the shareholders in question have voted. The shareholders' right to have their class C shares redeemed is, however, limited in total to a maximum of ten (10) % of the total amount of issued and outstanding class C shares on the record date of the General Meeting that has been convened to approve the acquisition. The redemption will occur at a cash amount equal to the shareholder's class C shares' pro rata share of the aggregate amount in VAC's restricted bank accounts.

The terms of the Merger in brief

The proposed combination of VAC and Purmo Group will be executed through a statutory absorption merger pursuant to the Finnish Companies Act whereby all assets, rights and liabilities of Purmo Group are transferred without a liquidation procedure to VAC. As a result of the completion of the Merger, Purmo Group will automatically dissolve.

The shareholders of Purmo Group shall receive as merger consideration 2.600334506 new class C shares in VAC for each class K share and class K1 share, and 4089.270894510 new class C shares for each class P share they hold in Purmo Group (the "**Merger Consideration**"), that is, the Merger Consideration shall be issued to the shareholders of Purmo Group in proportion to their existing shareholding of each class of shares in Purmo Group. The aggregate number of new class C shares in VAC to be issued in connection with the Merger is expected to be 29,594,531 shares, resulting in 40,374,531 class C shares in total in the Combined Company. Purmo Group may distribute to its shareholders an extra distribution of funds either as dividend or return of equity or a combination of the aforementioned in the maximum amount of EUR 251 million prior to the completion of the Merger (the "**Pre-Completion Distribution**").

The completion of the Merger is subject to approval by a majority of two-thirds of the votes cast and shares represented at the respective EGMs of VAC and Purmo Group, which are expected to be held in December 2021.

The completion of the Merger is also subject to obtaining necessary regulatory approvals as well as certain other customary conditions. As the transaction is proposed to be implemented by way of a statutory merger of Purmo Group into VAC, it is also subject to a statutory creditor hearing process of Purmo Group's creditors. All conditions for the completion of the Merger are set out in the merger plan, which is included as Annex 2 to this release.

Subject to all conditions for completion being fulfilled, the completion of the Merger is expected to occur by the end of December 2021.

The merger plan contains information on certain terms and conditions of the contemplated Merger, including the Merger Consideration to Purmo Group's shareholders. Further information about the contemplated Merger and the Combined Company will also be available in a merger and listing prospectus expected to be published in November 2021 by VAC prior to the EGMs of VAC and Purmo Group.

Listing

In accordance with the Nasdaq Helsinki rules for SPACs, VAC will initiate a listing process with Nasdaq Helsinki for the contemplated listing of the Combined Company on the official list of Nasdaq Helsinki. Trading in the existing class C shares of VAC along with the Merger Consideration shares is expected to commence at Nasdaq Helsinki on or about the first trading day following completion of the Merger or as soon as possible thereafter.

Management and Corporate Governance

The name of the Combined Company will be Purmo Group Plc and it will be headquartered in Helsinki, Finland.

Purmo Group's current CEO John Peter Leesi and current CFO Erik Hedin will become CEO and CFO of the Combined Company, respectively. The full management team of Purmo Group is expected to continue with the Combined Company after the completion of the Merger.

The Shareholders' Nomination Board of VAC, after consultation with Rettig Group in its capacity as the controlling shareholder of Purmo Group, will propose to the EGM of VAC that following completion of the Merger, the Board of Directors of the Combined Company will comprise at least seven members in total, including Tomas von Rettig and Matts Rosenberg from the current Board of Directors of Purmo Group and Alexander Ehrnrooth from the current Board of Directors of VAC, as well as a minimum of four other persons that would be independent of the Combined Company and its major shareholders. It is intended that Tomas von Rettig and Matts Rosenberg will hold the Chairman and Vice Chairman roles, respectively, in Purmo Group’s new Board of Directors.

Ownership structure

As a result of the issuance of new class C shares in the Merger, all the class E shares of VAC held by Virala will automatically be converted into class F shares in accordance with VAC’s articles of association.

Based on the latest available data and assuming all current VAC shareholders are shareholders with unchanged holdings also at the completion of the Merger, the largest 10 shareholders of the Combined Company would be as follows:

	Shareholder	C-shares	% of C-shares	F-shares	E-shares	% of all shares	% of all votes
1.	Rettig Group[1)]	29,594,531	73.3	0	0	70.6	70.6
2.	Virala Corporation	3,549,750	8.8	1,565,217	0	12.2	12.2
3.	Ahlstrom Invest B.V.	900,000	2.2	0	0	2.1	2.1
4.	Jussi Capital Oy	900,000	2.2	0	0	2.1	2.1
5.	Fennia Mutual Insurance Company	500,000	1.2	0	0	1.2	1.2
6.	Svenska Litteratursällskapet i Finland	500,000	1.2	0	0	1.2	1.2
7.	Oy Julius Tallberg Ab	400,000	1.0	0	0	1.0	1.0
8.	Föreningen Konstsamfundet	200,000	0.5	0	0	0.5	0.5
9.	Seafarers' Pension Fund	200,000	0.5	0	0	0.5	0.5
10.	Kusinkapital Ab	200,000	0.5	0	0	0.5	0.5
	Top 10 shareholders	**36,944,281**	**91.5**	**1,565,217**	**0**	**91.8**	**91.8**
	Other shareholders	3,430,250	8.5	0	0	8.2	8.2
	Total outstanding shares and votes	**40,374,531**	**100.0**	**1,565,217**	**0**	**100.0**	**100.0**

1) Includes shares held by Rettig Group as well as Purmo Group’s management and certain members of the Board of Directors of Purmo Group.

The above calculation is based on Purmo Group’s and VAC’s actual knowledge and is indicative only. The calculation may not represent the actual situation at the completion of the Merger or thereafter.

Merger Agreement

VAC and Purmo Group have on September 8, 2021 entered into a merger agreement, pursuant to which VAC and Purmo Group have agreed to combine their business operations through a statutory absorption merger pursuant to the Finnish Companies Act (the “**Merger Agreement**”).

The Merger Agreement contains certain customary undertakings, such as, inter alia, each party conducting its business in the ordinary course of business before the completion of the Merger, keeping the other party informed of any and all matters that may be of material relevance for the purposes of effecting the completion of the Merger, preparing the merger prospectus and taking necessary actions concerning the listing preparations in cooperation with the other party, taking necessary actions concerning the settlement of Purmo Group incentive schemes and, cooperating with the other party in relation to the financing of the Combined Company. In addition, VAC and Purmo Group each undertake not to solicit proposals competing with the transaction agreed in the Merger Agreement. A breach of this undertaking is sanctioned with a material termination fee.

Moreover, Purmo Group and VAC have given each other certain customary representations and warranties related to, inter alia, due incorporation, status of the shares in the respective company, preparation of financial statements and interim reports, compliance with applicable laws, permits and agreements, ownership of intellectual property, taxes, employees and the information disclosed to the other party.

With the exception of certain jointly incurred costs, VAC and Purmo Group shall bear their own fees, costs and expenses incurred in connection with the Merger.

The Merger Agreement may be terminated by mutual written consent duly authorised by the Boards of Directors of VAC and Purmo Group. Each of VAC and Purmo Group may terminate the Merger Agreement inter alia if (i) the Merger has not been completed by June 30, 2022 or it becomes evident that the completion cannot take place by that time, including, without limitation, due to a material adverse effect after the signing date that is incapable of being cured, all as defined in the Merger Agreement; (ii) the EGMs of VAC and Purmo Group have not considered the Merger in accordance with the Merger Agreement or if, upon consideration by the relevant EGM, they shall have failed to duly approve the Merger; (iii) if a final, non-appealable injunction or other order issued by any court of competent jurisdiction or other final, non-appealable legal restraint or prohibition preventing the completion has taken effect after the signing date and remains in effect; or (iv) in case of a material breach by the other party of any of the warranties, undertakings or obligations under the Merger Agreement if such breach has resulted, or could reasonably be expected to result, in a material adverse effect, as described in the Merger Agreement. In the event the Merger Agreement is terminated due to certain reasons specified in the Merger Agreement, the parties have agreed on the reimbursement of the other party for its actual costs incurred in connection with the preparation of the Merger.

Accounting for the Merger

The merger will be accounted for under IFRS within scope of IFRS 2 Share-based payments by analogy to IFRS 3 Business Combinations whereby Purmo Group acquires a public special purpose acquisition company VAC in a reverse acquisition but there is no acquisition accounting and no recognition of goodwill, as VAC is not a business as defined by IFRS 3. Accordingly, the shares issued as merger consideration are recognized at fair value and recorded as consideration for the acquisition of VAC by Purmo Group as an increase in equity. The difference in the fair value of equity instruments held by VAC shareholders over the fair value of identifiable net assets of VAC represents a service of listing of Purmo Group's shares and is accounted for as a share-based payment in accordance with IFRS 2 and recorded as an expense through the income statement with a corresponding entry in equity post-Merger. As a result of the application to IFRS 3 by analogy to the Merger and application of the reverse acquisition guidance, Purmo Group's operating history and financial performance forms the basis for the comparative financial information for the Combined Company.

Financing

The Combined Company has secured committed debt financing for the completion of the Merger and expected cash flow requirements in the near term from Nordea and SEB. The merger financing arrangements comprise of EUR 280 million committed term loan facility, EUR 80 million committed revolving credit facility, up to EUR 125 million uncommitted term loan facility and EUR 95 committed million bridge loan facility, all originally for Purmo Group, which Nordea and SEB as coordinating bookrunners and mandated lead arrangers have arranged (and with respect to the EUR 280 million committed term facility and the EUR 80 million committed revolving facility underwritten as joint underwriters) in full. Such facilities will be transferred to the Combined Company. The total committed financing package is EUR 455 million.

The combined net debt of Purmo Group and VAC as at June 30, 2021 would have been EUR 238 million considering the impacts of the Merger as if the Merger would have occurred at that date. See Annex 1 for details.

The availability of the above-mentioned debt financing is subject to the completion of the Merger and certain customary conditions precedent requirements. The facilities may be used to refinance Purmo Group's existing indebtedness in connection with the Merger and to finance or refinance potential cash redemptions of VAC's class C shares and Purmo Group's Pre-Completion Distribution and financing general corporate purposes. The utilisation of facilities is conditional to a receipt of preliminary tax ruling on a tax neutrality of the Merger or that the maximum negative tax impact of the Merger is not, to the best of Purmo Group's knowledge, expected to exceed certain threshold.

Purmo Group intends to seek certain consents and waivers in respect of its existing indebtedness and such indebtedness in relation to which requisite consents have been obtained prior to the completion of the Merger, together with the indebtedness refinanced in connection therewith, will transfer to the Combined Company.

Advisors

VAC is being advised by Nordea and SEB as financial advisors, and Hannes Snellman Attorneys Ltd as legal advisor. Purmo Group is being advised by UBS Europe SE and Advium Corporate Finance Ltd as financial advisors, and Avance Attorneys Ltd as legal advisor. Miltton Ltd is acting as communications advisor to VAC and Viestintätoimisto Bravura Oy to Rettig Group and Purmo Group.

Press conference and investor communications

VAC will host a webcast-conference on the Merger today, September 8, 2021 at 11:00 EEST.

In the first part of the event, VAC's Chairman of the Board of Directors Alexander Ehrnrooth, Vice Chairman Mammu Kaario and CEO Johannes Schulman will introduce the transaction and how VAC continues to operate. In addition, Purmo Group's majority owner Rettig Group's Chairman of the Board Tomas von Rettig introduces the investment strategy of Rettig Group and the background of Purmo Group. The session will be followed by a Q&A session. The language of the presentation is Finnish.

In the second part of the event, Purmo Group's CEO John Peter Leesi and CFO Erik Hedin will present Purmo Group as an investment and the Company's key figures. The session will be followed by a Q&A session. The language of the presentation is English.

The conference can be followed as a webcast-broadcast at:
https://worksup.com/viralaacquisitioncompanypressevent

Further enquiries and interview requests

anni.romu@miltton.fi or tel. +358 50 571 1887

About Purmo Group - Purmo Group is an internationally leading company in sustainable indoor climate comfort solutions. Purmo Group's comprehensive product offering includes radiators, towel warmers, underfloor heating, convectors, valves and controls. The company's 3,300 industry professionals operate through 34 locations in 19 countries, manufacturing and distributing top quality products and solutions to customers in more than 100 countries globally. www.purmogroup.com/

About Rettig Group - Rettig Group is a leading Finnish family-owned investment company that creates value for generations through active and responsible ownership. Rettig Group's core investments are eQ, Purmo Group, SigmaRoc, and Terveystalo. Rettig Group is also increasingly active in financial investments, including private equity fund and co-investments. www.rettig.fi

About VAC - Virala Acquisition Company Plc (VAC) is a Finnish acquisition company, tailored to the Finnish capital markets. The goal of VAC is to identify and execute one or more acquisitions that aim to create significant value for both the shareholders and the target company, as well as complement the Finnish capital markets. VAC seeks one or more companies and/or businesses with an estimated enterprise value ranging from approximately EUR 50 to EUR 500 million. The founding shareholder of VAC is the industrial enterprise Virala which has committed to act as a long-term anchor owner and developer of the companies to be acquired. www.virala.fi/en

About Virala - Virala Group is a long-established industrial owner. The group includes family-owned and co-controlled private and publicly traded companies, in which Virala acts as an active owner with significant shareholdings. In addition, Virala actively manages a global portfolio including private equity, venture capital and real estate investments. Virala is the leading investor in five listed companies in Finland and Sweden, which in aggregate generated EUR 4.6 billion in revenue and had more than 13,000 employees around the world in 2020. Virala Group's average annual return on equity was 24.7% during 2014–2020. The parent company of Virala Group, Virala Corporation, is owned by Alexander and Albert Ehrnrooth.

***

Important notice

The distribution of this release may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restrictions. The information contained herein is not for publication or distribution, in whole or in part, directly or indirectly, in or into United States, Australia, Canada, Hong Kong, Japan, New Zealand, Singapore, South Africa or any other jurisdiction where such publication or distribution would violate applicable laws or rules or would require additional documents to be completed or registered or require any measure to be undertaken in addition to the requirements under Finnish law. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This release is not directed to, and is not intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

This release is not an offer of merger consideration shares in the United States and it is not intended for distribution in or into the United States or in any other jurisdiction in which such distribution would be prohibited by applicable law. The merger consideration shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "**Securities Act**"), and may not be offered, sold or delivered within or into the United States, except pursuant to an applicable exemption of, or in a transaction not subject to, the Securities Act.

This release is for information purposes only and does not constitute an offer of or an invitation by or on behalf of, VAC, Rettig Group or Purmo Group, or any other person, to purchase any securities.

This release does not constitute a notice to an EGM or a merger prospectus. Any decision with respect to the proposed statutory absorption merger of Purmo Group into VAC should be made solely on the basis of information to be contained in the actual notices to the EGM of VAC and Purmo Group, as applicable, and the merger prospectus related to the merger as well as on an independent analysis of the information contained therein. You should consult the merger prospectus for more complete information about VAC, Purmo Group, their respective subsidiaries, their respective securities and the merger. No part of this release, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. The information contained in this release has not been independently verified, does not purport to be full or complete and may be subject to change. No representation, warranty or undertaking, expressed or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither VAC, Rettig Group or Purmo Group, nor any of their respective affiliates, advisors or representatives or any other person, shall have any liability whatsoever (in negligence or otherwise) for any loss however arising from any use of this release or its contents or otherwise arising in connection with this release. Each person must rely on their own examination and analysis of VAC, Purmo Group, their respective securities and the merger, including the merits and risks involved. The transaction may have tax consequences for Purmo Group shareholders, who should seek their own tax advice.

This release includes "forward-looking statements" that are based on present plans, estimates, projections and expectations and are not guarantees of future performance. They are based on certain expectations and assumptions, which, even though they seem to be reasonable at present, may turn out to be incorrect. Shareholders should not rely on these forward-looking statements. Numerous factors may cause the actual results of operations or financial condition of the combined company to differ materially from those expressed or implied in the forward-looking statements. Neither VAC nor Purmo Group, nor any of their respective affiliates, advisors or representatives or any other person undertakes any obligation to review or confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this release. Further, there can be no certainty that the merger will be completed in the manner and timeframe described in this release, or at all.

This release contains financial information regarding the businesses and assets of VAC and Purmo Group and their consolidated subsidiaries. Such financial information may not have been audited, reviewed or verified by any independent accounting firm. Certain financial data included in this release consists of "alternative performance measures." These alternative performance measures, as defined by VAC and Purmo Group, may not be comparable to similarly titled measures as presented by other companies, nor should they be considered as an alternative to the historical financial results or other indicators of VAC's and Purmo Group's cash flows based on IFRS. Even though the alternative performance measures are used by the management of VAC and Purmo Group to assess the financial position, financial results and liquidity and these types of measures are commonly used by investors, they have important limitations as analytical tools and should not be considered in isolation or as substitutes for analysis of VAC's and Purmo Group's financial position or results of operations as reported under IFRS.

Nordea and SEB are acting as financial advisers to VAC on certain matters outside of the United States and no one else in connection with the matters referred to herein, and will not be responsible to anyone other than VAC for providing the protections afforded to clients of Nordea and SEB, or for giving advice in connection with the transaction or any matter or arrangement referred to in this release.

Annex 1

Illustrative financial information

Background for historical illustrative financial information included in the release

Both the operational history and financial history are typically of central importance for an investor in its investment analysis and accordingly, financial information in connection with a merger would generally comprise of illustrative combined financial information. VAC is a special purpose acquisition company that does not have an operating history nor has it generated any income in the past. The combination of VAC and Purmo Group reflects in substance a contemplated listing of Purmo Group through the Merger. Consequently, as VAC lacks operational and relevant financial history, the illustrative selected unaudited income statement information presented below for Purmo Group are derived from Rettig Group's historical consolidated financial reports prepared in accordance with IFRS as applied by Rettig Group. Purmo Group's parent company Purmo Group Oy Ab has not historically prepared statutory consolidated financial statements or interim reports in accordance with IFRS since its formation on April 9, 2018. Selected historical Purmo Group division key figures are derived from Purmo Group's management reporting for the periods presented herein. Purmo Group's financial information is unaudited.

Purmo Group is in the process of preparing consolidated financial statements and interim information to be incorporated into the merger and listing prospectus which will comprise an audited financial history for Purmo Group from the formation of the new parent company in addition to a January-September 2021 interim report. Accordingly, amounts presented in this stock exchange release are subject to change as the level of consolidation changes from the parent company of Rettig Group to the parent company of Purmo Group.

VAC's selected financial data presented herein have been derived from VAC's unaudited Half-year Report June 2021 and audited financial statements for the year ended December 31, 2020 prepared in accordance with IFRS included in VAC's Listing Prospectus both available on VAC's webpage.

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

Accounting for the Merger

The merger will be accounted for under IFRS within scope of IFRS 2 Share-based Payment by analogy to IFRS 3 Business Combinations whereby Purmo Group acquires a public special purpose acquisition company VAC in a reverse acquisition but there is no acquisition accounting and no recognition of goodwill, as VAC is not a business as defined by IFRS 3. Accordingly, the shares issued as Merger consideration are recognized at fair value and recorded as consideration for the acquisition of VAC as an increase in equity. The difference in the fair value of equity instruments held by VAC's shareholders, over the fair value of identifiable net assets of VAC represents a service of listing of Purmo Group's shares and is accounted for as a share-based payment in accordance with IFRS 2 and recorded as an expense through the income statement with a corresponding entry in equity post-Merger. As a result of the application to IFRS 3 by analogy to the Merger and application of the reverse acquisition guidance, Purmo Group's operating history and financial performance forms the basis for the comparative financial information for the Combined Company.

Since VAC lacks operating history, the Merger will mainly impact the balance sheets of the combining entities as the operating results will comprise Purmo Group's financial history. As Purmo Group has not prepared consolidated financial statements including consolidated balance sheets, the disclosure of combined balance sheet information as at June 30, 2021 is limited to unaudited combined illustrative net debt based on a hypothetical situation and should not be viewed as pro forma financial information as such pro forma financial information will be prepared on the basis of Purmo Group's audited consolidated statements for the year ended December 31, 2020 and unaudited interim financial information for the nine months ended September 30, 2021 and VAC's publicly available audited annual financial statements and unaudited January – September 2021 Interim Report. The components for the combined illustrative unaudited net debt have been derived from Rettig Group's financial reports and VAC's unaudited Half-Year Report January-June 2021.

Financial information presented herein does not reflect all costs that will be incurred as a listed group, cost savings or future integration costs that are expected to be generated or may be incurred as a result of the Merger. Consolidated financial information prepared in accordance with IFRS for the Combined Company that will be published post-Merger could therefore differ significantly from the historical or illustrative combined financial information presented herein and is not indicative of what the Combined Company's actual results of operations, financial position or key figures would have been had the Merger been completed at an earlier date.

Pro forma financial information with notes disclosures and an auditor's report will be available in the merger and listing prospectus to be published by VAC in November 2021.

Selected income statement information for Purmo Group

The selected financial information of Purmo Group presented herein have been derived from Rettig Group's financial reports as historically reported by Rettig Group for Purmo Group and from Purmo Group's management reports.

Income statement information

EUR million	2019	2020	1H/2019	1H/2020	1H/2021
Net sales	696.8	671.2	338.2	312.2	404.8
EBITDA	54.2	72.3	24.0	33.2	52.0
Adjusted EBITDA	65.4	85.1	30.5	36.0	56.0
Adjusted EBITDA margin, %	9.4 %	12.7 %	9.0 %	11.5 %	13.8 %
Cash conversion	83.9 %	111.3 %	n.q.	21.6 %	18.7 %

Division data

The selected financial information of Purmo Group by division presented herein have been derived from the management reports.

Radiators division develops and manufactures hydronic and electrical radiators and embedded underfloor.

ICS division provides a comprehensive range of radiant heating and cooling solutions, convectors valves, controls, heat pumps and ventilation products.

The Group's products are sold to wholesalers and installers in both residential and non-residential sectors across many markets.

Purmo Group will publish its segment information in compliance with IFRS 8 Segment reporting in its audited consolidated financial statements that will be included in the Merger and listing prospectus.

EUR million	2019	2020	1H/2019	1H/2020	1H/2021
Net sales					
RADIATORS	411.0	396.8	194.3	181.0	231.6
ICS	285.8	274.3	143.9	130.2	172.1
Other	-	0.1	-	1.1	1.1
Total	**696.8**	**671.2**	**338.2**	**312.2**	**404.8**
Adjusted EBITDA					
RADIATORS	45.2	60.3	20.2	26.4	33.9
ICS	20.2	24.9	10.3	9.2	21.2
Other[1)]	-	0.0	-	0.4	0.9
Adjusted EBITDA	**65.4**	**85.1**	**30.5**	**36.0**	**56.0**

[1)] In 2019 Other have been presented as part of RADIATORS.

Selected financial information for VAC

The following VAC's historical financial information has been derived from VAC's unaudited Half-year Report for 2021 and from the audited financial statements as at and for the financial year ended December 31, 2020 prepared in accordance with IFRS.

Income statement information for VAC

EUR million	1H/2021	2020
EBIT	(1.8)	(0.0)
Profit for the period	(1.8)	(0.0)

Balance sheet information for VAC as at June 30, 2021

In EUR million	1H/2021
Other receivables	97.2

Cash and cash equivalents	10.8
Total assets	**108.0**
Total equity	101.4
Total current liabilities	6.6
Total equity and liabilities	**108.0**

Illustrative alternative performance measures for Purmo Group

This stock exchange release contains selected alternative performance measures reported historically for Purmo Group by Rettig Group which will form the basis for the Combined Company's key performance indicators post-Merger. These alternative performance measures may not be comparable to similarly titled measures as presented by other companies. Alternative performance measures are unaudited.

Adjusted EBITDA

The adjusted EBITDA as historically reported for Rettig Group management reporting purposes consist of material and unexpected items outside the ordinary course of business that are considered to impact comparability of the underlying business operations. Such items have historically comprised of direct transaction and integration costs on M&A activities, restructuring costs and costs incurred in connection with performance improvement programmes, costs that have been incurred in connection with the formation of Purmo Group and costs incurred to achieve stand-alone readiness which will not continue post-Merger as well as costs incurred as a result of Rettig Group's ownership comprising of management fees and Rettig Group's legacy incentive plans in addition to other one-off costs such as legal claims or significant out-of-period adjustments.

Cash conversion

Adjusted operating cash flow has been presented to provide a relevant operating cash flow measure management has historically used to manage Purmo Group. As Purmo Group has not prepared statutory consolidated financial statements under IFRS, consolidated cash flow statement data is currently not available. Cash conversion is used to assess Purmo Group's efficiency to convert its operating results into cash.

Net Debt

Purmo Group's historical financing has mainly comprised of shareholder loans from Rettig Group and lease liabilities and net debt is calculated a sum of loans and borrowings, lease liabilities, shareholder loans less cash and cash equivalents. As part of the Merger Purmo Group will refinance its existing indebtedness to Rettig Group and it may pay to its shareholders the Pre-Completion Distribution. VAC's funds held in a blocked account have been considered fully when calculating the net debt of the Combined Company. The amounts released from the blocked accounts may be less than presented herein due to potential redemption of the class C shares. Net debt represents Combined Company's indebtedness and it is used to monitor Combined Company's capital structure.

Reconciliations

The following tables comprise condensed reconciliations extracted from Rettig Group's financial records and such reconciliations will be updated in the merger and listing prospectus to reconcile the alternative performance measures to the Purmo Group audited and unaudited consolidated IFRS financial information included in the prospectus.

Adjusted EBITDA reconciliation

In EUR million	**2019**	**2020**	**1H/ 2019**	**1H/ 2020**	**1H/ 2021**
Net sales	**696.8**	**671.2**	**338.2**	**312.2**	**404.8**
EBITDA (before adjustments)	**54.2**	**72.3**	**24.0**	**33.2**	**52.0**

M&A related transaction and integration costs	1.5	0.4	0.8	0.2	0.0
Restructuring costs and one-off costs related to efficiency programmes	3.8	7.8	2.5	0.0	2.5
Formation of Purmo Group and standalone preparations	1.3	2.0	0.1	1.9	0.6
Management fee to owners and legacy Rettig Group incentive plans	4.6	2.5	2.4	0.6	0.8
Other	0.0	0.1	0.6	0.0	0.1
Total adjustments	**11.2**	**12.8**	**6.4**	**2.7**	**4.0**
Adjusted EBITDA	**65.4**	**85.1**	**30.5**	**36.0**	**56.0**
% Adjusted EBITDA margin	**9.4 %**	**12.7 %**	**9.0 %**	**11.5 %**	**13.8 %**

Cash conversion reconciliation

In EUR million	**2019**	**2020**	**1H/2020**	**1H/2021**
Adjusted EBITDA	65.4	85.1	36.0	56.0
Change in NWC[1)]	20.8	20.4	(22.3)	(41.5)
Gross CAPEX[2)]	(31.3)	(10.8)	(5.9)	(4.0)
Adjusted operating cash flow	**54.9**	**94.7**	**7.8**	**10.5**
Cash conversion[3)]	**83.9 %**	**111.3 %**	**21.6 %**	**18.7 %**

[1)] Change in working capital has been derived from Purmo Group management reports and comprises the change in operative receivables, inventories and operative liabilities.
[2)] Gross CAPEX equals capital expenditure excluding additions through mergers and acquisitions.'

Net debt on combined basis

The table below illustrates the reconciliation of the net debt of Purmo Group and VAC on a combined basis including the effect of the refinancing and Pre-Completion Distribution of Purmo Group to combined net debt position of the Combined Company as if the Merger would have occurred as at June 30, 2021.

In EUR million	**Purmo Group**	**VAC**	**Merger**	**Combined**
Loans and borrowings	4.7	0.0	356.0	360.7
Lease liabilities	34.4	0.0		34.4
Shareholder loan	94.0	0.0	(94.0)	0.0
Other receivables	0,0	(97.2)[1)]		(97.2)
Cash and cash equivalents	(38.3)	(10.8)	(11.0)	(60.1)
Net debt	**94.8**	**(108.0)**	**251.0**	**237.8**

1) Consist of VAC's funds held in a blocked account. The funds are subject to potential redemption of the C Shares referred to in the Stock Exchange Rules related to SPAC companies and the Articles of Association of VAC and thus the amount released to VAC in connection of the Merger may be less than amount in the blocked account.

Annex 2 – Merger Plan