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Virala Acquisition Company announces Purmo Group's interim financial information for January-September 2021

As a part of preparations for the completion of the merger of Virala Acquisition Company Plc ("**VAC**") and Purmo Group Ltd ("**Purmo Group**"), including the preparation of a merger and listing prospectus (the "**Prospectus**"), Purmo Group has prepared an unaudited interim report for the nine months ended 30 September 2021 ("**Interim Financial Information**"). Having received the Interim Financial Information from Purmo Group, VAC hereby announces a summary of Purmo Group's Interim Financial Information. All information disclosed herein is derived from the Prospectus to be published on 30 November 2021.

Adjusted EBITDA improved strongly by 33 per cent in January-September 2021 driven by strong market demand and operational efficiency

Purmo Group's net sales increased significantly in the first nine months of 2021 compared to the previous year. The strong sales were supported by strong market demand for Purmo Group's products and successful supply chain management despite shortage of certain raw materials and components. Sales growth was also driven by necessary sales price increases following rapidly increasing raw material costs, most notably steel. The continued improved profitability was supported by the operational excellence program PGUp, replacing the 2020 temporary cost measures with EUR 20 million of recurring run-rate savings implemented from September 2020 until June 2021.

January-September 2021 highlights

- Net sales improved by 28 per cent to EUR 621.0 million (485.1)
- Adjusted EBITDA increased by 33 per cent to EUR 81.3 million (61.2)
- EBIT increased by 37 per cent to EUR 45.3 million (33.1)
- Cash flow from operating activities decreased by 90 per cent to EUR 3.2 million (30.5)
- Adjusted operating cash flow for the last 12 months was EUR 58.0 million (78.9)
- Acquisition of a majority share in Evrorad completed, giving access to local radiator production in Russia.
- VAC and Purmo Group announced a contemplated merger, whereby Purmo Group will become listed on the official list of Nasdaq Helsinki.

Unless otherwise stated, the comparison figures in parentheses refer to the corresponding period in 2020. All figures for the nine months ended 30 September 2021 and 2020 are unaudited. The consolidated financial statements for year 2020 have been audited. Key financial indicators defined by Purmo Group are not audited.

Updated 2021 financial outlook

In this announcement, concerning Purmo Group's financial results for the nine months ended 30 September 2021, Purmo Group is updating its financial outlook for the financial year 2021. The company now expects the adjusted EBITDA for the financial year 2021 to be above EUR 97 million.

On 8 September 2021, Purmo Group announced its preliminary outlook for the financial year 2021. According to the preliminary outlook, the adjusted EBITDA for the financial year 2021 was expected to be slightly above EUR 90 million.

The basis of the financial outlook and factors of uncertainty affecting it is presented below.

Key figures and financial performance January-September 2021

EUR million	1-9/2021	1-9/2020	Change, %	2020
Net sales	621.0	485.1	28%	671.2
Adjusted EBITDA[1]	81.3	61.2	33%	85.1
Adjusted EBITDA margin, %	13.1%	12.6%		12.7%
EBIT	45.3	33.1	37%	42.0
EBIT margin, %	7.3%	6.8%		6.3%
Profit for the period	27.9	17.9	55%	25.3
Cash flow from operating activities	3.2	30.5	-90%	68.9
Adjusted operating cash flow, last 12 months[2]	58.0	78.9	-26%	94.2
Cash conversion %, last 12 months[3]	55.2%	99.8%		110.7%
Operative capital employed[4]	291.4	267.0	9%	235.6
Return on operative capital employed, %[5]	18.6%	15.6%		17.8%

1) EBITDA before comparability adjustments (as defined in the Appendix).
2) Adjusted EBITDA on a rolling 12-month basis deducted by the change in net working capital and capex on a rolling 12-month basis.
3) Adjusted operating cash flow divided by Adjusted EBITDA, both on a rolling 12-month basis.
4) Net working capital, other intangible assets, property, plant and equipment, and right-of-use assets.
5) EBIT based on a rolling twelve-month calculation divided by operative capital employed.

CEO review

January to September 2021 was exceptional for the heating, ventilation and air-conditioning (HVAC) markets and therefore for Purmo Group. The European construction market (and most of our key markets outside of Europe) saw strong recovery, during which our total net sales grew by 28 per cent to EUR 621.0 million, while adjusted EBITDA improved by 33 per cent to EUR 81.3 million. This happened against the backdrop of a global shortage of raw materials and increase in the price of steel, used in our panel radiators, which rose well above historical levels.

Purmo Group's periods of formation and globalisation began before my time as CEO, but the events that accelerated us towards a stock-listing began in mid-2020 with an ambitious operational excellence programme called PGUp. Its targets included: a step-change in operational excellence, improvements in cost competitiveness, and a better approach to agility in transformation. These qualities would be needed to support growth and future investments. It also aimed to replace, with recurring savings, the temporary cost measures taken to deal with the impact of COVID-19. In June 2021, when implementation of the programme concluded, PGUp had exceeded its targets by generating recurring cost savings of approximately EUR 20 million. We will continue to deploy cost efficiency measures as part of our normal management activities.

In April, we increased our market share in Russia with the acquisition of a majority share in Evrorad and its radiator-production capability in Engels. The acquisition strengthened our cost competitiveness in Russia and reduced the local costs of manufacturing, transportation, labour and steel as well as customs duties compared to serving the country from our facilities in Poland.

Our mission is to be the global leader in sustainable indoor climate comfort solutions.

Our strategy focuses on three things. The first is increasing the proportion of solution-selling - providing complete solutions instead of just parts of them. In that respect, there is plenty of white-space to be captured in underpenetrated markets. The second part is the launching of 'smart' products, which are more intelligent, more sustainable and more aesthetic. The third part focuses on growth markets and capturing the biggest opportunities outside of our current markets. This strategy is supported by continuous improvement in operational excellence and our investment in people and culture. We also keep an eye open for opportunities in consolidation, expansion and diversification through M&A.

During the second half of 2021, we have been working on the merger with VAC and the listing on Nasdaq Helsinki in January 2022 which will bring us new resources to support our strategy, growth plans and M&A agenda. We are very aware that it will be achieved through the excellence of our people and so we are also investing in leadership, culture and organisation.

Overall, our way forward focuses on a leading market position expressed in terms of sustainability – the biggest of all global issues – quoting our vision that "perfect indoor climates should not cost the planet's climate". To match this, we have sustainability at the centre of our vision and growth strategy.

As we approach the end of 2021 and more than 50 years of private ownership, I want to thank Rettig Group for their support this far. We are proud of what we have achieved and we have the courage and ambition for what lies ahead. We have made changes that matter and we will continue to do so.

I am particularly impressed by the professionalism, dedication and loyalty of our customers, employees and business partners, who are essential in our future and in our mission to be the global leader in sustainable indoor climate comfort solutions.

Financial review January-September 2021

Net sales

Net sales grew by 28 per cent to EUR 621.0 million (485.1) during the first nine months of 2021. The strong sales development was supported primarily by strong demand and successful supply chain management despite global shortage of certain raw materials and components.

To compensate for the very strong increase in raw material prices, well above historical levels, Purmo Group introduced several sales price increases, which also contributed to the sales growth. The sales growth was strong in both Radiators and ICS divisions. The Radiators division's net sales amounted to EUR 363.4 million (284.2) and ICS division's net sales amounted to EUR 257.6 million (200.9). Despite general raw material shortages, both divisions were able to fulfil customer orders throughout the period. The comparison period in 2020 includes an exceptional second quarter of 2020, when the most extensive COVID-19 related restrictions were in place, resulting in temporarily weaker demand and operational disturbances.

Profitability

Adjusted EBITDA improved by 33 per cent to EUR 81.3 million (61.2) during the first nine months of 2021, and the adjusted EBITDA margin increased slightly to 13.1 per cent (12.6). The adjusted EBITDA of the Radiators division amounted to EUR 50.7 million (46.3) and of the ICS division to EUR 34.1 (18.3).

The good performance in adjusted EBITDA was mainly driven by the strong development of net sales resulting from increased sales volumes and the sales prices increases that offset the majority of raw material price increases. Furthermore, permanent cost reductions achieved through the PGUp operational excellence program, which was implemented at the end of 2020 and the beginning of 2021, replaced the temporary savings in raw materials and salaries related to the COVID-19 pandemic.

The adjusted EBITDA margin was slightly weaker towards the end of the period, due to a slight delay in the implementation of Radiators sales price increases.

The comparability adjustments in January-September 2021 were EUR 12.5 million (6.0), comprising mainly of EUR 8.6 million restructuring and EUR 2.9 million of merger and standalone preparation costs.

Included in the EUR 8.6 million restructuring cost was a EUR 4.5 million restructuring provision relating to plant relocation. In September 2021, it was agreed that Purmo Group's brass production facility in Newcastle West, Ireland, will be relocated to other existing sites, in Italy and Sweden, and outsourced. The restructuring actions are expected to bring efficiency gains from consolidation of production and selective outsourcing. The estimated future capital expenditure for the relocation is EUR 1.3 million. The entire investment will be financed with Purmo Group's own cash flow. The investment project is estimated to be completed by the end of the first half of 2022.

EBIT improved by 37 per cent to EUR 45.3 million (33.1) during January-September 2021.

Cash flow

Cash flow from operating activities was EUR 3.2 million (30.5) for the nine months ended 30 September 2021. The decrease of 90 per cent was mainly due to an unfavourable change in net working capital driven by higher sales volumes as well as sharply increasing raw material costs and sales prices increasing net working capital balances. September net working capital balances were seasonally high, causing unfavourable change in cash flow from the beginning of the financial year. The cash flow used in investing activities was EUR 11.8 million (7.3) and consisted mainly of property, plant and equipment capital expenditure (EUR 8.0 million) and the acquisition of a majority share in Evrorad (EUR 4.5 million), which were partially offset by proceeds from a warehouse building sale of EUR 0.7 million.

The inventories, trade receivables and payables increased significantly from the 31 December 2020 level caused by higher sales volumes, higher sales prices and higher raw material and component prices in the nine months ended 30 September 2021. Due to this, the change in net working capital had a negative effect on the cash flow from operating activities for the nine months ended 30 September 2021. The level of net working capital towards the end of year 2020 was abnormally low caused by lower sales volumes and COVID-19 related savings and reorganisation measures due to which the level of inventory was lower than normally.

For the last 12 months until September 2021, adjusted operating cash flow decreased by 26 per cent to EUR 58.0 million (78.9). The decrease was driven mainly by an unfavourable change in net working capital of EUR -34.9 million (16.7). This was partly offset by an improved adjusted EBITDA of EUR 105.2 million (79.0) and lower capex of EUR 12.3 million (16.9) for the last 12 months until September 2021. The cash conversion ratio was 55 per cent for the last 12 months until September 2021 (100).

Long-term financial targets and dividend policy

Purmo Group has set the following financial targets and dividend policy that will apply to the combined company of VAC and Purmo Group (the "**Combined Company**") as of completion of the Merger:

Growth:

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

Profitability:

- Purmo Group targets an Adjusted EBITDA margin above 15% in the medium- to long-term.

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

Dividend:

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

The statements set forth in this section include forward-looking statements and are not guarantees of the Combined Company's financial performance. The Combined Company's actual results of operations and financial position could differ materially from the results of operations or financial position presented in or implied by such forward-looking statements as a result of many factors. These forward-looking statements should be treated with caution.

Basis of the financial outlook and factors of uncertainty affecting it

Purmo Group's updated financial outlook is based on the estimates and assumptions made by the company's management regarding the development of the company's net sales, adjusted EBITDA, and operating environment. The outlook is based on the management's best estimate of the development of the company's customer demand, competitive situation, the development of significant cost items, such as raw materials and energy, and operative capabilities including its supply chain.

The updated outlook implies that adjusted EBITDA will be below previous year in the fourth quarter of 2021. This is because the previous year benefited from temporary low raw material prices in the last quarter of 2020 and partially the first quarter of 2021, whereas current raw material prices are at an exceptionally high level. The latest outlook presented above is based on the company's financial performance during the third quarter, in particular towards the end of the quarter, as well as the start of the fourth quarter. Purmo Group has so far successfully mitigated the effects of the global supply chain challenges to its own business. In addition, Purmo Group has been able to reduce the impact of the delay in the realisation of Radiator division's sales price increases, which were announced to mitigate increasing raw material prices during 2021. Both aforementioned factors were highlighted as material risks for the full-year financial performance in the merger announcement on 8 September 2021.

The seasonality of demand may continue to differ from a typical year also towards the end of 2021. For the Radiators division, the order book is normalising from very high levels earlier in 2021, due to improving availability of product supply and without anticipation of further increasing of raw material prices. For the ICS division, customers may seek to secure the availability of products by pulling orders forward from the first quarter of 2022 into the fourth quarter of 2021. In addition, there are ongoing challenges in global supply chains as well as raw material and energy price inflation, requiring further sales price increases. While the company has managed to mitigate the effects of these factors, they continue to pose a risk.

The COVID-19 pandemic causes significant uncertainty on the above-mentioned factors, and especially an economic downturn in the construction industry could affect Purmo Group's profit expectations negatively. Purmo Group's financial guidance has been drafted and prepared on a basis which is comparable to Purmo Group's historical financial information and which is consistent with Purmo Group's accounting policies.

Capital Markets Day on Thursday 2 December at 9:00-13:00 (EET)

Analysts, investors and media are invited to Purmo Group's Capital Markets Day on 2 December, 2021 at 9:00-13:00 (EET) at Miltton House, Sörnäisten Rantatie 15, FI-00530 Helsinki, Finland.

During the event, the management team of Purmo Group will present Purmo Group's January-September 2021 Interim Financial Information and give an update on the future of the company's business including its strategy and targets, its Radiator and Indoor Climate Systems (ICS) divisions, as well as its outlook.

Due to the prevailing circumstances and restrictions relating to the COVID-19 pandemic, Purmo Group recommends participants to follow the Capital Markets Day online via webcast. Online participants will be able to access the event unregistered through a webcast at https://worksup.com/vacpurmoevent. Participants, who would like to attend the event at Miltton House on Sörnäisten Rantatie 15, are kindly asked to register for the event in advance through https://www.lyyti.fi/reg/PurmoCMD.

The event, including the Q&A sessions, will be held in English. The presentation material and a recording of the webcast will be available after the event on the website of VAC at https://www.virala.fi/en/de-spac/.

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Purmo Group *is a leader in sustainable indoor climate comfort solutions in Europe. We provide complete heating and cooling solutions to residential and non-residential buildings, including radiators, towel warmers, underfloor heating, convectors, valves and controls. Our mission is to be the* *global leader in sustainable indoor climate comfort solutions. Our 3,500 employees operate through 46 locations in 21 countries, manufacturing and distributing top quality products and solutions to customers in more than 100 countries globally.* [*www.purmogroup.com*](http://www.purmogroup.com)

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*](http://www.virala.fi/en)

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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 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 the Prospectus related to the merger as well as on an independent analysis of the information contained therein. You should consult the 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.

APPENDIX – Selected Consolidated Financial Information of Purmo Group

The selected consolidated financial information provided herein have been extracted from Purmo Group's audited consolidated financial statements prepared in accordance with IFRS as at and for the years ended 31 December 2020 and 31 December 2019, for the financial period from 9 April 2018 to 31 December 2018 prepared in accordance with FAS and unaudited condensed interim financial information as at and for the nine months ended 30 September 2021 including the comparatives prepared in accordance with IAS 34 and from financial key figures which are all included in the Prospectus published on 30 November 2021, available on https://www.virala.fi/en/de-spac/.

Consolidated Income Statement

	1 January to 30 September		**For the year ended 31 December**		**9 April to 31 December**
In EUR thousand, unless otherwise indicated	**2021**	**2020**	**2020**	**2019**	**2018**
	IFRS		**IFRS**		**FAS**
	(unaudited)		**(audited)**		**(audited)**
Net sales	620,981	485,123	671,178	696,797	405,746
Cost of sales	-470,272	-359,549	-498,374	-524,860	-312,808
Gross profit	**150,709**	**125,574**	**172,804**	**171,937**	**92,938**
Sales and marketing expenses	-56,065	-52,360	-75,169	-83,168	-46,896
Administrative expenses	-33,319	-31,333	-38,767	-44,187	-29,855
Research and development expenses	-4,423	-3,881	-5,238	-6,113	-3,778
Other income	1,505	1,081	1,618	2,027	2,026
Other expenses	-13,064	-6,024	-13,220	-12,600	-13,493
EBIT	**45,344**	**33,056**	**42,028**	**27,896**	**942**
Finance income	842	1,453	2,555	2,107	1,407
Finance expenses	-6,696	-9,768	-12,661	-14,080	-18,993
Net financial items	**-5,855**	**-8,315**	**-10,107**	**-11,974**	**-17,587**
Profit before tax	**39,489**	**24,742**	**31,921**	**15,923**	**-16,645**
Group contributions					11,552
Income tax expense	-11,633	-6,818	-6,645	-2,049	-5,658
Non-controlling interest	-	-	-	-	-1
Profit for the period	**27,856**	**17,924**	**25,276**	**13,874**	**-10,751**
Profit for the period attributable to:					
Owners of the Company	27,400	17,655	24,854	13,750	-
Non-controlling interests	456	269	422	124	-
Earnings per share for profit attributable to the ordinary equity holders of the parent company:					
Earnings per share, EUR	2.48	1.59	2.25	1.36	-
Diluted earnings per share, EUR	2.46	1.58	2.23	1.35	-

Consolidated Statement of Comprehensive Income

In EUR thousand	1 January to 30 September		For the year ended 31 December	
	2021	2020	2020	2019
	IFRS (unaudited)		IFRS (audited)	
Profit for the period	**27,856**	**17,924**	**25,276**	**13,874**
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Re-measurements of defined benefit liability (asset)	9,023	-2,334	-3,247	374
Related income tax	-1,805	467	91	205
Items that are or may be reclassified to profit or loss				
Foreign operations – foreign currency translation differences	1,351	-7,567	-8,026	424
Cash flow hedges – effective portion of changes in fair value	-1,076	-	-796	-
Cash flow hedges – reclassified to profit or loss	825	-	412	-
Related income tax	50	-	77	-
Other comprehensive income, net of tax	**8,368**	**-9,434**	**11,489**	**1,003**
Total comprehensive income for the period	**36,224**	**8,490**	**13,787**	**14,877**

Consolidated Balance Sheet

In EUR thousand	As at 30 September		As at 31 December		As at 1 January
	2021	2020	2020	2019	2019
	IFRS (unaudited)		IFRS (audited)		IFRS (audited)
ASSETS					
Goodwill	369,194	365,228	365,392	365,105	365,163
Other intangible assets	36,232	38,389	37,990	39,648	2,510
Property, plant and equipment	127,400	134,943	133,292	148,395	135,774
Right-of-use assets	31,689	32,510	30,870	35,793	34,726
Other receivables	983	1,347	993	1,652	1,328
Deferred tax assets	20,190	20,712	25,463	19,467	14,023
Defined benefit asset	6,598	2,178	2,129	1,539	523
Non-current assets	**592,285**	**595,306**	**596,130**	**611,599**	**554,047**
Inventories	143,560	111,913	105,296	114,389	111,207
Trade receivables	142,598	95,902	53,061	67,255	90,743
Related party vendor note and other receivables	30,590	96,615	24,980	81,484	103,504
Derivative assets	463	911	1,173	304	533
Current tax assets	6,770	234	499	989	1,799
Cash and cash equivalents	32,167	11,862	55,012	12,642	14,488
Current assets	**356,148**	**317,437**	**240,020**	**277,064**	**322,273**
TOTAL ASSETS	**948,433**	**912,743**	**836,151**	**888,662**	**876,318**
EQUITY AND LIABILITIES					
Equity					
Share capital	3	3	3	3	3
Fund of invested unrestricted equity	482,850	498,690	497,505	513,964	491,613
Other reserves	-4,566	-7,128	-7,032	-609	-1,483
Retained earnings	32,274	1,492	201	-10,391	-14,491
Net profit for the period	27,400	17,655	24,854	13,749	-
Equity attributable to owners of the Company	**537,961**	**510,712**	**515,532**	**516,716**	**475,641**
Non-controlling interests	1,761	1,602	1,755	1,333	1,659
Total equity	**539,722**	**512,314**	**517,287**	**518,050**	**477,300**
Liabilities					
Loans and borrowings	7,791	40,159	-	30,191	62,949
Lease liabilities	34,782	34,622	29,729	33,517	31,118
Defined benefit liabilities	23,156	27,859	28,528	26,057	26,282
Other payables	1,175	1,270	1,248	1,423	1,489
Provisions	6,709	3,021	7,315	4,609	5,556
Deferred tax liabilities	5,482	2,545	3,869	3,991	6,228
Total non-current liabilities	**79,095**	**109,476**	**70,689**	**99,788**	**133,621**
Loans and borrowings	100,138	115,975	94,487	110,131	98,985
Lease liabilities	2,079	1,803	5,943	6,029	5,031
Trade and other payables	212,856	164,487	141,627	148,089	158,830
Derivative liabilities	1,213	1,262	972	662	712
Provisions	6,264	2,840	1,177	2,452	472
Current tax liabilities	7,066	4,587	3,968	3,464	1,368
Total current liabilities	**329,616**	**290,953**	**248,175**	**270,826**	**265,397**
Total liabilities	**408,711**	**400,430**	**318,864**	**370,614**	**399,018**
TOTAL EQUITY AND LIABILITIES	**948,433**	**912,743**	**836,151**	**888,662**	**876,318**

Consolidated Statement of Cash Flows

In EUR thousand	1 January to 30 September		For the year ended 31 December	
	2021	2020	2020	2019
	IFRS (unaudited)		IFRS (audited)	
Cash Flow from operating activities				
Profit for the period	27,856	17,924	25,276	13,874
Adjustments:				
Depreciation, amortisation and impairment losses	23,438	22,168	29,688	26,336
Gain on sale of property plant and equipment	-456	-46	-134	-351
Share-based payments	1,118	1,048	2,137	417
Finance income and expenses	5,855	8,315	10,107	11,754
Income tax expenses	11,633	3,504	6,650	2,049
Other non-cash expenses	-2,502	2,801	-	-124
Cash flow before change in net working capital	**66,942**	**55,714**	**73,724**	**53,955**
Changes in net working capital:				
Inventories	-35,296	-57	4,941	-2,082
Trade and other receivables	-89,378	-32,531	9,350	34,480
Trade and other payables	70,222	22,175	2,886	-16,161
Provisions and employee benefits	6,192	-	-1,118	-107
Interest paid	-6,135	-10,568	-12,507	-12,562
Interest received	281	2,252	1,619	1,841
Income taxes paid, net	-9,658	-6,471	-9,963	-8,315
Net cash from operating activities	**3,170**	**30,514**	**68,931**	**51,049**
Cash flow from investing activities				
Proceeds from sale of property plant and equipment	702	-	705	1,441
Purchases of property, plant and equipment	-7,982	-7,281	-11,604	-31,163
Payment of deferred consideration for business acquisition	-4,510	-	-	-3 430
Net cash from (used in) investing activities	**-11,790**	**-7,281**	**-10,899**	**-33,152**
Cash flow from financing activities				
Proceeds from long-term borrowings from related party	-	-	-	15,816
Repayment of long-term borrowings to related party	-	-	-30,192	-33,757
Increase of equity	308	-	-	472
Repayment of lease liabilities	-7,316	-7,029	-9,445	-8,559
Dividends and group contributions paid to related party	-15,413	-14,976	-14,976	-4,151
Proceeds from short-term borrowings	-	-	1,226	-
Repayment of the short-term loans	-2,350	-	-	-
Proceeds from long-term borrowings from related party	10,191	-	89,000	10,386
Repayments of short-term borrowings to related party	-	-1,569	-50,128	-
Net cash from (used in) financing activities	**-14,580**	**-23,574**	**-14,515**	**-19,793**
Net increase/decrease in cash and cash equivalents	**-23,201**	**-341**	**43,517**	**-1,898**
Cash and cash equivalents as at 1 January	**55,012**	**12,642**	**12,642**	**14,488**
Cash movement	-23,201	-341	43,517	-1,898
Impact of change in exchange rates	356	-439	-1,147	51
Cash and cash equivalents at end of the period	**32,167**	**11,862**	**55,012**	**12,642**

In EUR thousand	9 April to 31 December 2018 FAS (audited)
Cash flow from operating activities	
Result for the period	-10,751
Adjustments:	
Business transactions with no cash flow, as well as transfers to other cash flows	
Depreciation, amortisation and impairment	21,372
Other	-466
Non-cash transactions and transfers to cash flow from other activities, total	**20,906**
Interest and other financial income and expense	17,584
Taxes	5,658
Changes in net working capital:	
Change in long-term other receivables	-693
Change in trade receivables	43,140
Change in inventories	18,965
Change in trade payables	-11,328
Change in other receivables	-12,889
Change in other liabilities	-409
Received interests	1,162
Paid interests	-7,237
Other financial items, net	-451
Paid income taxes	-4,660
Net cash flow from operating activities	**58,997**
Cash flow from investing activities	
Purchases of property, plant and equipment	-19,083
Purchases of intangible assets	-635
Proceeds from sale of property, plant and equipment	-19
Acquired shares in subsidiaries and related parties	-5,993
Divestments of other investments	2,035
Net cash from investing activities	**-23,695**
Cash flow from financing activities	
Proceeds from loans and borrowings	3,809
Net change in current loans and borrowings	-16,244
Net change in cash pool	-19,253
Issue of shares	1,490
Payments of finance lease liabilities	-533
Net cash from financing activities	**-30,730**
Net change in cash and cash equivalents	**4,571**
Cash and cash equivalents at the beginning of the financial year	7,287
Effect of exchange rates on cash and cash equivalents	2,629
Cash and cash equivalents at the end of the financial year	**14,488**

Financial key figures

In EUR thousand unless otherwise indicated	As at and for the nine months ended 30 September		As at and for the year ended 31 December		As at 1 January and for the period 9 April to 31 December
	2021	2020	2020	2019	2018
	IFRS (unaudited)		IFRS (unaudited, unless otherwise indicated)		FAS/IFRS[2]
Net sales	620,981	485,123	671,178[1]	696,797[1]	405,746 [1]
Net sales growth	28.0 %	-5.6 %	-3.7 %	n/a	n/a
EBIT	45,344	33,056	42,028[1]	27,896[1]	942[1]
EBIT margin	7.3 %	6.8 %	6.3 %	4.0 %	0.2 %
EBITDA	68,781	55,225	71,938	54,232	22,315
EBITDA margin	11.1 %	11.4 %	10.7 %	7.8 %	5,5 %
Adjusted EBITDA	81,296	61,211	85,120	65,409	34,017
Adjusted EBITDA margin	13.1 %	12.6 %	12.7 %	9.4 %	8.4 %
EBITA	47,529	35,196	44,944	29,217	12,564
EBITA margin	7.7 %	7.3 %	6.7 %	4.2 %	3.1 %
Adjusted EBITA	60,043	41,183	58,126	40,394	24,266
Adjusted EBITA margin	9.7 %	8.5 %	8.7 %	5.8 %	6.0 %
Profit before tax	39,489	24,742	31,921[1]	15,923[1]	-16,645[1]
Profit for the period	27,856	17,924	25,276[1]	13,874[1]	-10,751[1]
Earnings per share, EUR	2.48	1.59	2.25[1]	1.36[1]	n/a
Cash flow from operating activities	3,170	30,514	68,931[1]	51,049[1]	58,997[1]
Net working capital	96,061	61,206	33,464	54,149	74,952
Capex	7,982	7,281	11,604	34,593	19,718
Acquisitions (M&A)	-4,510	-	-	-3,430	5,993
Adjusted operating cash flow for the last 12 months	58,045	78,869	94,201	55,049	n/a
Cash conversion	55.2 %	99.8 %	110.7 %	84.2 %	n/a
Cash and cash equivalents	32,167	11,862	55,012[1]	12,642[1]	14,488[1]
Operative capital employed	291,382	267,047	235,616	277,985	247,962
Return on operative capital employed	18.6 %	15.6 %	17.8 %	10.0 %	0.4 %
Net debt	112,623	180,697	75,148	167,226	183,557
Net debt/Adjusted EBITDA	1.1	2.3	0.9	2.6	n/a
Equity/Asset ratio	56.7 %	56.0 %	61.7 %	58.1 %	54.3 %
Return on equity	6.6 %	4.6 %	4.8 %	2.8 %	n/a

[1] Audited

[2] Purmo Group was incorporated on 9 April 2018, and the Group was formed on 1 June 2018 when Purmo Group acquired from Rettig Group the shares in Rettig ICC B.V. that owned the Purmo business, and as such, Purmo Group's consolidated FAS financial statements for the financial period from 9 April 2018 to 31 December 2018 include Purmo Group's business operations for a seven-month period from the date of acquisition to year-end 2018. The consolidated income statement information for the financial period from 9 April 2018 to 31 December 2018 presented in this Prospectus has been derived from Purmo Group's audited consolidated financial statements prepared in accordance with Finnish accounting standards. Balance sheet information is based on the opening IFRS balance sheet as at 1 January 2019 reported under IFRS.

The definitions and reasons for the use of Financial Key Indicators:

Key figure	Definition	Reason for the 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, costs that have been incurred in connection with the formation of Purmo Group and costs incurred to achieve stand-alone readiness which will not continue post-Merger as well as costs incurred as a result of Rettig Group's ownership comprising of management fees and Rettig Group's legacy incentive plans in addition to other one-off costs such as legal claims or significant out-of-period adjustments and exceptional gains and losses on sale of fixed assets.	Comparability adjustments account for items that have been adjusted due to specific events that otherwise affect comparability between different periods. Provides a better understanding to management and investors of the comparable operating activities. Adjusted EBITDA, adjusted EBITDA margin, Adjusted EBITA and Adjusted EBITA margin are presented in addition to EBIT, EBITDA and EBITA to reflect the underlying business performance by adjusting for items that the Group considers to impact comparability ("Comparability adjustments").
Adjusted EBITDA	EBITDA before comparability adjustments	
Adjusted EBITDA margin	Adjusted EBITDA as per centage of net sales	
Adjusted EBITA	EBITA before comparability adjustments	
Adjusted EBITA margin	Adjusted EBITA as per centage of net sales	
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.
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 for each financial period.	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.	Acquisitions 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
Adjusted operating cash flow for the last 12 months	Adjusted EBITDA on a rolling twelve-month basis deducted with the change in net working capital and capex on a rolling twelve-month 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.
Operative capital employed	Net working capital, other intangible assets, property, plant and equipment, and right-of-use assets.	Capital employed presents the total investment in the Group's business operations.

Key figure	Definition	Reason for the use
Return on operative capital employed	EBIT based on a rolling twelve-month calculation divided by operative 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 attributed to the owners of the company divided by total assets derived from the IFRS consolidated financial statements.	The ratio is a useful indicator to measure how much of the Group's assets are funded by issuing shares rather than through external borrowings.
Return on equity	Group's profit for the period attributable to the owners of the Parent based on a rolling twelve-month calculation divided by the average total equity attributable to owners of the Company.	Shows owners the return on their invested capital

Reconciliation of Alternative Performance Measures

Reconciliation of EBITA, Adjusted EBITA, EBITDA and Adjusted EBITDA:

In EUR thousand	For the nine months ended 30 September		For the year ended 31 December		For the period 9 April to 31 December
	2021	2020	2020	2019	2018
	IFRS (unaudited)		IFRS (unaudited, unless otherwise indicated)		FAS
EBIT	**45,344**	**33,056**	**42,028[1)]**	**27,896[1)]**	**942[1)]**
EBIT margin	*7.3 %*	*6.8 %*	*6.3 %*	*4.0 %*	*0.2 %*
Amortisation	2,185	2,140	2,916[1)]	1,321[1)]	11,622[1)]
EBITA	**47,529**	**35,196**	**44,944**	**29,217**	**12,564**
EBITA margin	*7.7 %*	*7.3 %*	*6.7 %*	*4.2 %*	*3.1 %*
Depreciation	21,252	20,029	26,994[1)]	25,015[1)]	9,751[1)]
EBITDA	**68,781**	**55,225**	**71,938**	**54,232**	**22,315**
EBITDA margin	*11.1 %*	*11.4 %*	*10.7 %*	*7.8 %*	*5,5 %*
Comparability adjustments					
M&A related transaction and integration costs	22	172	382	1,495	730
Restructuring costs and one-off costs related to efficiency programmes	8,609	3,150	7,813	3,770	4,238
Formation of Purmo Group and standalone preparations	2,868	1,046	1,978	1,271	-
Management fee to owners and legacy Rettig Group incentive plans	1,365	1,619	2,873	4,593	5,157
Other	-350	-	136	48	1,577
Total adjustments	**12,514**	**5,987**	**13,182**	**11,177**	**11,702**
Adjusted EBITDA	**81,296**	**61,211**	**85,120**	**65,409**	**34,017**
Adjusted EBITDA margin	*13.1 %*	*12.6 %*	*12.7 %*	*9.4 %*	*8.4 %*
Depreciation	21,252	20,029	26,994[1)]	25,015[1)]	9,751[1)]
Adjusted EBITA	**60,043**	**41,183**	**58 126**	**40,394**	**24,266**
Adjusted EBITA margin	*9.7 %*	*8.5 %*	*8.7 %*	*5.8 %*	*6.0 %*

1) Audited

Reconciliation of Adjusted Operating Cash Flow for the last 12 months and Cash Conversion:

In EUR thousand	As at and for the nine months ended 30 September		As at and for the year ended 31 December	
	2021	2020	2020	2019
	IFRS (unaudited)		IFRS (unaudited, unless otherwise indicated)	
Adjusted EBITDA for the last 12 months	**105,204**	**79,020**	**85,120**	**65,409**
Change in net working capital compared to previous year same period	-34,855	16,729	20,685	20,803
Capex for the last 12 months	-12,305	-16,880	-11,604	-31,163
Adjusted operating cash flow for the last 12 months	**58,045**	**78,869**	**94,201**	**55,049**
Cash conversion	**55.2 %**	**99.8 %**	**110.7 %**	**84.2 %**

Reconciliation of Net working capital, operative capital employed and return on capital employed:

In EUR thousand	As at 30 September 2021	As at 30 September 2020	As at 31 December 2020	As at 31 December 2019
	IFRS (unaudited)		IFRS (unaudited, unless otherwise indicated)	
Inventories	143,560	111,913	105,296[1]	114,389[1]
Operative receivables[2]	164,217	113,409	70,681	84,966
Operative liabilities[3]	211,717	164,116	142,513	145,206
Net working capital	96,061	61,206	33,464	54,149
Other intangible assets	36,232	38,389	37,990[1]	39,648[1]
Property, plant and equipment	127,400	134,943	133,292[1]	148,395[1]
Right-of-use assets	31,689	32,510	30,870[1]	35,793[1]
Operative capital employed	**291,382**	**267,047**	**235,616**	**277,985**
EBIT for the last 12 months	54,315	41,034[4]	42,028	27,896
Return on operative capital employed	**18.6 %**	**15.4 %**	**17.8 %**	**10.0 %**

[1] Audited

[2] On 30 September 2021, operative receivables include trade receivables and EUR 21,143 thousand (30 September 2020: EUR 17,005 thousand, 2020: EUR 17,134 thousand, 2019: 17,169 thousand) other current operative receivables included in related party vendor note and other receivables and EUR 476 thousand (30 September 2020: 502 thousand, 2020: EUR 487 thousand, 2019: 543 thousand) non-current in other receivables.

[3] On 30 September 2021, operative liabilities include EUR 210,543 thousand (30 September 2020: EUR 162,842 thousand, 2020: EUR 141,266 thousand, 2019: 143,783 thousand) operative liabilities included in trade and other payables and EUR: 1,174 thousand (30 September 2020: 1,274 thousand, 2020: EUR 1,247 thousand, 2019: 1,423 thousand) non-current operative liabilities included in other payables.

[4] The cumulative EBIT for the last 12 months as at 30 September 2020 includes EUR 7,978 thousand of EBIT for the last quarter of 2019.

Reconciliation of Net debt:

In EUR thousand	As at 30 September 2021	As at 30 September 2020	As at 31 December 2020	As at 31 December 2019	As at 1 January 2019
	IFRS (unaudited)		IFRS (audited unless otherwise indicated)		IFRS
Loans and borrowings (non-current)	7,791	40,159	-	30,191	62,949
Loans and borrowings (current)	100,138	115,975	94,487	110,131	98,947
Lease liabilities (non-current)	34,782	34,622	29,729	33,517	31,118
Lease liabilities (current)	2,079	1,803	5,943	6,029	5,031
Cash and cash equivalents	-32,167	-11,862	-55,012	-12,642	-14,488
Net debt	**112,623**	**180,697**	**75,148[1]**	**167,226[1]**	**183,557[1]**

[1] Unaudited

Reconciliation of Net debt / Adjusted EBITDA:

In EUR thousand	As at and for the nine months ended 30 September		As at and for the year ended 31 December	
	2021	2020	2020	2019
	IFRS (unaudited)		IFRS (unaudited)	
Net debt	112,623	180,697	75,148	167,226
Adjusted EBITDA for the last 12 months	105,204	79,020[1]	85,120	65,409
Net debt/Adjusted EBITDA	**1.1**	**2.3**	**0.9**	**2.6**

[1] The cumulative Adjusted EBITDA for the last 12 months as at 30 September 2020 includes EUR 17,809 thousand of Adjusted EBITDA for the last quarter of 2019.

Reconciliation of Equity/Asset ratio:

In EUR thousand	As at 30 September		As at 31 December		As at 1 January
	2021	2020	2020	2019	2019
	IFRS (unaudited)		IFRS (audited, unless otherwise indicated)		IFRS
Equity attributable to owners of the Company	537,961	510,712	515,532	516,716	475,703
Total assets	948,433	912,743	836,151	888,662	877,014
Equity/Asset ratio	**56.7%**[1]	**56.0%**[1]	**61.7%**[1]	**58.1%**[1]	**54.2%**[1]

[1] Unaudited

Reconciliation of Return on Equity:

In EUR thousand	As at and for the nine months ended 30 September		As at and for the year ended 31 December	
	2021	2020	2020	2019
	IFRS (unaudited)		IFRS (audited, unless otherwise indicated)	
The cumulative last 12 month profit attributable to owners of the Company[2]	34,600	23,461	24,854	13,750
Equity attributable to owners of the Company beginning of period	515,532	516,716	516,716	475,641
Equity attributable to owners of the Company end of period	537,961	510,712	515,532	516,716
Equity attributable to owners of the Company average	**526,746**[1]	**513,713**[1]	**516,123**[1]	**496,179**[1]
Return on equity	**6.6%**[1]	**4.6%**[1]	**4.8%**[1]	**2.8%**[1]

[1] Unaudited

[2] Cumulative last 12 month profit for the period attributed owners of the Company as at 30 September 2021 includes EUR 5,806 thousand profit for the period attributed to owners of the Company for the last quarter of 2019.