

## Statement of the Board of Directors of Purmo Group Plc regarding the voluntary recommended public cash tender offer by Project Grand Bidco (UK) Limited

PURMO GROUP PLC TENDER OFFER May 10, 2024 at 11:40 EEST

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On April 26, 2024, Project Grand Bidco (UK) Limited (the "**Offeror**") announced that it will make a voluntary recommended public cash tender offer (the "**Tender Offer**") for all of the issued and outstanding shares in Purmo Group Plc ("**Purmo**" or the "**Company**").

The Board of Directors of the Company (the "**Purmo Board**") has decided to issue the statement below regarding the Tender Offer as required by the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**").

### Tender Offer in Brief

The Offeror is a special purpose vehicle incorporated and existing under the laws of England and Wales that will be indirectly owned by a consortium formed for purposes of the Tender Offer of (i) certain affiliated funds (the "**Apollo Funds**") of Apollo Global Management, Inc. and its subsidiaries, (together, "**Apollo**") and (ii) Rettig Oy Ab ("**Rettig**", and together with Apollo Funds, the "**Consortium**"). As at the date of this statement, the Offeror is indirectly owned by Project Grand Topco (UK) Limited, which is a private limited company incorporated under the laws of England and Wales. Project Grand Topco (UK) Limited was incorporated to be the holding company in the acquisition structure and is currently indirectly owned by Apollo Funds. It is expected that immediately prior to the completion of the Tender Offer and the cash investments to be made by the Consortium members, Apollo Funds will own 80.00 per cent and Rettig indirectly 20.00 per cent of the shares in Project Grand Topco (UK) Limited.

The Offeror and Purmo have, on April 26, 2024, entered into a combination agreement (the "**Combination Agreement**") pursuant to which the Offeror will make the Tender Offer for all of the issued and outstanding shares in Purmo.

As at the date of this statement, Purmo has 42,677,930 issued Shares, which all are outstanding and none of the Shares are held by the Company. As at the date of this statement, 41,112,713 of the Shares are class C Shares (the "**C Shares**" or individually, a "**C Share**") and 1,565,217 are class F Shares (the "**F Shares**" or individually, an "**F Share**") (the C Shares and the F Shares together the "**Shares**" or, individually, a "**Share**"). As at the date of this statement, Rettig holds 26,373,971 C Shares, representing approximately 61.80 per cent of all Shares and votes in Purmo. As at the date of this statement, neither the Offeror nor Apollo holds any Shares. All of the F Shares are held directly by Virala Corporation ("**Virala**"), the founder of the special purpose acquisition company (SPAC), Virala Acquisition Company Plc, which was listed on the official list of Nasdaq Helsinki Ltd. ("**Nasdaq Helsinki**") and which merged with Purmo on December 31, 2021. In total, Virala, which is not a member of the Consortium, but has subject to certain customary conditions undertaken to sell its Shares in the Tender Offer (as described in more detail below), holds directly 6,471,739 Shares, representing approximately 15.16 per cent of all Shares and votes in Purmo; including 100 per cent of all the F Shares in Purmo.

The Offeror has reserved the right to acquire, or enter into arrangements to acquire, C Shares during and/or after the offer period (including any extension thereof and any subsequent offer period) in public trading on Nasdaq Helsinki or otherwise outside the Tender Offer, to the extent permitted by applicable laws and regulations.

The Tender Offer will be made in accordance with the terms and conditions to be included in the tender offer document expected to be published by the Offeror on or about May 16, 2024 (the “**Tender Offer Document**”).

### ***The Offer Prices***

The Tender Offer was announced with an offer price of:

- EUR 9.91 in cash for each C Share not held by Rettig (14,738,742 Shares),
- EUR 8.91 in cash for each C Share held by Rettig (26,373,971 Shares),
- EUR 9.91 in cash for each F Share currently eligible for conversion into C Share in accordance with the articles of association of the Company (293,478 Shares); and
- EUR 6.00 for each F Share currently ineligible for conversion into C Share (1,271,739 Shares)

validly tendered in the Tender Offer (each an “**Offer Price**” and all “**Offer Prices**”), subject to any adjustments as set out below.

All C Shares are traded on the official list of Nasdaq Helsinki, while F Shares are not subject to public trading. The EUR 9.91 Offer Price in cash for each C Share not held by Rettig represents a premium of approximately:

- 32.1 per cent compared to EUR 7.50, i.e. the closing price of the Purmo share on Nasdaq Helsinki on April 25, 2024, the last trading day immediately preceding the announcement of the Tender Offer;
- 41.3 per cent compared to EUR 7.01, i.e. the three-month volume-weighted average trading price of the Purmo share on Nasdaq Helsinki immediately preceding the announcement of the Tender Offer; and
- 47.6 per cent compared to EUR 6.71, i.e. the six-month volume-weighted average trading price of the Purmo share on Nasdaq Helsinki immediately preceding the announcement of the Tender Offer.

The Tender Offer values Purmo’s total equity at approximately EUR 392 million.

The Offer Prices have been determined based on 42,677,930 issued Shares, of which 41,112,713 are C Shares and 1,565,217 are F Shares. Should the Company change the number of its Shares on the date hereof as a result of a new issue, reclassification, stock split (including a reverse split) or any other similar measure (“**Dilutive Measure**”), or should the Company distribute any dividends or otherwise distribute funds or any other assets to its shareholders, or if a record date with respect to any of the foregoing occurs after the date hereof and prior to the settlements of the completion trades, the Offer Prices shall be reduced accordingly to account for such distribution or Dilutive Measure. Any reduction on account of a distribution of funds or assets on the C Shares or F Shares shall be applied in respect of the C Share Offer Price on a euro-for-euro basis for the distribution made for each share class, and any reduction on account of a Dilutive Measure shall be applied proportionally among the Offer Prices.

### ***Irrevocable undertakings***

Rettig, which is part of the Consortium and holds C Shares, representing approximately 61.80 per cent of all Shares and votes in Purmo, has in a consortium agreement with Apollo (the “**Consortium Agreement**”) undertaken to sell its C Shares to the Offeror in connection with the Tender Offer, subject to certain customary conditions. Rettig’s undertaking may be terminated among other terms in the event that the Offeror withdraws the Tender Offer, or in the event that a competing offer is announced by a third party with a consideration of at least ten (10) per cent higher than the average offer price in the Tender Offer weighted based on the price and number of Shares across the C Shares and F Shares, i.e. on average EUR 10.09 per share across all Shares, and that such competing offer is not subject to any outstanding due diligence, and the Offeror does not within a certain period of time match or exceed the consideration offered in such competing tender offer and the Company’s Board of Directors has recommended, publicly supported, or confirmed that it will recommend such competing offer.

In addition, Virala, Ahlström Invest B.V., Oy Hammarén & Co Ab, Merimieseläkekassa, Oy Julius Tallberg Ab, Oy G.W. Sohlberg Ab, Belgrano Inversiones Oy, Föreningen Konstsamfundet r.f., Turret Oy Ab, Aipa Invesco AB, Chilla Capital S.A., Svenska litteratursällskapet i Finland rf, Varma Mutual Pension Insurance Company, Binx Management Ab, Fennia Mutual Insurance Company, John Peter Leesi, CEO of the Company, Jan-Elof Cavander, CFO of the Company, Erik Hedin, COO of the Company, Linda Currie, Chief People Officer of the Company, Mike Conlon, President, Climate Solutions Division of the Company and Barry Lynch, President, Climate Products & Systems Division of the Company, representing together with the undertaking of Rettig approximately 89.8 percent of Shares and votes in Purmo have irrevocably undertaken to accept the Tender Offer. These irrevocable undertakings may be terminated among other terms in the event that the Offeror withdraws the Tender Offer, or in the event that a competing offer is announced by a third party with a consideration of at least 10 per cent higher than the Offer Prices based on the average offer price weighted based on the price and number of shares in the Company across the share classes, i.e., the offer price on average is equal to or exceeds EUR 10.09 per share across all Shares, the Offeror does not within a certain period of time match or exceed the consideration offered in such competing tender offer and the Company's Board of Directors has recommended such competing offer.

### ***Conditions to completion***

The completion of the Tender Offer is subject to the satisfaction or waiver by the Offeror of certain customary conditions on or prior to the Offeror's announcement of the final results of the Tender Offer including, among others, that approvals by all necessary authorities have been received (or where applicable, the waiting periods have expired) and the Offeror having gained control to more than 90 per cent of the Shares and votes in the Company calculated in accordance with Chapter 18 Section 1 of the Finnish Limited Liability Companies Act (624/2006, as amended, the "**Finnish Companies Act**").

The Offeror has received equity commitment letters from the Apollo Funds and Rettig Investment AB. Grand Bidco (Finland) Oy ("**Finco**") has received debt commitments (and interim debt commitments), as evidenced in debt commitment letters addressed to Finco. In each case, the equity and debt commitment letters are to finance the Tender Offer at completion and compulsory redemption proceedings, the refinancing of certain debt of Purmo, and (in the case of the equity commitment letters) the payment of certain agreed termination fee by the Offeror, if any. It is intended that Finco will assign its rights or transfer its rights and obligations under the debt commitment letters to the Offeror. The Offeror's obligation to complete the Tender Offer is not conditional upon availability of financing (assuming that all the conditions to completion of the Tender Offer are satisfied or waived by the Offeror). The debt financing has been committed by certain banks on a customary European "certain funds" basis.

The offer period under the Tender Offer is expected to commence on or about May 17, 2024, and to expire on or about June 20, 2024, unless the Offeror extends the offer period in order to satisfy the conditions to completion of the Tender Offer, including, among others, receipt of all necessary regulatory approvals (or expiry of regulatory waiting periods, as the case may be). The Tender Offer is currently expected to be completed at the end of the second quarter or in the beginning of the third quarter of 2024.

As announced in connection with the publication of the Tender Offer, the Combination Agreement includes customary provisions whereby the Purmo Board retains the right to withdraw, modify, cancel or amend and take actions contradictory to its recommendation to shareholders to accept the Tender Offer in order to comply with its mandatory fiduciary duties in case of receipt of a competing offer or a competing proposal, which the Purmo Board has determined in good faith, after receiving written advice from reputable external legal counsel and financial advisor(s) and after consultation with the Offeror (but without any obligation to adhere to the views of the Offeror), to constitute a superior proposal or offer when considered as a whole (including from financial and deliverability points of view) to the Offeror's Tender Offer if made public, provided that the Purmo Board has (i) complied with its obligations in the Combination Agreement to not solicit or pursue competing transactions concerning the Company or that would otherwise compete or frustrate the Tender Offer, (ii) ceased and caused termination of any possible discussions or negotiations related to a competing proposal by the Company prior to entering into the Combination Agreement, (iii) notified the Offeror of the Company's receipt of the competing offer or competing proposal, (iv) in good faith

provided the Offeror with an opportunity to negotiate with the Purmo Board about matters arising from the competing offer or competing proposal, and (v) given the Offeror at least seven (7) business days from the date of publishing the competing offer or from the date of the Offeror having been informed in writing of a serious competing proposal and its material terms to enhance its Tender Offer as contemplated by the Combination Agreement. If the Offeror has been afforded a matching right in connection with a competing proposal, it will not be afforded a new matching right if the competing proposal leads to a competing offer without any revisions to its material terms and conditions.

The Purmo Board has seen it appropriate to agree to the non-solicitation undertaking, based on its assessment of the terms and conditions of the Tender Offer (both from financial and deliverability points of view), the irrevocable undertakings provided by the Company's significant shareholders to the Offeror, and also considering that the non-solicitation undertaking does not prevent the Purmo Board from complying with its fiduciary duties in a situation in which the Purmo Board has received a competing proposal or competing offer, or from complying with the applicable regulation otherwise.

### **Background for the Statement**

Pursuant to the Finnish Securities Markets Act and the Helsinki Takeover Code issued by the Finnish Securities Market Association (the "**Helsinki Takeover Code**"), the Purmo Board must issue a public statement regarding the Tender Offer.

The statement must include a well-founded assessment of the Tender Offer from the perspective of Purmo and its shareholders as well as of the strategic plans presented by the Offeror in the Tender Offer Document and their likely effects on the operations of, and employment at, Purmo.

For the purposes of issuing this statement, the Offeror has submitted to the Purmo Board a draft version of the Finnish language Tender Offer Document in the form in which the Offeror has filed it with the Finnish Financial Supervisory Authority for approval on May 8, 2024 (the "**Draft Tender Offer Document**").

In preparing its statement, the Purmo Board has relied on information provided in the Draft Tender Offer Document by the Offeror and certain other information provided by the Offeror and has not independently verified this information. Accordingly, the Purmo Board's assessment of the consequences of the Tender Offer on Purmo's business and employees should be treated with caution.

### **Assessment Regarding Strategic Plans Presented by the Offeror in the Draft Tender Offer Document and Their Likely Effects on the Operations of, and Employment at, Purmo**

#### ***Information Given by the Offeror in the Draft Tender Offer Document***

The Purmo Board has assessed the Offeror's strategic plans based on the statements made in the Company's and the Offeror's announcement regarding the Tender Offer announced on April 26, 2024, and the Draft Tender Offer Document.

Apollo has actively been following Purmo's development during the last 18 months, and while the products, market position and transformation executed to date are highly impressive, the Consortium believes that the Company's ownership structure and balance sheet in combination with the public company setting hold Purmo back from realising its full potential including the ability to execute on targeted M&A opportunities. The Consortium believes that a period of private ownership can expedite the execution of Purmo's strategy to become a leader in European indoor comfort solutions, supported by secular tailwinds from clean energy transition and focus on energy efficiency. Under the Consortium's ownership, Purmo's management would be able to focus their full attention on delivering long-term growth and value creation without the distraction imposed by being a public reporting company with a quarterly reporting cycle, supported by sufficient balance sheet strength and the capabilities of a reputable global private equity sponsor.

According to information provided by the Offeror, the Consortium is well-positioned to support the future development of the Company due to Apollo's patient, creative and knowledgeable approach to investing while aligning the interests of its clients, the businesses its funds invest in, their employees and the communities they impact, to expand opportunity and achieve positive outcomes. As a long-term builder of businesses, looking to partner with management teams and long-term shareholders for multiple years and invest in M&A and organic growth in its companies, the Apollo Funds have a history of investing globally in relevant end-markets and can thus bring industry expertise, relationships, as well as operational expertise and resources to the Company's business and development. The prominent participation of Rettig, the Company's largest and long-term shareholder, in the Consortium will add to industry expertise and ensure continuity with the Company's culture and history. Together, this investor partnership, in good co-operation with Purmo's employees, is, according to information provided by the Offeror, expected to bring along to the Company the appropriate long-term investment horizon, relationships and industrial expertise.

According to information provided by the Offeror, the completion of the Tender Offer is not expected to have any immediate material effects on the operations or assets, the position of the management or employees, or the business locations, of Purmo. However, as is customary, the Offeror intends to change the composition of the Purmo Board after the completion of the Tender Offer.

### ***Board Assessment***

The Purmo Board believes that the Consortium is well positioned to expedite the execution of Purmo's strategy supported by the green transition and support the long-term growth and value creation due to Apollo's considerable experience, current and past investments in the sector and its continued assessment of the Company. The Purmo Board believes that Rettig's participation in the Consortium as minority shareholder and its long-term ownership in Purmo will ensure continuity with the Company's culture and history. Consequently, the Purmo Board believes that the Consortium is equipped with relevant industrial expertise, local knowledge and adequate capital resources to expedite the execution of Purmo's strategy and support the long-term growth and value creation of the Company.

The Purmo Board considers that the information on the Offeror's strategic plans concerning Purmo included in the Draft Tender Offer Document is of a general nature. However, based on the information presented to Purmo and the Purmo Board, the Purmo Board believes that the completion of the Tender Offer is not expected to have any immediate material effects on the operations or assets, the position of the management or employees, or the business locations, of Purmo. However, as is customary, the Offeror intends to change the composition of the Purmo Board after the completion of the Tender Offer.

On the date of this statement, the Purmo Board has not received from Purmo's employees any formal statements as to the effects of the Tender Offer to the employment at Purmo.

### **Assessment Regarding Financing Presented by the Offeror in the Draft Tender Offer Document**

#### ***Information Given by the Offeror in the Draft Tender Offer Document***

The Purmo Board has assessed the Offeror's financing based on the below statements made in the Company's and the Offeror's announcement regarding the Tender Offer published on April 26, 2024, and the Draft Tender Offer Document. Furthermore, the Company's legal adviser Castrén & Snellman Attorneys Ltd has reviewed the Offeror's principal financing documents.

Pursuant to the Draft Tender Offer Document, the Offeror has received equity commitment letters from Apollo Funds and Rettig Investment AB. Finco has received debt commitments (and interim debt commitments), as evidenced in debt commitment letters addressed to Finco. In each case, the equity and debt commitment letters are to finance the Tender Offer at completion and compulsory redemption proceedings, the refinancing of certain debt of Purmo, and (in the case of the equity commitment letters) the payment of certain agreed termination fee by the Offeror, if any. It is intended that Finco will assign its rights or transfer its rights and obligations under the debt commitment letters to the Offeror. The Offeror's

obligation to complete the Tender Offer is not conditional upon availability of financing (assuming that all the Conditions to Completion (as defined below) of the Tender Offer are satisfied or waived by the Offeror). The debt financing has been committed by certain banks on a customary European “certain funds” basis.

### ***The Offeror’s Representations and Warranties in the Combination Agreement***

In the Combination Agreement, the Offeror represents and warrants to Purmo that the Offeror has access to capital in a sufficient amount, as evidenced in, together, (i) the equity commitment letters and (ii) the debt commitment letters, in each case, delivered to the Company prior to the execution of the Combination Agreement, to finance the payment of the aggregate Offer Price for all of the Shares in connection with the Tender Offer and in connection with the subsequent compulsory redemption proceedings thereafter and (with respect to the equity commitment letters) the possible payment of the termination fee by the Offeror. The Offeror’s obligation to complete the Tender Offer is not conditional upon availability of financing (assuming that all the conditions for the completion of the Tender Offer are otherwise satisfied (or waived by the Offeror)).

### ***Board Assessment on the Offerors financing***

Based on the information made available by the Offeror to the Company, the Offeror’s obligation to complete the Tender Offer is not conditional upon availability of financing (assuming that all the conditions to completion of the Tender Offer are otherwise satisfied or waived by the Offeror). The Purmo Board believes that the Offeror has secured necessary and adequate financing in sufficient amounts in the form of cash available under the equity and debt commitment letters with external financier on a customary European “certain funds” basis in order to finance the Tender Offer at completion and compulsory redemption proceedings, if any, in accordance with the requirement set out in Chapter 11, Section 9 of the Finnish Securities Markets Act and the possible payment of a termination fee by the Offeror pursuant to the Combination Agreement.

### **Assessment of the Tender Offer from the Perspective of Purmo and its Shareholders**

When evaluating the Tender Offer, analysing alternative opportunities available to Purmo and concluding on its statement, the Purmo Board has considered several factors, including, but not limited to, Purmo’s recent financial performance, current position and future prospects, the historical performance of the trading price of Purmo’s share and the conditions for the Offeror to complete the Tender Offer.

The Purmo Board’s assessment of continuing the business operations of Purmo as an independent company has been based on reasonable future-oriented estimates, which include various uncertainties, whereas the Offer Price and the premium included therein is not subject to any uncertainty other than the fulfilment of the conditions to completion of the Tender Offer.

Prior to entering into the Combination Agreement, the Purmo Board has together with its exclusive financial adviser, Danske Bank A/S, Finland Branch (“**Danske Bank**”) confidentially approached multiple other parties to explore their interest in Purmo in order to assess the potential for alternative options that could be superior to the Tender Offer. Based on this analysis, and after considering other factors, the Purmo Board has concluded that no alternative transaction options superior to the Tender Offer are currently available. As part of this assessment, the Purmo Board has analysed recent developments and other relevant transactions in Purmo’s operating segment, including the recently announced sale of climate division by Arbonia AG. The Purmo Board has observed that Purmo’s operating segment is undergoing consolidation. If this consolidation activity continues, there may be heightened interest in Purmo from parties actively driving the consolidation. Further, the Purmo Board has as part of negotiations with the Consortium required information on the terms at which Rettig may terminate its undertaking in the Consortium Agreement to sell its C Shares to the Offeror in connection with the Tender Offer. The Purmo Board notes that Rettig may terminate its undertaking under certain circumstances if a competing offer is announced by a third party (see “*Irrevocable Undertakings*” above).

In addition, the Purmo Board together with Danske Bank has prior to entering into the Combination Agreement confidentially discussed with certain large shareholders of Purmo (other than Rettig and Virala) to obtain their views on the Tender Offer as well as their view on Purmo remaining an independent listed company. Several of the largest shareholders in the Company (other than Rettig and Virala) have indicated to the Purmo Board their support for pursuing the Tender Offer.

The Purmo Board received a fairness opinion, dated April 26, 2024, from Purmo's exclusive financial adviser, Danske Bank, to the effect that, as of the date of such fairness opinion, the Offer Price to be paid to holders of C Shares (other than those held by Rettig) pursuant to the Tender Offer, was fair, from a financial point of view, to such holders, which fairness opinion was based upon and subject to the assumptions made, procedures followed, matters considered and limitations and qualifications on the review undertaken as more fully described in such fairness opinion (the "**Fairness Opinion**"). The complete Fairness Opinion is attached as [Appendix 1](#) to this statement.

Having carefully assessed the terms and conditions of the Tender Offer, including but not limited to, the preconditions set by the Offeror for launching the Tender Offer and the terms and conditions entitling Rettig to terminate the Consortium Agreement and other shareholders to terminate the irrevocable undertakings, the Purmo Board has concluded that entering into the Combination Agreement, including a customary non-solicitation clause and a customary termination fee for both the Offeror and the Company, enables the Offeror's attractive offer and is and continues to be in the best interests of the shareholders of Purmo. Purmo's non-solicitation undertaking does not prevent the Purmo Board from complying with its fiduciary duties in a situation in which the Purmo Board has received a non-solicited competing proposal or competing offer, or from complying with applicable regulation otherwise.

#### ***Board assessment***

The Purmo Board believes that the EUR 9.91 in cash for each C Share not held by Rettig, EUR 9.91 in cash for each F Share currently eligible for conversion into C Shares and EUR 6.00 for each F Share currently ineligible for conversion into C Shares offered as consideration by the Offeror to the shareholders are fair to the shareholders based on its assessment of the matters and factors, which the Purmo Board has concluded to be material in evaluating the Tender Offer. These matters and factors include, but are not limited to:

- the information and assumptions on the business operations and financial condition of Purmo as at the date of this statement and their expected future development, including an assessment of expected risks and opportunities related to the implementation and execution of Purmo's current strategy;
- the Offer Prices for the C Shares (other than those held by Rettig) and F Shares and premiums offered for the C Shares (other than those held by Rettig);
- the Consortium Agreement and the irrevocable undertakings granted by Rettig, Virala, Ahlström Invest B.V., Oy Hammarén & Co Ab, Merimieseläkekassa, Oy Julius Tallberg Ab, Oy G.W. Sohlberg Ab, Belgrano Inversiones Oy, Föreningen Konstsamfundet r.f., Turret Oy Ab, Aipa Invesco AB, Chilla Capital S.A., Svenska litteratursällskapet i Finland rf, Varma Mutual Pension Insurance Company, Binx Management Ab, Fennia Mutual Insurance Company, John Peter Leesi, CEO of the Company, Jan-Elof Cavander, CFO of the Company, Erik Hedin, COO of the Company, Linda Currie, Chief People Officer of the Company, Mike Conlon, President, Climate Solutions Division of the Company and Barry Lynch, President, Climate Products & Systems Division of the Company, and their terms (including the terms relating to the minimum offer prices and termination of the irrevocable undertakings);
- the liquidity and historical trading price of Purmo's C Shares;
- transaction certainty, and that the conditions of the Tender Offer are reasonable and customary;
- valuation multiples of Purmo's share compared to the industry multiples before the announcement of the Tender Offer;
- valuations and analysis made and commissioned by the Purmo Board as well as discussions with an external financial adviser;

- the views expressed by certain shareholders of Purmo on the Tender Offer and the option of Purmo remaining as an independent listed company; and
- the Fairness Opinion issued by Danske Bank.

In addition, the Purmo Board considers the Offer Price levels, participation of Purmo's long-term main shareholder in the Consortium and the shareholder support for the Tender Offer in the form of irrevocable undertakings to positively affect the ability of the Offeror to gain control of more than 90 percent of the Shares and, thereby, help successfully complete the Tender Offer.

The Purmo Board has concluded that the relevant business prospects of Purmo would provide opportunities for Purmo to develop its business as an independent company for the benefit of Purmo and its shareholders. However, taking into consideration the risks and uncertainties associated with such stand-alone approach as well as the terms and conditions of the Tender Offer included in the Draft Tender Offer Document, the Purmo Board has concluded that the Tender Offer is a favourable alternative for the shareholders.

### **Recommendation of the Purmo Board**

The Purmo Board has carefully assessed the Tender Offer and its terms and conditions based on the Draft Tender Offer Document, the Fairness Opinion, and other available information.

Based on the foregoing, the Purmo Board considers that the Tender Offer and the amount of the Offer Price are, under the prevailing circumstances, fair to Purmo's shareholders.

Given the above-mentioned viewpoints, the members of the Purmo Board that participated in the consideration and decision-making concerning the implications of the Tender Offer and this statement in Purmo unanimously recommend that the shareholders of Purmo accept the Tender Offer.

In evaluating the Tender Offer, the Purmo Board has taken into account that the Chair of the Purmo Board, Tomas von Rettig, and Vice Chair of the Purmo Board, Matts Rosenberg are closely associated with the member of the Consortium, Rettig. Further, the Purmo Board has taken into account that the member of the Purmo Board, Alexander Ehrnrooth, is closely associated with Virala. Upon receipt of a non-binding indicative proposal from the Consortium including also information on the irrevocable undertaking of Virala, Purmo Board resolved to establish a special ad hoc committee consisting of the non-conflicted members of the Purmo Board, Carina Edblad, Carlo Grossi, Jyri Luomakoski and Catharina von Stackelberg-Hammarén to assess the Tender Offer. The members of the ad hoc committee have held thirteen (13) formally scheduled meetings up to the issuance of this statement and have communicated actively with each other and the Company's legal and financial advisers also outside formal meetings in order to carefully assess the Tender Offer from the perspective of Purmo and its shareholders.

In accordance with the disqualification provisions of the Finnish Companies Act and the Helsinki Takeover Code, Tomas von Rettig, Matts Rosenberg and Alexander Ehrnrooth did not participate in any assessment or review of the implications of the Tender Offer by the Purmo Board or in any decision-making concerning the recommendation of the Purmo Board or the Combination Agreement. In line with the resolution of the Purmo Board, Tomas von Rettig and Matts Rosenberg have not participated in and have refrained from the work of the Purmo Board concerning the Tender Offer due to their material connections to and interests in the Offeror and Alexander Ehrnrooth has not participated in and has refrained from the work of the Purmo Board concerning the Tender Offer due to his material connections to and interests in Virala after the establishment of the independent ad-hoc committee.

### **Certain Other Matters**

The Purmo Board notes that the transaction may, as is common in such processes, involve unforeseeable risks.



The Purmo Board notes that the shareholders of Purmo should also take into account the potential risks related to non-acceptance of the Tender Offer. If the acceptance condition of more than 90 per cent of the Shares and votes is waived, the completion of the Tender Offer would reduce the number of Purmo's shareholders and the number of Shares, which would otherwise be traded on Nasdaq Helsinki. Depending on the number of Shares validly tendered in the Tender Offer, this could have an adverse effect on the liquidity and value of the Shares in Purmo. Furthermore, pursuant to the Finnish Companies Act, a shareholder that holds more than two-thirds of the shares and voting rights carried by the shares in a company has sufficient voting rights to decide upon certain corporate transactions, including, but not limited to, a merger of the company into another company, an amendment of the articles of association of the company, a change of domicile of the company and an issue of shares in the company in deviation from the shareholders' preemptive subscription rights.

Pursuant to Chapter 18 of the Finnish Companies Act, a shareholder that holds more than 90 per cent of all shares and votes in a company shall have the right to acquire and, subject to a demand by other shareholders, also be obligated to redeem the shares owned by the other shareholders. In such case, the Shares held by Purmo's shareholders, who have not accepted the Tender Offer, may be redeemed through redemption proceedings under the Finnish Companies Act in accordance with the conditions set out therein.

Purmo has undertaken to comply with the Helsinki Takeover Code referred to in Chapter 11, Section 28 of the Finnish Securities Markets Act.

This statement of the Purmo Board does not constitute investment or tax advice, and the Purmo Board does not specifically evaluate herein the general price development or the risks relating to the Shares in general. Shareholders must independently decide whether to accept the Tender Offer, and they should take into account all the relevant information available to them, including information presented in the Tender Offer Document and this statement as well as any other factors affecting the value of the Shares.

Purmo has appointed Danske Bank as its financial adviser and Castrén & Snellman Attorneys Ltd as its legal adviser in connection with the Tender Offer.

## **The Board of Directors of Purmo**

### Appendix 1: Fairness Opinion

#### **Investor and Media enquiries:**

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For further information, please visit the dedicated website at: <https://purmogroup.tenderoffer.fi/en>.

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#### **Information for shareholders of Purmo in the United States**

Shareholders of Purmo in the United States are advised that the Shares are not listed on a U.S. securities exchange and that Purmo is not subject to the periodic reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), and is not required to, and does not, file any reports with the U.S. Securities and Exchange Commission (the “**SEC**”) thereunder.

The Tender Offer will be made for the issued and outstanding shares of Purmo, which is domiciled in Finland, and is subject to Finnish disclosure and procedural requirements. The Tender Offer is made in the United States pursuant to Section 14(e) and Regulation 14E under the Exchange Act, subject to the exemption provided under Rule 14d-1(d) under the Exchange Act, and otherwise in accordance with the disclosure and procedural requirements of Finnish law, including with respect to the Tender Offer timetable, settlement procedures, withdrawal, waiver of conditions and timing of payments, which are different from those of the United States. In particular, the financial information included in this announcement has been prepared in accordance with applicable accounting standards in Finland, which may not be comparable to the financial statements or financial information of U.S. companies. The Tender Offer is made to Purmo’s shareholders resident in the United States on the same terms and conditions as those made to all other shareholders of Purmo to whom an offer is made. Any informational documents, including this announcement, are being disseminated to U.S. shareholders on a basis comparable to the method that such documents are provided to Purmo’s other shareholders.

To the extent permissible under applicable law or regulations, the Offeror and its affiliates or its brokers and its brokers’ affiliates (acting as agents for the Offeror or its affiliates, as applicable) may from time to time after the date of this stock exchange release and during the pendency of the Tender Offer, and other than pursuant to the Tender Offer, directly or indirectly purchase or arrange to purchase Shares or any securities that are convertible into, exchangeable for or exercisable for Shares. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. To the extent information about such purchases or arrangements to purchase is made public in Finland, such information will be disclosed by means of a press release or other means reasonably calculated to inform U.S. shareholders of Purmo of such information. In addition, the financial advisers to the Offeror may also engage in ordinary course trading activities in securities of Purmo, which may include purchases or arrangements to purchase

such securities. To the extent required in Finland, any information about such purchases will be made public in Finland in the manner required by Finnish law.

Neither the SEC nor any U.S. state securities commission has approved or disapproved the Tender Offer, passed upon the merits or fairness of the Tender Offer, or passed any comment upon the adequacy, accuracy or completeness of the disclosure in relation to the Tender Offer. Any representation to the contrary is a criminal offence in the United States.

The receipt of cash pursuant to the Tender Offer by a U.S. holder of Shares may be a taxable transaction for U.S. federal income tax purposes and under applicable U.S. state and local, as well as foreign and other, tax laws. Each holder of Shares is urged to consult its independent professional advisers immediately regarding the tax and other consequences of accepting the Tender Offer.

To the extent the Tender Offer is subject to U.S. securities laws, those laws only apply to U.S. holders of Shares and will not give rise to claims on the part of any other person. It may be difficult for Purmo's shareholders to enforce their rights and any claims they may have arising under the U.S. federal securities laws, since the Offeror and Purmo are located in non-U.S. jurisdictions and some or all of their respective officers and directors may be residents of non-U.S. jurisdictions. Purmo shareholders may not be able to sue the Offeror or Purmo or their respective officers or directors in a non-U.S. court for violations of the U.S. federal securities laws. It may be difficult to compel the Offeror and Purmo and their respective affiliates to subject themselves to a U.S. court's judgment.

#### **Forward-looking statements**

This release contains statements that, to the extent they are not historical facts, constitute "forward-looking statements". Forward-looking statements include statements concerning plans, expectations, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, business strategy and the trends in the industries and the political and legal environment and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms "believes", "intends", "may", "will" or "should" or, in each case, their negative or variations on comparable terminology. By their very nature, forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, investors are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this release.

#### **Disclaimer**

Advium Corporate Finance Ltd is acting exclusively on behalf of the Offeror and no one else in connection with the Tender Offer or other matters referred to in this document, does not consider any other person (whether the recipient of this release or not) as a client in connection to the Tender Offer, and is not responsible to anyone other than the Offeror for providing protection or providing advice in connection with the Tender Offer or any other transaction or arrangement referred to in this document.

Danske Bank A/S is authorized under Danish banking law. It is subject to supervision by the Danish Financial Supervisory Authority. Danske Bank A/S is a private, limited liability company incorporated in Denmark with its head office in Copenhagen where it is registered in the Danish Commercial Register under number 61126228.

Danske Bank A/S (acting via its Finland Branch) is acting as financial adviser to Purmo and no other person in connection with these materials or their contents. Danske Bank A/S will not be responsible to any person other than Purmo for providing any of the protections afforded to clients of Danske Bank A/S, nor for providing any advice in relation to any matter referred to in these materials. Without limiting a person's

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Nordea Bank Abp, which is supervised by the European Central Bank and the Finnish Financial Supervisory Authority, is acting as financial adviser to the Offeror and arranger of the Tender Offer. Nordea Bank Abp is only acting for the Offeror and no one else in connection with the Tender Offer and will not regard any other person as its client in relation to the Tender Offer and will not be responsible to anyone other than the Offeror for providing the protection afforded to clients of Nordea Bank Abp, nor for providing advice in relation to the Tender Offer.