



Virala Acquisition Company Plc

**HALF-YEAR REPORT
JANUARY-JUNE 2021**

January - June 2021

- The Company's cash and cash equivalents amounted to kEUR 10,810.9 on 30 June 2021. Cash held in the Company's blocked bank accounts amounted to kEUR 96,750.0. This will be presented in the Balance Sheet under Other receivables.
- Other operating expenses amounted to kEUR -1,627.0, consisting mainly of expenses related to the listing. Additionally, the fees of the members of the Board of Directors for the period amounted to kEUR 137.1.

Significant events during the period January - June 2021

- Trading of the Company's Class C shares began on the SPAC segment of the regulated market of Nasdaq Helsinki on 29 June 2021.
- The Company received EUR 107.5 million in gross proceeds from the initial public offering before deducting expenses relating to the offering. After deduction of expenses, the remaining proceeds amounted to EUR 101.3 million.

CEO review

“Virala Acquisition Company being the first SPAC in Finland made it even more important for us to create a transparent and simple structure in which all shareholders' interests are aligned. Thanks to the successful IPO, our initial expectations of the listing were exceeded by raising gross proceeds of EUR 107.5 million, providing us with an ideal size to enter the transaction phase of our journey.

VAC's SPAC-model complements and develops the Finnish capital markets by saving the time and effort of the target company's management. The model adds certainty for ambitious companies seeking to utilize a listed environment to take its business to the next level. I am very thankful towards all parties involved in the listing process of VAC, including Nasdaq Helsinki and the Financial Supervisory Authority, for their constructive and goal-oriented attitude towards the listing process of VAC, taking into account the company's pioneering nature in the domestic stock market.

Even prior to the listing, we assumed that we were going to be an interesting business partner, which has proven to be true, as VAC has received numerous proposals in a short amount of time. The focused work on finding our target started in part even before the listing in June. This work naturally continues. In total we have examined more than 60 potential target companies since before and after the listing, of which more indepth work has continued with about 10 companies. Additionally, several decisions to wrap up the work with different companies have been made, simply due to the fact that they did not fit our investment criteria.

As a whole, considering all identified companies, it can be stated that about a quarter of them have been family-owned businesses, a quarter of them have been entrepreneurial companies, 15 % have been carve-out opportunities, and 35 % have been investors (including Private Equity firms). We have not participated in auction situations as part of our strategy.



In deeper analysis, in which we have also used our advisors to our advantage, we have prioritized targets with already proven and established business models and who have a solid foundation that can be actively developed to reach significant long term shareholder return. In search for our final target company both risks and potential returns need to be well balanced. Given the high level of activity and positive negotiations, I feel confident that we will be able to find a target well ahead of our deadline of the summer of 2024.

So far, the VAC journey has exceeded my expectation. The whole team and I are humbled and grateful by the responsibility all shareholders have given us.”

Johannes Schulman CEO

Company description

Virala Acquisition Company Plc (hereafter “VAC” or “the Company”), is a Finnish public limited liability company subject to the laws of Finland with the purpose of making a business acquisition as a SPAC (“Special Purpose Acquisition Company”).

The founding shareholder of the Company is Virala Corporation (“Virala”). Virala owns over 30 per cent of the Company’s Class C shares and all Class E and Class F shares of the Company. Trading with the Company’s shares began on the SPAC segment of the regulated market of Nasdaq Helsinki on 29 June 2021, after which the Company has 36 months to acquire a majority share or at least a significant minority share in one or several companies or businesses (the “Acquisition”).

According to the rules of Nasdaq Helsinki, at least 90 per cent of the gross proceeds from the offering must be deposited in blocked bank accounts maintained by a financial institution independent of VAC until the Acquisition has been completed. VAC has deposited EUR 96.75 million in the blocked bank accounts.

VAC’s investment strategy is to identify and acquire one or more companies and/or business, or at least a significant minority share in one or more companies, that VAC estimates to have good long-term growth and profitability potential either through organic growth and/or through acquisitions. The scale and time span of the target companies’ growth and profitability potential may vary depending on the industry, business model, development phase, and other relevant characteristics of the target company. Potential target companies have strong ties to or are located in Finland, are suitable for listing in Finland, and their targeted enterprise value is estimated to range from EUR 50 million to EUR 500 million. In the target company selection, VAC follows key megatrends across sectors and utilises broad experience from Virala’s current investments as well as the broad network and expertise within various sectors of VAC’s executive management and Board of Directors as well as Virala. After the Acquisition, VAC’s goal is to develop the combined company to grow it and increase its market value. VAC intends to distribute dividend no earlier than 12 months after the completion of the Acquisition.

Investors

VAC offers an opportunity for institutional and private investors to invest in a company with good growth and profitability potential as a publicly listed company, together with Virala and VAC, and by utilizing the expertise of their experienced executive managers and Boards of Directors as well as Virala’s and VAC’s other resources. The aforementioned managers and members of Boards of Directors have extensive experience and networks in investment management activities as well as operational expertise in business and industrial operations from Finland and globally.

Target Company

VAC's structure and strategy benefit potential target companies looking to raise new capital for accelerating their growth. The structure also benefits target companies that are planning the listing of their shares and consider the tax advantages from combining with VAC to be valuable together with the additional value that Virala brings as an investment partner. By selling to VAC or combining with VAC, the target company gains access to the Finnish and international capital markets, which VAC expects to accelerate the target company's growth, as well as increase public awareness of the target company and strengthen its brand.

The Company's Board of Directors, Management Team and personnel

Based on a unanimous decision of the shareholders on 25 May 2021, four members, Alexander Ehrnrooth, Mammu Kaario, Jaakko Eskola and Kai Seikku, were elected to the Board of Directors of the Company. Alexander Ehrnrooth was elected as chairman and Mammu Kaario as vice chairman.

The Company's Management Team consists of CEO Johannes Schulman and CFO Mia Alholm. The chairman of the VAC's Board of Directors, Alexander Ehrnrooth, will participate actively in the duties of the Management Team in addition to his duties as a chairman of the Board of Directors.

The Company has no employees and the Company's CEO Johannes Schulman and CFO Mia Alholm work in these positions under a service agreement with Virala.

Shares and shareholders

The Company has three share classes, which are Class C shares, Class E shares and Class F shares. The ISIN codes of the shares are FI4000507488 (Class C share), FI4000507389 (Class E shares) and FI4000507470 (Class F shares).

Of the Company's share classes the Class C shares are listed. By the end of the review period the number of Class C shares amounted to 10,780,000. The information of the shareholders who subscribed for shares in the offering was updated to Euroclear's database on 1 July 2021. The number of the Company's registered shareholders on 1 July 2021 was 3,136, of which nominee-registered and non-Finnish investors owned approximately 14 percent of the shares.

At the end of the period, the share price of the Company's Class C share was EUR 10.27 and the Company's market capitalization was EUR 110.7 million.

The Company's major shareholders as of 1 July 2021

| | Class shares | C | Class F shares | Class E shares | Total shares | | Total votes | |
|--|-------------------|----|---------------------|---------------------|---------------------|--------------|--------------------|--------------|
| Shareholder | Number shares | of | Number of shares | Number of shares | Number of shares | % | Number of votes | % |
| Virala Oy Ab | 3,550,204 | | 937,391 | 627,826 | 5,115,421 | 41.44 | 4,487,595 | 38.30 |
| Ahlstrom Invest B.V | 900,000 | | - | - | 900,000 | 7.29 | 900,000 | 7.68 |
| Jussi Capital Oy | 900,000 | | - | - | 900,000 | 7.29 | 900,000 | 7.68 |
| Keskinäinen Vakuutusyhtiö Fennia | 500,000 | | - | - | 500,000 | 4.05 | 500,000 | 4.27 |
| Svenska Litteratursällskapet i Finland. | 500,000 | | - | - | 500,000 | 4.05 | 500,000 | 4.27 |
| Oy Julius Tallberg Ab | 400,000 | | - | - | 400,000 | 3.24 | 400,000 | 3.41 |
| Föreningen Konstsamfundet Rf | 200,000 | | - | - | 200,000 | 1.62 | 200,000 | 1.71 |
| Kusinkapital Ab | 200,000 | | - | - | 200,000 | 1.62 | 200,000 | 1.71 |
| Merimieseläkekassa | 200,000 | | - | - | 200,000 | 1.62 | 200,000 | 1.71 |
| Oy G.W. Sohlberg Ab | 150,000 | | - | - | 150,000 | 1.22 | 150,000 | 1.28 |
| Ten largest shareholders, in total | 7,500,204 | | 937,391 | 627,826 | 9,065,421 | 73.43 | 8,437,595 | 72.01 |
| Other shareholders | 3,279,796 | | 0 | 0 | 3,279,796 | 26.57 | 3,279,796 | 27.99 |
| In total | 10,780,000 | | 937,391 | 627,826 | 12,345,217 | 100 | 11,717,391 | 100 |
| Of which nominee- registered shares in total | 576,757 | | 0 | 0 | 576,757 | 4.67 | 576,757 | 4.92 |

Risks and uncertainties

The risks and uncertainties facing the company are described in the prospectus.

Given the ongoing and dynamic nature of the COVID-19 pandemic, it is difficult to predict the impact on the business of potential targets. The extent of such impact will depend on future developments, which are uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain the coronavirus or its impact, among others.

Significant events after the reporting period

The company's management and Board of Directors have continued to actively work on the initial identification of investment targets.

Virala Acquisition Company Plc's three major shareholders have on 10 August 2021 appointed the following members to the Shareholder's Nomination Board: Alexander Ehrnrooth, Chief Executive Officer of Virala Corporation and Chairman of the Board of VAC, Peter Seligson, Ahlstrom Invest B.V and Jarkko Takanen, Jussi Capital Oy. The Shareholders' Nomination Board has from among its members elected Alexander Ehrnrooth as Chairman of the Nomination Board at its organizational meeting on 10 August 2021.

Additional information:

CEO Johannes Schulman
CFO Mia Alholm
Project Assistant Charlotta Palm

Distribution:
Nasdaq Helsinki
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Condensed financial statements for the half-year ended 30 June 2021
The half-year report is unaudited
Statement of comprehensive Income

| kEUR | Note | 1 January – 30 June 2021 | 1 January – 30 June 2020 | 1 January – 31 December 2020 |
|--|------|--------------------------------|--------------------------------|------------------------------------|
| Net sales | | 0.0 | 0.0 | 0.0 |
| Expences relating to employee benefits | | -137.1 | 0.0 | 0.0 |
| Other operating expenses | 2.4 | -1,627.0 | 0.4 | -0.6 |
| Operating profit | | -1,764.1 | 0.4 | -0.6 |
| Profit/(loss) before tax | | -1,764.1 | 0.4 | -0.6 |
| Profit/(loss) for the period | | -1,764.1 | 0.4 | -0.6 |
| Earnings per share attributable to the shareholders of the Company: | | | | |
| Weighted average number of Class C shares during the period | | 127 944 | - | - |
| Basic and diluted earnings per share EUR | | -13,79 | - | - |
| Number of Class C shares at the end of the period | | 10 780 000 | - | - |
| Basic and diluted earnings per share EUR | | -0,16 | - | - |

Balance sheet

| kEUR | Note | 30 June 2021 | 30 June 2020 | 31 December 2020 |
|--|------|------------------|-----------------|---------------------|
| Current assets | | | | |
| Other receivables | 2.2 | 97,189.9 | 0.0 | 0.0 |
| Cash and cash equivalents | 2.2 | 10,810.9 | 2.0 | 1.7 |
| Total current assets | | 108,000.9 | 2.0 | 1.7 |
| Total assets | | 108,000.9 | 2.0 | 1.7 |
| Equity | | | | |
| Share capital | 2.3 | 80.0 | 3.3 | 3.3 |
| Reserve for invested unrestricted equity | 2.3 | 103,165.8 | 0.0 | 0.0 |
| Accumulated losses | | -1.6 | -1.0 | -1.0 |
| Profit/(loss) for the period | | -1,764.1 | -0.4 | -0.6 |
| Total equity | | 101,400.1 | 2.0 | 1.7 |
| Current liabilities | | | | |
| Trade and other payables | | 6,600.8 | 0.0 | 0.0 |
| Total current liabilities | | | | |
| Total equity and liabilities | | 108,000.9 | 2.0 | 1.7 |

Statement of changes in equity

| KEUR | Note | Share capital | Reserve for invested unrestricted equity | Accumulated losses | Total equity |
|---------------------------------------|------|---------------|--|--------------------|------------------|
| 1 January 2021 | | 3.3 | 0.0 | -1.6 | 1.7 |
| Issuance of share capital | 2.3 | 76.7 | | | 76.7 |
| Share issues | 2.3 | | 226.3 | | 226.3 |
| Proceeds from offering ⁽¹⁾ | 2.3 | | 102,859.5 | | 102,859.5 |
| Profit/(loss) for the period | | | | -1,764.1 | -1,764.1 |
| 30 June 2021 | | 80.0 | 103,085.8 | -1,765.7 | 101,400.1 |
| 1 January 2020 | | 3.3 | 0.0 | -1.0 | 2.3 |
| Profit/(loss) for the period | | | | -0.4 | -0.4 |
| 30 June 2020 | | 3.3 | 0.0 | -1.3 | 2.0 |
| 1 January 2020 | | 3.3 | 0.0 | -1.0 | 2.3 |
| Profit/(loss) for the period | | | | -0.6 | -0.6 |
| 31 December 2020 | | 3.3 | 0.0 | -1.6 | 1.7 |

(1) Net of kEUR -4,640.5 transaction cost

Statement of cash flows

| KEUR | 1 January – 30 June 2021 | 1 January – 30 June 2020 | 1 January – 31 December 2020 |
|--|--------------------------|--------------------------|------------------------------|
| Operating activities | | | |
| Profit/(loss) for the period | -1,764.1 | -0.4 | -0.6 |
| Working capital changes | -90,589.2 | 0.0 | 0.0 |
| Receivables from related parties | 0.0 | 0.4 | 0.4 |
| Net cash flows from operating activities | -92,353.2 | 0.0 | -0.3 |
| Net cash flows from investing activities | 0.0 | 0.0 | 0.0 |
| Financing activities | | | |
| Proceeds from the share capital increase | 76.7 | 0.0 | 0.0 |
| Proceeds from the share issues | 226.3 | 0.0 | 0.0 |
| Proceeds from offering | 107,500.0 | 0.0 | 0.0 |
| Transaction cost related to the offering | -4,640.5 | 0.0 | 0.0 |
| Net cash flows from financing activities | 103,162.5 | 0.0 | 0.0 |
| Increase / (decrease) in cash and cash equivalents | 10,809.3 | 0.0 | -0.3 |
| Cash and cash equivalents at the beginning of the period | 1.7 | 2.0 | 2.0 |
| Cash and cash equivalents at the end of the period ¹ | 10,810.9 | 2.0 | 1.7 |

¹ 90% or EUR 96.75 million of the proceeds received in connection with the offering have been deposited in blocked bank accounts. Such cash and cash equivalents which are not available for the use to the Company are presented in the balance sheet item Other receivables and they are not classified as cash and cash equivalents in the cash flow statement.

1. Company information

Virala Acquisition Company Plc (hereafter “VAC” or “the Company”) (Business ID: 2890898-5), is a Finnish public limited liability company subject to the laws of Finland with purpose of making a business acquisition as a SPAC (“Special Purpose Acquisition Company”). The Company is domiciled in Helsinki, Finland and its headquarter is in Unioninkatu 7 B 15, 00130, Helsinki.

Trading in the Company's Class C shares began on the SPAC segment of the regulated market of Nasdaq Helsinki on 29 June 2021. The shareholders of Class C shares have, according to the articles of association, the right to request in connection with the Acquisition that their shares be redeemed if certain conditions as set out in the articles of association are fulfilled. In addition, according to the articles of association, if the Acquisition has not been completed within 36 months from the first day of trading in the Company's Class C shares on Nasdaq Helsinki, the Company's Board of Directors shall convene a General Meeting and make a proposal to enter the Company into liquidation. After that, the General Meeting can resolve to enter the Company into liquidation.

Prior to the Acquisition, the Company is not expected to generate any income from operations. After the Acquisition, the Company will continue the operations of the acquired business or provide administrative services to its subsidiaries that will continue the operations of the acquired business.

2. Significant accounting policies

2.1. Basis of preparation

This condensed half-year financial information for the period 1 January to 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, applying the same accounting principles as in the Company's first IFRS financial statements for the financial year ended 31 December 2020. The Company's first IFRS financial statements were prepared in connection with the listing of the Company's shares and only for purpose of being included to the prospectus.

The figures in the interim report are presented in thousands of euros, rounded to one decimal place.

2.2. Cash and cash equivalents

90% of the gross proceeds of the offering have been deposited in blocked bank accounts maintained by financial institutions independent of VAC until the completion of the Acquisition. VAC has deposited EUR 96.75 million in blocked bank accounts.

Such cash and cash equivalents that are not available to be used by the Company are presented as Other receivables in the balance sheet and they are not classified as cash and cash equivalents in the cash flow statement.

2.3. Equity

The Company has three share classes, which carry different voting rights in the Company and different rights to distributions of funds. Prior to admitting the Company's Class C shares to trading, the Company's share classes were renamed so that Class A shares were renamed as Class E shares and Class B shares were renamed as Class F shares. Class C shares were not renamed.

The shares have no nominal value. The shares are included in Euroclear Finland's book-entry system. The Company's Class E and F shares (“Founder Shares”) are subject to redemption and consent clauses in accordance with the articles of association, which restrict the rights to transfer or acquire Founder Shares. The Founder shares are not publicly traded.

Class C and Class F shares carry one vote and Class E shares do not carry voting rights. The Class C shares are freely transferable, however, the Class C shares subscribed by Virala Corporation during the IPO, as well as the Class C shares subscribed by the members of the Board of Directors before the IPO are subject to transfer restrictions for a period of three years effective from the Company's listing.

In addition, shares subscribed by the members of the Board of Directors during the IPO are subject to transfer restrictions for a 180-day period effective from the Company's listing.

Class C shares carry a preferential right to dividends and to other distributions of assets until an aggregate amount of EUR 20 million has been distributed to the holders of the Class C shares, whereafter the Class C shares and Class F shares carry equal rights to dividends and other distributions of assets unless otherwise stipulated in the articles of association. However, prior to the fulfilment of the aggregate amount of preferential dividend referred to above, Class F shares carry right to distribution of assets in certain situations. Class F shares carry equal rights with Class C shares in the distribution of the assets after the aggregate amount of distributions based on the preferential rights with Class C shares has been distributed. Class E shares have no rights to dividends or distribution of assets.

The holders of Class C shares other than Virala Corporation and the members of the Board of Directors, the CEO, the CFO and their family members and controlled entities have right to request the redemption of Class C shares under certain conditions in accordance with the articles of association in connection the Acquisition. The redemption requires that the shareholder votes against the Acquisition in the General meeting.

According to the articles of association, Class F shares can be converted to the Company's Class C shares upon meeting or exceeding certain share price hurdles that are based on the volume weighted average trading price of the Class C shares. Based on the articles of association, Class E shares will be automatically converted into Class F shares if the Company issues Class C shares in a directed share issue. The articles of association include also the redemption clauses specific for different classes of shares.

The Company does not have treasury shares.

Changes in equity during the half-year period ended 30 June 2021

| | | Number of outstanding shares (pcs) | Share capital (EUR) | Reserve for invested unrestricted equity (EUR) |
|-----------------------|--|---|---------------------------|---|
| 1 January 2021 | | 330 | 3.3 | - |
| 7 May 2021 | Bonus issue of Class A (later Class E) shares | 869,235 | - | - |
| 7 May 2021 | Share issue of Class B (later Class F share) shares | 695,652 | 76.7 | 76.3 |
| 10 May 2021 | Share issue of Class C shares | 30,000 | - | 150.0 |
| 28 June 2021 | Bonus issue of Class B (later class F) shares | 241,739 | | |
| 28 June 2021 | | -241,739 | | |
| | Redemption of Class A (later class E) shares | | | |
| 28 June 2021 | Offering of Class C shares net of kEUR 4,640.5 transaction costs | 10,750,000 | - | 102,859.5 |
| 30 June 2021 | | 12,345,217 | 80.0 | 103,085.8 |
| | Class C shares, total | 10,780,000 | | |
| | Class E shares, total | 627,826 | | |
| | Class F shares, total | 937,391 | | |

On 7 May 2021 the Company issued 869,235 new Class A shares to the Company's sole shareholder Virala Corporation in a directed bonus issue.

In addition, on 7 May 2021 the Company issued 695,652 new Class B shares for subscription at consideration to the Company's sole shareholder Virala Corporation in a directed share issue with a subscription price of EUR 0.22/share. Total proceeds from the subscription were kEUR 153.0. The Company's share capital increased to kEUR 80.0 so that kEUR 76.7 of the total subscription price of Class B Shares was recorded to the share capital. Remaining balance of kEUR 76.3 was recorded to the reserve for invested unrestricted equity of the Company. With the proceeds from the share issue, the Company covers the costs incurred in analysing and investigating the expansion of its operations.

On 10 May 2021, the Company directed a total of 30,000 new Class C shares for subscription with consideration to Jaakko Eskola, Makai Holding Oy (a company controlled by Mammu Kaario) and Seico Investments Oy (a company controlled by Kai Seikku). The subscription price was EUR 5.00/share and total proceeds from the subscription were kEUR 150.0. Total subscription price was recorded to the reserve for invested unrestricted equity of the Company. With the proceeds from the share issue, the Company covers the costs incurred in analysing and investigating the expansion of its operations. Class C shares subscribed in the directed share issue are subject to the terms of consent that restrict the right to transfer or dispose them during a period of three years from the listing becoming effective. These Class C share subscriptions are transactions within the scope of IFRS 2 Share-based Payment, but as the subscription price is considered to reflect the fair value of the shares at the subscription date no compensation expense will be recognised.

On 28 June 2021, a technical bonus issue of the Class B shares and a redemption of the class A share was carried out, in which the number of Class B shares were increased by 241,739 shares to a total of 937,391 shares, which is equivalent to 8 % of the number of Class C and F shares issued by the Company.

In the IPO that ended on 28 June 2021, 10,750,000 Class C shares were issued at a subscription price of EUR 10. Of the subscription price, a total of kEUR 107,500.0 was netted as transaction costs of kEUR -4,640.5 and the remaining amount of kEUR 102,859.5 was recorded in the Company's reserve for invested unrestricted equity.

2.4. Other operating expenses

| kEUR | 1 January – 30 June 2021 | 1 January – 30 June 2020 | 1 January – 31 December 2020 |
|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Costs related to listing | 1,581.5 | | |
| Service costs to Virala Corporation | 41.0 | | |
| Other costs | 4.5 | 0.4 | 0.6 |
| Total | 1,627.0 | 0.4 | 0.6 |

2.5. Related party transactions

The Company's related parties include key management personnel and their close family members and controlled entities, Virala Corporation, which exercises significant influence in the Company, and all subsidiaries and associated companies belonging to the Virala Group.

On 25 May 2021, the shareholders of the Company decided that the members of the Board of Directors are paid an annual fee of kEUR 30.0 and the Chairman of the Board kEUR 45.0. 40% of the annual fees will be paid in the Company's shares and 60% in cash. The remuneration for the first term is however paid in cash in its entirety, but the members of the Board of Directors each individually

subscribed for Class C shares in an amount that corresponds to 40% of the annual remuneration of the member of the Board of Directors in question.

The founding shareholder, Virala Corporation, subscribed shares in the offering for EUR 35.0 million and after the offering owns 32.5 percent of the outstanding Class C shares and further owns all the Company's outstanding Class E and F Shares. As VAC's largest shareholder Virala's Class C shares will be subject to a three-year lock-up period during which Virala shall not sell any of its Class C shares without a justified reason and without the written consent of the Board of Directors or unless VAC's or Virala's agreement on transactional services and certain other services ceases prematurely.

VAC has no employees and management services are provided to the Company under the service agreements entered with Virala. The Company has entered into three agreements with Virala: an agreement concerning transactional services and certain other services, a CEO services agreement as well as a licence agreement concerning the use of "Virala" and "VAC a Virala Acquisition Company" trademarks. The total compensation under the agreements for these agreements amount to kEUR 41.0 (VAT 0%) per month and they are effective as of 2 June 2021.