Financial Statements and Report of the Board of Directors 2024

Contents

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Report of the Board of Directors January–December 2024

Governance

Current legislation, the Company's Articles of Association and the rules and regulations of organizations regulating and supervising the activities of listed companies are complied within Valmet Oyj and Valmet Group corporate governance. Valmet Oyj complies without deviation with the Finnish Corporate Governance Code for listed companies. The Code is publicly available at www.cgfinland.fi.

Corporate Governance Statement and Remuneration Report

Valmet has published a separate Corporate Governance Statement and a Remuneration Report for 2024, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. The statements also cover other central areas of corporate governance. The statements have been published on Valmet's website, separately from the Board of Directors' Report, at www.valmet.com/governance.

Annual General Meeting

The Annual General Meeting is the Company's highest decision-making body, and its tasks are defined according to the Articles of Association and the Finnish Limited Liability Companies Act. The Annual General Meeting decides on the adoption of the financial statements, the distribution of profit, discharging the members of the Board of Directors and the President and CEO from liability, appointing the members, Chair and Vice Chair of the Board as well as the auditor, their remunerations, and other matters requiring a decision by the Annual General Meeting according to the Finnish Limited Liability Companies Act that are presented to the Annual General Meeting. The General Meeting convenes at least once a year. The Board of Directors convenes the Annual General Meeting.

The Board of Directors

The Board of Directors shall see to the administration of the Company and the appropriate organization of its operations, and ensures that the monitoring of the Company's accounting and asset management is arranged appropriately. The Board of Directors monitors the Group's activities, finances and risk management, and its task is to promote the interests of shareholders and the Group by ensuring the appropriate organization of the entire Group's governance and operations.

According to Valmet's Articles of Association, the Board of Directors shall include at least five (5) members and at most eight (8) members. The term of office of Board members ends at the end of the first Annual General Meeting following the elections. The Annual General Meeting selects the Chair, Vice Chair, and other members of the Board.

President and CEO

The Board of Directors selects a President and CEO for the Company and decides on the salary and remuneration of the President and CEO as well as other terms related to the position. The Board of Directors monitors the work of the CEO.

The President and CEO is responsible for the Company's daily administration according to the instructions and regulations of the Board of Directors. The President and CEO is responsible for ensuring the legality of the Company's accounting and for the reliable organization of the Company's asset management.

Valmet's results in 2024

Figures in brackets, unless otherwise stated, refer to the comparison period, i.e., the same period of the previous year.

Key figures[1]

EUR million	2024	2023	2022
Orders received	**5,837**	4,955	5,194
Order backlog[2]	**4,452**	3,973	4,403
Net sales	**5,359**	5,532	5,074
Comparable earnings before interest, taxes and amortization (Comparable EBITA)	**609**	619	533
% of net sales	**11.4%**	11.2%	10.5%
Earnings before interest, taxes and amortization (EBITA)	**557**	605	550
% of net sales	**10.4%**	10.9%	10.8%
Operating profit (EBIT)	**449**	507	436
% of net sales	**8.4%**	9.2%	8.6%
Profit before taxes	**383**	473	431
Profit for the period	**281**	359	338
Earnings per share, EUR	**1.52**	1.94	1.92
Earnings per share, diluted, EUR	**1.52**	1.94	1.92
Adjusted earnings per share, EUR	**1.93**	2.28	2.37
Equity per share[2], EUR	**14.15**	13.93	13.54
Dividend per share, EUR	**1.35**[3]	1.35	1.30
Cash flow provided by operating activities	**554**	352	36
Cash flow after investing activities	**316**	-181	56
Comparable return on capital employed (Comparable ROCE) before taxes	**12.7%**	14.5%	17.0%
Return on capital employed (ROCE) before taxes	**11.4%**	14.2%	17.6%
Return on equity (ROE)	**10.8%**	14.1%	17.6%
Net debt to EBITDA ratio	**1.55**	1.46	0.78
Gearing[2]	**39%**	40%	20%
Equity to assets ratio[2]	**44%**	43%	49%

[1] The calculation of key figures is presented in the section 'Formulas for calculation of indicators'.
[2] At the end of period.
[3] Board of Directors' proposal.

Orders received increased 18 percent to EUR 5,837 million in 2024

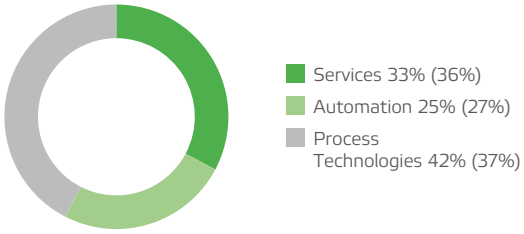
Orders received, EUR million	2024	2023	Change
Services	**1,915**	1,760	9%
Automation	**1,446**	1,340	8%
Flow Control	*763*	*789*	*-3%*
Automation Systems	*683*	*551*	*24%*
Process Technologies	**2,477**	1,856	33%
Pulp and Energy	*1,581*	*854*	*85%*
Paper	*897*	*1,002*	*-11%*
Total	**5,837**	4,955	18%

Orders received, comparable foreign exchange rates, EUR million[1]	2024	2023	Change
Services	**1,940**	1,760	10%
Automation	**1,459**	1,340	9%
Flow Control	*771*	*789*	*-2%*
Automation Systems	*689*	*551*	*25%*
Process Technologies	**2,533**	1,856	36%
Pulp and Energy	*1,632*	*854*	*91%*
Paper	*901*	*1,002*	*-10%*
Total	**5,932**	4,955	20%

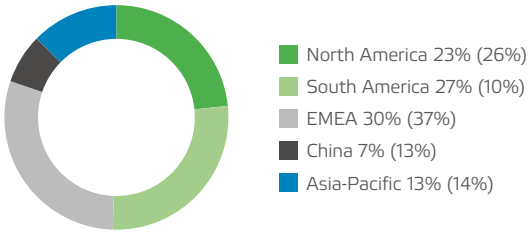
[1] Indicative only. January to December 2024 orders received in euro calculated by applying January to December 2023 average exchange rates to the functional currency orders received values reported by entities.

Orders received, EUR million	2024	2023	Change
North America	**1,364**	1,271	7%
South America	**1,586**	503	>100%
EMEA	**1,735**	1,846	-6%
China	**418**	638	-35%
Asia-Pacific	**735**	698	5%
Total	**5,837**	4,955	18%

Orders received by segment, %



Orders received by area, %



Orders received increased 18 percent to EUR 5,837 million (EUR 4,955 million) in 2024. Orders received increased in all three segments. The increase was mainly due to an order for a complete pulp mill with full-scope automation and flow control solutions to Brazil from Arauco, valued at over EUR 1 billion. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased orders received by EUR 317 (EUR 61 million). Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased orders received by EUR 93 million. Stable business (Services and Automation segments) accounted for 58 percent (63%) of Valmet's orders received.

Orders received increased in South America, North America and Asia-Pacific and decreased in China and EMEA (Europe, Middle East and Africa). Measured by orders received, the top three countries were Brazil, the USA and Indonesia, which together accounted for 52 percent of total orders received.

Changes in foreign exchange rates compared to the exchange rates in 2023 decreased orders received by approximately EUR 95 million in 2024.

In addition to the above-mentioned, in 2024 Valmet received among others an order for a papermaking line, typically valued EUR 90–120 million, and a paper machine rebuild, typically valued EUR 20–40 million, to a customer in Asia-Pacific, an order for a complete papermaking line to Asia-Pacific, typically valued EUR 90–120 million, an order for a recovery boiler and an ash crystallization plant for a mill modernization project in Brazil, typically valued above EUR 100 million, an order for modernization of a heating plant in Czech Republic, an order for an Advantage ThruAir Drying (TAD) tissue machine to the USA, an order to deliver the automation system Valmet DNAe to Norway, an order for a pellet-fired heating plant to Sweden, an order for an Advantage DCT 200 tissue line including an extensive automation package, flow control valves and Industrial Internet solutions to Saudi Arabia, an order for a high-speed off-machine coater with automation and services to Asia-Pacific, an order for an OptiConcept M board making line with automation and services to China, an order for an Advantage DCT 200 tissue production line to Poland, an order for two tissue converting lines including packaging solutions to Sweden, an order for a bleached chemi-thermomechanical pulp (BCTMP) line and a related evaporator line to India, an order for tissue converting equipment to Brazil, an order for a fiberline upgrade to Spain, an order for a three-year Service Agreement and a one-year Performance Agreement to Germany, an order for DNA Automation technology to the world's largest data center excess heat recovery project in Finland, an order for Valmet DNA Turbine Automation Systems with Valmet DNA User Interface to a customer in Finland, and an order for Valmet IQ Quality Control System to a customer in Thailand.

Order backlog amounted to EUR 4,452 million

Order backlog, EUR million	As at December 31, 2024	2023	Change
Total	**4,452**	3,973	12%

Order backlog amounted to EUR 4,452 million at the end of year 2024 and was 12 percent higher than at the end of 2023. Approximately 20 percent of the order backlog relates to the Services segment, 15 percent to the Automation segment, and 65 percent to the Process Technologies segment (at the end of December 2023, 25%, 15% and 60% respectively). Approximately EUR 3.1 billion of the order backlog is currently expected to be realized as net sales during 2025 (at the end of 2023, approximately EUR 3.3 billion was expected to be realized during 2024).

Net sales remained at the previous year's level and amounted to EUR 5,359 million in 2024

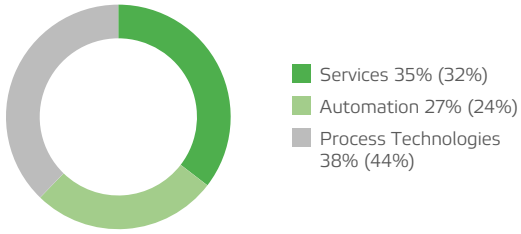
Net sales, EUR million	2024	2023	Change
Services	**1,900**	1,784	7%
Automation	**1,437**	1,328	8%
Flow Control	*791*	*777*	*2%*
Automation Systems	*646*	*551*	*17%*
Process Technologies	**2,023**	2,420	-16%
Pulp and Energy	*870*	*1,067*	*-18%*
Paper	*1,152*	*1,353*	*-15%*
Total	**5,359**	5,532	-3%

Net sales, comparable foreign exchange rates, EUR million[1]	2024	2023	Change
Services	**1,924**	1,784	8%
Automation	**1,451**	1,328	9%
Flow Control	*801*	*777*	*3%*
Automation Systems	*650*	*551*	*18%*
Process Technologies	**2,034**	2,420	-16%
Pulp and Energy	*875*	*1,067*	*-18%*
Paper	*1,160*	*1,353*	*-14%*
Total	**5,409**	5,532	-2%

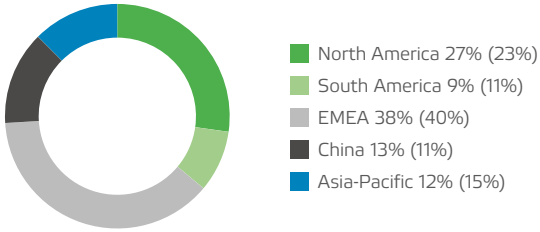
[1] Indicative only. January to December 2024 net sales in euro calculated by applying January to December 2023 average exchange rates to the functional currency net sales values reported by entities.

Net sales, EUR million	2024	2023	Change
North America	**1,459**	1,275	14%
South America	**476**	585	-19%
EMEA	**2,033**	2,219	-8%
China	**723**	609	19%
Asia-Pacific	**668**	845	-21%
Total	**5,359**	5,532	-3%

Net sales by segment, %



Net sales by area, %



Net sales remained at the previous year's level and amounted to EUR 5,359 million (EUR 5,532 million) in year 2024. Net sales increased in the Automation and Services segments and decreased in the Process Technologies segment. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased net sales by EUR 304 million (EUR 76 million). Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased net sales by EUR 101 million. Stable business (Services and Automation segments) accounted for 62 percent (56%) of Valmet's net sales.

Net sales increased in China and North America, and decreased in Asia-Pacific, South America and EMEA. Measured by net sales, the top three countries were the USA, China and Finland, which together accounted for 44 percent of net sales.

Changes in foreign exchange rates compared to the exchange rates in 2023 decreased net sales by approximately EUR 50 million in 2024.

Organic growth[1]

	Orders received	Net sales
2023, EUR million	4,955	5,532
Organic growth	12%	-10%
Mergers and acquisitions	8%	8%
Changes in foreign exchange rates[2]	-2%	-1%
Total change	18%	-3%
2024, EUR million	**5,837**	**5,359**

[1] Indicative only.
[2] 2024 orders received and net sales in euro calculated by applying 2023 average exchange rates to the functional currency orders received and net sales values reported by entities.

In 2024,Valmet's orders received increased organically by 12 percent while net sales decreased organically by 10 percent.

Valmet completed the acquisition of Körber Group's Business Area Tissue (now Tissue Converting) on November 2, 2023, and the acquisition of Process Gas Chromatography business from Siemens (now Analyzer Products and Integration) on April 2, 2024. Valmet has also closed the agreement to acquire majority shares in FactoryPal, an undertaking of Körber, on August 1, 2024, and has completed the acquisition of Demuth, a provider of wood handling technology and services on August 2, 2024. In 2024, the acquisitions increased Valmet's orders received and net sales by 8 percent.

Changes in foreign exchange rates compared to the exchange rates in 2023 decreased Valmet's orders received by 2 percent, and net sales by 1 percent in 2024. Foreign exchange rate impacts were mainly due to the Brazilian Real, Chilean Peso and Chinese Yuan.

Comparable EBITA and Comparable EBITA margin remained at previous year's level and amounted to EUR 609 million and 11.4 percent in 2024

Comparable EBITA, EUR million	2024	2023	Change
Services	**331**	312	6%
Automation	**255**	248	3%
Process Technologies	**73**	110	-34%
Other	**-49**	-50	-2%
Total	**609**	619	-2%

Comparable EBITA, % of net sales	2024	2023
Services	**17.4%**	17.5%
Automation	**17.7%**	18.6%
Process Technologies	**3.6%**	4.5%
Total	**11.4%**	11.2%

In 2024, Valmet's comparable earnings before interest, taxes and amortization (Comparable EBITA) remained at previous year's level and amounted to EUR 609 million, corresponding to 11.4 percent of net sales (EUR 619 million and 11.2%). Items affecting comparability amounted to EUR -53 million (EUR -14 million) and were mainly related to Process Technologies segment.

Comparable EBITA of the Services segment increased to EUR 331 million in 2024, corresponding to 17.4 percent of the segment's net sales (EUR 312 million and 17.5%). Comparable EBITA increased mainly due to integration of Tissue Converting.

Comparable EBITA of the Automation segment remained at the previous year's level and amounted to EUR 255 million in 2024, corresponding to 17.7 percent of the segment's net sales (EUR 248 million and 18.6%). The margin decreased mainly due to integration of Analyzer Products and Integration.

Comparable EBITA of the Process Technologies segment decreased to EUR 73 million in 2024, corresponding to 3.6 percent of the segment's net sales (EUR 110 million and 4.5%). Comparable EBITA was impacted by lower net sales.

Operating profit

Operating profit (EBIT) in 2024 was EUR 449 million, i.e. 8.4 percent of net sales (EUR 507 million and 9.2%). The decrease was mainly due to items affecting comparability and higher depreciation and amortization.

Net financial income and expenses

Net financial income and expenses amounted to EUR -65 million (EUR -34 million) in 2024. Financial expenses increased due to higher interest rates and increased average amount of debt in 2024.

Profit before taxes and Earnings per share

Profit before taxes was EUR 383 million (EUR 473 million) in 2024. The profit attributable to owners of the parent was EUR 280 million (EUR 357 million), corresponding to earnings per share (EPS) of EUR 1.52 (EUR 1.94). EPS decreased mainly due to lower operating profit and higher net financial expenses. Adjusted EPS was EUR 1.93 (EUR 2.28). Adjusted EPS decreased mainly due to lower operating profit and higher net financial expenses.

Return on capital employed (ROCE) and Return on equity (ROE)

The comparable return on capital employed (comparable ROCE) before taxes was 12.7 percent (14.5%) and return on capital employed (ROCE) before taxes was 11.4 percent (14.2%). Return on equity (ROE) was 10.8 percent (14.1%) in 2024.

Segments and business lines

Services: Orders received totaled EUR 1,915 million in 2024

Services segment	2024	2023	Change
Orders received (EUR million)	**1,915**	1,760	9%
Net sales (EUR million)	**1,900**	1,784	7%
Comparable EBITA (EUR million)	**331**	312	6%
Comparable EBITA, %	**17.4%**	17.5%	
Personnel (end of period)	**6,714**	6,493	3%

Orders received by the Services segment increased 9 percent to EUR 1,915 million (EUR 1,760 million) in 2024. Services accounted for 33 percent (36%) of Valmet's orders received. Orders received increased in North America, South America, EMEA and Asia-Pacific and remained at the previous year's level in China. Excluding Tissue Converting, orders received increased in Fabrics, remained at the previous year's level in Rolls, Performance Parts and Board, Paper and Tissue Solutions and decreased in Pulp and Energy Solutions. . Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023,

increased Services' orders received by EUR 143 million (EUR 21 million). Changes in foreign exchange rates compared to the exchange rates in 2023 decreased orders received by approximately EUR 25 million.

Net sales for the Services segment increased 7 percent to EUR 1,900 million (EUR 1,784 million) in 2024, corresponding to 35 percent (32%) of Valmet's net sales. Tissue Converting increased Services' net sales by EUR 143 million (EUR 26 million). Changes in foreign exchange rates compared to the exchange rates in 2023 decreased net sales by approximately EUR 24 million.

Comparable EBITA of the Services segment increased to EUR 331 million, corresponding to 17.4 percent of the segment's net sales (EUR 312 million and 17.5%). Comparable EBITA increased mainly due to integration of Tissue Converting.

The increase in Services' personnel is mainly due to the Demuth acquisition.

Automation: Orders received totaled EUR 1,446 million in 2024

Automation segment	2024	2023	Change
Orders received (EUR million)	**1,446**	1,340	8%
Net sales (EUR million)	**1,437**	1,328	8%
Comparable EBITA (EUR million)	**255**	248	3%
Comparable EBITA, %	**17.7%**	18.6%	
Personnel (end of period)	**5,448**	5,171	5%

Orders received by the Automation segment increased 8 percent to EUR 1,446 million (EUR 1,340 million) in 2024. Automation accounted for 25 percent (27%) of Valmet's orders received. Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased Automation's orders received by EUR 93 million. Changes in foreign exchange rates compared to the exchange rates in 2023 decreased orders received by approximately EUR 14 million.

Net sales for the Automation segment increased 8 percent to EUR 1,437 million (EUR 1,328 million) in 2024, corresponding to 27 percent (24%) of Valmet's net sales. Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased Automation's net sales by EUR 101 million. Changes in foreign exchange rates compared to the exchange rates in 2023 decreased net sales by approximately EUR 14 million.

Comparable EBITA of the Automation segment remained at the previous year's level and amounted to EUR 255 million, corresponding to 17.7 percent of the segment's net sales (EUR 248 million and 18.6%).

The increase in Automation segment's personnel was mainly due to the acquisition of Analyzer Products and Integration.

Flow Control business line	2024	2023	Change
Orders received (EUR million)	**763**	789	-3%
Net sales (EUR million)	**791**	777	2%
Personnel (end of period)	**2,883**	2,841	1%

Orders received by the Flow Control business line remained at the previous year's level and amounted to EUR 763 million (EUR 789 million) and accounted for 13 percent (16%) of Valmet's orders received. Orders received increased in Asia-Pacific and North America and decreased in South America, China and EMEA. Orders received remained at the previous year's level in Valve controls & Actuators and MRO (Maintenance and Repair Operations) & Services and decreased in Projects.

Net sales for the Flow Control business line remained at the previous year's level and amounted to EUR 791 million (EUR 777 million), corresponding to 15 percent (14%) of Valmet's net sales.

Automation Systems business line	2024	2023	Change
Orders received (EUR million)	**683**	551	24%
Net sales (EUR million)	**646**	551	17%
Personnel (end of period)	**2,565**	2,330	10%

Orders received by the Automation Systems business line increased 24 percent to EUR 683 million (EUR 551 million) in 2024. Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased Automation Systems business line's orders received by EUR 93 million. Automation Systems accounted for 12 percent (11%) of Valmet's orders received. Orders received increased in South America, North America, Asia-Pacific and China and remained at the previous year's level in EMEA. Orders received increased in Energy and Process and remained at the previous year's level in Pulp and Paper.

In April, 2024, Valmet launched its new DCS system, Valmet DNAe. It represents a major milestone in process automation and increases the competitiveness of Valmet's DCS offering. Overall, Valmet DNAe is a major step in Valmet's strategy for growing automation business further to a wide base of process industries globally.

Net sales for the Automation Systems business line increased 17 percent to EUR 646 million (EUR 551 million) in 2024, corresponding to 12 percent (10%) of Valmet's net sales. Analyzer Products and Integration (the acquired Process Gas Chromatography business from Siemens), which was integrated into Valmet on April 2, 2024, increased Automation Systems business line's net sales by EUR 101 million.

The increase in Automation Systems' personnel was mainly due to the acquisition of Analyzer Products and Integration.

Process Technologies: Orders received totaled EUR 2,477 million in 2024

Process Technologies segment	2024	2023	Change
Orders received (EUR million)	**2,477**	1,856	33%
Net sales (EUR million)	**2,023**	2,420	-16%
Comparable EBITA (EUR million)	**73**	110	-34%
Comparable EBITA, %	**3.6%**	4.5%	
Personnel (end of period)	**6,356**	6,707	-5%

Orders received by the Process Technologies segment increased 33 percent to EUR 2,477 million (EUR 1,856 million) in 2024. The increase was mainly due to an order for a complete pulp mill to Brazil from Arauco, valued at over EUR 1 billion. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased Process Technologies' orders received by EUR 174 million (EUR 40 million). Process Technologies accounted for 42 percent (37%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates in 2023 decreased orders received by approximately EUR 56 million.

Net sales for the Process Technologies segment decreased 16 percent to EUR 2,023 million (EUR 2,420 million) in 2024, corresponding to 38 percent (44%) of Valmet's net sales. Tissue Converting increased Process Technologies' net sales by EUR 161 million (EUR 50 million). Changes in foreign exchange rates compared to the exchange rates in 2023 decreased net sales by approximately EUR 12 million.

Comparable EBITA of the Process Technologies segment decreased to EUR 73 million in 2024, corresponding to 3.6 percent of the segment's net sales (EUR 110 million and 4.5%). Comparable EBITA was impacted by lower net sales.

The decrease in Process Technologies' personnel is mainly due to completed change negotiations in Finland in its Paper business line's Board and Paper Mills business unit.

Pulp and Energy business line	2024	2023	Change
Orders received (EUR million)	**1,581**	854	85%
Net sales (EUR million)	**870**	1,067	-18%
Personnel (end of period)	**1,953**	1,948	0%

Orders received by the Pulp and Energy business line increased 85 percent to EUR 1,581 million (EUR 854 million) in 2024. The increase was mainly due to an order for a complete pulp mill to Brazil from Arauco, valued at over EUR 1 billion. Pulp and Energy accounted for 27 percent (17%) of Valmet's orders received. Orders received increased in South America and decreased in North America, Asia-Pacific, China and EMEA. Orders received increased in Pulp and decreased in Energy.

Net sales for the Pulp and Energy business line decreased 18 percent to EUR 870 million (EUR 1,067 million) in 2024, corresponding to 16 percent (19%) of Valmet's net sales.

On September 25, 2024, Valmet announced that it will supply a complete pulp mill with full-scope automation and flow control solutions to Arauco in Brazil. The new pulp mill will be the world's largest single-phase pulp mill project with 3.5 million tonne per year pulp production capacity. The new mill is estimated to start up in the second half of 2027. The pulp mill will be built in Inocência, in the state of Mato Grosso do Sul, Brazil. The value of the order for Valmet is over EUR 1 billion, and it is included in Valmet's orders received for 2024.

Paper business line	2024	2023	Change
Orders received (EUR million)	**897**	1,002	-11%
Net sales (EUR million)	**1,152**	1,353	-15%
Personnel (end of period)	**4,402**	4,759	-7%

Orders received by the Paper business line decreased 11 percent to EUR 897 million (EUR 1,002 million) in 2024. Paper accounted for 15 percent (20%) of Valmet's orders received. Orders received increased in Asia-Pacific, remained at the previous year's level in EMEA and decreased in China, South America and North America. Orders received increased in Tissue and Stock preparation and Recycled fiber and decreased in Small and Medium size Machines and Board and Paper. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased Paper business line's orders received by EUR 174 million (EUR 40 million).

Net sales for the Paper business line decreased 15 percent to EUR 1,152 million (EUR 1,353 million) in 2024, corresponding to 22 percent (24%) of Valmet's net sales. Tissue Converting increased Paper business line's net sales by EUR 161 million (EUR 50 million).

The decrease in Paper business line's personnel is mainly due to completed change negotiations in Finland in the Paper Mills business unit.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR 554 million (EUR 352 million) in 2024. Change in net working capital in the statement of cash flows was EUR 43 million (EUR -180 million) in 2024.

Net working capital decreased to EUR 134 million (EUR 191 million) at the end of the reporting period. In the recent years, Valmet's net working capital profile has changed due to increased portion of stable business, which typically ties up more net working capital than capital business. In addition, payment schedules of large long-term projects have a significant impact on net working capital development.

Cash flow after investing activities totaled EUR 316 million (EUR -181 million) in 2024.

In compliance with the resolution of the Annual General Meeting, on April 11, 2024, Valmet paid out the first installment of dividend for year 2023, EUR 125 million, corresponding to EUR 0.68 per share. The second installment, EUR 0.67 per share and in total EUR 123 million, was paid on October 10, 2024.

At the end of 2024, net debt to EBITDA ratio was 1.55 (1.46) and gearing 39 percent (40%). Equity to assets ratio was 44 percent (43%). Interest-bearing liabilities amounted to EUR 1,544 million (EUR 1,484 million), and net interest-bearing liabilities totaled EUR 1,032 million (EUR 1,027 million) at the end of the reporting period.

The average interest rate of Valmet's total debt was 4.0 percent and average maturity of non-current debt including current installments was 3.4 years at the end of 2024. Lease liabilities have been excluded from calculation of these two key performance indicators.

On March 6, 2024, Valmet issued a green bond (senior unsecured green notes) of EUR 200 million. The maturity of the bond is five years and it matures on March 13, 2029. The bond carries fixed annual interest of 4.00 percent. The issue price of the bond is 99.871 percent. The net proceeds from the bond offering will be used in accordance with the Green Finance Framework published by Valmet on March 1, 2024. The Green Finance Framework is designated to support financing and refinancing eligible assets and expenditures that promote two environmental objectives: enabling transition to a circular economy and mitigating climate change.

On March 14, 2024, Valmet announced that the Finnish Financial Supervisory Authority has approved the listing prospectus of the bond, and that Valmet has submitted an application for the bond to be admitted to trading on the list of sustainable bonds of Nasdaq Helsinki Ltd. Trading on the bond commenced on March 19, 2024.

In 2024, Valmet issued its second green debt transaction under the Green Finance Framework, a green term loan of EUR 50 million from Swedish Export Credit Corporation (SEK).

Valmet's liquidity was strong at the end of the reporting period, with cash and cash equivalents amounting to EUR 482 million (EUR 432 million) and other interest-bearing assets totaling EUR 30 million (EUR 25 million). Valmet's liquidity was secured with a committed revolving credit facility of EUR 300 million, which was undrawn at the end of the reporting period. Liquidity was additionally secured by undrawn commercial paper program worth of EUR 300 million.

Capital expenditure

Gross capital expenditure (excluding business combinations and right-of-use assets) totaled EUR 107 million (EUR 125 million) in 2024, of which maintenance investments amounted to EUR 38 million (EUR 57 million).

Rautpohja fire insurance compensation

A fire broke out at Valmet's Rautpohja factory site in Jyväskylä, Finland, on May 7, 2022. The fire, which started at a workshop during a roll test, caused damages to parts of roll and headbox manufacturing and preassembly. Operations resumed with some special arrangements, like transferring some of the production to temporary locations. Valmet maintains property damage and business interruption insurance and expected to recover fire-related losses through insurance.

The final settlement with the insurance provider was reached in April–June 2024 and the final payment was received in June 2024. Valmet has recorded an insurance compensation of EUR 19 million in January–June 2024 related to the compensation of the costs incurred. The outstanding receivable towards the insurance company since 30 June 2024 has been nil (EUR 32 million as at 31 December 2023). In total, Valmet has received EUR 74 million as cash payments in 2022, 2023 and 2024.

Acquisitions and disposals

Acquisitions

Process Gas Chromatography business of Siemens AG

On July 17, 2023, Valmet announced that it has entered into an agreement to acquire the Process Gas Chromatography business of Siemens AG. On April 2, 2024, Valmet announced that the acquisition has been completed. The enterprise value of the acquisition is EUR 102.5 million on a cash and debt-free basis subject to customary adjustments.

The acquisition is in line with Valmet's strategy and will further strengthen Valmet's automation segment and process automation offering with process industry gas chromatograph and process analyzer systems offering. It also strengthens Valmet's Automation Systems business footprint in North America, Asia-Pacific, and Europe. The acquired business is integrated into Valmet's Automation Systems business line as a business unit called Analyzer Products and Integration.

In 2022, the net sales of the acquired business amounted to approximately EUR 120 million and pro-forma adjusted EBITDA margin was approximately 10 percent. The business employs around 300 employees, and its main locations are in the USA, Germany, and Singapore. It has been consolidated into Valmet's financial reporting since the second quarter of 2024.

FactoryPal

On May 30, 2024, Valmet announced that it has agreed with Körber that Valmet will become the majority shareholder of FactoryPal, an undertaking of Körber. On August 1, 2024, the company announced it has closed the agreement to acquire majority shares in FactoryPal.

FactoryPal is a software developed for tissue converting operations that improves shopfloor manufacturing performance and productivity. The software empowers tissue mill teams to achieve

seamless operations by generating and utilizing high quality data combined with state-of-the-art user experience and advanced artificial intelligence (AI). FactoryPal will further strengthen Valmet's offering of advanced Industrial Internet solutions and digital services to support customers in the tissue industry.

FactoryPal will continue operating as its own legal entity under the existing FactoryPal brand. There are 55 employees working for FactoryPal in Germany, Portugal, Italy, the USA and Brazil.

Demuth

On December 22, 2023, Valmet announced that it has entered into an agreement to acquire Demuth, a Brazilian company specializing in wood handling solutions for the pulp industry. On August 2, 2024 the company announced that it has completed the acquisition of Demuth. This acquisition strengthens Valmet's wood handling technology offering and services presence in South America.

Demuth operates two manufacturing facilities in southern Brazil in the state of Rio Grande do Sul. The net sales of Demuth are around EUR 20–30 million annually, and the company employs around 400 people.

Disposals

Valmet made no disposals during 2024.

Research and development

Valmet's research and development (R&D) expenses in 2024 amounted to EUR 123 million, i.e. 2.3 percent of net sales (EUR 114 million and 2.1%). Research and development work is carried out predominantly in Finland and Sweden, within the business lines' R&D organizations and pilot facilities. In addition, research and development takes place within a network of customers, suppliers, research institutes and universities. In the end of 2024, R&D employed 564 (551) people. Valmet's R&D headcount has increased due to the R&D and innovation program Beyond Circularity, where Valmet and its ecosystem come together to innovate, renew and enable their customer industries to shift to carbon neutrality and to facilitate green transition.

Valmet's R&D work is based on customers' needs, such as improving production and resource efficiency, maximizing the value of raw materials, providing new revenue streams, and developing new innovations and technologies.

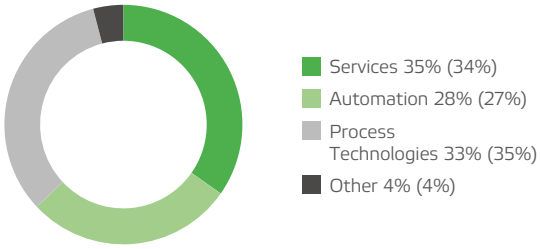
Valmet develops competitive, leading production and automation technologies and services. To enhance raw material, water and energy efficiency in its customers' production processes, Valmet combines digitalization, process technology, flow control, automation systems and services. Valmet also develops solutions for replacing fossil materials with renewable ones and for producing new high-value end products.

Personnel

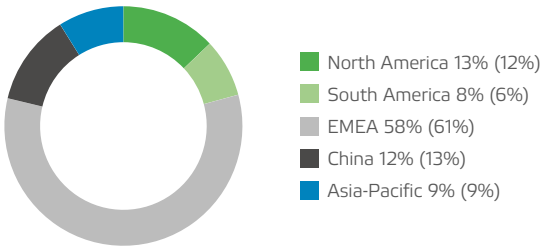
Personnel by business line	As at December 31, 2024	2023	Change
Services	**6,714**	6,493	3%
Automation	**5,448**	5,171	5%
Flow Control	*2,883*	*2,841*	*1%*
Automation Systems	*2,565*	*2,330*	*10%*
Process Technologies	**6,356**	6,707	-5%
Pulp and Energy	*1,953*	*1,948*	*0%*
Paper	*4,402*	*4,759*	*-7%*
Other	**792**	789	0%
Total	**19,310**	19,160	1%

Personnel by area	As at December 31, 2024	2023	Change
North America	**2,497**	2,273	10%
South America	**1,519**	1,164	30%
EMEA	**11,188**	11,644	-4%
China	**2,388**	2,432	-2%
Asia-Pacific	**1,718**	1,647	4%
Total	**19,310**	19,160	1%

Personnel by segment, %



Personnel by area, %



During 2024, Valmet employed an average of 19,297 (18,130) people. The number of personnel at the end of the year was 19,310 (19,160). The increase in personnel is mainly due to the acquisitions of Analyzer Products and Integration and Demuth. Personnel expenses totaled EUR 1,393 million (EUR 1,292 million) in 2024, of which wages, salaries and remuneration amounted to EUR 1,101 million (EUR 1,019 million).

Changes in Valmet's Executive Team

On December 16, 2024, Valmet announced that Anu Salonsaari-Posti, SVP Marketing, Communications, Sustainability and Corporate Relations and a member of Valmet's Executive Team since 2013, leaves Valmet and continues her career outside the company. Anu Salonsaari-Posti continued in her role until the end of December 2024.

On November 21, 2024, Valmet announced that Jukka Tiitinen, Area President, North America, has decided to retire. Jukka Tiitinen continued in his role until the end of December 2024.

On September 24, 2024, Valmet announced that Olli Hänninen (M.Sc. Industrial Management) has been appointed Senior Vice President, Strategy, at Valmet as of October 1, 2024. In this position he reports to the President and CEO Thomas Hinnerskov and is a member of Valmet's Executive Team. Olli Hänninen worked in several different management positions in the services business of KONE between 2014–2024, where his last position was Senior Vice President, Service Business. Prior to his career at KONE, he worked as an Associate Partner in McKinsey & Company in 2004–2014.

On June 7, 2024, Valmet announced that Anu Pires (M.Sc. Econ) has been appointed SVP, Human Resources at Valmet as of September 1, 2024. She became a member of Valmet's Executive Team and will report to President and CEO Thomas Hinnerskov. Anu Pires joined Valmet from Paulig Group, where she worked as SVP, Human Resources since 2018. Prior to her role at Paulig, Anu Pires worked as VP of HR at Lumene from 2017 to 2018, in different HR management positions at Outotec from 2016 to 2017, and as Head of HR, APAC Mobile Device Sales, Nokia integration at Microsoft from 2014 to 2015. Between 1998 and 2014, she held HR management roles at Nokia, working in Brazil, China, and India. Anu Pires began her career in human resources as HR trainee and specialist at Valmet from 1996 to 1998. Anu Pires succeeds Julia Macharey (SVP, Human Resources and Operational Development), who left Valmet at the end of January 2024, as announced in August 2023.

On February 19, 2024, Valmet announced that Valmet's Board of Directors has appointed Thomas Hinnerskov as the President and CEO of Valmet. Thomas Hinnerskov started in the position on August 12, 2024. He succeeds Pasi Laine, whose resignation was announced on August 18, 2023.

Thomas Hinnerskov is a Danish citizen and was born in 1971. He joined Valmet from Mediq B.V. where he was working as the CEO since 2022. Prior to this, Thomas Hinnerskov was Executive Vice President at KONE responsible for South Europe, Middle East and Africa between 2021–2022 and Executive Vice President for Central Europe between 2016–2021. Earlier in his career Thomas Hinnerskov has had several leadership positions in ISS A/S between 2003–2016, and before that he worked in versatile management positions in a private equity fund, in consulting and in investment banking sector. He holds a Master's degree in Economics (Finance and Accounting) from Copenhagen Business School.

On January 12, 2024, Valmet announced that Janne Pynnönen (M.Sc. Eng.) has been appointed Senior Vice President, Operational Development at Valmet as of February 1, 2024. Janne Pynnönen became a member of Valmet's Executive Team and reports to President and CEO Thomas Hinnerskov. Until his nomination, Janne Pynnönen was holding the position of Vice President, R&D at Valmet. Before joining Valmet in 2020, he worked in versatile business management and development roles and in R&D in Stora Enso since 2003. Janne Pynnönen succeeds Julia Macharey (SVP, Human Resources and Operational Development), who left Valmet at the end of January 2024, as announced in August 2023.

Structural changes

Valmet announced on September 5, 2024, the start of change negotiations in its Paper business line's Board and Paper Mills business unit including a plan to consider measures aimed at improving the profitability and competitiveness of the business operations. The scope of the negotiations covered all employees in Board and Paper Mills business unit in Finland, totaling approximately 1,300 employees. Other organizations or employees in the Paper Business Line were not included in the scope of the change negotiations.

On October 21, 2024, Valmet announced the completion of change negotiations. As a result of the change negotiations the employment of 112 people were ended. In addition, there were fixed-term position terminations, retirements, and internal transfers to other positions within Valmet. At the beginning of the negotiations, the need for employee reductions was estimated to be 200 positions. Additionally, the Board and Paper Mills business unit will implement temporary layoffs lasting up to 90 days during the first half of 2025. Valmet supports the re-deployment of the laid-off persons by offering i.e. personal career coaching.

On February 15, 2024, Valmet announced to start change negotiations affecting certain parts of Services and Paper business lines, EMEA area organization and corporate functions. The negotiations included a plan to consider measures aimed at improving the profitability and competitiveness of the business operations, as well as adapting to the changing market situation. On April 2, 2024, Valmet announced that the change negotiations had been completed, and as a result 60 roles in Finland and 49 roles in Sweden were reduced. Additionally, there were temporary lay-offs with maximum length of 90 days in the Paper business line in Finland. In a another change negotiation in June 2024, maximum 90-day temporary layoffs in Automation Systems were decided.

Investments in production and services

On September 3, 2024, Valmet announced that it has opened a new service center in Beihai to serve and be close to its customers in the fast-growing pulp and paper industry in the Guangxi Zhuang Autonomous Region, West China. The Beihai Service Center serves pulp, board, and paper customers close by, focusing on fiber workshop services, roll maintenance, and field services, including shutdown planning management.

On March 25, 2024, Valmet announced the decision to invest in filter fabric manufacturing in Belo Horizonte, Brazil, in order to better respond to the growing demand of high-performing filter fabrics in both the mining and pulp and paper industries in South America. The value of the investment will not be disclosed. The investment includes the relocation of the current office and manufacturing facility in Belo Horizonte, new machinery, and improvements in the operations' energy efficiency and emission reduction. The new facility will be in operation during the first half of 2025.

Business model and value creation

Valmet is a leading global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries. With our automation systems and flow control solutions we serve an even wider base of process industries.

Our strong technology offering includes pulp mills, tissue, board and paper production lines, air emission control solutions, and power plants for bioenergy production. Our services, automation systems and flow control solutions improve production performance and increase the environmental efficiency and cost-effectiveness of Valmet's customers' production processes, while ensuring safe and reliable operations. Our product and service portfolio consists of productivity-enhancing services, plant upgrades and rebuilds, cost-effective new equipment and solutions for optimizing energy and raw material use, and technologies increasing the value of our customers' end products. Valmet's technologies maximize the value of renewable raw materials, while minimizing their environmental impact.

Valmet's business model relies on a range of key intangible resources that enable long-term value creation for its stakeholders. These include, for example, intellectual property, brand reputation, technological expertise, and customer relationships and references. Valmet holds a robust portfolio of intellectual assets, including approximately 1,500 patented inventions. Valmet employs more than 19,000 employees globally, whose expertise and experience play a key role in value creation.

Strategic goals and their implementation

Valmet's strategy is: Valmet develops and supplies competitive and reliable process technologies, services and automation to the pulp, paper and energy industries. Our automation business covers a wide base of global process industries. We are committed to moving our customers' performance forward with our unique offering and way to serve.

During the second quarter of 2024, Valmet's mission statement was refined to reflect the changes in our business portfolio and customer base. Valmet's refined mission is: We create sustainable results by converting renewable resources and making industrial processes reliable and efficient. Valmet's vision is to become the global champion in serving its customers and in moving the industries forward.

Valmet seeks to achieve its strategic targets by continuous improvement and renewal. Valmet has the following Must-Win initiatives: 'Customer excellence', 'Leader in technology and innovation', 'Excellence in processes' and 'Winning team', as well as selected Business Accelerators.

Valmet has an annual strategy process, where Valmet's strategy and financial targets are reviewed.

Valmet's financial targets are the following:

Financial targets
● Net sales for Services and Automation segments to grow over two times the market growth
● Net sales for Process Technologies segment to exceed market growth
● Comparable EBITA: 12–14%
● Comparable return on capital employed (ROCE) before taxes: at least 15%
● Dividend payout at least 50% of net profit

Actions to reach Comparable EBITA target of 12–14%

Valmet continues to focus on improving profitability through implementing its four Must-Win initiatives: 'Customer excellence', 'Leader in technology and innovation', 'Excellence in processes' and 'Winning team'. Valmet targets to increase the comparable EBITA margin in all three segments (Services, Automation and Process Technologies).

Customer excellence

Valmet aims to strengthen its customer base by implementing effective sales management practices and cultivating close relationships with customers. Valmet is targeting to increase its market share in Services and Automation segments by growing over two times the market growth. In Process Technologies segment, Valmet aims to maintain and improve its market share.

Leader in technology and innovation

Valmet is known for its world-class technology and is always looking to bring advanced and innovative solutions to the market. Furthermore, Valmet is placing a strong emphasis on product cost competitiveness.

Excellence in processes

Valmet is continuously developing and improving its processes. Valmet aims to ensure excellent project management and project execution. Supply chain management and efficient procurement are key for Valmet. Valmet is also streamlining its processes and renewing the ERP system.

Winning team

Valmet has a strong home base in the Nordic region but has also been increasing procurement, production, and engineering resources in cost-competitive countries. The Company is investing heavily in its people, particularly through the global training portfolio, which supports the execution of the Must-Wins.

Towards the end of the year 2024, Valmet initiated work to renew its strategy with the aim of defining Valmet's future growth areas, accelerating growth, and simplifying ways of working.

Shares and shareholders

Development of Valmet's share price since listing, January 2, 2014–December 31, 2024

Share capital and share data[1]

	2024	2023	2022
Share capital, December 31, EUR million	**140**	140	140
Number of shares, December 31:			
Number of outstanding shares	**184,165,347**	184,161,105	184,184,830
Treasury shares held by the Parent Company	**364,258**	368,500	344,775
Total number of shares	**184,529,605**	184,529,605	184,529,605
Average number of outstanding shares	**184,159,071**	184,151,827	175,617,981
Average number of diluted outstanding shares	**184,159,071**	184,151,827	175,617,981
Trading volume on Nasdaq Helsinki Ltd.[2]	**108,778,549**	103,147,588	125,393,868
% of total shares for public trading	**59**	56	68
Earnings per share, EUR	**1.52**	1.94	1.92
Earnings per share, diluted, EUR	**1.52**	1.94	1.92
Adjusted earnings per share, EUR	**1.93**	2.28	2.37
Dividend per share, EUR	**1.35**[3]	1.35	1.30
Dividend, EUR million	**249**[3]	249	239
Dividend payout ratio	**89%**[3]	70%	68%
Effective dividend yield	**5.8%**[3]	5.2%	5.2%
Price to earnings ratio (P/E)	**15.4**	13.5	13.1
Equity per share, EUR	**14.15**	13.93	13.54
Highest share price, EUR	**30.11**	32.99	38.59
Lowest share price, EUR	**21.37**	19.64	19.95
Volume-weighted average share price, EUR	**25.04**	26.35	26.90
Share price, December 31, EUR	**23.33**	26.11	25.16
Market capitalization, December 31, EUR million	**4,305**	4,818	4,643

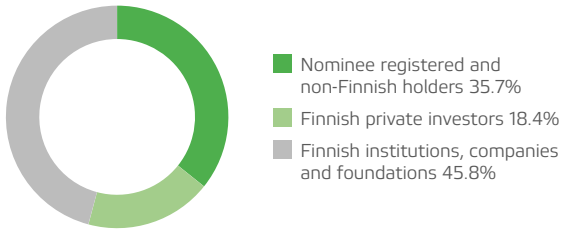
[1] The formulas for calculation of the figures are presented in the section 'Formulas for Calculation of Indicators'.
[2] In addition to Nasdaq Helsinki Ltd, Valmet's shares are also traded on other marketplaces, such as CBOE DXE, BATS, Frankfurt, Chi-X and Turquoise. A total of approximately 50 million Valmet shares were traded on these five alternative marketplaces in 2024. (Source: www.valmet.com/investors/valmet-share/trading-volumes/).
[3] Board of Directors' proposal.

Largest shareholders on December 31, 2024

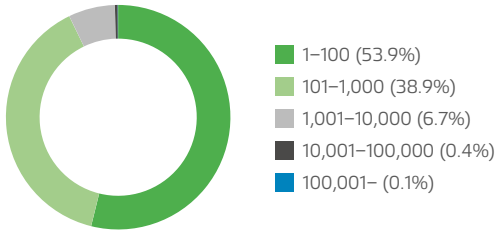
		Shares	% of share capital
1	Oras Invest Ltd	19,200,000	10.40%
2	Solidium Oy	18,640,665	10.10%
3	Varma Mutual Pension Insurance Company	8,786,744	4.76%
4	Ilmarinen Mutual Pension Insurance Company	7,235,818	3.92%
5	Elo Mutual Pension Insurance Company	2,772,000	1.50%
6	Finnish State Pension Fund	2,300,000	1.25%
7	Evli Finnish Small Cap Fund	914,965	0.50%
8	Sigrid Jusélius Foundation	716,954	0.39%
9	Samfundet Folkhälsan i Svenska Finland	666,423	0.36%
10	Aktia Capital Mutual Fund	664,080	0.36%
11	OP-Finland	657,667	0.36%
12	Danske Invest Finnish Equity Fund	645,836	0.35%
13	Finnish Cultural Foundation	623,741	0.34%
14	Nordea Pro Finland Fund	526,775	0.29%
15	The Finnish Social Insurance Institution	526,188	0.29%

Source: Euroclear Finland

Distribution of shareholding by sector, %



Distribution of shareholders by number of shares held, %



Number of shareholders

The number of registered shareholders at the end of year 2024 was 105,217 (100,752).

Shareholdings of the Board of Directors in Valmet Oyj on December 31, 2024

		Shares
Mäkinen, Mikael	Chair of the Board	11,906
Eskola, Jaakko	Vice Chair of the Board	4,870
Kemppainen, Pekka	Member of the Board	6,535
Maurer, Monika	Member of the Board	6,535
Lumme-Timonen, Annareetta	Member of the Board	1,582
Paasikivi, Annika	Member of the Board	1,449
Hämäläinen, Anu	Member of the Board	4,196
Lindberg, Per	Member of the Board	3,591
Total		**40,664**
% of outstanding shares		**0.02%**

Shareholdings of the Executive Team in Valmet Oyj on December 31, 2024

		Shares
Hinnerskov, Thomas	President and CEO	0 *
Hokkanen, Katri	CFO	9,295
Kokko, Tero	Area President, EMEA	4,104
Pires, Anu	SVP, Human Resources and Interim SVP Marketing, Communications, Sustainability and Corporate Relations	0
Niemi, Aki	Business Line President, Services	44,783
Paukkunen, Petri	Area President, Asia Pacific	15,986
Rasinmäki, Petri	Business Line President, Paper	2,929
Riekkola, Sami	Business Line President, Pulp and Energy	23,187
Hänninen, Olli	SVP, Strategy	1,400
Sääskilahti, Simo	Business Line President, Flow Control	6,855
Tacla, Celso	Area President, South America	78,512
Pynnönen, Janne	SVP, Operational Development	1,087
Torttila-Miettinen, Emilia	Business Line President, Automation Systems	2,884
Zhu, Xiangdong	Area President, China	38,079
Salonsaari-Posti, Anu	Senior Vice President, Marketing, Communications, Sustainability and Corporate Relations	37,300
Tiitinen, Jukka	Area President, North America	45,040
Total		**311,441**
% of outstanding shares		**0.17%**

* Thomas Hinnerskov has an allocation of 61,037 shares in restricted share pool. A precondition for the payment of the share reward based on the restricted pool is that the employment relationship of Thomas Hinnerskov with Valmet continues until the payment date of the reward, which is in March 2027. Shares in long-term incentive plan PSP (Performance Share Plan) 2024-2026 have also been allocated to Thomas Hinnerskov in 2024, with rewards from these plans will be paid to participants in spring 2027.

Flagging notifications

During the review period, Valmet received the following flagging notifications referred to in the Securities Market Act:

			% of shares and voting rights		
Transaction date	**Shareholder**	**Threshold**	**Direct**	**Through financial instruments**	**Total, %**
January 5, 2024	The Goldman Sachs Group, Inc.	Below 5%	0.03%	2.62%	2.65%
January 26, 2024	Oras Invest Oy	Above 10%	10.22%	-	10.22%
March 8, 2024	Swedbank Robur Fonder AB	Above 5%	5.09%	-	5.09%
August 7, 2024	The Goldman Sachs Group, Inc	Above 5%	0.07%	4.95 %	5.02%
August 9, 2024	The Goldman Sachs Group, Inc	Below 5%	0.07%	4.87 %	4.95%
October 21, 2024	Swedbank Robur Fonder AB	Below 5%	4.98%	-	4.98%
December 3, 2024	Swedbank Robur Fonder AB	Above 5%	5.03%	-	5.03%

Trading of shares

Trading of Valmet shares on Nasdaq Helsinki	**2024**	**2023**
Number of shares traded	**108,778,549**	103,147,588
Total value, EUR million	**2,723**	2,718
High, EUR	**30.11**	32.99
Low, EUR	**21.37**	19.64
Volume-weighted average price, EUR	**25.04**	26.35
Closing price on the final day of trading, EUR	**23.33**	26.11

The closing price of Valmet's share on the final day of trading for the reporting period, December 30, 2024, was EUR 23.33, i.e., 11 percent lower than the closing price on the last day of trading in 2023 (EUR 26.11 on December 29, 2023).

In addition to Nasdaq Helsinki Ltd, Valmet's shares are also traded on other marketplaces, such as CBOE DXE, BATS, Frankfurt, Chi-X and Turquoise. A total of approximately 50 million Valmet shares were traded on these five alternative marketplaces in 2024 (Source: www.valmet.com/investors/valmet-share/trading-volumes/).

Board authorizations regarding shares

Valmet Oyj's Annual General Meeting on March 21, 2024, authorized Valmet's Board of Directors to decide on the repurchase of a maximum number of 9,200,000 of the Company's own shares in one or several tranches. This corresponds to approximately 5.0 percent of all the shares in the Company. The Company's own shares may be repurchased otherwise than in proportion to the shareholdings of the shareholders (directed repurchase). The Company's own shares may be repurchased using the unrestricted equity of the Company at a price formed on a regulated market on the official list of Nasdaq Helsinki Ltd on the date of the repurchase or at a price otherwise formed on the market.

The Company's own shares may be repurchased for reasons of developing the Company's capital structure, financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in an incentive scheme, however so that a maximum of 500,000 shares may be repurchased to be used in an incentive scheme, which corresponds to approximately 0.3 percent of all the shares in the Company. The Board of Directors resolves on all other terms related to the repurchasing of the Company's own shares.

Valmet Oyj's Annual General Meeting 2024 also authorized Valmet's Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares in one or several tranches. The issuance of shares may be carried out by offering new shares or by transferring treasury shares held by Valmet. Based on this authorization, the Board of Directors may also decide on a directed share issue in deviation from the shareholders' pre-emptive rights and on the granting of special rights subject to the conditions mentioned in the Finnish Companies Act. Based on this authorization, a maximum number of 18,500,000 shares may be issued, corresponding to approximately 10.0 percent of all the shares in Valmet. The new shares and treasury shares may be issued for consideration or without consideration.

The Board of Directors may decide on all other terms of the issuance of shares and special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Companies Act. The Board of Directors may use this authorization, for example, for reasons of developing the Company's capital structure, in financing or carrying out acquisitions, investments or other business transactions, or for the shares to be used in incentive schemes, however so that the Board of Directors may issue a maximum of 500,000 shares to be used in incentive schemes, which corresponds to approximately 0.3 percent of all the shares in the Company.

The authorizations shall remain in force until the close of the next Annual General Meeting, and they cancel the corresponding authorizations granted by the Annual General Meeting 2023.

Based on the authorization granted by the Annual General Meeting 2024, Valmet's Board of Directors decided on June 18, 2024, on a directed share issue related to the reward payment of Valmet's share-based long-term incentive plans for the performance period 2023. In the share issue on June 20, 2024, a total of 736 Valmet's treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

The Board of Directors of Valmet decided in its meeting on December 18, 2024, to use the authorization granted by the Annual General Meeting held on 2024, to repurchase the Company's own shares. Based on the authorization, the Board has decided to initiate a fixed-term share buy-back program for the purpose of acquiring the Company's own shares to meet part of the obligations arising from the LTI Plans and the Restricted Pool incentive. The share acquisitions will begin at the earliest on February 13, 2025 and will end at the latest on March 7, 2025. The maximum number of shares to be acquired is 115,000 corresponding to a value of approximately EUR 2.6 million based on the closing share price on December 17, 2024. The shares will be acquired at market price in public trading on Nasdaq Helsinki Ltd.

Share-based incentive plans

Valmet's share-based incentive plans are part of the total compensation offered for Valmet's key personnel. The aim of the plans is to align the interests of the shareholders and the key employees to increase the value of Valmet in the long run, to steer the key employees towards achieving the Company's selected strategic targets, to commit the key employees to the Company, and to offer them a competitive reward plan based on holding the Company's shares. Any shares to be potentially awarded are, or have been, acquired through public trading, and therefore the incentive plans have no diluting effect on the share value.

Long-term incentive plans – Performance Share Plan and Deferred Share Plan

In its meeting on December 17, 2020, the Board of Directors of Valmet Oyj decided on share-based long-term incentive plans, a Performance Share Plan and a Deferred Share Plan, for Valmet's key employees. The Board of Directors decided on a continuation of its share-based long-term incentive plans (LTI plans) each year.

The Performance Share Plan is directed to the Executive Team members. The Performance Share Plans include a three-year performance period parallel to a one-year performance period. Valmet's Board of Directors decides on the predefined performance measures and targets in the beginning of each performance period.

The Deferred Share Plan is directed to other key employees in management positions and management talents. It has a one-year performance period. The predefined performance measures and targets are decided by Valmet's Board of Directors and are aligned with the targets of the Performance Share Plan. The Deferred Share Plan is directed to approximately 200 participants, of which approximately 150 are key employees in management positions, and approximately 50 are management talents.

The Board of Directors of Valmet Oyj decided in December 2024 on establishment of a new long-term share incentive plan, a Performance Share Plan, for Valmet's executives and selected key employees. The new Performance Share Plan consists of annually commencing performance share plans, with a three-year performance period, within which its participants have the opportunity to earn shares of the Company based on achievement of the performance measures. The performance measures and their target ranges are set separately for each commencing plan.

Regarding all Valmet LTI plans, as a rule, no reward is paid if the key employee's employment or service at Valmet ends before the reward payment. The earning under the Performance Share Plan is limited by a pay cap determined by the Board of Directors in order to avoid unexpectedly high pay-outs resulting from share price volatility. Additionally, the Board has the right to re-collect paid rewards after the plan has ended if the LTI plan participant has caused a misstatement of the information based on which the reward was paid.

The Performance Share Plan includes a recommendation for the members of Valmet's Executive Team to own and hold an amount of Company shares equaling their gross annual base salary (100 percent ownership recommendation). Further, each member of Valmet's Executive Team is expected to retain in their ownership at least half of the shares received under the share-based incentive plans of the Company, until the value of their share ownership corresponds to at least their gross annual base salary. Management shareholding is presented on Valmet's website at www.valmet.com/investors/shareholders/management-shareholding.

Restricted Shares Pool

As part of total remuneration, for example for retention purposes, the Board of Directors decided on an additional incentive element in December 2018, the restricted shares pool, from which shares can be granted to selected key employees. Restricted share pools are intended to be annually commencing, and the annual restricted shares pool is subject to separate approval by the Board of Directors. In 2024, approximately 101,000 shares were allocated from the restricted shares pool. In 2025, 100,000 shares and in addition the shares unallocated from the Performance Share Plan 2025-2027 can be allocated to possible participants of the restricted shares pool. As a rule, the restriction period for these shares is three years. Plan nominations as well as detailed terms of allocation will be proposed by the President and CEO to the Chairman of the Board of Directors for approval. A precondition for the payment of the share reward based on the restricted shares pool is that a threshold Valmet Comparable EBITA is exceeded and that the employment relationship of the individual participant with Valmet continues until the payment date of the reward.

	Long-term incentive plans 2021–2023		**Long-term incentive plans 2022–2024**	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Performance Share Plan and Deferred Share Plan	Performance Share Plan
Performance period	2021	2021–2023	2022	2022–2024
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Predefined strategic target	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	ESG Index, targets linked to implementing Valmet's Climate Program and Sustainability Agenda
Reward payment	In spring 2022	In spring 2024	In spring 2023	In spring 2025
Participants				
Performance Share Plan	13	10	14	11
Deferred Share Plan	101		114	
Total gross number of shares earned	Approximately 355,000 shares	Approximately 42,000 shares	Approximately 176,000 shares	Approximately 29,000 shares

	Long-term incentive plans 2023–2025		Long-term incentive plans 2024–2026		Long-term incentive plan 2025–2027
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Deferred share plan	Performance Share Plan	Performance Share Plan
Performance period	2023	2023–2025	2024	2024, 2024–2026	2025–2027
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth of the stable business	Development of a valuation multiple of Valmet's share in comparison to peer group	Comparable EBITA as a percentage of net sales, and orders received growth of the stable business	Comparable EBITA as a percentage of net sales, and orders received growth of the stable business Development of a valuation multiple of Valmet's share in comparison to peer group	Comparable EBITA, organic orders received growth (%) of the stable business, and ESG Index
Reward payment	In spring 2024	In spring 2026	In spring 2025	In spring 2027	In spring 2028
Participants					
Performance Share Plan	15	13		17	~220
Deferred Share Plan	120		193		
Total gross number of shares earned	Approximately 153,000 shares.	Approximately 48,000 shares.	As at December 31, 2024, a total of approximately 359,000 shares were allotted to participants.	As at December 31, 2024, a total of approximately 262,000 shares were allotted to participants.	The reward to be paid will correspond to a maximum total of approximately 653,000 shares.

Valmet announced on December 20, 2023, that the Board of Directors of Valmet has decided to use the authorization granted by the Annual General Meeting 2023 to repurchase the Company's own shares. The Board decided to initiate a fixed-term share buy-back program for the purpose of acquiring the Company's own shares to meet part of the obligations arising from its share-based long-term incentive plans (LTI Plans) and the Restricted Pool incentive. The share acquisitions began on February 12, 2024, and ended on February 16, 2024. The number of shares acquired totaled 100,000.

Based on the authorization granted to the Board of Directors by the Annual General Meeting 2023, Valmet's Board of Directors decided in December 2023 on a directed share issue related to the reward payment of Valmet's share-based long-term incentive plans for the performance periods 2021–2023 and 2023. In the share issue on March 15, 2024, a total of 113,678 Valmet's treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

Based on the authorization granted by the Annual General Meeting 2024, Valmet's Board of Directors decided on June 18, 2024, on a directed share issue related to the reward payment of Valmet's share-based long-term incentive plans for the performance period 2023. In the share issue on June 20, 2024, a total of 736 Valmet's treasury shares were conveyed without consideration to the participants of the plans, in accordance with the terms and conditions of the plans.

The Board of Directors of Valmet decided in its meeting on December 18, 2024, to use the authorization granted by the Annual General Meeting held on 2024, to repurchase the Company's own shares. Based on the authorization, the Board has decided to initiate a fixed-term share buy-back program for the purpose of acquiring the Company's own shares to meet part of the obligations arising from the LTI Plans and the Restricted Pool incentive. The share acquisitions will begin at the earliest on February 13, 2025 and will end at the latest on March 7, 2025. The maximum number of shares to be acquired is 115,000, corresponding to a value of approximately EUR 2.6 million based on the closing share price on December 17, 2024. The shares will be acquired at market price in public trading on Nasdaq Helsinki Ltd.

At the end of the reporting period, the Company held 364,258 treasury shares related to the share-based incentive programs.

More information about share-based incentive plans can be found in Valmet's Remuneration Report, which is available at www.valmet.com/governance.

Resolutions of Valmet Oyj's Annual General Meeting

Valmet's Annual General Meeting 2024 was held in Helsinki on March 21, 2024. The Annual General Meeting adopted the Financial Statements for 2023 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2023. The Annual General Meeting adopted the remuneration report for governing bodies, for which the decision is advisory, and the remuneration policy of the Company. The Annual General Meeting authorized the Board of Directors to decide on the repurchase of the Company's own shares and on the issuance of shares and special rights entitling to shares.

The Annual General Meeting decided to pay a dividend of EUR 1.35 per share for the financial year which ended on December 31, 2023. The dividend was paid in two installments. The first installment of EUR 0.68 per share was paid on April 11, 2024 to shareholders who on the dividend record date March 26, 2024, were registered in the Company's shareholders' register held by Euroclear Finland Oy. The second installment of EUR 0.67 per share was paid on October 10, 2024 to shareholders who on the dividend record date October 1, 2024 were registered in the Company's shareholders' register held by Euroclear Finland Oy.

The Annual General Meeting confirmed the number of Board members as eight and reappointed Mikael Mäkinen as Chair of Valmet Oyj's Board and Jaakko Eskola as Vice Chair. Anu Hämäläinen, Pekka Kemppainen, Per Lindberg and Monika Maurer were re-elected as Board members, and Annareetta Lumme-Timonen and Annika Paasikivi were elected as new Board members. The term of office of the members of the Board of Directors expires at the close of the Annual General Meeting 2025.

PricewaterhouseCoopers Oy was re-elected as the Company's auditor for a term expiring at the end of the Annual General Meeting 2025. Pasi Karppinen, Authorised Public Accountant (KHT) will act as the responsible auditor. PricewaterhouseCoopers Oy will also carry out the assurance of the Company's sustainability reporting.

Valmet published a stock exchange release on March 21, 2024, concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and meeting materials can be viewed on Valmet's website at www.valmet.com/investors/governance/annual-general-meeting/2023/.

Lawsuits and claims

On October 15, 2024, Valmet announced that Metsä Fibre Oy has filed a request for arbitration against Valmet Technologies Oy, which is a subsidiary of Valmet. The arbitration concerns Metsä Fibre's bioproduct mill in Kemi, Finland, which came into operation as planned on September 20, 2023.

Valmet Technologies Oy disputes the claims brought by Metsä Fibre and will also actively pursue claims of its own against Metsä Fibre. Metsä Fibre's preliminary monetary claims put forward amount to approximately EUR 47 million. In addition, Metsä Fibre has informed that it will claim that Valmet Technologies Oy would be declared liable for certain potential costs which Metsä Fibre might incur later based on contractual relationships between Metsä Fibre and other parties. Metsä Fibre estimates that the current value of such potential claims is approximately EUR 65 million, but estimates that this amount is likely to decrease.

Valmet's management does not expect to the best of its current understanding any material adverse impacts on its operations or financial position due to this arbitration. This assessment takes into account the grounds currently presented, provisions made, insurance coverage in force, and the extent of Valmet's total business activities.

Several lawsuits, claims and disputes based on various grounds are pending against Valmet in various countries, including product liability lawsuits and claims as well as legal disputes related to Valmet's deliveries. Valmet is also a plaintiff in several lawsuits. Although some of the claims are substantial, Valmet's management does not expect to the best of its present understanding that the outcome of these lawsuits, claims and disputes will have a material adverse effect on Valmet in view of the grounds currently presented for them, provisions made, insurance coverage in force and the extent of Valmet's total business activities.

Risks and business uncertainties

Valmet's operations are affected by various strategic, financial, operational and hazard risks. Valmet takes measures to exploit emerging opportunities and to limit the adverse effects of potential threats. In the annual risk assessment, Valmet's risk management identified the most significant threats and opportunities being global and key market area economic cycles, customer industry cycles and project operations related risks. The assessment of risks related to sustainable development holds an important role in risk management. If such threats materialized, they could have material adverse effects on Valmet's business, financial situation and operating result, or on the value of shares and other securities.

The objective of Valmet's risk management is to ensure the implementation of an effective and successful strategy for achieving both long- and short-term goals. The task of Valmet's management is to regulate risk appetite. In assessing risks, Valmet takes into consideration the probability of the risks and their estimated impact on net sales or financial results. Valmet's management estimates that the Company's overall risk level is currently manageable in proportion to the scope of its operations and the practical measures available for managing these risks.

Financial uncertainty in the global economy, coupled with fluctuations in exchange rates, higher interest rates and tightening financial market regulations may have an adverse effect on the availability and price of financing from banks and capital markets

and could reduce the investment appetite of Valmet's customers. Valmet estimates that the high proportion of business derived from stable business (Services and Automation segments) and the geographical diversification will reduce the possible negative effects that market uncertainties may have.

If global economic growth weakens, it might have adverse effects on new projects under negotiation or on projects in the order backlog. Some projects may be postponed, suspended, or canceled. In the case of long-term delivery projects, initial customer advance payments are typically 10–30 percent of the value of the project, and customers make progress payments as the project is implemented. This significantly decreases the risks and financing requirements related to Valmet's projects. Valmet continually assesses its customers' creditworthiness and their ability to meet their obligations. As a rule, Valmet does not finance customer projects. If economic growth slows down significantly, the markets for Valmet's products may shrink, which may lead to, for example, tougher price competition.

Of the financial risks that affect Valmet's profit, currency exchange rate and interest rate risks are among the most substantial. Exchange rate changes can affect Valmet's business, although the wide geographical scope of the Company's operations reduces the impact of any individual currency. Economic insecurity typically increases exchange rate fluctuations and can impact interest rates as well. Valmet hedges its currency exposures linked to firm delivery and purchase agreements. The interest rate risks are managed through balancing the ratio between fixed and floating interest rates and duration of interest-bearing debt and interest-bearing financial assets. Additionally, Valmet may use derivative instruments to mitigate the risks.

Changes in legislation and the way authorities interpret regulation, for example regarding taxation, can also have an impact on Valmet's financials.

The return of geopolitics and geoeconomics, changes in political narratives, and the increase in protectionist and more political regulatory measures, such as tariffs, can cause uncertainty in customers' willingness to invest and affect Valmet's operations. Changes in regulatory measures and legislation, along with the associated uncertainty, can have impacts, particularly on trade between major trade areas, the supply chain, and the use of data.

Large fluctuations in energy prices can affect the global economy. These fluctuations can also affect Valmet and its customers.

Issues with component availability and logistics may have adverse effects on Valmet's business.

Changes in labor costs and the prices of raw materials and components can affect Valmet's profitability. Valmet's goal is to offset inflation through increased productivity and price increases. It is possible, however, that tough competition in some product categories will make it difficult to pass on cost increases to product prices. On the other hand, some of Valmet's customers are raw material producers and their ability to operate and invest may be enhanced by strengthening commodity prices and hampered by declining commodity prices.

There may be changes in the competitive situation of Valmet's individual businesses, such as the emergence of new, cost-effective competition in the markets. Valmet can safeguard its market position by developing its products and services, and through good customer service and local presence.

To ensure high quality in both production and services, it is important to sustain a high level of competence and talent availability. This includes, for example, maintaining efficient recruitment programs, utilization of existing talent and sharing knowledge globally.

Through acquisitions, Valmet may become exposed to risks associated with new markets and business environments. The actual acquisition process also includes risks. Other risks associated with acquisitions include, but are not limited to, integration of the acquired business, increased financial risk exposure, retention of key personnel and achieving the targets set for the acquired business.

Valmet's operations, products and services rely largely on data networks, software and digital solutions. Any malfunctions and cybersecurity breaches in such networks, software and solutions as well as potential failures in information system development projects may adversely affect Valmet's business and financial position and lead to reputational damage.

Potential collective disputes and labor and union strikes remain a risk to Valmet's operations as they might have impact on the supply chain, business operations and customer deliveries by increasing the likelihood of interruptions. Valmet's operations are dispersed all around the world, Valmet has a global customer base and our suppliers operate in several countries. This mitigates the overall impacts of risks to Valmet, should there be any disruptions in some isolated country or case.

Epidemic outbreaks and potential pandemics remain a risk to Valmet's operations. Pandemics might have an impact on customers' investment activity, the supply chain and business operations by increasing the likelihood of interruptions. Valmet's operations are dispersed all around the world, Valmet has a global customer base and our suppliers operate in several countries. This mitigates the overall impacts of risks to Valmet, should there be any disruptions in some isolated country or case.

Management of project business risks important

An important part of Valmet's business consists of projects. Pulp business projects in particular can be large, thus project-specific risk management is crucial. Key risks related to projects are project cost estimation, scheduling, project risk management, quality and performance risks, and materials management risks. Risk analysis

shall, as a minimum, take place for all significant project quotations. The work concerning threat and opportunity assessment continues during the execution phase of the project. Risk management is based on careful planning and continuous, systematic monitoring and evaluation. Project risks are managed by improving and continuously developing project management processes and the related systems.

Availability of financing crucial

Securing the continuity of Valmet's operations requires sufficient available funding under all circumstances. Valmet estimates that its liquid cash assets and committed credit limits are sufficient to secure its immediate liquidity and to ensure the flexibility of financing. The average maturity of Valmet's non-current debt (including current installments, excluding lease liabilities) is 3.4 years. Loan facilities include customary covenants, and Valmet is in clear compliance with the covenants at the balance sheet date.

Net working capital and capital expenditure levels have a key impact on the adequacy of Valmet's financing. Setting aside investments into the renewal of the ERP system, Valmet does not expect any significant increase in annual capital expenditure and estimates that it is well-positioned to keep capital expenditure approximately at the level of total depreciation.

As at December 31, 2024, Valmet had EUR 1,808 million (EUR 1,735 million) of goodwill on its statement of financial position. Valmet assesses the carrying value of its goodwill for impairment annually, or more frequently if facts and circumstances indicate that carrying value may not be recoverable. Valmet has not identified any indications of impairment during the reporting period. The principles used for impairment testing are presented in the financial statements.

Valmet has a strong balance sheet and liquidity. In order to diversify and mitigate the financial credit risk, funds are held with several financially-sound banks. Valmet is carefully evaluating counterparty risk and selecting only counterparties with high creditworthiness. Valmet's project business is typically cash positive, as the customers pay us advance and progress payments. Around half of Valmet's business consists of services and automation, where single orders are small. Furthermore, Valmet has hundreds of customers around the globe, which gives us natural hedge.

Conflicts and geopolitical tensions

The war in Ukraine causes significant risks and uncertainties to the markets affecting the entire global economic environment and financial markets. The conflict in the Middle East causes supply chain issues and can increase transport costs and durations. If the conflicts are further prolonged or geopolitical tensions further increase, there could be additional adverse impacts on Valmet's operations, customer investment activity, project deliveries, availability and prices of components, supply chain and availability of financing for both Valmet and its customers. Valmet monitors the situation and manages the Company's response to the impacts of the conflicts.

Events after the reporting period

There have been no subsequent events after the reporting period that required recognition or disclosure.

Guidance for 2025

Valmet estimates that net sales in 2025 will remain at the previous year's level in comparison with 2024 (EUR 5,359 million) and Comparable EBITA in 2025 will remain at the previous year's level in comparison with 2024 (EUR 609 million).

General economic outlook according to IMF

The IMF forecast for 2025 is broadly unchanged from October 2024, with stable but underwhelming real global growth of 3.3 percent projected for both 2025 and 2026. This is primarily due to an upward revision in the United States offsetting downward revisions in other major economies. Global headline inflation is expected to decline to 4.2 percent in 2025 and to 3.5 percent in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. Policy-generated disruptions to the ongoing disinflation process could interrupt the pivot to easing monetary policy, with implications for fiscal sustainability and financial stability. (IMF World Economic Outlook, January 2025)

Short-term market outlook

The short-term market outlook is given for January–June 2025 compared with October–December 2024. It is Valmet's estimate of the customer activity and should not be interpreted as guidance for Valmet's orders received.

Process Technologies

Valmet estimates that the customer activity will remain stable. It is typical that customers' large investment decisions can have a major impact on the market activity.

Services

Valmet estimates that the customer activity is gradually improving, but the capacity utilization rates and profitability levels of customers cause uncertainty to the short-term market outlook.

Automation

Valmet estimates that the customer activity will remain stable.

Board of Directors' proposal for the distribution of profit

Valmet Oyj's distributable funds on December 31, 2024, totaled EUR 1,584,868,527.03 of which the net profit for the year 2024 was EUR 332,895,633.84 (according to Finnish Generally Accepted Accounting Standards).

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.35 per share be paid based on the statement of financial position to be adopted for the financial year which ended on December 31, 2024, and the remaining part of profit be retained and carried further in the Company's unrestricted equity.

The dividend shall be paid in two installments. The first installment of EUR 0.68 per share shall be paid to shareholders who on the dividend record date of March 28, 2025, are registered in the Company's shareholders' register held by Euroclear Finland Ltd. The dividend shall be paid on April 8, 2025. The second installment of EUR 0.67 per share shall be paid in October 2025. The second installment shall be paid to shareholders who on the dividend record date are registered in the Company's shareholders' register held by Euroclear Finland Ltd. The payment date of the second installment shall be resolved by the Board of Directors in its meeting preliminarily scheduled for September 25, 2025. The dividend record date for the second installment would then be September 29, 2025, and the dividend payment date October 7, 2025.

All the shares in the Company are entitled to a dividend except for treasury shares held by the Company on the dividend record date.

Sustainability Statement

General information

Basis for preparation

BP-1: General basis for preparation of sustainability statements

BP-2: Disclosure in relation to specific circumstances

Valmet Oyj (the "Company" or the "parent company"), a public limited liability company, and its subsidiaries (together "Valmet," "Valmet Group" or the "Group") form a global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries. With its automation and flow control solutions, Valmet also serves a wide base of other global process industries.

The European Union (EU) Corporate Sustainability Reporting Directive (CSRD) 2022/2464 applies to Valmet from 2024 onwards. EU law requires companies subject to the CSRD to report social, environmental and governance information according to European Sustainability Reporting Standards (ESRS). This Sustainability Statement was prepared in accordance with the ESRS standards as adopted by the EU and the Finnish Accounting Act chapter 7 and with Article 8 in the Taxonomy Regulation. For previous years until the end of 2023, Valmet has reported its sustainability performance in accordance with the Non-Financial Reporting Directive (NFRD) and in the GRI supplement, in accordance with the global GRI standards from the Global Reporting Initiative (GRI).

Valmet's Sustainability Statement covers the Valmet Group unless otherwise stated. The reporting scope of Valmet's own operations is the same as in Valmet's consolidated financial statements. In addition to Valmet's own operations, the information in this Sustainability Statement has been extended to include information about the material sustainability impacts and sustainability related financial risks and opportunities connected with Valmet through its direct and indirect business relationships in the upstream and downstream value chain, where applicable. The extent of the reported value chain information has been explained in more detail under IRO-1.

The material sustainability matters, and related impacts, risks and opportunities included in this Sustainability Statement are based on the outcome of a double materiality assessment. The double materiality assessment process is described in more detail under IRO-1. Valmet has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation. Specific circumstances related to value chain estimation have been disclosed under E1-6 and E5-4. Sources of estimation and outcome uncertainty have been disclosed under E5-4 and G1-6.

Use of phase-in provisions

Valmet has decided to use the following phase-in provisions according to Appendix C of ESRS 1 in 2024 reporting.

- SBM-1 - Strategy, business model and value chain: paragraphs 40b and 40c
- SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model: paragraph 48e
- E1-9 - Anticipated financial effects from material physical and transition risks and potential climate-related opportunities
- E5-6 - Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities
- S1-7 - Characteristics of non-employee workers in Valmet's own workforce
- S1-14 - Health and safety: reporting of health and safety information concerning non-employees in Valmet's own workforce omitted

Governance

GOV-1: The role of the administrative, management and supervisory bodies

GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

Valmet's administrative, management, and supervisory bodies consist of Valmet's Board of Directors and its committees, President and Chief Executive Officer, and Executive Team. Valmet's Board of Directors is responsible for the administration and proper organization of operations. The Board also decides on significant matters related to strategy, investments, organization, and financing, ensuring that Valmet operates in accordance with its established values in all its operations. Valmet's Board of Directors oversees Valmet's sustainability reporting, and they sign on the information in this Sustainability Statement as part of the Report of the Board of Directors. Valmet's Board of Directors consists of five to eight members, whom the Annual General Meeting elects for a term that lasts until the end of the next Annual General Meeting. In addition to board members, a personnel representative participates as an invited expert in meetings of the Board of Directors. In 2024, all board members were non-executive and 75 percent of the board members were independent of the significant shareholders.

Information about members' experience, including competence related to industry, sustainability and international experience, is presented in the following table.

Valmet Board Competence Matrix

	Industry experience	Financial/ Accounting	Corporate risk management	Corporate governance	Corporate strategy development	Corporate acquisitions	Corporate HR	CEO experience	International experience	Sustaina-bility
Mikael Mäkinen	●	●	●	●	●	●	●	●	●	●
Jaakko Eskola	●		●	●	●	●	●	●	●	
Anu Hämäläinen	●	●	●	●	●	●	●		●	
Pekka Kemppainen	●	●	●	●	●	●	●		●	
Per Lindberg	●		●	●	●	●	●	●	●	●
Annareetta Lumme-Timonen	●	●	●	●	●	●				●
Monika Maurer		●	●	●	●	●	●	●	●	●
Annika Paasikivi			●	●	●	●		●		

Valmet recognizes the importance of diversity, including gender, nationality, age, background, and education, at the board level and all levels of the Group and is committed to increasing diversity across all its operations. Valmet's principles of board diversity include the promotion of experience and a varied educational background, relevant qualifications, balanced gender diversity, and an adequate commitment regarding time contribution, availability, and engagement. Board members should have sufficient expertise and knowledge of and competence in Valmet's field of business and industry.

Board diversity

Gender	**%**	
Male	**50.0%**	**4/8**
Female	**50.0%**	**4/8**
Nationality	**%**	
Finnish	**75.0%**	**6/8**
German	**12.5%**	**1/8**
Swedish	**12.5%**	**1/8**
Age	**%**	
41–50 years	**12.5%**	**1/8**
51–60 years	**25.0%**	**2/8**
61–70 years	**62.5%**	**5/8**
Tenure	**%**	
Less than 1 year	**25.0%**	**2/8**
1–2 years	**25.0%**	**2/8**
3–5 years	**25.0%**	**2/8**
Over 5 years	**25.0%**	**2/8**

Board committees

The Board of Directors has two permanent committees: the Audit Committee and the Remuneration and Human Resources Committee. The Board of Directors elects the members of the committees from among its members at its annual organizing meeting and monitors the activities of the committees. Both committees have charters approved by the Board of Directors and report to the Board on their activities after each meeting.

The Audit Committee monitors Valmet's financial reporting and CSRD reporting and prepares issues for the Board of Directors related to the monitoring of Valmet's financial position, financial reporting, auditing, and risk management.

Chief Executive Officer and Executive Team

The President and Chief Executive Officer manages, guides, and supervises the operations of Valmet and its businesses. The President and Chief Executive Officer reports to the Board of Directors and prepares the matters on the agenda of the Board of Directors and its committees and implements their decisions. The President and Chief Executive Officer and other members appointed by the Board of Directors constitute the Executive Team of Valmet. The Executive Team assists the President and Chief Executive Officer in the preparation of matters such as Valmet's business plan, strategies, policies and other operative matters of joint importance. The President and Chief Executive Officer acts as chair of Valmet's Executive Team, which on 31.12.2024 consisted of 16 executive members. All members of Valmet's Executive Team have a combination of industry and international experience, and they are experienced in overseeing Valmet's sustainability work.

Executive Team diversity

Gender	**%**	
Male	**75.0%**	**12/16**
Female	**25.0%**	**4/16**
Nationality	**%**	
Brazilian	**6.3%**	**1/16**
Chinese	**6.3%**	**1/16**
Danish	**6.3%**	**1/16**
Finnish	**75.0%**	**12/16**
Finnish/USA	**6.3%**	**1/16**
Age	**%**	
41–50 years	**37.5%**	**6/16**
51–60 years	**62.5%**	**10/16**

Sustainability matters addressed by the administrative, management and supervisory bodies

Valmet's Board of Directors is responsible for overseeing the organization's sustainability due diligence and other sustainability processes to identify and manage the impacts on the environment and people. The President and Chief Executive Officer and the Executive Team lead Valmet's sustainability work and related material sustainability impacts, risks and opportunities. Valmet's Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, member of Valmet's Executive team, is responsible for sustainability at Valmet.

Publicly available policies and commitments approved by the Board of Directors:

- Valmet's Code of Conduct
- Valmet's Health, Safety and Environment (HSE) Policy
- Valmet's Disclosure Policy
- Valmet's Remuneration Policy

Publicly available policies and commitments approved by the President and Chief Executive Officer:

- Valmet's Human Rights Statement
- Valmet's Information Security Policy
- Valmet's Supplier Code of Conduct
- Valmet's Quality Policy
- Valmet's Anti-Corruption Policy

Publicly available policies and commitments approved by a member of Valmet's Executive Team:

- Valmet's Equal Opportunity and Diversity Policy
- Valmet's Non-Discrimination and Anti-Harassment Policy

The Executive Team has approved Valmet's Sustainability360° Agenda, which defines the focus themes and targets of Valmet's sustainability work. The Agenda addresses Valmet's material sustainability impacts, risks and opportunities. The President and Chief Executive Officer oversees the progress of actions to achieve the targets set in the Agenda. Valmet's sustainability performance, with the progress of Valmet's Sustainability360° Agenda implementation is reviewed annually by the Executive Team, quarterly by the President and Chief Executive Officer, and one to two times a year by the Board of Directors.

The Board of Directors and the Executive Team have approved Valmet's Climate Program, which includes CO_2 emissions reduction targets and tangible actions for the whole value chain, and addresses Valmet's climate-related impacts, risks and opportunities. The progress of Valmet's Climate Program is reviewed annually by the Board of Directors and biannually by the Executive Team. Valmet's Climate Program Steering Team includes three members of the Executive Team. The Steering Team is responsible for the Climate Program, follows the progress of the targets, and status updates quarterly.

Valmet's President and Chief Executive Officer and the Executive Team were engaged in Valmet's double materiality assessment process and the evaluation of Valmet's material sustainability impacts and sustainability related financial risks and opportunities. The results of the double materiality assessment have been approved by Valmet's Board of Directors. In 2024, Valmet's Chief Financial Officer reported on the progress of CSRD reporting development and external assurance in every meeting of the Board of Directors and the Audit Committee. In 2024, Valmet's CSRD Steering Committee included two members of the Executive Team: Chief Financial Officer and Senior Vice President of Marketing, Communications, Sustainability, and Corporate Relations.

Sustainability impacts, risks and opportunities as a part of Valmet enterprise risk management process

Valmet's Risk Management supports the achievement of the strategic and business goals, compliance with legal and regulatory requirements and also ensures the continuity of Valmet's operations in changing circumstances. The assessment of risks related to sustainability matters plays an important role in risk management. If such threats materialized, they could have adverse effects on Valmet's reputation, business, financial situation and operating result, or on the value of shares and other securities. The Board of Directors and the Executive Team consider sustainability impacts, risks and opportunities when overseeing Valmet's strategy and its decisions on major transactions.

G1 Business conduct, GOV-1: The role of the administrative, management and supervisory bodies

The Valmet Board Audit Committee oversees the development of Valmet's Ethics & Compliance Program, which targets the maintaining of an ethical corporate culture at Valmet, and handling of identified misconduct cases. Internal Audit and Ethics & Compliance report the progress to the Board Audit Committee.

Valmet has a Compliance Committee structure to supervise the implementation of the Ethics & Compliance Program and oversee misconduct investigations. The Chief Financial Officer and Senior Vice President of Human Resources are members of the global Corporate Compliance Committee. Valmet Area organizations have their own Area Compliance Committees for the Ethics & Compliance work at an Area level and to decide on and supervise local misconduct investigations. The Area Compliance Committees report their work to the Corporate Compliance Committee. Area Presidents are a member of their own Area's Compliance Committee. All Compliance Committees meet at least quarterly.

The expertise of the administrative, management, and supervisory bodies in corporate governance, including business conduct, is presented under GOV-1 Board Competence Matrix.

GOV-3: Integration of sustainability related performance in incentive schemes

E1 Climate change, GOV-3: Integration of sustainability related performance in incentive schemes

Valmet's remuneration principles are defined in the Remuneration Policy, which is approved by the Annual General Meeting for a four-year period. Remuneration at all levels of the organization is built on the principles of Driving high performance, Competitive remuneration to retain talent with the best fit, and Fairness and sustainability. Valmet's variable pay schemes (i.e., short-term and long-term incentive plans) support sustainable business by linking selected sustainability topics such as the Climate Program, health and safety and supply chain sustainability to remuneration.

All remuneration-related decisions require grandparent approval. In other words, the remuneration of an employee must always be approved by the manager's manager. The Annual General Meeting decides on the remuneration of the members of the Board of Directors and the Board's Committees for one term of office at a time. The Board of Directors decides on the remuneration, benefits, and other terms of employment of the President and Chief Executive Officer based on the preparatory work by the Remuneration and Human Resources Committee and in accordance with the guidelines in the Remuneration Policy presented to the General Meeting. The Board's Remuneration and Human Resources Committee decides on the compensation and benefits of the Executive Team members other than President and Chief Executive Officer, based on the President and Chief Executive Officer's proposal and general principles approved by the Board.

Valmet's Board of Directors decides on the short-term and long-term incentive plans. Given the nature of the Board's duties and responsibilities, the members of the Board do not participate in the short- and long-term incentive plans. Board members receive a fixed remuneration (annual fee) only, which can be paid in cash or shares, or a combination of cash and shares. Based on the decision of the Annual General Meeting, 40 percent of the Board's annual fees were reinvested to buy Valmet shares from the market in 2024.

The short-term incentive for the President and Chief Executive Officer is an annual performance bonus for which the Board of Directors sets the performance measures. The incentive includes Group-level key financial targets and strategic individual targets. The individual targets set for the President and Chief Executive Officer are related to sustainability progress and other strategic targets. The maximum annual performance bonus opportunity for the President and Chief Executive Officer is 100 percent of the annual base salary, and the weight of the individual targets is 20 percent.

Valmet's other Executive Team members besides the President and Chief Executive Officer are eligible for an annual short-term incentive plan, the Global Bonus Plan. The maximum Global Bonus Plan opportunity for the Executive Team members is 60 percent of the annual base salary.

The Board of Directors approves the comparable EBITA minimum and maximum values used for the Global Bonus Plan. The Valmet-level targets are cascaded to Business Line, Areas and Business Unit levels. Financial and operational targets are predefined and assigned to an individual according to the organization to which they belong. The sustainability-related measure in the Global Bonus Plan is Total recordable incident frequency (TRIF). As stated in our Health, Safety and Environment (HSE) Policy, we believe all incidents can be prevented, and we pursue the goal of zero harm to people which is measured in TRIF. The weight of the TRIF measure is 5 percent of the maximum bonus opportunity.

The long-term incentive is a share-based incentive plan with performance targets decided by the Board of Directors for each plan period. The performance targets for the long-term incentive plan can be, for example, related to growth, profitability, and sustainability, as determined and decided by the Board of Directors annually. The predetermined performance targets are measurable, and the achievement of these targets determines the payout level of the share-based incentive plan. Valmet has two share-based long-term incentive plans, one of which is directed at the Executive Team members, including the President and Chief Executive Officer.

The Performance Share Plan has predefined performance measures for a three-year performance period, and the Board of Directors has decided always to include a sustainability measure in one of the ongoing plan periods. The 2022–2024 Performance Share Plan has a sustainability index as a three-year strategic performance measure, and it has a weight of 25 percent of the long-term incentive maximum opportunity for all Executive Team members with half of the sustainability index linked to climate-related topics. The strategic performance measure is linked to the implementation of Valmet's Sustainability360º Agenda and Climate Program. The long-term incentive maximum opportunity for the Executive Team members in the 2022-2024 Performance Share Plan was 130 percent of the annual base salary and converted to shares at grant. For the President and Chief Executive Officer, it was 150 percent.

GOV-4: Statement of due diligence

Valmet is committed to carrying out sustainability due diligence to identify, address, prevent, and limit negative impacts on the environment and people connected with its business. Valmet's sustainability due diligence framework is based on the UN (United Nations) Guiding Principles on Business and Human Rights and OECD Guidelines for multinational enterprises.

Valmet has embedded environmental, human rights, and governance due diligence into its management systems and in key processes. The table below presents the main aspects of Valmet's sustainability due diligence process, and a mapping of the information provided in this Sustainability Statement about the due diligence process.

Sustainability due diligence process	Upstream – supply chain	Own operations	Downstream – use phase of technologies
Embedding due diligence in governance, strategy and business model	● Valmet's Code of Conduct ● Valmet Human Rights Statement ● Valmet Health, Safety, and Environment Policy ● Valmet Supplier Code of Conduct ● Know Your Business Partner Policy	● Valmet's Code of Conduct ● Valmet Human Rights Statement ● Valmet Health, Safety, and Environment Policy ● Valmet Human Resources Policy ● Valmet Equal Opportunities and Diversity Policy ● Valmet Anti-corruption Policy ● Valmet's Non-Discrimination and Anti-Harassment Policy	● Valmet's Code of Conduct ● Valmet Human Rights Statement ● Valmet Health, Safety, and Environment Policy ● Valmet Guidelines for sustainable and responsible research, product development and design ● Know Your Business Partner Policy
Paragraphs in the Sustainability Statement: E1-2, E2-1, E3-1, E4-2, E5-1, S1-1, S2-1, G1-1			
Identifying and assessing adverse impacts *Ongoing screening of salient sustainability risks throughout value chain*	● Sustainable supply chain process: 1) Supplier Code of Conduct 2) Sustainability Risk Assessment 3) Supplier Sustainability Self-Assessment 4) Supplier Sustainability Audits conducted by external auditor 5) Social and Human Rights Impact Assessment for high-risk suppliers ● Screening of suppliers' risk profiles (sanctions, adverse media) ● Valmet's global Management System process for health and safety and quality performance monitoring	● Regular employee surveys ● Health and safety hazard identification and risk assessment of locations and tasks ● Environmental aspect and impact assessment of locations ● Sustainability impact assessment when there is a significant change in market presence ● Location-level Social and Human Rights Impact Assessment carried out by an independent 3rd party ● Screening of Valmet industrial locations using the World Wide Fund for Nature (WWF) Water Risk Filter and the WWF Biodiversity Risk Filter ● External Audits by ISO standard certification bodies and customers ● Corporate Internal Audits	● Environmental aspect and impact assessments of products and services ● Sustainability impact assessment for large customer projects with identified high impact on environment, people or local communities ● Country & industry Sustainability Risk Assessment: – Business ethics – Human and labor rights – Environmental management – Health and safety. ● Screening of customers' risk profiles (sanctions, adverse media) ● Product safety assessments
Paragraphs in the Sustainability Statement: E1 SBM-3, E1 IRO-1, E4 SBM-3, E4-1, S1 SBM-3, S1-2, S1-4, S1-14, S2 SBM-3, S2-2, S2-3, S2-4, G1-1, G1-3			
Taking actions to address adverse impacts	● Training of suppliers ● Supplier Engagement Program ● Sourcing category-specific tools and guidelines ● Sustainability requirements for suppliers and in supplier contracts ● Strategic Must-Win initiative including sustainability in supply chain ● Sustainability360º agenda and Valmet's Climate Program supplier engagement	● Training of employees on: – Valmet's Code of Conduct – Health, Safety and Environment – Human Rights – Sustainability – Climate Program – Sustainable Supply Chain – Anti-Corruption ● Action plans for mitigating identified Health, Safety and Environment and social risks and impacts ● Sustainability impact assessment results monitoring and follow-up. ● Multi-site certification to ISO 9001, 14001 and 45001 standards ● Strategic Must-Win initiatives to Continue Health, Safety and Environment improvement and to Boost high performance and engagement ● Sustainability360º agenda and Valmet's Climate Program	● Beyond Circularity research and development program and ecosystem (2022-2025) ● Strategic Must-Win initiative to 'Develop new products and technologies to create new revenue and enable customers' carbon neutral operations' ● Sustainability360º agenda and Valmet's Climate Program
Paragraphs in the Sustainability Statement: E1-1, E1-3, E1-4, E5-5, S1-4, S1-5, S2-4, S2-5, G1-1, G1-3			
Engaging with affected stakeholders and access to remedy	● Valmet maintains active dialogue with employees and other workers as described in S1-2 ● Valmet encourages its employees and stakeholders to speak up and voice their concerns. Valmet offers TrustLine channel maintained by external party for reporting suspected violations of our Code of Conduct. It provides Valmet employees and other stakeholders with the possibility to report concerns anonymously and in their native language. ● As a part of Valmet's due diligence framework, Valmet has a remediation process in place. If a serious violation occurs, an Incident Management Team is established to coordinate the remediation actions and to ensure their implementation. ● Valmet's Compliance Committee organization and it's committees oversees misconduct investigations ● Valmet has following guidelines: – Remediation of serious sustainability violations in supplier operations – Health, Safety and Environment event reporting and management procedures – Guideline for reporting and handling misconduct		
Paragraphs in the Sustainability Statement: S1-2, S1-3, S1-4, S2-3, S2-4, G1-1, G1-3			
Tracking effectiveness and communication	● KPIs to follow up sustainable supply chain process (e.g. number of audits, number of suppliers engaged, corrective actions closed) ● Regular internal reporting on strategic Must-Wins ● Annual Global Management System (GMS) reviews in management teams ● Annual sustainability reporting in the Sustainability Statement ● Annual disclosures to sustainability indices and ratings ● Internal and external communications channels (intranet and valmet.com) ● Reporting based on UN Guiding Principles Reporting Framework and UN Global Compact		
Paragraphs in the Sustainability Statement: E1, E2, E3, E4, E5, S1, S2, G1			

GOV-5: Risk management and internal controls

Valmet's internal control processes follow the framework issued by the Committee of Sponsoring Organizations (COSO) and comprises five principal components of internal control: the control environment; risk assessment; control activities; information and communication; and monitoring. Valmet's control environment is based on Valmet's corporate culture: the integrity, values, ethical behavior, and competence of Valmet's personnel, as well as the direction provided to the personnel by the Board of Directors. Valmet's values and control environment provide the Board of Directors and Valmet's management with the basis for reasonable assurance of Valmet achieving the objectives for internal control. The President and Chief Executive Officer and the Executive Team define Valmet's values and ethical principles (reflected in the Code of Conduct) and set the example for the corporate culture, which creates the basis for the control environment. The same parties, with the business lines and Areas are responsible for communicating Valmet's values to the organization.

In Valmet, sustainability reporting is centrally managed by the Marketing and Communications, Sustainability and Corporate Relations function. The relevant experts in Valmet's functions and businesses are responsible for producing the required sustainability reporting information on their areas of expertise, with the support of the Sustainability Team and Group Finance.

In addition to a general assessment of risks related to sustainability reporting, Valmet has conducted its risk assessment by a close analysis of the disclosure requirements in the ESRS standards and of the individual data points, as well as using prior experience of the sustainability reporting requirements to evaluate the risks and prioritization.

Risks related to sustainability reporting have been evaluated following the guidelines and principles of internal controls and risk assessment. Based on its assessment, Valmet has concluded that the main risk areas are related to disclosures involving estimates, significant judgments, and information derived from external sources in its value chain. The main identified reporting risks concern the availability, accuracy, completeness and timeliness of reporting.

Based on the acknowledged control principles and methods, Valmet mitigates these risks by sustainability reporting training and instructions, with relevant system controls, defined responsibilities, established review and approval processes and schedules, and by segregation of duties. Valmet's policies, guidelines, and working instructions support the control processes and risk mitigation efforts.

Risks related to sustainability reporting are assessed by relevant business process owners together with the Sustainability function and Group Finance. They are in charge of establishing an appropriate internal control framework. Business lines and functions are responsible for applying these controls as part of the sustainability reporting process. Sustainability matters are subject to regular reviews by Valmet's Business line and function management. The findings of risk assessment and internal controls are monitored by the CSRD Steering Committee, and any significant findings are reported to Valmet's Executive Team and the Audit Committee of the Board of Directors.

Strategy

SBM-1: Strategy, business model and value chain

Valmet supplies process technologies, automation systems, flow control solutions, and services for the pulp, paper, and energy industries, as well as municipal and industrial heat and power producers. Valmet's customer base also includes other process industries and marine, where automation and flow control solutions are widely used. In the process technologies business, the Group's revenue arises from projects, the scope of which ranges from the delivery of complete mill facilities on a turnkey basis to single-section machine rebuilds, which may or may not include process automation solutions. Services business revenue includes revenue from maintenance contracts, smaller improvement and modification contracts, rebuilds, and the sale of spare parts and consumables. Process technologies and services business revenue largely arises from the same customers, with the services offering focused on maintaining the installed base of equipment and automation solutions. Valmet has no products or services banned in any market.

Valmet's Way Forward is the strategic roadmap, a guide for achieving Valmet's vision of becoming the global champion in serving our customers and moving the industries forward. It identifies megatrends and lays out Valmet's mission and strategic goals, along with the initiatives undertaken to achieve them. Valmet's mission is to help its customers convert renewable resources into sustainable results and make industrial processes reliable and efficient. This defines Valmet's core purpose and drives solution development. With Valmet's solutions, customers can refine renewable raw materials into sustainable products and energy. Valmet thus helps increase the utilization of renewable resources and promote circularity. Valmet's technologies and services ensure that customers' production processes run smoothly and safely without interruptions. Valmet enables customers to improve their environmental performance, product quality, and productivity over the lifecycle with minimal wasted resources.

Valmet believes that technology plays a crucial role in mitigating climate change and global warming, and protecting the environment. The aim of Valmet's research and development work is to create new technologies, products, and services that help enhance circularity and the efficient use of raw materials, water, and energy, promote the use of renewable raw materials, and reduce emissions. Valmet's Beyond Circularity is a research and development program in which Valmet and its ecosystem come together to innovate, renew, and enable their customer industries in the shift to carbon neutrality and to facilitate the green transition. The program targets are closely connected to Valmet's Technology vision 2035 and Climate Program – Forward to a carbon neutral future.

Valmet's process technologies, new board, paper and tissue lines, pulp mills, energy boilers and rebuilds of these technologies aim to enhance the environmental performance of customers by enabling improved raw material, energy, water, and chemical efficiency. Valmet's automation solutions, distributed control systems (DCS), industrial applications, quality management systems, analyzers and measurements, Industrial Internet solutions and automation services aim to help customers' businesses by improving production performance and cost-effectiveness, environmental performance and efficient use of materials. Valmet's valves, pumps, and valve automation technologies improve the reliability, and safety of customers' production processes.

Valmet's services aim to extend the lifetime of customers' process technologies with solutions for rebuilds, upgrades, conversions, and maintenance services. Machine modernization and single-section business improves the performance and extends the lifetime of machines and equipment by replacing old or obsolete parts, installing new technologies, optimizing process parameters, and enhancing quality and efficiency, for example.

Value chain

Own operations

Valmet has operations globally in approximately 40 countries. Valmet's production operations cover Valmet's own manufacturing, foundries, and further processing of supplied components. Most of Valmet's production comprises machining and assembly. Valmet's service operations range from spare part deliveries to maintenance of wear parts in Service workshops and complete outsourcing of customer mill functions.

In 2024, Valmet had 19,310 employees. The largest countries in terms of headcount are Finland, China, the USA, Sweden, Brazil and India. The breakdown of Valmet's employees by country is disclosed under S1-6.

Valmet serves customers in more than 100 countries, and many of Valmet's workforce operate on customers' project sites, mills, or plants on a daily basis. Valmet's strategic goal is to strengthen its local presence close to customers and growth markets, which is an important consideration when hiring new employees in respective areas.

Upstream value chain

Valmet purchases components, products, materials, and services from some 36,000 active suppliers in more than 60 countries. Valmet's strategic target is to increase procurement close to customer projects and its own operations. All indirect purchases supporting Valmet's operations are procured locally. The ten largest countries in terms of purchases (EUR million) are Finland, China, the USA, Sweden, Germany, Brazil, Poland, Estonia, Canada and India.

Downstream value chain – use phase of the technologies

Valmet provides services, automation, and process technologies for the pulp, paper, energy, and other process industries around the world. Valmet's technologies have a lifetime of between 10 to 100 years. In 2024 the biggest countries in terms of net sales are the USA, China and Finland, and in terms of income taxes, the USA, Finland and Brazil.

The potential impacts, risks and opportunities and their possible relationship with Valmet's business model and value chain are disclosed under SBM-3.

SBM-2: Interest and views of stakeholders

S1 Own workforce and S2 workers in the value chain, SBM-2: Interest and views of stakeholders

Valmet's stakeholders are existing and potential customers, existing and potential employees and workers in the value chain, suppliers and subcontractors, Valmet's existing and potential shareholders, media, non-governmental organizations, the authorities, and local communities, as well as research institutes, universities, colleges, vocational schools and other existing and potential partners in research, development and innovation.

The entities or individuals identified as stakeholders can reasonably be expected to be significantly affected by Valmet's activities, products, and/or services, and their actions can reasonably be expected to affect Valmet's ability to successfully implement its strategies and achieve its objectives.

Stakeholder dialogue

Valmet's own workforce is a key affected stakeholder. Valmet takes into account the interests, views, and rights of people in its own workforce, including respect for human rights, to inform its strategy and business model through various mechanisms, including active dialogue, surveys, feedback, and other inputs from employees, which are carefully analyzed and utilized by Valmet management teams at different levels with a direct impact on strategy, planning business model considerations, and annual planning. Specific examples include the employee survey, interactions with the European and other employee representative bodies, and regular Social and Human Rights Impact Assessments.

Valmet maintains active dialogue with customers through regular meetings and other direct contact such as customer seminars and events, fairs, reputation and customer satisfaction surveys, and through specific industry organizations. In research and development, Valmet collaborates closely with its customers to collect information about their product development needs to innovate solutions. In addition, Valmet asks for regular feedback from the customers regarding how Valmet is perceived in the market, how its products and services meet customer needs and expectations, and how Valmet can improve its customer relationships.

Valmet has an external reporting portal for its stakeholders for collecting information on and managing incidents and events related to health, safety, environment, and continuous improvement in all Valmet operations. The tool is also used by Valmet's own workforce. With the tool, Valmet collects ideas for research and development purposes as well.

Valmet engages and collaborates with its suppliers and supply-chain workers through its Due diligence framework. These due diligence activities encompass for example Valmet's Supplier Engagement Program, Social and Human Rights Impact Assessments, Supplier Sustainability Audits, local health, safety and environment activities at sites and tools for reporting. Valmet also meets suppliers regularly to share Valmet's vision, strategy, and expectations and discuss how to improve collaboration and performance. In addition, Valmet regularly organizes supplier health, safety and environment events globally, at which Valmet's requirements are discussed and best practices on health, safety and environment are shared among supply chain partners.

Valmet has a long tradition of cooperating with customers and universities to research sustainable production technologies and find new solutions. Beyond Circularity, Valmet's current Research and Development program, improves Valmet's readiness to support the green transition in Valmet's customer industries based on the Group's Technology vision 2035. To achieve the ambitious program targets, Valmet has built an ecosystem and leads a multitude of internal and external projects that involve customers, suppliers, universities, research institutes, and other partners. Through this ecosystem, participants contribute to the renewal of the pulp and paper industry and the acceleration of the green transition. The ecosystem already has more than 280 partners and 35 ecosystem projects, exceeding the initial program partner target for 2025.

Valmet engages shareholders, investors and analysts in dialogue to ensure that the capital markets have correct and sufficient information to determine the value of Valmet shares and to increase awareness of Valmet as an investment. The communication channels include financial statements and interim reviews, stock exchange releases and press releases, general meetings, investor meetings, site visits, seminars, the company website, social media, and webcasts. By reporting to selected third-party sustainability ratings and assessments, Valmet seeks to help its stakeholders assess its sustainability performance. The rankings also serve as a management tool in helping continuously raise our sustainability performance and define areas for improvement in our sustainability strategy.

Valmet interacts with various media representatives through regular meetings and interviews and direct contact. Valmet shares timely information about its operations through press, stock and trade press releases, information events, the company website, reports and several publications, and social media channels.

SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Valmet's material topics, sub-topics, and sub-sub-topics

Material sustainability topic	Material sub-topic	Material sub-sub topic	Material from own operation's perspective	Material from value chain's perspective
E1 Climate change	Climate change mitigation	-	Yes	Yes
	Energy	-	Yes	Yes
E2 Pollution	Pollution of air	-	No	Yes
	Pollution of water	-	No	Yes
E3 Water and marine resources	Water	Water consumption	No	Yes
E4 Biodiversity and ecosystems	Direct impact drivers of biodiversity loss	Climate change	No	Yes
		Pollution	No	Yes
E5 Resource use and circular economy	Resource inflows, including resource use	-	Yes	Yes
	Resource outflows related to products and services	-	Yes	Yes
S1 Own workforce	Working conditions	Social dialogue	Yes	No
		Freedom of association and collective bargaining	Yes	No
		Health and safety	Yes	No
	Equal treatment and opportunities for all	Gender equality and equal pay for work of equal value	Yes	No
		Diversity	Yes	No
S2 Workers in the value chain	Working conditions	Working time	No	Yes
		Adequate wage	No	Yes
		Social dialogue	No	Yes
		Freedom of association and collective bargaining	No	Yes
		Health and safety	No	Yes
	Other work-related rights	Child labor	No	Yes
		Forced labor	No	Yes
G1 Business conduct	Corporate culture	-	Yes	No
	Protection of whistleblowers	-	Yes	No
	Management of relationships with suppliers including payment practices	-	Yes	No
	Corruption and bribery	-	Yes	No

Valmet's material sustainability matters have been disclosed in the table above. Related material sustainability impacts, risks and opportunities have been described in the following pages. The double materiality assessment process is described under IRO-1.

E1 Climate change related impacts, risks and opportunities

Material sustainability matter	Climate change mitigation
Sustainability impacts * short- and medium-term	● Greenhouse gas (GHG) emissions are caused by the use of fuels and production of electricity, district heat, and steam consumed in Valmet locations (actual negative impact in own operations) ● Significant upstream and downstream GHG emissions are caused by the production of raw materials and components used in Valmet's technologies, transportation, and distribution, and the use of installed technologies by Valmet's customers (actual negative impact in upstream and downstream value chain)
Financial opportunities * medium- and long-term	● Tightening climate-related regulation creates opportunities in the market for Valmet's solutions due to increased demand for resource efficiency in processes and the use of renewable and recycled raw materials (in own operations and upstream and downstream value chain)
Financial risks * short-, medium-, and long-term	● Transition risk due to emerging climate-related regulation and carbon pricing mechanisms, which may affect Valmet's technologies and cause financial risk (in own operations and upstream and downstream value chain)

Material sustainability matter	Energy
Sustainability impacts * short- and medium-term	● Fuel, electricity, district heat, and steam consumption in Valmet locations (actual negative impact in own operations) ● The primary material for Valmet's solutions is steel. The production process of steel in Valmet's upstream value chain is energy intensive (actual negative impact in upstream and downstream value chain) ● Valmet delivers technologies to the energy and energy-intensive pulp and paper industries (actual negative impact in upstream and downstream value chain)
Financial opportunities * medium- and long-term	● Opportunity for Valmet as i.a. regulation drives the demand for more energy-efficient technologies, as well as energy solutions using renewable energy (in own operations and downstream value chain)
Financial risks * short-, medium-, and long-term	● Transition risk due to emerging energy-related regulation and carbon pricing mechanisms, which may affect Valmet's own operations and technologies (in own operations and upstream and downstream value chain)

E1 Climate change, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The successful management of climate-related risks and opportunities is a key element in the delivery of Valmet's strategy. Valmet has conducted a resilience analysis of its strategy and business model in relation to climate change across the value chain, including the supply chain, Valmet's own operations, and customers' use phase of Valmet's technologies. The potential long-term impacts of climate change have been analyzed in 2021 through two different scenarios: in the first, the global warming is limited to 1.5 °C; in the second, the global warming has reached 4 °C (ESRS 2 E1 IRO-1).

The resilience analysis concluded that Valmet would probably benefit from its energy- and water-efficient technologies and its position as one of the enablers of climate change mitigation.

Demand for technologies enabling pulp, paper, and energy production, with alternative energy sources such as biomass and carbon-free electricity, is likely to increase rapidly. There are also reputational opportunities for Valmet if pulp and paper and bioenergy industries reach carbon neutrality enabled by Valmet's technologies.

The differences between the 1.5 °C and 4 °C climate scenarios are expected to become more evident between 2030 and 2050 as negative climate events become more frequent and severe, especially in the 4 °C scenario. In the 1.5 °C scenario, emerging climate-related regulation and carbon pricing mechanisms will play a bigger role globally, and the related transition risk will become more significant. In the 4 °C scenario, physical impacts such as floods, volatile forest yield, storms, and drought dominate.

E2 Pollution related impacts, risks and opportunities in value chain

Material sustainability matter	Pollution of air
Sustainability impacts * short- and medium-term	● Valmet's upstream value chain includes manufacturing of components, which contributes to environmental impacts such as air pollution, including particulate matter and volatile organic compounds (actual negative impact in upstream and downstream value chain) ● While using Valmet's process technologies and automation in pulp, paper, energy, and other process industries, customers generate air emissions such as particulate matter, hazardous air pollutants, nitrogen oxides, sulfur oxides, carbon monoxide, and volatile organic compounds that require emission control (actual negative impact in upstream and downstream value chain)
Financial opportunities * short- and medium-term	● Customers increasingly need to reduce air emissions, which creates a business opportunity for Valmet's air emission control solutions (in own operations and downstream value chain)

Material sustainability matter	Pollution of water
Sustainability impacts * short- and medium-term	● While using Valmet's process technologies and automation in pulp, paper, energy, and other process industries, customers generate water emissions such as biological and chemical demands (BOD and COD) and other pollutants that require wastewater treatment (actual negative impact in downstream value chain)
Financial opportunities * short- and medium-term	● Customers increasingly need to reduce water effluent, which creates a business opportunity for Valmet's wastewater control solutions (in own operations and downstream value chain)

E3 Water related impacts, risks and opportunities in value chain

Material sustainability matter	Water consumption
Sustainability impacts * short- and medium-term	● Valmet's upstream value chain includes water consuming processes, such as steel manufacturing (actual negative impact in upstream and downstream value chain) ● Valmet's customers in the pulp, paper, tissue, and board industries operate water-intensive process technologies (actual negative impact in upstream and downstream value chain)
Financial opportunities * short- and medium-term	● Increasing customer demand for solutions that improve water management efficiency and closed loop water systems is a business opportunity for Valmet (in own operations and downstream value chain)

E4 Biodiversity and ecosystems related impacts, risks and opportunities in value chain

Material sustainability matter	Direct impact drivers of biodiversity loss
Sustainability impacts * long-term	● Valmet's own operations and upstream and downstream value chain contribute to climate change, which is a driver of biodiversity loss (actual negative impact in upstream and downstream value chain) ● Valmet's upstream and downstream value chain contribute to air and water pollution, which is a driver of biodiversity loss (actual negative impact in upstream and downstream value chain)

E4 Biodiversity and ecosystems, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Biodiversity is intrinsically linked to climate change and is integral to Valmet's strategy and business model. Valmet's strategic mission is to create sustainable results by converting renewable resources and making industrial processes reliable and efficient.Valmet's own operations and upstream and downstream value chain depend on biodiversity for ecosystem services such as water, raw materials, and energy.

Valmet's business model and strategy is centered around the continuous improvement and research and development of its technologies, which aim to improve environmental performance. Valmet helps its customers optimize resource and energy use, utilize recycled materials and bioenergy technologies as well as reduce pollution with wastewater treatment and air emission control solutions. Improving environmental performance can also reduce pressures on biodiversity and ecosystems in the value chain. Valmet requires its suppliers to account for their biodiversity impacts by committing to its Supplier Code of Conduct.

Valmet performed an initial biodiversity assessment of its strategy and business model between 2023-2024 using the ENCORE and Science Based Targets for Nature (SBTN) sectoral materiality tools and will continue with a comprehensive resilience analysis in relation to biodiversity in 2025.

Valmet's locations are situated on land zoned for commercial or industrial use by the local authorities. The WWF Biodiversity Risk Filter tool was used to identify the following Valmet locations near protected or biodiversity-sensitive areas: workshops in Gorizia, Italy and Swiecie, Poland. Valmet's activities do not cause significant direct environmental impacts to nearby biodiversity sensitive areas and these sites are managed in compliance with environmental permits and requirements. Nor do Valmet's own operations directly affect threatened species or directly negatively impact land degradation, desertification, or soil sealing. Valmet has environmental aspect and impact assessments for all industrial locations. Mitigation measures for protecting the environment are implemented in accordance with operating permits and Valmet's global management system (GMS) and ISO 14001:2015 standards and certifications. These measures include operational controls for hazardous substances, air emissions, noise, water effluent, and waste, as well as emergency preparedness and response. Valmet also conducts Sustainability impact assessments when changes in market presence occur to ensure negative environmental impacts, including biodiversity impacts, are identified.

E5 Resource use and circular economy related impacts, risks and opportunities

Material sustainability matter	Resource inflows - Valmet's use of materials
Sustainability impacts * short- and medium-term	● The production of Valmet's products requires large quantities of materials. The most material resource inflows are steel, polymers, electronic components, and packaging materials (actual negative impact in own operations and upstream value chain) ● Valmet decreases resource use by aiming to design modular and lightweight products (actual positive impact in own operations) ● Valmet uses recycled steel in its own foundries to reduce the impact from virgin raw materials (actual positive impact in own operations) ● Valmet delivers process technologies, which enable customers to use and recover energy, water, and chemicals more efficiently or minimize waste by using production side streams from other applications, processes, or even industries. These technologies positively contribute to the material inflows in the industries Valmet services. (actual positive impact in downstream value chain)

Material sustainability matter	Resource outflows - Valmet's solutions
Sustainability impacts * short- and medium-term	● Valmet's solutions and services enable extension of the lifetime of technologies used by customers (actual positive impact in downstream value chain) ● Valmet's process technologies and automation enable the conversion of renewable and recycled resources into solutions in the pulp, paper, board, tissue, and energy industries and renewable resource use in the energy and other process industries (actual positive impact in downstream value chain) ● Valmet's solutions enable circularity for customers through material recovery and conversion to same or other uses; longer circulation cycles; reduced use of virgin materials; and cascaded use across industries concerning process residuals (actual positive impact in downstream value chain)
Financial opportunities * short- and medium-term	● Increasing demand for process technology and automation that improve resource efficiency, and enable renewable resource use is a significant business opportunity for Valmet (in own operations and downstream value chain) ● Valmet's services enabling life cycle extension of installed technology and automation is a significant business opportunity for Valmet (in own operations and downstream value chain)

S1 Own workforce related impacts, risks and opportunities

Material sustainability matter	Working conditions
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impact)	● Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries (actual positive impact in own operations) ● Valmet has operations in countries where collective bargaining and/or freedom of association is either limited or not a common practice (actual negative impact in own operations) ● Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses (actual negative impact in own operations)

Material sustainability matter	Equal treatment and opportunities for all
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impact)	● Proactive measures to address potential inequalities in hiring, career progression, and pay equity can lead to a more engaged and inclusive workplace (potential positive impact in own operations) ● Gender imbalance poses a risk of unintentional discrimination and inequalities, e.g., in hiring, career progression, and pay equity (potential negative impact in own operations)

S1 Own workforce, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Valmet's strategy and business model include being close to its customer base, its own production for key products, and providing at-customer installation, installation, maintenance, and modernization services. Some of Valmet's operations are in high-risk countries with systemically limited possibility of freedom of association and collective bargaining and social dialogue which are identified negative impacts arising from this strategy and business model. Valmet's business model is also connected with negative health and safety impacts from individual work-related incidents, particularly in the production and service environments. The connected positive impacts arising from the strategy and business model occur through the execution of the Valmet's Must-Wins, which include specific initiatives to continuously improve health and safety and to boost employee engagement which impact all employees.

Valmet employees who could be materially impacted include the following groups: permanent employees, temporary employees, and trainees. The materially impacted non-employee workforce is leased workers.

Analysis of work-related injury and illness data shows that Valmet's workforce in the operations and manufacturing, project management, and service job families are more at risk of being negatively affected by health and safety impacts. The main risks of work-related injury and illness are associated with the unexpected start-up of machinery, mechanical lifting, working at heights or in confined spaces, the use of tools and equipment, manual handling, hot work, exposure to hazardous substances and radiation, electrical work, road travel, exposure to infectious diseases, and the social and organizational work environment. These hazards can result in:

- Fatal injuries
- Severe injuries such as lacerations, fractures, burns, amputations, loss of eyesight, concussion
- Minor injuries such as cuts, contusions, sprains
- Skin disease caused by physical, chemical, or biological agents
- Hearing impairment caused by noise from equipment
- Diseases caused by vibration from using handheld equipment
- Musculoskeletal disorders from manual handling (lifting, pulling, pushing) and repetitive movements
- Respiratory diseases from dust and chemical exposure
- Infections from viruses, bacteria, and parasites
- Stress-related ill health.

Valmet does not have own operations which are at significant risk of forced labor or child labor. Valmet frequently monitors and updates its definition of high-risk regions and geographies by assessing the country risks matrix, which is based of Zurich's Risk Room and contains country- and industry-level data to assess economic, societal, technological, environmental, and geopolitical risks. Based on the classification, many cost competitive countries (CCC), especially in South East Asia, South America and Africa, are classified as high-risk.

S2 Workers in the value chain related impacts, risks and opportunities

Material sustainability matter	Working conditions
Sustainability impacts * short- and medium-term (positive impact) * short-, medium- and long-term (negative impacts)	● Valmet has operations in countries where collective bargaining and/or freedom of association are limited or not common practice. Value-chain workers in high-risk countries may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours (actual negative impact in upstream and downstream value chain) ● Value-chain workers can be exposed to health and safety risks during work activities which can cause injuries and illnesses in the provision of products and services to Valmet (actual negative impact in upstream and downstream value chain) ● Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers (potential positive impact in upstream and downstream value chain)

Material sustainability matter	Other work-related rights
Sustainability impacts * short-, medium- and long-term	● Young workers and migrant workers are identified as vulnerable groups within value-chain workers. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work (potential negative impact in upstream and downstream value chain)

S2 Workers in the value chain, SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

Value chain workers who could be materially impacted by Valmet's operations include the following workers in Valmet's value chain:

- Upstream: Valmet's suppliers' workers who are working mainly in the suppliers' own premises.
- Own operations: Valmet's suppliers' workers who are working as service providers in Valmet's premises, and the supplier controls the work. These include, for example, consultants, engineering services workers, maintenance contractors, and workers from outsourced services such as cleaning, security, and logistics.
- Downstream: Valmet's supplier's workers who are working as a Valmet site subcontractor for construction, installation, and maintenance services in the customer's premises, and the supplier controls the work.

Valmet strives to develop ethical practices and ensure decent working conditions throughout the value chain, as well as opportunities for local employment and economic activity. As a part of Valmet's due diligence -process Valmet conducts for example human rights salient risk screening, Social and Human Rights Impact Assessments in its own operations and upstream value chain as well as, Health, Safety and Environment and Supplier Sustainability Audits. Based on this Valmet has identified negative impacts and potential positive impact related to working conditions and other work-related rights in its value chain as outlined in the table above.

The potential positive impact related to working conditions involves improving the working conditions and health and safety of value-chain workers through Valmet's supplier engagement processes.

The actual and potential negative impacts related to value-chain workers involve working conditions and other work-related rights.

Valmet continuously screens potential negative social and human rights impacts throughout its value chain. The most salient human rights risks connected to Valmet's value chain are related to inadequate wages and excessive working hours, lack of freedom of association and collective bargaining, the risk of bonded and forced labor, the position of young workers and migrant workers, and occupational health and safety. Possible migrant workers and young workers are identified as vulnerable groups in the value chain, and they have a heightened risk of being exposed to negative impacts. In Valmet's value chain possible migrant workers are typically employed by site sub-contractors in construction and installation of projects.

Negative impacts related to lack of freedom of association and collective bargaining, inadequate wages, and excessive working hours remain a risk in all supplier categories in high-risk countries. Value-chain workers are exposed to similar hazards in their work activities as Valmet's own workforce, as described in S1-4. Valmet's site subcontractors working in customer premises are at risk of severe work-related injuries and illnesses associated with the unexpected start-up of machinery, working at heights and in confined spaces, and mechanical lifting. Young workers may be especially exposed to hazardous or harmful work or unsafe working conditions.

Valmet frequently monitors and updates its definition of high-risk regions and geographies by assessing the country risks matrix, which is based on Zurich's Risk Room and contains country- and industry-level data to assess economic, societal, technological, environmental, and geopolitical risks. Based on the classification, many cost-competitive countries (CCC), especially in South East Asia, South America, and Africa, are classified as high-risk.

G1 Business Conduct related impacts, risks and opportunities

Material sustainability matter	Corporate culture
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally, that employees feel safe working for Valmet, and that stakeholders consider Valmet a trusted business partner (actual positive impact in own operations) ● Failures in creating an ethical corporate culture can lead to unethical or illegal business conduct. It can subject employees to negative effects such as unfair treatment or discrimination (potential negative impact in own operations)

Material sustainability matter	Protection of whistleblowers
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's actions to promote corporate culture ensure that employees and stakeholders feel comfortable raising concerns, and the whistleblowers are protected and any potential misconduct is caught before severe consequences (actual positive impact in own operations) ● Failure to protect whistleblowers can lead to retaliation against the reporter (potential negative impact in own operations)

Material sustainability matter	Corruption and bribery
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's successful measures to prevent corruption and bribery promote the reputation as a reliable partner, with whom ethical business conduct principles are implemented (actual positive impact in own operations) ● Valmet's inadequate measures to prevent corruption and bribery may lead to violation of the Code of Conduct and illegal behavior. Being involved in a corruption or bribery incident would have negative effects on people and society (potential positive impact in own operations)

Material sustainability matter	Management of relationships with suppliers
Sustainability impacts * short-, medium- or long-term (positive impact) * medium- to long-term (negative impact)	● Valmet's purchases of goods and services contributes to the employment of value-chain workers. Valmet's Supplier Code of Conduct promotes sustainable business practices in the supply chain (actual positive impact in upstream value chain) ● Failure to comply with Valmet's payment practices could cause negative impacts to suppliers (potential negative impact in upstream value chain)

Impact, risk and opportunity management

IRO-1: Description of the process to identify and assess material impacts, risks and opportunities

General

Valmet has conducted a double materiality assessment to identify and assess actual and potential negative and positive impacts on the environment and people, as well as sustainability related financial risks and opportunities across the value chain in the short, medium, and longer terms. The double materiality assessment determined the disclosure requirements to be included in Valmet's CSRD reporting scope. Valmet will review the results of the double materiality assessment annually as a part of the CSRD reporting process.

The double materiality assessment process was based on comprehensive study, internal workshops, and interviews with subject matter experts, as well as external and internal stakeholders. The process comprised four steps:

1. Scoping of the assessment
2. Identification of impacts, risks, and opportunities
3. Double materiality assessment
4. Consolidation of the findings

Valmet assessed the impacts, risks and opportunities encompassing own operations, the upstream and downstream value chain. Affected internal and external stakeholders were engaged in the assessment through interviews and workshops. Internal functions engaged in the assessment were Sustainability, Human Resources, Health, Safety and Environment, Research and Development, Investor Relations, Ethics and Compliance, Risk Management, Internal Audit, Group Accounting, and Supply Chain. In addition, external stakeholder representatives from Valmet's customers and business partners participated in the assessment.

Scoping of the assessment

For the purposes of the double materiality assessment and sustainability reporting, Valmet has defined its value chain to include the following stages where it is causing or contributing to impacts:

- Upstream value chain: suppliers' manufacturing of components; Valmet's sourcing of raw materials; and transportation to Valmet
- Own operations: research and development; engineering; own production; project deliveries; services; and maintenance of customers' technologies
- Downstream value chain: the use phase of Valmet's technologies

Valmet has not included in the reporting boundary following activities on which Valmet does not have a direct impact, or which Valmet does not control:

- Upstream value chain: activities and sourcing by sub-suppliers or sub-sub-suppliers who are not in a direct relationship with Valmet.
- Downstream value chain: activities and sourcing of raw materials by our customers and end-of-life treatment of the products.

The assessment dimensions follow guidance provided by the ESRS standards. For impact materiality, the assessment thresholds were based on the OECD Guidelines for Multinational Enterprises for Responsible Business Conduct, the UN Guiding Principles, the European Financial Reporting Advisory Group's (EFRAG) working paper "[Draft] European Sustainability Reporting Guidelines 1 – Double materiality conceptual guidelines for standard setting." For financial materiality, the thresholds followed Valmet's enterprise risk management process.

Identification of impacts, risks and opportunities

The impacts of Valmet's operations and business relationships were determined through a comprehensive desktop study that included both internal and external sources. In addition, three mapping workshops were conducted with internal stakeholders and external subject matter experts. These workshops were designed to identify and analyze potential impacts, risks and opportunities, as well as to pinpoint the specific areas of the value chain where these might occur. Based on the results of the mapping workshops, the most affected stakeholder groups were selected for interviews to capture their overall opinion on the impacts that Valmet has on their stakeholder group.

Double materiality assessment

The material impacts, risks and opportunities were identified through a comprehensive double materiality assessment.

In Valmet's impact assessment, both positive and negative impacts and actual and potential impacts related to sustainability matters were considered. Valmet prioritized negative impacts based on their relative severity (scale, scope, irremediably) and likelihood, and positive impacts on their relative benefit (scale, scope) and likelihood.

The assessment scale used for determining the severity or benefit of impacts was guided by the sustainability due diligence process defined in the UN Guiding Principles and Business and Human Rights and the OECD Guidelines for Multinational Enterprises for Responsible Business Conduct, as well as the EFRAG Implementation Guidance for Materiality Assessment.

In the process of assessing, identifying, and prioritizing risks and opportunities that have or could potentially have financial impacts, Valmet employed a scale measuring the size of the financial effect and its likelihood. This scale was the same as in Valmet's risk assessment process. The estimations of the financial impact focused on the scale of impacts, rather than on the precise valuation of the financial effects. The estimated potential magnitude of financial effects was based on EBITA. For financial effects that could not be reliably quantified, the assessment relied on qualitative factors and ranges, as outlined in the EFRAG Implementation Guidance for Materiality Assessment.

In the double materiality assessment process, Valmet utilized following information sources: outcomes of workshops, feedback from interviews with external stakeholders, prior impact assessments and audits carried out by Valmet, expert knowledge of the subject matter, research and articles from external sources.

Consolidation of the findings

The materiality of disclosure requirements and related data points were determined based on the materiality assessment results at sub-topic or sub-sub-topic level.

E1 Climate change, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

Valmet has a continuous multidisciplinary enterprise risk management process in which climate-related issues are integrated. Valmet has a systematic method to regularly identify, assess, and manage the probability and impact of climate-related risks at all stages of the value chain at a Group level and within each business line in the short, medium, and long terms.

Climate-related risks related to direct operations, as well as the upstream and downstream are identified, assessed, and responded to with the same risk assessment process as other types of risks in Valmet Corporate Risk Management. Risk management covers strategic, financial, operational, and hazard risks, including climate-related physical and transition risks. The assessed risks are based on Valmet's risk profile, which lists the risks at the headline level and covers all operations.

Valmet's risk management process promotes opportunities and treats risks. Valmet aspires to manage the adverse impacts of strategic, financial, and operational risks and to remove or mitigate hazard risks. The line management of Valmet's businesses is accountable for managing risks as part of its daily activities. Climate change and environmental risks are assessed once a year at a Group level by Valmet's Risk Management function.

Climate-related risks and opportunities

Valmet's exposure to climate-related risks and opportunities has been analyzed under the following risk categories: physical (acute and chronic); regulatory; technological; market; reputational; and social. Exposure refers to an organization's vulnerability to negative impacts or ability to realize positive impacts from the transition to a low-carbon economy and the impacts of climate change itself.

Valmet has analyzed the potential impact of climate change on its operations and business environment across the value chain, including the supply chain, its own operations, and customers' use phase of Valmet's technologies. The potential long-term impacts of climate change have been analyzed through two different scenarios: In the first, global warming is limited to 1.5 °C; in the second, global warming has reached 4 °C. The scenarios are in line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting. The scenario analysis has enabled Valmet to identify and quantify climate-related risks and opportunities and assess its business resilience in different climate scenarios. As part of its annual reporting process, Valmet analyzes its GHG emissions inventory across the value chain as reported in E1-6.

The scenarios are set for 2030, as it is far enough in the future to analyze the potential business impacts when climate-related risks have most likely materialized, and to analyze outcomes from company strategy and risk management perspective. The two scenarios have been chosen as they represent different climate states of the future. Physical risks have been further analyzed until 2050.

In the analysis, short term is defined as one year, medium term as two to five years, and long-term as more than five years. The analysis considers the likelihood, magnitude, and duration of physical hazards or transition events.

Physical risks

Physical risks and exposure to climate-related hazards have been identified in the short, medium, and long terms in both 1.5 °C and 4 °C climate scenarios until 2030 and 2050.

Acute physical risks

Acute physical risks in the short and medium terms may be increases in the frequency and severity of extreme weather events such as floods and storms that may impact Valmet's own production sites in India, China, Europe, and North America by causing production shutdowns and having a financial impact.

Chronic physical risks

Chronic physical risks include long-term shifts in climate patterns causing sea level rise and posing a risk to Valmet's operations in China and Indonesia, for example. Access to raw materials in the supply chain may also be impacted by chronic changes in the environment. Forest yield volatility and regional differences are likely to increase, impacting the supply chains of Valmet's customers in the pulp and paper industries and consequently creating both risks and opportunities for Valmet. Increasing drought increases the risk of forest fires, and warmer winters are likely to increase the impact of pests and diseases on forestry yield.

Transition risks and opportunities

Transition risks and opportunities have been identified in the short, medium, and long terms in a 1.5 °C climate scenario until 2030.

Opportunities

Valmet benefits from its energy- and water-efficient technologies, as well as its position as one of the enablers of climate change mitigation. Valmet's technologies help customers in the pulp and paper and energy industries in their decarbonization efforts bringing market and reputational opportunities. Increasing regulation related to energy transition, carbon capture and climate change mitigation are expected to increase demand for Valmet's solutions. Customer demand and market opportunity are increasing for air emission control systems, wastewater treatment and closed loop water solutions. Demand for process technology and automation that

increase resource efficiency and enable renewable and recycled resource use is a significant business opportunity for Valmet. The Services business line enables life cycle extension of installed technology and automation creates a significant business opportunity for Valmet. Valmet's sustainable business may increase its opportunities to reduce the cost of capital through better green finance terms.

Transition risks

If Valmet's adaptation to regulation and market changes is low, there is a risk that competitiveness will be lost, and thus customers, revenue, and profits. Carbon pricing is expected to increase the price of Valmet's key raw materials such as steel. High demand for bio-based products, as well as the competition for bio-based and forest-based raw materials, may increase costs for customers. An increasing risk that forest utilization as raw material will be seen more negatively may also increase reputational risks for Valmet as a technology provider.

Details of climate-related scenario analysis

Physical risks and exposure to climate-related hazards have been identified using Intergovernmental Panel on Climate Change's (IPCC) RCP2.6 (1.5 °C) and RCP8.5 (4 °C) climate scenarios. Transition scenarios were considered for the whole value chain according to the International Energy Agency (IEA) (Sustainable Development Scenario and World Energy Outlook 2020) and International Renewable Energy Agency (IRENA) (Global Renewables Outlook: Energy Transformation 2050) scenarios. IIASA's Shared Socioeconomic Pathways (SSPs) were used alongside the RCPs to analyze the feedback between climate change and socioeconomic factors such as world population growth, economic development, and technological progress.

First scenario: The global warming is limited to 1.5 ºC

Valmet is committed to the Paris Climate Agreement's 1.5-degree pathway. In this 1.5-degree scenario, where global warming is limited to 1.5 °C, the Paris Climate Agreement goals have been met, and the mitigation of climate change has been strong.

In this scenario, it is expected that regulations will be more ambitious, globally consistent, and will aim for a low-carbon economy. The demand for sustainable and climate-resilient solutions will create opportunities for Valmet. Potential risks arise from the high demand for bio-based products, which will increase competition for forest-based raw material. The availability of forest-based raw material for customers in the pulp and paper and energy industries may face limitations also due to need for carbon sinks and protecting biodiversity.

Second scenario: The global warming has reached 4 ºC

The second scenario reflects a situation in which global warming has reached 4 °C, which means that emissions have continued to rise at current rates. In this scenario, the transition to a low-carbon economy is disorganized, as climate policies are fragmented, carbon markets are not integrated, and carbon leakage will increase due to large differences in carbon regulations between countries. Demand for energy- and water-efficient technologies will grow in advanced economies, whereas in developing markets, demand is unlikely to change.

Overall, Valmet's offering in low-carbon and water-efficient solutions will provide a limited competitive advantage. There is also a risk that customers will be unwilling to pay for such solutions, and that the expectations of customers between regions will increasingly differ.

Results of the scenario analysis

The results of the scenario analysis are utilized to support Valmet's strategy and capacity to adapt to and mitigate climate change. The analyzed drivers mobilize developments that in the short and medium terms also affect the operating environment. In both scenarios, Valmet is seen to benefit from its energy- and water-efficient technologies and its position as one of the enablers of climate change mitigation. Demand for technologies enabling carbon neutral pulp, paper, and energy production with alternative energy sources such as biomass and carbon-free electricity, is likely to increase rapidly. There are also reputational opportunities for Valmet if the pulp and paper and bioenergy industries reach carbon neutrality enabled by Valmet's technologies.

The differences between the 1.5 °C and 4 °C climate scenarios are expected to become more evident between 2030 and 2050 as negative climate events become more frequent and severe, especially in the 4 °C scenario. In the 1.5 °C scenario, emerging climate-related regulation and carbon pricing mechanisms will play a bigger role globally, and the related transition risk will become more significant. In the 4 °C scenario, physical impacts such as floods, volatile forest yield, storms, and drought dominate.

E2 Pollution, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet evaluated its business activities to identify actual and potential pollution-related impacts, risks, and opportunities, and mapped where in the value chain these might occur. The sources of the screening included Valmet's Supplier Sustainability Audit reports and information obtained from the analysis conducted with the WWF biodiversity risk filter. Valmet has screened all its locations against the WWF biodiversity risk filter, and the indicators of the assessment include pollution. In assessing its pollution-related impacts, Valmet did not conduct consultations with affected communities.

E3 Water and marine resources, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet evaluated its business activities to identify actual and potential water-related impacts, risks, and opportunities, and to recognize the specific areas of the value chain where these might occur. In the assessment, Valmet utilized the results of the water risk analysis conducted for its sites using the WWF Water Risk Filter in 2021. With the Water

Risk Filter, Valmet assessed three types of water-related business risks: physical; regulatory; and reputational. In assessing its water-related impacts, Valmet did not conduct consultations with affected communities.

E4 Biodiversity and ecosystems, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet screened its activities to identify the most material impacts, dependencies, risks, and opportunities related to biodiversity and ecosystems. The WWF biodiversity risk filter, ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), and SBTN (Science Based Targets Network) sectoral materiality tools, as well as local environmental impact assessments, were used. In assessing its biodiversity- and ecosystem-related impacts, Valmet did not conduct consultations with affected communities.

Valmet locations in or nearby biodiversity-sensitive areas are listed in E4 SBM3. Valmet's activities do not negatively impact these areas. As part of due diligence practices, Valmet implements biodiversity mitigation measures such as environmental impact assessments for all its existing and planned industrial locations globally.

E5 Resource use and circular economy, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

As part of the double materiality assessment, Valmet screened its activities to identify the most material impacts, risks, and opportunities related to resource use and the circular economy. Valmet selected procurement spend as one factor in determining the most material product categories and resource inflows in its value chain. In addition to procurement spend, Valmet analyzed its own product portfolio and the materials of which products consisted. For this purpose, Valmet utilized information from a product's Bill of Materials (BOM) or the Life Cycle Assessment (LCA). The resource outflows materiality assessment focused on Valmet's product and service offerings. In assessing its resource-use- and circular-economy-related impacts, Valmet did not conduct consultations with affected communities.

G1 Business conduct, IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

In the double materiality assessment process related to business conduct matters, the main work was done in a desktop study followed by a mapping workshop, which was held with relevant functions for governance topics. The scope of the process was global, covering all locations, actions, sectors, and activities. Valmet's own operations in the mapping process were divided into five operational sections: sales; procurement; planning; production; and projects. In addition, upstream and downstream value chains were reviewed as entities without more granular steps. It was assessed per each potential sub-topic what the activities with a potential impact were, and where in the value chain the potential impact was.

IRO-2: Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement

The materiality of disclosure requirements and related data points was determined based on the double materiality assessment results at sub-topic or sub-sub-topic level. The explanation of how Valmet has determined the material information to be disclosed in relation to the impacts, risks and opportunities, including the use of thresholds, has been disclosed under ESRS 2 IRO-1.

According to the ESRS standards, cross-cutting standards ESRS 1 and ESRS 2 are mandatory for all companies, regardless of the outcome of the materiality assessment. Further topical standards E1–E5, S1–S4, and G1 are to be reported based on the results of the double materiality assessment. Based on Valmet's double materiality assessment results all Environmental standards E1–E5, Social standards S1–S2, and Governance standard G1 include material disclosure requirements for Valmet.

All ESRS Disclosure Requirements complied with in preparing this Sustainability Statement have been listed in the following table. In addition, a list of data points derived from other EU legislation can be found in the following pages.

ESRS Disclosure Requirements complied with in preparing this Sustainability Statement

ESRS standard	Disclosure requirement	Disclosure requirement description	Page number
ESRS 2			
Basis for preparation			
	BP-1	General basis for preparation of the Sustainability Statement	24
	BP-2	Disclosures in relation to specific circumstances	24
Governance			
	GOV-1	The role of the administrative, management, and supervisory bodies	24
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	24
	GOV-3	Integration of sustainability-related performance in incentive schemes	27
	GOV-4	Statement on due diligence	27
	GOV-5	Risk management and internal controls over sustainability reporting	29
Strategy			
	SBM-1	Strategy, business model and value chain	29
	SBM-2	Interests and views of stakeholders	30
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	32
Impact, risk and opportunity management			
	IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	39
	IRO-2	Disclosure Requirements in ESRS covered by the undertaking's Sustainability Statement	42
Topical Standards			
E1	**Climate change**		56
	E1.GOV-3	Integration of sustainability-related performance in incentive schemes	56
	E1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	56
	E1.IRO-1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	56
	E1-1	Transition plan for climate change mitigation	56
	E1-2	Policies related to climate change mitigation and adaptation	56
	E1-3	Actions and resources in relation to climate change policies	58
	E1-4	Targets related to climate change mitigation and adaptation	59
	E1-5	Energy consumption and mix	62
	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	63
E2	**Pollution**		66
	E2.IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	66
	E2-1	Policies related to pollution	66
	E2-2	Actions and resources related to pollution	67
	E2-3	Targets related to pollution	67
E3	**Water and marine sources**		67
	E3.IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	68
	E3-1	Policies related to water and marine resources	68
	E3-2	Actions and resources related to water and marine resources	69
	E3-3	Targets related to water and marine resources	70
E4	**Biodiversity and ecosystems**		71
	E4.SBM-3	Material impacts, risks and opportunities related to biodiversity	71
	E4.IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	71
	E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	71
	E4-2	Policies related to biodiversity and ecosystems	71
	E4-3	Actions and resources related to biodiversity and ecosystems	72
	E4-4	Targets related to biodiversity and ecosystems	73
E5	**Resource use and circular economy**		74
	E5.IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	74
	E5-1	Policies related to resource use and circular economy	74
	E5-2	Actions and resources related to resource use and circular economy	76
	E5-3	Targets related to resource use and circular economy	77
	E5-4	Resource inflows	78
	E5-5	Resource outflows	78

ESRS standard	Disclosure requirement	Disclosure requirement description	Page number
S1	**Own workforce**		79
	S1.SBM-2	Interests and views of stakeholders	79
	S1.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	79
	S1-1	Policies related to own workforce	79
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	81
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	82
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	83
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	86
	S1-6	Characteristics of the undertaking's employees	88
	S1-8	Collective bargaining coverage and social dialogue	89
	S1-9	Diversity metrics	89
	S1-14	Health and safety metrics	90
	S1-16	Compensation metrics (pay gap and total compensation)	90
	S1-17	Incidents, complaints and severe human rights impacts	91
S2	**Workers in the value chain**		92
	S2.SBM-2	Interests and views of stakeholders	
	S2.SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	92
	S2-1	Policies related to value chain workers	79
	S2-2	Processes for engaging with value chain workers about impacts	93
	S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	94
	S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	95
	S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	98
G1	**Business Conduct**		99
	G1.GOV-1	The role of the administrative, supervisory and management bodies	99
	G1.IRO-1	Description of the processes to identify and assess material business conduct-related impacts, risks and opportunities	99
	G1-1	Business conduct policies and corporate culture	99
	G1-2	Management of relationships with suppliers	101
	G1-3	Prevention and detection of corruption and bribery	102
	G1-4	Confirmed incidents of corruption or bribery	103
	G1-6	Payment practices	103

Data points derived from other EU legislation

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS 2 GOV-1 Board's gender diversity, paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816 (5, Annex II		Material	25
ESRS 2 GOV-1 Percentage of board members who are independent, paragraph 21 (e)			Delegated Regulation (EU) 2020/1816, Annex II		Material	24
ESRS 2 GOV-4 Statement on due diligence, paragraph 30	Indicator number 10 Table #3 of Annex 1				Material	27
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (28) Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40 (d) iv			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not material	N/A
ESRS E1-1 Transition plan to reach climate neutrality by 2050, paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	56
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks, paragraph 16 (g)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Material	56
ESRS E1-4 GHG emission reduction target, paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	59

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors), paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				Material	62
ESRS E1-5 Energy consumption and mix, paragraph 37	Indicator number 5 Table #1 of Annex 1				Material	62
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1				Material	62
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions, paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	63
ESRS E1-6 Gross GHG emissions intensity, paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	63
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU)2021/1119 , Article 2(1)	Not material	N/A
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Phased in 1-3 years	N/A
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66(c)		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk			Phased in 1-3 years	N/A
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes, paragraph 67 (c)		Article 449a Regulation(EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Phased in 3 years	N/A
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Phased in 3 years	N/A

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 Table #1 of Annex 1; Indicator number 2 Table #2 of Annex 1; Indicator number 1 Table #2 of Annex 1; Indicator number 3 Table #2 of Annex 1				Not material	N/A
ESRS E3-1 Water and marine resources, paragraph 9	Indicator number 7 Table #2 of Annex 1				Material	68
ESRS E3-1 Dedicated policy, paragraph 13	Indicator number 8 Table 2 of Annex 1				Not material	N/A
ESRS E3-1 Sustainable oceans and seas, paragraph 14	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E3-4 Total water recycled and reused, paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1				Not material	N/A
ESRS E3-4 Total water, consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1				Not material	N/A
ESRS 2 IRO1-E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1				Material	34
ESRS 2 IRO1-E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1				Material	34
ESRS 2 IRO1-E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1				Material	34
ESRS E4-2 Sustainable land / agriculture practices or policies, paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Sustainable oceans / seas practices or policies, paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1				Not material	N/A
ESRS E4-2 Policies to address deforestation, paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1				Not material	N/A
ESRS E5-5 Non-recycled waste, paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1				Not material	N/A
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Indicator number 9 Table #1 of Annex 1				Not material	N/A
ESRS 2 SBM3 - S1 Risk of incidents of forced labour, paragraph 14 (f)	Indicator number 13 Table #3 of Annex 1				Material	36
ESRS 2 SBM3 - S1 Risk of incidents of child labour, paragraph 14 (g)	Indicator number 12 Table #3 of Annex 1				Material	36
ESRS S1-1 Human rights policy commitments, paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Material	79
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	79

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS S1-1 processes and measures for preventing trafficking in human beings, paragraph 22	Indicator number 11 Table #3 of Annex 1				Material	79
ESRS S1-1 workplace accident prevention policy or management system, paragraph 23	Indicator number 1 Table #3 of Annex 1				Material	79
ESRS S1-3 grievance/complaints handling mechanisms, paragraph 32 (c)	Indicator number 5 Table #3 of Annex 1				Material	82
ESRS S1-14 Number of fatalities and number and rate of work-related accidents, paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	90
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness, paragraph 88 (e)	Indicator number 3 Table #3 of Annex 1				Phased in 1 year	N/A
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	91
ESRS S1-16 Excessive CEO pay ratio, paragraph 97 (b)	Indicator number 8 Table #3 of Annex 1				Material	91
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex 1				Material	91
ESRS S1-17 Non- respect of UNGPs on Business and Human Rights and OECD, paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	91
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain, paragraph 11 (b)	Indicators number 12 and n. 13 Table #3 of Annex 1				Material	37
ESRS S2-1 Human rights policy commitments, paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				Material	92
ESRS S2-1 Policies related to value chain workers, paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1				Material	92
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guideline, paragraph 19	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Material	92
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU)2020/1816, Annex II		Material	93

Disclosure Requirement and related datapoint	SFDR reference	Pillar 3 reference	Benchmark Regulation reference	EU Climate Law reference	Materiality based on Double materiality assessment	Location on Sustainability Statement (page number)
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain, paragraph 36	Indicator number 14 Table #3 of Annex 1				Material	96
ESRS S3-1 Human rights policy commitments, paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				Not material	N/A
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines, paragraph 17	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	N/A
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator number 14 Table #3 of Annex 1				Not material	N/A
ESRS S4-1 Policies related to consumers and end-users, paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not material	N/A
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not material	N/A
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator number 14 Table #3 of Annex 1				Not material	N/A
ESRS G1-1 United Nations Convention against Corruption, paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1				Not material	N/A
ESRS G1-1 Protection of whistle-blowers, paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1				Material	100
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws, paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Material	103
ESRS G1-4 Standards of anti-corruption and anti-bribery, paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1				Material	103

Environmental information

EU taxonomy for sustainable finance

The European Union Sustainable Finance Taxonomy Regulation 2020/852 (the EU taxonomy) requires large companies subject to the European Union Corporate Sustainability Report Directive (CSRD) 2022/2464 to disclose the extent to which their economic activities have a substantial positive environmental impact. The EU taxonomy is intended to encourage financial markets to invest and finance more sustainably. It sets the criteria for activities that the EU has classified as environmentally sustainable. The activities described in the taxonomy are referred to as eligible activities. Eligible activities that also meet set criteria of *(1) a substantial contribution to one of the six environmental objectives, (2) do no significant harm to the remaining five environmental objectives, and (3) meet minimum safeguards*, are referred to as taxonomy-aligned activities. Only with the cumulative fulfillment of all three requirements is the economic activity taxonomy-aligned.

The currently available criteria allow companies to demonstrate their contribution to the following environmental objectives: *Climate change mitigation; Climate change adaptation; Sustainable use and protection of water and marine resources; Transition to a circular economy; Pollution prevention and control; and Protection and restoration of biodiversity.*

Eligibility and alignment assessment

Valmet is a supplier of process technologies, automation and services for the pulp, paper and energy industries, and with the automation and flow control solutions serves and even wider base of process industries. Valmet has reviewed its offering against the Taxonomy activities to assess eligibility based on the eligible economic activities listed in the Climate and Environmental Delegated Acts and related Annexes. It has also taken into consideration the amendments to the Climate Delegated Act.

Valmet reports eligibility and alignment for the *Climate change mitigation* and the *Transition to a circular economy* objective in accordance with the Taxonomy Regulation.

In 2024, Valmet's approach to identifying and reporting sustainable economic activities consisted of:

1. Eligibility assessment: Mapping of economic activities to taxonomy activity descriptions and NACE codes.
2. Substantial contribution assessment: Screening of activities against technical screening criteria.
3. Do no significant harm (DNSH) assessment: Screening of Valmet's procedures to ensure that our operations do not cause significant harm to relevant environmental objectives.
4. Minimum safeguards assessment: A review of Valmet's corporate safeguards to ensure that our operating instructions, company policies, and management system are compliant with the OECD Guidelines for Multinational Enterprises (OECD), the UN Guiding Principles on Business and Human Rights (UNGP) and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. The minimum safeguards assessment covers the following social and governance aspects: human and labour rights; taxation; corruption and bribery; and fair competition.

As a result of the 2024 assessment, the following economic activities in the taxonomy were identified where Valmet has taxonomy-eligible activities:

- Climate change mitigation (CCM) 3.1 Manufacture of renewable energy technologies
- Climate change mitigation (CCM) 3.2 Manufacture of equipment for the production and use of hydrogen
- Climate change mitigation (CCM) 3.6 Manufacture of other low-carbon technologies
- Circular economy (CE) 4.1 Provision of IT/OT data-driven solutions
- Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing

Circular economy (CE)

According to the taxonomy, the Circular economy is a system in which the value of products, materials and other resources in the economy are maintained for as long as possible. When reporting its contribution to Circular economy according to EU taxonomy Valmet has identified activities under 5.1. "Repair, refurbishment and remanufacturing" and 4.1. "Provision of IT/OT data-driven solutions".

5.1 Repair, refurbishment and remanufacturing

Valmet supplies services for the pulp, paper and energy industries and reports its services and solutions aimed at extending the lifecycle of machinery and equipment under 5.1. Valmet offers paper machine modernization solutions and maintenance services that cover the entire machine life cycle. Valmet's solutions include rebuilds, upgrades, conversions, and maintenance services for various types of paper machines and industrial processes, such as renewable energy plants.

Paper machine modernization and single section business are the process of upgrading and improving the performance and extending the lifetime of papermaking machines and equipment. It can involve replacing old or obsolete parts, installing new technologies, optimizing process parameters, and enhancing quality and efficiency. The paper machine modernization business can help paper manufacturers increase productivity, while improving product quality, extending lifetime and meeting environmental standards. Although spare parts, performance parts and consumables play a key role in keeping machinery and equipment functional, they were excluded in the analysis, which was conducted conservatively, based on the argument that it might be difficult to prove their substantial contribution to exclusively extending the lifetime of equipment.

4.1. Provision of IT/OT data-driven solutions

When defining activities under 4.1. "Provision of IT/OT data-driven solutions" Valmet reports automation systems such as Condition

monitoring solutions built for purpose of remote or on-site monitoring and predictive maintenance systems for paper, pulp and energy industry.

Climate change mitigation (CCM)

According to EU taxonomy climate change mitigation includes activities that contribute to the reduction or prevention of greenhouse gas emissions or enhance carbon sinks. An economic activity that is eligible under the environmental objective of climate change mitigation should contribute substantially to the stabilization of greenhouse gas emissions by avoiding or reducing them or by enhancing greenhouse gas removals. When reporting its contribution to Climate change mitigation according to EU taxonomy, Valmet has identified activities under 3.1. "Manufacture of renewable energy technologies", 3.2 "Manufacture of equipment for the production and use of hydrogen" and 3.6. "Manufacture of other low carbon technologies".

3.1. Manufacture of renewable energy technologies

Valmet's technologies under CCM 3.1. include energy solutions that enable the use of biomass or biomass originating feedstocks and technologies enabling use of biomass in installations with significant greenhouse gas emission savings. These solutions include CFB (circulating fluidized bed) boilers and BFB (bubbling fluidized bed) boilers utilizing biomass, bark, wood chips and recycled wood.

Furthermore Valmet's renewable energy technologies (3.1) include Flow control solutions and Automation solutions such as Combustion optimization, Network optimization, Emission reporting and Energy management systems, as well as Distributed control systems (DCS), for renewable energy production.

3.2. Manufacture of equipment for the production and use of hydrogen

Valmet's solutions under CCM 3.2. include automation solutions including advanced process controls and energy management systems for Power to X and green hydrogen projects to optimize e-methane or methanol production.

3.6. Manufacture of other low carbon technologies

Valmet's solutions under CCM 3.6. include pulp technologies such as LignoBoost and BioTrac. LignoBoost is Valmet's patented technology for producing lignin from pulp mill black liquor. BioTrac is a pre-treatment technology of biomass to produce fuels, chemicals, pellets and other valuable end products.

Key performance indicators

Valmet has made some estimations in the calculation of the key performance indicators (KPIs), net sales[1], capital expenditure (CapEx), and operating expenditure (OpEx), due to our interpretation of the Taxonomy Regulation. Double counting has been avoided by classifying external revenue streams into taxonomy-eligible economic activities only once. The shares of eligible and aligned net sales have been used as a key for calculating eligible and aligned OpEx and CapEx. Intangible and tangible assets as well as right-of-use assets acquired in business combinations were not included in the calculation of eligible and aligned CapEx based on net sales key.

Taxonomy net sales[2] are calculated according to the EU Taxonomy definition of turnover and in line with revenue recognition standard IFRS 15, and are included in Valmet's total net sales presented in Valmet's consolidated financial statements. It includes the external sales of taxonomy eligible activities. Net sales have been calculated separately in each business line for eligible and aligned activities.

Taxonomy CapEx[3] is presented and measured in line with the CapEx presented in the Group's financial statements. It consists of additions to property, plant and equipment, and intangible assets as well as investments in right-of-use assets. Total CapEx also covers additions to tangible and intangible assets, as well as right-of-use assets resulting from business combinations. Additions to goodwill are not included in CapEx.

The Taxonomy Regulation's definition of OpEx consists of expenses related directly to the maintenance and servicing of assets, including facility improvements and research and development projects supporting the transition to a low-carbon economy. Valmet has applied a conservative interpretation of the Taxonomy OpEx definition. Raw materials and salaries of employees performing repairs, maintenance and services of eligible fixed assets, are excluded.

The following tables present Valmet's 2024 Taxonomy KPIs associated with Valmet's taxonomy-eligible economic activities and template 1 presents information on nuclear and fossil gas related activities according to the Complementary Climate Delegated Act.

[1] Valmet uses the term net sales in its financial statements, while the EU Taxonomy Regulation refers to the term Turnover.
[2] Consolidated financial statements, note 3. Revenue recognition.
[3] Consolidated financial statements, note 4. Intangible assets and property, plant and equipment and note 5. Leases.

Turnover[4]		2024		Substantial Contribution Criteria						DNSH criteria ('Does Not Significantly Harm')								
Economic activities	Code	Turnover (EUR million)	Proportion of turnover 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Manufacture of renewable energy technologies																			
Manufacture of renewable energy technologies	CCM 3.1	149	2.8%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	5	0.1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.0%	E	
Provision of IT/OT data-driven solutions	CE 4.1	13	0.2%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	1,065	19.9%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,232	23.0%	2.9%	—%	—%	—%	20.1%	—%	Y	Y	Y	Y	Y	Y	Y	5.3%		
Of which Enabling		1,232	23.0%	2.9%	—%	—%	—%	20.1%	—%	Y	Y	Y	Y	Y	Y	Y	5.3%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	234	4.4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.9%		
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	1	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low carbon technologies	CCM 3.6	4	0.1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.3%		
Provision of IT/OT data-driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.3%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								23.3%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		239	4.5%	4.5%	—%	—%	—%	—%	—%								25.8%		
A. Turnover of Taxonomy-eligible activities (A.1 + A.2)		1,470	27.4%	7.3%	—%	—%	—%	20.1%	—%								31.1%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of taxonomy-non-eligible activities		3,889	72.6%																
TOTAL		5,359	100%																

[4] Net Sales is used in other parts of Valmet's financial statements, while the EU Taxonomy Regulation uses the term Turnover.

CapEx		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	CapEx (EUR millions)	Proportion of CapEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular Economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	3	1.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.6%	E	
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Provision of IT/OT data-driven solutions	CE 4.1	0	0.1%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	32	12.9%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		34	14.0%	1.1%	—%	—%	—%	12.9%	—%	Y	Y	Y	Y	Y	Y	Y	0.6%		
Of which Enabling		34	14.0%	1.1%	—%	—%	—%	12.9%	—%	Y	Y	Y	Y	Y	Y	Y	0.6%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	4	1.8%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.2%		
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low-carbon technologies	CCM 3.6	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Provision of IT/OT data driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								10.6%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5	1.9%	1.9%	—%	—%	—%	—%	—%								11.0%		
A. CapEx of Taxonomy eligible activities (A.1 + A.2)		39	15.8%	2.9%	—%	—%	—%	12.9%	—%								11.6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		207	84.2%																
TOTAL		246	100%																

OpEx		2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code	OpEx (EUR millions)	Proportion of OpEx, 2024	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2023	Category enabling activity	Category transitional activity
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of renewable energy technologies	CCM 3.1	5	2.4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.7%	E	
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Manufacture of other low carbon technologies	CCM 3.6	1	0.3%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Provision of IT/OT data-driven solutions	CE 4.1	0	0.1%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
Repair, refurbishment and remanufacturing	CE 5.1	37	17.4%	N/EL	N/EL	N/EL	N/EL	Y	N/EL	Y	Y	Y	Y	Y	Y	Y	—%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		43	20.1%	2.6%	—%	—%	—%	17.5%	—%	Y	Y	Y	Y	Y	Y	Y	0.9%		
Of which Enabling		43	20.1%	2.6%	—%	—%	—%	17.5%	—%	Y	Y	Y	Y	Y	Y	Y	0.9%	E	
Of which Transitional		0	—%	—%													—%		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of renewable energy technologies	CCM 3.1	1	0.7%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2.3%		
Manufacture of equipment for the production and use of	CCM 3.2	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								—%		
Manufacture of other low-carbon technologies	CCM 3.6	0	—%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Provision of IT/OT data driven solutions	CE 4.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								0.1%		
Repair, refurbishment and remanufacturing	CE 5.1	0	—%	N/EL	N/EL	N/EL	N/EL	EL	N/EL								23.4%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2	0.7%	0.7%	—%	—%	—%	—%	—%								26.0%		
A. OpEx Taxonomy eligible activities (A.1 + A.2)		44	20.8%	3.3%	—%	—%	—%	17.5%	—%								26.9%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		169	79.2 %																
TOTAL		214	100 %																

Template 1: Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

E1: Climate change

Governance

ESRS 2 GOV-3: Integration of sustainability-related performance in incentive schemes

This information is disclosed under ESRS 2 GOV-3.

Strategy

E1-1: Transition plan for climate change mitigation

Climate change and the transition to a carbon neutral economy are among the key megatrends behind Valmet's strategy and Must-Win program. Valmet believes technology plays a key role in mitigating climate change in the transition to a carbon neutral economy. Valmet has created a comprehensive Climate Program with the goal of mitigating climate change, adapting to global warming, and driving the transition of the pulp and paper industry to carbon neutrality by enabling energy- and resource-efficient pulp, paper, and energy production with fossil-free energy sources for its customers.

Valmet's Climate Program includes Scope 1, 2, and 3 greenhouse gas (GHG) emission reduction targets and action plans covering its own operations and the value chain. Scope 1 emissions are direct GHG emissions that occur from sources that are owned by Valmet, such as fuels used at Valmet locations. Scope 2 emissions are indirect GHG emissions associated with the consumption of purchased electricity, steam, heat, or cooling. Scope 3 GHG emissions occur in Valmet's value chain, such as in the supply chain and during customers' use of Valmet's technologies.

Valmet's Climate Program is approved by the Board of Directors and the Executive Team. The Climate Program Steering team is responsible for monitoring implementation of the Climate Program. In 2024, the Steering team was chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reported to the President and Chief Executive Officer and was a member of the Executive Team.

The GHG emission reduction targets are in line with the Paris Agreement's 1.5-degree pathway (E1-4). Valmet has identified its decarbonization levers (E1-4) and the related actions and investments required (E1-3) to reach the targets. The action plans to reach the Climate Program targets are embedded in the annual plans and financial planning of the Sustainability; Health, Safety and Environment; Supply Chain; Research and Development; and Risk Management functions, as well as relevant business lines. The action plans are supported with EUR 158 million investments in environmental management and improvement actions in own operations and research and development expenses. In 2024, Valmet's taxonomy-aligned capital expenditure was EUR 34 million (with reference to KPI of taxonomy-aligned capital expenditure). Progress towards reaching the targets of the Climate Program is reported in E1-4.

Valmet has identified potential locked-in GHG emissions in its own operations from natural gas consumption in the USA and fossil-fuel based electricity consumption in India and China, but they will not impact reaching the 2030 Scope 1 and 2 GHG emission reduction target. GHG emissions from the use of sold products depend on the source of energy the customer chooses. Valmet's technologies already enable fossil-free board, tissue, and paper production for customers with access to fossil-free energy sources. Valmet's biomass-based energy solutions and energy conversions have long enabled fossil-free heat and power production. Furthermore, many customers' chemical pulp mills using Valmet's technologies are bioenergy self-sufficient.

Valmet works continuously to align its taxonomy-eligible economic activities, including revenues, capital expenditure, and operating expenditure. Valmet is not excluded from the EU Paris-aligned Benchmarks.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E1-2 MDR-P: Policies related to climate change mitigation and adaptation

Valmet has adopted the Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; the Valmet Supplier Code of Conduct; and the Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design to manage the following material impacts, risks, and opportunities related to climate change mitigation and energy.

Related to climate change:

- GHG emissions from Valmet's own operations: GHG emissions are caused by the use of fuels and production of electricity, district heat, and steam consumed at Valmet locations (actual negative impact)
- GHG emissions in value chain: Significant upstream and downstream GHG emissions are caused by the production of raw materials and components used in Valmet's technologies, transportation and distribution, and the use of installed technologies by Valmet's customers (actual negative impact)
- Tightening climate-related regulation creates opportunities in the market for Valmet's solutions due to increased demand for resource efficiency in processes and the use of renewable and recycled raw materials (opportunity)
- Transition risk due to emerging climate-related regulation and carbon pricing mechanisms, which may affect Valmet's technologies and cause a financial risk (risk).

Related to energy:

- Fuel, electricity, district heat, and steam consumption at Valmet locations (actual negative impact)
- The primary material for Valmet's solutions is steel. The production process of steel in Valmet's upstream value chain is energy intensive. (actual negative impact)
- Valmet delivers technologies to the energy and energy-intensive pulp and paper industries (actual negative impact)
- Opportunity for Valmet as regulation drives demand for more energy-efficient technologies, as well as energy solutions using renewable energy (opportunity)
- Transition risk due to emerging energy-related regulation and carbon pricing mechanisms, which may affect Valmet's own operations and technologies (risk).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations, for example, in terms of climate and circularity in products and services, the environmental efficiency of its own operations, and the sustainable supply chain. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of its value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable our customers to improve their energy, environmental, and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to strive for the continuous development of environmental performance and the reduction of emissions and any negative impacts on the environment. Suppliers are expected to commit to mitigating climate change and to establish an appropriate organizational structure or resources for the effective management of climate and environmental risks and impacts. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called the Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

The guidelines integrate sustainability into research and development by aiming to minimize resource consumption and reduce emissions. Improving environmental performance and mitigating climate change through technology are important objectives in the guidelines. The content and requirements set in the guidelines are described in more detail in section E5-1.

E1-3 MDR-A: Actions and resources in relation to climate change policies

Material sustainability topic	Related material impact in brief	Action	Decarbonization lever	Scope	Time horizon	Achieved and expected GHG emission reduction	Related target
Climate change	GHG emissions from own operations	Purchase of renewable fuels	Carbon-free and low-carbon energy	1	2019-2030	Achieved: Biofuel in use in Valmet's Sundsvall facility in Sweden Expected: Scope 1 GHG emission reduction by 2030: -60%	Scope 1 and 2 emission reduction target
		Purchase of carbon-free and low-carbon electricity and district heat	Carbon-free and low-carbon energy	2	2019-2030	Achieved: Reduction of 58% in Scope 2 GHG emissions through purchase of carbon-free and low-carbon electricity and district heat. Expected: Scope 2 GHG emission reduction by 2030: -98%	
Energy	Energy consumption in own operations	Continuous improvement in operational energy efficiency	Energy efficiency	1 and 2	2019-2030	Calculated as reduction in energy consumption. Achieved: 7% reduction in energy consumption in Valmet's own operations. Expected: Reduction of 10% in energy consumption by 2030.	Energy reduction target
Climate change	GHG emissions from upstream value chain	Supplier climate engagement	Supplier climate engagement	3	2021-2024	Engaged suppliers have reduced their Scope 1 and 2 emissions by 13% between 2021-2023 based on Valmet's 2024 supplier survey	Supplier climate engagement target
		Use of recycled steel	Recycled raw materials	3	2019-2030	Using recycled steel in Valmet's own foundries reduced emissions 24 000 tCO_2e in 2024	Scope 3 supply chain emission reduction target
		Freight planning and selection of suppliers offering low-carbon transportation	Logistics	3	2019-2030	Achieved: Logistics emissions have reduced by 10% since the base year. Expected: Logistics GHG emission reduction by 2030: -20%	
Climate change	GHG emissions from downstream value chain	Valmet's pulp, paper and energy technologies enable fossil-free production for customers with access to fossil-free energy sources	Valmet's technologies and solutions	3	2019-2030	Valmet's customers can reduce their emissions by choosing to use Valmet's fossil-free technologies together with fossil-free energy sources	Valmet's technologies and solutions target
Energy	Energy consumption in downstream value chain	Improving energy efficiency of current offering	Energy efficiency in technologies	3	2019-2030	Valmet measures energy efficiency in pulp, paper, board and tissue technologies. The average reduction in these technologies in 2024 is 10% compared to the 2019 baseline.	Target for improving energy efficiency in Valmet's pulp, paper, board, and tissue technologies

In 2024, Valmet invested EUR 35 million in environmental management and improvement actions in own operations. The downstream actions are related to research and development. Valmet's research and development expenses for 2024 totaled EUR 123 million (Consolidated financial statements, note 18. Selling, general and administrative expenses).

Ability to implement the actions depends on the continuous availability and allocation of resources into energy efficiency improvements and low-carbon energy in own operations and research and development.

In 2024, Valmet established a Green Finance Framework applicable for the issuance of green debt instruments. The Green Finance Framework is designed to support financing or refinancing eligible assets and expenditures that promote two key environmental objectives: enabling transition to a circular economy and mitigating climate change. During 2024, Valmet issued a EUR 200 million green bond and signed a EUR 50 million green term loan agreement with Swedish Export Credit Corporation (SEK).

Metrics and targets

E1-4, MDR-T: Targets related to climate change mitigation and adaptation

Targets related to climate change mitigation

Related material impact in brief	Decarboni-zation lever	KPI and scope	Target	Base year	Base year value	Share of respective scope covered by target	Progress towards target in 2024	Related policy
GHG emissions from own operations	Carbon-free and low-carbon energy Energy efficiency	Reduction in Scope 1 and 2 (market-based) GHG emissions (%)	-80% by 2030	2019	130,000 tCO_2e	100% of Scope 1 and 2	Since the base year, Scope 1 and 2 emissions have decreased by 49%. In 2024, emissions reduction actions included purchasing carbon-free and low-carbon energy and the production of renewable energy from solar installations.	Code of Conduct; Health, Safety and Environment Policy
GHG emissions from upstream value chain	Recycled raw materials Logistics	Reduction in Scope 3 GHG emissions from supply chain (Category 1 purchased goods and services, Category 4 transportation and distribution) (%)	-20% by 2030	2019	1,600,000 tCO_2e	4% of Scope 3	Since the base year, Scope 3 category 1 and 4 emissions have remained at base year level. Actions to reduce emissions include increasing the use of recycled steel in products, redesigning lightweight steel products, introducing alternative raw materials and optimizing components' manufacturing methods. Logistics emissions reduction actions include freight planning and the selection of suppliers offering low-carbon transportation.	Code of Conduct; Health, Safety and Environment Policy
GHG emissions from upstream value chain	Supplier climate engagement	Number of suppliers engaged in Valmet's Climate Program	150 suppliers by the end of 2024	2022	0 suppliers	Not applicable	In 2024, 181 new suppliers were engaged in Valmet's Climate Program. A total of 271 suppliers have been engaged since 2022, exceeding the target for 2024.	Code of Conduct, Supplier Code of Conduct
GHG emissions from downstream value chain	Valmet's technologies and solutions	Technologies using fossil-free energy sources	Use of fossil-free energy sources possible for all of Valmet's Pulp, Paper, and Energy technologies and solutions by 2030	2019	Use of fossil-free energy sources not possible for all of Valmet's Pulp, Paper, and Energy technologies and solutions in 2019	95% of Scope 3	Valmet's technologies enable fossil-free board, tissue, and paper production for customers with access to fossil-free energy sources. Valmet's biomass-based energy solutions have long enabled fossil-free heat and power production. Furthermore, many customers' chemical pulp mills using Valmet's technologies are bioenergy self-sufficient.	Code of Conduct; Health, Safety and Environment Policy; Guidelines for sustainable and responsible research, product develop-ment and design

Targets related to energy

Related material impact in brief	Decarboni-zation lever	KPI and scope	Target	Base year	Base year value	Share of respective scope covered by target	Progress towards target in 2024	Related policy
Energy consumption in own operations	Energy efficiency	Reduction of energy consumption in own operations (%)	-10% by 2030	2019	457,284 MWh	Not applicable	Since the base year, energy consumption in Valmet's own operations has reduced by 7%. In 2024, 15 significant energy-efficiency improvements were implemented in 11 locations. Energy efficiency improvement actions in Valmet facilities included machinery replacements; maintenance, renovation and repair; upgraded heating and ventilation systems including heat recovery; switches to energy efficient lighting; and process optimization.	Code of Conduct; Health, Safety and Environment Policy
Energy consumption in downstream value chain	Energy efficiency of technologies	Reduction of energy use intensity in Valmet's technologies (%)	-20% by 2030	2019	0%	Not applicable	Valmet measures energy efficiency (kWh/ton or GJ/air dried ton) in pulp, paper, board and tissue technologies. In 2024, the average reduction in these technologies was -10% compared to the 2019 baseline.	Code of Conduct, Health, Safety and Environment Policy, Guidelines for sustainable and responsible research, product development and design in Valmet

The targets listed in the table above address the objectives of the Valmet's Code of Conduct; the Health, Safety and Environment (HSE) Policy; and the Supplier Code of Conduct to mitigate climate change. The targets are part of Valmet's Climate Program and have been set to manage climate-related impacts, risks, and opportunities. Internal stakeholders, including key experts and management from relevant functions and business lines were included in the target-setting process. Emissions reduction targets have been set to mitigate the negative impacts of energy consumption in Valmet's own operations and the value chain. In addition, the Climate Program targets to offer customers energy-efficient technologies using fossil-free energy sources were set to mitigate the regulatory transition risk, as well as to contribute to realizing the related opportunities in developing Valmet's technologies. The targets are absolute targets except for the downstream energy reduction target which is a relative target.

In the overall combined Scope 1 and 2 emission reduction target, Scope 1 represents 16 percent of the overall target, while Scope 2 represents 84 percent. The scopes' boundaries are consistent with the GHG inventory described in E1-6. Carbon removals, carbon credits, and avoided emissions are not included in achieving the emission reduction targets.

The emission reduction targets for Scopes 1, 2, and 3 are aligned with the Paris Agreement's 1.5-degree pathway and have been validated by the Science Based Targets initiative. The targets were set using an absolute contraction approach (ACA) using the Science-based Target Setting Tool v1.2.1. and a 1.5-degree scenario. The Sectoral Decarbonization Approach (SDA) was not used. The targets were set during 2020-2021 and 2019 was chosen as the base year as 2020 operations were affected by the COVID-19 pandemic and were not considered representative. The Scope 1 and 2 target was set using a cross-sector (ACA) reductions pathway, with 2019 as the base year and the following reference targets for the pathway: -46 percent by 2030; and -100 percent by 2043. Activities contributing to Scope 1 and 2 emissions remain relatively stable, and the base year value can be considered representative.

The critical assumptions used for setting the targets included the increasing availability of carbon-free energy, especially in Asia and North America, which impacts emissions from Valmet's own operations and value chain. The IEA Scenario for current policies (STEPS) power sector emission intensity reduction (CAGR) was utilized in projecting electricity and steam lifetime emissions. It was assumed net sales would grow at a steady annual rate.

Valmet has identified its main decarbonization levers and estimated their potential impact in reducing GHG emissions for Valmet's own operations and its value chain, presented in the tables below. Climate scenario analysis was used to identify decarbonization levers and related dependencies. The main dependencies include the global transition away from fossil fuels in the steel, logistics, and energy industries, as well as regulatory changes and carbon pricing mechanisms which enable a just global transition to a carbon neutral economy.

The Climate Program Steering team is responsible for monitoring implementation of the Climate Program. In 2024, the Steering team was chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reported to the President and Chief Executive Officer and was a member of the Executive Team.

Own operations: Scope 1 and 2		Base year	2025 target	2030 target
	GHG emissions ($1,000 tCO_2e$)	130	78	26
Decarbonization lever	Carbon-free and low-carbon energy	—	-45.5	-91
	Energy efficiency	—	-6.5	-13

Value chain: Upstream Scope 3		Base year	2030 target
	GHG emissions ($1,000 tCO_2e$)	1,600	1,300
Decarbonization lever	Supplier engagement	—	-170
	Recycled raw materials	—	-100
	Logistics	—	-30

Value chain: Downstream Scope 3		Base year	2030 target
	GHG emissions ($1,000 tCO_2e$)	48,700	19,500
Decarbonization lever	Valmet's technologies and solutions	—	-28,100
	Energy efficiency of technologies	—	-1,100

E1-5: Energy consumption and mix

Energy consumption and mix	2024
(1) Fuel consumption from coal and coal products (MWh)	**0**
(2) Fuel consumption from crude oil and petroleum products (MWh)	**4,109**
(3) Fuel consumption from natural gas (MWh)	**80,992**
(4) Fuel consumption from other fossil sources (MWh)	**11,985**
(5) Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	**116,100**
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**213,186**
Share of fossil sources in total energy consumption (%)	**50%**
(7) Consumption from nuclear sources (MWh)	**128,585**
Share of consumption from nuclear sources in total energy consumption (%)	**30%**
(8) Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	**2,092**
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	**81,963**
(10) The consumption of self-generated non-fuel renewable energy (MWh)	**155**
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**84,210**
Share of renewable sources in total energy consumption (%)	**20%**
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**425,981**

Energy production	2024
Non-renewable energy production (MWh)	**900**
Renewable energy production (MWh)	**424**
Total energy production (MWh)	**1,324**

Valmet's energy consumption data includes fuel use and purchased electricity, heat, and steam from all locations with production operations in 22 countries. These locations include six foundries, seven fabrics production units, 32 service workshops, six research and development pilot facilities, 10 supply centers, and 36 assembly and manufacturing units, as well as the associated office facilities at the locations. Electricity consumption at other office locations is estimated based on an average consumption per employee resulting in one percent of total energy consumption. Valmet produces solar electricity at its Bologna, Italy facility and district heat at its research and development center in Tampere, Finland.

Energy data is collected monthly in an environmental reporting system based on local invoice, measurement, and consumption records. In locations where the source of electricity or district heat is unknown, the consumption is reported under fossil sources. Energy data for December is estimated based on the previous year's data.

All Valmet's operations are reported under high climate impact sector Manufacturing (NACE C).

Energy intensity per net revenue[1]	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/EUR million)	**79.5**

[1] Net revenue: Net Sales in Consolidated financial statements, note 3. Revenue recognition

E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

	Retrospective		Milestones and target years		
	Base year 2019	2024	2025	Target year 2030	Annual % target / Base year
Scope 1 GHG emissions					
Gross Scope 1 GHG emissions (tCO_2e)	21,522	**20,395**	—	8,609	7.0%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0.0%	**0.0%**	—	0.0%	
Scope 2 GHG emissions					
Gross location-based Scope 2 GHG emissions (tCO_2e)	—	**74,812**	—	—	
Gross market-based Scope 2 GHG emissions (tCO_2e)	108,939	**45,923**	—	2,179	11.0%
Significant Scope 3 GHG emissions					
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	50,349,000	**39,559,000**	—	20,815,000	
1 Purchased goods and services	1,441,000	**1,462,000**	—	1,153,000	1.8%
4 Upstream transportation and distribution	161,000	**144,000**	—	129,000	1.8%
6 Business travel	47,000	**53,000**	—	33,000	2.7%
11 Use of sold products	48,700,000	**37,900,000**	—	19,500,000	5.5%
Total GHG emissions					
Total GHG emissions (location-based) (tCO_2e)	—	**39,654,207**	—	—	
Total GHG emissions (market-based) (tCO_2e)	50,479,461	**39,625,318**	—	20,825,788	

Valmet's GHG inventory is prepared in accordance with the GHG Protocol Corporate Standard (Version 2004) and GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Version 2011). The GHG inventory is prepared as described under ESRS Basis for preparation (BP) 1 and 2 and IRO-1, under paragraphs concerning 'Scoping of the assessment'. All subsidiaries are included in the GHG inventory. Valmet does not have operational control of its associated companies, and they are not included in Valmet's GHG inventory.

GHG intensity per net revenue[1]	2024
Total GHG emissions (location-based) per net revenue (tCO_2e / EUR million)	**7,399**
Total GHG emissions (market-based) per net revenue (tCO_2e / EUR million)	**7,394**

[1] Net revenue: Net Sales in Consolidated financial statements, Note 3. Revenue recognition.

Scope	Inclusion in GHG inventory	Information about methodology, assumptions, and emission factors or justification for exclusion from GHG inventory	% calculated using primary data obtained from value chain partners
Scope 1	Included	Scope 1 GHG emissions are calculated using fuel consumption data based on invoice and consumption records and relevant GHG emission factors. The emission factors are from "UK Government GHG Conversion Factors for Company Reporting" - Department for Environment, Food & Rural affairs (Defra) 2024. Supplier-specific GHG emission factors based on contractual instruments are applied to biofuel consumption in Sundsvall, Sweden. In 2024, the biogenic CO_2 emissions from the combustion of biomass were 18 tCO_2.	Not applicable
Scope 2	Included	Scope 2 GHG emissions are calculated as CO_2 equivalents using electricity, district heat, and steam data based on local invoice, measurement, and consumption records. Emissions from office locations with no production are estimated based on electricity consumption per employee. For all locations except those in the United States, Scope 2 location-based GHG emissions are calculated with GHG emission factors from International Energy Agency (IEA) (2023). For locations in the United States, Scope 2 location-based GHG emissions are calculated with regional GHG emission factors from United States Environmental Protection Agency (eGRID 2022). Scope 2 market-based GHG emissions are calculated with GHG emission factors as follows: Contract-based GHG emission factors are applied for carbon-free electricity purchased with guarantees of origin (GO) in Sweden and Finland. Supplier-specific GHG emission factors are applied for documented renewable or carbon-free electricity and district heat in Brazil, Canada, China, Finland, France, Germany, Italy, Poland, Sweden, and the USA. Additionally, regional GHG emission factors from the following sources are applied: European Residual Mixes (Association of Issuing Bodies) for electricity and steam in Europe (2023); International Energy Agency (IEA) (2023) for district heat in Europe; Brazilian Science, Technology and Innovation Ministry for Brazil; Chile Ministry of Energy for Chile; China Ministry of Ecology and Environment for China (excluding Shanghai area); China Shanghai Ecological Environment Bureau for China Shanghai area; United States Environmental Protection Agency (eGRID 2022) for United States; International Energy Agency (IEA) (2023) for India, Indonesia, Saudi Arabia, Singapore, South Africa, South Korea and Thailand. For CH_4 and N_2O, GHG emission factors from International Energy Agency (IEA) (2023) are applied. In 2024, Valmet made electricity and district heat purchases with contractual instruments such as Guarantees of Origin and contracts with suppliers (65%). The GHG emission factors applied in Scope 2 calculations do not separate the percentage of biomass or biogenic CO_2.	Not applicable
Scope 3 by Category			
1 Purchased goods and services	Included	GHG emissions are estimated using the spend-based method based on the monetary value of purchased goods and services by purchase category and supplier country. The emission flows are calculated based on environmentally extended input-output analysis and emission factors from Exiobase (3.8.2). The data includes direct purchase order spend on raw materials, casting and forging, fabrication and machining, components, electronics, and business services. For undefined spend data, Valmet's average emission factor is applied. Purchase order spend data is based on Valmet's internal data systems. Spend data for December is estimated based on the previous year's data. The spend-based emissions calculation is an estimation with inherent uncertainty and used with the intent to indicate the scale of the category.	0%
2 Capital goods	Excluded	Valmet's spend-based emissions from capital goods in 2023 were 0.1 percent of total emissions, so the category is not significant and is excluded.	-
3 Fuel- and energy-related Activities (not included in Scope 1 or 2)	Excluded	GHG emissions from fuel- and energy-related activities have been calculated based on the breakdown of Valmet's energy consumption by country and source. DEFRA emission factors have been utilized. The calculated emissions cover the same sources of energy as Scope 1 and 2 calculations. Valmet's emissions from fuel- and energy-related activities in 2023 were estimated to be 0.02 percent of total emissions, so the category is not significant and is excluded.	-
4 Upstream transportation and distribution	Included	GHG emissions from upstream transportation and distribution are based on suppliers' emission reports, and when unavailable, the monetary value of purchased transportation services following the same spend-based calculation methodology as for Category 1. Spend data for December is estimated based on the previous year's data. In 2024, suppliers' emission reports covered 39 percent of reported emissions. The calculated transportation modes include air, rail, sea, and road transportation.	39%
5 Waste generated in operations	Excluded	Valmet's emissions from waste generated in operations in 2023 were estimated to be 0.0004 percent of total emissions, so the category is not significant and is excluded.	-
6 Business travel	Included	GHG emissions from business travel are based on emission, mileage, and spend data from travel agencies and internal systems. Travel agencies' emission reports covered around 47 percent of reported emissions in 2024. The calculation includes air and rail travel, travel by rental cars, compensated mileages, and hotel nights. The data covered 99 percent of Valmet's global workforce in 2024.	47%
7 Employee commuting	Excluded	Valmet's emissions from employee commuting in 2023 were estimated to be 0.1 percent of total emissions, so the category is not significant and is excluded.	-
8 Upstream leased assets	Excluded	Valmet's emissions from upstream leased assets in 2023 were estimated to be 0.1 percent of total emissions, so the category is not significant and is excluded.	-
9 Downstream transportation	Excluded	Valmet's emissions from downstream transportation in 2023 were estimated to be 0.03 percent of total emissions, so the category is not significant and is excluded.	-
10 Processing of sold products	Excluded	Valmet does not sell intermediate products to downstream companies, so the category is excluded.	-

Scope	Inclusion in GHG inventory	Information about methodology, assumptions, and emission factors or justification for exclusion from GHG inventory	% calculated using primary data obtained from value chain partners
11 Use of sold products	Included	GHG emissions from the use of products sold in the reporting year includes Valmet's Paper and Pulp and Energy business lines. For the purposes of estimating use of sold products emissions, Valmet uses orders received as an indicator for defining sold products in 2024. The calculation method based on orders received is aligned with Valmet's previously reported emissions information on the use of sold products. In practice this means product lifetime emissions (25 future years) are reported in the year when the order has been received and most often not in the year of the delivery and start-up of the technology. Delivery times vary and can be up to around 3 years for large orders. For the Paper business line, the calculation includes major paper, board, and tissue machine orders received and excludes basic machine unit assembly groups and smaller equipment deliveries. For the Pulp and Energy business line, the calculation includes pulp mill, lime kiln and fluidized bed boiler orders received. Sold products from Valmet's Automation Systems and Flow Control business lines are excluded from the calculation, because their impact on the total use phase emissions is estimated to be insignificant (below 0.2 percent). The Services business line is excluded, as it is assumed services and spare parts do not consume energy or cause emissions during the use phase. The assumed lifetime for all sold products is 25 years. The emission calculations are based on Valmet's average product-specific energy consumption and product specifications, including delivered capacity and intended fuel mix. N_2O and CH_4 are included from the biomass combustion of pulp and energy production. Emissions from electricity are calculated based on the IEA (2020) country-specific emission factors. Emissions from steam are calculated based on Fisher International installed base fuel mix data. Emission factors for fuels are based on IPCC, DEFRA, and Statistics Finland. The IEA Scenario for current policies (STEPS) power sector emission intensity reduction (CAGR) is utilized in projecting the lifetime emissions for electricity and steam. The annual fossil emissions of the sold products were around 1,800,000 tCO_2e, whereas biogenic emissions were around 8,300,000 tCO2 in 2024. The calculation is an estimation based on assumptions and projections, and actual emissions will depend on the choices customers make during the lifetime of the technologies. Due to the long lifetimes of Valmet's technologies (average 25 years) included in the annual use phase calculation, the magnitude of the category in relation to other categories of emissions is considerable.	0%
12 End-of-life treatment of sold products	Excluded	Valmet's products consist almost entirely of steel. It is assumed that customers recycle all materials, including steel, at the technologies' end-of-life in 25 years. To avoid double counting, the recycled content method is used to calculate GHG emissions. Emissions from recycling materials are therefore included in the emission factors of recycled materials in Category 1. The emission factor for recycling materials at end of life is 0, and the related emissions are 0. The category is not significant and is excluded.	-
13 Downstream leased assets	Excluded	Valmet has no downstream leased assets, so the category is excluded.	-
14 Franchises	Excluded	Valmet has no franchises, so the category is excluded.	-
15 Investments	Excluded	Valmet's emissions from investments in 2023 were estimated to be 0.01 percent of total emissions, so the category is not significant and is excluded.	-

E2: Pollution

Impacts, risks and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material pollution-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E2-1 MDR-P: Policies related to pollution in value chain

Valmet has adopted the Valmet Health, Safety, and Environment (HSE) Policy and Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design to manage the following material impacts and opportunities related to pollution of air and water in the value chain.

Impacts and opportunities related to pollution of air in the value chain:

- Valmet's upstream value chain includes the manufacture of components, which contributes to environmental impacts such as air pollution, including particulate matter and volatile organic compounds (actual negative impact)
- While using Valmet's process technologies and automation in the pulp, paper, energy, and other process industries, customers generate air emissions such as particulate matter, hazardous air pollutants, nitrogen oxides, sulfur oxides, carbon monoxide, and volatile organic compounds that require emission control (actual negative impact)
- Customers increasingly need to reduce air emissions, which creates a business opportunity for Valmet's air emission control solutions in the short and medium term (opportunity).

Impacts and opportunities related to pollution of water in the value chain:

- While using Valmet's process technologies and automation in the pulp, paper, energy, and other process industries, customers generate water emissions such as biological and chemical demands (BOD and COD) and other pollutants that require wastewater treatment (actual negative impact)
- Customers increasingly need to reduce water effluent, which creates a business opportunity for Valmet's wastewater control solutions in the short and medium terms (opportunity).

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety, and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of our value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable our customers to improve their energy, environmental, and safety performance. The content and requirements set in the Policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines the sustainability principles that suppliers must comply with. The requirements mandate that suppliers establish an appropriate organizational structure or resources for effective management of environmental risks and impacts. This includes preventing pollution and environmental incidents, maintaining emergency action plans to manage environmental accidents and minimize their consequences, and striving to continually reduce emissions to air and water. Suppliers shall put in place effective control measures and targets to mitigate these risks and reduce negative impacts. The content and requirements of the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design integrate sustainability, environmental and health and safety aspects into Valmet's product research and development process. The aim is to ensure Valmet designs solutions that meet sustainability objectives, including the elimination and minimization of emissions to water and air, set quantitative performance targets for emission reduction, and comply with already applicable and anticipated upcoming regulatory developments related to emission control. The content and requirements set in the guidelines are described in more detail in section E5-1.

E2-2 MDR-A: Actions and resources related to pollution

Material sustainability topic	Related material impacts in brief	Actions	Expected outcome	Scope	Time horizon	Related target
Pollution of air and water in value chain	Valmet's upstream value chain contributes to environmental impacts such as air emissions	Commit suppliers to Valmet's Sustainable Supply Chain policy, which addresses pollution prevention	Pollution prevention in suppliers' operations	Upstream and downstream value chain	2024, continuous	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025
	The use phase of Valmet's process technologies and automation generate air emissions that require emission control in the downstream value chain	Continuous development of air emissions control technologies	Reduced air emissions, heat recovery and improved energy efficiency in the customers' processes	Own operations	2024, continuous	Air emission control technology: 7.5% growth (over the cycle) of orders received by 2025

The actions listed in the table above address the material impacts related to pollution of air and water in the value chain. The actions address the objectives of the Supplier Code of Conduct, and the Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design.

Metrics and targets

E2-3 MDR-T: Targets related to pollution

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Relevant policy
Pollution of air and water in value chain	Valmet's upstream value chain contributes to environmental impacts such as air emissions	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain policy by 2025, which addresses, inter alia, pollution prevention	% of suppliers by spend who have signed Valmet's Sustainable Supply Chain policy	2022	82%	Upstream value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)
	The use phase of Valmet's process technologies and automation generate air emissions that require emission control in the downstream value chain	Air emission control technology: 7.5% growth (over the cycle) of orders received by 2025	Rolling 4-year compounded annual growth (CAGR) of orders received	2024	1.8%	Own operations	Growth achieved despite challenging market conditions	Annually in Pulp and Energy business line management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the voluntary targets listed in the table above to reduce negative impacts related to pollution of air and water in the upstream and downstream value chain. The targets address the objectives of the Supplier Code of Conduct and the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

The target related to the Sustainable Supply Chain policy is part of Valmet's Sustainability360° Agenda implementation and is being executed jointly by Valmet's Supply Chain and Sustainability functions. The targets were set as part of a materiality assessment process which included, for example, an analysis of the business environment, benchmarks, market trends, future regulatory requirements, and engagement with relevant stakeholders, including employees and experts. Internal stakeholders, including key experts and management from relevant functions and business lines, were included in the target-setting process.

The target related to air emission control technology was set by the Pulp and Energy business line management. The target progress is monitored at least annually in the Pulp and Energy business line management team. The target is based on conclusive measurable scientific evidence and related to prevention and control of air pollutants and respective specific loads.

E3: Water and marine resources

Impacts, risks and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material water and marine resources -related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E3-1 MDR-P: Policies related to water and marine resources in value chain

Valmet has adopted the Valmet Health, Safety, and Environment (HSE) Policy, Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design to manage the following material impacts and opportunities related to water consumption in the value chain:

- Valmet's upstream value chain includes water consuming processes such as steel manufacturing (actual negative impact)
- Valmet's customers in the pulp, paper, tissue, and board industries operate water-intensive process technologies (actual negative impact)
- Increasing customer demand for solutions that improve water management efficiency and closed loop water systems is a business opportunity for Valmet (opportunity).

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety, and Environment (HSE) Policy defines Valmet's commitments to constantly reduce the climate, biodiversity, and water impacts of our value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services and solutions that enable Valmet's customers to improve their energy, environmental and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines the sustainability principles that suppliers must comply with. The requirements mandate that suppliers establish an appropriate organizational structure or resources for effective management of environmental risks and impacts, ~~i~~including the degradation of water ecosystems. This includes preventing pollution and environmental incidents and striving to continually reduce emissions to water. Suppliers must put in place effective control measures and targets to mitigate these risks and reduce negative impacts. In addition, the supplier must track and document relevant data and statistics on continuous improvement of water consumption. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1. Valmet's Sustainable Supply Chain Policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development, and Design integrate health, safety and environment aspects into Valmet's product research and development process. The aim is to ensure Valmet designs solutions that meet sustainability objectives, including minimizing water consumption and using water efficiently. The guidelines aim to ensure that designed solutions meet set quantitative performance targets for water consumption and efficiency and comply with both current and anticipated regulatory developments related to water protection. The content and requirements set in the guidelines are described in more detail in section E5-1.

Valmet's policies contain commitments to reduce water consumption in the upstream and downstream value chain, including both areas at water risk and other areas.

E3-2 MDR-A: Actions and resources related to water and marine resources

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Related target
Water consumption in the value chain	Valmet's upstream value chain includes water consuming processes such as steel manufacturing	Commit suppliers to Valmet's Supplier Code of Conduct, which addresses efficient use of water	Improved water management and efficiency in supplier' processes	Upstream value chain	2024, continuous	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy
	Valmet's downstream value chain includes water-intensive process technologies.	Beyond circularity research and development program and ecosystem: Closed water loops substream	Improved concepts and processes on water consumption, recovery and optimization	Own operations and downstream value chain	2022-2025	Development of water management concepts
		Continuous development of board and tissue technologies to reduce and optimize fresh water consumption	Reduced and optimized fresh water consumption in customers' processes	Own operations and downstream value chain	2024, continuous	Reduction of fresh water consumption in recycled board mills: -70% by 2030. Reduction of fresh water consumption in tissue technology: -70% by 2030.

The actions listed in the table above address the material impacts related to water consumption in the value chain. The actions address the objectives of the Valmet Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

Metrics and targets

E3-3 MDR-T: Targets related to water and marine resources

Material sustainability topic	Related material impact	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Relevant policy
Water consumption in the value chain	Valmet's upstream value chain includes water consuming processes such as steel manu-facturing	95% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025, which, inter alia, addresses efficient use of water	% of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy	2022	82%	Upstream and downstream value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy	Monthly in Supply Chain management team	Sustainable Supply Chain policy
	Valmet's downstream value chain includes water-intensive process technologies	Reduction of fresh water consumption in recycled board mills: -70% by 2030	Reduction in fresh water consumption intensity (m^3/t)	2022	0%	Paper Business line - Board	Target towards year 2030 for reduction of fresh water consumption in recycled board mills was set at -70 % in 2024. Technology development actions on reducing fresh water consumption continued actively in 2024, although reduction in fresh water use remained at 0% compared to 2022 baseline.	Annually in Valmet's Research and Development management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design
		Reduction of fresh water consumption in tissue technology : -70% by 2030	Reduction in fresh water consumption intensity (m^3/t)	2019	0%	Paper Business line - Tissue	Target towards year 2030 for reduction of fresh water consumption in Tissue technology was set at -70% in 2024. Technology development actions on reducing fresh water consumption continued actively in 2024. Fresh water use has reduced 39% compared to 2019 baseline.	Annually in Valmet's Research and Development management team	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the voluntary targets listed in the table above to reduce negative impacts related to water consumption in the value chain. The absolute supply chain related target and the relative process technology related targets address the objectives of the Valmet Supplier Sustainable Supply Chain policy and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

The target related to the Sustainable Supply Chain policy is part of Valmet's Sustainability360° Agenda implementation and is being executed jointly by Valmet's Supply Chain and Sustainability functions. The targets of Valmet's Sustainability360° Agenda were set as part of a materiality assessment process which included an analysis of the business environment, benchmarks market drivers, future regulatory requirements, and engagement with relevant stakeholders and experts. Internal stakeholders, including key experts and management from relevant functions and business lines, were included in the target-setting process.

Valmet's targets to reduce water consumption in the downstream value chain impact both areas at water risk and other areas. The targets are based on conclusive measurable scientific evidence. Valmet's Research and Development management team sets the technology specific targets and follows up progress annually at minimum. Targets are set together with key technology experts and management from business lines and relevant functions. The targets follow water use intensity in Valmet's key technologies and in terms of significant assumptions, this target setting is based on best available technology.

E4: Biodiversity and ecosystems

Strategy

E4-1: Transition plan and consideration of biodiversity and ecosystems in strategy and business model

Information about the consideration of biodiversity and ecosystems in the strategy and business model is disclosed under ESRS 2 SBM-3.

Valmet's E1 Climate change and E2 Pollution impacts are direct drivers of biodiversity loss and degradation and are material impacts in Valmet's value chain. Climate and biodiversity are intrinsically linked. Climate change impacts such as droughts, wildfires, and flooding accelerate biodiversity impacts, and loss of nature is in turn a key driver of climate change.

Valmet is currently developing its transition plan to ensure the alignment of its business model and strategy with the Kunming-Montreal Global Biodiversity Framework. A working group was established in 2024 to explore how the Valmet Climate Program described in E1-1 could evolve into a Climate and Nature Program that manages climate-nature synergies and trade-offs.

ESRS 2 SBM-3: Material impacts, risks and opportunities related to biodiversity

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities

This information is disclosed under ESRS 2 IRO-1.

E4-2 MDR-P: Policies related to biodiversity and ecosystems

Valmet has adopted the Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; and the Valmet Supplier Code of Conduct to manage the following material impacts related to biodiversity in the value chain:

- Valmet's own operations and upstream and downstream value chain contribute to climate change, which is a direct driver of biodiversity loss (actual negative impact).
- Valmet's upstream and downstream value chain contribute to air and water pollution, which is a direct driver of biodiversity loss (actual negative impact).

Valmet has not adopted a sustainable land or agriculture policy, sustainable oceans policy, deforestation policy, or an ecosystem protection policy covering operational sites owned, leased, or managed in or near biodiversity-sensitive areas. Valmet is currently preparing a Climate and Nature Policy Statement that is expected to be finalized during 2025.

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of commitment to international conventions and guidelines, laws and regulations, climate and circularity in products and services, the environmental efficiency of Valmet's own operations, and a sustainable supply chain, for example. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

The Health, Safety and Environment (HSE) Policy defines Valmet's approach to reducing the climate, biodiversity, and water impacts of our value chain through the efficient and circular use of resources, the use of carbon-free energy, waste minimization, and pollution prevention. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to establish an appropriate organizational structure or resources for effective management of climate and environmental risks and impacts, including but not limited to air pollution, climate change, pollution and degradation of land, water ecosystems, deforestation, and biodiversity loss. Suppliers must put in place effective control measures and targets to mitigate risks and reduce such impacts. In addition, suppliers must be prepared to identify the sources of materials and to show the tracking of the supply chain. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

E4-3 MDR-A: Actions related to biodiversity and ecosystems

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Direct impact drivers of biodiversity loss	Valmet's own operations and upstream and downstream value chains contribute to climate change and pollution, which are drivers of biodiversity loss	Initial Group biodiversity assessment	Prioritization of future biodiversity actions and understanding the current biodiversity impacts	Own operations and upstream and downstream value chain	2024	Sustainability, Health, Safety and Environment, Supply chain, Research and Development	Climate and Nature Program with targets and action plans by 2026
		Preparing Valmet's Climate and Nature Policy Statement	Climate and Nature Policy Statement	Own operations and upstream and downstream value chain	2024–2025	Sustainability, Health, Safety and Environment, Supply Chain, Research and Development	Climate and Nature Policy Statement during 2025

The actions listed in the table address the material impacts related to biodiversity and ecosystems. In 2024, Valmet started to prepare its Climate and Nature Policy Statement and plan the evolution of its Climate Program described in E1-1 into a Climate and Nature Program with an expectation to be finalized during 2025. In the process of preparing the updated program, Valmet will decide on the use of biodiversity offsets and aims to incorporate local and indigenous knowledge and nature-based solutions into biodiversity and ecosystems-related actions.

Metrics and targets

E4-4 MDR-T: Targets related to biodiversity

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Baseline	Scope	Progress in 2024	Relevant policy
Direct impact drivers of biodiversity loss	Valmet's own operations and upstream and downstream value chains contribute to climate change and pollution, which are drivers of biodiversity loss	Climate and Nature Policy Statement during 2025	Policy Statement published and nature aspect embedded in due diligence	2024	Not applicable	Own operations and upstream and downstream value chain	Climate and Nature Policy Statement under preparation	New Climate and Nature Policy Statement in 2025 Health, Safety and Environment policy
		Climate and Nature Program with targets and action plans by 2026	Climate and Nature Program published and implemented	2024	Not applicable	Own operations and upstream and downstream value chain	Nature work initiated in cross-functional working group	New Climate and Nature Policy Statement in 2025 Health, Safety and Environment policy
		Training for employees on Climate and Nature Program during 2025-2026	% of targeted employees participated in training	2024	0%	Own operations and upstream and downstream value chain	Nature work initiated in cross-functional working group	Health, Safety and Environment Policy

Valmet has set the targets listed in the table to reduce negative impacts related to biodiversity and ecosystems. The targets address the objectives of Valmet's Code of Conduct, the Valmet Health, Safety, and Environment (HSE) Policy, and the Supplier Code of Conduct.

Valmet is preparing a new Climate and Nature Policy Statement to guide its nature work in the value chain and own operations. The targets have been set as a result of the initial biodiversity assessment conducted in 2024. These targets support the process of preparing the Climate and Nature Program and gathering an in-depth understanding of Valmet's biodiversity impacts. In addition, the targets relate to internal and external capacity building and awareness raising of biodiversity and can be allocated to the avoidance layer of the biodiversity mitigation hierarchy.

Valmet will set new biodiversity and ecosystem-related targets as part of its ongoing Climate and Nature Program work. Application of ecological thresholds and alignment of the targets with the Kunming-Montreal Global Biodiversity Framework will be considered. Valmet will also consider its position on using biodiversity offsets in its Climate and Nature Program. Internal stakeholders, including key experts and management from the Sustainability and Health, Safety and Environment functions, will be included in the target-setting process.

The Climate Program Steering team is responsible for monitoring the development and implementation of the Climate and Nature Program. The Steering team is chaired by the Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations, who reports to the President and Chief Executive Officer and is a member of the Executive Team.

E5: Resource use and circular economy

Impact, risk and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities

This information is reported under ESRS 2 IRO-1.

Metrics and targets

E5-1 MDR-P: Policies related to resource use and circular economy

Valmet has adopted Valmet's Code of Conduct; the Valmet Health, Safety, and Environment (HSE) Policy; the Valmet Supplier Code of Conduct; and the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design to manage the following material impacts and opportunities related to resource inflows and resource outflows:

Impacts related to resource inflows:

- The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials (actual negative impact in the value chain and Valmet's own operations)
- Valmet decreases resource use by aiming to design modular and lightweight products (actual positive impact in Valmet's own operations)
- Valmet uses recycled steel in its own foundries to reduce the impact from virgin raw materials (actual positive impact in Valmet's own operations)
- Valmet delivers process technologies, which enable customers to use and recover energy, water, and chemicals more efficiently or minimize waste by using production side streams from other applications, processes, or even industries. These technologies positively contribute to the material inflows in the industries Valmet services (actual positive impact in the value chain)

Impacts and opportunities related to resource outflows:

- Valmet's solutions and services enable extension of the lifetime of technologies used by customers (actual positive impact in downstream value chain)
- Valmet's process technologies and automation enable the conversion of renewable and recycled resources into solutions in the pulp, paper, board, tissue, and energy industries and renewable resource use in the energy and other process industries (actual positive impact in downstream value chain)
- Valmet's solutions enable circularity for customers through material recovery and conversion to same or other uses; longer circulation cycles; reduced use of virgin materials; and cascaded use across industries concerning process residuals (actual positive impact in downstream value chain)
- Increasing demand for process technology and automation that improve resource efficiency, and enable renewable resource use is a significant business opportunity for Valmet (opportunity)
- Valmet's services enabling life cycle extension of installed technology and automation is a significant business opportunity for Valmet (opportunity).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of circularity in products and services, the environmental efficiency of its own operations, and the sustainable supply chain, for example. The Code of Conduct addresses the use of renewable resources. According to the Code of Conduct, Valmet promotes circularity in our operations and enables its customers to apply circularity through longer circulation, closed cycles and the use of renewable and recycled raw materials. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Health, Safety and Environment (HSE) Policy

Among other topics, the Health, Safety, and Environment (HSE) Policy includes Valmet's commitment to constantly reduce the climate, biodiversity, and water impacts of the value chain through efficient and circular use of resources, use of carbon-free energy, waste minimization, and pollution prevention. In addition, the policy emphasizes sustainable design principles and the supply of products, services, and solutions that enable customers to improve their energy, environmental, and safety performance. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines sustainability principles with which suppliers are required to comply. The Supplier Code of Conduct requires suppliers to strive for the continuous development of environmental performance and the reduction of emissions and any negative impacts on the environment. Supplier shall put in place effective control measures and targets to mitigate climate and environmental risks and reduce such impacts, supported by actions such as transitioning to renewable energy, energy efficiency improvements, responsible management of natural resources, responsible disposal of waste and circularity actions. In addition, suppliers must be prepared to identify the sources of materials and to show the tracking of the supply chain. The content and requirements set in the Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design integrate sustainability, environmental, and health and safety aspects into research, product development, and design. They are part of Valmet's research and development process and provide a systematic way to anticipate challenges and develop new solutions throughout the product or service life cycle. The guidelines highlight efficient resource use and

the principles of a circular economy throughout the product life cycle. It encourages the minimization of raw material consumption, the use of renewable resources, and the implementation of practices such as repair, disassembly, remanufacturing, reuse, and recycling to promote sustainability and reduce waste.

The monitoring of this guideline is conducted through gate reviews within the Valmet research and development process; project monitoring within the research and development project portfolio tool; annual follow up of research and development portfolio development; and monthly, quarterly and/or annual reporting practices at business line and corporate level. The Senior Vice President of Operational Development is the most senior level accountable for the implementation of the policy.

E5-2 MDR-A: Actions and resources related to resource use and circular economy

Material sustainability topic	Related material impact in brief	Actions	Expected outcome	Scope	Time horizon	Related target (if applicable)
Resource inflows	The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials	Improve data quality and visibility of the resource inflows in Valmet's own operations and value chain	Improved data quality and reporting of resource inflows	Own operations	2024	Not applicable
Resource outflows	Valmet's technologies and automation enable the use and conversion of renewable and recycled resources into solutions and help customers transition to circularity	Lead Beyond Circularity research and development program and ecosystem to transform waste and emissions into valuable resources for sustainable growth and accelerating the green transition.	Process technologies, automation and services that create value by utilizing renewable and recycled materials, industrial side stream rejects, and waste	Together with 280 ecosystem partners, Valmet works within 35 ecosystem projects	2022–2025	35 ecosystem project applications by 2025

The action listed in the table address the material impacts related to resource inflows and resource outflows in Valmet's own operations and in the value chain.The actions address the objectives of Valmet's Code of Conduct, Supplier Code of Conduct, and Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design.

Research and development work is carried out mainly in Finland and Sweden by the Research and Development organizations in our business lines. Valmet operates 34 Research and Development centers that are also pilot facilities for customer projects and internal testing. At the end of 2024, Valmet Research and Development employed 564 people, while research and development expenses for the year totaled EUR 123 million. Between 2022 and 2025, Valmet plans to invest EUR 40 million in the Beyond Circularity research and development program. The program is partly funded by Business Finland and is part of the "Veturi" initiative, which invites international companies to solve some of society's most pressing challenges through increased research, development, and innovation.

Valmet has in 2024 established a Green Finance Framework applicable for the issuance of green debt instruments. The Green Finance Framework is designed to support financing or refinancing eligible assets and expenditures that promote two key environmental objectives: enabling transition to a circular economy and mitigating climate change. During 2024, Valmet issued a EUR 200 million green bond and signed a EUR 50 million green term loan agreement with Swedish Export Credit Corporation (SEK).

E5-3 MDR-T: Targets related to resource use and circular economy

Material sustainability topic	Related material impact in brief	Targets	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Relevant policy
Resource inflows	The production of Valmet's products requires large quantities of materials. The most significant material categories are steel, polymers, electronic components, and packaging materials	Increase the use of recycled steel in own foundries	Share of recycled steel in own foundries	2020	54%	All Valmet foundries	The amount of recycled steel used in Valmet's foundries increased to 77% in 2024.	Health, Safety and Environment policy, Supplier Code of Conduct
Resource outflows	Valmet's technologies and automation enable the use and conversion of renewable and recycled resources into solutions and help customers transition to circularity	Sustainability categorization done for 100% of all new Research and Development projects by 2025	% of new research and development projects where sustainability categorization has been done	2024	12%	All new research and development projects from 2025 onwards	Sustainability impact assessment implemented as a mandatory requirement for all new research and development projects in related tool	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design
	Valmet's solutions and services enable extension of the lifetime of technologies used by customers	Increase the net sales of EU taxonomy aligned activities under criteria: Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing by 2030	Growth in net sales (%)	2024	EUR 1,065 million	Valmet's EU taxonomy aligned activities under criteria: Circular economy (CE) 5.1 Repair, refurbishment and remanufacturing	Target set in 2024.	Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design

Valmet has set the targets listed in the table to reduce negative impacts and to advance positive impacts related to resource inflows and resource outflows in own operations and in the value chain. The absolute resource inflow target addresses the objectives of Health, Safety and Environment Policy and Supplier Code of Conduct. The target relates to sustainable sourcing and the increase of circular material use. The target has been set on a voluntary basis and is not based on legislation. The target is part of Valmet's Climate Program and internal stakeholders, including key experts and management from relevant functions and business lines were included in the target-setting process. The progress of the target is monitored annually in the Supply Chain and Health, Safety and Environment function.

The absolute resource outflow targets address the objectives of the Valmet Guidelines for Sustainable and Responsible Research, Product Development and Design. The targets relate to sustainable product design and are part of Valmet's Technology vision and roadmap, which has been prepared in the process led by Valmet's corporate Research and Development function in collaboration with Business Lines' Research and Development. Valmet's Research and Development management team sets the technology specific targets and follows up progress annually at minimum. Targets are set together with key technology experts and management from business lines and relevant functions.

E5-4: Resource inflows

Resource use

Valmet has identified steel, electronics and electrical components, polymers, and packaging materials as the most significant resource inflows. The primary material for Valmet's solutions is steel. Valmet purchases steel assemblies, structures, and components globally, using them at its own production and customers' sites to deliver customer solutions, particularly in process technologies. Polymers are especially essential for the Services business line. They are used to manufacture products such as press felts, shoe press belts, filter fabrics, and forming fabrics for process technologies. Electronics and electrical components are essential across all business lines. They are integral to automation solutions and incorporated into various process technology solutions. Packaging materials are used in logistics to ensure the safe and efficient transportation of goods.

Resource inflows reporting for steel, polymers, and electronics and electrical components is based on purchase order data compiled from Valmet's Enterprise Resource Planning systems. Purchase orders have been allocated based on the receipt date and internal purchases between Valmet's companies have been excluded to avoid double counting. Products lacking weight information have been estimated by using weight-cost ratio and statistical analysis. Information regarding packaging materials has been extracted by conducting a supplier survey. The consumption of packaging materials in 2024 has been estimated based on January-June 2024 data, as demand for packaging materials remains stable during the year, with no significant variation.

The calculation for recycled steel is based on the volume of recycled steel in own foundries, which represents 14 percent of the total steel volume. In other material categories, data availability limits the reporting of recycled material volume.

Resource inflows

Material category	Total volume (metric tons)	Recycled volume (metric tons)	Recycled volume (%)
Steel	**159,639**	**21,626**	**14%**
Electronics and electrical components	**5,574**	**—**	**—%**
Polymers	**8,153**	**—**	**—%**
Packaging material	**15,477**	**—**	**—%**

E5-5: Resource outflows

Circular solutions

Valmet launches around 100 new products to the market every year. These products are often created in close cooperation with our customers or our network of leading universities, research institutes, suppliers, and other research partners around the world.

The integration of sustainability topics in our Research and Development operations is ensured through the sustainability criteria that are an integral part of the innovation process. The criteria ensure that an innovation increases resource efficiency, reduces emissions, and improves safety. They also help ensure the innovation's compliance with product and process safety legislation. Finally, they guarantee that sustainability benefits are integrated into the final product or solution to be launched.

Valmet's Technology Vision sets the long-term direction for research, development and innovation activities. Valmet's research and development focus areas are:

- Enabling the circular economy
- Improving efficiency with digitalization
- Resource efficiency – more with less
- From fossil to renewable materials
- Toward carbon neutral production processes

The expected lifetime of Valmet's technologies is between 10 and 100 years. The information about the industry average of the expected durability of all the products is difficult to obtain. One of the aims in our research and development is maximizing the operating time of our technologies for our customer. Our services extend the lifetime of customer technologies through reuse, rebuilds, and maintenance activities. Modular design enables efficient reuse and replacement possibilities. Valmet products are in essence recyclable but due to various sizes, complex product structures and other variability it is not possible to disclose the rate of recyclable content.

Beyond Circularity research and development program and ecosystem

Beyond Circularity is Valmet's research and development program and ecosystem to transform waste and emissions into valuable resources for sustainable growth and accelerating the green transition. The Beyond Circularity program aims to develop process technologies, automation solutions, and services to create value by utilizing renewable and recycled materials, industrial side stream rejects, and waste.

The program is implemented through seven streams: program management; recycling technologies; bio-refining/value adding to waste; resource-efficient industries; automated and digitalized industry and services; service life cycle concepts; and emerging new process concepts and disruptive business.

A new green transition ecosystem is being built as part of the Beyond Circularity program to create value and business for the participants and expand competences to new areas. More than 280 partners have joined the ecosystem to work within 35 ecosystem projects. Internally, Valmet has almost 100 ongoing program-related research and development projects. Valmet plans to invest EUR 40 million in the Beyond Circularity program between 2022 and 2025. The program is partly funded by Business Finland and is part of the "Veturi" initiative, which invites international companies to solve some of society's most pressing challenges through increased research, development, and innovation.

Social information

S1: Own workforce

Strategy

ESRS 2 SBM-2: Interests and views of stakeholders

This information is disclosed under ESRS 2 SBM-2.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impacts, risk and opportunity management

S1-1 MDR-P: Policies related to own workforce

Policies adopted to manage working conditions

Valmet has adopted Valmet's Code of Conduct, Valmet Human Rights Statement, Health, Safety and Environment (HSE) Policy, Health, Safety and Environment (HSE) Committee Guideline, and Valmet Human Resource Policy to manage the following material impacts related to working conditions in its own operations:

- Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries (actual, positive impact).
- Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not common practice (actual, negative impact).
- Valmet's workforce is exposed to health and safety risks during work activities which can cause injuries and illnesses (actual, negative impact).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of ethical business practices, human rights, equal opportunities, diversity and inclusion, respectful work environment and health, safety and wellbeing, for example. Valmet's Code of Conduct explicitly addresses human rights violations such as forced labor and child labor. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Human Rights Statement

Valmet's Human Rights Statement defines the Group's commitment to respecting and promoting human rights in compliance with the UN Guiding Principles on Business and Human Rights, and it acknowledges that promoting human rights is fundamental for carrying out its business responsibly. The statement is applicable to all employees and entities within Valmet and to all its stakeholder relationships. Valmet works with and encourages its business partners to uphold the principles in this statement within their businesses. The Senior Vice President of Marketing, Communications, Sustainability and Corporate Relations is the most senior level accountable for the policy's implementation. The process for monitoring the implementation of the Valmet Human Rights Statement includes reporting and following up on incidents and complaints filed through a third-party-operated reporting channel (TrustLine), Valmet's Social and Human Rights Impact Assessments, and Sustainable Supply Chain process.

Information about the measures to provide and enable remedy for human rights impacts is disclosed under S1-3, S2-3, and S2-4 in this Sustainability Statement. Valmet's approach to engagement with value chain workers can be found under S2-2.

In addition to the Valmet Human Rights Statement, Valmet has a Modern Slavery Statement based on the Modern Slavery Act to prevent modern slavery and human trafficking. It covers Valmet's own operations and its supply chain.

Valmet Health, Safety and Environment (HSE) Policy

Valmet's Workplace Accident Prevention Policy is defined in its Health, Safety and Environment (HSE) Policy. This policy states Valmet's commitment to protecting the health and safety, of its people, partners, suppliers, and customers, as well as the environment and the communities where it operates. The policy is applicable to Valmet's own workforce, as well as partners, suppliers, and business contacts. The Senior Vice President of Operational Development is the most senior level accountable for its implementation. Policy monitoring is done through health, safety and environment notification routines, weekly Health, Safety and Environment function reviews, monthly health, safety and environment reporting practices as part of business reviews, and quarterly strategic initiative reviews at the Corporate Office, and annual management reviews of the certified global management system (GMS). Valmet maintains a multi-site certification of the GMS to the international health and safety management system standard, ISO 45001:2018 and the international environmental management system standard, ISO 14001:2015. Currently 79 percent of all employees are covered by ISO 45001:2018 certification, and 80 percent by ISO 14001:2015 certification.

Valmet Health, Safety and Environment (HSE) Committee Guideline

Valmet's Health, Safety and Environment (HSE) Committee Guideline sets the framework for ensuring consultation and participation of own workforce in health and safety management in locations with 30 or more employees. Currently 95 percent of all employees are represented by a local Health, Safety and Environment Committee. The Senior Vice President of Operational Development is the most senior level accountable for its implementation. Monitoring of the guideline is done through annual reporting and auditing programs.

Valmet Human Resource Policy

Valmet's Human Resource Policy provides a framework for the management of the Human Resources function, which is committed to developing an engaged and performance-driven community and continuously driving the global development of Valmet employees' capabilities. The policy is applicable to all Valmet employees, and the Senior Vice President of Human Resources is the highest level accountable for policy implementation. Human Resources continuously assesses the impact of its processes and tools. Human

Resources uses regular assessment and reporting tools, including the employee survey, stakeholder survey, and a third-party-operated reporting channel, TrustLine, to enhance the positive impacts and to avoid, mitigate, and remediate negative impacts on key stakeholders.

Polices adopted to manage equal treatment and opportunities for all

Valmet has adopted the Valmet Non-Discrimination and Anti-Harassment Policy and the Valmet Equal Opportunity and Diversity Policy to manage the following material impacts related to equal treatment and opportunities for all in its own operations:

- Proactive measures to address potential inequalities in hiring, career progression, and pay equity can lead to a more engaged and inclusive workplace (potential positive impact).
- Gender imbalance poses a risk of unintentional discrimination and inequalities, e.g., in hiring, career progression, and pay equity (potential negative impact).

Valmet Non-Discrimination and Anti-Harassment Policy

This policy outlines the measures Valmet takes to ensure a respectful and inclusive workplace free of discrimination and harassment. The policy is applicable to all Valmet employees and the Senior Vice President of Human Resources is the most senior level accountable for the implementation of the policy. Policy monitoring happens through the Valmet raising concerns process, which is described in more detail in the Compliance Reporting Guideline.

Valmet's Non-Discrimination and Anti-Harassment Policy includes a provision for positive discrimination as provided for within local legislation. However, the policy does not state specific vulnerability groups or specific commitments to these groups.

Valmet Equal Opportunity and Diversity Policy

Valmet's Equal Opportunity and Diversity Policy defines Valmet's approach to promoting equal opportunities for all employees. The policy is applicable to all Valmet employees and the Senior Vice President of Human Resources is the most senior level accountable for the implementation of the policy. Policy monitoring happens through the Valmet raising concerns process, which is described in more detail in the Compliance Reporting Guideline.

The following grounds for discrimination are specifically covered in Valmet's policies: gender; age; race; religion; ethnic or national origin; political opinion; family status; sexual orientation; gender identity; disability; or other characteristics protected by law. Color, sex, and national extraction or social origin are not specifically covered.

Global and local policies, guidelines, and practices for non-discrimination, anti-harassment and equal opportunities direct the Valmet way of operating. The principles of these policies, guidelines, and practices are built into people processes, such as recruitment and salary planning processes. In addition, equal opportunities, diversity and inclusion and respectful work environment are covered as separate sections in the Code of Conduct training, which is mandatory for all Valmet employees and is renewed and updated regularly.

S1-2: Processes for engaging with own workforce and workers representatives on impacts

Valmet utilizes the following channels to identify, assess, and inform decision making on actual and potential impacts.

	Engagement type	Stakeholder group	Frequency	Function responsible	Most senior role responsible	Outcomes
Dialogue	Management–employee dialogue	Select employee groups, e.g., town hall meetings	Varies	Management Teams	Respective Executive Team member	Information sharing and direct dialogue with employees
	Health, Safety and Environment and Social Committees	Locations with >30 employees	At least annually	Health, Safety and Environment & Human Resources	Area Health, Safety and Environment and Human Resources heads	Consultation and communication with employees and their representatives on Health, Safety and Environment and wellbeing management
	Works Councils and other similar forums	Select groups, for example, the European Works Council	Varies	Human Resources	Area Human Resources head	Information sharing and direct dialogue with workers and their representatives
	Consultation and negotiation	National works councils and trade unions	Varies	Human Resources	Area Human Resources head	Expectations related to, e.g., local laws, regulations and market practices
Surveys	Employee survey	Own employees	Biennial	Human Resources	Vice President of Talent Management	Perspectives and trend data on, e.g., engagement, safety, fair pay; insights into employee groups who may be vulnerable to impacts
	Pulse/ad-hoc surveys	Select employee groups, e.g., in conjunction with mergers and acquisitions, and with change negotiations	Varies	Human Resources & Health, Safety and Environment	Head of the business	Employee perspectives on, e.g., change impacts, workability, social and organizational work environment, safety culture
Reporting channels	Reporting on continuous improvement and Health, Safety and Environment events	Own employees	Ongoing	Health, Safety and Environment & Quality	Vice President of Health, Safety and Environment and Vice President of Quality	Inputs to support continuous improvement, especially in health, safety and environment topics and sustainability-related topics
	Misconduct reporting (TrustLine)	Own employees	Ongoing	Ethics & Compliance	General Counsel	Complaints against Valmet and confirmed misconduct cases
Control mechanisms	Audits	Multi-site and/or certified locations	Ongoing	Multiple	Vice President of Quality	Process compliance and adherence to ISO standards (9001, 14001, 45001)
	Social and Human Rights Impact Assessment	High-risk locations	Annually	Sustainability	Vice President of Sustainability	Identifying risks and impacts, especially amongst vulnerable groups

S1-3: Processes to remediate negative impacts and channels for own workers to raise concerns

Valmet encourages its own workforce to raise concerns about possible violations of Valmet's Code of Conduct, unethical business behavior, or other misconduct. This includes grievances and complaints related to employee matters.

Processes for providing or contributing remedies for material negative impacts on own workforce depend on the nature of the case. Valmet has an Incident Management Team process with defined responsibilities for ensuring that the most severe cases are handled appropriately, and the remedies are effective. For serious health and safety incidents, Valmet has a Health and Safety incident investigation guideline, which includes the approach for corrective actions. Assessing the effectiveness of the remedy is built into the health and safety incidents handling process.

Valmet employees are advised to report misconduct or grievances to their own managers or other management, the Human Resources function, or directly to the Legal and the Internal Audit functions. Valmet also offers a third-party-operated reporting channel, TrustLine, for reporting suspected breaches of our Code of Conduct or other grievances. It provides Valmet employees the possibility of reporting possible concerns confidentially in their native language, and anonymously if desired. TrustLine is available for everyone 24/7 in Valmet's intranet and on its external website, and it is designed to guarantee anonymity. The reporter can make a report either online or by calling a call center. Reported grievances and complaints are handled in accordance with a process that is described in detail in the Compliance Reporting Guideline. The content and requirements set in the guideline are described in more detail in section G1-1.

The matters are handled in accordance with Valmet's Compliance Reporting Guideline. The process, and how individuals who use the process are protected, is disclosed in G1-1.

Valmet Ethics & Compliance with Internal Audit monitors and tracks the ongoing cases to ensure that all reported matters are investigated in a timely manner, and follow-up actions are agreed. Valmet has a Compliance Committee structure consisting of the Corporate Compliance Committee and Area Compliance Committees. All reported cases are handled in at least one of these committees. The Compliance Committees are responsible for making decisions on the results of cases, their corrective actions, and follow-up. This includes ensuring that provided remedies are effective. Valmet has defined by subject matter and outcome which cases are reported to the Chief Executive Officer, and which are also reported to the Valmet Board Audit Committee. Any human rights issues in Valmet's own workforce are reported to the Board Audit Committee.

In 2024, Valmet trained employees on the availability of the grievance reporting process through the Code of Conduct e-learning course, which is mandatory for all Valmet employees. As a part of Corporate Internal Audits, knowledge of the raising concerns process and TrustLine is assessed. It is planned to include a Group-wide assessment of whether Valmet's employees are aware of and trust the process in 2025.

Valmet does not tolerate any form of retaliation against individuals who in good faith raise their concerns or assist in the investigations. The protection of whistleblowers is described in detail in section G1-1.

S1-4 MDR-A: Taking action on material impacts on own workforce, and effectiveness of those actions

Actions and resources related to material sustainability matters

Material sustainability topic	Related material impact	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Working conditions	Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries. Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not a common practice. Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses.	Location-specific Social and Human Rights Impact Assessment	Identification and control of risks	Locations in high-risk countries	Assessment annually in own operations or in upstream value chain	Sustainability	At least one Social and Human Rights Impact Assessment in own operations and in the value chain based on the risks identified
		Provide human rights training through e-learning	Awareness building	Line managers	Continuous	Sustainability, Human Resources	
		Sustainability assessment when there is a significant change in the market presence	Identification and control of risks	Own operations	When significant change in the market presence	Sustainability	
		Ensure clear practices to boost social dialogue and other types of dialogue throughout the organization	Dialogue on working conditions in all locations	Own employees	Continuous	Human Resources, Health, Safety and Environment, senior management, line managers	Increase employee engagement by 1 percentage point per employee survey
		Increase the number of Valmet employees working in locations certified to ISO 45001:2018	Effective global management system (GMS) and common standards in locations securing workplace conditions are as healthy and safe as possible	All locations with Valmet workforce	Continuous	Health, Safety and Environment, Quality, line managers, internal auditors, external certification partner	>90% of employees work in ISO 45001 certified locations by 2030
		Implement and maintain Health, Safety and Environment committees in locations with 30 or more employees	Active joint workforce-management consultation and engagement on managing local health and safety impacts	All locations with Valmet workforce	Continuous	Worker health and safety representatives, Health, Safety and Environment, line managers, committee budgets	All locations with 30 or more employees have a Health, Safety and Environment committee
		Targeted prevention programs based on injury and illness analysis	Reduction in high consequence and/or high frequency injuries and illnesses	Own workforce	Continuous	Health, Safety and Environment, Occupational health service providers, line managers	Reduction in injury and illness severity and frequency rates
		Developing safety culture, leadership and mindset through training, communication and performance metrics	Promotion of a strong safety culture by leaders, and workforce engagement in it	Own workforce	Continuous	Line managers, Health, Safety and Environment, employees	
Equal treatment and opportunities for all	Proactive measures to address potential inequalities in hiring, career progression and pay equity can lead to a more engaged and inclusive workplace. Gender imbalance poses a risk of unintentional discrimination and inequalities e.g., in hiring, career progression and pay equity.	Adhere to common global Human Resources processes, e.g., related to recruitment	Consistent ways of working	Own employees	Continuous	Human Resources, line managers, employees	
		Provide diversity, equity and inclusion training	Awareness building	Own employees	Continuous	Human Resources	
		Continue with pay equity and transparency project	Ensure equal treatment and fair remuneration of employees at all levels of the organization	Own employees	2024–2027	Human Resources	

Approach to managing material impacts

Valmet recognizes and actively engages with employee representation bodies and promotes practices that create opportunities for active dialogue in the workplace. Working conditions are determined by the employer (Valmet) for employees who are not part of a collective agreement. When determining working conditions, Valmet is committed to meeting or exceeding all compliance obligations. Compliance with applicable local laws and regulations is the foundation for all operations.

Collective bargaining and social dialogue

Valmet's operations are partially located in regions where collective bargaining is limited or not common practice, which places Valmet's employees in those countries at increased risk of lack of sufficient opportunity to engage in freedom of association and collective bargaining and social dialogue. Based on this identified impact, Valmet continues to conduct Social and Human Rights Impact Assessments in high-risk locations and provide human rights training to its employees through a globally available e-learning course. The effectiveness of these measures is tracked through the number of significant findings in the assessments carried out and e-learning completion. Valmet determines appropriate actions for specific material negative impacts, e.g. reported confirmed cases in TrustLine, on a case-by-case basis and relies on trend data to identify the need for possible wider action.

Valmet understands the benefits of active dialogue with its employees and therefore supports activities that foster different forms of dialogue. Besides the types of engagement shown in table S1-2, Valmet also recommends holding regular one-to-ones and team meetings, site-specific town–halls, feedback surveys, info sessions, and local management-employee forums such as Breakfast with the President events and Dialogue with People sessions. Valmet assesses the effectiveness of these measures by monitoring employee engagement levels in different employee groups through Valmet's employee survey.

Health and safety

Valmet aims to ensure that a strong safety culture, excellent processes, and effective practices are in place to identify and control hazards before they cause harm. Everyone is expected to take responsibility for healthy and safe behaviors as defined in the Valmet senior manager, manager, and employee roles. To support a fair, just, and caring safety culture Valmet continuously invests in training and awareness activities to enhance safety leadership, engagement and mindset. For example, the Safety Dialogue training is part of everyone's onboarding, and a global Health, Safety and Environment awareness week is held in September each year.

Valmet promotes joint workforce-management Health, Safety and Environment Committees in all locations and currently 95 percent of the employees are represented by a committee that focuses on local safety risk reduction and health promotion. In addition, Valmet collaborates actively with customers and suppliers to promote best practices and improve health, safety and environment in common worksites in customer facilities.

Valmet's Global Management System (GMS) ensures a strong health and safety management is integrated into business processes. Valmet has four Life Saving Rules and fifteen Minimum Safety Standards to ensure the hierarchy of controls is implemented globally in all high-risk activities. Locations with health, safety and environment risks are certified according to the ISO 45001:2018 (health and safety) management standard and are regularly audited. Valmet monitors and openly communicates health and safety performance to enable the continuous development of Valmet's approach.

'Continue Health, Safety and Environment improvement' is one of Valmet's Strategic Must-Win initiatives with action areas defined each year and cascaded through annual planning and target setting across the organization. As a key element in this initiative Valmet's operations implement annual injury and illness prevention actions. During 2024, quarterly campaigns were implemented through training, communications, inspections and procedure development on four focus areas on reducing injuries related to working at heights and confined spaces, mechanical lifting, and the unexpected start up of machinery.

To drive and inform continuous improvement employees and other stakeholders are encouraged to report health and safety incidents, improvement ideas, and observations through our reporting portal, including anonymously. All injuries and illness cases, as well as near-miss cases, are thoroughly investigated, and actions are taken to prevent similar incidents in the future. Employees are covered by work-related injury and illness insurances in all our operations with access to compensation and support mechanisms.

Effectiveness of initiatives and actions to protect health and safety is tracked by following trends in injury and illness frequency and severity as well as other proactive safety performance indicators as part of business reporting and management.

Equal treatment and opportunities for all

As stated in the Equal Opportunity and Diversity Policy, Valmet is committed to promoting equal opportunities for all employees, regardless of gender, age, race, religion or beliefs, ethnic or national origins, marital/civil partnership status, sexuality, or disability. Valmet recognizes the business benefits of having a diverse workforce and aims to create and sustain a work environment that values diversity and provides equal opportunities to everyone.

Valmet has a gender imbalance in its workforce, partly due to the industry in which it operates, which creates a risk of unintentional bias and unfair treatment for the under-represented groups, e.g., in recruitment and career progression. Valmet mitigates this risk mainly by ensuring common ways of operating as outlined below:

- Global-level non-discrimination, anti-harassment and equal opportunities policies direct how Valmet operates. The principles of these policies are built into Valmet's people processes such as the recruitment and salary planning processes.
- Global procedures for compensation management, performance management, and resourcing are documented in Valmet's Global

Management System and implemented via Valmet's Human Resources system.
- Communication and training on Valmet's people processes is provided to stakeholder groups.
- Reporting on process outcomes is used for continuous improvement, to evaluate effectiveness, and to identify and establish plans to correct gaps and inconsistent practices which may exist in the organization. For example, a gap analysis for the recruitment process was undertaken in 2024.

Effectiveness of actions is also tracked and assessed through the complaints monitoring process and identifying significant developments.

Valmet takes proactive measures to create a more equitable workplace, for example, through an ongoing pay equity project, activities to increase the share of women in science, technology, engineering, and mathematics (STEM) positions, and the launch of a new diversity, equity, and inclusion toolbox. Evidence of the effectiveness of these actions will be visible in the characteristics of Valmet's workforce data, employee survey data, and certain recruitment metrics.

Due diligence processes

Valmet has embedded human rights due diligence into its management systems and in key processes. Valmet systematically manages operational changes to ensure that potential negative social impacts are identified in the planning stage and prevented or mitigated during change execution. Risk assessments are conducted, action plans created, and audits and other checks performed.

As part of due diligence processes, Valmet conducts Social and Human Rights Impact Assessments in high-risk locations and in the value chain. Valmet is committed to conducting at least one large assessment annually. Assessments are carried out by an independent third party. Impact assessment methodology is based on dialogue with affected stakeholders and aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups. As a part of the process, corrective action plans are drafted based on the assessment findings, and the progress of the remediation plans are followed up. More information about Valmet's due diligence process is disclosed under ESRS 2 GOV-4.

Metrics and targets

S1-5 MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustain-ability topic	Related material impact	Target	Key performance indicator	Base year	Base-line	Scope	Progress and trends in 2024	Target monitoring	Relevant policy
Working conditions	Valmet has practices in place for social and other forms of dialogue with employees in all Valmet countries. Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not a common practice. Valmet's workforce are exposed to health and safety risks during work activities which can cause injuries and illnesses.	At least one Social and Human Rights Impact Assessment per year in own operations and in the upstream value chain based on the risks identified [1]	Number of assessments conducted	2017	1	Own operations and upstream value chain	Valmet conducted one Social and Human Rights Impact Assessment, including fieldwork in the value chain.	Annually in Sustainability function	Human Rights Statement
		Increase employee engagement by 1 percentage point per employee survey	Valmet engagement index, % favorable responses to four survey questions, where % favorable scores equals % Agree plus % Strongly Agree on a five-point scale	2021	69%	Own employees voluntarily responding to employee engagement survey. Response rate for the 2023 survey was 80 %	% engaged in 2023 was 70%; no survey in 2024.	Biennially in management teams	
		>90% of employees work in ISO 45001 certified locations by 2030	% employees in Valmet's Human Resources system working in a location listed on Valmet's multi-site ISO 45001 certificate	2022	75%	Own employees	In 2024, 12 additional locations achieved certification. At the end of the year 79% of employees worked in an ISO 45001 certified location.	Annually in management teams and monthly in business management and review processes	Health, Safety and Environment Policy
		Reduction in injury severity	Number of high consequence injuries leading to permanent disability, loss of life or more than 180 days absence reported in Spotlight	2022	9	Own employees	In 2024, there were 3 high consequence injuries.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Continuous reduction in injury frequency	Total recordable injury frequency (TRIF): calculated injuries reported in Spotlight and theoretical work hours of 160 hours per employee in Valmet's Human Resources system per month	2022	3.2	Own employees	In 2024, TRIF remained at 3.2. Integration of acquired operations to Valmet's HSE culture, processes and practices remained a focus.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Four Health, Safety and Environment walks, inspections and conversations per manager per year in 2025	Number of reports in Spotlight per line manager in Valmet's Human Resources system per year	2022	4.7	Line managers	The number of Health, Safety and Environment walks, inspections and conversations continued to increase to 8.4 per line manager in 2024.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Four Health, Safety and Environment event reports per employee in 2025	Number of Health, Safety and Environment events reports in Spotlight per number of employees in Valmet's Human Resources system	2022	2.6	Own employees	The number of Health, Safety and Environment events reported increased during the year to 3.4 per employee.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
Equal treatment and opportunities for all	Proactive measures to address potential inequalities in hiring, career progression and pay equity can lead to a more engaged and inclusive workplace. Gender imbalance poses a risk of unintentional discrimination and inequalities e.g. in hiring, career progression and pay equity.	Increase the share of women in science, technology, engineering and mathematics (STEM) positions to 12% by 2024	% women with STEM-related education in Valmet's Human Resources system, with the assumption that individuals with STEM-related education work in STEM-related roles.	2021	11.5%	Own employees with education data in Valmet's Human Resources system	In 2024, the share of women in STEM-related roles increased to 12.4%.	Annually in annual reporting	Equal Opportunity and Diversity Policy

[1] Target scope related to Social and Human Rights Impact Assessment has been extended to cover value chain workers in 2024, and therefore, the KPI has also been updated.

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on its own workforce. All metrics are calculated based on the data in Valmet's global Human Resources system, and/or Valmet's global health, safety and environmental management system, Spotlight, as of the end of reporting year. More details on used calculation methods are described below each table where necessary.

The targets are part of Valmet's Sustainability360° Agenda implementation 2022–2024. The targets were set as part of a materiality assessment process which included, for example, an analysis of the business environment, benchmarks and peer reviews, industry and corporate sustainability trends, market drivers, future regulatory requirements, UN Sustainable Development Goals and engagement with relevant stakeholders including employees and experts to understand their expectations. The topics were then assessed based on their significance to Valmet and its stakeholders at an internal workshop with key experts and management.

S1-6: Characteristics of the undertaking's employees

Employees by country (headcount for countries with >50 empl. representing >10% total empl.)

	2024
Finland	**6,186**
China	**2,388**
US	**2,191**
Total	**10,765**

Employees by gender (headcount)[1]

	2024
Male	**15,222**
Female	**4,087**
Not disclosed	**1**
Total	**19,310**

[1] Consolidated financial statements, Note 13. Personnel expenses and number of personnel.

Key employee figures end of period

	Gender[1]			
2024	**Female**	**Male**	**Not disclosed**	**Total**
Number of employees (headcount)	**4,087**	**15,222**	**1**	**19,310**
Number of permanent employees (headcount)	**3,600**	**14,132**	**1**	**17,733**
Number of temporary employees (headcount)	**487**	**1,090**	**—**	**1,577**
Number of non-guaranteed hours employees (headcount)	**94**	**185**	**—**	**279**
Number of full-time employees (headcount)	**3,842**	**14,831**	**1**	**18,674**
Number of part-time employees (headcount)	**245**	**391**	**—**	**636**

[1] Gender as disclosed by employees themselves.

Turnover[1] in 2024	**Number of leavers**	**Rate**
Employees	**1,709**	**8.8%**

[1] The number of leavers consists of all leavers during the reporting period as defined in AR 59 relating to DR S1-6 in the standard. However, the rate percentage is calculated based on the number of leavers divided by the average headcount across the reporting period, excluding employees from acquisitions and disposals during the reporting period.

Key employee figures by region

2024	**North America**	**South America**	**EMEA**	**China**	**Asia-Pacific**	**Total**
Number of employees (headcount)	**2,497**	**1,519**	**11,188**	**2,388**	**1,718**	**19,310**
Number of permanent employees (headcount)	**2,496**	**1,470**	**10,594**	**1,489**	**1,684**	**17,733**
Number of temporary employees (headcount)	**1**	**49**	**594**	**899**	**34**	**1,577**
Number of non-guaranteed hours employees (headcount)	**—**	**—**	**279**	**—**	**—**	**279**
Number of full-time employees (headcount)	**2,490**	**1,519**	**10,567**	**2,388**	**1,710**	**18,674**
Number of part-time employees (headcount)	**7**	**—**	**621**	**—**	**8**	**636**

The employee data is reported in headcount as of the end of the reporting period and includes all active employees and employees from the companies acquired during the year. The number of employees excluded from the active employee data, namely, employees on leave of absence, e.g., study-leave, long-term sick leave, or parental leave, is minor, and amounting to less than 2 percent of the total number of employees.

S1-8: Collective bargaining coverage and social dialogue

Overall, 62 percent of Valmet employees are covered by collective bargaining agreements, including multiple collective agreements within the EEA countries in which Valmet has operations. Working conditions are determined by the employer (Valmet) for employees who are not part of a collective agreement.

Valmet has a European Works Council (EWC), which has representatives from Valmet countries in the European Union (EU). According to the Agreement on the European Works Council of Valmet Corporation, the purpose of the group is to give employees access to information and the opportunity to be heard in multinational corporate-level matters, and to enhance dialogue between the employer and personnel at the European level.

	Collective Bargaining Coverage		Social dialogue
Coverage rate	**Employees – EEA (for countries with >50 empl. representing >10% total empl.)**	**Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)**	**Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)**
0-19%		North America	—
20-39%			—
40-59%		China[1]	—
60-79%			—
80-100%	Finland		Finland

[1] China data is not stored in people management solution, but instead collected with a country-specific process.

S1-9: Diversity metrics

Employees by age group

	2024	%
Under 30 years old	**2,140**	**11.1%**
Between 30 and 50 years old	**10,399**	**53.9%**
Over 50 years old	**6,771**	**35.1%**
Total	**19,310**	

Employees at top management[1] level

	2024	%
Female	**40**	**21.4%**
Male	**147**	**78.6%**
Not disclosed	**—**	**—%**
Total	**187**	

[1] Executive team and Senior management (one and two levels below ET)

S1-14: Health and safety indicators

The percentage of people in Valmet's own workforce who are covered by the ISO 45001 health and safety management system based on legal requirements and/or recognized standards or guidelines and certified by an external party

	2024
ISO 45001:2018 (Occupational health and safety management)	**79%**

The number of fatalities as a result of work-related injuries[1]

	2024
Employees	**0**
Other workers[2]	**0**
Total	**0**

[1] Valmet omits separate non-employee data reporting in 2024.
[2] Contracted workforce whose work or workplace is controlled by Valmet (including non-employees in 2024).

The number of fatalities as a result of work-related ill health[1]

	2024
Employees	**0**
Other workers[2]	**0**
Total	**0**

[1] Valmet omits separate non-employee data reporting in 2024.
[2] Contracted workforce whose work or workplace is controlled by Valmet (including non-employees in 2024).

The number of recordable work-related accidents[1]

Employees	2024
North America	**16**
South America	**10**
EMEA	**80**
China	**11**
Asia-Pacific	**1**
Total	**118**

[1] A recordable work-related accident results in death, days away from work, restricted work or transfer to another job, or medical treatment beyond first aid (first aid cases are excluded). Valmet omits non-employee data reporting in 2024.

The rate of recordable work-related accidents (Total recordable incident frequency by region, TRIF)[1]

Employees	2024
North America	**3.6**
South America	**4.0**
EMEA	**3.6**
China	**2.4**
Asia-Pacific	**0.3**
Total	**3.2**

[1] A recordable work-related accident results in death, days away from work, restricted work or transfer to another job, or medical treatment beyond first aid (first aid cases are excluded). Valmet omits non-employee data reporting in 2024.

The number of cases of recordable work-related ill health subject to legal restrictions on the collection

Employees	2024
North America	**3**
South America	**0**
EMEA	**17**
China	**0**
Asia-Pacific	**0**
Total	**20**

The number of days lost to work-related injuries and fatalities from work-related accidents

Employees	2024
North America	**592**
South America	**22**
EMEA	**1,480**
China	**624**
Asia-Pacific	**17**
Total	**2,735**

The number of days lost to work-related ill health and fatalities from ill health

Employees	2024
North America	**217**
South America	**0**
EMEA	**205**
China	**0**
Asia-Pacific	**0**
Total	**422**

S1-16: Remuneration metrics (pay gap and total remuneration)

Remuneration metrics

	2024
Gender pay gap	**11.6%**
Total remuneration ratio	**48.60**

The gender pay gap is defined as the difference of average pay levels between female and male employees, expressed as percentage of the average pay level of male employees. The total remuneration ratio is the ratio of the highest paid individual to the median annual total remuneration for all employees. Valmet calculates the gender pay gap and total remuneration ratio using the base salary data available in Valmet's Human Resources system and any short- and/or long-term incentives paid out during the calendar year. The calculation does not include any other pay elements, such as overtime payments or benefits in kind, which is a potential limitation in the data.

S1-17: Incidents, complaints and severe human rights impacts

The number of work-related incidents of discrimination, including harassment, and complaints filed through channel for own workforce

	2024
Discrimination, including harassment	**8**
Complaints filed through channel for own people to raise concerns	**12**

A work-related incident of discrimination, including harassment is considered confirmed behavior that is against Valmet's Non-Discrimination and Anti-Harassment Policy or Valmet's Equal Opportunity and Diversity Policy. The discrimination, including harassment, cases are compiled from a monthly Human Resource reporting process and the Compliance Reporting Guideline process.

Complaints filed through channels to raise concerns by own workforce are defined as those cases that are handled in accordance with the Compliance Reporting Guideline process that are related to working conditions, equal treatment and opportunities for all, or other work-related rights. The content of the process is disclosed in more detail in G1-1. The number of complaints received from own workforce is collected from a summary of all the cases that were handled in accordance with the misconduct investigation process that is described in detail in the Compliance Reporting Guideline.

Valmet has not received any fines, penalties, or paid compensation in 2024 for damages as a result of the incidents and complaints disclosed in S1-17.

The number of severe human rights incidents connected to own workforce

	2024
Number of cases of severe human rights incidents	**0**
Amount of fines, penalties and compensation issued/paid for damages for severe human rights incidents (EUR)	**0**

S2: Workers in the value chain

Strategy

ESRS 2 SBM-2: Interests and views of stakeholders

This information is disclosed under ESRS 2 SBM-2.

ESRS 2 SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

This information is disclosed under ESRS 2 SBM-3.

Impact, risk and opportunity management

S2-1 MDR-P: Policies related to value chain workers

Valmet has adopted Valmet's Code of Conduct, Valmet Human Rights Statement, Valmet Supplier Code of Conduct, and Valmet Health, Safety, and Environment (HSE) Policy to manage, among other impacts, the following material impacts related to working conditions and other work-related rights of value-chain workers:

- Valmet has operations in countries where collective bargaining and/or freedom of association is limited or not common practice. Value-chain workers in high-risk countries may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours (actual, negative impact).
- Value-chain workers can be exposed to health and safety risks during work activities which can cause injuries and illnesses in the provision of products and services to Valmet (actual, negative impact).
- Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers (potential, positive impact).
- Young workers and migrant workers are identified as vulnerable groups within value chain workers. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work (potential, negative impact).

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations in terms of ethical business practices, human rights, equal opportunities, diversity and inclusion, a respectful work environment, and health, safety, and wellbeing, for example. Valmet's Code of Conduct is applicable to all Valmet employees, as well as external stakeholders, including value-chain workers. The content and requirements set in the Code of Conduct are described in more detail in section G1-1.

Valmet Supplier Code of Conduct

The Supplier Code of Conduct defines principles that suppliers are required to comply with. The requirements are applicable to Valmet's suppliers. The supplier shall ensure that all its employees, permanent and temporary, as well as its suppliers, and sub-suppliers, recognize and comply with the requirements set out in the Supplier Code of Conduct.

Valmet's Supplier Code of Conduct covers Human Rights and Valmet expects suppliers to respect internationally recognized human rights and have a due diligence process in place to measure, prevent, and mitigate negative human rights impacts and to avoid causing, contributing, or being linked to negative human rights impacts. Compliance with all applicable national and international laws and regulations is the starting point of adhering to the Supplier Code of Conduct. Following human rights topics are addressed in the Supplier Code of Conduct: minimum wage, work contract, fair compensation and living wage, freedom of association and collective bargaining, child labor, special protection for young workers, forced labor, modern slavery and trafficking in human beings, working hours and rest periods, discrimination, harassment, occupational health and safety, local communities and indigenous people and business ethics.

Suppliers are expected to have effective grievance mechanisms in place for concerns raised by workers within their operations and to ensure that those who report suspected or actual violations are protected from retaliation. Additionally, value-chain employees can report their concerns anonymously 24/7 using the Valmet's third-party managed channel, TrustLine. The Senior Vice President of Operational Development, member of Valmet's Executive team, is responsible for implementation of the Supplier Code of Conduct. The process for monitoring the implementation of the requirements includes Supplier Sustainability Audits, Social and Human Rights Impact Assessments and following up the cases reported through TrustLine.

Valmet's Sustainable Supply Chain Policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Valmet Health, Safety, and Environment (HSE) Policy

This policy states Valmet's commitment to protecting the health, safety, and environment of its people, partners, suppliers, and customers, as well as the communities where it operates. The content and requirements set in the policy are described in more detail in section S1-1.

Valmet Human Rights Statement

Valmet's Human Rights Statement defines Valmet's commitment to respecting and promoting human rights in compliance with the UN Guiding Principles on Business and Human Rights and acknowledges that promoting human rights is fundamental for carrying out its business responsibly. The statement is applicable to all employees and entities within Valmet and to all the Group's stakeholder relationships. Valmet works with and encourages its business partners to uphold the principles in this statement within their businesses. The Senior Vice President, Marketing, Communications, Sustainability and Corporate Relations, member of Valmet's Executive team, is the most senior level accountable for the implementation of the statement.

To ensure compliance with its Human Rights Statement, Valmet has a process for sustainability due diligence. The process is based on the UN Guiding Principles on Business and Human Rights and OECD

Guidelines for Multinational Enterprises. More information about Valmet's due diligence process is disclosed under GOV-4 and S2-4 in this report.

As stated in Valmet's Human Rights Statement, Valmet respects and promotes the protection of human rights as expressed in all internationally recognized human rights declarations and conventions such as the UN Universal Declaration of Human Rights, the UN Covenant on Civil and Political Rights, the UN Covenant on Economic, Social and Cultural Rights and the International Labour Organization's (ILO) Declaration of Fundamental Principles and Rights at Work. Valmet also operates according to and promotes the principles described in the United Nation's (UN) Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

In addition to Valmet Human Rights Statement, Valmet's commitment to respecting and promoting human rights is fully integrated into the Group's operating policies such as Valmet's Code of Conduct and Valmet Supplier Code of Conduct. As a global enterprise and employer, Valmet aims to operate in full compliance with all applicable national and international laws, regulations, and generally accepted practices and our own Code of Conduct, whichever sets higher standards.

Information about the measures to provide and enable remedy for human rights impacts is disclosed under S1-3, S2-3, and S2-4 in this Sustainability Statement. Valmet's approach to engagement with value chain workers can be found under S2-2.

S2-2: Process for engaging with value chain workers about impacts

Valmet engages and collaborates with its suppliers and supply-chain workers and assesses the effectiveness of the engagement with suppliers' workers through its Due Diligence Framework, sustainable supply chain process and health, safety and environment activities. These activities encompass Valmet's Supplier Engagement Program, Social and Human Rights Impact Assessments, Sustainability impact assessment when there is a significant change in market presence, Supplier Sustainability Audits, and local Health, Safety and Environment activities on sites and reporting portals.

Valmet has implemented a Supplier Engagement Program based on the principles of its Sustainable Supply Chain Policy. The program supports and monitors suppliers' performance and provides hands-on tools and training for suppliers to take the most critical steps to develop their sustainability practices. This program also serves as a means to engage value-chain workers on both actual and potential material impacts.

The Supplier Engagement Program includes access to a capacity-building library with tangible development tools, e-learning courses, and practical handbooks, which aim to increase awareness and give practical advice on how to develop more sustainable business practices. As part of the program, supplier-specific targets and key Performance Indicators are set, and related actions are followed up for each participating supplier, aiming for visible improvements in their operations.

Valmet encourages its suppliers and business partners to contribute development ideas via an external reporting portal, Spotlight. This portal is designed for Valmet's customers, value-chain workers, suppliers, contractors, and other stakeholders for managing events related to health, safety, environment, and continuous improvement in all Valmet operations. Spotlight is used for reporting all incidents, non-conformities, near misses, observations, and improvement ideas in Valmet workplaces, including at customer sites. Valmet continually refines and enhances its processes based on the feedback received through this portal.

Social and Human Rights Impact Assessments are specifically designed to engage directly with affected stakeholders, value chain workers and local stakeholders alike, and the methodology is based on dialogue. The impact assessment aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups. Valmet aims to conduct at least one in-depth impact assessment in a year and the number of the interviews conducted per impact assessment depends on the scope and location. Value-chain workers are also always engaged in individual interviews during the Supplier Sustainability Audits. A minimum of 10 value chain worker interviews is conducted in each audit. More information about Supplier Audits and Human Rights Impact Assessments is disclosed under S2-4. Valmet engages with value chain workers also when conducting Sustainability impact assessment when there is a significant change in the market presence. More information about this assessment is disclosed under S2-3.

Valmet's value-chain workers in Valmet and Customer premises are continuously engaged in local Health, Safety and Environment activities and events where feedback is actively sought and collected, including Health, Safety and Environment induction training before starting work, daily toolbox talks, Injury Prevention Programs, and Health, Safety and Environment days. In 2024, 27 Subcontractor Health, Safety and Environment Days were held. In Valmet's premises, Health, Safety and Environment Committees interact with location-based value-chain workers as part of their agenda every day.

To support capacity building, Valmet offers employee e-learning courses such as Valmet's Code of Conduct e-learning course, Human rights e-learning, and Sustainability at Valmet e-learning, also freely available to value chain workers in the online PartnerAcademy platform.

Vice President of Supply Chain, Vice President of Sustainability, and Vice President of Health, Safety and Environment are the most senior roles in the organization that have operational responsibility for ensuring that the engagement with value chain workers happens.

S2-3: Process to remediate negative impacts and channels for value chain workers to raise concerns

Valmet encourages its own workforce and all its stakeholders, including value-chain workers, to raise concerns about possible violations of Valmet's Code of Conduct, unethical business behavior, or other misconduct. Valmet also offers TrustLine channel for reporting suspected violations of Valmet's Code of Conduct. TrustLine is available for everyone 24/7 in Valmet's intranet and on its external website, and it is designed to guarantee anonymity. It provides Valmet employees and other stakeholders, including value-chain workers, with the possibility to report concerns anonymously and in their native language. The process of tracking and monitoring issues raised, and how individuals who use the reporting channel are protected, is described in more detail under G1-1.

As a part of Valmet's human rights due diligence process, Valmet has a remediation process in place. Actions to provide or contribute to remedies for material negative impacts on value-chain workers depend on the nature of the case. In the event of a serious human rights violation occurring, an Incident Management Team is established to coordinate the remediation actions and to ensure their implementation. For serious health and safety incidents, Valmet has a Health and Safety incident investigation guideline, which includes the approach for corrective actions.

Valmet supports its business partners in continuous improvement and does not terminate cooperation with a supplier that undertakes to resolve the grievances identified in the Supplier Audits or Human Rights Impact Assessments. The implementation of corrective action plans and the follow-up of the remediation process are integral components of both Supplier Audits and Social and Human Rights Impact Assessments. Suppliers are excluded from contracting if they cannot achieve a remediation plan within a set time frame, or if suppliers are unwilling to comply with the corrective actions.

S2-4, MDR-A: Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Material sustainability topic	Related material impact in brief	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Working conditions & other work-related rights	Value chain workers in high-risk countries[1] may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours. Value chain workers can be exposed to hazards in their work activities which can cause injuries and illnesses. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work. Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers.	Social and Human Rights Impact Assessment in value chain for suppliers with a heightened risk	Identification and control of risks	Upstream value chain	2024	Sustainability function	At least one Social and Human Rights Impact Assessment per year in own operations and in the value chain based on the risks identified
		Preparation and publishing of Valmet's Supplier Code of Conduct	Publishing of Valmet's Supplier Code of Conduct to replace old Sustainable Supply Chain Policy	Upstream value chain	2024	Supply Chain function	No target, work completed
		Sustainable Supply Chain process, including Supplier Sustainability Audits	Management of social and environmental sustainability risks and improvement of working conditions in the upstream value chain	Upstream value chain	2024, continuous	Supply Chain function	95 % of suppliers by spend have signed Valmet's Sustainable Supply Chain Policy by 2025 Minimum of 40 Supplier Sustainability Audits conducted per year
		Sustainability impact assessment when there is a significant change in market presence	Identification and control of risks	Own operations	2024	Sustainability function	No target, impact assessment performed always when there is a significant change in the market presence
		Site sub-contracting and service supplier Health, Safety and Environment management process	Provision of safe and healthy workplaces for all	Own operations and Valmet's operations in customer premises	2024, continuous	Health, Safety and Environment function	Continuous reduction in injury frequency to value chain workers (contracted workforce) whose work or workplace is controlled by Valmet
		Social Responsibility Program	Contribute to additional positive impacts in the value chain	Value chain	2024, continuous	Sustainability function, Areas	Continue implementing Social Responsibility Programs in all Valmet Areas through sponsorships and donations to local communities and affected stakeholders.

[1] The definition of a high-risk country is disclosed in ESRS 2 S2 SBM-3

The key actions listed in the table address the material impacts related to working conditions and other work-related rights of value chain workers.

Valmet's Sustainability Due Diligence Framework

Valmet's due diligence process covers Valmet's whole value chain and includes actions and processes used to manage, i.a., material impacts related to working conditions and other work-related rights of value-chain workers. Valmet has embedded sustainability due diligence into management systems and integrated it into Valmet processes. More details about Valmet's due diligence process can be found under ESRS 2 GOV-4. The key actions listed in the table above are part of Valmet's Due Diligence Framework through which Valmet mitigates and prevents negative material impacts on value chain workers and aim to achieve positive impacts for value chain workers.

Sustainable supply chain process

To identify, assess, and manage social and environmental sustainability risks among its workers in the supply chain, Valmet has a global supplier sustainability management process which is integrated into Valmet's systems.

The sustainable supply chain process consists of:

1. Supplier Code of Conduct
2. Sustainability Risk Assessment
3. Supplier Sustainability Self-Assessment
4. Supplier Sustainability Audits conducted by external auditor
5. Social and Human Rights Impact Assessment for suppliers with a heightened risk

Supplier Sustainability Risk Assessment and Self-Assessment

Suppliers' commitment to Valmet's Supplier Code of Conduct is the starting point for entering into a business relationship with Valmet. In addition, from 2024, suppliers of manufactured goods must follow Valmet's minimum quality and health, safety and environment requirements for suppliers.

Valmet screens all new direct suppliers from a sustainability risk perspective, using environmental and social criteria based on the country of purchase and the purchasing category. Based on this assessment, Valmet's suppliers have been categorized with sustainability risk levels. Suppliers, depending on their risk category, are obliged to carry out a Sustainability Self-Assessment. The results of this assessment, in conjunction with risk factors, may subject them to Sustainability Audits.

Supplier Sustainability Audits

To ensure compliance with the requirements of the Supplier Code of Conduct and with related local and international laws, Valmet has a systematic auditing framework in place. Valmet's Sustainability Audits follow Valmet's own auditing methodology based on Valmet's Supplier Code of Conduct and on SA8000 and SMETA auditing frameworks, and the methodology covers human and labor rights, environmental impacts, and governance-related topics. In 2024, Valmet conducted 45 Supplier Sustainability Audits in 15 countries with a certified third-party auditor. Audits are carried out globally in all five areas where Valmet operates and are coordinated by local area coordinators. Suppliers' workers are always engaged during the Sustainability Audits. In 2024, the findings of these audits were mainly related to human and labor rights and health, safety and environmental management.

Valmet focuses on ensuring the audit follow-up process and the verification of agreed corrective actions. All the audited suppliers have an agreed corrective action plan in place, and Valmet supports suppliers with the implementation of identified corrective actions. Of all corrective actions agreed with suppliers in 2024, 68 percent had been completed and verified by the end of the year. Altogether, 94 percent of all actions agreed with suppliers as part of the auditing process since 2015 had been completed and verified by the end of 2024.

Valmet has identified increased sustainability risks at customers' sites, where many subcontractors and their subcontractors operate. Valmet has developed a specific auditing process for site works suppliers to engage with the workers at sites, monitor sub-contractors' compliance more efficiently, and further increase the visibility of the supply chain beyond tier 1 suppliers.

Social and Human Rights Impact Assessments

Valmet conducts Social and Human Rights Impact Assessments in own locations and in its value chain. Valmet is committed to conducting at least one large assessment annually. Assessments are carried out by an independent third party. The assessments include desktop research, extensive fieldwork and engagement with affected stakeholders; employees, local communities, leased workforce, and value chain workers such as service providers and suppliers' workers. Impact assessment methodology is based on dialogue with affected stakeholders and aims to engage with a wide range of affected individuals, focusing on especially vulnerable groups.

Since 2017, Valmet has conducted assessments globally in China, Indonesia, Thailand, India, Poland and Portugal. The majority of the findings were related to the position of service providers and subcontractors, collective bargaining, adequate wages, working hours and rest periods. As a part of the process, corrective action plans are drafted based on the assessment findings, and the progress of the remediation plans are followed up.

Valmet started conducting supplier-specific Social and Human Rights Impact Assessments in the supply chain conducted by third party in 2024 to assess suppliers with an identified high sustainability risk. The scope of the assessments covers value-chain workers, and the methodology is based on dialogue with affected stakeholders.

Sustainability assessment when there is a significant change in market presence

Valmet carries out a comprehensive Sustainability Assessment whenever there is a significant change in the market presence, such as constructing a new site or service center, relocation of an existing site, new market entry or large customer project with identified high impact on environment, people or local communities. During the

assessment, local stakeholders, local community representatives, employees, and workers in the value chain are engaged. Assessment findings are followed up and systematically mitigated, and the results are taken for management review.

Health and safety management in Valmet and Customer premises

Valmet works to provide safe and healthy workplaces for all and actively collaborates with suppliers and customers to secure safety in common work premises. Valmet's approach to health and safety described in S1-4 includes processes for the management of supplier workers in our own operations and in customer premises.

Valmet's site sub-contracting and service supplier Health, Safety and Environment management process includes the following steps:

- Health, Safety and Environment requirements are considered when selecting suppliers and are then also included in purchasing agreements.
- Supplier workers are required to complete an Health, Safety and Environment induction to both Valmet and the specific workplace before starting work.
- Risk assessment approval, safe work procedure review, and permits-to-work are done during work execution.
- Regular inspections, and audits check supplier health, safety and environment compliance and secure improvement actions if required.
- Supplier workers are recognized and rewarded by Valmet for good health, safety and environment performance and receive direct feedback in the event of unsafe behavior or conditions.
- Supplier workers are encouraged to report health, safety and environment observations and improvement ideas, and provide health, safety and environment feedback to others in the workplace.
- Supplier-related health, safety and environment near misses and incidents are reported, investigated, and improvement actions agreed.
- Supplier workers are involved in Health, Safety and Environment activities such as toolbox talks.
- Every year, Valmet holds multiple Key Supplier Health, Safety and Environment days where health, safety and environment commitment and expectations are aligned, management practices reviewed, and lessons and best practices shared.

Social Responsibility Program

Valmet's global Social Responsibility Program, initiated in 2020, is part of the Group's Sustainability360° Agenda implementation. The Social Responsibility Program aims to contribute positive impacts in Valmet's operating areas and enhance Valmet's engagement in communities through donations to local communities, affected stakeholders, and non-profit organizations.

The program is based on three themes promoting science, nature, and equal opportunities: "Towards the future with science," "Protecting the planet for the next generations," and "Equal opportunities for wellbeing." Based on these themes, local projects in all Valmet's five operating areas around the world have been selected for the program. In 2024, the global social responsibility program continued with six projects. This year's projects supported local social and environmental development initiatives in Indonesia, Poland, Brazil, Chile, China, and North America.

Management of material impacts

The Vice President of Supply Chain is responsible for managing supply chain operations across Valmet's business lines and areas, including the Sustainable Supply Chain Process. The Vice President of Supply Chain reports to the Senior Vice President of Operational Development. Resources include global category managers and the sustainable supply chain manager. The Vice President of Health, Safety and Environment is responsible for managing Health, Safety and Environment operations across Valmet's business lines and areas, including the Health, Safety and Environment management process, and reports to the Senior Vice President of Operational Development. The Vice President of Sustainability is responsible for the Human Rights Statement, Sustainability360° Agenda, and Sustainability Due Diligence process, and reports to the Senior Vice President of Marketing, Communications, Sustainability, and Corporate Relations.

Metrics and targets

S2-5 MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustainability topic	Related material impact in brief	Target	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Target monitoring	Related policy
Working conditions & other work-related rights	Value-chain workers in high-risk countries[1] may lack legislated access to freedom of association, collective bargaining, adequate wages, and/or can be subject to excessive working hours. Value chain workers can be exposed to hazards in their work activities which can cause injuries and illnesses. Migrant workers have an increased risk of forced or bonded labor, and young workers may be exposed to hazardous or harmful work. Through supplier engagement processes, Valmet can improve working conditions and health and safety of value-chain workers.	At least one Social and Human Rights Impact Assessment per year in own operations and in the upstream value chain based on the risks identified [2]	Number of assessments conducted	2017	1	Own operations and upstream value chain	Valmet conducted one Social and Human Rights Impact Assessment including field work in value chain.	Annually in Sustainability function	Supplier Code of Conduct, Human Rights Statement
		Reduction in number of recordable work-related injuries to non-employee workers and contracted workforce whose work or workplace is controlled by Valmet	The number of recordable work-related injuries	2022	87	Own operations in Valmet and Customer premises	North America 1 South America 13 EMEA 34 China 3 Asia-Pacific 0 TOTAL 51	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Reduction in injury frequency to non-employee workers and contracted workforce whose work or workplace is controlled by Valmet	Total recordable injury frequency (TRIF)	2022	4.7	Own operations in Valmet and Customer premises	In 2024, TRIF increased slightly to 4.8. Collaboration with sub-contractors on HSE improvement was ramped during the year.	Monthly in business management reporting and review processes.	Health, Safety and Environment Policy
		Minimum 25 supplier Health, Safety and Environment events per year	Number of Supplier Health, Safety and Environment events	2024	27	Contracted workforce in our own operations in Valmet and Customer premises	In 2024, 27 Supplier Health, Safety and Environment events were held.	Monthly in Health, Safety and Environment management team	Health, Safety and Environment Policy, Supplier Code of Conduct
		Minimum 40 Supplier Sustainability Audits conducted per year	Number of Supplier Sustainability Audits conducted	2022	45	Upstream value chain	Valmet conducted 45 Supplier Sustainability Audits with a third-party auditor	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)
		95% of suppliers have signed Valmet's Sustainable Supply Chain Policy by 2025	% of suppliers by spend who have signed Valmet's Sustainable Supply Chain Policy	2022	82%	Value chain	By the end of 2024, 94.3% of our existing suppliers had signed the policy.	Monthly in Supply Chain management team	Supplier Code of Conduct (previously Sustainable Supply Chain policy)

[1] The definition of a high-risk country is disclosed in ESRS 2 S2 SBM-3
[2] Target scope related to Social and Human Rights Impact Assessment has been extended to cover value chain workers in 2024 and therefore the KPI has also been updated.

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on value chain workers. The absolute targets address the objectives of Human Rights Statement, Health, Safety and Environment (HSE) Policy, and Supplier Code of Conduct.

The targets are part of Valmet's Sustainability360° Agenda implementation. The targets are being executed by Valmet's Supply Chain, Health, Safety and Environment, and Sustainability functions and are cascaded through the organization in Strategic Must-Win initiatives, Valmet's annual planning process and in personal target setting. The targets of Valmet's Sustainability360° Agenda were set as part of a materiality assessment process which included an analysis of the business environment, benchmarks market drivers, future regulatory requirements, and engagement with relevant stakeholders and experts. Progress on the targets is publicly available on the Company website.

Governance information

G1: Business conduct

Governance

ESRS 2 GOV-1: The role of the administrative, supervisory and management bodies

This information is reported under ESRS 2 GOV-1.

Impact, risks, and opportunity management

ESRS 2 IRO-1: Description of the processes to identify and assess material business conduct - related impacts, risks and opportunities

This information is reported under ESRS 2 IRO-1.

G1-1, MDR-P: Corporate culture and business conduct policies

Valmet has adopted Valmet's Code of Conduct, Anti-Corruption Policy, Compliance Reporting Guideline and Supplier Code of Conduct to manage the following material impacts related to business conduct matters:

- Valmet's actions to promote corporate culture ensures that Valmet does business ethically and legally (actual positive impact)
- Failures in creating an ethical corporate culture can lead to unethical or illegal business conduct. (potential negative impact)
- Valmet's actions to promote corporate culture ensure that employees and stakeholders feel comfortable raising concerns, and the whistleblowers are protected and any potential misconduct is caught before severe consequences (actual positive impact)
- Failure to protect whistleblowers can lead to retaliation against the reporter (potential negative impact)
- Valmet's measures to prevent corruption and bribery promote the reputation as a reliable partner, with whom ethical business conduct principles are implemented (actual positive impact)
- Valmet's inadequate measures to prevent corruption and bribery may lead to violation of the Code of Conduct and illegal behavior. Being involved in a corruption or bribery incident would have negative effects on people and society (potential negative impact)
- Valmet's purchases of goods and services contributes to the employment of value-chain workers. Valmet's Supplier Code of Conduct promotes sustainable business practices in the supply chain (actual positive impact)
- Failures to comply with Valmet's payment practices could cause negative impacts to suppliers (potential negative impact)

Valmet's Code of Conduct

Valmet's Code of Conduct defines Valmet's requirements and expectations for corporate culture and includes topics such as ethical business practices, human rights, compliance with laws, protection of Valmet's assets, anti-corruption compliance, respectful work environment, health, safety, and wellbeing; and raising concerns. Valmet's Code of Conduct is applicable to all Valmet employees, as well as external stakeholders. The Chief Executive Officer is the most senior level accountable for the policy's implementation.

Valmet Anti-Corruption Policy

Valmet's Anti-Corruption Policy contains the requirements, rules and procedures that ensure all Valmet employees and those acting on Valmet's behalf understand and comply with all applicable anti-corruption laws in all of Valmet's business operations and are not involved in any forms of bribery or corruption. It is applicable to all Valmet employees and those who act on Valmet's behalf. The Chief Financial Officer is the most senior level accountable for the policy's implementation.

Valmet Compliance Reporting Guideline

Valmet's Compliance Reporting Guideline describes the process for raising concerns on potential misconduct within Valmet and determines the investigation process. It also guarantees the protection of whistleblowers and includes a details on how they are protected. It is applicable to all Valmet employees. The Chief Financial Officer and Senior Vice President of Human Resources are the most senior level accountable for the implementation of the guidelines.

Valmet's Supplier Code of Conduct

The Supplier Code of Conduct defines principles that suppliers are required to comply with. The supplier shall ensure that all its employees, permanent and temporary, as well as its suppliers, and sub-suppliers, recognize and comply with the requirements set out in the policy. Valmet's Supplier Code of Conduct covers human rights and requires the suppliers to comply with all applicable national laws and regulations regarding human and labor rights, as well as acknowledge changes in them. The content and requirements set in the Supplier Code of Conduct are described in more detail in section S2-1.

Valmet's Sustainable Supply Chain policy was renewed in 2024 and the renewed policy is called Supplier Code of Conduct.

Corporate Culture and business conduct

Valmet's daily operations are directed by our general operating principles, which include Valmet's Code of Conduct and related policies. These principles form the basis of our ethical corporate culture and sustainable business practices. Valmet policies, business processes, procedures, guidelines, work instructions, and templates are stored and managed in the Valmet Handbook, accessible to all Valmet employees.

Valmet's Code of Conduct guides the actions and decisions of both Valmet's employees and its business partners. It is approved by the Valmet Board of Directors. Valmet's Code of Conduct covers topics such as Valmet's commitment to integrity, compliance with applicable laws, protection of Group property and personal data, rejection of corruption, respect for human rights, health, safety and wellbeing, quality, and environmental topics. The Code of Conduct applies to everyone, everywhere, every day. The Code of Conduct includes references to Valmet's most important policies and other guidance related to business conduct, which must be followed by Valmet employees.

Valmet's Ethics & Compliance Program ensures that every employee understands their responsibility to maintain a strong corporate culture and conduct business ethically and legally. The program's purpose is to establish and develop an ethical corporate culture. This is achieved by creating and implementing policies and processes that support this goal. To ensure the Ethics & Compliance Program reaches all Valmet Business Lines and Areas, Valmet has established an Ethics & Compliance network. This network, representing all Valmet businesses and areas, ensures that ethical business conduct requirements and updates to the Ethics & Compliance Program are communicated and promoted globally throughout Valmet.

Valmet has a Group-level risk assessments that covers all Valmet's operations. One tool for risk assessments is the FRIME Audits, which cover five key units annually and account for about 80 percent of Valmet's net sales within a five-year evaluation cycle. Corruption risks are assessed as part of compliance and crime-related risks, e.g., fraud and misconduct, in the FRIME Audits, and in Valmet's annual Group-level Risk Assessment Process, including corporate Internal Audits. In 2024, four corporate Internal Audits were conducted at Valmet's locations, including an evaluation of the effectiveness of anti-corruption and misconduct reporting.

Valmet provides Code of Conduct training and communications to our employees on all our available internal channels to inform them of the Group's expectations and requirements related to corporate culture and business conduct. A renewed Code of Conduct was published at the end of 2023, and in 2024, the focus was on ensuring all Valmet employees knew its requirements and were committed to following them. The revised Code of Conduct e-learning course was assigned in 2024 to all Valmet employees. It reached a completion rate of 98 percent by year-end. 100 percent of the Executive Team completed the e-learning course. In some locations, the training was held as classroom training for blue-collar employees who lacked access to laptops. The e-learning course includes sections on ethical business practices, the content of the Code of Conduct, and how to report potential concerns related to unethical behavior or misconduct. It is mandatory for all Valmet employees, and it must be completed by everyone every second year. All e-learning completion percentages are extracted automatically from Valmet's Human Resources system.

In 2024, Valmet completed a functions-at-risk assessment to identify functions and business that were at a higher risk of being involved in bribery and corruption. The result was that these functions included Business Line and Area management, sales and procurement in certain countries, and the logistics function.

Protection of whistleblowers

Valmet encourages employees and stakeholders to voice concerns about potential violations of our Code of Conduct, unethical business behavior, or other misconduct. Employees are advised to report suspected issues to their managers, other management, the Human Resources function, or directly to the Legal and Internal Audit functions. Additionally, Valmet offers TrustLine, a third-party-operated reporting channel, for confidential and, if desired, anonymous reporting of suspected breaches. TrustLine is available 24/7 in Valmet's intranet and on its external website, allowing reports to be made online or via a call center. Valmet welcomes reports from both internal and external stakeholders.

Valmet does not tolerate retaliation against any person who reports suspected misconduct in good faith or assists in investigations. If a reporter feels that they are being subject to retaliation, they are advised to contact Head of Internal Audit directly. All cases of retaliation are also reported to Valmet's Board Audit Committee.

To investigate potential misconduct, including allegations or suspected incidents of corruption and bribery, Valmet follows its Compliance Reporting Guideline. The process described in the guideline ensures that all matters within the scope of the process are investigated promptly, independently, and objectively. The guideline states that the reporting system and the process of handling the reports are managed by the Ethics & Compliance and Internal Audit functions. The guideline requires investigations to be led by an impartial person or department. Any persons who are or may be involved in the alleged misconduct will not be allowed to perform any investigative actions. The guideline contains details on how the investigations are handled, how potential consequences and follow-up are determined, and how the conclusions of the investigations are communicated to the whistleblower. In addition to the Compliance Reporting Guideline, Valmet has an Investigation documentation template with instructions on how case investigations are planned, conducted, and documented. They are both available to all employees in Valmet's intranet. The entire process has been amended in accordance with the requirements of Directive (EU) 2019/1937 and its applicable national implementations.

Valmet's Compliance Committee organization, which oversees misconduct investigations, consists of several Compliance Committees that meet quarterly. These committees ensure that follow-up actions and remedies are effective based on the facts of each case. Area Compliance Committees have the authority to decide on and implement follow-up actions for locally investigated cases. The Corporate Compliance Committee ensures that Areas have appropriately investigated, handled, and concluded reported cases, and that their follow-up actions align with corporate standards. Matters that cannot be handled locally due to the nature of the case or potential conflicts are escalated to be handled by the Corporate Compliance Committee. It has been agreed which cases are also reported to the Chief Executive Officer and/or Board Audit Committee. In 2024, four cases were reported to the Board Audit Committee.

G1, MDR-A: Taking action on material impacts on business conduct, and effectiveness of those actions

Material sustainability topic	Related material impact in brief	Action	Expected outcome	Scope	Time horizon	Resources to manage	Related target if applicable
Corporate culture	Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally. This enables employees to feel safe working for Valmet, and stakeholders to consider Valmet a trusted business partner	Employee Code of Conduct e-learning	Valmet's own workforce is committed to ethical and legal corporate culture	Own operations	2024	Ethics & Compliance, Human Resources, Valmet line managers	100% of employees have completed Valmet's renewed Code of Conduct e-learning course
Corruption and bribery	Successful measures to prevent corruption and bribery promote Valmet's reputation as a reliable partner, with whom ethical business conduct principles are implemented	Assessment of functions at risk of being involved in bribery and corruption	Ability to target trainings to relevant functions	Own operations	2024	Ethics & Compliance	Not applicable

The actions listed in the table address the material impacts related to Corporate culture and Corruption and bribery. The actions address the objectives of Valmet's Code of Conduct.

G1, MDR-T: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Material sustainability topic	Related material impact in brief	Target	Key performance indicator	Base year	Base-line	Scope	Progress in 2024	Related policy
Corporate culture	Valmet's actions to promote corporate culture ensure that Valmet does business ethically and legally. This enables employees to feel safe working for Valmet, and stakeholders to consider Valmet a trusted business partner	100% of employees have completed Valmet's renewed Code of Conduct e-learning course	% of employees having completed the Code of Conduct e-learning course	2023 (previous version of Code of Conduct e-learning)	89%	Own operations	98% of employees completed Valmet's renewed Code of Conduct e-learning course	Valmet's Code of Conduct

Valmet has set the targets listed in the table to reduce negative impacts and advance positive impacts on Corporate culture. The absolute targets address the objectives of Valmet's Code of Conduct. Targets are part of Valmet's Sustainability360° Agenda implementation 2022–2024, and are executed jointly by Ethics & Compliance and Human Resources functions, and Valmet's line managers. Targets were set by Valmet's Corporate Compliance Committee, which also monitors their progress.

G1-2: Management of relationships with suppliers

Valmet's Supply Chain manages all Valmet's direct and indirect procurement and logistics sourcing through a network of teams in Valmet's business lines and areas.

The Supplier Relationship Management Program is Valmet's systematic way of managing and developing Valmet's supplier relationships to optimize company value through proactive interaction, two-way performance monitoring, and risk minimizing. Valmet's target is to develop mutually beneficial relationships with suppliers.

Valmet develops and manages supplier relationships to ensure that its supply meets demand expectations. Valmet's Supply Chain aims to prevent risks related to the supplier base as much as possible. Risks are mitigated by systematic supplier relationship management and clear communication. Such risks can include the business continuity and financials of suppliers and their capacity, logistics, late deliveries and poor quality, reputational risks due to non-compliance of sustainability, legal and IPR risks, and profitability risks due to cost inflation. In addition, risks are managed by avoiding monopolistic suppliers, the early involvement of the supply chain and suppliers, by making sound contracts with suppliers, using suitable and reliable suppliers, order and quality follow-up, and through audits and training.

Valmet's global payment policies define uniform guidelines for its supplier payment strategy and methods applicable in all Valmet units. Valmet aims for payment no later than the due date. Valmet's payment practices are described in section G1-6 – Payment practices.

Valmet screens all new direct suppliers from a sustainability risk perspective, using environmental and social criteria. The screening criteria are based on Valmet's requirements in the Supplier Code of Conduct, covering business ethics, compliance, human and labor rights, health, safety, climate, and environmental management, and product compliance and safety topics. Valmet has integrated both environmental and social criteria into its policies and related processes to ensure the environment and human rights are respected and promoted throughout the value chain.

The applicable policies, processes and actions are further outlined in sections S2-1 and S2-4.

G1-3: Prevention and detection of corruption and bribery

Valmet has zero tolerance of all forms of bribery and corruption. Valmet is committed to conducting all activities in accordance with applicable anti-bribery and corruption laws and preventing corruption and bribery. Valmet's anti-corruption approach is set out in the Code of Conduct and related Anti-Corruption Policy, which clearly prohibits bribery and corruption. Valmet's Anti-Corruption Policy contains the rules, and procedures that ensure all Valmet employees and those acting on our behalf understand and comply with applicable anti-corruption laws in all our business operations.

To have a more effective procedure for preventing and detecting incidents of corruption and bribery, Valmet updated the Anti-Corruption Policy in 2024 and issued a new Anti-Corruption Guideline. The new Guideline contains more detailed requirements and instructions for Valmet employees to ensure that they are not involved in any form of corruption or bribery. Valmet's Anti-Corruption Policy also contains the requirement to report any detected potential incidents of corruption or bribery. Valmet's Anti-Corruption Policy is also available publicly on Valmet's external website, and the Anti-Corruption Guidelines are available in Valmet's intranet.

If a Valmet employee detects an allegation or incident of corruption, they are required to report it to one of Valmet's misconduct reporting channels. The process for raising concerns on unethical behavior and misconduct (including incidents corruption or bribery) is described in more detail in G1-1. In addition, identifying possible incidents of corruption are part of Corporate Internal Audits.

All cases of confirmed corruption or bribery are reported to the President and Chief Executive Officer, Chief Financial Officer, and Board's Audit Committee.

In addition to the Anti-Corruption Policy and Guideline being available to Valmet employees, all Valmet employees need to complete a mandatory training session on the Code of Conduct, which includes a section on corruption and bribery. The e-learning course was updated in 2024, and it was issued as mandatory training for all Valmet employees, reaching a completion percentage of 98 by the end of 2024. Valmet's Chief Executive Officer and Executive Team completed Valmet's Code of Conduct course in 2024.

Valmet also has a more detailed Anti-Corruption e-learning course, which was updated in 2024. It goes through Valmet's rules and requirements related to corruption and bribery in more detail and includes several example cases for employees to apply the rules in practice. It was issued in November 2024 to management and functions-at-risk of corruption and bribery. The completion percentage by year-end was 72 percent, covering the equivalent percent of the functions-at-risk. It is clearly stated in the policy and training what the implications for being involved in corruption or bribery are.

All e-learning completion percentages are extracted from Valmet's Human Resources system.

Metrics and targets

G1-4: Confirmed incidents of corruption and bribery

Confirmed violations of anti-corruption and anti-bribery laws

	2024
Number of convictions	**0**
Amount of fines (EUR)	**0**

No actions were required to address breaches in anti-corruption and anti-bribery procedures and standards in 2024. Improvements made to the Anti-corruption Compliance Program in 2024, including the launch of a new policy, guideline, and e-learning course, are detailed in section G1-3.

The number of convictions and amount of fines are extracted from Valmet's internal disputes register database.

G1-6: Payment practices

Valmet pays its suppliers on average 53 days after the date when the contractual payment term starts to be calculated.

Valmet's standard payment terms are 60 days for all suppliers and geographies. Depending on the circumstances, the payment terms may vary, and shortened payment terms can be acknowledged for smaller suppliers. On average 98 percent of invoices received by Valmet are aligned with payment terms of 60 days or less.

The above disclosures are based on data covering approximately 75 percent of Valmet's direct and indirect purchases.

Valmet is not party to any legal proceedings due to late payments.

Financial indicators

	As at and for the twelve months ended December 31				
EUR million	**2024**	**2023**	**2022**	**2021**	**2020**
Orders received	**5,837**	4,955	5,194	4,740	3,653
Order backlog at end of year	**4,452**	3,973	4,403	4,096	3,257
Net sales	**5,359**	5,532	5,074	3,935	3,740
Net sales change, %	**-3%**	9%	29%	5%	5%
Comparable EBITA	**609**	619	533	429	365
% of net sales	**11.4%**	11.2%	10.5%	10.9%	9.8%
EBITA	**557**	605	550	448	355
% of net sales	**10.4%**	10.9%	10.8%	11.4%	9.5%
Operating profit	**449**	507	436	399	319
% of net sales	**8.4%**	9.2%	8.6%	10.1%	8.5%
Profit before taxes	**383**	473	431	395	307
% of net sales	**7.2%**	8.5%	8.5%	10.0%	8.2%
Profit for the period	**281**	359	338	296	231
% of net sales	**5.2%**	6.5%	6.7%	7.5%	6.2%
Profit attributable to owners of the parent	**280**	357	337	296	231
Amortization	**-108**	-98	-114	-49	-36
Depreciation, property, plant and equipment (excl. right-of-use assets)	**-63**	-58	-55	-47	-47
Depreciation, right-of-use assets	**-48**	-41	-34	-24	-24
Depreciation and amortization, total	**-219**	-196	-203	-120	-106
% of net sales	**-4.1%**	-3.6%	-4.0%	-3.0%	-2.8%
Cash flow provided by operating activities	**554**	352	36	482	532
Cash flow after investing activities	**316**	-181	56	382	-60
Gross capital expenditure (excl. business combinations and right-of-use assets)	**-107**	-125	-112	-97	-89
Business combinations, net of cash acquired and loans repaid	**-135**	-415	117	-15	-48
Additions to investments in associated companies	**—**	—	—	—	-456
Comparable return on capital employed (ROCE) before taxes, %	**12.7%**	14.5%	17.0%	22.6%	22.3%
Return on capital employed (ROCE) before taxes, %	**11.4%**	14.2%	17.6%	23.7%	21.6%
Total assets	**6,832**	7,064	6,271	4,420	3,959
Equity attributable to owners of the parent	**2,607**	2,565	2,494	1,326	1,137
Total equity	**2,614**	2,572	2,499	1,332	1,142
Interest-bearing liabilities	**1,544**	1,484	809	477	497
Net interest-bearing liabilities	**1,032**	1,027	502	-88	149
Net working capital (NWC)	**134**	191	-82	-673	-595
Return on equity (ROE), %	**10.8%**	14.1%	17.6%	23.9%	21.2%
Net debt to EBITDA ratio	**1.55**	1.46	0.78	-0.17	0.35
Gearing, %	**39%**	40%	20%	-7%	13%
Equity to assets ratio, %	**44%**	43%	49%	42%	39%
Average number of personnel	**19,297**	18,130	16,554	14,163	13,615
Personnel at end of year	**19,310**	19,160	17,548	14,246	14,046

Formulas for calculation of indicators

In addition to financial performance indicators as defined by IFRS Accounting Standards, Valmet publishes certain other widely used measures of performance that can be derived from figures in the Consolidated statement of income and financial position, as well as notes thereto. The formulas for calculation of these alternative performance measures are presented below.

EBITA:

Operating profit + amortization

Comparable EBITA:

Operating profit + amortization +/- items affecting comparability

Earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of outstanding shares during period}}$$

Diluted earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company}}{\text{Average number of diluted shares during period}}$$

Adjusted earnings per share:

$$\frac{\text{Profit attributable to shareholders of the Company - expensing of fair value adjustments recognized in business combinations, net of tax}}{\text{Average number of outstanding shares during period}}$$

Equity per share:

$$\frac{\text{Equity attributable to owners of the parent}}{\text{Number of outstanding shares at end of period}}$$

Return on equity (ROE), %:

$$\frac{\text{Profit for the period}}{\text{Total equity (average for period)}} \times 100$$

Return on capital employed (ROCE) before taxes, %:

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Total equity + interest-bearing liabilities (average for period)}} \times 100$$

Comparable return on capital employed (ROCE) before taxes, %:

$$\frac{\text{Profit before taxes + interest and other financial expenses +/- items affecting comparability}}{\text{Total equity + interest-bearing liabilities (average for the period)}} \times 100$$

Equity to assets ratio, %:

$$\frac{\text{Total equity}}{\text{Balance sheet total - amounts due to customers under revenue contracts}} \times 100$$

Gearing, %:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Total equity}} \times 100$$

Net interest-bearing liabilities:

Non-current debt + non-current lease liabilities + current debt + current lease liabilities - cash and cash equivalents - other interest-bearing assets

Net debt to EBITDA ratio:

$$\frac{\text{Net interest-bearing liabilities}}{\text{Operating profit + amortization + depreciation}}$$

Dividend per share:

$$\frac{\text{Dividend for the financial period}}{\text{Number of shares at end of period}}$$

Dividend payout ratio, %:

$$\frac{\text{Dividend per share}}{\text{Earnings per share}} \times 100$$

Effective dividend yield, %:

$$\frac{\text{Dividend per share}}{\text{Closing share price at end of period}} \times 100$$

Price / earnings ratio:

$$\frac{\text{Closing share price at end of period}}{\text{Earnings per share}}$$

Consolidated statement of income

EUR million	Note	2024	2023
Net sales	2, 3	**5,359**	5,532
Cost of goods sold	4, 5, 7, 13	**-3,878**	-4,136
Gross profit		**1,481**	1,396
Selling, general and administrative expenses	4, 5, 13, 18	**-1,000**	-920
Other operating income	19	**25**	64
Other operating expenses	19	**-59**	-36
Share in profits and losses of associated companies, operative investments	22	**2**	3
Operating profit		**449**	507
Financial income	10	**24**	17
Financial expenses	10	**-90**	-52
Share in profits and losses of associated companies, financial investments	22	**—**	—
Profit before taxes		**383**	473
Current tax expense		**-119**	-135
Deferred taxes		**17**	21
Income taxes, total	16	**-103**	-114
Profit for the period		**281**	359
Attributable to:			
Owners of the parent		**280**	357
Non-controlling interests		**1**	2
Profit for the period		**281**	359
Earnings per share attributable to owners of the parent:			
Earnings per share, EUR		**1.52**	1.94
Diluted earnings per share, EUR		**1.52**	1.94

Consolidated statement of comprehensive income

EUR million	Note	2024	2023
Profit for the period		**281**	359
Items that may be reclassified to profit or loss:			
Gains and losses on cash flow hedges	8, 9, 17	**-8**	-12
Change in fair value reserve	8	**1**	—
Currency translation on subsidiary net investments	17	**2**	-21
Share of other comprehensive income of associated companies accounted for using equity method	22	**—**	—
Income tax relating to items that may be reclassified	16	**1**	2
Total items that may be reclassified to profit or loss		**-3**	-31
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit plans	15	**13**	-18
Income tax relating to items that will not be reclassified	16	**-3**	3
Total items that will not be reclassified to profit or loss		**10**	-15
Other comprehensive income for the period		**6**	-46
Total comprehensive income for the period		**287**	312
Attributable to:			
Owners of the parent		**286**	311
Non-controlling interests		**1**	1
Total comprehensive income for the period		**287**	312

Consolidated statement of financial position

Assets

EUR million	Note	As at December 31, 2024	2023
Non-current assets			
Intangible assets			
Goodwill		**1,808**	1,735
Other intangible assets		**1,127**	1,142
Total intangible assets	4	**2,934**	2,877
Property, plant and equipment			
Land and water areas		**40**	40
Buildings and structures		**163**	169
Machinery and equipment		**283**	263
Right-of-use assets		**156**	145
Assets under construction		**83**	81
Total property, plant and equipment	4, 5	**726**	698
Other non-current assets			
Investments in associated companies	22	**17**	16
Non-current financial assets	8, 9	**40**	31
Deferred tax assets	16	**94**	90
Non-current income tax receivables	16	**39**	41
Other non-current assets		**37**	15
Total other non-current assets		**228**	193
Total non-current assets		**3,888**	3,768
Current assets			
Inventories			
Materials and supplies		**206**	249
Work in progress		**396**	472
Finished products		**301**	327
Total inventories	7	**903**	1,049
Receivables and other current assets			
Trade receivables	8	**862**	973
Amounts due from customers under revenue contracts	3	**344**	475
Other current financial assets	8, 9	**62**	56
Income tax receivables		**64**	56
Other current assets		**226**	255
Cash and cash equivalents	8	**482**	432
Total receivables and other current assets		**2,041**	2,247
Total current assets		**2,944**	3,296
Total assets		**6,832**	7,064

Consolidated statement of financial position

Equity and liabilities

EUR million	Note	As at December 31, 2024	2023
Equity			
Share capital		**140**	140
Reserve for invested unrestricted equity		**1,375**	1,372
Cumulative translation adjustments		**-40**	-42
Hedge and other reserves		**-6**	-1
Retained earnings		**1,137**	1,096
Equity attributable to owners of the parent	17	**2,607**	2,565
Non-controlling interests		**7**	6
Total equity		**2,614**	2,572
Liabilities			
Non-current liabilities			
Non-current debt	8	**1,272**	1,240
Non-current lease liabilities	5, 8	**107**	98
Employee benefit liabilities	15	**157**	154
Non-current provisions	11	**28**	42
Other non-current liabilities	8, 9	**13**	12
Deferred tax liabilities	16	**284**	283
Total non-current liabilities		**1,862**	1,828
Current liabilities			
Current debt	8	**115**	103
Current lease liabilities	5, 8	**50**	43
Trade payables	8	**460**	520
Current provisions	11	**162**	169
Amounts due to customers under revenue contracts	3	**904**	1,151
Other current financial liabilities	8, 9	**31**	34
Income tax liabilities		**75**	85
Other current liabilities	12	**559**	558
Total current liabilities		**2,356**	2,664
Total liabilities		**4,218**	4,492
Total equity and liabilities		**6,832**	7,064

Consolidated statement of cash flows

EUR million	Note	2024	2023
Cash flows from operating activities			
Profit for the period		**281**	359
Adjustments			
Depreciation and amortization	4, 5	**219**	196
Financial income and expenses	10	**65**	34
Income taxes	16	**103**	114
Other non-cash items		**31**	-11
Change in net working capital	6	**43**	-180
Interest paid		**-74**	-31
Interest received		**21**	13
Income taxes paid		**-134**	-143
Net cash provided by (+) / used in (-) operating activities		**554**	352
Cash flows from investing activities			
Capital expenditure on fixed assets	4	**-107**	-125
Proceeds from sale of fixed assets		**2**	6
Business combinations, net of cash acquired and loans repaid	20	**-135**	-415
Investments in associated companies	22	**2**	2
Net cash provided by (+) / used in (-) investing activities		**-238**	-532
Cash flows from financing activities			
Repurchase of own shares		**-3**	-4
Dividends paid	17	**-249**	-240
Proceeds from non-current debt		**375**	725
Repayments of current portion of non-current debt		**-290**	-40
Repayments of lease liabilities	8	**-52**	-44
Net proceeds from (+) / repayments of (-) current debt		**-42**	-58
Financial investments		**-7**	7
Net cash provided by (+) / used in (-) financing activities		**-268**	346
Net increase (+) / decrease (-) in cash and cash equivalents		**48**	165
Effect of changes in exchange rates on cash and cash equivalents		**3**	-10
Cash and cash equivalents at beginning of year	8	**432**	277
Cash and cash equivalents at end of year		**482**	432

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Cumulative translation adjustments	Hedge and other reserves	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at January 1, 2024	**140**	**1,372**	**-42**	**-1**	**1,096**	**2,565**	**6**	**2,572**
Profit for the period	—	—	—	—	280	**280**	1	**281**
Other comprehensive income for the period								
Gains and losses on cash flow hedges								
Fair value gains and losses, net of tax	—	—	—	-10	—	**-10**	—	**-10**
Transferred to profit or loss, net of tax	—	—	—	4	—	**4**	—	**4**
Change in fair value reserve, net of tax	—	—	—	1	—	**1**	—	**1**
Currency translation on subsidiary net investments	—	—	2	—	—	**2**	—	**2**
Remeasurement of defined benefit plans, net of tax	—	—	—	—	10	**10**	—	**10**
Other comprehensive income for the period, total	—	—	2	-6	10	**6**	—	**6**
Total comprehensive income for the period	—	—	2	-6	290	**286**	1	**287**
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-249	**-249**	-1	**-249**
Repurchase of own shares	—	—	—	—	-3	**-3**	—	**-3**
Share-based payments, net of tax	—	3	—	—	3	**6**	—	**6**
Non-controlling interest on acquisition of subsidiary	—	—	—	—	—	**—**	1	**1**
Balance at December 31, 2024	**140**	**1,375**	**-40**	**-6**	**1,137**	**2,607**	**7**	**2,614**
Balance at January 1, 2023	140	1,369	-20	8	997	2,494	5	2,499
Profit for the period	—	—	—	—	357	357	2	359
Other comprehensive income for the period								
Gains and losses on cash flow hedges								
Fair value gains and losses, net of tax	—	—	—	—	—	—	—	—
Transferred to profit or loss, net of tax	—	—	—	-10	—	-10	—	-10
Change in fair value reserve, net of tax	—	—	—	—	—	—	—	—
Currency translation on subsidiary net investments	—	—	-21	—	—	-21	—	-21
Remeasurement of defined benefit plans, net of tax	—	—	—	—	-15	-15	—	-15
Other comprehensive income for the period, total	—	—	-21	-10	-15	-46	—	-46
Total comprehensive income for the period	—	—	-21	-10	341	311	1	312
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-239	-239	-1	-240
Repurchase of own shares	—	—	—	—	-4	-4	—	-4
Share-based payments, net of tax	—	3	—	—	1	4	—	4
Balance at December 31, 2023	**140**	**1,372**	**-42**	**-1**	**1,096**	**2,565**	**6**	**2,572**

Notes to the consolidated financial statements

1 | Basis of preparation

General information

Valmet Oyj (the "Company" or the "parent company"), a public limited liability company, and its subsidiaries (together "Valmet," "Valmet Group" or the "Group") form a global developer and supplier of process technologies, automation and services for the pulp, paper and energy industries. Valmet Oyj is domiciled in Helsinki, and its registered address is Keilasatama 5, 02150 Espoo, Finland. The Company's shares are listed on the Nasdaq Helsinki Ltd as of January 2, 2014. The copies of the consolidated financial statements are available at www.valmet.com or the parent company's head office, Keilasatama 5, 02150 Espoo, Finland. The consolidated financial statements were approved by Valmet's Board of Directors on February 12, 2025, after which, in accordance with the Finnish Limited Liability Company Act, the financial statements are approved, amended or rejected in the Annual General Meeting. The consolidated financial statements for the year ended December 31, 2024, have been prepared in accordance with the basis of presentation set out below and accounting policies described in connection with each note.

These consolidated financial statements were prepared in accordance with the IFRS Accounting Standards as adopted by the European Union. The financial statements figures are presented mainly in millions of euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

Basis of presentation

Subsidiaries

Subsidiaries are all entities over which Valmet Group has control. Control over an entity exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When the Group has less than a majority of the voting or similar rights of an entity, the Group considers all relevant facts and circumstances in assessing whether it has control over an entity, including the contractual arrangement with the other vote holders of the entity, rights arising from other contractual arrangements, and the Group's voting rights and potential voting rights.

The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions, balances and unrealized gains and losses arising from transactions between Group companies are eliminated.

Associated companies

The consolidated financial statements include associated companies in which Valmet either holds between 20 percent to 50 percent of the voting rights or in which Valmet otherwise has significant influence but not control. Investments in associated companies are accounted for using the equity method of accounting. Investments in associated companies are initially recorded at cost, and the carrying amount is increased or decreased to recognize Valmet's share of changes in net assets of the associated companies after the date of the acquisition. The Group's investment in associated companies includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired.

Valmet's share of post-acquisition profit or loss is recognized in Consolidated statement of income and its share of post-acquisition movements in other comprehensive income (OCI) is recognized in Consolidated statement of comprehensive income with a corresponding adjustment to the carrying amount of the investment. The share of results of associated companies is presented in Consolidated statement of income either included in Operating profit or adjacent to Financial income and expenses below Operating profit, depending on the nature of the investment.

Foreign currency translation

Items included in the financial statements of each of Valmet Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These consolidated financial statements are presented in euros, which is the Group's presentation currency. The statements of income of foreign Group companies are translated into euros using the average exchange rate for the reporting period. The statements of financial position are translated at the closing exchange rate of the reporting date. Translating the net income for the period using different exchange rates in the Consolidated statement of income and in the Consolidated statement of financial position results in a translation difference, which is recognized in the Consolidated statement of comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange rate differences arising are recognized in the Consolidated statement of comprehensive income.

When a subsidiary is disposed of or sold, exchange rate differences that were recorded in equity are recognized in profit or loss as part of the gain or loss on sale.

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction. Non-monetary items that are measured at fair value are translated into functional currency using the exchange rate of the transaction date.

Foreign exchange gains and losses resulting from the settlement of such balances and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognized in Consolidated statement of income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in Consolidated statement of income within Financial income and expenses. All other foreign exchange gains and losses are presented in Other operating income and expenses, or in Net sales or Cost of goods sold.

Key exchange rates:

		Average rates		Year-end rates	
		2024	**2023**	**2024**	**2023**
USD	(US dollar)	**1.0826**	1.0816	**1.0389**	1.1050
SEK	(Swedish krona)	**11.4226**	11.4563	**11.4590**	11.0960
CNY	(Chinese yuan)	**7.7793**	7.6589	**7.5833**	7.8509

Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and exercise judgment in the application of the accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. By definition, the resulting accounting estimates will seldom equal the related actual results.

Material accounting policies applied, and critical accounting estimates and judgments made are described adjacent to each note as follows:

- Revenue recognition Note 3
- Intangible assets and property, plant and equipment Note 4
- Leases Note 5
- Inventories Note 7
- Financial assets and liabilities Note 8
- Derivative financial instruments Note 9
- Provisions Note 11
- Employee benefit obligations Note 15
- Income taxes Note 16

2 | Reporting segments and geographic information

Accounting policies

The Group's Chief Operating Decision Maker (CODM) is the President and CEO of Valmet. Valmet has three operating segments and three reportable segments for financial reporting purposes: Services, Automation and Process Technologies. Corporate functions are presented as Other.

The Services segment provides customers with flexible and fit-for-purpose services throughout the lifecycle to improve process performance, reliability and to extend product lifetime. The Automation segment delivers automation solutions ranging from single measurements to mill- or plant-wide process automation systems, and mission-critical flow control technologies and services for the process industries. The Process Technologies segment provides technology solutions for pulp and energy production, as well as for biomass conversion and emission control, and complete production lines, machine rebuilds and process components for board, tissue and paper production.

The financial reporting structure reflects Valmet's operational model, and is aligned with the way the CODM evaluates the operational performance of the segments and allocates resources. One key indicator of performance reviewed by the CODM is Earnings before interest, taxes and amortization (EBITA). Performance is also assessed through Comparable EBITA, i.e., with EBITA excluding certain items of income and expense that reduce the comparability of the Group's performance from one period to another. The alternative performance measures of EBITA and Comparable EBITA, are published by Valmet as part of regulated financial information to enable users of the financial information to prepare more meaningful analysis on Valmet's performance. Items affecting comparability consist of income and expenses arising from activities that amend the capacity of Valmet's operations. Items include restructuring costs, gains or losses on sale of businesses or non-current assets, transaction costs related to business combinations, and income and expenses incurred outside Valmet's normal course of business, such as impairment charges and income and expenses recorded as a result of settlement payments to/from third parties (e.g., penalties incurred as a result of tax audits or settlements to closed lawsuits), share in profits and losses of associated companies, as well as income and expenses arising from changes in legislation expected to affect Valmet only temporarily (e.g., customs or other tariffs imposed by authorities on Valmet's products).

Orders received:

EUR million	2024	2023
Services	**1,915**	1,760
Automation	**1,446**	1,340
Process Technologies	**2,477**	1,856
Total	**5,837**	4,955

Net sales:

EUR million	2024	2023
Services	**1,900**	1,784
Automation	**1,437**	1,328
Process Technologies	**2,023**	2,420
Total	**5,359**	5,532

Comparable EBITA:

EUR million	2024	2023
Services	**331**	312
Automation	**255**	248
Process Technologies	**73**	110
Other	**-49**	-50
Total	**609**	619

Comparable EBITA, % of net sales:

	2024	2023
Services	**17.4%**	17.5%
Automation	**17.7%**	18.6%
Process Technologies	**3.6%**	4.5%
Total	**11.4%**	11.2%

EBITA:

EUR million	2024	2023
Services	**322**	302
Automation	**248**	245
Process Technologies	**42**	116
Other	**-56**	-58
Total	**557**	605

EBITA, % of net sales:

	2024	2023
Services	**17.0%**	16.9%
Automation	**17.2%**	18.5%
Process Technologies	**2.1%**	4.8%
Total	**10.4%**	10.9%

Items affecting comparability:

EUR million	2024	2023
Services	**-9**	-10
Automation	**-7**	-2
Process Technologies	**-30**	6
Other	**-7**	-8
Total	**-53**	-14

Amortization:

EUR million	2024	2023
Services	**-22**	-10
Automation	**-54**	-63
Process Technologies	**-15**	-8
Other	**-18**	-17
Total	**-108**	-98

Reconciliation between Comparable EBITA, EBITA and Operating profit:

EUR million	2024	2023
Comparable EBITA	**609**	619
Items affecting comparability in cost of sales		
Expenses related to capacity adjustments	**-11**	-8
Expensing of fair value adjustments recognized in business combinations	**-16**	-8
Other items affecting comparability[1]	**-4**	-17
Items affecting comparability in selling, general and administrative expenses		
Expenses related to capacity adjustments	**-7**	—
Expenses related to acquisitions	**-3**	-6
Other items affecting comparability[1]	**-6**	-14
Items affecting comparability in other operating income and expenses		
Income and expenses related to capacity adjustments	**-7**	3
Expenses related to acquisitions	**—**	—
Other items affecting comparability[2]	**—**	32
Items affecting comparability in share in profits and losses of associated companies, operative investments		
Other items affecting comparability	**2**	3
EBITA	**557**	605
Amortization included in cost of sales		
Other intangibles	**-1**	-2
Amortization included in selling, general and administrative expenses		
Intangibles recognized in business combinations	**-84**	-76
Other intangibles	**-22**	-21
Amortization included in share in profits and losses of associated companies, operative investments		
Other intangibles	**—**	—
Operating profit	**449**	507

[1] 2024 and 2023 figures include expenses related to the fire that happened in 2022 at Valmet's Rautpohja factory site in Jyväskylä, Finland.
[2] 2024 and 2023 figures include income related to the fire that happened in 2022 at Valmet's Rautpohja factory site in Jyväskylä, Finland.

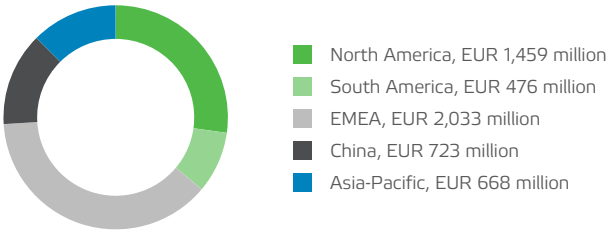
Entity-wide information

Valmet has operations globally in approximately 40 countries. Measured by net sales, the top three countries in 2024 were the USA, China and Finland, which together accounted for 44 percent of total net sales.

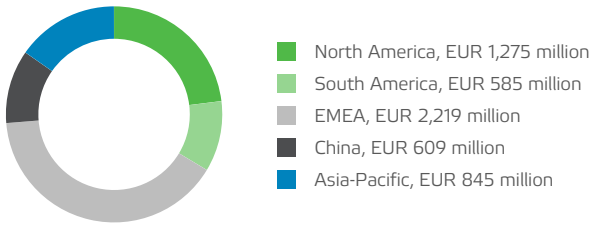
In 2023, the top three countries were the USA, China, and Indonesia, which together accounted for 38 percent of total net sales.

Net sales from Finland (the country of domicile) amounted to EUR 417 million in 2024 (EUR 385 million).

Net sales by destination 2024, EUR 5,359 million



Net sales by destination 2023, EUR 5,532 million



Non-current assets by location:

EUR million	Finland	North America	South America	EMEA excluding Finland	China	Asia-Pacific	Non-allocated	Total
2024	**352**	**219**	**39**	**222**	**105**	**72**	**2,707**	**3,717**
2023	352	204	35	177	91	42	2,732	3,633

Non-current assets comprise intangible assets, property, plant and equipment, investments in associated companies, and non-current income tax receivables. Non-allocated assets include mainly goodwill, investments in associated companies, non-current income tax receivables and other fair value adjustments arising from business combinations that have not been pushed down to adjust the value of assets in the subsidiaries' books.

Gross capital expenditure (excluding business combinations and right-of-use assets) by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
2024	**8**	**4**	**73**	**17**	**5**	**107**
2023	16	7	82	15	4	125

Major customers

Valmet enters into large long-term projects which however individually rarely contribute more than 10 percent of annual revenue. In 2024 and 2023, there was no single customer with revenue exceeding 10 percent of net sales.

3 | Revenue recognition

Accounting policies

Valmet supplies process technologies, automation systems, valves and services primarily for the pulp, paper and energy industries, as well as municipal and industrial heat and power producers. Valmet's customer base also includes other process industries and marine, where automation solutions are widely used. In the process technologies business, the Group's revenue arises from projects, the scope of which ranges from delivery of complete mill facilities on a turnkey basis to single-section machine rebuilds, that may or may not include process automation solutions. Service business revenue includes revenue from short-term and long-term maintenance contracts, smaller improvement and modification contracts, rebuilds, as well as sale of spare parts and consumables. Process technologies and service business revenue largely arises from the same customers with service offering being focused on maintaining installed base of equipment and automation solutions. Automation business revenue arises from delivering automation solutions ranging from single measurements to mill- or plant-wide process automation systems, and mission-critical flow control technologies and services for the process industries.

Revenue is recognized to depict the transfer of promised goods or services to the customers in an amount that reflects the consideration to which Valmet expects to be entitled, in exchange for those goods or services. The timing and method as well as unit of revenue recognition are determined in accordance with the five-step model of IFRS 15 as follows:

Step 1:	Identification of the contract(s) with a customer
Step 2:	Identification of the performance obligations in the contract
Step 3:	Determination of the transaction price attached to the contract
Step 4:	Allocation of the transaction price to the performance obligations identified in the contract
Step 5:	Recognition of revenue when (or as) the entity satisfies a performance obligation

In long-term projects involving delivery of both equipment and services, one or more performance obligations are identified. The identification of performance obligations depends on the scope of the project and terms of the contracts, and largely follows the level at which quotes are being requested by the customers.

In short-term service contracts that involve delivery of a combination of equipment and services, depending on the scope of the contract and terms attached thereto, one or more performance obligations are identified. When the scope of the contract involves services provided at the customer site, such as installation, maintenance, technical support or mechanical audits, these are typically considered as a separate performance obligation from delivery of significant equipment and services provided off-site. On the other hand, when services in the scope of the contract are performed at Valmet premises only, such as workshop services, material and services typically cannot be identified separately, and consistently only one performance obligation is identified.

In long-term service contracts where Valmet's activities are largely performed at the customer's site, depending on the contract and terms attached thereto, one or more performance obligations are identified. When the scope of the contract involves various service elements that are sold separately on a stand-alone basis, these elements would typically be determined to consist of performance obligations on their own.

Revenue is recognized when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service, either over time or at a point in time.

When Valmet determines that control of goods or services is transferred over time, this is typically based either on that the customer simultaneously receives and consumes benefits as Valmet performs, or that Valmet's performance creates an asset with no alternative use throughout the duration of a contract and Valmet has enforceable right to payment for performance completed to date.

Deliverables within Valmet's product offering that have the characteristics of the first criterion include mill maintenance services or other field services provided under long-term contracts, in which the receipt and simultaneous consumption by the customer of the benefits of Valmet's performance can be readily identified. Deliverables with the characteristics of the second criterion include projects where the scope of the contract involves design and construction of an asset according to customer specifications. The assets created in these projects do not have alternative use because the design is based on specific customer needs. When revenue is recognized over time, progress towards complete satisfaction of the performance obligation is measured using the cost-based input method (cost-to-cost method). The cost-to-cost method is estimated to result in a revenue profile that best depicts the transfer of control of the deliverables to the customer.

Recognition of revenue at a point in time is applicable, among others, in contracts where services are performed at Valmet's premises, and deliveries of spare parts, valves and consumables. Control of deliverables typically transfers based on the delivery terms used, at the takeover, or at a later point in time when customer acceptance is received.

Valmet's contracts often involve elements of variable consideration, such as penalties, liquidated damages or performance bonus arrangements. Variable consideration is estimated by using either the expected value or the most likely amount -method, depending on the type of variable element and related contractual terms and conditions. The amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a

significant reversal of revenue does not occur later. Transaction prices are reassessed at each reporting date. Variable elements are generally allocated proportionately to all performance obligations in the contract, or when terms of the variable payments relate to satisfying a specific performance obligation and the allocated amount depicts the amount of consideration to which Valmet expects to be entitled in exchange for transferring related goods or services, variable consideration is allocated to that specific performance obligation, and not all performance obligations in the contract.

Valmet provides its customers with standard payment terms. If extended payment terms exceeding one year are offered to customers, the invoiced amount is discounted to its present value and interest income is recognized over the credit term.

When Valmet incurs costs in fulfilling its contractual obligations, these are expensed as incurred, unless costs can be capitalized as inventory. The latter is typically the case in performance obligations for which revenue is recognized at a point in time. Costs to obtain a contract are expensed as incurred.

Critical accounting estimates and judgments

For performance obligations satisfied over time, the progress and the profitability are based on the management's estimates, which require significant judgment concerning the stage of completion, the cost to complete, and the time of completion. Management regularly reviews the progress and execution of performance obligations. As part of the process, management reviews information including, but not limited to, key contractual obligations outstanding, project schedule, identified risks and opportunities, as well as changes in estimates of revenues and costs. A projected loss on a customer contract is recognized in full through profit or loss when it becomes known.

Valmet regularly enters into contracts where the consideration includes one or more variable elements. Variable consideration is estimated by using either the expected value or the most likely amount -method, depending on the type of the arrangement. In making judgments about variable consideration, Valmet considers historical, current and forecast information. The impact of changes in estimates is recognized in revenue in the period when the estimate is updated.

Disaggregation of revenue

Valmet's revenue is reported, and monitored by management, by business line and area. Paper, and Pulp and Energy business lines' revenue is derived from large long-term projects, for which revenue is mostly recognized over time based on the cost-to-cost method. For the projects that do not meet the over time revenue recognition criteria, revenue is recognized at a point in time. Service business line's revenue is generated from a large volume of short-term contracts with relatively low individual value, for which revenue is mainly recognized at a point in time. Flow Control business line's valves equipment sales are recognized at a point in time. Automation business line's revenue consists of long-term contracts and short-term service contracts. The nature of long-term contracts, and therefore also the revenue recognition method, is similar to process technologies projects although with average contract values being lower. Revenue for short-term service contracts is recognized at a point in time. The nature of revenue in each area in any given reporting period is driven by volume and size of ongoing projects.

Net sales by business lines:

EUR million	2024	2023
Services	**1,900**	1,784
Flow Control	**791**	777
Automation Systems	**646**	551
Pulp and Energy	**870**	1,067
Paper	**1,152**	1,353
Total	**5,359**	5,532

Timing of revenue recognition:

EUR million	2024	2023
Performance obligations satisfied at a point in time	**3,006**	2,670
Performance obligations satisfied over time	**2,353**	2,862
Total	**5,359**	5,532

Contract balances

In order to mitigate credit risk and compensate for contract costs incurred upfront, Valmet regularly requires advance payments from its customers. During the reporting period Valmet had not entered into any material contracts where the period between when Valmet transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or more. Neither were there any ongoing projects from previous reporting periods for which the former would apply.

The creditworthiness of a customer is verified before entering into a contract. However, if a risk of non-payment arises after contract inception, the probability of collection of consideration is re-evaluated and if assessed improbable, recognition of revenue is discontinued. An allowance for non-collectability of open receivables and contract assets is established as concluded appropriate.

Valmet receives payments from customers based on invoicing schedules as set out in the customer contracts. Changes in contract assets and liabilities are due to Valmet's performance under the customer contracts. Amounts due from customers under revenue contracts primarily relate to Valmet's right to consideration for work completed but not yet invoiced at the reporting date. These assets are transferred to trade receivables when right to consideration becomes unconditional, which is typically at the time when Valmet has contractual right to issue an invoice. A significant part of amounts due to customers is related to advance consideration received from customers in long-term contracts for which revenue is recognized over time. These amounts are recognized as revenue as (or when) Valmet performs under the contracts.

The following tables show movements in amounts due from customers under revenue contracts and amounts due to customers under revenue contracts during the reporting period. Revenue recognized in the period also includes revenue recognized related to performance obligations satisfied in previous periods, the amount of which however is insignificant.

Amounts due from customers under revenue contracts:

EUR million	2024	2023
Balance at beginning of the period	**475**	485
Translation differences	**-3**	-1
Acquired in business combinations	**2**	—
Revenue recognized in the period	**733**	1,148
Transfers to trade receivables	**-864**	-1,157
Balance at end of the period	**344**	475

Amounts due to customers under revenue contracts:

EUR million	2024	2023
Balance at beginning of the period	**1,151**	1,205
Translation differences	**18**	-18
Acquired in business combinations	**15**	66
Revenue recognized in the period	**-2,752**	-2,505
Consideration invoiced and/or received	**2,471**	2,403
Balance at end of the period	**904**	1,151

EUR million	2024	2023
Amounts due to customers under revenue contracts for which revenue is recognized		
Point in time	**321**	362
Over time	**583**	789
Carrying value at end of the period	**904**	1,151

Valmet typically issues contractual product warranties that guarantee the mechanical functioning of equipment delivered during the agreed warranty period. Valmet does not issue service-type warranties.

As at December 31, 2024, Valmet had no costs to obtain or fulfil contracts capitalized under IFRS 15.

The aggregate amount of transaction price allocated to unsatisfied or partially satisfied performance obligations as at December 31, 2024, was EUR 4,452 million (EUR 3,973 million). Approximately EUR 3.1 billion of the order backlog is currently expected to be realized as net sales during 2025 (at the end of December 2023, EUR ~3.3 billion was expected to be realized as net sales during 2024).

4 | Intangible assets and property, plant and equipment

Accounting policies

Fixed assets consist of intangible assets and property, plant and equipment. Intangible assets, which comprise goodwill, intangible assets recognized in business combinations (such as technology and customer relationships), capitalized software and other intangible assets, are stated at historical cost less accumulated amortization and impairment losses, if any. Goodwill is not amortized, but tested for impairment.

Property, plant and equipment is stated at historical cost, less accumulated depreciation and impairment losses, if any. Land and water areas are not depreciated.

Subsequent improvement costs related to an asset are included in the carrying value of such an asset or recognized as a separate asset, as appropriate, only when the future economic benefits associated with the costs are probable, and the related costs can be separated from normal maintenance costs.

Depreciation and amortization

The amortization of intangible assets with a definite useful life is calculated on a straight-line basis over the expected economic lives of the assets, being the following:

Patents and licenses	5–10 years
Capitalized software	3–10 years
Technology	3–20 years
Customer relationships	3–20 years
Other intangibles	1–40 years

Depreciation of property, plant and equipment is calculated on a straight-line basis over the expected useful lives of the assets, being the following:

Buildings and structures	15–40 years
Machinery and equipment	3–20 years

Expected useful lives are reviewed at each balance sheet date, and if they differ significantly from previous estimates, the remaining depreciation periods are adjusted accordingly.

Impairment

The carrying value of fixed assets subject to amortization or depreciation is reviewed for impairment whenever events and changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The recoverable amount of an asset is the higher of its fair value and its value in use. An asset is impaired if its carrying amount exceeds its recoverable amount, at which time an impairment loss is recognized in the Consolidated statement of income in Other operating expenses. The previously recognized impairment loss may be reversed if, and only if, there is exceptional and significant improvement in the circumstances having initially caused the impairment.

The carrying value of goodwill is reviewed for impairment annually or more frequently if facts and circumstances, such as decline in sales, operating profit or cash flows, or material adverse changes in the business environment, suggest that carrying value may not be recoverable. Valmet has three cash generating units (CGUs) that establish the first aggregation levels at which impairment testing can be done. The testing of goodwill for impairment is performed at the CGU level, as goodwill does not generate cash flows independently of the CGUs. Valmet uses the value in use method to measure the recoverable amount of goodwill subject to testing. Value in use is estimated through the discounted cash flow method. A previously recognized impairment loss on goodwill is not reversed even if there is a significant improvement in circumstances, having initially caused the impairment.

Critical accounting estimates and judgments

Impairment testing

The preparation of impairment analysis requires use of numerous estimates. The valuation is inherently judgmental and highly susceptible to change from period to period because it requires management to make assumptions about future supply and demand related to its individual business units, future sales prices and achievable cost levels. The value of the benefits and savings expected from the efficiency improvement programs is inherently subjective. All outsized improvements are excluded from future cash inflows and outflows. The value in use of a cash-generating unit is determined by discounting estimated future cash flows with a discount rate approximating the weighted average cost of capital (WACC).

The WACC is based on comparable peer industry betas and capital structure.

Triggering events for impairment reviews at Valmet include the following:

- A material permanent deterioration in the economic or political environment of the customers' or Valmet's own activity
- Businesses or asset's significant under-performance relative to historical or projected future performance
- Significant changes in Valmet's strategic orientations affecting the business plans and previous investment policies.

Intangible assets:

EUR million	Goodwill	Intangible assets recognized in business combinations	Capitalized software	Other intangible assets	Total
2024					
Acquisition cost at beginning of the period	1,735	1,502	234	72	**3,545**
Translation differences	9	4	—	—	**13**
Capital expenditure	—	—	—	23	**24**
Acquired in business combinations	63	69	—	—	**133**
Retirements	—	—	-7	-10	**-16**
Reclassifications	—	—	18	-18	**—**
Other changes	—	—	—	1	**1**
Acquisition cost at end of the period	1,808	1,576	246	69	**3,699**
Accumulated amortization and impairment losses at beginning of the period	—	-483	-130	-55	**-668**
Translation differences	—	-1	—	—	**—**
Amortization	—	-84	-20	-3	**-108**
Impairment losses	—	—	-3	-2	**-5**
Retirements	—	—	7	10	**16**
Other changes	—	—	—	—	**—**
Accumulated amortization and impairment losses at end of the period	—	-568	-146	-51	**-764**
Carrying value at end of the period	**1,808**	**1,008**	**100**	**18**	**2,934**

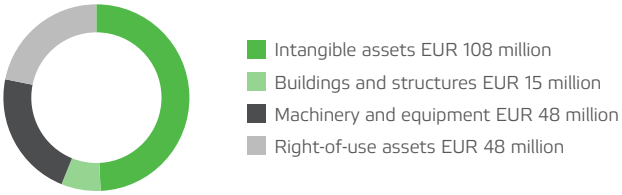
EUR million	Goodwill	Intangible assets recognized in business combinations	Capitalized software	Other intangible assets	Total
2023					
Acquisition cost at beginning of the period	1,611	1,320	206	78	3,215
Translation differences	-3	—	—	—	-3
Capital expenditure	—	—	—	27	27
Acquired in business combinations	128	182	1	—	311
Retirements	—	—	—	-2	-2
Reclassifications	—	—	28	-28	—
Other changes	—	—	—	-3	-3
Acquisition cost at end of the period	1,735	1,502	234	72	3,545
Accumulated amortization and impairment losses at beginning of the period	—	-407	-111	-56	-575
Translation differences	—	—	—	—	—
Amortization	—	-76	-19	-4	-98
Impairment losses	—	—	—	—	—
Retirements	—	—	—	2	2
Other changes	—	—	—	3	3
Accumulated amortization and impairment losses at end of the period	—	-483	-130	-55	-668
Carrying value at end of the period	1,735	1,020	105	17	2,877

Property, plant and equipment (excluding right-of-use assets):

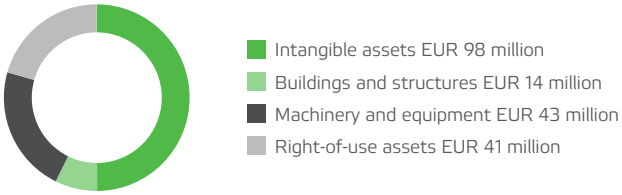
EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Assets under construction	Total
2024					
Acquisition cost at beginning of the period	40	449	1,030	81	**1,599**
Translation differences	—	—	6	—	**6**
Capital expenditure	—	1	6	76	**83**
Acquired in business combinations	—	—	6	—	**6**
Disposals	—	—	-10	-1	**-11**
Retirements	—	-3	-14	—	**-17**
Reclassifications	—	14	59	-74	**—**
Other changes	—	—	—	—	**—**
Acquisition cost at end of the period	41	461	1,083	83	**1,667**
Accumulated depreciation and impairment losses at beginning of the period	—	-280	-767	—	**-1,046**
Translation differences	—	-1	-4	—	**-5**
Depreciation	—	-15	-48	—	**-63**
Impairment losses	—	-6	-2	—	**-8**
Disposals	—	—	9	—	**9**
Retirements	—	3	14	—	**17**
Other changes	—	—	—	—	**—**
Accumulated depreciation and impairment losses at end of the period	—	-298	-799	—	**-1,098**
Carrying value at end of the period	**40**	**163**	**283**	**83**	**569**

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Assets under construction	Total
2023					
Acquisition cost at beginning of the period	41	428	975	84	1,528
Translation differences	-1	-6	-13	-1	-21
Capital expenditure	—	1	12	85	98
Acquired in business combinations	—	12	16	1	29
Disposals	—	-7	-18	—	-25
Retirements	—	—	-8	—	-9
Reclassifications	—	21	67	-87	—
Other changes	—	—	—	-1	-1
Acquisition cost at end of the period	40	449	1,030	81	1,599
Accumulated depreciation and impairment losses at beginning of the period	—	-276	-758	—	-1,034
Translation differences	—	3	10	—	13
Depreciation	—	-14	-43	—	-58
Impairment losses	—	—	—	—	—
Disposals	—	7	16	—	23
Retirements	—	—	8	—	9
Other changes	—	—	1	—	—
Accumulated depreciation and impairment losses at end of the period	—	-280	-767	—	-1,046
Carrying value at end of the period	40	169	263	81	553

Depreciation and amortization 2024, EUR 219 million



Depreciation and amortization 2023, EUR 196 million



Depreciation and amortization by function:

EUR million	2024	2023
Cost of goods sold	**-67**	-64
Selling, general and administrative expenses		
Marketing and selling	**-8**	-7
Research and development	**-6**	-5
Administrative	**-138**	-120
Total	**-219**	-196

Table does not include amortization included in share in profits and losses of associated companies, operative investments.

Goodwill impairment testing

On the acquisition date goodwill arising from business acquisitions is allocated to the cash generating unit (CGU) or cash generating units expected to benefit from the synergies of the combination, irrespective of whether other assets and/or liabilities of the acquiree are assigned to the CGU or CGUs. In 2024 and 2023, Valmet has identified three CGUs, which are Services, Automation and Process Technologies.

Valmet assesses the value of its goodwill for impairment annually or more frequently if facts and circumstances indicate that a risk of impairment exists. Testing is performed by comparing the carrying value of the CGU to its recoverable amount, which is determined based on a value in use calculation. This calculation uses pre-tax cash flow projections based on financial budgets approved by Valmet's management and Board of Directors covering a five-year period. The terminal values representing the cash flows beyond the five-year period are calculated using the estimated long-term growth rates stated below.

The following table sets out the allocation of goodwill as at December 31, 2024 and 2023, and the key assumptions applied in the value in use calculations. In both financial years, testing was performed as at September 30.

Allocation of goodwill as at December 31:

EUR million	2024	2023
Services	**891**	643
Automation	**670**	862
Process Technologies	**247**	231
Total	**1,808**	1,735

Key assumptions applied:

	2024	2023
Long-term growth rate, (%)		
Services	**2.0%**	2.0%
Automation	**2.0%**	2.3%
Process Technologies	**2.0%**	2.1%
Pre-tax discount rate, (%)[1]		
Services	**10.7%**	11.9%
Automation	**10.1%**	11.2%
Process Technologies	**11.9%**	16.8%

[1] The parameters used in calculating the pre-tax discount rate, including the risk-free rate, were reviewed and updated in 2024 to enhance consistency and comparability over the years.

The provisional goodwill arising from the acquisition of Process Gas Chromatography business from Siemens, EUR 27 million, has been allocated to Automation CGU.

The key assumptions are based on past performance as well as management's and the Board of Directors' expectations of market development. Assumptions on product mix are in line with the Group's financial targets, with stable business growth exceeding that of the process technologies business. Profitability margin assumptions reflect improvements similarly in line with the Group's financial targets as communicated. External sources are also used to obtain data on growth, demand, and price developments that is used in establishing the assumptions. The discount rate used in testing is derived from the weighted average cost of capital based on comparable peer industry betas and capital structure. The long-term growth rates used for calculating the terminal values are based on Valmet's assessments for the market growth drivers and have been corroborated against the long-term inflation expectations. The assumptions requiring most judgment are the market development and product mix.

As a result of the annual impairment tests, no impairment loss was recognized on goodwill in 2024 or in 2023.

Sensitivity analysis

Valmet's management has assessed that no reasonably possible change in any of the key assumptions would cause any of the CGU's carrying amount to exceed its recoverable amount.

5 | Leases

Accounting policies

Valmet assesses at the inception of a contract whether it is or contains a lease. A contract is considered to contain a lease if it conveys the right to use an either explicitly or implicitly identified asset for a period of time in exchange for consideration. In lease contracts where Valmet is the lessee, a right-of-use asset and a lease liability is recognized on the lease commencement date to reflect Valmet's right to use the underlying asset and the unpaid future lease payments respectively.

The lease liability is initially measured at an amount equal to the present value of the future lease payments that are not yet paid on the commencement date. Lease payments are discounted using Valmet's incremental borrowing rate reflecting entity-specific factors and the lease term. Incremental borrowing rates are estimated based on market prices, adjusted with calculated margins representing the entity-specific factors such as credit and country risk.

In subsequent periods, the lease liability is measured using the effective interest rate method, and the carrying amount of the lease liability is increased with the interest on the lease liability, reduced by the amount of lease payments made and adjusted to reflect any reassessments or lease modifications made. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset. Variable lease payments not based on an index or rate are not included in the liability but are expensed as incurred.

A right-of-use asset is initially measured at cost comprising the amount of the initial measurement of the lease liability and any lease payments made on or before the commencement date, any initial direct costs incurred by Valmet, and restoration costs, less any lease incentives received. Subsequently, the right-of-use asset is depreciated on a straight-line basis over the shorter of the lease term or the useful life of the asset.

Valmet applies exemptions provided by IFRS 16 not to recognize a right-of-use asset and corresponding lease liability for leases with a contract term of 12 months or less, and for leases of low-value assets. The payments for these leases are recognized as an expense on a straight-line basis over the lease term. Furthermore, Valmet separates non-lease components from lease components only for asset classes in which the amount of non-lease components is significant.

Critical accounting estimates and judgments

Valmet has a significant volume of open-ended real estate lease contracts which carry a short notice period only, or which have an initial fixed term but carry extension or termination options. Estimating the likely lease term for these contracts and assessing if the options will be exercised requires significant judgment. When assessing the lease term for these contracts, management considers the relevant facts and circumstances. The likely lease term is typically assessed following the three-year financial forecasts established by management. If there are specific circumstances in place, such as beneficial market rates, significant leasehold improvements, or other significant direct or indirect costs associated with exiting the lease, the lease term can be more than three years.

Considering other than real estate leases, the need for assets leased under open-ended contracts is commonly short-term in nature, and as such, open-ended contracts where the notice period is 12 months or less are accounted for as short-term leases.

Valmet's leasing activities

The majority of Valmet's lease arrangements concern real estate, vehicles, and machinery and equipment located primarily on Valmet's premises. The length of these lease arrangements is typically three to five years, and contracts may include options to extend the lease.

The tables below present the right-of-use assets recognized in the Consolidated statement of financial position and the movements during the period and the future minimum lease payments as at December 31, 2024.

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Right-of-use assets total
2024				
Carrying value at beginning of the period	10	116	18	**145**
Translation differences	—	1	—	**2**
Additions	—	36	16	**53**
Acquired in business combinations	—	11	—	**11**
Depreciation	-1	-36	-11	**-48**
Other changes	—	-5	—	**-6**
Carrying value at end of the period	**10**	**123**	**24**	**156**

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Right-of-use assets total
2023				
Carrying value at beginning of the period	11	80	14	105
Translation differences	-1	-1	—	-2
Additions	—	34	14	48
Acquired in business combinations	—	36	1	37
Depreciation	-1	-30	-10	-40
Other changes	—	-2	-1	-3
Carrying value at end of the period	10	116	18	145

Maturity of future minimum lease payments as at December 31

EUR million	2024	2023
Due within 1 year	**51**	44
Due in 1–2 years	**38**	37
Due in 2–3 years	**24**	24
Due in 3–4 years	**18**	14
Due in 4–5 years	**13**	11
Due after 5 years	**42**	39
Total	**187**	169

Lease payments related to short-term leases and leases of low-value assets, as well as variable lease payments that are not based on index or rate, are not included in the lease liability but are recognized as an expense as incurred in either Cost of goods sold or Selling, general and administrative expenses. The table below presents lease payments for such leases. The interest expense related to leases included in Financial expenses is presented in Note 10.

EUR million	2024	2023
Expenses related to short-term leases	**-3**	-3
Expenses related to leases of low-value assets	**-6**	-7
Expenses related to variable lease payments not included in lease liabilities	**-2**	-1
Total	**-12**	-11

6 | Net working capital

Payment schedules of large long-term projects have a significant impact on net working capital development.

Net working capital does not include non-operative items such as taxes, interest-bearing assets and liabilities, or other items related to the funding of the Group's operations.

	As at December 31,		Impact to cash flows
EUR million	**2024**	**2023**	**2024**
Assets included in net working capital			
Non-current trade receivables	**22**	8	**-13**
Other non-current assets	**37**	15	**-22**
Inventories	**903**	1,049	**145**
Trade receivables	**862**	973	**111**
Amounts due from customers under revenue contracts	**344**	475	**131**
Derivative financial instruments (assets)	**31**	40	**9**
Other receivables	**232**	257	**25**
Liabilities included in net working capital			
Employee benefits	**-157**	-154	**3**
Provisions	**-190**	-211	**-21**
Other non-current non-interest-bearing liabilities	**-1**	-1	**—**
Trade payables	**-460**	-520	**-59**
Amounts due to customers under revenue contracts	**-904**	-1,151	**-247**
Derivative financial instruments (liabilities)	**-43**	-46	**-2**
Other current liabilities	**-542**	-544	**-2**
Total net working capital	**134**	191	**57**
Effect of changes in foreign exchange rates			**-3**
Remeasurement of defined benefit plans			**11**
Change in allowance for doubtful receivables and inventory obsolescence provision			**-23**
Acquired in business combinations			**—**
Change in net working capital in the Consolidated statement of cash flows			**43**

7 | Inventories

Accounting policies

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Materials and supplies and finished products are valued on a weighted average cost basis or on a first in, first out (FIFO) basis. Work in progress includes costs related to ongoing projects, for which revenue is recognized at a point in time. Work in progress typically includes costs for direct labor and material and allocated overhead costs.

Critical accounting estimates and judgments

Provision for slow-moving and obsolete inventory is based on the best estimate of such amounts at the balance sheet date. The estimate is based on a systematic ongoing review and evaluation of inventory balances. As part of this evaluation, Valmet also considers the composition and age of the inventory compared to anticipated future needs.

Specification of changes in inventory obsolescence provision:

EUR million	2024	2023
Balance at beginning of the period	**67**	55
Translation differences	**—**	-1
Additions charged to profit or loss	**31**	24
Acquired in business combinations	**23**	13
Provisions used	**-12**	-12
Unused provisions reversed	**-15**	-13
Balance at end of the period	**93**	67

The cost of inventories recognized as expense was EUR 3,553 million and EUR 3,831 million for the years ended December 31, 2024, and 2023, respectively.

8 | Financial assets and liabilities

Accounting policies

Valmet classifies its financial assets into the following categories: at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss. The measurement category of financial assets is determined based on the related business model and contractual cash flow characteristics of a given instrument. Financial assets are derecognized when the contractual rights to cash flows have expired, or the rights to cash flows together with substantially all risks and rewards of ownership, have transferred.

Financial liabilities are classified either at amortized cost or at fair value through profit or loss. Financial liabilities are derecognized when they are extinguished, that is when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are recognized when Valmet becomes party to the contractual provisions of the instrument. Both financial assets and liabilities are presented as non-current when their maturity exceeds 12 months.

Financial assets at amortized cost

The Group's financial assets measured at amortized cost include trade, loan and other receivables together with cash and cash equivalents. These assets are recognized initially at fair value including transaction costs and trade receivables at their transaction price. Subsequently the assets are recognized at amortized cost using the effective interest rate method. Trade receivables are the most significant of these assets, and for them the amortized cost equals to the original amount invoiced to customers, net of allowance for expected credit losses. If extended payment terms exceeding one year are offered to a counterparty, the receivable is discounted to present value and interest income is recognized over the credit term.

Valmet evaluates changes in credit risk associated with different financial assets at each reporting date as required by general impairment guidelines set out in IFRS 9. If credit risk has not changed significantly since initial recognition, an allowance amounting to expected credit losses for next 12 months is recognized. However, if the credit risk has changed significantly, the valuation of allowance is based on lifetime expected credit losses.

For trade receivables and contract assets arising from customer contracts for which revenue is recognized over time, a simplified

impairment model is applied and valuation of allowance is based on lifetime expected credit losses which are recognized at first reporting date. Valmet's application of the simplified impairment model considers historical credit loss experience, time value of money and forward-looking information relevant to estimate future credit losses, and the inputs used in the model are updated on a regular basis. The model applied includes a statistical model together with an option to apply case-by-case analysis for significant trade receivables overdue more than 90 days. Final bad debts are written off when official announcement of receivership, liquidation or bankruptcy is received confirming that the receivable will not be honored by the customer. Changes in allowance together with final bad debts are reported under Other operating income and expenses.

Financial assets at fair value through other comprehensive income

The majority of Valmet's financial assets measured at fair value through other comprehensive income (OCI) are interest-bearing financial assets managed centrally by Group treasury. The business model for these assets involves both holding until maturity and selling before the maturity date approaches, depending on prevailing market circumstances and Group treasury's operational requirements. Gains and losses from these assets are recognized in the fair value reserve of Equity and at derecognition these are recycled through OCI to Consolidated statement of income.

Valmet also applies fair value through other comprehensive income option to certain publicly traded equity investments. Change in fair value of the related shares is recognized in the fair value reserve of Equity. Should the investments be divested in the future, any cumulative gain or loss remains in Equity, and is not recycled through OCI to the Consolidated statement of income. Fair value of the equity investments classified at fair value through other comprehensive income as at December 31, 2024, was EUR 10 million (EUR 8 million).

Financial assets and liabilities at fair value through profit or loss

The majority of the Group's financial assets and liabilities measured at fair value through profit or loss are derivative financial instruments, for which the related accounting policies are presented in Note 9. Valmet's other equity holdings, excluding publicly traded equity investments, include various industrial participations, shares in real estate holdings and other shares which are measured at fair value through profit or loss. For these other equity ownerships, if a reliable market value does not exist, historical cost is considered the best available estimate of fair value. Valmet has not voluntarily assigned any financial assets or liabilities to be measured at fair value in addition to items designated to this category mandatorily in accordance with IFRS 9.

Financial liabilities at amortized cost

Valmet's financial liabilities measured at amortized cost consist of loans from financial institutions, bonds, lease liabilities and trade payables. Loans from financial institutions are initially recognized at fair value, net of transaction costs incurred. Subsequently these liabilities are measured at amortized cost by using the effective interest rate method. Loans from financial institutions are classified as current liabilities unless Valmet has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Accounting policies for leases are presented in Note 5.

Fair value estimation

For those financial assets and liabilities, which have been recognized at fair value in the Consolidated statement of financial position, the measurement hierarchy and valuation methods described below have been applied. There have been no transfers between fair value levels.

Level 1

The fair value of financial instruments in Level 1 is based on quoted unadjusted prices at reporting date in active markets. The market prices are readily and regularly available from an exchange, dealer, broker, market data provider, pricing service or regulatory agency. The quoted market price used for financial assets is the current bid price. Level 1 financial instruments include equity investments classified as financial assets at fair value through other comprehensive income.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize observable market data readily and regularly available from an exchange, dealer, broker, market data provider, pricing service or regulatory agency. Level 2 financial instruments include over-the-counter (OTC) derivatives classified as financial assets and liabilities at fair value through profit or loss or derivatives qualified for hedge accounting and all other financial assets and liabilities except for equity investments.

Level 3

A financial instrument is categorized into Level 3 if the calculation of the fair value cannot be based on observable market data. Level 3 financial instruments include equity investments classified as financial assets at fair value through profit or loss. There were no changes in Level 3 instruments for the 12 months ended December 31, 2024.

Critical accounting estimates and judgments

Under the simplified impairment model applied to trade receivables and contract assets, an allowance amounting to lifetime expected credit losses is recognized at first reporting date. The amount of this allowance is estimated based on a model that considers historical credit loss experience, time value of money and forward-looking information relevant to estimate future credit losses. The inputs used in the model are updated on a regular basis.

Application of the guidance for impairment of financial assets, in particular estimation of future expected credit losses and application of case-by-case analysis to significant trade receivables overdue more than 90 days, requires significant management judgment and includes consideration of available customer and market information. Resulting impairment of financial assets is the best estimate based on information available and may differ from the actual result.

Classification of financial assets and liabilities as at December 31:

EUR million	2024	2023
Non-current financial assets		
Equity investments at fair value through other comprehensive income	10	8
Equity investments at fair value through profit or loss	2	2
Trade receivables at amortized cost	22	8
Derivative financial instruments at fair value through profit or loss	—	—
Derivative financial instruments qualified for hedge accounting	6	12
Carrying value at end of the period	**40**	31
Current financial assets		
Interest-bearing financial assets at fair value through other comprehensive income	30	25
Non-interest-bearing financial assets at amortized cost	8	3
Trade receivables at amortized cost	862	973
Derivative financial instruments at fair value through profit or loss	9	8
Derivative financial instruments qualified for hedge accounting	15	20
Cash and cash equivalents at amortized cost	482	432
Carrying value at end of the period	**1,406**	1,460

EUR million	2024	2023
Non-current financial liabilities		
Loans from financial institutions at amortized cost	1,071	1,240
Bonds at amortized cost[1]	202	—
Lease liabilities at amortized cost	107	98
Derivative financial instruments at fair value through profit or loss[2]	—	—
Derivative financial instruments qualified for hedge accounting[2]	12	11
Carrying value at end of the period	**1,392**	1,349
Current financial liabilities		
Loans from financial institutions at amortized cost	94	40
Lease liabilities at amortized cost	50	43
Interest-bearing liabilities at amortized cost	20	63
Trade payables at amortized cost	460	520
Derivative financial instruments at fair value through profit or loss	7	8
Derivative financial instruments qualified for hedge accounting	24	26
Carrying value at end of the period	**656**	700

[1] The bonds have been measured at amortized cost, adjusted by the fair value to the extent that fair value hedge accounting is applied.
[2] Included in Other non-current liabilities in the Consolidated statement of financial position.

Carrying values presented in the table above approximate fair values, except for the loans from financial institutions where fair value approximates to EUR 1,206 million (EUR 1,317 million).

Non-current equity investments comprised EUR 10 million listed shares (EUR 8 million) and various industrial participations, shares in real-estate holdings and other shares amounting to EUR 2 million as at December 31, 2024 (EUR 2 million). Current interest-bearing financial assets managed centrally by the Group treasury amounted to EUR 30 million (EUR 25 million).

Valmet manages its cash by investing in financial assets with varying maturities. Interest-bearing financial assets with maturities at the date of acquisition exceeding three months are classified as Other current financial assets and assets with maturities of three months or less are classified as Cash and cash equivalents in the Consolidated statement of financial position. Cash and cash equivalents comprised cash at bank and in hand of EUR 460 million (EUR 421 million) and other short-term financial assets with maturities of three months or less of EUR 23 million (EUR 11 million) mainly comprising bank deposits and banker's acceptance drafts. For more information on derivative financial instruments, see Note 9.

Analysis of trade receivables by age as at December 31:

EUR million	2024	2023
Trade receivables, not due	**615**	625
Trade receivables 1–30 days overdue	**141**	182
Trade receivables 31–60 days overdue	**53**	93
Trade receivables 61–90 days overdue	**16**	32
Trade receivables 91–180 days overdue	**32**	22
Trade receivables more than 180 days overdue	**27**	27
Total	**884**	981

Movement in allowance for trade receivables and contract assets:

EUR million	2024	2023
Balance at beginning of the period	**25**	21
Translation differences	**—**	-1
Additions charged to profit or loss	**15**	7
Acquired in business combinations	**—**	4
Used reserve	**-6**	-3
Reversals	**-3**	-3
Balance at end of the period	**33**	25

Net debt reconciliation as at December 31:

EUR million	2024	2023
- Cash and cash equivalents	**482**	432
- Current interest-bearing financial assets	**30**	25
+ Loans from financial institutions, bonds and other current debt	**1,387**	1,343
+ Lease liabilities	**157**	141
Net debt	**1,032**	1,027

	2024				
	Liabilities from financing activities		Other assets		
EUR million	(+) Loans from financial institutions, bonds and other current debt	(+) Lease liabilities	(-) Cash and cash equivalents	(-) Current interest-bearing financial assets	Total net debt
Balance at beginning of the period	1,343	141	432	25	**1,027**
Translation differences	—	1	3	-4	**2**
Cash flows	42	-52	48	7	**-64**
Additions to lease liabilities	—	62	—	—	**62**
Acquired in business combinations	—	10	—	3	**7**
Other changes	2	-5	—	—	**-3**
Balance at end the of period	**1,387**	**157**	**482**	**30**	**1,032**

	2023				
	Liabilities from financing activities		Other assets		
EUR million	(+) Loans from financial institutions and other current debt	(+) Lease liabilities	(-) Cash and cash equivalents	(-) Current interest-bearing financial assets	Total net debt
Balance at beginning of the period	710	99	277	30	502
Translation differences	—	-1	-10	2	7
Cash flows	633	-44	165	-7	431
Additions to lease liabilities	—	54	—	—	54
Acquired in business combinations	—	37	—	—	37
Other changes	—	-3	—	—	-3
Balance at end of the period	1,343	141	432	25	1,027

9 | Derivative financial instruments

Accounting policies

Derivative financial instruments

Derivative financial instruments are used to hedge the Group's exposure to foreign exchange rate, interest rate and commodity price risks arising from operational, investment and financing activities in accordance with Valmet's treasury policy, which is discussed further in Note 21.

Trade date accounting is applied to the Group's derivative financial instruments and these are measured at initial recognition and at each reporting date at fair value in the balance sheet. Fair value of open derivative contracts is calculated as present value of future cash flows using currency, interest and commodity price quotations on the reporting date. The instruments are classified as non-current assets or liabilities when the remaining maturities exceed 12 months and as current assets or liabilities when the remaining maturities are 12 months or less.

When hedge accounting is applied, derivatives are designated at inception either as hedges of firm commitments or highly probable forecasted sale and purchase transactions (cash flow hedge) or as hedges of fixed-rate debt (fair value hedge). When hedge accounting criteria are not met, derivatives are measured at fair value through profit or loss.

Application of hedge accounting

Valmet has designated certain forward exchange contracts, interest rate swaps, electricity forward contracts, and nickel average price swaps to cash flow hedge accounting relationships. Further, interest rate swaps not designated to cash flow hedge accounting, have been designated to fair value hedge accounting. When hedge accounting is applied, the relationship between hedging instrument and hedged item is documented, including the related risk management strategy and objectives. In cash flow hedge accounting, both at hedge inception and at each reporting date, a forward-looking assessment is performed to ensure that changes in cash flows of the hedging instrument are expected to offset changes in cash flows from the

hedged item. In fair value hedge accounting, both at inception and at each reporting date, the change in fair value of the derivatives is compared against those of the underlying instruments. When performing these assessments, if critical terms of hedging instrument and hedged item match, and an economic relationship between the hedged item and hedging instrument exists, hedge accounting relationship is considered effective.

Cash flow hedge accounting

For derivatives that have been designated to a cash flow hedge accounting relationship, the effective portion of change in fair value is recognized through other comprehensive income (OCI) in the hedge reserve under Equity and reclassified to profit or loss concurrently with the underlying hedged transaction. The gains or losses relating to the ineffective portion of derivatives hedging operative items (e.g. foreign currency denominated sales and purchase transactions) are reported in profit or loss. Both the ineffective portion and the reclassification from Equity are reported either in Net sales and Cost of goods sold or under Other operating income and expenses on a case-by-case basis. Net loss from foreign exchange related to operative items was EUR -21 million in 2024 (EUR -12 million). Respectively, the ineffective portions of derivatives hedging non-operative items (e.g. interest-bearing financial assets and liabilities, and other items related to the Group's funding) are reported under Financial income and expenses in profit or loss. Ineffectiveness arising from application of hedge accounting during the reporting period was insignificant. Should a hedged transaction no longer be expected to occur, any cumulative gain or loss previously recognized under Equity is reclassified through OCI to profit or loss.

When hedging for changes in foreign currency denominated firm commitments or highly probable forecasted sale and purchase transactions, the currency component of forward exchange contracts has been designated as hedging instrument in hedge accounting relationships in every case. In addition, based on a case-by-case designation, the interest component of forward exchange contracts can also be designated as hedging instrument in hedge accounting relationships. In cases where the interest component is not designated as part of Valmet's hedge accounting relationships, it is recognized in profit or loss.

Valmet has designated interest rate swaps as hedging instruments to hedge future changes in cash flows arising from Valmet's floating rate loans from financial institutions. Interest arising from interest rate swaps is reported under Financial income and expenses concurrently with interest expense arising from hedged floating rate loans from financial institutions.

For highly probable forecasted purchases of electricity, the Group has designated the system-price component of electricity purchases as hedged risk and electricity forward contracts as hedging instruments to hedge accounting relationships. The realized gains and losses related to the effective portion of the electricity forward contracts are recognized in the Consolidated statement of income under Cost of goods sold.

Valmet has designated certain nickel commodity swaps as hedging instruments in hedge accounting relationship to hedge risk of changes in the nickel price component in highly probable forecasted purchase transactions from its suppliers. The realized gains and losses related to the effective portion of the nickel average price swap contracts are recognized in the Consolidated statement of income under Cost of goods sold concurrently with the underlying hedged transaction.

Fair value hedge accounting

Valmet applies fair value hedge accounting to certain fixed-rate loans. These fixed-rate loans create an exposure to fixed interest payments and the hedging instruments, interest rate swaps, receives fixed interest payments. There is an expectation that the value of the hedging instrument and the underlying hedged risk move in opposite direction. The change in fair value of the interest rate swap hedging the loan is recognized in Financial income and expenses in profit or loss concurrently with the change in value of the underlying hedged fixed-rate loan.

Derivatives at fair value through profit or loss

Certain forward exchange contracts, foreign exchange options and commodity derivatives do not qualify for hedge accounting and change in fair value is recorded through profit or loss. Gains or losses arising from derivatives hedging operative items are recognized case-by-case either in Net sales and Cost of goods sold or in Other operating income and expenses. When the forward exchange contracts hedge exchange rate risk arising from foreign currency denominated non-operative items, gains and losses are recognized in Financial income and expenses in profit or loss.

Critical accounting estimates and judgments

Financial instruments

In accordance with the disclosure requirements on financial instruments, the management is obliged to make certain assumptions of the related future cash inflows and outflows associated with different financial assets and liabilities. Management assumes that the fair values of derivatives, especially fair values of forward exchange contracts, materially reflect the present values of future cash inflows or outflows to be realized from such instruments.

Hedging of foreign currency denominated firm commitments or highly probable forecasted sale and purchase transactions

Under Valmet's treasury policy, all Valmet entities are required to hedge their foreign currency risk when they have become engaged in a firm commitment denominated in a currency different from their functional currency. The commitment can be between Valmet entities or external to Valmet Group. In addition, certain highly probable forecasted sales and purchases are hedged in co-operation with the Group treasury. When revenue for a customer contract is recognized over time, the entity applies cash flow hedge accounting to both foreign currency denominated sales and purchases and recognizes the effect from the hedging instruments in the OCI until the hedged sales and/or purchases are recognized in the Consolidated statement of income. Although the exposure hedged by Valmet entities has been clearly defined in Valmet treasury policy, the final realization of the hedged items depends also on factors beyond management's control, which cannot be foreseen when initiating the hedge relationship. Such factors include change in the market environment causing the other party to postpone or cancel the commitment or highly probable forecasted sale or purchase. Management tries to the extent possible to include clauses in the related contracts to reduce the impact of such adverse events to the Consolidated statement of income.

Notional amounts and fair values of derivative financial instruments as at December 31:

EUR million	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
2024				
Forward exchange contracts[1]				
Under hedge accounting (cash flow hedge)	2,416	17	-28	-11
Not designated for hedge accounting	1,137	9	-7	2
Total	3,553	26	-35	-9
Foreign exchange options (bought)[1]				
Not designated for hedge accounting	150	—	—	—
Electricity forward contracts[2]				
Under hedge accounting (cash flow hedge)	160	—	-1	-1
Nickel commodity swaps[3]				
Under hedge accounting (cash flow hedge)	371	—	-1	-1
Not designated for hedge accounting	1,112	—	—	—
Total	1,483	—	-1	-1
Steel scrap commodity swaps[3]				
Not designated for hedge accounting	1,303	—	—	—
Interest rate swaps[1]				
Under hedge accounting (cash flow hedge)	550	2	-6	-4
Under hedge accounting (fair value hedge)	100	2	—	2
Total	650	4	-6	-2
Total		**31**	**-43**	**-13**
Netting fair values of derivative financial instruments subject to ISDAs[4]		-28	28	—
Total, net		**2**	**-15**	**-13**
2023				
Forward exchange contracts[1]				
Under hedge accounting (cash flow hedge)	2,263	26	-31	-5
Not designated for hedge accounting	931	8	-6	2
Total	3,194	34	-38	-4
Electricity forward contracts[2]				
Under hedge accounting (cash flow hedge)	153	1	-1	—
Nickel commodity swaps[3]				
Not designated for hedge accounting	588	—	-2	-2
Steel scrap commodity swaps[3]				
Not designated for hedge accounting	1,523	—	—	—
Interest rate swaps[1]				
Under hedge accounting (cash flow hedge)	510	5	-5	—
Total		40	-46	-6
Netting fair values of derivative financial instruments subject to ISDAs[4]		-36	36	—
Total, net		4	-10	-6

[1] Notional amount in EUR million.
[2] Notional amount in GWh.
[3] Notional amount in metric tons.
[4] The Group's derivatives are carried out under International Swaps and Derivatives Association's Master Agreements (ISDA). In case of an event of default under these Agreements the non-defaulting party may request early termination and set-off of all outstanding transactions. These agreements do not meet the criteria for offsetting in the Statement of financial position.

Maturities of financial derivatives as at December 31:

	2025	2026	2027	2028	2029 and later	Total
2024						
Notional amounts						
Forward exchange contracts[1]	**3,033**	**519**	**1**	**—**	**—**	**3,553**
Foreign exchange options[1]	**150**	**—**	**—**	**—**	**—**	**150**
Electricity forward contracts[2]	**105**	**46**	**9**	**—**	**—**	**160**
Nickel commodity swaps[3]	**1,375**	**108**	**—**	**—**	**—**	**1,483**
Steel scrap commodity swaps[3]	**1,303**	**—**	**—**	**—**	**—**	**1,303**
Interest rate swaps[1]	**120**	**200**	**170**	**60**	**100**	**650**
Fair values, EUR million						
Forward exchange contracts	**-5**	**-4**	**—**	**—**	**—**	**-9**
Foreign exchange options	**—**	**—**	**—**	**—**	**—**	**—**
Electricity forward contracts	**—**	**—**	**—**	**—**	**—**	**-1**
Nickel commodity swaps	**-1**	**—**	**—**	**—**	**—**	**-1**
Steel scrap commodity swaps	**—**	**—**	**—**	**—**	**—**	**—**
Interest rate swaps	**—**	**-1**	**-1**	**-1**	**2**	**-2**

	2024	2025	2026	2027	2028 and later	Total
2023						
Notional amounts						
Forward exchange contracts[1]	2,840	315	39	—	—	3,194
Electricity forward contracts[2]	92	44	18	—	—	153
Nickel commodity swaps[3]	588	—	—	—	—	588
Steel scrap commodity swaps[3]	1,523	—	—	—	—	1,523
Interest rate swaps[1]	65	95	160	150	40	510
Fair values, EUR million						
Forward exchange contracts	-4	1	—	—	—	-4
Electricity forward contracts	—	—	—	—	—	—
Nickel commodity swaps	-2	—	—	—	—	-2
Steel scrap commodity swaps	—	—	—	—	—	—
Interest rate swaps	—	—	—	—	—	—

[1] Notional amount in EUR million.
[2] Notional amount in GWh.
[3] Notional amount in metric tons.

The notional amounts presented in the tables above give an indication of the volume of derivative contracts entered into, but do not provide an indication of the exposure to risk.

10 | Financial income and expenses

EUR million	2024	2023
Dividends received	—	—
Interest income on financial assets (excl. derivatives)	22	14
Net gain from foreign exchange	2	3
Interest component from forward contracts	—	—
Financial income total	24	17
Interest expenses on financial liabilities measured at amortized cost (excl. leases)	-69	-36
Interest expenses on lease liabilities	-8	-5
Net interest from defined benefit plans	-4	-5
Interest component from forward contracts	-4	-1
Other financial expenses	-4	-5
Financial expenses total	-90	-52
Financial income and expenses, net	-65	-34

Exchange rate differences included in financial income and expenses:

EUR million	2024	2023
Exchange rate differences from interest-bearing financial assets and liabilities, and other items related to Group's funding	-3	16
Exchange rate differences from derivative financial instruments	5	-13
Net gain or loss from foreign exchange	2	3

Interest expenses on financial liabilities at amortized cost (excl. leases) includes interest expenses on interest-bearing loans and interest rate swaps.

11 | Provisions

Accounting policies

A provision is recognized when Valmet has a present legal or constructive obligation as a result of a past event, payment is probable, and Valmet is able to estimate the amount of the obligation reliably. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate or reversed if they are no longer needed. Long-term provisions are discounted to their present value based on the expected timing of cash outflows when the effect of the time value of money is significant.

Warranty provisions

The Group typically issues contractual product warranties under which it generally guarantees the mechanical functioning of equipment delivered during the agreed warranty periods, ranging from 12 to 24 months. The main principle in measuring the warranty provision is to book a certain percentage, based on past experience, of total revenue of a deliverable as a provision for expected warranty work. For sales involving new technology and long-term delivery contracts, additional warranty provision may be established on a case-by-case basis to take into account the potentially increased risk. The actual warranty costs of each project are booked against the warranty provision and thus the remaining warranty provision of each project can be followed.

Actual warranty costs incurred on projects are monitored regularly in order to assess the need for amending the percentage based on which warranty provisions are recognized going forward.

Restructuring provisions

A provision for restructuring costs is recognized only when general recognition criteria for provision are met and after management has prepared and approved a formal plan to which it is committed, and it has raised a valid expectation in those affected by the measures that it will carry out the restructuring by starting to implement that plan or announcing its main features.

The costs included in a provision for restructuring are those costs that are either incremental or incurred as a direct result of the plan or are the result of a continuing contractual obligation with no continuing economic benefit to Valmet or a penalty incurred to cancel the contractual obligation. Restructuring and capacity adjustment expenses are recognized in either Cost of goods sold or Selling, general and administrative expenses depending on the nature of the expense. Restructuring costs may also include other

costs incurred as a result of a restructuring plan, which are recorded under Other operating income and expenses, such as asset impairment charges.

Provisions for onerous contracts

A provision for an onerous contract is recognized when the Group has a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is either the cost of fulfilling contractual obligations or penalties arising from the failure to fulfill those obligations.

Other provisions

Other provisions include provisions related to environment, personnel, legal and tax related processes. These provisions are recognized when general provision recognition criteria are met.

Critical accounting estimates and judgments

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the reporting day, taking into account related risks and uncertainties, management judgment supplemented by experience with similar transactions and future events when there is sufficient evidence that they will occur and affect the amount of payment.

Under contractual warranty clauses, Valmet generally guarantees the performance of products delivered for a certain warranty period. The warranty provision is based on historical realized warranty costs for deliveries of standard products. The warranty period typically commences from the date of customer acceptance of the delivered equipment. For more complex contracts, including long-term projects, the warranty reserve is calculated contract by contract and updated regularly to ensure its appropriateness.

Provisions for restructuring costs are recognized when the requirements for recognition are satisfied. For reasons beyond the control of management the final costs may differ from the initial amount for which the provision has been established.

Valmet recognizes a provision for losses associated with environmental remediation obligations when such losses are probable, and a reliable estimate of amounts can be made. Following initial recognition, the amount of provision is adjusted later if further information is obtained or circumstances change.

Specification of changes in provisions:

	2024				
EUR million	**Warranty provisions**	**Restructuring provisions**	**Provisions for onerous contracts**	**Other provisions**	**Total**
Balance at beginning of the period	169	14	19	9	**211**
Translation differences	-3	—	—	—	**-3**
Additions charged to profit or loss	108	10	7	7	**132**
Acquired in business combinations	2	—	—	—	**2**
Provisions used	-79	-16	-6	-1	**-101**
Unused provisions reversed	-43	-1	-5	-2	**-50**
Balance at end of the period	**153**	**7**	**15**	**14**	**190**
Non-current	27	—	—	2	**28**
Current	127	7	15	13	**162**

Provisions for expected contract losses relate primarily to long-term projects. The Group did not have material environmental or product liabilities as at December 31, 2024, or December 31, 2023.

12 | Other current liabilities

	As at December 31	
EUR million	**2024**	**2023**
Accrued personnel costs	**223**	224
Accrued project costs	**110**	115
Accrued interest	**17**	14
Other payables	**210**	206
Other current liabilities total	**559**	558

The maturity of payables is largely determined by local trade practices and individual agreements between Valmet and its suppliers and rarely exceeds six months. Accrued personnel costs, which include holiday pay, are settled in accordance with local laws and stipulations.

13 | Personnel expenses and number of personnel

Personnel expenses:

EUR million	**2024**	**2023**
Salaries and wages	**-1,093**	-1,013
Pension costs, defined contribution plans	**-110**	-98
Defined benefit plan costs[1]	**-6**	-4
Other post-employment benefits	**-12**	-11
Share-based payments[2]	**-8**	-7
Other indirect employee costs	**-164**	-159
Total	**-1,393**	-1,292

[1] For more information, see Note 15.
[2] For more information, see Note 14.

Number of personnel:

	2024	**2023**
Personnel at end of the period	**19,310**	19,160
Average number of personnel during the period	**19,297**	18,130

14 | Share-based payments

Accounting policies

Valmet's share-based incentive plans are part of the remuneration and retention program for Valmet's key personnel. In majority of the jurisdictions where key employees participating in the Group's long-term incentive (LTI) plans reside, Valmet has an obligation to withhold an amount for the key employee's tax obligations associated with the share-based payment rewards, and transfer that amount directly to the tax authorities on the key employee's behalf. Thus, the arrangements carry a net settlement feature and both equity and cash settled portions of the plans are accounted for against equity.

Non-market vesting conditions, such as Comparable EBITA as a percentage of net sales, and orders received growth in the stable business, are used for calculating the number of shares related to the Group's LTI plans that are expected to vest. These estimates are revised at the end of each reporting period and impact of the revision to previous estimate is recognized through profit or loss with corresponding adjustment to equity.

The compensation expense for the shares is recognized as an employee benefit expense evenly during the required service period whereas the compensation expense resulting from the cash portion is recognized as an employee benefit expense on accrual basis between grant and payment date. Valuation of the related expenses is based on the number of shares expected to vest, remaining vesting period at the reporting date and Valmet's closing share price as at the grant date.

Granted share amounts of the share-based incentive plans, as rounded to thousands:

	Plan 2021–2023	Plan 2022–2024	Plan 2023–2025	Plan 2024–2026
2024				
At beginning of the period	**42,000**	**31,000**	**203,000**	**—**
Maximum number of shares to be granted	**—**	**-2,000**	**-3,000**	**621,000**
Changes due to achievement criteria	**—**	**—**	**—**	**-180,000**
Actual number of shares granted	**—**	**—**	**-153,000**	**—**
Shares returned by plan participants	**—**	**7,000**	**3,000**	**—**
Shares transferred to treasury shares	**—**	**-7,000**	**-3,000**	**—**
At end of the period	**42,000**	**29,000**	**48,000**	**442,000**

Long-term incentive plans – Performance Share Plan and Deferred Share Plan

Long-term incentive plans commenced 2021–2024

The Board of Directors of Valmet Oyj decided in December 2020 on share-based long-term incentive plans; a Performance Share Plan and a Deferred Share Plan for Valmet's key employees. The Performance Share Plan is directed to Valmet's Executive Team and the Deferred Share Plan is directed to other key employees in management positions, and management talents.

The Performance Share Plan includes a three-year performance period parallel to a one-year performance period. The Deferred Share Plan includes a one-year performance period. Valmet's Board of Directors decides on the predefined performance measures and targets in the beginning of each performance period.

In case the rewarded shares are paid after the one-year performance period from both the Performance Share Plan and the Deferred Share Plan those may not be transferred during a two-year restriction period. Should a key employee's employment or service end during the restriction period, he or she must, as a rule, gratuitously return the shares given as reward to the Company.

The Board has the right to cancel the reward or re-collect paid rewards that are subject to the Transfer Restriction, fully or partly, if the LTI plan participant has acted against the law or against the ethical guidance of the Company or otherwise unethically.

Long-term incentive plans from 2025 onwards

The Board of Directors of Valmet Oyj decided in December 2024 on establishment of a new long-term share incentive plan; a Performance Share Plan, for Valmet's executives and selected key employees. The Performance Share Plan consists of annually commencing performance share plans, with a three-year performance period, within which its participants have the opportunity to earn shares of the Company based on achievement of the performance measures. The performance measures and their target ranges are set separately for each commencing plan.

Regarding all Valmet LTI plans, as a rule, no reward is paid if the key employee's employment or service at Valmet ends before the reward payment. The earning under the Performance Share Plan is limited by a pay cap determined by the Board of Directors in order to avoid unexpectedly high pay-outs resulting from share price volatility. Additionally, the Board has the right to re-collect paid rewards after the plan has ended if the LTI plan participant has

caused a misstatement of the information based on which the reward was paid.

The tables below summarize the key attributes of the long-term incentive plans that existed during the current or previous period:

Performance Share Plans and Deferred Share Plans:

	Long-term incentive plans 2021–2023		Long-term incentive plans 2022–2024	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Performance Share Plan and Deferred Share Plan	Performance Share Plan
Performance period	2021	2021–2023	2022	2022–2024
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Predefined strategic target	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	ESG Index, targets linked to implementing Valmet's Climate Program and Sustainability Agenda
Reward payment	In spring 2022	In spring 2024	In spring 2023	In spring 2025
Participants				
Performance Share Plan	13	10	14	11
Deferred Share Plan	101		114	
Total gross number of shares earned	Approximately 355,000 shares	Approximately 42,000 shares	Approximately 176,000 shares	Approximately 29,000 shares
Valmet's closing share price as at the grant date	26.51	26.51	33.63	33.63
Vesting period	February 2021 to March 2024	February 2021 to March 2024	February 2022 to March 2025	February 2022 to March 2025

	Long-term incentive plans 2023–2025		Long-term incentive plans 2024–2026		Long-term incentive plan 2025–2027
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Deferred Share Plan	Performance Share Plan	Performance Share Plan
Performance period	2023	2023–2025	2024	2024, 2024–2026	2025-2027
Incentive based on	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Development of a valuation multiple of Valmet's share in comparison to peer group	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business	Comparable EBITA as a percentage of net sales, and orders received growth in the stable business Development of a valuation multiple of Valmet's share in comparison to peer group	Comparable EBITA, organic orders received growth (%) of the stable business, and ESG Index
Reward payment	In spring 2024	In spring 2026	In spring 2025	In spring 2027	In spring 2028
Participants					
Performance Share	15	13		17	~220
Deferred Share Plan	120		193		
Total gross number of shares earned	Approximately 153,000 shares	Approximately 48,000 shares	As at December 31, 2024, approximately 359,000 shares were allotted to participants.	As at December 31, 2024, approximately 262,000 shares were allotted to participants.	The reward to be paid will correspond to a maximum total of approximately 653,000 shares.
Valmet's closing share price as at the grant date	28.77	28.77	25,65	25,65	
Vesting period	February 2023 to March 2026	February 2023 to March 2026	February 2024 to March 2027	February 2024 to March 2027	February 2025 to March 2028

Restricted shares pool

As part of total remuneration, for example for retention purposes, the Board of Directors decided on an additional incentive element in December 2018, the restricted shares pool, from which shares can be granted to selected key employees. Restricted share pools are intended to be annually commencing, and the annual restricted shares pool is subject to separate approval by the Board of Directors. In 2024, approximately 101,000 shares were allocated from the restricted shares pool. In 2025, 100,000 Company shares and in addition the shares unallocated from the Performance Share Plan 2025-2027 can be allocated to possible participants in the restricted shares pool. As a rule, the restriction period for these shares is three years. Plan nominations as well as detailed terms of allocation will be proposed by the President and CEO to the Chairman of the Board of Directors for approval. A precondition for the payment of the share reward based on the restricted shares pool is that a threshold of Valmet Comparable EBITA is exceeded and that the employment

relationship of the individual participant with Valmet continues until the payment date of the reward.

Share ownership recommendation

To recognize and highlight the importance and value of the members of Valmet's Executive Team owning and holding Company shares, the Board of Directors has approved in December 2024 a share ownership recommendation for Valmet's Executive Team members. All members of Valmet's Executive Team are recommended to own and hold Company shares equaling their gross annual base salary (100 percent ownership recommendation). Further, each member of Valmet's Executive Team is expected to retain in their ownership at least half of the shares received under the share-based incentive plans of the Company, until the value of their share ownership corresponds to at least their gross annual base salary.

Costs recognized for the share ownership plans

The compensation expense for the shares is recognized as an employee benefit expense evenly during the required service period with corresponding entry in equity. The compensation expense resulting from the cash portion is recognized as an employee benefit expense on an accrual basis between the grant and payment date with a corresponding entry made to equity. The valuation of the related expenses is based on the number of shares expected to vest, the remaining vesting period at the reporting date and Valmet's closing share price as at the grant date.

Costs arising from share-based payments plans:

EUR thousand	2024	2023
Plan 2021–2023	**-409**	-1,973
Plan 2022–2024	**-1,065**	-1,915
Plan 2023–2025	**-1,543**	-2,770
Plan 2024-2026	**-4,723**	—
Total	**-7,741**	-6,657

15 | Employee benefit obligations

Accounting policies

Pensions and coverage of pension liabilities

Valmet has various employee benefit schemes in place in line with local regulations and practices in the countries in which Valmet operates. In certain countries, the schemes involve defined benefit plans with retirement, disability, death, and other post-retirement benefits such as health benefits and termination income benefits. Defined benefit plans are post-employment benefit plans other than defined contribution plans. In defined benefit plans, the benefits are usually based on the number of service years and the salary levels of the final service years. The schemes are generally funded through payments to insurance companies or to trustee-administered funds as determined by periodic actuarial calculations.

In addition, certain entities within Valmet Group have multi-employer pension arrangements, classified as defined contribution plans. The contributions to defined contribution plans and to multi-employer and insured plans are charged to profit or loss concurrently with the payment obligations. In defined contribution plans, the Group pays fixed contributions into a separate entity, and the Group has no legal or constructive obligation to pay further contributions.

In the case of defined benefit plans, the net defined benefit liability recognized from the plan is the present value of the defined benefit obligation at the end of the reporting period, reduced by the fair value of the plan assets. Independent actuaries calculate the defined benefit obligation by applying the projected unit credit method under which the estimated future cash flows are discounted to their present value using a duration-specific discount rate. The cost of providing pension and other employee benefits is charged to profit or loss concurrently with the service rendered by the employees. The service cost is recorded as part of personnel expenses in profit or loss, and the net interest is recorded under financial income and expenses. Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and actual return on plan assets (excluding interest income on plan assets) are recognized through OCI in equity.

Critical accounting estimates and judgments

The benefit expense and liabilities arising from defined benefit arrangements are calculated based on assumptions that include the following:

- The discount rates used to discount employee benefit obligations (both funded and unfunded): These rates are determined by reference to market yields at the end of the reporting period on high-quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the end of the reporting period) on government bonds have been used. The currency and term of the corporate bonds or government bonds are consistent with the currency and duration of the post-employment benefit obligations.
- Estimated rates of future pay increases, which include general pay rise expectations, as well as merit increases. Actual increases may not reflect estimated future increases.

Due to the significant uncertainty of the global economy, these estimates are difficult to project.

Amounts recognized in the Consolidated statement of financial position as at December 31:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Present value of funded obligation	211	—	**211**	214	—	214
Fair value of plan assets	-236	—	**-236**	-220	—	-220
Net surplus (-) / deficit (+) of funded plans	-25	—	**-25**	-6	—	-6
Present value of unfunded obligation	—	152	**152**	—	152	152
Asset (-) / liability (+)	**-25**	**152**	**126**	-6	152	146
Amounts in the Consolidated statement of financial position						
Liabilities	5	152	**157**	3	152	154
Assets	31	—	**31**	9	—	9
Net liability	**-25**	**152**	**126**	-6	152	146

Amounts recognized in the Consolidated statement of income:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Employer's current service cost	2	4	**6**	2	2	4
Net interest on net surplus/deficit	-1	5	**4**	—	5	5
Settlements	—	—	**—**	—	—	—
Total expenses	**1**	**9**	**10**	1	7	9

Changes in the present value of the defined benefit obligation during the period:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Present value of obligation at beginning of the period	214	152	**366**	216	124	340
Other adjustments	—	—	**—**	—	—	—
Acquired in business combinations	2	—	**2**	—	5	5
Employer's current service cost	2	4	**6**	2	2	4
Interest expense	10	5	**15**	10	5	15
Liabilities extinguished on settlements	—	—	**—**	—	—	—
Actuarial gain (-) / loss (+) due to change in financial assumptions	-9	-2	**-11**	7	12	19
Actuarial gain (-) / loss (+) due to change in demographic assumptions	—	—	**—**	—	1	1
Actuarial gain (-) / loss (+) due to experience	-3	2	**-1**	1	7	8
Benefits paid from the arrangements	-14	—	**-14**	-14	—	-15
Benefits paid directly by employer	—	-6	**-7**	—	-5	-6
Translation differences	10	-3	**7**	-7	1	-6
Present value of defined benefit obligation at end of the period	**211**	**152**	**363**	214	152	366
- of which related to active members			**130**			127
- of which related to deferred members			**49**			51
- of which related to pensioner members			**183**			187

Changes in the fair value of the plan assets during the period:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Fair value of plan assets at beginning of the period	220	—	**220**	216	—	216
Other adjustments to the fair value of assets	—	—	**—**	-1	—	—
Acquired in business combinations	2	—	**2**	—	—	—
Interest income on assets	11	—	**11**	10	—	10
Return on plan assets excluding interest income	1	—	**1**	9	—	9
Employer contributions	5	—	**5**	6	—	6
Benefits paid from the arrangements	-14	—	**-14**	-14	—	-15
Translation differences	12	—	**12**	-7	—	-7
Fair value of plan assets at end of the period	**236**	**—**	**236**	220	—	220

Remeasurement of the net defined benefit liability/asset reported in other comprehensive income:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Experience gain (-) / loss (+) on assets	-1	—	**-1**	-9	—	-9
Actuarial gain (-) / loss (+) on liabilities due to change in financial assumptions	-9	-2	**-11**	7	12	19
Actuarial gain (-) / loss (+) on liabilities due to change in demographic assumptions	—	—	**—**	—	1	1
Actuarial gain (-) / loss (+) on liabilities due to experience	-3	2	**-1**	1	7	8
Translation differences	—	—	**—**	—	—	—
Total gain (-) / loss (+)	**-14**	**1**	**-13**	-2	20	18

The major categories of plan assets as a percentage of total plan assets of Valmet's defined benefit plans:

	2024			2023		
As at Dec 31	**Quoted**	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
Equities	10%	—	**10%**	20%	—	20%
Bonds	80%	—	**80%**	69%	—	69%
Other	1%	8%	**10%**	1%	10%	11%
Total	**92%**	**8%**	**100%**	90%	10%	100%

On December 31, 2024, there were no plan assets invested in affiliated companies or property occupied by affiliated companies.

The principal actuarial assumptions used to determine the defined benefit obligation (expressed as weighted averages):

	2024			2023		
As at Dec 31	**Funded**	**Unfunded**	**All plans**	**Funded**	**Unfunded**	**All plans**
Discount rate	5.2%	3.7%	**4.6%**	4.7%	3.6%	4.3%
Salary increase	2.9%	2.9%	**2.9%**	2.0%	2.9%	2.4%
Pension increase	1.1%	2.0%	**1.4%**	1.2%	2.0%	1.5%
Medical cost trend rates	—	4.5%	**4.5%**	—	4.5%	4.5%

The weighted average life expectancy used for the major defined benefit plans:

	Life expectancy at age 65 for a male participant currently aged 65		Life expectancy at age 65 for a female participant currently aged 65	
Expressed in years	**2024**	**2023**	**2024**	**2023**
Sweden	**22**	22	**24**	24
Canada	**22**	22	**24**	24
USA	**21**	21	**23**	23
Finland	**21**	21	**26**	26

	Life expectancy at age 65 for a male participant currently aged 45		Life expectancy at age 65 for a female participant currently aged 45	
Expressed in years	**2024**	**2023**	**2024**	**2023**
Sweden	**24**	24	**26**	26
Canada	**23**	23	**25**	25
USA	**23**	22	**24**	24
Finland	**24**	24	**28**	28

Life expectancy is allowed for in the assessment of the defined benefit obligation using mortality tables, which are generally based on experience within the country in which the arrangement is located, with an allowance made for anticipated future improvements in longevity in many cases.

Sensitivity analysis of present value of the defined benefit obligation as at December 31:

	2024			2023		
EUR million	**Funded**	**Unfunded**	**Total**	**Funded**	**Unfunded**	**Total**
Discount rate						
Increase of 0.25%	-5	-6	**-11**	-5	-6	-11
Decrease of 0.25%	5	6	**11**	5	6	12
Salary increase rate						
Increase of 0.25%	—	4	**4**	—	4	4
Decrease of 0.25%	—	-3	**-4**	—	-3	-4
Pension increase rate						
Increase of 0.25%	—	4	**4**	1	4	5
Decrease of 0.25%	—	-4	**-4**	-1	-4	-4
Medical cost trend						
Increase of 1%	—	—	**—**	—	—	—
Decrease of 1%	—	—	**—**	—	—	—
Life expectancy						
Increase of one year	6	5	**11**	6	5	12
Decrease of one year	-6	-5	**-11**	-6	-5	-12

The table above presents the changes in the value of the defined benefit obligation when major assumptions are changed, while holding the others constant.

Weighted average duration of the defined benefit obligation:

	2024			2023		
Expressed in years	**Funded**	**Unfunded**	**All plans**	**Funded**	**Unfunded**	**All plans**
As at December 31	9	18	**13**	10	18	13

Valmet sponsors both defined contribution and defined benefit arrangements. Valmet operates various defined benefit pension and other long-term employee benefit arrangements pursuant to local conditions, practices and collective bargaining agreements in the countries in which it operates. The majority of Valmet's defined benefit liabilities relate to arrangements that are funded through payments to either insurance companies or to independently administered funds based on periodic actuarial calculations. Other arrangements are unfunded, with benefits being paid directly by Valmet as they fall due. All arrangements are subject to local tax and legal restrictions in their respective jurisdictions. Valmet's defined benefit arrangements in the USA, Canada and Sweden together represent 85 percent of Valmet's defined benefit obligation and 91 percent of its pension assets. These arrangements provide income in retirement, which is substantially based on salary and service at or near retirement.

In the USA and Canada, annual valuations are carried out to determine whether cash funding contributions are required in accordance with local legislation.

Defined benefit pension arrangements in Sweden are offered in accordance with collective labor agreements and are unfunded. The liability recorded on Valmet's balance sheet and cash contributions to funded arrangements are sensitive to the assumptions used to measure the liabilities, the extent to which actual experience differs from the assumptions made and the returns on plan assets. Therefore, Valmet is exposed to the risk that balance sheet liabilities and/or cash contributions will increase due to these impacts.

The assets of Valmet's funded arrangements are managed by external fund managers. The allocation of assets is reviewed regularly by those responsible for managing Valmet's arrangements based on local legislation, professional advice and consultation with Valmet, based on acceptable risk tolerances.

The expected contributions to defined benefit type arrangements in 2025 are EUR 0.2 million in respect of Finnish plans and EUR 5 million in respect of foreign plans. Valmet paid contributions of EUR 110 million (EUR 98 million) to defined contribution arrangements during 2024.

16 | Income taxes

Accounting policies

Tax expense in the profit or loss comprises current and deferred taxes. Taxes are recognized in profit or loss unless they are associated with items recognized in the Consolidated statement of comprehensive income or directly in equity.

Current taxes are calculated on the taxable income based on the tax rates enacted or substantively enacted for each country as at the balance sheet date. Additionally, non-recoverable foreign taxes on financing transactions or transactions with shareholders that are not based on taxable profits are reported in Current tax expenses. Non-recoverable withholding taxes and foreign taxes on operative items are reported in Other operating income and expenses. These non-recoverable foreign taxes include taxes paid that are not creditable based on the applicable Double Tax Treaty. Taxes are adjusted for taxes of previous financial periods if applicable. Interest calculated for the unpaid tax amounts is reported under Financial expenses.

Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. The tax provisions recognized in such situations are based on evaluations by management of the probability that the items subject to interpretation reported to the tax authorities can be substantiated on examination.

Deferred taxes are calculated on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred taxes have been calculated using the statutory tax rates or the tax rates enacted or substantively enacted as at the reporting date. Deferred tax assets are only recognized to the extent that it is probable that a future taxable profit will be available against which the temporary differences can be utilized.

The most significant temporary differences arise from differences in revenue recognition methods applied for tax purposes, depreciation differences relating to property, plant and equipment, treatment of costs arising from defined benefit pension plans, provisions deductible at a later date, fair value measurement of assets and liabilities in connection with business combinations, and unused tax losses. Deferred taxes are not recognized on initial recognition of an asset or liability in a transaction other than a business combination that does not affect accounting or tax profit and does not give rise to equal taxable and deductible temporary differences. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities are related to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The legislation implementing the OECD Pillar Two model rules was enacted in Finland in 2023 and came into effect from January 1, 2024. Valmet applies the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes, as provided in the amendments to IAS 12 issued in May 2023. There were no material current tax impacts in 2024 from Pillar Two taxes.

Critical accounting estimates and judgments

Deferred tax assets and liabilities are recognized for temporary differences. They are expected to be realized through the income statement over extended periods in the future. Valmet management has made certain assumptions regarding future tax consequences and has used certain estimates when calculating differences between carrying amounts of assets and liabilities and their tax bases. Key assumptions underlying tax calculations include the likelihood that recoverability periods for tax loss carryforwards will not change, and that existing tax laws and rates will remain unchanged for the foreseeable future. On each balance sheet date, deferred tax assets are assessed for recoverability, and when circumstances indicate that it is no longer probable that deferred tax assets can be recovered, balances are reduced to their recoverable amounts.

Liabilities and assets are recognized with respect to the income tax amounts management is expecting to pay and recover respectively. Management has chosen not to discount non-current tax balances. Valmet entities are subject to tax audits on an ongoing basis. Complex and constantly changing regulations in multiple jurisdictions where Valmet operates create uncertainties related to tax obligations toward the authorities. Changes in the tax authorities' interpretations could have unfavorable impact on Valmet's financials.

The differences between income tax expense computed at the Finnish statutory rate (20 percent in 2024 and 2023) and income tax expense recognized in profit or loss are shown in the table below.

EUR million	2024	2023
Profit before taxes	**383**	473
Taxes calculated according to tax rate in Finland	**-77**	-95
Impact of changes in tax rates	**—**	—
Income tax for previous years	**6**	5
Effect of different tax rates in foreign subsidiaries	**-15**	-14
Utilization of tax losses carried forward	**-1**	—
Non-recoverable foreign taxes	**-12**	-12
Effect of tax-free income and non-deductible expenses	**-3**	-1
Other	**-1**	2
Income tax expense	**-103**	-114
Effective tax rate, (%)	**26.8%**	24.2%
Effective tax rate (%), excluding income tax for previous years	**28.5%**	25.2%

Tax effects of components in other comprehensive income:

	2024			2023		
EUR million	**Before taxes**	**Tax**	**After taxes**	**Before taxes**	**Tax**	**After taxes**
Gains and losses on cash flow hedges	-8	2	**-6**	-12	2	-10
Change in fair value reserve	1	—	**1**	—	—	—
Remeasurement of defined benefit plans	13	-3	**10**	-18	3	-15
Currency translation on subsidiary net investments	2	—	**2**	-21	—	-21
Total comprehensive income for the period	**8**	**-2**	**6**	-52	6	-46
Deferred tax	—	-2	—	—	6	—
Total	**—**	**-2**	**—**	—	6	—

Reconciliation of deferred tax balances:

EUR million	Balance at beginning of the period	Translation differences	Charged to income statement	Charged to other comprehensive income	Acquired in business combination	Balance at end of the period
2024						
Deferred tax assets						
Tax losses carried forward	5	—	2	—	—	**8**
Fixed assets	8	—	1	—	—	**9**
Leases	31	—	—	—	1	**32**
Inventory	16	—	-2	—	5	**21**
Provisions	41	-3	-4	—	—	**35**
Accruals	11	—	-2	—	—	**10**
Employee benefits	6	—	-2	-4	1	**1**
Other	28	—	8	2	5	**42**
Total deferred tax assets	**148**	**-3**	**2**	**-2**	**13**	**158**
Offset against deferred tax liabilities[1]	-59					**-64**
Net deferred tax assets	**90**					**94**
Deferred tax liabilities						
Purchase price allocations	292	2	-19	—	18	**293**
Fixed assets	9	—	1	—	—	**11**
Leases	33	—	—	—	1	**34**
Other	7	—	3	—	—	**11**
Total deferred tax liabilities	**341**	**3**	**-16**	**1**	**20**	**348**
Offset against deferred tax assets[1]	-58					**-64**
Net deferred tax liabilities	**283**					**284**
2023						
Deferred tax assets						
Tax losses carried forward	6	—	—	—	—	5
Fixed assets	11	—	-2	—	—	8
Leases	23	—	-1	—	9	31
Inventory	13	—	—	—	4	16
Provisions	37	—	4	—	1	41
Accruals	4	—	1	—	7	11
Employee benefits	5	—	-4	4	1	6
Other	23	—	6	-2	1	28
Total deferred tax assets	121	-1	3	3	23	148
Offset against deferred tax liabilities[1]	-60					-59
Net deferred tax assets	60					90
Deferred tax liabilities						
Purchase price allocations	261	-1	-16	—	48	292
Fixed assets	9	—	—	—	1	9
Leases	24	—	—	—	9	33
Other	5	—	—	-3	5	7
Total deferred tax liabilities	299	-1	-17	-3	64	341
Offset against deferred tax assets[1]	-60					-58
Net deferred tax liabilities	238					283

[1] Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities, and when the deferred income taxes relate to the same fiscal authority.

A deferred tax liability on undistributed profits of Valmet's legal entities located in countries where distribution generates tax consequences is recognized when it is likely that earnings will be distributed in the near future. For the years ended December 31, 2024 and 2023, earnings of EUR 67 million and EUR 57 million respectively would have been subject to recognition of a deferred tax liability had Valmet regarded a distribution in the near future as likely.

A deferred tax asset is recognized for tax loss carryforwards to the extent that the realization of the related tax benefit through future taxable profits is probable. There were no material tax loss carryforwards for which a deferred tax asset had not been recognized. Valmet has tax loss carryforwards of EUR 15 million (EUR 9 million) that will expire within the next five years.

17 | Equity

Share capital and number of shares

	2024	2023
Share capital at end of the period, EUR	**140,000,000**	140,000,000
Number of shares at end of the period	**184,529,605**	184,529,605
Treasury shares at end of the period	**364,258**	368,500
Shares outstanding at end of the period	**184,165,347**	184,161,105
Average number of shares outstanding during the financial year	**184,159,071**	184,151,827

Valmet Oyj has one series of shares. The shares of Valmet Oyj do not have a nominal value.

Board authorizations regarding shares

Valmet Oyj's Annual General Meeting 2024 authorized Valmet's Board of Directors to decide on the repurchase of a maximum number of 9,200,000 of the Company's own shares in one or several tranches. This corresponds to approximately 5.0 percent of all the shares in the Company.

The Annual General Meeting 2024 also authorized Valmet's Board of Directors to decide on the issuance of shares and the issuance of special rights entitling to shares in one or several tranches. Based on this authorization, a maximum number of 18,500,000 shares may be issued, corresponding to approximately 10.0 percent of all the shares in Valmet.

Based on the authorizations granted by the Annual General Meeting 2024, Valmet's Board of Directors decided in 2024 on a directed share issue of a total of 736 Valmet's treasury shares and on a fixed-term share buy-back program for the purpose of acquiring the Company's own shares in 2025.

Treasury shares

As at December 31, 2024, Valmet Oyj held 364,258 (368,500) of its own shares. These shares have been acquired through purchase on the Helsinki Stock Exchange (Nasdaq Helsinki Ltd). The total amount paid to acquire Valmet's own shares during the reporting period, including transaction costs, was EUR 3 million (EUR 4 million), and it has been deducted from Retained earnings in Equity. Own shares have been acquired for the purposes of Valmet's long-term incentive plans.

Dividends

The Board of Directors proposes that a dividend of EUR 1.35 per share be paid based on the Consolidated statement of financial position to be adopted for the financial year ended December 31, 2024, and that the remaining part of the Retained earnings be carried forward in Valmet Oyj's unrestricted equity. These financial statements do not reflect this dividend payable of EUR 249 million.

In compliance with the resolution of the Annual General Meeting, Valmet paid out dividend of EUR 249 million for 2023, corresponding to EUR 1.35 per share. The dividend was paid in two installments, the first corresponding to EUR 0.68 per share and the second corresponding to EUR 0.67 per share. The first installment, EUR 125 million, was paid on April 11, 2024. The second installment, EUR 123 million, was paid on October 10, 2024.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity-related investments and share subscription prices to the extent not designated to be included in share capital. The reserve for invested non-restricted equity fund in Valmet's Consolidated statement of financial position consists of the fund held by the parent company Valmet Oyj.

Hedge and other reserves

The hedge reserve includes effective portion of fair value movements related to derivative financial instruments, which qualify for hedge accounting.

The fair value reserve includes changes in fair values of interest-bearing financial assets classified as fair value through other comprehensive income.

The legal reserve consists of restricted equity, which has been transferred from distributable funds under the Articles of Association, local company law or by a decision of the shareholders.

Cumulative translation adjustments

Cumulative translation adjustments consist of currency translation differences, which relate to the translation of foreign operations from their functional currencies to Valmet Group's reporting currency euro.

18 | Selling, general and administrative expenses

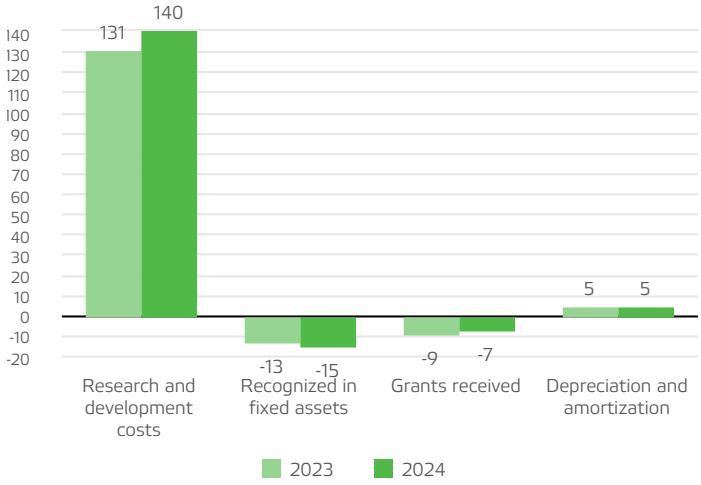
Selling, general and administrative expenses 2024, EUR 1,000 million

- Marketing and selling expenses EUR 495 million
- Research and development expenses, net EUR 123 million
- Administrative expenses EUR 383 million

Selling, general and administrative expenses 2023, EUR 920 million

- Marketing and selling expenses EUR 447 million
- Research and development expenses, net EUR 114 million
- Administrative expenses EUR 359 million

Research and development expenses 2024, EUR 140 million (EUR 131 million)



19 | Other operating income and expenses

EUR million	2024	2023
Gain on sale of fixed assets	**1**	4
Reversal of allowance for doubtful receivables and contract assets	**4**	4
Net gain from foreign exchange	**—**	3
Interest component from forward contracts	**—**	4
Commodity derivatives	**—**	—
Insurance compensation[1]	**6**	34
Income related to tax and customs duty adjustments	**2**	2
Other income	**13**	12
Other operating income, total	**25**	64
Loss on sale of fixed assets	**—**	-1
Impairment of fixed assets and right-of-use assets	**-13**	-2
Net loss from foreign exchange	**-10**	—
Interest component from forward contracts	**-8**	—
Commodity derivatives	**—**	-5
Non-recoverable foreign taxes	**-8**	-12
Allowance for doubtful receivables and contract assets	**-10**	-7
Other expenses	**-9**	-8
Other operating expenses, total	**-59**	-36
Other operating income and expenses, net	**-34**	28

[1] Insurance compensation mainly (EUR 6 million in 2024 and EUR 34 million in 2023) relates to income compensating the costs of a fire that happened in May 2022 at Valmet's Rautpohja factory site in Jyväskylä.

A fire broke out at Valmet's Rautpohja factory site in Jyväskylä, Finland, on May 7, 2022. The fire, which started at a workshop during a roll test, caused damages to parts of roll and headbox manufacturing and preassembly. Operations resumed with some special arrangements, like transferring some of the production to temporary locations. Valmet maintains property damage and business interruption insurance and expected to recover fire-related losses through insurance.

The final settlement with the insurance provider was reached and the final payment was received in 2024. Valmet has recorded an insurance compensation of EUR 19 million in 2024 related to the compensation of the costs incurred. The insurance compensation was recorded based on the type of insurance partly as a reduction of cost of goods sold, EUR 13 million, and partly in other operating income, EUR 6 million. The outstanding receivable towards the insurance company is nil (EUR 32 million as at 31 December 2023). In total, Valmet has received EUR 74 million as cash payments in 2022, 2023 and 2024.

Exchange rate differences included in Other operating income and expenses:

EUR million	2024	2023
Exchange rate differences from trade receivables and payables	**-14**	-15
Exchange rate differences from derivative financial instruments	**4**	18
Net gain/loss from foreign exchange	**-10**	3

20 | Business combinations

Acquisition of Körber's Business Area Tissue

The acquisition of Körber's Business Area Tissue, announced on July 7, 2023, was completed on November 2, 2023. The business combination accounting was finalized on October 31, 2024, and the provisional amounts recognized as at December 31, 2023, were adjusted to reflect the new information obtained and updated valuations done during the measurement period. The final goodwill recognized was EUR 151 million. Finalized fair values of assets acquired, liabilities assumed, and goodwill recognized is summarized in the following table.

Acquisition of Process Gas Chromatography business from Siemens

The acquisition of the Process Gas Chromatography & Integration business from Siemens AG, announced on July 17, 2023, was completed on April 2, 2024. The enterprise value of the acquisition was EUR 102.5 million on a cash and debt-free basis.

The Process Gas Chromatography & Integration business of Siemens AG is a market leader with its MAXUM II Gas Chromatograph platform, Systems Integration, and Customer Services offering. With deep customer process knowledge in chemicals, liquefied natural gas, refining and biofuels, the business provides critical process insights to support its customers in ensuring and improving quality, sustainability, and safety worldwide. Net sales of Process Gas Chromatography & Integration business amounted to approximately EUR 120 million in 2022. The business employs around 300 people, and its main locations are in the USA, Germany, and Singapore.

The acquisition is in line with Valmet's strategy and will further strengthen Valmet's automation segment and process automation offering with process industry gas chromatograph and process analyzer systems offering. It also strengthens Valmet's Automation Systems business footprint in North America, Asia-Pacific, and Europe.

The acquired business is integrated into Valmet's Automation Systems business line and has been consolidated into the Group financials from the acquisition date onwards. The assumed accounting for the acquisition of the Process Gas Chromatography & Integration business, including estimated purchase consideration, is based on provisional amounts and the associated purchase accounting is not final.

Fair values of assets acquired, liabilities assumed, and goodwill recognized at the date of acquisition, together with net cash flow impact is summarized in the following tables. The net assets acquired are denominated in euro. Goodwill arising from the business combination is attributable to assembled workforce, geographic presence and market position, future customers, technologies and products, and synergies expected to be derived from the combined business. The goodwill arising from the acquisition is not expected to be tax-deductible.

From the date of acquisition, the acquired business has contributed EUR 101 million to net sales and EUR -2 million of profit to the Group, including EUR 6 million amortization of intangibles and inventory fair-value step-up recognized at acquisition.

If the acquisition had occurred on January 1, 2024, management estimates that the combined statement of income would show net sales of EUR 5,393 million and profit for the period amounting to EUR 281 million, with the assumption that the fair value adjustments as at the acquisition date would have been the same if the acquisition had occurred on January 1, 2024.

Acquisition related costs of EUR 1 million are included in Selling, general and administrative expenses in the Consolidated statement of income in 2024.

Fair values of assets acquired and liabilities assumed and goodwill at the date of acquisition:

EUR million	Körber's Business Area Tissue as at November 2, 2023	Process Gas Chromatography as at April 2, 2024
Non-current assets		
Goodwill	**151**	**27**
Other intangible assets	**173**	**68**
Property, plant and equipment	**28**	**6**
Right-of-use assets	**35**	**3**
Deferred tax asset	**17**	**5**
Other non-current assets	**6**	**—**
Total non-current assets	**409**	**109**
Current assets		
Inventories	**146**	**37**
Trade receivables	**71**	**18**
Amounts due from customers under revenue contracts	**—**	**2**
Other current assets	**15**	**4**
Cash and cash equivalents	**39**	**6**
Total current assets	**271**	**67**
Non-current liabilities		
Non-current lease liabilities	**30**	**2**
Non-current provisions	**3**	**—**
Deferred tax liabilities	**50**	**18**
Total non-current liabilities	**84**	**20**
Current liabilities		
Current debt	**53**	**51**
Current lease liabilities	**4**	**1**
Trade payables	**28**	**12**
Current provisions	**4**	**2**
Amounts due to customers under revenue contracts	**67**	**16**
Other current liabilities	**50**	**8**
Total current liabilities	**206**	**91**
Net assets acquired	**390**	**66**

Cash flows associated with the acquisitions:

EUR million	Körber's Business Area Tissue as at November 2, 2023	Process Gas Chromatography as at April 2, 2024
Consideration transferred	**-390**	**-69**
Cash and cash equivalents acquired	**39**	**6**
Loan repayment at closing	**-52**	**-51**
Net cash outflow	**-403**	**-114**

Acquisitions of the FactoryPal and Demuth

Valmet and Körber have on August 1, 2024, closed the agreement for Valmet to acquire majority shares in FactoryPal GmbH, an undertaking of Körber. Following the transaction, Valmet owns 75.1 percent of the shares in the company. FactoryPal is a software developed for tissue converting operations that improves shopfloor manufacturing performance and productivity. FactoryPal will further strengthen Valmet's offering of advanced Industrial Internet solutions and digital services to support customers in the tissue industry. The acquired business has been consolidated into the Group financials from the acquisition date onwards. The assumed accounting is based on provisional amounts and the associated purchase accounting is not final.

On August 2, 2024, Valmet completed the acquisition of Demuth in Brazil. Demuth provides wood handling solutions for the pulp industry. The net sales of Demuth are around EUR 20–30 million annually, and Demuth employs around 400 people in Brazil. The acquisition is in line with Valmet's strategy to develop and supply competitive and reliable process technologies, services and

automation to pulp, paper and energy customers. This acquisition significantly strengthens Valmet's wood handling technology offering and services presence in South America. The acquired business has been consolidated into the Group financials from the acquisition date onwards. The assumed accounting is based on provisional amounts and the associated purchase accounting is not final.

The acquisitions of FactoryPal and Demuth did not, individually or in aggregate, have a material impact on the results or financial position of Valmet, or its financial reporting, in 2024.

21 | Financial risk management

As a global Group, Valmet is exposed to a variety of business and financial risks. Financial risks are managed centrally by the Group treasury (hereafter Treasury) under annually reviewed written policies approved by Valmet's Board of Directors. Treasury identifies, evaluates and hedges financial risks in close co-operation with the subsidiaries. Treasury functions as counterparty to the subsidiaries, manages centrally external funding and is responsible for the management of financial assets and appropriate hedging measures. The objective of financial risk management is to mitigate potential adverse effects of financial risks on Valmet's financial performance.

Lease liabilities recognized in the Consolidated statement of financial position are part of Valmet's interest-bearing liabilities. To present information focused on the Group's long-term funding and related financial risks, figures presented in this note regarding liquidity and refinancing risk, capital structure and interest rate risk management, exclude the impact of lease liabilities. More information regarding leases is presented in Note 5.

Sensitivity analysis

Sensitivity analysis presented in connection with various financial risks is based on the risk exposures at the end of the reporting period.

Sensitivities are calculated by assuming a change in one of the risk factors of a financial instrument, such as interest or currency rate. Sensitivity calculations are based on the changes in the relevant risk variable that are reasonably possible. The reasonably possible changes are assumed to be a variation of 1 percentage point (100 basis points) in interest rates, and a 10 percent change in foreign exchange rates and in commodity prices.

Liquidity and refinancing risk management

Liquidity or refinancing risk arises when a company is not able to arrange funding at terms and conditions corresponding to its creditworthiness. Cautious maturity distribution of interest-bearing debt and sufficient cash, short-term investments and committed and uncommitted credit facilities are maintained to protect short-term liquidity and to manage refinancing risk. Diversification of funding among different markets and an adequate number of financial institutions are used to safeguard the availability of liquidity at all times. Treasury monitors bank account structures, cash balances and forecasts of the subsidiaries and manages the utilization of the consolidated cash resources.

At the end of the reporting period Cash and cash equivalents amounted to EUR 482 million (EUR 432 million) and current interest-bearing financial assets managed centrally by Treasury to EUR 30 million (EUR 25 million). Due to the global nature of operations, some of the Valmet subsidiaries are located in countries in which currency is subject to limited exchangeability or capital controls. Given Valmet's total liquidity position, balances in such countries are immaterial.

In 2024, Valmet issued a green bond (senior unsecured green notes) of EUR 200 million. The maturity of the bond is five years and it matures in 2029. The bond carries fixed annual interest of 4.00 percent. The issue price of the bond is 99.871 percent. The net proceeds from the bond offering will be in accordance with the Green Finance Framework published by Valmet on March 1, 2024. The Green Finance Framework is designated to support financing and refinancing eligible assets and expenditures that promote two environmental objectives: enabling transition to a circular economy and mitigating climate change.

In 2024, new term loans worth EUR 175 million were drawn of which EUR 50 million was a green loan from Swedish Export Credit Corporation (SEK) issued under Valmet's Green Finance Framework and EUR 125 million was a term loan from the Nordic Investment Bank.

Valmet's liquidity was additionally secured by a committed and undrawn revolving credit facility worth EUR 300 million, which matures in 2026, uncommitted and undrawn overdraft limits of EUR 16 million and a commercial paper program worth EUR 300 million which was undrawn at the end of the reporting period.

Net working capital management is an integral part of the liquidity risk management. Treasury monitors and forecasts net working capital fluctuations in close co-operation with the subsidiaries. Net working capital decreased to EUR 134 million (EUR 191 million) as at December 31, 2024. In the recent years, Valmet's net working capital profile has changed due to increased portion of stable business, which typically ties up more net working capital than capital business. In addition, payment schedules of large long-term projects have a significant impact on net working capital development.

Group's refinancing risk is managed by balancing the proportion of current and non-current interest-bearing debt and average maturity of non-current interest-bearing debt including committed undrawn credit facility. The average maturity of non-current interest-bearing debt, including current portion, as at December 31, 2024, was 3.4 years (3.0 years). The amount of current interest-bearing debt, including current portion of non-current interest-bearing debt, was 8 percent (8%) of total debt portfolio. As at December 31, 2024, Valmet's interest-bearing liabilities consist of debt and lease liabilities, and debt portfolio includes loans from financial institutions, issued bonds and commercial papers.

The tables below present undiscounted cash flows on the repayments and interests on Valmet's financial liabilities (excl. lease liabilities and derivatives) as at December 31, 2024 and 2023 by the remaining maturities from the balance sheet date to the contractual maturity date. The remaining maturities of lease liabilities are presented in Note 5, and correspondingly remaining maturities of derivatives in Note 9.

EUR million	2025	2026	2027	2028	2029 and later
2024					
Loans from financial institutions					
Repayments	94	49	349	377	296
Interests	47	44	36	17	24
Bonds					
Repayments	—	—	—	—	200
Interests	8	8	8	8	8
Trade payables and other current financial liabilities	481	—	—	—	—
Total	**630**	**101**	**393**	**402**	**528**

EUR million	2024	2025	2026	2027	2028 and later
2023					
Loans from financial institutions					
Repayments	40	344	299	99	498
Interests	59	58	35	34	23
Trade payables and other current financial liabilities	582	—	—	—	—
Total	681	402	334	133	521

The information presented in above tables excludes the impact of lease liabilities and derivatives.

Capital structure management

The capital structure management seeks to safeguard the ongoing business operations, to ensure flexible access to capital markets and to secure adequate funding at a competitive rate. Capital structure management at Valmet comprises both equity and interest-bearing debt. As at December 31, 2024, total equity was EUR 2,614 million (EUR 2,572 million) and the amount of interest-bearing debt was EUR 1,387 million (EUR 1,343 million).

Valmet has not disclosed any long-term financial ratio target for its capital structure. However, the objective of Valmet is to maintain strong capital structure in order to secure customers', investors', creditors' and market confidence. The capital structure is assessed regularly by the Board of Directors and managed operationally by Treasury. Loan facility agreements include customary covenants and Valmet is in clear compliance with the covenants at the end of the reporting period. Valmet had no credit rating at December 31, 2024.

Capital structure as at December 31

EUR million	2024	2023
Interest-bearing debt	**1,387**	1,343
Cash and cash equivalents	**482**	432
Interest-bearing financial assets	**55**	25
Interest-bearing net debt	**850**	886
Total equity	**2,614**	2,572

The information presented in above table excludes the impact of lease liabilities.

Interest rate risk management

Interest rate risk arises when changes in market interest rates and interest margins influence finance costs, returns on financial investments and valuation of interest-bearing items. The interest rate risk is managed and controlled by Treasury. The interest rate risks are managed through balancing the ratio between fixed and floating interest rates and duration of interest-bearing debt and interest-bearing financial assets. Additionally, Valmet may use derivative instruments such as forward rate agreements, swaps, options and futures contracts to mitigate the risks arising from interest-bearing assets and liabilities. The ratio of fixed rate debt of the total debt portfolio is required to stay within the 10–60 percent range including the interest rate derivatives. The duration of the non-current interest-bearing debt, including the current portion, and the interest rate derivatives is allowed to deviate between 6–42 months.

The fixed rate interest portion was 49 percent (37%), the duration was 1.2 years (1.3 years) and the EUR denominated debt of the total debt portfolio was 99 percent (100%) at the end of 2024. The basis for the interest rate risk sensitivity analysis is an aggregate Group level interest rate exposure, composed of interest-bearing financial assets, interest-bearing liabilities (excl. leases) and interest rate swaps, which are used to hedge the underlying exposures. The sensitivity analysis does not include the interest component of foreign exchange derivatives since the impact of a one percentage point change in interest rates is not significant, assuming similar change in all currency pairs at the same time. For all interest-bearing debt, assets and interest rate derivatives to be fixed during the next 12 months a change of one percentage point upwards or downwards in interest rates with all other variables held constant would have following effect, net of taxes:

EUR million	2024	2023
Profit for the period	**-/+ 2.2**	-/+ 3.4
Equity	**+/- 6.9**	+/- 9.0

The information presented in above table excludes the impact of lease liabilities.

Valmet has used interest rate derivatives to hedge the interest rate risk of its debt portfolio. All interest rate swaps have been designated to either cash flow or fair value hedge accounting relationships. The nominal and fair values of the outstanding interest rate derivative contracts are presented in Note 9.

Foreign exchange rate risk management

Valmet operates globally and is exposed to foreign exchange risk in several currencies, although the geographical diversity of operations decreases the significance of any individual currency. Substantial proportion of Valmet's net sales and costs are generated in euros (EUR), US dollars (USD), Swedish kronas (SEK) and Chinese yuans (CNY).

Transaction exposure

Foreign exchange transaction exposure arises when a subsidiary has commercial or financial transactions and payments in another currency than its own functional currency and when related cash inflow and outflow amounts are not equal or concurrent.

In accordance with Valmet's treasury policy, subsidiaries are required to hedge in full the foreign currency exposures on the Consolidated statement of financial position and other firm commitments. Cash flows denominated in a currency other than the functional currency of the subsidiary are hedged with internal forward exchange contracts with Treasury for periods, which do not usually exceed two years. Subsidiaries also carry out hedging directly with the banks in countries where the regulation does not allow corporate internal cross-border contracts. Treasury monitors the net position of each currency and decides to what extent a currency position is to be closed. Treasury is responsible for entering into external forward transactions corresponding to the internal forwards whenever a subsidiary applies hedge accounting. Valmet's treasury policy defines upper limits on the open currency exposures managed by Treasury; limits have been calculated on the basis of their potential profit or loss impact. To manage the foreign currency exposure Treasury may use forward exchange contracts and foreign exchange options. Valmet is exposed to foreign currency risk arising from both on and off-balance sheet items. The foreign currency exposure is composed of all assets and liabilities denominated in foreign currencies and their counter values in local currencies. Calculation includes external and internal short- and long-term sales and purchase contracts, projected cash flows for unrecognized firm commitments and financial items, net of respective hedges.

The following table illustrates Group's outstanding foreign currency risk as at December 31:

	2024				
EUR million	**EUR**	**SEK**	**USD**	**CNY**	**Others**
Operational items	239	-363	343	-228	9
of which trade receivables and other current assets	-22	-168	120	49	21
of which trade payables and other current liabilities	-8	49	-16	-45	19
Financial items	101	-92	13	-153	131
Hedges	-326	449	-330	357	-151
under hedge accounting	-323	257	-231	252	46
not qualifying for hedge accounting	-2	192	-99	105	-196
Total exposure	**14**	**-6**	**26**	**-24**	**-10**

	2023				
EUR million	**EUR**	**SEK**	**USD**	**CNY**	**Others**
Operational items	53	-351	437	-178	39
of which trade receivables and other current assets	-45	-165	108	61	40
of which trade payables and other current liabilities	12	64	-16	-91	32
Financial items	193	-35	-104	-97	44
Hedges	-253	377	-288	244	-81
under hedge accounting	-177	283	-285	138	39
not qualifying for hedge accounting	-76	95	-2	105	-120
Total exposure	-6	-9	46	-31	2

This Group level currency exposure is the basis for the sensitivity analysis of foreign exchange risk. Assuming euro to appreciate or depreciate 10 percent against all other currencies, the impact as at December 31 on cash flows, net of taxes, would be:

	2024				
EUR million	**SEK**	**USD**	**CNY**	**Others**	**Total**
EUR +/- 10% change	**+/- 0.5**	**-/+ 2.1**	**+/- 1.9**	**+/- 0.8**	**+/- 1.1**

	2023				
EUR million	**SEK**	**USD**	**CNY**	**Others**	**Total**
EUR +/- 10% change	+/- 0.7	-/+ 3.7	+/- 2.5	-/+ 0.2	-/+ 0.6

The sensitivity analysis as required by IFRS 7, includes financial instruments, such as trade and other receivables, trade and other payables, interest-bearing liabilities, deposits, cash and cash equivalents and derivative financial instruments.

The table below presents the effects, net of taxes, of a +/- 10 percent change in EUR against all other currencies:

EUR million	**2024**	**2023**
Profit for the period	**+/- 5.4**	+/- 6.4
Equity	**-/+ 25.9**	-/+ 14.0

Changes in fair value of derivative contracts that qualify for cash flow hedge accounting are recorded in equity. The effect in profit or loss is the change in fair value for all other financial instruments exposed to foreign exchange risk.

The nominal and fair values of the outstanding forward exchange contracts are presented in Note 9.

Translation or equity exposure

Foreign exchange translation exposure arises when goodwill or fair value step-ups, or the equity of a subsidiary, is denominated in a currency other than the functional currency of the parent company. As at December 31, 2024, the total non-EUR denominated goodwill and fair value step-ups, and equity of the subsidiaries, was EUR 1,073 million (EUR 1,141 million). The major translation exposures were in 2024 EUR 428 million in USD and EUR 234 million in CNY, and respectively in 2023 EUR 431 million in USD and EUR 220 million in CNY. Valmet is currently not hedging any equity exposure.

Commodity risk management

Valmet is exposed to risk in variations of the prices of raw materials and of supplies, including energy. Subsidiaries have identified their commodity price hedging needs and hedges have been executed through Treasury using approved counterparties and instruments. For commodity risks, separate overall hedging limits are defined and approved. Hedging is done on a rolling basis with a declining hedging level over time. Electricity exposure in the Nordic subsidiaries has been hedged with electricity forwards and fixed price physical contracts. Hedging is focused on the estimated energy consumption for the next two-year period with some contracts extended to approximately five years. The execution of electricity hedging has been outsourced to an external broker. As at December 31, 2024, Valmet had outstanding electricity forwards amounting to 160 GWh (153 GWh) and 175 GWh (158 GWh) under fixed price purchase agreements.

To reduce its exposure to the volatility caused by the surcharge for certain metal alloys (Alloy Adjustment Factor) comprised in the price of stainless steel charged by its suppliers, Valmet may enter into average-price swap agreements for nickel. The Alloy Adjustment Factor is based on monthly average prices of its components of which nickel is the most significant. Also, to reduce steel scrap price risk in Valmet's own foundry operations, Valmet can hedge steel scrap prices using average price swap agreements. As at December 31, 2024, Valmet had 1,483 metric tons outstanding average price swap agreements for nickel (588 metric tons) and 1,303 metric tons for steel scrap (1,523 metric tons).

The following table presenting the sensitivity analysis of the commodity prices comprises the net aggregate amount of commodities bought through forward contracts and swaps but excludes the anticipated future consumption of raw materials and electricity.

A 10 percent change upwards or downwards in commodity prices would have the following effects, net of taxes:

EUR million	2024	2023
Electricity - effect in equity	**+/- 0.4**	+/- 0.5
Nickel - effect in profit for the period	**+/- 1.3**	+/- 0.7
Nickel - effect in equity	**+/- 0.4**	+/- 0.0
Steel scrap - effect in profit for the period	**+/- 0.0**	+/- 0.0

Cash flow hedge accounting has been applied to electricity forward contracts and to certain nickel forward agreements and the change in fair value is recognized in equity. Hedge accounting is not applied to remaining nickel agreements nor any steel scrap agreements and the change in the fair value is recorded through Consolidated statement of income.

Credit and counterparty risk management

Credit or counterparty risk is defined as the possibility of a customer, subcontractor or a financial counterparty not fulfilling its commitments towards Valmet. Subsidiaries are primarily responsible for credit risks pertaining to sales and procurement activities. The subsidiaries assess the credit standing of their customers, by taking into account their financial position, past experience and other relevant factors. Advance payments, letters of credit and third-party guarantees are actively used to mitigate credit risks. Treasury provides centralized services related to trade, project and customer financing and seeks to ensure that the principles of Valmet's treasury policy are adhered to with respect to terms of payment and required collateral. Valmet has no significant concentrations of credit risks due to the large number and geographic dispersion of companies that comprise the Group's customer base.

The maximum credit risk equals the carrying value of trade and other receivables, together with contract assets related to contracts for which revenue is recognized over time. The credit risk quality is evaluated both on the basis of aging of the trade receivables and also on the basis of customer specific analysis. The aging structure of trade receivables is presented in Note 8. Management considers investments at fair value through other comprehensive income to have low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. Counterparty risk arises also from financial transactions agreed upon with banks, financial institutions and corporations. The risk is managed by careful selection of banks and other counterparties and by applying counterparty specific limits and netting agreements such as ISDA (Master agreement of International Swaps and Derivatives Association), see Note 9. All financial institutions Valmet associates with have investment grade status. When measuring the financial credit risk exposure, all open exposures such as cash at bank accounts, investments, deposits and other financial transactions, for example derivative contracts, are included. The compliance with financial counterparty limits is regularly monitored by the management.

22 | Investments in associated companies

Valmet Group has the following associated companies:

Company name	Place of incorporation and principal place of business	Share of ownership Dec 31, 2024	Share of ownership Dec 31, 2023	Measurement
Nanjing SAC Valmet Automation Co., Ltd.	China	**21.95%**	21.95%	Equity method
Valpro gerenciamento de obras Ltda	Brazil	**51.0%**	51.0%	Equity method

Nanjing SAC Valmet Automation Co., Ltd. (SAC) is a company established in 2011 between Metso Automation Co., Ltd. and Guodian Nanjing Automation Co., Ltd. Guodian Nanjing Automation Co., Ltd is a public company, of which the majority is owned by Huadian Power International Corporation Limited, part of one of the five biggest power producing companies in China. The ownership of Metso Automation Co., Ltd. was transferred to Valmet when the Group completed its acquisition of Process Automation Systems on April 1, 2015. Nanjing SAC Valmet Automation Co., Ltd. concentrates on developing new technology, products and solutions for digital power plant concepts by combining the resources of the parties. The associated company focuses especially on the Chinese market.

Valpro gerenciamento de obras Ltda is classified as a joint venture, because Valmet has, together with the other shareholder, joint power to govern the company.

Nanjing SAC Valmet Automation Co., Ltd. and Valpro gerenciamento de obras Ltda are private companies, and there are no quoted market prices available for their shares. There are no contingent liabilities related to Valmet's interest in Nanjing SAC Valmet Automation Co., Ltd or Valpro gerenciamento de obras Ltda.

Summarized financial information for Nanjing SAC Valmet Automation Co., Ltd. is presented below. The summarized financial information below represents amounts shown in Nanjing SAC Valmet Automation Co., Ltd.'s most recent financial statements. The current and non-current assets and liabilities, revenues, and results of Valpro gerenciamento de obras Ltda are not material and are therefore not presented in the below tables.

Summarized financial information

EUR million	SAC 2024	SAC 2023
Balance sheet		
Non-current assets	**17**	17
Current assets	**157**	126
Non-current liabilities	**1**	1
Current liabilities	**94**	68
Net assets	**79**	74
Valmet's share of net assets	**17**	16
Income statement		
Revenue	**132**	121
Profit or loss	**11**	13
Total comprehensive income	**11**	13

Valmet had no material transactions with its associated companies in 2024 or 2023, or material receivables or liabilities as at December 31, 2024, or December 31, 2023.

Reconciliation to carrying values in Valmet Group:

	SAC	
EUR million	**2024**	**2023**
Net assets at beginning of the period	**74**	71
Translation differences	**3**	-4
Profit for the period	**11**	13
Other comprehensive income for the period	**—**	—
Dividends paid	**-8**	-6
Net assets at end of the period	**79**	74
Valmet's share of net assets	**17**	16
Carrying value at end of the period	**17**	16

Changes in investments in associated companies during the period:

EUR million	**2024**	**2023**
Historical cost		
Historical cost at beginning of the period	**8**	8
Historical cost at end of the period	**8**	8
Equity adjustments		
Equity adjustments at beginning of the period	**9**	7
Profit for the period	**2**	3
Other comprehensive income for the period	**—**	—
Dividends received	**-2**	-2
Expensing of fair value adjustments	**—**	—
Equity adjustments at end of the period	**10**	9
Carrying value at end of the period	**17**	16

23 | Audit fees

In 2024, the Annual General Meeting of Valmet Oyj elected Authorised Public Accountants PricewaterhouseCoopers Oy as Valmet Oyj's auditor. The table below presents fees for audit and other services provided by PricewaterhouseCoopers Oy and its affiliates (PwC) to Valmet Group.

EUR million	2024	2023
Audit fees	**-3.0**	-2.5
Audit-related assignments	**-0.1**	—
Tax assignments	**—**	—
Other services[1]	**-0.4**	-0.2
Total	**-3.6**	-2.7

[1] In 2024, Other services includes fees for assurance services regarding the Sustainability Statement.

24 | Contingencies and commitments

Valmet Oyj, with its subsidiaries, and financial institutions have guaranteed commitments arising from the ordinary course of business of Valmet Group up to a maximum of EUR 1,100 million and EUR 1,127 million as at December 31, 2024, and 2023, respectively.

On October 15, 2024, Valmet announced that Metsä Fibre Oy has filed a request for arbitration against Valmet Technologies Oy, which is a subsidiary of Valmet. The arbitration concerns Metsä Fibre's bioproduct mill in Kemi, Finland, which came into operation as planned on September 20, 2023.

Valmet Technologies Oy disputes the claims brought by Metsä Fibre and will also actively pursue claims of its own against Metsä Fibre. Metsä Fibre's preliminary monetary claims put forward amount to approximately EUR 47 million. In addition, Metsä Fibre has informed that it will claim that Valmet Technologies Oy would be declared liable for certain potential costs which Metsä Fibre might incur later based on contractual relationships between Metsä Fibre and other parties. Metsä Fibre estimates that the current value of such potential claims is approximately EUR 65 million, but estimates that this amount is likely to decrease.

Valmet's management does not expect to the best of its current understanding any material adverse impacts on its operations or financial position due to this arbitration. This assessment takes into account the grounds currently presented, provisions made, insurance coverage in force, and the extent of Valmet's total business activities.

Several lawsuits, claims and disputes based on various grounds are pending against Valmet in various countries, including product liability lawsuits and claims as well as legal disputes related to Valmet's deliveries. Valmet is also a plaintiff in several lawsuits. Although some of the claims are substantial, Valmet's management does not expect to the best of its present understanding that the outcome of these lawsuits, claims and disputes will have a material adverse effect on Valmet in view of the grounds currently presented for them, provisions made, insurance coverage in force and the extent of Valmet's total business activities.

25 | Related party information

Valmet's related parties include Valmet Group companies (see Note 26) and associated companies and joint ventures (see Note 22) as well as the members of Valmet's Board of Directors and Executive Team. Transactions with related parties have been conducted under normal market terms and conditions and at market prices.

Remuneration of Chief Executive Officer and other Executive Team members

The table below presents the expenses related to management compensation that have been recognized in profit or loss. More information about share-based payments is presented in Note 14.

EUR thousand	Salaries and other short-term benefits	Performance bonuses	Share-based payments	Post-retirement benefits	Resignation benefits	Total
2024						
President and CEO from August 12, 2024	-332	-506	-331	-121	—	**-1,290**
President and CEO until August 11, 2024	-568	-278	-650	-279	—	**-1,775**
Other Executive Team members	-3,231	-1,115	-2,565	-1,117	-91	**-8,119**
Total	**-4,130**	**-1,899**	**-3,546**	**-1,517**	**-91**	**-11,184**
2023						
President and CEO	-797	-674	-822	-393	-1,958	-4,645
Other Executive Team members	-3,175	-1,173	-2,803	-1,348	-150	-8,649
Total	-3,973	-1,847	-3,625	-1,741	-2,108	-13,294

On February 19, 2024, Valmet announced that Valmet's Board of Directors has appointed Thomas Hinnerskov as the President and CEO of Valmet. Thomas Hinnerskov started in the position on August 12, 2024. He succeeded Pasi Laine, whose resignation was announced on August 18, 2023. The remuneration of the former President and CEO was decided in August 2023 in conjunction with his resignation. The Board of Directors decided to continue salary payments until July 2025 and make a severance payment of EUR 1,125 thousand to the President and CEO on July 1, 2025. These and other benefits related to the resignation of the President and CEO accrued in 2023 totaled to EUR 1,958 thousand. The President and CEO is considered a Good leaver for the purposes of long- and short-term incentives and retains rights to all earned incentives, as well as future incentives for the 2024–2026 performance period.

Pension arrangements for the President and CEO follow local market practice and legislation. Other Executive Team members belong to the pension systems of their country of residence and have a statutory retirement age. The President and CEO and members of the Executive Team belong to supplementary defined contribution pension plans.

Contributions to the plans are 15–20 percent of the employee's annual salary. Expenses are included in the post-retirement benefits together with the statutory pension benefits presented in the table above. The final benefit received by the employee depends on the return on the plan's investments.

Remuneration paid to members of the Board of Directors

EUR thousand	2024	2023
Mikael Mäkinen, Chair	**-178**	-167
Jaakko Eskola, Vice Chair	**-106**	-95
Aaro Cantell, Member (until March 21, 2024)	**-4**	-82
Anu Hämäläinen, Member	**-99**	-83
Pekka Kemppainen, Member	**-91**	-82
Per Lindberg, Member	**-87**	-72
Annareetta Lumme-Timonen, Member (from March 21, 2024)	**-84**	—
Monika Maurer, Member	**-95**	-92
Annika Paasikivi, Member (from March 21, 2024)	**-83**	—
Eriikka Söderström, Member (until March 21, 2024)	**-6**	-92
Juha Pöllänen, Personnel Representative	**-8**	-7
Total	**-840**	-771

As at December 31, 2024, the aggregate shareholding of the Board of Directors, the President and CEO, and other Executive Team members was 352,105 shares (647,065 shares as at December 31, 2023).

Valmet has no loan receivables from the Executive Team or the members of the Board of Directors. No pledges or other commitments have been given on behalf of management or shareholders.

In 2024 and 2023, Valmet sold goods to entities controlled by a member of the Board of Directors and purchased services from the same entities. The value of these sales amounted to EUR 196 thousand and purchases to EUR 0 thousand (EUR 487 thousand of sales and EUR 80 thousand of purchases in 2023). Valmet had no outstanding receivables nor payables to entities controlled by a member of the Board of Directors at the end of the reporting period (EUR 45 thousand of receivables and EUR 14 thousand of current payables at December 31, 2023).

26 | Subsidiaries

Company name	Country of incorporation and place of business	Parent holding, %	Group ownership interest, %
Neles Australia Flow Control Pty Ltd[1]	Australia	—	100.0
Valmet Pty Ltd	Australia	—	100.0
Valmet GesmbH	Austria	—	100.0
Valmet Belgium BV	Belgium	—	100.0
Demuth Máquinas Industriais Ltda.	Brazil	—	100.0
Estruturas Metálicas e Sistemas Construtivos Demuth Ltda.	Brazil	—	100.0
Premium Participações Societárias S.A.	Brazil	—	100.0
Valmet Celulose, Papel e Energia Ltda.	Brazil	—	100.0
Valmet Engraving Solutions Ltda.	Brazil	—	100.0
Valmet Fabrics Tecidos Técnicos Ltda.	Brazil	—	100.0
Valmet Flow Control Ltda.	Brazil	—	100.0
Valmet Tissue Converting Ltda.	Brazil	—	100.0
Valmet Ltd.	Canada	—	100.0
Valmet Flow Control SpA	Chile	—	100.0
Valmet S.A.	Chile	—	100.0
Neles (China) Investment Co., Ltd.	China	100.0	100.0
Valmet (China) Co., Ltd.	China	—	100.0
Valmet Automation (Shanghai) Co., Ltd.	China	—	100.0
Valmet Fabrics (China) Co., Ltd.	China	—	100.0
Valmet Flow Control (Jiaxing) Co., Ltd.	China	—	100.0
Valmet Flow Control (Shanghai) Co., Ltd.	China	—	100.0
Valmet Paper (Shanghai) Co., Ltd.	China	—	100.0
Valmet Paper Machinery (Changzhou) Co., Ltd.	China	—	100.0
Valmet Paper Technology (China) Co., Ltd.	China	—	100.0
Valmet Paper Technology (Guangzhou) Co., Ltd.	China	—	100.0
Valmet Paper Technology (Xi'an) Co., Ltd.	China	—	75.0
Valmet Technologies Co., Ltd.	China	—	100.0
Valmet Tissue Converting (Nantong) Co., Ltd.	China	—	100.0
Valmet Tissue Converting (Shanghai) Co., Ltd.	China	—	100.0
Valmet d.o.o.	Croatia	—	100.0
Valmet s.r.o.	Czech Republic	—	100.0
Valmet Automation Oy	Finland	100.0	100.0
Valmet Flow Control Oy	Finland	100.0	100.0
Valmet Kauttua Oy	Finland	—	100.0
Valmet Technologies Oy	Finland	100.0	100.0
Valmet Automation SAS	France	—	100.0
Valmet Flow Control SAS	France	—	100.0
Valmet SAS	France	—	100.0
FactoryPal GmbH	Germany	—	75.1
Gas Chromatography Systems MAXUM GmbH	Germany	—	100.0
Valmet Deutschland GmbH	Germany	—	100.0
Valmet Flow Control GmbH	Germany	—	100.0
Valmet GmbH	Germany	—	100.0
Valmet Flow Control Private Limited	India	—	100.0
Valmet Technologies Private Limited	India	—	100.0
PT Valmet	Indonesia	—	100.0
PT Valmet Automation Indonesia	Indonesia	—	100.0
PT Valmet Technology Center	Indonesia	—	100.0
Valmet Engraving Solutions S.r.l.	Italy	—	100.0

[1] Under liquidation.

Company name	Country of incorporation and place of business	Parent holding, %	Group ownership interest, %
Valmet Flow Control S.p.A.	Italy	—	100.0
Valmet S.p.A.	Italy	—	100.0
Valmet Tissue Converting S.p.A.	Italy	—	100.0
Valmet Tissue Converting S.r.l.	Italy	—	100.0
Valmet K.K.	Japan	—	100.0
Valmet Tissue Converting Co., Ltd.	Japan	—	100.0
Neles Flow Control Malaysia Sdn. Bhd.[1]	Malaysia	—	100.0
Valmet Sdn. Bhd.	Malaysia	—	100.0
Valmet Flow Control SA de C.V.	Mexico	—	100.0
Valmet Technologies S. de R.L. de C.V.	Mexico	—	100.0
Valmet B.V.	Netherlands	—	100.0
Valmet AS	Norway	—	100.0
Valmet Flow Control S.A.C.[1]	Peru	—	100.0
Valmet Automation Sp. z o.o.	Poland	—	100.0
Valmet Flow Control Sp. z o.o.	Poland	—	100.0
Valmet Services Jelenia Góra Sp. z o.o.	Poland	—	100.0
Valmet Services Sp. z o.o.	Poland	—	100.0
Valmet Technologies and Services S.A.	Poland	—	100.0
Valmet, Lda	Portugal	—	100.0
Valmet Flow Control, Unipessoal Lda	Portugal	—	100.0
Valmet Trading and Contracting W.L.L.[2]	Qatar	—	49.0
Valmet Flow Control Co., Ltd.	Republic of Korea	—	100.0
Valmet Inc.	Republic of Korea	—	100.0
Valmet Flow Control S.R.L.	Romania	—	100.0
Valmet Flow Control Industrial LLC	Saudi Arabia	—	70.0
Gas Chromatography Systems MAXUM Pte. Ltd.	Singapore	—	100.0
Valmet Flow Control Pte. Ltd.	Singapore	—	100.0
Valmet Pte. Ltd.	Singapore	—	100.0
Valmet Flow Control South Africa Pty Ltd	South Africa	—	100.0
Valmet South Africa (Pty) Ltd	South Africa	—	100.0
Valmet Technologies, S.A.U.	Spain	—	100.0
Valmet Technologies Zaragoza, S.L.	Spain	—	81.0
Valmet AB	Sweden	100.0	100.0
Valmet Co., Ltd.	Thailand	—	100.0
Valmet Flow Control Co., Ltd.[1]	Thailand	—	100.0
Valmet Flow Control Turkey Dis Ticaret A.S.	Turkey	—	100.0
Valmet Selüloz Kagit ve Enerji Teknolojileri A.S.	Turkey	—	100.0
Valmet Flow Control LLC[2]	United Arab Emirates	—	49.0
Valmet FZE	United Arab Emirates	—	100.0
Valmet Process Technologies and Services LLC[2]	United Arab Emirates	—	49.0
Neles UK Ltd[1]	United Kingdom	—	100.0
Valmet Limited	United Kingdom	—	100.0
Gas Chromatography Systems MAXUM LLC	USA	—	100.0
Neles-Jamesbury, Inc.	USA	100.0	100.0
Valmet, Inc.	USA	48.7	100.0
Valmet Flow Control Inc.	USA	—	100.0
Valmet Tissue Converting, Inc.	USA	—	100.0
Valmet Co., Ltd.	Vietnam	—	100.0

[1] Under liquidation.
[2] Based on contractual arrangement, the Group has full control of the company and is consolidating the entity 100%.

27 | Events after the reporting period

There has been no subsequent events after the reporting period that required recognition or disclosure.

28 | New accounting standards

New IFRS Accounting Standards adopted

Valmet Group has applied new standards, amendments and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on January 1, 2024. These standards, amendments and interpretations did not have a material impact on the results or financial position of Valmet Group, or the presentation of financial statements.

New IFRS Accounting Standards not yet adopted

Valmet Group has not identified any new standards, amendments or interpretations published by IASB that apply for the first time to financial reporting periods commencing on or after January 1, 2025, that are expected to have a material impact on the results or financial position of Valmet Group, or the presentation of financial statements, except for IFRS 18 Presentation and Disclosure in Financial Statements published in April 2024.

IFRS 18 sets out requirements for the presentation and disclosure of information in financial statements and it will replace IAS 1 Presentation of Financial Statements. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 is yet to be endorsed by the EU. Valmet is assessing the impact of IFRS 18 on its consolidated financial statements, but as it does not impact the recognition and measurement requirements it is not expected to have any significant impact other than on the presentation of financial information, and mainly on the presentation of the Consolidated statement of income, the Consolidated statement of cash flows and the notes to the consolidated financial statements.

Parent company statement of income, FAS

EUR thousand	Note	2024	2023
Net sales		**15,073**	7,748
Personnel expenses	2	**-23,795**	-22,702
Depreciation and amortization	7	**-749**	-745
Other operating expenses	3, 4	**-15,110**	-27,319
Operating profit		**-24,580**	-43,018
Financial income and expenses, net	5	**265,881**	169,060
Profit before appropriations and taxes		**241,301**	126,042
Group contributions		**107,231**	199,697
Income taxes	6	**-15,637**	-28,952
Profit for the period		**332,896**	296,788

Parent company statement of financial position, FAS

Assets

EUR thousand	Note	2024	2023
Non-current assets			
Intangible assets	7	**360**	844
Property, plant and equipment	7	**3,714**	3,971
Equity investments	8	**2,270,938**	2,270,938
Non-current receivables	10, 11	**532,660**	451,433
Total non-current assets		**2,807,673**	2,727,186
Current assets			
Current receivables	10, 11	**655,691**	763,946
Cash and cash equivalents		**242,303**	179,509
Total current assets		**897,994**	943,455
Total assets		**3,705,666**	3,670,641

Equity and liabilities

EUR thousand	Note	2024	2023
Equity	12		
Share capital		**140,000**	140,000
Reserve for invested unrestricted equity		**486,993**	484,128
Hedge and other reserves		**-2,670**	-290
Retained earnings		**767,650**	722,052
Profit for the period		**332,896**	296,788
Total equity		**1,724,869**	1,642,677
Provisions			
Other provisions		**—**	2,276
Liabilities			
Non-current liabilities	11, 13	**1,286,975**	1,258,462
Current liabilities	11, 14	**693,823**	767,227
Total liabilities		**1,980,798**	2,025,689
Total equity and liabilities		**3,705,666**	3,670,641

Parent company statement of cash flows, FAS

EUR thousand	2024	2023
Cash flows from operating activities		
Profit before appropriations and taxes	**241,301**	126,042
Adjustments		
Depreciation and amortization	**749**	745
Financial income and expenses, net	**-265,881**	-169,060
Other non-cash items	**-3,289**	9,097
Total adjustments	**-268,421**	-159,218
Change in working capital	**10,584**	16,106
Interest and other financial expenses paid	**-96,659**	-58,604
Dividends received	**296,392**	193,085
Interest and other financial income received	**64,513**	32,726
Income taxes paid	**-26,451**	-21,223
Net cash provided by (+) / used in (-) operating activities	**221,259**	128,913
Cash flows from investing activities		
Investments in tangible and intangible assets	**-8**	-80
Net increase (-) / decrease (+) in loan receivables from Group companies	**-26,561**	-412,830
Net cash provided by (+) / used in (-) investing activities	**-26,569**	-412,910
Cash flows from financing activities:		
Purchase of treasury shares	**-2,560**	-3,987
Issue of treasury shares to Group companies	**2,102**	2,354
Dividends paid	**-248,630**	-239,403
Group contribution received	**199,594**	164,620
Proceeds from non-current debt	**374,742**	725,000
Repayments of current portion of non-current debt	**-289,978**	-39,978
Net proceeds from (+) / repayments of (-) current debt	**-44,219**	-50,521
Net proceeds from (+) / repayments of (-) debt from Group companies	**-16,263**	-15,971
Net increase (+) / decrease (-) in Group pool accounts	**-106,684**	-192,641
Net cash provided by (+) / used in (-) financing activities	**-131,896**	349,475
Net increase (+) / decrease (-) in cash and cash equivalents	**62,795**	65,478
Cash and cash equivalents at beginning of the period	**179,509**	114,031
Cash and cash equivalents at end of the period	**242,303**	179,509

Notes to parent company financial statements

1 | Accounting principles

The parent company's financial statements have been prepared in accordance with the Finnish Accounting Standards (FAS).

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

Non-current assets

Tangible and intangible assets are measured at historical cost, less accumulated depreciation according to plan. Land and water areas are not depreciated.

Depreciation and amortization are calculated on a straight-line basis over the expected useful lives of the assets as follows:

Intangible assets	10 years
Buildings and structures	12–30 years
Machinery and equipment	5–10 years
Other tangible assets	20 years

Investments in subsidiaries and other companies are measured at cost less impairment loss.

Financial instruments

Valmet's financial risk management is carried out centrally by the Group treasury (hereafter Treasury) under annually reviewed written policies approved by Valmet's Board of Directors. Treasury functions in co-operation with the operating units to minimize financial risks to both the parent company and the Group.

Forward exchange derivative contracts are used to hedge foreign exchange rate risk, and these instruments are measured at fair value. The change in the fair value of derivative instruments used to hedge operative items (e.g., foreign currency denominated sales and purchase transactions) is reported under Other operating income and expenses in profit or loss. The change in the fair value of derivatives used to hedge non-operative items (e.g., interest-bearing financial assets and liabilities, and other items related to funding) are reported under Financial income and expenses in profit or loss. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

Cash flow hedge accounting is applied to interest rate swaps hedging future changes in cash flows arising from floating rate debt. The fair value of the interest rate swaps is calculated as the present value of the estimated future cash flows arising from the contract. The gain or loss related to the ineffective portion of hedging instruments is expensed immediately and is reported under Financial income and expenses. Interest arising from interest rate swaps is reported under Financial income and expenses concurrently with interest expense arising from hedged floating rate debt.

Fair value hedge accounting is applied to certain fixed-rate loans. These fixed-rate loans create an exposure to fixed interest payments and the hedging instruments, interest rate swaps, receives fixed interest payments. There is an expectation that the value of the hedging instrument and the underlying hedged risk move in opposite direction. The change in fair value of the interest rate swap hedging the loan is recognized in Financial income and expenses in profit or loss concurrently with the change in value of the underlying hedged fixed-rate loan.

The derivative contracts used to hedge the commodity risk related to electricity and nickel are measured at fair value, and the changes in fair values are recognized in Other operating income and expenses in profit or loss. The fair value of commodity derivatives is based on quoted market prices at the balance sheet date.

Interest-bearing financial investments managed centrally by the Treasury are measured at fair value. The change in the fair value is recognized in fair value reserve within Equity in the Statement of financial position. The fair values of the interest-bearing financial assets are determined using prevailing market rates at the balance sheet date.

Further details on financial instruments are presented in Note 21 of the Consolidated financial statements.

Pensions

An external pension insurance company manages the parent company's statutory and voluntary pension plans, which are all defined contribution in nature. Contributions are expensed to the Statement of income as incurred.

Deferred taxes

A deferred tax liability or asset has been calculated for all temporary differences between tax bases of assets and liabilities and their amounts in financial reporting, using the tax rates enacted or substantially enacted by the balance sheet date. The deferred tax liabilities are recognized in the Statement of financial position in full, and the deferred tax assets are recognized when it is probable that there will be sufficient taxable profit against which the asset can be utilized.

Foreign currency transactions

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the individual transaction. Foreign currency denominated monetary items recognized in the Statement

of financial position have been translated into the functional currency at the exchange rates prevailing at the balance sheet date. Exchange rate gains and losses related to operative items are reported under Other operating income and expenses in the Statement of income, whereas exchange rate gains and losses related to non-operative items are reported under Financial income and expenses.

Receivables

Receivables are initially recognized at nominal amounts. Subsequently, they are measured at amortized cost, less provision for impairment.

Share-based incentive plan

Rewards arising from share-based incentive plans are settled partly in shares and partly in cash. The shares to be transferred as part of the plan are obtained in public trading. The acquisition of shares is recognized as a decrease in Retained earnings and transfer of shares as an increase in Reserve for invested unrestricted equity and Personnel expenses. The part settled in cash is recognized in the Statement of income under Personnel expenses at the time of payment.

Leasing

Lease payments have been recognized as rental expenses in the Statement of income.

Related parties

The parent company's related parties include Valmet Group companies, associated companies and joint ventures as well as the members of Valmet's Board of Directors and Executive Team. Transactions with related parties have been conducted under normal market terms and conditions and at market prices.

2 | Personnel expenses

EUR thousand	2024	2023
Salaries and wages	**-20,333**	-18,926
Pension costs	**-3,118**	-3,200
Other indirect employee costs	**-344**	-577
Total	**-23,795**	-22,702

Remuneration to management:

EUR thousand	2024	2023
President and CEO from 12 August 2024	**-1,290**	—
President and CEO until 11 August 2024	**-1,775**	-4,645
Members of the Board	**-840**	-771
Total	**-3,906**	-5,416

On February 19, 2024, Valmet announced that Valmet's Board of Directors has appointed Thomas Hinnerskov as the President and CEO of Valmet. Thomas Hinnerskov started in the position on August 12, 2024. He succeeded Pasi Laine, whose resignation was announced on August 18, 2023.

Pension arrangements for the President and CEO follow local market practice and legislation. The President and CEO belongs to a supplementary defined contribution plan. The contribution to the plan is 20 percent of his annual salary.

Expenses are included in the remuneration to management table above. Additional information about management remuneration is presented in Note 25 of the Consolidated financial statements.

Number of personnel:

	2024	2023
Personnel at end of the period	**153**	143
Average number of personnel during the period	**150**	144

3 | Other operating income and expenses

EUR thousand	2024	2023
Consulting and other services	**-13,421**	-15,683
IT	**-1,056**	-1,017
Change in fair value of derivatives	**-232**	-8,428
Other	**-401**	-2,191
Other operating expenses, total	**-15,110**	-27,319

4 | Audit fees

EUR thousand	2024	2023
Audit fees	**-596**	-529
Audit-related assignments	**-45**	-2
Tax assignments	**—**	—
Other services[1]	**-369**	-129
Total	**-1,009**	-660

[1] In 2024, Other services Includes fees for assurance services regarding the Sustainability Statement.

5 | Financial income and expenses

	2024			2023		
EUR thousand	Group companies	Others	Total	Group companies	Others	Total
Dividends received	296,100	291	**296,392**	192,668	416	193,085
Interest income	51,952	11,420	**63,372**	27,783	7,182	34,965
Gain on sale of subsidiary	—	—	**—**	5,575	—	5,575
Interest expenses	-22,410	-66,836	**-89,246**	-28,848	-33,888	-62,737
Net gain/loss from foreign exchange	506	-100	**406**	4,275	-3,783	492
Interest component from forward contracts	1,626	-3,920	**-2,294**	994	-1,375	-381
Other financial expenses	—	-2,748	**-2,748**	—	-1,939	-1,939
Total	**327,774**	**-61,893**	**265,881**	202,447	-33,387	169,060

6 | Income taxes

EUR thousand	2024	2023
Income tax for the financial period	**-15,619**	-29,241
Income tax for previous periods	**6**	-3
Change in deferred taxes	**-24**	293
Total	**-15,637**	-28,952

7 | Intangible assets and property, plant and equipment

EUR thousand	Intangible assets	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Tangible assets total	Total
2024							
Acquisition cost at beginning of the period	2,739	809	9,526	632	603	11,570	**14,308**
Additions	—	—	8	—	—	8	**8**
Acquisition cost at end of the period	2,739	809	9,534	632	603	11,577	**14,316**
Accumulated depreciation at beginning of the period	-1,895	—	-6,698	-594	-305	-7,598	**-9,493**
Depreciation	-484	—	-230	-8	-27	-265	**-749**
Accumulated depreciation at end of the period	-2,379	—	-6,928	-602	-332	-7,863	**-10,241**
Carrying value at end of the period	**360**	**809**	**2,605**	**29**	**271**	**3,714**	**4,075**

EUR thousand	Intangible assets	Land areas	Buildings and structures	Machinery and equipment	Other tangible assets	Tangible assets total	Total
2023							
Acquisition cost at beginning of the period	2,757	809	9,476	592	596	11,472	14,229
Additions	—	—	50	26	3	80	80
Reclassifications	-18	—	—	14	4	18	—
Acquisition cost at end of the period	2,739	809	9,526	632	603	11,570	14,308
Accumulated depreciation at beginning of the period	-1,411	—	-6,466	-592	-279	-7,337	-8,747
Depreciation	-484	—	-233	-3	-26	-262	-745
Accumulated depreciation at end of the period	-1,895	—	-6,698	-594	-305	-7,598	-9,493
Carrying value at end of the period	844	809	2,827	38	298	3,971	4,816

8 | Investments

EUR thousand	Shares in Group companies	Other shares	Investments total
2024			
Acquisition cost at beginning of the period	2,269,282	1,656	**2,270,938**
Acquisition cost at end of the period	2,269,282	1,656	**2,270,938**
Carrying value at end of the period	**2,269,282**	**1,656**	**2,270,938**

EUR thousand	Shares in Group companies	Other shares	Investments total
2023			
Acquisition cost at beginning of the period	2,279,833	1,657	2,281,489
Disposals	-10,551	-1	-10,552
Acquisition cost at end of the period	2,269,282	1,656	2,270,938
Carrying value at end of the period	2,269,282	1,656	2,270,938

9 | Subsidiaries

Company name	Domicile	Ownership %
Valmet Technologies Oy	Finland	100.0
Valmet Automation Oy	Finland	100.0
Valmet Flow Control Oy	Finland	100.0
Valmet AB	Sweden	100.0
Valmet, Inc.	USA	48.7
Neles-Jamesbury Inc.	USA	100.0
Neles (China) Investment Co., Ltd.	China	100.0

10 | Specification of receivables

Non-current receivables as at December 31:

EUR thousand	2024	2023
Loan receivables from Group companies	**518,397**	432,445
Deferred tax assets	**1,576**	1,005
Derivatives from Group companies	**6,422**	6,262
Derivatives from others	**6,265**	11,721
Non-current receivables total	**532,660**	451,433

Current receivables as at December 31:

	2024			2023		
EUR thousand	From group companies	From others	Total	From group companies	From others	Total
Trade receivables	13,784	—	**13,784**	10,295	—	10,295
Loan receivables	133,012	—	**133,012**	187,931	—	187,931
Group pool accounts	310,304	—	**310,304**	264,678	—	264,678
Prepaid expenses and accrued income	149,169	47,819	**196,989**	243,275	39,103	282,378
Other receivables	—	1,602	**1,602**	—	18,664	18,664
Current receivables total	**606,269**	**49,422**	**655,691**	706,179	57,768	763,946

Specification of prepaid expenses and accrued income as at December 31:

EUR thousand	2024	2023
Prepaid expenses and accrued income from Group companies		
Group contribution receivables	**107,357**	199,720
Accrued interest income	**11,427**	8,884
Derivatives	**30,011**	33,581
Other	**374**	1,089
Total	**149,169**	243,275
Other prepaid expenses and accrued income		
Derivatives	**23,797**	27,977
Other	**24,022**	11,126
Total	**47,819**	39,103

11 | Financial assets and liabilities recognized at fair value

Notional amounts and fair values as at December 31:

EUR thousand	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net	Changes in fair value recognized in profit or loss	Changes in fair value recognized in hedge reserve
2024						
Forward exchange contracts						
With Group companies	**3,267,809**	**35,497**	**-23,522**	**11,975**	**30,933**	**—**
Others	**3,507,296**	**25,263**	**-34,085**	**-8,822**	**-31,476**	**—**
Foreign exchange options						
With Group companies (sold)	**149,576**	**—**	**-126**	**-126**	**8**	**—**
Others (bought)	**149,576**	**126**	**—**	**126**	**-8**	**—**
Interest rate swaps[1]						
Others	**650,000**	**4,235**	**-6,463**	**-2,228**	**477**	**-3,980**
Electricity forward contracts[2]						
Others	**160**	**415**	**-1,019**	**-604**	**-592**	**—**
Nickel commodity swaps[3]						
With Group companies	**1,483**	**916**	**-3**	**913**	**1,121**	**—**
Others	**1,483**	**3**	**-916**	**-913**	**-1,121**	**—**
Steel scrap commodity swaps[3]						
With Group companies	**1,303**	**40**	**—**	**40**	**75**	**—**
Others	**1,303**	**—**	**-40**	**-40**	**-75**	**—**

EUR thousand	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net	Changes in fair value recognized in profit or loss	Changes in fair value recognized in hedge reserve
2023						
Forward exchange contracts						
With Group companies	2,985,423	37,880	-35,020	2,860	11,871	—
Others	3,148,645	34,229	-37,534	-3,306	-18,419	—
Interest rate swaps[1]						
Others	510,000	4,681	-5,044	-363	982	-363
Electricity forward contracts[2]						
Others	153	790	-800	-10	-8,728	—
Nickel commodity swaps[3]						
With Group companies	588	1,957	—	1,957	3,591	—
Others	588	—	-1,957	-1,957	-3,591	—
Steel scrap commodity swaps[3]						
With Group companies	1,523	15	-8	7	-34	—
Others	1,523	8	-15	-7	34	—

[1] All interest rate swaps have been designated either to cash flow or fair value hedge accounting relationships.
[2] Notional amount in GWh.
[3] Notional amount in metric tons.

Maturities of financial derivatives as at December 31:

	2025	2026	2027	2028	2029 and later	Total
2024						
Notional amounts						
Forward exchange contracts[1]	**5,724,819**	**1,047,581**	**2,706**	**—**	**—**	**6,775,106**
Foreign exchange options[1]	**299,151**	**—**	**—**	**—**	**—**	**299,151**
Electricity forward contracts[2]	**105**	**46**	**9**	**—**	**—**	**160**
Nickel commodity swaps[3]	**2,750**	**216**	**—**	**—**	**—**	**2,966**
Steel scrap commodity swaps[3]	**2,606**	**—**	**—**	**—**	**—**	**2,606**
Interest rate swaps[1]	**120,000**	**200,000**	**170,000**	**60,000**	**100,000**	**650,000**
Fair values, EUR thousand						
Forward exchange contracts	**3,050**	**103**	**—**	**—**	**—**	**3,153**
Foreign exchange options	**126**	**—**	**—**	**—**	**—**	**126**
Electricity forward contracts	**-497**	**-91**	**-15**	**—**	**—**	**-604**
Nickel commodity swaps	**—**	**—**	**—**	**—**	**—**	**—**
Steel scrap commodity swaps	**—**	**—**	**—**	**—**	**—**	**—**
Interest rate swaps	**-318**	**-1,306**	**-1,339**	**-1,016**	**1,751**	**-2,228**

	2024	2025	2026	2027	2028 and later	Total
2023						
Notional amounts						
Forward exchange contracts[1]	5,415,352	640,819	77,898	—	—	6,134,068
Electricity forward contracts[2]	92	44	18	—	—	153
Nickel commodity swaps[3]	1,176	—	—	—	—	1,176
Steel scrap commodity swaps[3]	3,046	—	—	—	—	3,046
Interest rate swaps[1]	65,000	95,000	160,000	150,000	40,000	510,000
Fair values, EUR thousand						
Forward exchange contracts	-544	94	3	—	—	-446
Electricity forward contracts	140	-72	-78	—	—	-10
Nickel commodity swaps	—	—	—	—	—	—
Steel scrap commodity swaps	—	—	—	—	—	—
Interest rate swaps	-194	77	-8	-253	14	-363

[1] Notional amount in EUR thousand.
[2] Notional amount in GWh.
[3] Notional amount in metric tons.

Classification of financial assets and liabilities as at December 31:

EUR thousand[1]	2024	2023
Non-current financial assets		
Equity investments at amortized cost	2,269,282	2,269,282
Equity investments at fair value through profit or loss	1,656	1,656
Loan receivables at amortized cost	518,397	432,445
Derivative financial instruments at fair value through profit or loss	8,774	13,302
Derivative financial instruments qualified for hedge accounting	3,913	4,681
Carrying value at end of the period	**2,802,022**	2,721,366
Current financial assets		
Loan receivables at amortized cost	133,012	187,931
Group pool accounts	310,304	264,678
Trade receivables at amortized cost	13,784	10,295
Derivative financial instruments at fair value through profit or loss	53,487	61,558
Derivative financial instruments qualified for hedge accounting	322	—
Cash and cash equivalents at amortized cost	242,303	179,509
Carrying value at end of the period	**753,212**	703,971

EUR thousand[1]	2024	2023
Non-current financial liabilities		
Loans from financial institutions at amortized cost	1,070,604	1,240,044
Bonds at amortized cost[2]	201,557	—
Derivative financial instruments at fair value through profit or loss	8,776	13,354
Derivative financial instruments qualified for hedge accounting	5,823	4,850
Carrying value at end of the period	**1,286,761**	1,258,248
Current financial liabilities		
Loans from financial institutions at amortized cost	94,440	39,978
Interest-bearing liabilities at amortized cost	14,484	73,793
Group pool accounts	501,490	562,548
Trade payables at amortized cost	75,354	6,741
Derivative financial instruments at fair value through profit or loss	50,961	61,920
Derivative financial instruments qualified for hedge accounting	640	194
Carrying value at end of the period	**737,368**	745,174

[1] Carrying values presented in the table approximate fair values.
[2] The bonds have been measured at amortized cost, adjusted by the fair value to the extent that fair value hedge accounting is applied.

12 | Statement of changes in equity

EUR thousand	2024	2023
Share capital at beginning of the period	**140,000**	140,000
Share capital at end of the period	**140,000**	140,000
Reserve for invested unrestricted equity at beginning of the period	**484,128**	481,121
Share-based payments	**2,865**	3,007
Reserve for invested unrestricted equity at end of the period	**486,993**	484,128
Hedge and other reserves at beginning of the period	**-290**	6,944
Change in hedge and other reserves	**-2,379**	-7,234
Hedge and other reserves at end of the period	**-2,670**	-290
Retained earnings at beginning of the period	**1,018,839**	965,442
Dividends paid	**-248,630**	-239,403
Purchase of treasury shares	**-2,560**	-3,987
Retained earnings at end of the period	**767,650**	722,052
Profit for the period	**332,896**	296,788
Total equity at end of the period	**1,724,869**	1,642,677

Statement of distributable funds as at December 31:

EUR	2024	2023
Reserve for invested unrestricted equity	**486,992,527.44**	484,127,812.29
Hedge and other reserves	**-2,669,760.31**	-290,496.00
Retained earnings	**767,650,126.06**	722,051,520.42
Profit for the period	**332,895,633.84**	296,787,891.20
Total distributable funds	**1,584,868,527.03**	1,502,676,727.91

13 | Non-current liabilities

EUR thousand	2024	2023
Loans from financial institutions	**1,070,604**	1,240,044
Bonds	**201,557**	—
Derivatives from Group companies	**2,333**	7,003
Derivatives from others	**12,267**	11,202
Other non-current liabilities	**214**	214
Non-current liabilities total	**1,286,975**	1,258,462

Maturities of financial liabilities as at December 31:

EUR thousand	2025	2026	2027	2028	2029 and later
Loans from financial institutions	94,440	48,901	348,901	376,679	296,123
Bonds	—	—	—	—	200,000
Trade payables and other financial liabilities	19,848	—	—	—	—
Total	**114,288**	**48,901**	**348,901**	**376,679**	**496,123**

EUR thousand	2024	2025	2026	2027	2028 and later
Loans from financial institutions	39,978	344,440	298,901	98,901	497,802
Trade payables and other financial liabilities	80,534	—	—	—	—
Total	120,512	344,440	298,901	98,901	497,802

The information presented in the above maturity tables excludes the impact of derivatives.

14 | Current liabilities

	As at December 31, 2024			As at December 31, 2023		
EUR thousand	**To group companies**	**To others**	**Total**	**To group companies**	**To others**	**Total**
Current portion of non-current loans	—	94,440	**94,440**	—	39,978	39,978
Trade payables	2,387	2,977	**5,364**	2,736	4,004	6,741
Accrued expenses and deferred income	21,747	53,607	**75,354**	29,161	54,430	83,591
Other current interest-bearing debt	14,484	—	**14,484**	29,574	44,219	73,793
Group pool accounts	501,490	—	**501,490**	562,548	—	562,548
Other liabilities and provisions	—	2,691	**2,691**	—	576	576
Current liabilities total	**540,108**	**153,715**	**693,823**	624,020	143,206	767,227

Specification of accrued expenses and deferred income as at December 31:

EUR thousand	**2024**	**2023**
Accrued expenses and deferred income to Group companies		
Accrued interest expenses	**421**	1,192
Derivatives	**21,326**	27,957
Other	**—**	12
Total	**21,747**	29,161
Accrued expenses and deferred income to others		
Accrued interest expenses	**16,777**	14,064
Derivatives	**30,275**	34,157
Accrued salaries, wages and social costs	**5,806**	5,502
Other	**749**	706
Total	**53,607**	54,430

15 | Contingencies and commitments

Guarantees as at December 31:

EUR thousand	**2024**	**2023**
Guarantees on behalf of Group companies	**1,099,819**	1,124,131
Guarantees on own behalf	**211**	216
Total	**1,100,030**	1,124,347

Lease commitments as at December 31:

EUR thousand	**2024**	**2023**
Payments in the following year	**916**	833
Payments later	**2,457**	1,533
Total	**3,373**	2,366

List of account books used in parent company

Voucher description	Voucher class	Voucher format
General journal and general ledger		In electronic format
Specifications of accounts receivable and payable		In electronic format
Fixed assets transactions	756, 770, 774, 778, 782, 783, 786, 905, 906	In electronic format
Bank transactions	424–426, 500–692, 694, 699, 950, 960, 970	In electronic format
Sales invoices	300, 305, 310, 320, 330, 350, 400, 410, 491–499, 802, 815, 825–827, 834, 841, 930, 935, 940	In electronic format
Purchase invoices	100–101, 110–111, 115, 120, 130, 140, 150, 160, 190, 191, 290, 291–294, 297–299, 737, 801, 814, 824, 830, 832, 854, 855, 860, 861, 895, 910, 915	In electronic format
Travel invoices	755	In electronic format
Salary transactions	750	In electronic format
Journal vouchers	700, 710, 715, 720, 725, 730, 737, 740, 766–767, 793, 865, 881, 900, 975, 980, 985, 990	In electronic format
Financial transactions	760, 765, 768	In electronic format
Opening balance	791, 792	In electronic format

Signatures of Board of Directors' Report, including Sustainability Statement, and Financial Statements

Statements by the Board of Directors and President and CEO

The financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and profit or loss of Valmet Oyj and the undertakings included in the consolidation taken as a whole. The Board of Directors' Report includes a fair review of the development and performance of the business and the position of Valmet Oyj and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face. The Sustainability Statement included in the Board of Directors' Report has been prepared in accordance with the reporting standards mentioned in chapter 7 in the Finnish Accounting Act and with Article 8 in the Taxonomy Regulation.

Espoo, February 12, 2025

Mikael Mäkinen
Chair of the Board

Jaakko Eskola
Vice Chair of the Board

Anu Hämäläinen
Member of the Board

Pekka Kemppainen
Member of the Board

Per Lindberg
Member of the Board

Annareetta Lumme-Timonen
Member of the Board

Monika Maurer
Member of the Board

Annika Paasikivi
Member of the Board

Thomas Hinnerskov
President and CEO

The Auditor's Note

Our auditor's report has been issued today.

Helsinki, February 12, 2025

PricewaterhouseCoopers Oy
Authorised Public Accountant Firm

Pasi Karppinen
Authorised Public Accountant

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Valmet Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Valmet Oyj (business identity code 2553019-8) for the year ended 31 December 2024. The financial statements comprise:

- consolidated statement of financial position, statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's statement of financial position, statement of income, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 23 to the Financial Statements.

Our Audit Approach

Overview

- Overall group materiality:
- EUR 19 million, which represents approximately 5% of profit before tax
- We conducted audit work in all major countries covering all key reporting units. The focus of our work was on the most significant reporting units in Finland, Sweden, USA, Brazil, China and Italy.
- Accounting for long-term projects and long-term service contracts
- Timing of revenue recognition for Services and Automation segment related contracts
- Goodwill valuation

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	EUR 19 million (previous year EUR 22.5 million)
How we determined it	Approximately 5% of profit before tax
Rationale for the materiality benchmark applied	Profit before tax is a generally accepted benchmark. We chose 5%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

We conducted audit work in all key countries covering all key reporting units. The group audit scope was focused on the most significant reporting units in Finland, Sweden, USA, Brazil, China and Italy, where we performed an audit of the complete financial information due to their size and their risk characteristics. Additionally, we performed audits of one or more financial statement line items or specified audit procedures at other reporting components based on our overall risk assessment and materiality. We also carried out specific audit procedures over group functions and areas of significant judgement, including taxation, goodwill and material litigations. For the remaining reporting units, we performed other procedures to confirm there were no significant risks of material misstatement in the group financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

Accounting for long-term projects and long-term service contracts

Refer to note 3 to the consolidated financial statements for the related disclosures.

Over time revenue recognition for long-term projects and long-term service contracts is significant to the financial statements based on the quantitative materiality and the degree of management judgment required to account for revenue recognition. The complexity and judgments are mainly related to the estimation of project cost, which serves as a basis for the determination of the percentage of completion, which the group applies for recognizing revenues and for the assessment of provisions for projects and potential loss-making contracts.

The total amount of revenue and profit to be recognized under long-term projects and long-term service contracts can be affected by changes in conditions and circumstances over time, such as:

- modifications and scope changes to the original contract due to changes in client specifications
- uncertainties and risks relating to assumptions utilized in the estimation of project cost, components delays, overruns or other circumstances that impacts the project cost of completion.

This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.

How our audit addressed the key audit matter

Our procedures included understanding of the end-to-end revenue recognition process relating to long-term projects and long-term service contracts. We identified and tested certain key internal controls and IT systems supporting revenue recognition and project management and accounting.

We have met and discussed regularly with business line and corporate management to identify new significant and high-risk projects, existing projects with significant fluctuations in gross margins, and potentially loss-making projects, including those with ongoing disputes and litigations.

We have performed detailed procedures on individually significant and high-risk projects. This includes assessing the reasonableness of estimated project cost of completion by obtaining an understanding of the cost model and key assumptions utilized in the estimates, and challenging management's judgments and estimates. In addition, we have also inspected pricing and sales forecasts, and other relevant supporting evidences utilized in the development of cost estimates such as historical data, price quotations, and engineering specifications.

In addition, we have discussed the progress of projects with business line management and certain project management representatives.

Further, we have performed a lookback analysis by comparing actual project outcomes to their related cost estimates to obtain perspective on the accuracy of the estimation process.

With the outcome of those discussions and the results of our audit procedures, we assessed management's assumptions in the determination of the project cost estimate.

Timing of revenue recognition for Services and Automation segment related contracts

Refer to note 3 to the consolidated financial statements for the related disclosures.

The company has several revenue streams relating to Services and Automation segments contracts where revenue is recognised at a point in time.

We focused on this area because the significant portion of the group net sales arises from these contracts and there is a risk that revenue is recognised in the incorrect period.

How our audit addressed the key audit matter

Our procedures included understanding of the end-to-end revenue recognition process.

Through this, we have identified the appropriate period before and after year-end wherein risk of misstatement is likely to arise, and tested revenue transactions in these periods and inspected supporting evidences including customer contracts and sales orders, invoices, delivery and freight documents, and collection supports.

We have also tested credit notes issued subsequent to year-end to identify potential indicators of premature revenue recognition in relation to billing goods or services that do not meet the agreed delivery terms.

Goodwill valuation

Refer to notes 4 and 20 to the consolidated financial statements for the related disclosures.
At 31 December 2024 the group's goodwill balance is valued at EUR 1,808 million which includes EUR 63 million goodwill from the business combinations in 2024.

Under IFRS the company is required to annually test goodwill for impairment. Goodwill valuation was important to our audit due to the size of the goodwill balance and because the assessment of the value in use of the group's Cash Generating Units is complex, involving judgement about the future results of the business by estimating future, EBITDAs and inflation rates and determining the discount rate for the calculations. We focused on the risk that goodwill may be overstated.

Based on the annual goodwill impairment test management concluded that no goodwill impairment was needed.

How our audit addressed the key audit matter

For the business combinations, we assessed the methodology adopted by management for calculating the purchase price, fair values of the acquired assets and liabilities, and the resulting goodwill. We also tested the key assumptions in the valuation models.

We evaluated management's future cash flow forecasts and the process by which they were drawn up, including comparing them to the latest Board approved budgets, and testing the underlying calculations. We evaluated and challenged the company's future cash flow forecasts in a discussion with management of the business involved, and the process by which they were drawn up, and tested the underlying value in use calculations. We compared the current year actual results to the figures for the financial year ended 2024 included in the prior year impairment models to consider whether any forecasts included assumptions that have proven to be optimistic.

We evaluated and challenged the discount rate used.

We assessed the sensitivity analysis that had been performed by management around the key drivers of the cash flow forecasts, which were:

- the projected EBITDAs
- the discount rate

to identify how much each of these key drivers needed to change, either individually or collectively, before the goodwill was impaired.

We also evaluated the likelihood of such a movement in those key assumptions that would require for goodwill to be impaired.

We assessed the adequacy of the disclosures in note 4, by checking that they were compliant with IFRS Accounting Standards and that their presentation was consistent with our understanding of the key issues and sensitivities in the valuation.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that

includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 26 March 2014. Our appointment represents a total period of uninterrupted engagement of 11 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Financial Statements and and Report of the Board of Directors 2024 report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Financial Statements and Report of the Board of Directors 2024 report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been

prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 12 February 2025

PricewaterhouseCoopers Oy
Authorised Public Accountants

Pasi Karppinen
Authorised Public Accountant (KHT)

Assurance report on the Sustainability report (Translation of the Finnish Original)

To the Annual General Meeting of Valmet Oyj

We have performed a limited assurance engagement on the group sustainability report of Valmet Oyj (business identity code (2553019-8) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the reporting period 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1) the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2) the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Valmet Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment).

Our opinion does not cover the tagging of the group sustainability report in accordance with Chapter 7, Section 22, of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that requirement in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our responsibilities under this standard are further described in the Responsibilities of the Authorised Group Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Authorised Group Sustainability Auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Management ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Valmet Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determines is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

In reporting forward-looking information in accordance with ESRS, management of the Company is required to prepare the forward-looking information on the basis of assumptions that have been disclosed in the sustainability report about events that may occur in the future and possible future actions by the Group. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Responsibilities of the Authorised Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for example the following:

- We interviewed the company's management and the individuals responsible for collecting and reporting the information contained in the group sustainability report at the group level and in subsidiaries to gain an understanding of the sustainability reporting process and the related internal controls and information systems.
- We familiarised ourselves with the background documentation and records prepared by the company where applicable, and assessed whether they support the information contained in the group sustainability report.
- We performed site visits at the company's sites in Karlstad, Sweden and Tampere, Finland.
- We assessed the company's double materiality assessment process in relation to the requirements of the ESRS standards, as well as whether the information provided about the assessment process complies with the ESRS standards.
- We assessed whether the sustainability information contained in the group sustainability report complies with the ESRS standards.
- Regarding the EU taxonomy information, we gained an understanding of the process by which the company has identified the group's taxonomy-eligible and taxonomy-aligned economic activities, and we assessed the compliance of the information provided with the regulations.

Helsinki 12 February 2025
PricewaterhouseCoopers Oy
Authorised Sustainability Auditors

Pasi Karppinen
Authorised Sustainability Auditor

Board of Directors

Mikael Mäkinen
born 1956, Finnish citizen

Valmet Board Member and Chair of the Board since 2019
Chair of the Board's Remuneration and HR Committee
Independent of the company and independent of significant shareholders
M.Sc. (Eng.)
Chair of the Board in Aker Arctic Technology Inc. and Corvus Energy
Board Member of Finnlines Oyj and SSAB AB

Jaakko Eskola
born 1958, Finnish citizen

Valmet Board Member and Vice Chair of the Board since 2022
Member of the Board's Remuneration and HR Committee
Independent of the company and independent of significant shareholders
M.Sc. (Eng.)
Chair of the Board in Varma Mutual Pension Insurance Company,
Kalmar Oyj and Oy HIFK-Hockey Ab
Board Member of Finnish Foundation for Share Promotion

Pekka Kemppainen
born 1954, Finnish citizen

Valmet Board Member since 2018
Member of the Board's Audit Committee
Independent of the company and independent of significant shareholders
Lic.Sc. (Tech.)
Board Member of Bittium Oyj and Junttan Oy

Monika Maurer
born 1956, German citizen

Valmet Board member since 2018
Member of the Board's Remuneration and HR Committee
Independent of the company and independent of significant shareholders
Diploma in Physics and Chemistry, the University of Stuttgart, Germany
Diploma in Pedagogy, State University for Pedagogic, Stuttgart, Germany
Vice Chair and member of the HR and Remuneration Committee in Nokia Shanghai Bell, Co. Ltd.
Board Member of Atos SE

Annareetta Lumme-Timonen
born 1967, Finnish citizen

Valmet Board member since 2024
Member of the Board's Audit Committee
Independent of the company and not independent of significant shareholders due to role as
Investment Director at Solidium Oy.
M.Sc. (Eng.)
D.Sc. (Tech.)
Investment Director, Solidium Oy
Board Member of Anora Group Plc

Annika Paasikivi
born 1975, Finnish citizen

Valmet Board member since 2024
Member of the Board's Remuneration and HR Committee
Independent of the company and not independent of significant shareholders due to role as President & CEO of Oras Invest Oy
B.A.
M.Sc. (Global Politics)
Vice Chair of the Board in Kemira Oyj
Board Member of Georg Fischer Ltd

Anu Hämäläinen
born 1965, Finnish citizen

Valmet Board member since 2022
Chair of the Board's Audit Committee
Independent of the company and independent of significant shareholders
M.Sc. (Econ.)
Executive Vice President, CFO in Kesko Corporation
Chair of the Board in Vähittäiskaupan Takaus Oy
Board Member of K-Tilipalvelu Oy
Deputy Board Member of Kesko Pension Fund

Per Lindberg
born 1959, Swedish citizen

Valmet Board member since 2021
Member of the Board's Audit Committee
Independent of the company and independent of significant shareholders
M.Sc. Mechanical Engineering
PhD, Industrial Management and Economics
Senior Advisor at Peymar Holding AB
Chair of the Board in Nordic Brass Gusum AB
Board Member of Vattenfall AB and Boliden AB

Personnel representative

Juha Pöllänen
born 1968, Finnish citizen

Personnel representative since 2021
Carpenter
Chief shop steward
Employed by Valmet since 1998
Personnel representative will participate as an invited expert in meetings of the Board of Directors.
Board Member of Teollisuusliitto

More information about Valmet's Board of Directors: www.valmet.com/management

Executive Team

Thomas Hinnerskov
born 1971

President and CEO
M.Sc. (Econ.)
Danish citizen

Aki Niemi
born 1969

Business Line President, Services
M.Sc. (Eng.)
Finnish citizen

Emilia Torttila-Miettinen
born 1979

Business Line President,
Automation Systems
M.Sc. (Eng.)
Finnish citizen

Simo Sääskilahti
born 1971

Business Line President,
Flow Control
M.Sc. (Eng.)
M.Sc. (Econ.)
Finnish citizen

Sami Riekkola
born 1974

Business Line President,
Pulp and Energy
M.Sc. (Eng.)
Finnish citizen

Petri Rasinmäki
born 1974

Business Line President, Paper
M.Sc. (Eng)
EMBA
Finnish citizen

Jukka Tiitinen
born 1965

Area President, North America
M.Sc. (Eng.)
Finnish and US citizen

Celso Tacla
born 1964

Area President, South America
MBA
Production Engineer
Chemical Engineer
Brazilian citizen

EXECUTIVE TEAM

Tero Kokko
born 1973

Area President, EMEA
Ph.D. (Eng.)
M.Sc. (Econ.)
Finnish citizen

Xiangdong Zhu
born 1967

Area President, China
B.Sc. (Eng.)
MBA
Chinese citizen

Petri Paukkunen
born 1966

Area President, Asia-Pacific
B.Sc. (Eng.)
Finnish citizen

Katri Hokkanen
born 1981

CFO
M.Sc. (Econ.)
Finnish citizen

Anu Pires
born 1970

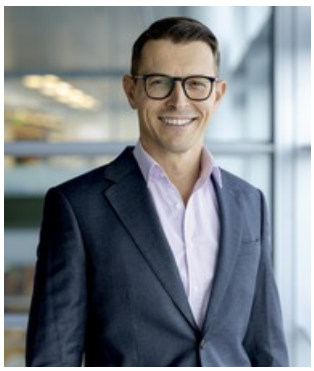
Senior Vice President,
Human Resources
M.Sc. (Econ.)
Finnish citizen

Janne Pynnönen
born 1977

Senior Vice President, Operational Development
M.Sc. (Eng.)
Finnish citizen

Anu Salonsaari-Posti
born 1968

Senior Vice President,
Marketing, Communications,
Sustainability and Corporate Relations
M.Sc. (Econ.)
MBA
Finnish citizen



Olli Hänninen
born 1980

Senior Vice President, Strategy
M.Sc. (Eng.)
Finnish citizen

Pasi Laine was President and CEO until August 11, 2024.
Anu Salonsaari-Posti was Senior Vice President, Marketing, Communications, Sustainability and Corporate Relations until December 31, 2024.
Jukka Tiitinen was Area President, North America until December 31, 2024.
Julia Macharey was Senior Vice President, Human Resources and Operational Development until January 31, 2024.

More information about Valmet's Board of Directors: www.valmet.com/management

Information for investors

WHY INVEST IN VALMET?

1. Unique offering to support a growing market
2. Process Technologies segment benefiting from the growing demand for bio-based products and energy
3. EUR 3.4 billion recurring and steadily growing stable business
4. Services segment's demand driven by large and growing global installed base
5. Automation segment with high growth and profitability
6. Future growth possibilities from new sustainable innovations

BASIC INFORMATION ON VALMET SHARE

- Votes per share: 1
- Listed: Nasdaq Helsinki (since January 2, 2014)
- Trading currency: EUR
- Segment: Large
- Industry: Industrial Goods and Services
- Trading code: VALMT
- ISIN code: FI4000074984

Valmet is a global leader in sustainability

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

S&P Global Sustainability Yearbook Member

CDP A List 2024

WE SUPPORT UN GLOBAL COMPACT

GOLD | Top 5% ecovadis Sustainability Rating SEP 2024

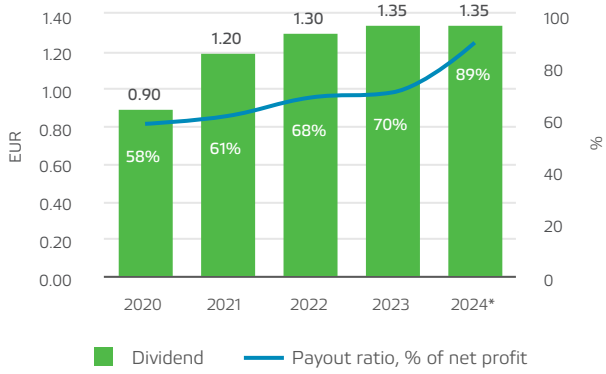
Corporate ESG Performance Prime RATED BY ISS ESG

SOCIAL QUALITYSCORE 1 HIGHEST RANKED BY ISS ESG

MSCI ESG RATINGS AAA CCC B BB BBB A AA AAA

ENVIRONMENTAL QUALITYSCORE 1 HIGHEST RANKED BY ISS ESG

Dividend per share, EUR and payout ratio, %



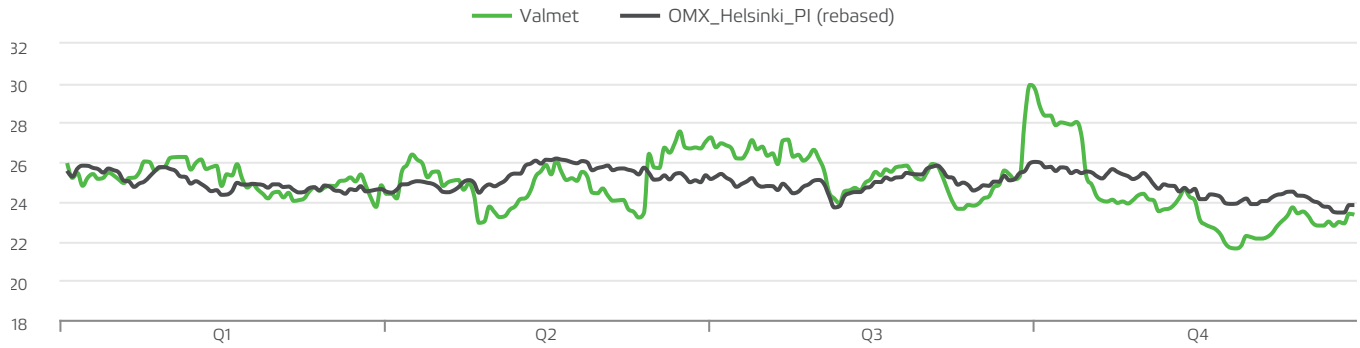
*Board of Directors' proposal.

Share capital and share data[1]

	2024	2023	2022
Share capital, December 31, EUR million	**140**	140	140
Number of shares, December 31:			
Number of outstanding shares	**184,165,347**	184,161,105	184,184,830
Treasury shares held by the Parent Company	**364,258**	368,500	344,775
Total number of shares	**184,529,605**	184,529,605	184,529,605
Average number of outstanding shares	**184,159,071**	184,151,827	175,617,981
Average number of diluted outstanding shares	**184,159,071**	184,151,827	175,617,981
Trading volume on Nasdaq Helsinki Ltd.[2]	**108,778,549**	103,147,588	125,393,868
% of total shares for public trading	**59.1**	56.0	68.1
Earnings per share, EUR	**1.52**	1.94	1.92
Earnings per share, diluted, EUR	**1.52**	1.94	1.92
Dividend per share, EUR	**1.35**[3]	1.35	1.30
Dividend, EUR million	**249**[3]	249	239
Dividend payout ratio	**89%**[3]	70%	68%
Effective dividend yield	**5.8%**[3]	5.2%	5.2%
Price to earnings ratio (P/E)	**15.4**	13.5	13.1
Equity per share, December 31, EUR	**13.55**	13.93	13.55
Highest share price, EUR	**30.11**	32.99	38.59
Lowest share price, EUR	**21.37**	19.64	19.95
Volume-weighted average share price, EUR	**25.04**	26.35	26.90
Share price, December 31, EUR	**23.33**	26.11	25.16
Market capitalization, December 31, EUR million	**4,305**	4,818	4,643

[1] The formulas for calculation of the figures are presented in the section 'Formulas for Calculation of Indicators'.
[2] In addition to Nasdaq Helsinki Ltd., Valmet shares are also traded on other market places, such as Cboe DXE, Turquoise, BATS, Chi-X and Frankfurt. A total of approximately 50 million of Valmet's shares were traded on these five alternative marketplaces in 2024. (Source: www.valmet.com/investors/valmet-share/trading-volumes/).
[3] Board of Directors' proposal.

Development of Valmet's share price, January 1–December 31, 2024



Feb 7 Financial Statements Review 2023

Feb 20-21 CEO roadshow in Paris and London

Mar 21 Annual General Meeting

Major orders booked in Q1:
- Tissue converting equipment to Brazil
- Tissue production line to Saudi Arabia
- 3-year Service Agreement and 1-year Performance Agreement for production line in Germany
- Converting lines to Sweden

Apr 11 The first installment of the dividend paid

Apr 24 Interim Review, January–March 2024

Major orders booked in Q2:
- A pellet-fired heating plant to Sweden
- A tissue machine to India
- Papermaking line and a paper machine rebuild to Asia-Pacific
- Advantage DCT 200 tissue production line to Poland

July 24 Half Year Financial Review, January–June 2024

Aug 12 Thomas Hinnerskov to start as Valmet's President and CEO

Major orders booked in Q3:
- A recovery boiler and an ash crystallization plant for a mill modernization project to Brazil
- An automatic dewiring line to Sweden
- An automation system Valmet DNAe to biogas plant in Norway

Oct 10 The second installment of the dividend paid

Oct 30 Interim Review, January–September 2024

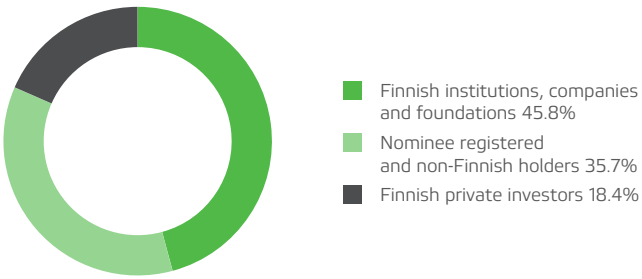
Major orders booked in Q4:
- A complete pulp mill with full-scope automation and flow control solutions to Brazil
- A complete papermaking line to Asia-Pacific
- A modern lime kiln to India

Development of Valmet's share price since listing, January 2, 2014–December 31, 2024

Shareholders

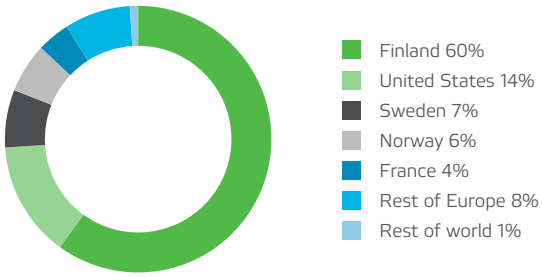
The number of registered shareholders at the end of December 2024 was 105,217 (100,752).

Distribution of shareholding by sector, %



On December 31, 2024. Source: Euroclear.

Geographical distribution of ownership, %



On December 31, 2024. Source: Modular Finance, indicative.

More information on shareholders

Largest shareholders on December 31, 2024

		Shares	% of shares capital
1	Oras Invest Oy	19,200,000	10.40%
2	Solidium Oy	18,640,665	10.10%
3	Varma Mutual Pension Insurance Company	8,786,744	4.76%
4	Ilmarinen Mutual Pension Insurance Company	7,235,818	3.92%
5	Elo Mutual Pension Insurance Company	2,772,000	1.50%
6	Finnish State Pension Fund	2,300,000	1.25%
7	OP-Finland	914,965	0.50%
8	Evli Finland Select Fund	716,954	0.39%
9	Finnish Cultural Foundation	666,423	0.36%
10	Sigrid Jusélius Foundation	664,080	0.36%
11	Samfundet Folkhälsan i Svenska Finland	657,667	0.36%
12	Aktia Capital Mutual Fund	645,836	0.35%
13	Nordea Pro Finland Fund	623,741	0.34%
14	Danske Invest Finnish Equity Fund	526,775	0.29%
15	FIM Fenno Mutual Fund	526,188	0.29%

Source: Euroclear.

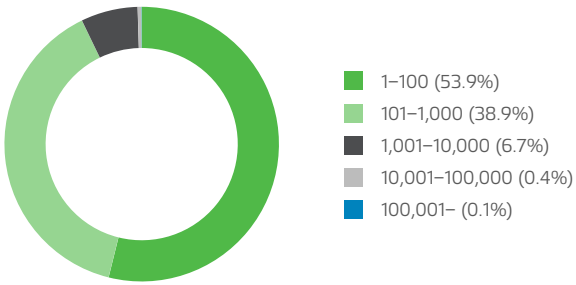
Flagging notifications in 2024

During the review period, Valmet received the following flagging notifications referred to in the Securities Market Act:

			% of shares and voting rights		
Transaction date	Shareholder	Threshold	Direct	Through financial instruments	Total, %
January 5, 2024	The Goldman Sachs Group, Inc.	Below 5%	0.03%	2.62%	2.65%
January 26, 2024	Oras Invest Oy	Above 10%	10.22%	-	10.22%
March 8, 2024	Swedbank Robur Fonder AB	Above 5%	5.09%	-	5.09%
August 7, 2024	The Goldman Sachs Group, Inc	Above 5%	0.07%	4.95%	5.02%
August 9, 2024	The Goldman Sachs Group, Inc	Below 5%	0.07%	4.87%	4.95%
October 21, 2024	Swedbank Robur Fonder AB	Below 5%	4.98%	-	4.98%
December 3, 2024	Swedbank Robur Fonder AB	Above 5%	5.03%	-	5.03%

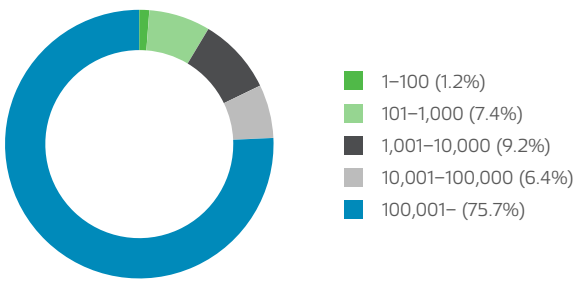
More information on flagging notifications can be found at www.valmet.com/flagging-notifications.

Distribution of shareholders by number of shares held, %



On December 31, 2024. Source: Euroclear.

Distribution of voting rights, shareholders grouped by number of shares held, %



On December 31, 2024. Source: Euroclear.

Shareholdings of the Board of Directors in Valmet Oyj on December 31, 2024

		Shares
Mäkinen, Mikael	Chair of the Board	11,906
Eskola, Jaakko	Vice Chair of the Board	4,870
Kemppainen, Pekka	Member of the Board	6,535
Maurer, Monika	Member of the Board	6,535
Lumme-Timonen, Annareetta	Member of the Board	1,582
Paasikivi, Annika	Member of the Board	1,449
Hämäläinen, Anu	Member of the Board	4,196
Lindberg, Per	Member of the Board	3,591
Total		**40,664**
% of outstanding shares		**0.02%**

Shareholdings of the Executive Team in Valmet Oyj on December 31, 2024

		Shares
Hinnerskov, Thomas	President and CEO	0 *
Hokkanen, Katri	CFO	9,295
Kokko, Tero	Area President, EMEA	4,104
Pires, Anu	SVP, Human Resources and Interim SVP Marketing, Communications, Sustainability and Corporate Relations	0
Niemi, Aki	Business Line President, Services	44,783
Paukkunen, Petri	Area President, Asia Pacific	15,986
Rasinmäki, Petri	Business Line President, Paper	2,929
Riekkola, Sami	Business Line President, Pulp and Energy	23,187
Hänninen, Olli	SVP, Strategy	1,400
Sääskilahti, Simo	Business Line President, Flow Control	6,855
Tacla, Celso	Area President, South America	78,512
Pynnönen, Janne	SVP, Operational Development	1,087
Torttila-Miettinen, Emilia	Business Line President, Automation Systems	2,884
Zhu, Xiangdong	Area President, China	38,079
Salonsaari-Posti, Anu	Senior Vice President, Marketing, Communications, Sustainability and Corporate Relations	37,300
Tiitinen, Jukka	Area President, North America	45,040
Total		**311,441**
% of outstanding shares		**0.17%**

* Thomas Hinnerskov has an allocation of 61,037 shares in restricted share pool. A precondition for the payment of the share reward based on the restricted pool is that the employment relationship of Thomas Hinnerskov with Valmet continues until the payment date of the reward, which is in March 2027. Shares in long-term incentive plan PSP (Performance Share Plan) 2024-2026 have also been allocated to Thomas Hinnerskov in 2024, with rewards from these plans will be paid to participants in spring 2027.

Investor Relations

Visit to Irving Tissue site on November 19, 2024, in Macon, Georgia.

INVESTOR RELATIONS IN 2024

~250
MEETINGS AND CONFERENCE CALLS

~410
INVESTORS PARTICIPATED

30
ROADSHOW DAYS

Mission and goal

The main task of Valmet's Investor Relations is to ensure that the markets have correct and sufficient information for determining the value of Valmet's share. Investor Relations is responsible for planning and executing financial and investor communications and takes care of Valmet's investor interaction. In addition to Financial Statements, Interim Reviews, the investor website, stock exchange releases and press releases, Valmet's investor communication involves investor meetings, seminars, webcasts, site visits and general meetings. Valmet also arranges regular Capital Markets Days.

Valmet's investor website and social media channels

Valmet's investor website provides a comprehensive set of information about Valmet's business environment, strategy, business lines and financial performance. In addition to financial reports, presentations, webcast recordings and interactive share and ownership tools, the website features videos and the Investor Relations blog for more topics tailored to investors' interests.

Valmet's social media channels for investors are @ValmetIR in X and @valmet_sijoituskohteena in Instagram (for the Finnish speaking audience). The number of social media followers continues to grow, with over 2,200 followers on our accounts at the end of 2024. To boost its social media presence, Valmet initiated a trailblazing collaboration with Finnish social media influencer Sijoituskästi, whose Valmet related short form videos gathered 150,000 impressions in 2024. In June 2024, Valmet won the Best use of social media and video award at the IR Magazine Awards Europe 2024 in London.

Investor relations in 2024

In 2024, Valmet held ca. 250 investor meetings and conference calls, which were participated by ca. 410 institutional investors. The highlight of the year was the Finnish Industrials Tour in the US, which Valmet organized together with Wärtsilä and Konecranes in November. Valmet arranged a visit to Valmet's US headquarters in Atlanta, Georgia, where Valmet's area management presented and was available for a Q&A session. The tour also included a visit to Valmet's customer's, Irving Tissue, site in Macon, Georgia. Participants also witnessed Valmet's automation system in action in one of the world's biggest cruise ships, Utopia of the Seas in Orlando, Florida. In total 15 analysts and investors participated to the day, which offered an opportunity to gain in-depth understanding of Valmet's strong operations in the US. You can find more information regarding the visit from: www.valmet.com/ir-presentations.

Silent period

Valmet observes a 21-day silent period prior to the publication of financial results. During this time, Valmet does not comment on the company's financial situation, markets, outlook, or recent development.

FREQUENTLY ASKED QUESTIONS

How big is Valmet's market share?
Valmet has leading market positions: it is globally either #1, #2 or #3 in most of its businesses. As a provider of board and paper making technology, Valmet's market share is 50–60 percent, and in tissue ca. 35 percent. In these businesses, Valmet is the global market leader. As a supplier of pulp manufacturing technology, Valmet has a ca. 70 percent market share, and in energy ca. 25 percent. In automation systems, Valmet's market share is ca. 26 percent in the pulp and paper industry, and ca. 14 percent in energy and process industries. In flow control, Valmet is among the top 10 companies globally. Finally, in services Valmet's market share is ca. 21 percent.

What are the market drivers for Valmet's businesses?
Global trade and e-commerce as well as a shift away from plastic packaging increase board and paper consumption, while rising living standards drive the demand for tissue. Pulp is a raw material for paper, board, and tissue, so the demand for pulp is also growing over time. Energy transition and supply security as well as emission control drive growth for Valmet's energy solutions. In the services and automation businesses, the market drivers include customer demand for sustainability, efficiency, and digitalization, as well as the large and aging installed base.

What are Valmet's long-term financial targets?
In the Services and Automation segments, Valmet targets net sales growth of over two times the market growth. In the Process Technologies segment, growth should exceed market growth. Valmet's profitability target is a comparable EBITA margin of 12–14 percent. The targeted comparable return on capital employed (pre-tax ROCE) is at least 15 percent. As for dividend, Valmet targets to pay out at least 50 percent of net profit.

Analyst coverage

According to Valmet's knowledge, the following analysts have regular coverage on Valmet share:

Company	Analyst
Barclays	James Winchester
BNP Paribas	Christoph Blieffert
Carnegie Investment Bank	Tom Skogman
Danske Bank	Panu Laitinmäki
DNB Markets	Tomi Railo
Handelsbanken	Timo Heinonen
Inderes	Antti Viljakainen
Kepler Cheuvreux	Johan Eliason
Nordea Markets	Mikael Doepel
OP Corporate Bank	Henri Parkkinen
SEB	Antti Kansanen
UBS	Sven Weier

Analyst contact information and consensus estimates are available on Valmet's investor website. Valmet does not take any responsibility for the content, accuracy or completeness of the views of the capital market representatives.

Financial calendar 2025

March 26, 2025	Annual General Meeting
April 2, 2025	Silent period begins
April 23, 2025	Interim Review for January–March 2025
July 2, 2025	Silent period begins
July 23, 2025	Half Year Financial Review for January–June 2025
October 8, 2025	Silent period begins
October 29, 2025	Interim Review for January–September 2025

The calendar is available on Valmet's investor website.

Valmet Investor Relations

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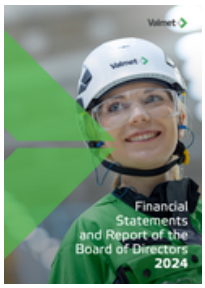
IR magazine Award winner Europe 2024

BEST IR society PRACTICE AWARDS 2024 HIGHLY COMMENDED

Valmet reports 2024



FINANCIAL STATEMENTS AND REPORT OF THE BOARD OF DIRECTORS 2024

The report includes Valmet's Financial Statements, the Report of the Board of Directors' and the CSRD Sustainability Statement for 2024.

ANNUAL REVIEW 2024

The report covers Valmet's market environment and the progress of its strategy, Annual Review operations and sustainability in 2024.

CORPORATE GOVERNANCE STATEMENT 2024

The report covers Valmet's governance principles and activities, Board of Directors and management in 2024.

REMUNERATION REPORT 2024

The report covers Valmet's remuneration principles and remuneration in 2024.

GREEN FINANCE REPORT 2024

The report includes information about Valmet's allocation and impact of the proceeds of green debt transactions issued under the Green Finance Framework.

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