

UNAUDITED PRO FORMA FINANCIAL INFORMATION

Basis of Compilation

General

The following pro forma combined financial information (the “**Pro Forma Information**”) is presented for illustrative purposes only to give effect to the Merger of Valmet and Neles to Valmet’s financial information as if the Merger had been completed at an earlier date. The Pro Forma Information is unaudited.

The Pro Forma Information has been presented for illustrative purposes only. The hypothetical financial position and results included in the Pro Forma Information may differ from the Combined Company’s actual financial position and results. Further, the Pro Forma Information does not purport to project the financial position or results of the Combined Company as of any future date. In addition, the Pro Forma Information does not reflect any cost savings, synergy benefits or future integration costs that are expected to be generated or may be incurred as a result of the Merger.

The Pro Forma Information has been compiled in accordance with the Annex 20 to the Commission Delegated Regulation (EU) 2019/980, and on a basis consistent with the accounting principles applied by Valmet in its consolidated financial statements prepared in accordance with IFRS. The Pro Forma Information has not been compiled in accordance with Article 11 of Regulation S-X under the U.S. Securities Act or the guidelines established by the American Institute of Certified Public Accountants.

Basis of presentation

The pro forma statements of income for the six months ended June 30, 2021 and for the year ended December 31, 2020 give effect to the Merger as if it had occurred on January 1, 2020. The pro forma statement of financial position as at June 30, 2021 gives effect to the Merger as if it had occurred on that date.

The Pro Forma Information reflects adjustments to the historical financial information to give pro forma effect to events that are directly attributable to the Merger and are factually supportable. The pro forma adjustments include certain assumptions related to the fair value of the purchase consideration, the fair valuation of the net assets acquired, accounting policy alignments, financing arrangements and other events related to the Merger, described in the accompanying notes to the Pro Forma Information below, that the management believes are reasonable under the circumstances. Considering the ongoing regulatory approval processes which restrict Valmet’s access to detailed data of Neles and the fact that the final accounting measures of the Merger can only be done at the Effective Date, the pro forma adjustments presented herein are preliminary and based on information available at this time. The Pro Forma Information is subject to change, among others, due to the final fair value of the Merger consideration and Valmet’s previously held equity interest in Neles being determined based on the then-current fair value of Valmet’s share as at the Effective Date and the final purchase price allocation being based on the fair values of Neles’ assets acquired and liabilities assumed as at the Effective Date. Further, Valmet is able to conduct a detailed review of Neles’ accounting policies only after the Effective Date due to restrictions on information sharing before the Merger. There can be no assurance that the assumptions used in the preparation of the Pro Forma Information or presenting Neles’ financial information in the Pro Forma Information in Valmet’s presentation format will prove to be correct. The actual results of the Merger may materially differ from the assumptions used and the pro forma adjustments reflected in the Pro Forma Information. Further, the accounting policies to be applied by the Combined Company in the future may differ from the accounting policies applied in the Pro Forma Information.

The Merger will be accounted for as a business combination in accordance with the acquisition method of accounting under the provisions of “IFRS 3 – Business Combinations”, with Valmet determined as the acquirer of Neles. The acquisition method of accounting applies the fair value concepts defined in “IFRS 13 – Fair Value Measurement”, and requires, among other things, that the identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values as of the acquisition date, with any excess of the purchase consideration over the fair value of identifiable net assets acquired recognized as goodwill.

As Valmet holds an equity interest in Neles prior to the Merger, the Merger is accounted for as a business combination achieved in stages. In the Merger, Valmet’s previously held equity interest in Neles will be remeasured to fair value at the Effective Date and a gain or loss will be recognized in the consolidated statement of income of Valmet at the Effective Date. The preliminary purchase price allocation presented herein has been made solely for the purpose of preparing this Pro Forma Information.

Combination of Valmet and Neles through the Merger

On July 2, 2021, the Boards of Directors of Valmet and Neles agreed upon the combination of the two companies by signing the Combination Agreement and the Merger Plan, according to which Neles shall be merged into Valmet through a statutory absorption merger in accordance with the Finnish Companies Act, and all assets and liabilities of Neles shall be transferred without a liquidation procedure to Valmet. The Boards of Directors of Valmet and Neles have on August 9, 2021 proposed that the EGMs of Valmet and Neles convened to be held on September 22, 2021 would resolve upon the Merger as set forth in the Merger Plan. Information on the conditions to the completion of the Merger included in the Combination Agreement and the Merger Plan is presented in sections “– *Combination Agreement – Conditions to the Completion of the Merger*” and in the Merger Plan, which is attached to this Merger Prospectus as Annex D. Furthermore, it is required for the completion of the Merger that the Combination Agreement has not been terminated in accordance with its provisions, and that the execution of the Merger is registered with the Finnish Trade Register. The planned Effective Date of the Merger is January 1, 2022, however, subject to the fulfilment of the preconditions in accordance with the Finnish Companies Act and the conditions for executing the Merger included in the Combination Agreement and the Merger Plan.

Upon completion of the Merger, Neles’ shareholders (excluding Valmet as well as Neles with respect to treasury shares held by Neles) will receive as Merger Consideration 0.3277 new shares in Valmet for each share they hold in Neles at the end of the last trading day preceding the Effective Date, corresponding to a post-completion ownership of Shares and votes carried by Shares in the Combined Company of approximately 18.8 percent for Neles shareholders and approximately 81.2 percent for Valmet shareholders, assuming that none of Neles shareholders demands redemption of his/her/their shares at the EGM of Neles resolving on the Merger and that no additional shares are issued by Valmet or Neles. Based on the situation on the date of this Merger Prospectus, the total number of Merger Consideration Shares is expected to be 34,664,986 shares (excluding shares held by Valmet as well as treasury shares held by Neles and assuming that none of Neles’ shareholders will demand redemption of his/her/their shares at the EGM of Neles resolving on the Merger). For pro forma purposes, the total number of Merger Consideration Shares is assumed to be 34,664,986 shares.

Pursuant to the Merger Plan, Neles may distribute to its shareholders an extra distribution of funds in the amount of up to EUR 2.00 per share either as dividend or return of equity or a combination of the aforementioned prior to the Effective Date. The Board of Directors of Neles proposed on August 9, 2021 to its EGM resolving on the Merger that the Board of Directors be authorized to resolve on the payment of the extra distribution of funds in the amount of up to EUR 2.00 per share before the completion of the Merger. Valmet and Neles have preliminarily agreed that the part of the potential extra distribution of funds that would be paid to Valmet would not be paid in cash but would remain as a dividend liability, which would be eliminated in the Merger. In the Pro Forma Information, the extra distribution of funds in the amount of EUR 2.00 per share has been adjusted as if distributed and paid or settled.

In order to support and finance the completion of the Merger, Valmet and Neles have entered into re- and back-up financing agreements with Danske Bank and Nordea on July 2, 2021. The Merger financing arrangements comprise EUR 695 Million Facilities for Valmet and a EUR 301 Million Facility for Neles, which Danske Bank and Nordea as joint underwriters, coordinating bookrunners and mandated lead arrangers have arranged and underwritten in full. The EUR 695 Million Facilities include EUR 350 Million Facilities for the purposes of refinancing existing indebtedness of Valmet and Neles (including Valmet’s EUR 179 million loan related to the purchase of shares in Neles in the second half of 2020) in connection with the Merger and a EUR 345 Million Facility to finance potential cash redemptions of Neles’ shares. The EUR 301 Million Facility is purposed to be used for financing the Extra Distribution to Neles Shareholders. In the Pro Forma Information, of the EUR 350 Million Facilities EUR 179 million is assumed to be drawn to illustrate the refinancing of Valmet’s existing EUR 179 million loan and of the EUR 301 Million Facility EUR 212 million is assumed to be as drawn to illustrate the financing of Neles’ extra distribution of funds to its shareholders other than Valmet.

In July 2021, Neles signed an EUR 150 million bilateral term loan, the purpose of which is to refinance the existing EUR 150 million term loan maturing in July 2022 as part of its normal course of business, the impact of which has not been reflected in the Pro Forma Information. Neles seeks to obtain certain consents and waivers from the lenders under its existing financing arrangements in order for its existing financing arrangements to continue in force and survive the Merger and to be wholly or partially refinanced by the Combined Company in connection with or after the Merger. As the waivers have not yet been received at the date of this Merger Prospectus, for pro forma purposes, Neles’ EUR 150 million term loan included in Neles’ statement of financial position as at June 30, 2021 is assumed to be fully refinanced with a EUR 150 million term loan drawn from the EUR 350 Million Facilities.

For pro forma purposes, it has been expected that in the Merger of Valmet and Neles, all assets and liabilities of Neles are transferred without a liquidation procedure to Valmet as set forth in the Merger Plan. There can be no assurance that the required competition approvals would not be subject to commitments, undertakings or remedies, which a party or the parties are obliged to execute prior to the completion of the Merger.

The Pro Forma Information does not reflect any possible tax impacts, such as transfer taxes, that may arise from the changes in asset ownership in certain jurisdictions.

Historical Financial Information

The Pro Forma Information has been derived from the following historical financial information, which are incorporated by reference into this Merger Prospectus:

- Valmet's audited consolidated financial statements as at and for the year ended December 31, 2020;
- Valmet's unaudited consolidated half year financial review as at and for the six months ended June 30, 2021;
- Neles' audited consolidated financial statements as at and for the year ended December 31, 2020;
- Neles' unaudited consolidated half-year financial review as at and for the six months ended June 30, 2021

Other Minor Acquisitions

On October 1, 2020, Valmet completed the acquisition of PMP Group in Poland. On July 1, 2021, Valmet completed the acquisitions of EWK Umwelttechnik GmbH and ECP Group. For more information on Valmet's acquisition of PMP Group, see Valmet's audited consolidated financial statements as at and for the year ended December 31, 2020 and for more information on Valmet's acquisitions of EWK Umwelttechnik GmbH and ECP Group, see the unaudited consolidated half year financial review as at and for the six months ended June 30, 2021 incorporated by reference into this Merger Prospectus and "*Information on Valmet – Business of Valmet – History*".

Neles announced on July 27, 2021 that it has signed an asset purchase agreement to acquire the valve and pump business of the Finland-based technology company Flowrox. For more information on this acquisition, see "*Information on Neles – Business of Neles – Investments*".

The Pro Forma Information does not reflect the pro forma effect of these acquisitions as if those acquisition would have taken place as at January 1, 2020, because they would not individually or in aggregate have a material impact on the results or financial position of the Combined Company.

Other Considerations

All amounts in the Pro Forma Information are presented in millions of euros unless otherwise indicated and are rounded. Accordingly, in certain instances, the sum of the figures in a column or a row in tables may not conform exactly to the total figure given for that column or row.

Independent auditor's assurance report on the compilation of the pro forma financial information included in a Merger Prospectus is attached to this Merger Prospectus as Annex C.

Unaudited Pro Forma Statement of Income for the Six Months Ended June 30, 2021

EUR million, unless otherwise indicated	For the six months ended June 30, 2021			Combined Company pro forma
	Valmet historical	Neles reclassified	Merger	
		(Note 1)	(Note 2)	
Net sales	1,801	275	-7	2,069
Cost of goods sold.....	-1,345	-187	7	-1,526
Gross profit	455	88	0	544
Selling, general and administrative expenses....	-296	-53	-17	-366
Other operating income.....	14	3	-0	16
Other operating expenses.....	-12	-5	-	-17
Share in profits and losses of associated companies, operative investments.....	-0	-	0	0
Operating profit	161	32	-17	176
Financial income.....	3	0	-	3
Financial expenses.....	-6	-3	-0	-8
Share in profits and losses of associated companies, financial investments.....	-	-	-	-
Profit before taxes	158	30	-17	171
Income taxes	-37	-7	4	-40
Profit for the period	121	22	-13	131
Attributable to:				
Owners of the parent.....	121	22	-13	131
Non-controlling interests.....	0	-	-	0
Profit for the period	121	22	-13	131
Earnings per share attributable to owners of the parent:				
Basic earnings per share, EUR.....	0.81			0.71

Unaudited Pro Forma Statement of Income for the Year Ended December 31, 2020

EUR million, unless otherwise indicated	For the year ended December 31, 2020			Combined Company pro forma
	Valmet historical (audited)	Neles reclassified	Merger	
		(Note 1)	(Note 2)	
Net sales	3,740	576	-15	4,301
Cost of goods sold.....	-2,844	-386	2	-3,228
Gross profit	896	190	-13	1,074
Selling, general and administrative expenses....	-571	-118	-131	-820
Other operating income.....	17	3	158	178
Other operating expenses.....	-25	-5	-	-31
Share in profits and losses of associated companies, operative investments.....	2	-	-0	2
Operating profit	319	70	14	403
Financial income.....	4	1	-	5
Financial expenses.....	-15	-8	-3	-25
Share in profits and losses of associated companies, financial investments.....	-2	-	-	-2
Profit before taxes	307	64	11	381
Income taxes	-75	-16	34	-57
Profit for the period	231	48	45	324
Attributable to:				
Owners of the parent.....	231	48	45	324
Non-controlling interests.....	0	-	-	0
Profit for the period	231	48	45	324
Earnings per share attributable to owners of the parent:				
Basic earnings per share, EUR.....	1.54			1.76

Refer to the accompanying notes to the Pro Forma Information

Unaudited Pro Forma Statement of Financial Position as at June 30, 2021 – Assets

Assets EUR million	As at June 30, 2021			
	Valmet historical	Neles reclassified (Note 1)	Merger (Note 2)	Combined Company pro forma
Non-current assets				
Intangible assets				
Goodwill	716	58	1,063	1,837
Other intangible assets	270	17	926	1,213
Total intangible assets	986	75	1,989	3,050
Property, plant and equipment				
Land and water areas.....	25	6	-	31
Buildings and structures	122	22	-	144
Machinery and equipment.....	181	32	11	224
Leased assets	63	47	-	110
Assets under construction.....	59	1	-	60
Total property, plant and equipment	450	108	11	570
Other non-current assets				
Investments in associated companies	458	-	-445	13
Non-current financial assets	15	2	-	17
Deferred tax assets	77	18	-3	92
Non-current income tax receivables.....	25	-	-	25
Other non-current assets.....	15	12	-	27
Total other non-current assets	590	32	-448	174
Total non-current assets	2,027	215	1,552	3,794
Current assets				
Inventories				
Materials and supplies.....	79	59	-	139
Work in progress.....	426	29	3	459
Finished products	141	89	10	239
Total inventories	646	177	13	837
Receivables and other current assets				
Trade receivables	557	84	-5	636
Amounts due from customers under revenue contracts	217	-	-	217
Other current financial assets	90	9	-	98
Income tax receivables	33	5	6	43
Other receivables.....	144	31	-1	173
Cash and cash equivalents.....	431	128	-32	526
Total receivables and other current assets ...	1,471	256	-33	1,695
Total current assets	2,118	433	-20	2,531
Total assets	4,144	648	1,532	6,325

Refer to the accompanying notes to the Pro Forma Information

Unaudited Pro Forma Statement of Financial Position as at June 30, 2021 – Equity and Liabilities

EUR million	As at June 30, 2021			
	Valmet historical	Neles reclassified (Note 1)	Merger (Note 2)	Combined Company pro forma
Equity				
Equity attributable to owners of the parent	1,138	259	1,100	2,497
Non-controlling interests.....	6	0	-	6
Total equity	1,144	259	1,100	2,503
Liabilities				
Non-current liabilities				
Non-current debt	195	150	389	733
Non-current lease liabilities	37	38	-	75
Post-employment benefits.....	182	22	-	204
Non-current provisions.....	35	1	-	36
Other non-current liabilities	7	0	-	7
Deferred tax liabilities.....	65	4	225	294
Total non-current liabilities	521	216	614	1,350
Current liabilities				
Current debt	222	19	-179	62
Current lease liabilities.....	22	11	-	32
Trade payables	320	54	-5	370
Current provisions.....	180	10	-	190
Amounts due to customers under revenue contracts	1,202	32	-	1,234
Other current financial liabilities.....	23	1	-	25
Income tax liabilities	68	6	-	73
Other current liabilities	443	40	3	485
Total current liabilities	2,480	173	-181	2,472
Total liabilities	3,001	389	432	3,822
Total equity and liabilities	4,144	648	1,532	6,325

Refer to the accompanying notes to the Pro Forma Information

Notes to the Pro Forma Information

The following unaudited pro forma adjustments will have a continuing impact on the Combined Company's results or financial position, unless otherwise indicated. The pro forma notes are unaudited.

Note 1 – Neles Reclassified

Valmet has performed a preliminary review of Neles' accounting policies and presentation of financial statements, primarily based on publicly available information, to determine whether any adjustments are necessary to ensure comparability in the Pro Forma Information. Based on the information available at this time, Valmet is not aware of any accounting policy differences that could have a material impact on the Pro Forma Information. However, certain reclassifications have been made to align Neles' historical financial information with the presentation format of Valmet's financial statements. Upon the completion of the Merger, Valmet will conduct a detailed review of Neles' accounting policies and presentation of financial statements. As a result of that review, the Combined Company may identify additional accounting policy or presentation differences between the companies that, when conformed, could have further impact on the Combined Company's financial information. Further, the accounting policies to be applied by the Combined Company in the future may differ from the accounting policies applied in the Pro Forma Information.

The following tables set forth the reclassifications made to align Neles' historical financial information with Valmet's format of presentation as at the dates and for the periods indicated.

Unaudited Reclassification Adjustments in the Pro Forma Statements of Income

EUR million	For the six months ended June 30, 2021			For the year ended December 31, 2020		
	Neles historical	Reclassifica-tions	Neles reclassified (Note 1)	Neles historical, continuing operations ¹⁾ (audited)	Reclassifica-tions	Neles reclassified (Note 1)
Net sales	275	-	275	576	-	576
Cost of goods sold.....	-187	-	-187	-386	-	-386
Gross profit	88	-	88	190	-	190
Selling, general and administrative expenses.....	-	-53	-53	-	-118	-118
Other operating income.....	-	3	3	-	3	3
Other operating expenses	-	-5	-5	-	-5	-5
<i>Selling and marketing expenses</i> ...	-30	30	-	-65	65	-
<i>Administrative expenses</i>	-16	16	-	-39	39	-
<i>Research and development expenses</i>	-7	7	-	-14	14	-
<i>Other operating income and expenses, net</i>	-3	3	-	-2	2	-
Operating profit	32	-	32	70	-	70
Financial income.....	0	-	0	1	-	1
Financial expenses	-3	-0	-3	-7	-1	-8
<i>Foreign exchange gains/losses</i>	-0	0	-	-1	1	-
Profit before taxes	30	-	30	64	-	64
Income taxes	-7	-	-7	-16	-	-16
Profit for the period	22	-	22	48	-	48

¹⁾ The partial demerger of Metso Group took place on June 30, 2020, and the continuing operations were renamed Neles. Neles valves business has been reported as continuing operations, and the demerged Metso Minerals business as discontinued operations for the period January 1–June 30, 2020. For pro forma purposes, only information for the continuing operations of Neles is presented.

Unaudited Reclassification Adjustments in the Pro Forma Statement of Financial Position – Assets

Assets EUR million	As at June 30, 2021		
	Neles historical	Reclassifications	Neles reclassified (Note 1)
Non-current assets			
Intangible assets			
Goodwill	58	-	58
Other intangible assets	17	-	17
Total intangible assets	75	-	75
Property, plant and equipment			
Land and water areas.....	6	-	6
Buildings and structures	22	-	22
Machinery and equipment.....	32	-	32
Leased assets	-	47	47
Assets under construction.....	1	-	1
Total property, plant and equipment	61	47	108
<i>Right-of-use assets</i>	47	-47	-
Other non-current assets			
Non-current financial assets	2	-	2
Deferred tax assets	18	-	18
Other non-current assets	-	12	12
<i>Other non-current receivables</i>	12	-12	-
Total other non-current assets	32	-	32
Total non-current assets	215	-	215
Current assets			
Inventories			
Materials and supplies.....	-	59	59
Work in progress	-	29	29
Finished products	-	89	89
<i>Inventories</i>	177	-177	-
Total inventories	177	-	177
Receivables and other current assets			
Trade receivables	84	-	84
Other current financial assets	-	9	9
Income tax receivables	5	-	5
Other receivables.....	-	31	31
Cash and cash equivalents.....	128	-	128
<i>Other current receivables</i>	39	-39	-
Total receivables and other current assets	256	-	256
Total current assets	433	-	433
Total assets	648	-	648

Unaudited Reclassification Adjustments in the Pro Forma Statement of Financial Position – Equity and Liabilities

Equity and liabilities EUR million	As at June 30, 2021		
	Neles historical	Reclassifications	Neles reclassified (Note 1)
Equity			
Equity attributable to owners of the parent	259	-	259
Non-controlling interests.....	0	-	0
Total equity	259	-	259
Liabilities			
Non-current liabilities			
Non-current debt	-	150	150
Non-current lease liabilities	38	-	38
Post-employment benefits.....	22	-	22
Non-current provisions.....	1	-	1
Other non-current liabilities	0	-	0
Deferred tax liabilities.....	4	-	4
<i>Interest bearing liabilities</i>	150	-150	-
Total non-current liabilities	216	-	216
Current liabilities			
Current debt	-	19	19
Current lease liabilities.....	11	-	11
Trade payables	54	-	54
Current provisions.....	10	-	10
Amounts due to customers under revenue contracts	-	32	32
Other current financial liabilities.....	-	1	1
Income tax liabilities	6	-	6
Other current liabilities	40	-	40
<i>Interest bearing liabilities</i>	19	-19	-
<i>Advances received</i>	32	-32	-
<i>Derivative financial instruments</i>	1	-1	-
Total current liabilities	173	-	173
Total liabilities	389	-	389
Total equity and liabilities	648	-	648

Note 2 – Merger

The Merger will be accounted for using the acquisition method of accounting with Valmet determined as the acquirer of Neles. As Valmet holds an equity interest in Neles prior to the Merger, the Merger will be accounted for as a business combination achieved in stages. In the Merger, Valmet's previously held equity interest in Neles will be remeasured to fair value at the Effective Date and a resulting gain or loss will be recognized in the consolidated statement of income of Valmet.

Valmet has made a preliminary purchase price allocation based upon estimates that are believed to be reasonable. As the Merger has not yet been completed, all of the detailed valuation studies necessary to arrive at the estimates of the fair value for all of Neles' assets to be acquired and liabilities to be assumed have not been completed. Upon the completion of the Merger, the Combined Company will conduct a detailed valuation of all assets and liabilities as of the Effective Date at which point the fair value of assets acquired and liabilities assumed may materially differ from the amounts presented in the Pro Forma Information. For pro forma purposes, Neles' unaudited consolidated statement of financial position information as at June 30, 2021 has been used in the preliminary purchase price allocation presented below. The final fair values will be determined on the basis of assets acquired and liabilities assumed at the Effective Date.

Purchase Consideration

The purchase consideration is determined based on the fair value of the Merger Consideration Shares and the Effective Date fair value of Valmet's previously held equity interest in Neles.

The following table sets forth the preliminary estimate of the purchase consideration to acquire Neles as if the Merger had occurred on June 30, 2021.

Pro forma preliminary estimate of the purchase consideration		EUR million
Preliminary estimate of fair value:		
Valmet's shares issued as Merger Consideration Shares (Note 2c)	1,224	
Fair value of Valmet's previously held equity interest in Neles (Note 2d)	514	
Total	1,738	
Effect of settlement of pre-existing relationship (Note 2b)	84	
Total pro forma preliminary estimate of the purchase consideration	1,822	

The preliminary estimate of the purchase consideration reflected in the Pro Forma Information does not purport to represent the actual consideration upon the completion of the Merger. In accordance with IFRS, the fair value of the Merger Consideration Shares to be issued by Valmet and the fair value of Valmet's previously held equity interest in Neles will be measured at the Effective Date at the then-current market price (fair value) of Valmet's share on Nasdaq Helsinki. This requirement will likely result in a purchase consideration different from the amount presented in the Pro Forma Information and that difference may be material. A 10 percent change in Valmet's share price would increase or decrease the pro forma Merger Consideration by approximately EUR 122 million and the fair value of the previously held equity interest by approximately EUR 51 million, increasing or decreasing the purchase consideration by total of EUR 174 million, which would be reflected as an increase or decrease of goodwill and equity in the pro forma statement of financial position. In the pro forma statement of income, the change in the fair value of the previously held equity interest would be reflected as an increase or decrease of other operating income.

The following tables set forth the Merger related pro forma adjustments for the periods presented.

Unaudited Merger Adjustments in the Pro Forma Statement of Income for the six months ended June 30, 2021

EUR million	For the six months ended June 30, 2021						
	Elimination		Valmet's previous interest in Neles	Fair valuation of net assets	Transaction costs	Refinancing and bank fees	Merger
	Extra of distribution of funds and related financing	of transactions between Valmet and Neles					
	(Note 2a)	(Note 2b)	(Note 2d)	(Note 2e)	(Note 2f)	(Note 2g)	(Note 2)
Net sales	-	-7	-	-	-	-	-7
Cost of goods sold	-	7	-	0	-	-	7
Gross profit	-	-	-	0	-	-	0
Selling, general and administrative expenses	-	0	-	-20	2	-	-17
Other operating income	-	-0	-	-	-	-	-0
Share in profits and losses of associated companies, operative investments	-	-	0	-	-	-	0
Operating profit	-	-	0	-20	2	-	-17
Financial expenses	-1	-	-	-	-	1	-0
Profit before taxes	-1	-	0	-20	2	1	-17
Income taxes	0	-	-	5	-0	-0	4
Profit for the period	-1	-	0	-15	2	1	-13

Unaudited Merger Adjustments in the Pro Forma Statement of Income for the year ended December 31, 2020

EUR million	For the year ended December 31, 2020						
	Elimination						
	Extra distribution of funds and related financing	of transactions between Valmet and Neles	Valmet's previous interest in Neles	Fair valuation of net assets	Transaction costs	Refinancing and bank fees	
(Note 2a)	(Note 2b)	(Note 2d)	(Note 2e)	(Note 2f)	(Note 2g)	(Note 2)	
Net sales	-	-15	-	-	-	-15	
Cost of goods sold.....	-	15	-	-13	-	2	
Gross profit	-	-	-	-13	-	-13	
Selling, general and administrative expenses	-	0	-	-104	-27	-	-131
Other operating income.....	-	-0	158	-	-	-	158
Share in profits and losses of associated companies, operative investments.....	-	-	-0	-	-	-	-0
Operating profit	-	-	157	-116	-27	-	14
Financial expenses	-1	-	-	-	-	-2	-3
Profit before taxes	-1	-	157	-116	-27	-2	11
Income taxes	0	-	-	28	5	0	34
Profit for the period	-1	-	157	-88	-22	-1	45

Unaudited Merger Adjustments in the Pro Forma Statement of Financial Position

As at June 30, 2021								
EUR million	Extra distributi on of funds and related financing	Elimina tion of transac tions between Valmet and Neles	Merger consider ation	Valmet's previous interest in Neles	Fair valuation of net assets	Transac tion costs	Re financing and bank fees	Merger (Note 2)
	(Note 2a)	(Note 2b)	(Note 2c)	(Note 2d)	(Note 2e)	(Note 2f)	(Note 2g)	
Assets								
Non-current assets								
Goodwill	-	-	-	-	1,063	-	-	1,063
Other intangible assets	-	-	-	-	926	-	-	926
Total intangible assets	-	-	-	-	1,989	-	-	1,989
Machinery and equipment.....	-	-	-	-	11	-	-	11
Total property, plant and equipment	-	-	-	-	11	-	-	11
Investments in associated companies	-89	-	-	-356	-	-	-	-445
Deferred tax assets	-	-	-	-	-3	-	-	-3
Total other non-current assets	-89	-	-	-356	-3	-	-	-448
Total non-current assets	-89	-	-	-356	1,997	-	-	1,552
Current assets								
Work in progress.....	-	-	-	-	3	-	-	3
Finished products	-	-	-	-	10	-	-	10
Total inventories	-	-	-	-	13	-	-	13
Trade receivables	-	-5	-	-	-	-	-	-5
Income tax receivables.....	-	-	-	-	-	5	0	6
Other receivables	89	-89	-	-	-0	-	-1	-1
Cash and cash equivalents.....	-1	-	-	-	-	-29	-3	-32
Total receivables and other current assets	88	-94	-	-	-0	-23	-3	-33
Total current assets	88	-94	-	-	13	-23	-3	-20
Total assets	-1	-94	-	-356	2,010	-23	-3	1,532
Equity and liabilities								
Equity								
Equity attributable to owners of the parent (Note 2h)	-300	-	-	1,224	158	41	-21	-1
Total equity	-300	-	-	1,224	158	41	-21	-1
1,100								
Liabilities								
Non-current liabilities								
Non-current debt	211	-	-	-	1	-	177	389
Deferred tax liabilities.....	-	-	-	-	225	-	-	225
Total non-current liabilities	211	-	-	-	226	-	177	614
Current liabilities								
Current debt	-	-	-	-	-	-	-179	-179
Trade payables	-	-5	-	-	-	-0	-	-5
Income tax liabilities.....	-	-	-	-	-	-	-	-
Other current liabilities	89	-89	-	-	5	-2	-	3
Total current liabilities	89	-94	-	-	5	-2	-179	-181
Total liabilities	300	-94	-	-	231	-2	-2	432
Total equity and liabilities	-1	-94	1,224	158	272	-23	-3	1,532

Note 2a – Extra distribution of funds and related financing

Pursuant to the Merger Plan, Neles may distribute to its shareholders an extra distribution of funds in the amount of up to EUR 2.00 per share, either as dividend or return of equity or a combination of the aforementioned prior to the Effective Date. The Pro Forma Information assumes the extra distribution of funds of EUR 300 million and it has been adjusted as if distributed from Neles' equity and paid from cash and cash equivalents, excluding Valmet's share of the extra distribution of funds of EUR 89 million, which has been recognized as a current liability of Neles and is expected to be settled in the Merger. The decrease of EUR 89 million in investments in associated companies and the increase of EUR 89 million in other receivables reflect the amounts recognized by Valmet related to Neles' extra distribution of funds prior to the Effective Date. The pro forma adjustment of the extra distribution of funds will not have a continuing impact on the Combined Company's financial position.

The Merger financing arrangements include a EUR 301 Million Facility for Neles, which Danske Bank and Nordea as joint underwriters, coordinating bookrunners and mandated lead arrangers have arranged and underwritten in full, which is purposed to be used for financing Neles' extra distribution of funds. In the Pro Forma Information, EUR 212 million of the EUR 301 Million Facility is assumed to be drawn by Neles to reflect the financing of the extra distribution of funds to shareholders other than Valmet. The amount drawn (net of transaction costs) has been recognized as an increase in non-current debt and cash and cash equivalents in the pro forma statement of financial position. The pro forma interest expenses arising from the new term loan are recognized as financial expenses in the pro forma statements of income for the periods presented and they reflect the total interest expenses of the loan after the fair valuation of the loan described in note 2e (v) below.

Note 2b – Elimination of transactions between Valmet and Neles

Transactions and balances between Valmet and Neles have been eliminated in the Pro Forma Information. These adjustments decrease income and expenses in the pro forma statements of income. The adjustments in the pro forma statement of financial position reflect the elimination of EUR 89 million of Neles' liability to Valmet and Valmet's receivable from Neles arising from Neles' extra distribution of funds, which are assumed to be settled in the Merger as well as EUR 5 million of Valmet's trade payables to Neles and Neles' trade receivables from Valmet, which will be eliminated in consolidation. In the Pro Forma Information, Valmet's net receivable of EUR 84 million, effectively settled between the parties in the Merger (effect of settlement of pre-existing relationship), has been presented as part of the total pro forma preliminary estimate of the purchase consideration.

Note 2c – Merger Consideration

The shareholders of Neles shall receive as Merger Consideration 0.3277 Merger Consideration Shares for each share they hold in Neles. For pro forma purposes, the preliminary estimate of the fair value of the Merger Consideration transferred in exchange of Neles corresponds to an aggregate fair value of the total number of 34,664,986 Merger Consideration Shares expected to be issued (excluding shares held by Valmet as well as treasury shares held by Neles, which do not entitle to the Merger Consideration, and assuming that none of Neles shareholders demands redemption of his/her/their shares at the EGM of Neles resolving on the Merger) based on the closing price of EUR 35.31 of Valmet's share on Nasdaq Helsinki on August 4, 2021. In the Pro Forma Information, the total estimated Merger Consideration amounts to EUR 1,224 million, of which EUR 40 million is recognized as an increase of share capital in accordance with the Merger Plan and EUR 1,184 million is recognized as an increase of reserve for invested unrestricted equity.

Note 2d – Valmet's previous interest in Neles

Valmet held approximately 29.54 percent of Neles' shares and votes as at June 30, 2021 and has reported Neles as an associated company in its historical consolidated financial statement information. The Merger is accounted for as a business combination achieved in stages where as a result of the Merger, the previously held equity interest in Neles will be remeasured to fair value at the Effective Date and the resulting gain will be recognized in the consolidated statement of income. The fair value of Valmet's previously held equity interest in Neles is considered a component of a total purchase consideration. In the Pro Forma Information, the preliminary fair value calculation of Valmet's previously held equity interest in Neles is based on 44,415,207 shares in Neles owned by Valmet at the date of this Merger Prospectus and based on the closing price of EUR 35.31 of Valmet's share on Nasdaq Helsinki on August 4, 2021 and an exchange ratio of 0.3277:1. In the Pro Forma Information the preliminary fair value estimate of Valmet's previously held equity interest in Neles amounts to EUR 514 million. The difference between the fair value and the carrying value of Valmet's previously held equity interest in Neles of EUR 158 million is presented as a gain in other operating income in the pro forma statement of income for the year ended December 31, 2020 and in retained earnings in the pro forma statement of financial position and the carrying value presented under investments in associated companies has been eliminated in the pro forma statement of financial position. In Valmet's comparable EBITA, the gain resulting from fair valuation of Valmet's previously held equity interest in Neles is excluded as an item affecting comparability.

In the pro forma statements of income, the share in profits and losses of associated companies, operative investments historically reported by Valmet relating to its existing interest in Neles has been eliminated for the six months ended June 30, 2021 and for the year ended December 31, 2020. These adjustments will not have a continuing impact on the Combined Company's results and financial position.

Note 2e – Fair Valuation of Net Assets

The following table sets forth the unaudited preliminary fair valuation of acquired assets and assumed liabilities as at June 30, 2021:

EUR million	Neles reclassified (Note 1)	Extra distribution of funds and related financing (Note 2a)	Elimination of transac- tions between Valmet and Neles (Note 2b)	Fair valuation of net assets (Note 2e)	Note	Acquired assets and assumed liabilities at fair value
Non-current assets						
Goodwill	58	-	-	-58 (i)		-
Other intangible assets	17	-	-	926 (ii), (iii)		943
Property, plant and equipment ..	108	-	-	11 (iii)		119
Deferred tax assets	18	-	-	-3 (vii)		15
Other non-current assets.....	14	-	-	-		14
Total non-current assets	215	-	-	876		1,091¹⁾
Current assets						
Inventories	177	-	-	13 (iv)		190
Trade receivables	84	-	-5	-		79
Other current receivables	44	-	-	-0 (v)		43
Cash and cash equivalents.....	128	-1	-	-		127
Total current assets	433	-1	-5	13		440
Non-current liabilities						
Non-current debt	150	211	-	1 (v)		361
Other non-current liabilities	62	-	-	-		62
Deferred tax liabilities.....	4	-	-	225 (vii)		229
Total non-current liabilities ..	216	211	-	226		652
Current liabilities						
Other current liabilities	173	89	-89	5 (vi)		178
Total current liabilities	173	89	-89	5		178
Net assets.....	259	-300	84	658		701
Preliminary estimate of purchase consideration.....						1,822
Non-controlling interests.....						0
Goodwill.....					(i)	1,121

¹⁾ Total non-current assets excluding goodwill.

The following table sets forth the statement of income impacts from the fair valuation of acquired assets and assumed liabilities for the six months ended June 30, 2021 and for the year ended December 31, 2020:

EUR million	For the six months ended June 30, 2021				For the year ended December 31, 2020			
	Fair valuation of net assets (Note 2e)				Fair valuation of net assets (Note 2e)			
	Elimination of amortization from old purchase price allocations	Depreciation and amortization from fair valuation	Inventory fair value adjustment	Fair valuation of net assets (Note 2e)	Elimination of amortization from old purchase price allocations	Depreciation and amortization from fair valuation	Inventory fair value adjustment	Fair valuation of net assets (Note 2e)
(ii)	(iii)	(iv)	(Note 2e)	(ii)	(iii)	(iv)	(Note 2e)	
Cost of goods sold...	0	-0	-	0	1	-1	-13	-13
Gross profit	0	-0	-	0	1	-1	-13	-13
Selling, general and administrative expenses.....	1	-21	-	-20	2	-106	-	-104
Operating profit	1	-21	-	-20	3	-107	-13	-116
Profit before taxes	1	-21	-	-20	3	-107	-13	-116
Income taxes (vii) ...	-0	5	-	5	-1	26	3	28
Profit for the period	1	-16	-	-15	3	-81	-10	-88

(i) The goodwill recognized in the pro forma statement of financial position represents the excess of the preliminary purchase consideration over the preliminary fair value of the identifiable net assets acquired. The preliminary goodwill arising in the Merger is mainly attributable to synergies, assembled workforce and geographical presence. Valmet expects that the goodwill will not be tax-deductible.

For pro forma presentation purposes, the difference of EUR 1,063 million between Neles' existing goodwill of EUR 58 million and the preliminary goodwill amount of EUR 1,121 million arising in the combination is adjusted in the pro forma statement of financial position.

(ii) In the Pro Forma Information, the fair value adjustments, totalling to EUR 15 million, of other intangible assets arising from Neles' previous purchase price allocations and related amortization expenses have been eliminated.

(iii) A preliminary fair value adjustment to property, plant and equipment has been recognized in the pro forma statement of financial position to reflect the fair value of machinery and equipment.

The preliminary fair values of customer relationships, trademarks, technology and order backlog included in other intangible assets have been determined primarily using the income approach which requires an estimate or forecast of expected future cash flows. Either the multi-period excess earnings method or the relief-from-royalty method has been used as the income-based valuation method.

Based on the preliminary fair valuation, additional depreciation and amortization expenses have been recognized in the pro forma statements of income. The following table sets forth the preliminary fair values of the identifiable other intangible assets and the preliminary fair value adjustments of the property, plant and equipment and the estimated average useful lives representing the depreciation and amortization periods as well as the estimated depreciation and amortization arising from fair valuation for the periods presented:

EUR million, unless otherwise indicated	Preliminary fair valuation	Estimated average useful life (years)	Depreciation and amortization arising from fair valuation	
			For the six months ended June 30, 2021	For the year ended December 31, 2020
Other intangible assets				
Customer relationships ¹⁾	547	20	14	27
Trademarks ¹⁾	110	40	1	3
Technology ¹⁾	220	20	5	11
Order backlog ¹⁾	65	1	-	65
Others ²⁾	2		-	-
Total other intangible assets	943		21	106
Property, plant and equipment³⁾	11	1-20	0	1
Total			21	107

¹⁾ Represents the preliminary fair value of other intangible assets and related amortization.

²⁾ Carrying value is assumed to approximate fair value.

³⁾ Represents the preliminary fair value adjustment of property, plant and equipment and related depreciation.

The depreciation and amortization adjustments will have a continuing impact on the Combined Company's results, except for the amortization adjustment of order backlog which will not have a continuing impact on the Combined Company's results after the first year.

- (iv) Reflects the preliminary fair value adjustment recorded to inventories in the pro forma statement of financial position. Valmet expects that the acquired inventory will turn over within one year and accordingly, the inventory fair value adjustment has been recorded as an expense in cost of goods sold in the pro forma statement of income for the year ended December 31, 2020. The inventory fair valuation adjustment will not have a continuing impact on the Combined Company's results or financial position after one year.
- (v) Reflects the preliminary fair value adjustments arising from financing arrangements. The adjustment to non-current debt reflects the preliminary fair value of non-current debt. The adjustment to other current receivables reflects the elimination of capitalized transaction costs related to Neles' EUR 200 million revolving credit facility. These adjustments will not have a continuing impact on the Combined Company's financial position.
- (vi) As at the date of this Merger Prospectus, Neles has four (4) share-based long-term incentive plans under which share rewards have not been paid in their entirety: Performance Share Plan (PSP) 2021–2023, Performance Share Plan (PSP) 2020–2022, Deferred Share Unit Plan (DSUP) 2021–2023 and Deferred Share Unit Plan (DSUP) 2019–2021. The Board of Directors of Neles has, conditionally and subject to the execution of the Merger, resolved on the impact of the Merger on such incentive plans in accordance with their terms and conditions. According to the resolution, the incentive plans will be settled in cash. The pro forma adjustment of EUR 5 million reflects the increase in the aggregate amount of assumed liabilities as at the Effective Date. These incentive plans will have a continuing impact on the Combined Company's results from the Effective Date until the vesting dates and financial position until the payment dates of the rewards. The rewards based on these incentive plans will be paid latest twelve months after the Effective Date of the Merger.
- (vii) This adjustment represents the income tax impacts arising from the pro forma adjustments and from movements in estimated deferred tax liabilities and deferred tax assets related to the fair valuation of net assets reflected in the pro forma statement of financial position (excluding adjustments related to goodwill, which is assumed not to be tax-deductible). In addition, the pro forma adjustment reflects the offsetting of deferred tax assets and deferred tax liabilities arising from the fair value adjustments as they relate to income taxes on the same jurisdiction and a right to set off taxes assets against tax liabilities exist. Deferred tax impacts have been calculated based on assumed blended tax rates or by applying the Finnish corporate income tax rate of 20 percent, as applicable. The tax rates are based on preliminary assumptions related to the underlying jurisdictions in which the income or expense will be recorded. The effective tax rate of the Combined Company could be significantly different depending on the post-Merger activities, including cash needs, geographical mix of net income and tax planning strategies.

Certain tax loss carry-forwards, in part or in full, may be forfeited in the Merger. The pro forma adjustment decreases deferred tax assets by EUR 3 million illustrating the estimated impact of tax loss carry forwards to be forfeited.

Note 2f – Transaction costs

The total transaction costs of EUR 29 million estimated to be incurred by Valmet and Neles in connection with the Merger primarily comprise financial, legal and advisory costs.

The estimated financial, legal and advisory costs of EUR 27 million have been recorded in selling, general and administrative expenses in the pro forma statement of income for the year ended December 31, 2020. The transaction costs of EUR 2 million already recorded as an expense for the six months ended June 30, 2021 have been eliminated from selling, general and administrative expenses in the pro forma statement of income for that period.

The estimated transaction costs for the issuance and listing of the Merger Consideration Shares to be recognized directly to equity of EUR 1 million has been deducted (net of taxes) from reserve for invested unrestricted equity in the pro forma statement of financial position.

In the pro forma statement of financial position, the unpaid portion of the estimated transaction costs of EUR 29 million has been deducted from cash and cash equivalents. Transaction costs that have already been recorded as liabilities by Valmet and Neles in their historical statement of financial position as at June 30, 2021 have been eliminated from trade payables and other current liabilities in the pro forma statement of financial position and have been presented as paid.

The tax impact from adjustments made to transaction costs has been calculated using the Finnish corporate income tax rate of 20 percent.

The transaction cost adjustment will not have a continuing impact on the Combined Company's results or financial position. The estimated transaction costs do not reflect any future integration costs that are expected to be incurred because of the Merger.

Note 2g – Refinancing and bank fees

To support and finance the completion of the Merger, Valmet and Neles have entered into re- and back-up financing agreements with Danske Bank and Nordea on July 2, 2021. The Pro Forma Information reflects the estimated bank fees and financing costs related to these agreed financing arrangements as well as the refinancing of Valmet's EUR 179 million debt related to the purchase of shares in Neles in the second half of 2020 and Neles' EUR 150 million debt with the draw-down of EUR 329 million new loans under the EUR 350 Million Facilities.

The adjustments in the Pro Forma Information decrease current debt by EUR 179 million and increase non-current debt by EUR 177 million as well as decrease cash and cash equivalents by EUR 3 million, other receivables by EUR 1 million and equity by EUR 1 million in the pro forma statement of financial position. The financing expenses related to the refinanced loans recognized in Valmet's and Neles' historical statements of income for the six months ended June 30, 2021 and for the year ended December 31, 2020 have been eliminated in the Pro Forma Information and replaced with the financing expenses arising from the new loans. In addition, certain bank fees and financing costs related to the agreed financing arrangements have been recognized as an expense for the year ended December 31, 2020. In total, these pro forma adjustments decrease financial expenses by EUR 1 million in the pro forma statement of income for the six months ended June 30, 2021 and increase financial expenses by EUR 2 million in the pro forma statement of income for the year ended December 31, 2020.

The tax impact from the adjustment has been calculated using the Finnish corporate income tax rate of 20 percent.

Note 2h – Equity structure

The following table sets forth the reconciliation of pro forma total equity attributable to the owners of the parent and illustrates adjustments to reflect the impacts of the Merger to the total equity attributable to the owners of the parent of the Combined Company in the pro forma statement of financial position.

EUR million	As at June 30, 2021					
	Valmet historical	Merger consideration (Note 2c)	Valmet's previous interest in Neles (Note 2d)	Transaction costs (Note 2f)	Refinancing and bank fees (Note 2g)	Combined Company pro forma
Share capital.....	100	40 ¹⁾	-	-	-	140
Reserve for invested unrestricted equity.....	426	1,184	-	-1	-	1,609
Cumulative translation adjustments.....	-27	-	-	-	-	-27
Hedge and other reserves	9	-	-	-	-	9
Retained earnings	631	-	158	-20	-1	767
Total equity attributable to owners of the parent.....	1,138	1,224	158	-21	-1	2,497

¹⁾ Increase in share capital is presented in accordance with the Merger Plan.

In the Pro Forma Information, Neles' equity attributable to owners of the parent, which comprises historical Neles' equity attributable to owners of the parent as presented in note 1 and the adjustments made prior to the Effective Date as presented in note 2a, is eliminated in note 2e as part of the fair valuation of net assets as at the Effective Date. Accordingly, Neles' equity attributable to owners of the parent including the related pro forma adjustments will not have an impact on the Combined Company's equity.

Note 3 – Unaudited Pro Forma Earnings per Share

Pro forma basic earnings per share is calculated by dividing the pro forma profit for the period attributable to owners of the parent by the pro forma weighted average number of Valmet's outstanding shares as adjusted for the pro forma Merger Consideration Shares.

The following table sets forth the pro forma basic earnings per share for the periods indicated:

	For the six months ended June 30, 2021	For the year ended December 31, 2020
Pro forma profit for the period attributable to owners of the parent (EUR million)	131	324
Average number of Valmet's outstanding shares – historical	149,462,766	149,499,114
Number of pro forma Merger Consideration Shares	34,664,986	34,664,986
Pro forma weighted average number of outstanding shares, basic.....	184,127,752	184,164,100
Pro forma basic earnings per share, EUR	0.71	1.76

Note 4 – Unaudited Additional Pro Forma Information

The Pro Forma Information includes certain performance measures of the Combined Company's pro forma financial performance and pro forma financial position, which, in accordance with the "Alternative Performance Measures" guidance issued by ESMA, are not accounting measures defined or specified in IFRS, and therefore are considered as alternative performance measures. These alternative performance measures are operating profit, EBITA, comparable EBITA, interest-bearing liabilities, net interest-bearing liabilities, equity to assets ratio and gearing and they are presented as additional information to the financial measures presented in the pro forma statement of income and pro forma statement of financial position prepared in accordance with IFRS. For reasons for the use of alternative performance measures, see "Certain Matters – Presentation of Financial and Certain Other Information – Alternative Performance Measures".

Alternative performance measures should not be viewed in isolation or as a substitute to the IFRS financial measures. All companies do not calculate alternative performance measures in a uniform way, and therefore, the alternative performance measures presented in this Merger Prospectus may not necessarily be comparable with similarly named measures presented by other companies.

Unaudited Pro Forma Key Figures

EUR million, unless otherwise indicated	For the six months ended June 30, 2021	For the year ended December 31, 2020	As at June 30, 2021
Net sales.....	2,069	4,301	
Operating profit ¹⁾	176	403	
EBITA ²⁾	215	542	
Comparable EBITA ³⁾	210	449	
Equity to assets ratio ⁴⁾ , %.....			49%
Gearing ⁵⁾ , %			13%

¹⁾ Operating profit = Net sales - cost of goods sold - selling, general and administrative expenses + other operating income - other operating expenses - share in profits and losses of associated companies, operative investments

²⁾ EBITA = Operating profit + amortization

³⁾ Comparable EBITA = Operating profit + amortization +/- items affecting comparability

Items affecting comparability consist of income and expenses arising from activities that amend the capacity of the Combined Company's operations, such as restructuring costs, and gains or losses on sale of businesses or non-current assets, and income and expenses incurred outside the Combined Company's normal course of business, such as transaction costs related to business combinations and the contemplated Merger, expenses arising from fair value adjustments recognized in business combinations, share in profits and losses of associated companies, operative investments and any gain or loss recorded at derecognition, impairment charges, income and expenses recorded as a result of settlement payments to/from third parties as well as income and expenses arising from changes in legislation expected to be recorded in different reporting periods which consequently affect the Combined Company temporarily only (e.g. customs or other tariffs imposed by authorities on the Combined Company's products).

⁴⁾ Equity to assets ratio, % = (Total equity / (Balance sheet total – amounts due to customers under revenue contracts)) x 100

⁵⁾ Gearing, % = (Net interest-bearing liabilities / Total equity) x 100

Net interest-bearing liabilities = Interest-bearing liabilities (Non-current debt + non-current lease liabilities + current debt + current lease liabilities) - cash and cash equivalents - non-current interest-bearing financial instruments - other interest-bearing assets

Reconciliation Between Pro Forma Comparable EBITA, Pro Forma EBITA and Pro Forma Operating Profit

EUR million	For the six months ended June 30, 2021				For the year ended December 31, 2020			
	Valmet historical	Neles reclassified	Merger	Com-bined Company pro forma	Valmet historical	Neles reclassified	Merger	Com-bined Company pro forma
	(Note 1)	(Note 2)	-0	210	(Note 1)	(Note 2)	-1	449
Comparable EBITA	175	35	-0	210	365	85	-1	449
Items affecting comparability in cost of sales								
Expenses related to capacity adjustments.....	-	-	-	-	-6	-0	-	-7
Expensing of fair value adjustments recognized in business combinations	-1	-	-	-1	-1	-	-13	-14
Other items affecting comparability.....	1	-	-	1	-1	-	-	-1
Items affecting comparability in selling, general and administrative expenses								
Expenses related to capacity adjustments.....	-0	-	-	-0	-5	-1	-	-6
Expenses related to acquisitions	-1	-1	2	-	-1	-5	-27 ¹⁾	-34
Other items affecting comparability.....	-0	-	-	-0	-0	-4	-	-5
Items affecting comparability in other operating income and expenses								
Expenses related to capacity adjustments	-	-	-	-	-	-	-	-
Other items affecting comparability.....	6 ⁴⁾	-	-	6	2	-	158 ²⁾	159
Items affecting comparability in share in profits and losses of associated companies, operative investments								
Other items affecting comparability.....	7	-	-7	0	3	-	-3	-
EBITA	186	34	-5	215	355	74	114	542
Amortization included in cost of sales								
Other intangibles.....	-0	-0	0	-0	-1	-1	1	-1
Amortization included in selling, general and administrative expenses								
Intangibles recognized in business combinations	-10	-1	-20	-30	-19	-1	-105	-125
Other intangibles.....	-8	-0	0	-8	-13	-1	1	-13
Amortization included in share in profits and losses of associated companies, operative investments								
Other intangibles.....	-7	-	7	-	-2	-	2	-
Operating profit	161	32	-17	176	319 ³⁾	70	14	403

¹⁾ Comprises expenses of EUR 27 million related to the Merger.

²⁾ The gain of EUR 158 million recognized as a result of measuring at fair value Valmet's previously held equity interest in Neles is presented as an item affecting comparability.

³⁾ Audited.

⁴⁾ Comprises profits related to real estate arrangements for the six months ended June 30, 2021.

Reconciliation of Pro Forma Gearing

EUR million, unless otherwise indicated

Net interest-bearing liabilities

Non-current debt	195	150	389	733
Non-current lease liabilities.....	37	38	-	75
Current debt.....	222	19	-179	62
Current lease liabilities.....	22	11	-	32
Interest-bearing liabilities.....	475	218	210	903
Cash and cash equivalents	-431	-128	32	-526
Non-current interest-bearing financial instruments	-0	-2	-	-2
Other interest-bearing assets.....	-54	-0	-	-54
Net interest-bearing liabilities.....	-9	88	242	320
Total equity.....	1,144	259	1,100	2,503
Gearing (%)	-1%	34%	n/a	13%

As at June 30, 2021

	Valmet historical	Neles reclassified (Note 1)	Merger (Note 2)	Combined Company pro forma