Interim Review

January 1 – March 31, 2024

Valmet's Interim Review January 1 – March 31, 2024

Orders received amounted to EUR 1,050 million and Comparable EBITA to EUR 121 million in the first quarter

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

January–March 2024: Orders received, Net sales and Comparable EBITA decreased

- Orders received decreased 32 percent to EUR 1,050 million (EUR 1,552 million).
  - Orders received decreased in all three segments.
  - Orders received decreased in all areas.
- Net sales decreased 8 percent to EUR 1,212 million (EUR 1,321 million).
  - Net sales remained at the previous year's level in the Services and Automation segments and decreased in the Process Technologies segment.
- Comparable earnings before interest, taxes and amortization (Comparable EBITA) decreased 9 percent to EUR 121 million (EUR 133 million).
  - Comparable EBITA remained at the previous year's level in the Automation and Services segments and decreased in the Process Technologies segment.
- Comparable EBITA margin was 10.0 percent (10.1%).
- Earnings per share (EPS) were EUR 0.30 (EUR 0.38). Adjusted EPS was EUR 0.41 (EUR 0.51).
- Items affecting comparability amounted to EUR -7 million (EUR -2 million).
- Cash flow provided by operating activities totaled EUR 138 million (EUR 208 million).

Guidance for 2024 unchanged

Valmet reiterates its guidance issued on February 7, 2024, in which Valmet estimates that net sales in 2024 will remain at the previous year's level in comparison with 2023 (EUR 5,532 million) and Comparable EBITA in 2024 will remain at the previous year's level or increase in comparison with 2023 (EUR 619 million).

Short-term market outlook

Valmet estimates that the short-term market outlook for services has increased to good (previously good/satisfactory), that the short-term market outlook for pulp has decreased to weak (previously satisfactory) and that the short-term market outlook for board and paper has decreased to weak/satisfactory (previously satisfactory). In board and paper, customer activity is weak and Valmet's capacity utilization satisfactory. Valmet reiterates the good short-term market outlook for flow control, automation systems and energy, and the satisfactory short-term market outlook for tissue.

The short-term market outlook is given for the next six months from the end of the reported period. It is based on customer activity (50%) and Valmet's capacity utilization (50%), and the scale is 'weak–satisfactory–good'.

President and CEO Pasi Laine: Orders received amounted to EUR 1,050 million and Comparable EBITA margin to 10.0%

"Valmet's orders received amounted to EUR 1,050 million in the first quarter of 2024. Compared to the record-high comparison quarter, orders received decreased in all three segments. Orders received in Valmet's stable business totaled close to EUR 3.0 billion during the last four quarters, representing 67% of Valmet's orders received. This is a clear change in the company compared to 2014, when stable business represented 34% of orders received. Orders received in Process Technologies segment decreased and amounted to EUR 1,466 million during the last four quarters. Valmet's order backlog amounted close to EUR 3.8 billion at the end of the quarter.

Valmet's net sales amounted to EUR 1,212 million in the first quarter. Net sales remained at the previous year's level in Services and Automation segments, and decreased in Process Technologies. Comparable EBITA margin was 16.5% in Automation, 14.6% in Services and 4.2% in Process Technologies. Valmet's Comparable EBITA amounted to EUR 121 million and margin was 10.0%.

The customer activity in services has improved, and the short-term market outlook for services has increased to good. As the market outlooks for flow control and automation systems remained good, all our stable businesses now have a good market outlook for the second and the third quarter of 2024.

In Process Technologies, the customer activity is good in energy and satisfactory in tissue. For pulp, the short-term market outlook has decreased to weak. For board and paper, the outlook has decreased to weak/satisfactory, as the customer activity is weak while Valmet's capacity utilization remains satisfactory. Even though the short-term market outlook has decreased in Process Technologies, the long-term megatrends have not changed and continue to be favorable for all Valmet's three segments.

Integration of Tissue Converting, which Valmet acquired during the fourth quarter of 2023, has proceeded well. The orders received of Tissue Converting developed well in the first quarter and customers have appreciated Valmet's combined tissue offering. We have already received synergetic orders including both Valmet's tissue making line and the converting equipment.

Valmet completed the acquisition of the Process Gas Chromatography business from Siemens soon after the first quarter ended, on April 2. The acquisition was completed as planned and we are very happy to welcome the new colleagues as well as the customers of former Siemens Process Gas Chromatography to Valmet. The acquired business complements our automation offering well, opening the opportunity to serve both businesses' current and future process automation customers with a wider offering.

Valmet's automation business reached a major milestone on April 9, when Valmet launched its new distributed control system (DCS), Valmet DNAe. The new system helps customers improve efficiency, productivity, sustainability and safety of their operations and provides a solid platform for moving towards more digitalized and autonomous operations in the future. The launch is an important step in Valmet's strategy for growing its automation business further to a wide base of process industries globally."

Chair of the Board of Directors Mikael Mäkinen: Thomas Hinnerskov appointed President and CEO of Valmet

"On February 19, Valmet's Board of Directors appointed Thomas Hinnerskov President and CEO of Valmet. He will start in the position during the second half of the year and at the end of September 2024 at the latest. Thomas Hinnerskov succeeds Pasi Laine, who will continue as the President and CEO of Valmet until his successor starts.

Thomas Hinnerskov is a Danish citizen and was born in 1971. He joins Valmet from Mediq B.V. where he has been working as the CEO since 2022. Prior to his current position, 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 has a Master's degree in Economics (Finance and Accounting) from Copenhagen Business School.

Thomas Hinnerskov has a strong track record in successfully leading versatile businesses in a global business environment. He has extensive international experience which he has gained by living and working in several countries across three continents over the years. He has successfully generated growth, developed people and organizations, and delivered solid financial results. Valmet is a truly unique and high performing company with a strong global organization and consistent upward performance trajectory. I am convinced that with his background Thomas has a good foundation to take Valmet forward together with the rest of the Executive Team from the company's excellent position built since 2013. We look forward to working with Thomas and wish him the best of success in his new demanding position. At the same time, I would like once again to express the deep gratitude and respect for the exceptional and committed work Pasi Laine has done in creating Valmet and in competently guiding and developing the company through an exceptional period of growth."

Key figures[1]

EUR million, or as indicated	**Q1/2024**	Q1/2023	Change	2023
Orders received	**1,050**	1,552	-32%	4,955
Order backlog[2]	**3,790**	4,595	-18%	3,973
Net sales	**1,212**	1,321	-8%	5,532
Comparable EBITA	**121**	133	-9%	619
% of net sales	**10.0%**	10.1%		11.2%
EBITA	**114**	131	-13%	605
% of net sales	**9.4%**	9.9%		10.9%
Operating profit (EBIT)	**87**	97	-10%	507
% of net sales	**7.2%**	7.3%		9.2%
Profit before taxes	**73**	91	-20%	473
Profit for the period	**56**	71	-21%	359
Earnings per share, EUR	**0.30**	0.38	-20%	1.94
Adjusted earnings per share, EUR	**0.41**	0.51	-19%	2.28
Equity per share, EUR[2]	**12.93**	12.50	3%	13.93
Cash flow provided by operating activities	**138**	208	-34%	352
Cash flow after investing activities	**109**	175	-38%	-181
Comparable return on capital employed (Comparable ROCE) before taxes (LTM)	**15%**	19%		15%
Return on capital employed (ROCE) before taxes (LTM)	**14%**	20%		14%
Return on equity (ROE, LTM)	**15%**	20%		14%
Net debt to EBITDA ratio[3]	**1.36**	0.49		1.46
Gearing[2]	**39%**	15%		40%
Equity to assets ratio[2]	**39%**	45%		43%

[1] *The calculation of key figures is presented on page 51.*
[2] *At end of period.*
[3] *Last twelve months' EBITDA*
LTM = Last twelve months

Segment key figures

Orders received, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**527**	577	-9%	1,760
Automation	**328**	391	-16%	1,340
Flow Control	*194*	*217*	*-10%*	*789*
Automation Systems	*134*	*175*	*-23%*	*551*
Process Technologies	**195**	584	-67%	1,856
Pulp and Energy	*57*	*212*	*-73%*	*854*
Paper	*138*	*372*	*-63%*	*1,002*
Total	**1,050**	1,552	-32%	4,955

Net sales, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**406**	389	4%	1,784
Automation	**309**	304	2%	1,328
Flow Control	*188*	*188*	*0%*	*777*
Automation Systems	*121*	*116*	*4%*	*551*
Process Technologies	**497**	628	-21%	2,420
Pulp and Energy	*225*	*286*	*-21%*	*1,067*
Paper	*272*	*342*	*-21%*	*1,353*
Total	**1,212**	1,321	-8%	5,532

Comparable EBITA, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**60**	63	-5%	312
Automation	**51**	50	3%	248
Process Technologies	**21**	30	-30%	110
Other	**-11**	-9	15%	-50
Total	**121**	133	-9%	619

Comparable EBITA, % of net sales	**Q1/2024**	Q1/2023	2023
Services	**14.6%**	16.1%	17.5%
Automation	**16.5%**	16.3%	18.6%
Process Technologies	**4.2%**	4.7%	4.5%
Total	**10.0%**	10.1%	11.2%

EBITA, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**56**	62	-10%	302
Automation	**50**	44	12%	245
Process Technologies	**21**	33	-35%	116
Other	**-14**	-9	51%	-58
Total	**114**	131	-13%	605

News conference and webcast for analysts, investors and media

Valmet will arrange a news conference in English as a live webcast at https://valmet.videosync.fi/q1-2024 on Wednesday, April 24, 2024, at 2:00 p.m. Finnish time (EEST). President and CEO Pasi Laine and CFO Katri Hokkanen will be presenting the results.

Recording of the webcast will be available shortly after the event at the same address.

It is possible to take part in the news conference through a conference call by registering through the link below:

https://palvelu.flik.fi/teleconference/?id=50048300

After the registration you will be provided phone numbers and a conference ID to access the conference. If you wish to ask a question during the conference, please dial *5 to enter the question queue.

All questions should be presented in English.

The event can also be followed on social media platform X at www.x.com/valmetir.

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Orders received decreased in all three segments

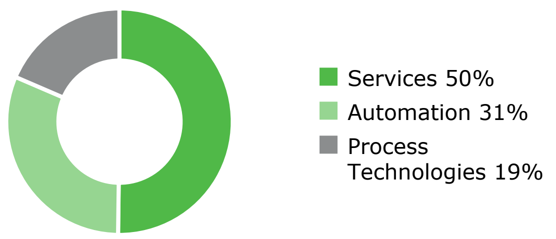
Orders received, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**527**	577	-9%	1,760
Automation	**328**	391	-16%	1,340
Flow Control	*194*	*217*	*-10%*	*789*
Automation Systems	*134*	*175*	*-23%*	*551*
Process Technologies	**195**	584	-67%	1,856
Pulp and Energy	*57*	*212*	*-73%*	*854*
Paper	*138*	*372*	*-63%*	*1,002*
Total	**1,050**	1,552	-32%	4,955

Orders received, comparable foreign exchange rates, EUR million[1]	**Q1/2024**	Q1/2023	Change	2023
Services	**535**	577	-7%	1,760
Automation	**334**	391	-15%	1,340
Flow Control	*198*	*217*	*-9%*	*789*
Automation Systems	*136*	*175*	*-22%*	*551*
Process Technologies	**196**	584	-66%	1,856
Pulp and Energy	*57*	*212*	*-73%*	*854*
Paper	*139*	*372*	*-63%*	*1,002*
Total	**1,065**	1,552	-31%	4,955

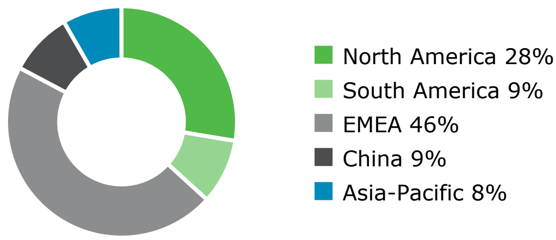
[1] *Indicative only. January–March 2024 orders received in euro calculated by applying January–March 2023 average exchange rates to the functional currency orders received values reported by entities.*

Orders received, EUR million	**Q1/2024**	Q1/2023	Change	2023
North America	**290**	432	-33%	1,271
South America	**96**	161	-41%	503
EMEA	**483**	627	-23%	1,846
China	**94**	211	-56%	638
Asia-Pacific	**88**	120	-27%	698
Total	**1,050**	1,552	-32%	4,955

Orders received by segment, Q1/2024



Orders received by area, Q1/2024



Orders received decreased 32 percent to EUR 1,050 million (EUR 1,552 million) in January–March. Orders received decreased in all three segments. Stable business (Services and Automation segments) accounted for 81 percent (62%) of Valmet's orders received. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased orders received by EUR 87 million.

Orders received decreased in all areas. Measured by orders received, the top three countries were the USA, China and Finland, which together accounted for 40 percent of total orders received.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased orders received by approximately EUR 15 million in January–March.

During January–March, Valmet received among others an order for an Advantage DCT tissue line including an extensive automation package, flow control valves and Industrial Internet solutions to Saudi Arabia, an order for tissue converting equipment to Brazil, an order for a major boiler rebuild to a biomass power station in the United Kingdom, and an order for steam turbine automation to a waste recycling plant in Austria.

Order backlog amounted to EUR 3,790 million

Order backlog, EUR million	**As at March 31, 2024**	As at March 31, 2023	Change	As at December 31, 2023
Total	**3,790**	4,595	-18%	3,973

Order backlog amounted to EUR 3,790 million at the end of the reporting period, which is at the same level as at the end of December 2023 and 18 percent lower than at the end of March 2023. Approximately 30 percent of the order backlog relates to the Services segment, 15 percent to the Automation segment, and 55 percent to the Process Technologies segment (at the end of March 2023, 25%, 15% and 60% respectively). Approximately 75 percent of the order backlog is currently expected to be realized as net sales during 2024 (at the end of March 2023, approximately 65% was expected to be realized as net sales during 2023).

Net sales remained at the previous year's level in Services and Automation and decreased in Process Technologies

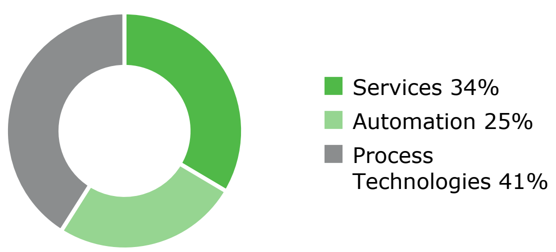
Net sales, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**406**	389	4%	1,784
Automation	**309**	304	2%	1,328
Flow Control	*188*	*188*	*0%*	*777*
Automation Systems	*121*	*116*	*4%*	*551*
Process Technologies	**497**	628	-21%	2,420
Pulp and Energy	*225*	*286*	*-21%*	*1,067*
Paper	*272*	*342*	*-21%*	*1,353*
Total	**1,212**	1,321	-8%	5,532

Net sales, comparable foreign exchange rates, EUR million[1]	**Q1/2024**	Q1/2023	Change	2023
Services	**412**	389	6%	1,784
Automation	**315**	304	4%	1,328
Flow Control	*193*	*188*	*3%*	*777*
Automation Systems	*122*	*116*	*5%*	*551*
Process Technologies	**501**	628	-20%	2,420
Pulp and Energy	*226*	*286*	*-21%*	*1,067*
Paper	*274*	*342*	*-20%*	*1,353*
Total	**1,228**	1,321	-7%	5,532

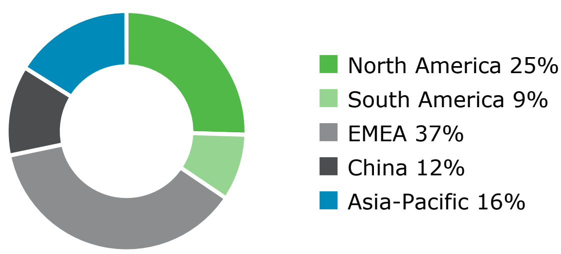
[1] *Indicative only. January–March 2024 net sales in euro calculated by applying January–March 2023 average exchange rates to the functional currency net sales values reported by entities.*

Net sales, EUR million	**Q1/2024**	Q1/2023	Change	2023
North America	**309**	304	2%	1,275
South America	**109**	160	-32%	585
EMEA	**452**	511	-12%	2,219
China	**147**	190	-22%	609
Asia-Pacific	**195**	157	25%	845
Total	**1,212**	1,321	-8%	5,532

Net sales by segment, Q1/2024



Net sales by area, Q1/2024



Net sales decreased 8 percent to EUR 1,212 million (EUR 1,321 million) in January–March. Net sales remained at the previous year's level in the Services and Automation 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 62 million. Stable business (Services and Automation segments) accounted for 59 percent (52%) of Valmet's net sales.

Net sales increased in Asia-Pacific, remained at the previous year's level in North America, and decreased in South America, China and EMEA. Measured by net sales, the top three countries were the USA, China and Indonesia, which together accounted for 42 percent of total net sales.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased net sales by approximately EUR 15 million in January–March.

Organic growth[1]

	Orders received	Net Sales
	Q1	**Q1**
2023, EUR million	1,552	1,321
Organic growth	-36%	-11%
Mergers and acquisitions	4%	4%
Changes in foreign exchange rates[2]	-1%	-1%
Total change	-32%	-8%
2024, EUR million	**1,050**	**1,212**

[1] *Indicative only.*

[2] *Q1/2024 orders received and net sales in euro calculated by applying Q1/2023 average exchange rates to the functional currency orders received and net sales values reported by entities.*

Organically, Valmet's orders received decreased 36 percent and net sales decreased 11 percent in January–March.

Valmet completed the acquisition of Körber Group's Business Area Tissue (now Tissue Converting) on November 2, 2023. In January–March, the acquisition increased Valmet's orders received and net sales by 4 percent.

Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased orders received and net sales by 1 percent in January–March. Foreign exchange rate impacts were mainly due to Chinese yuan, US dollar and Chilean peso.

Comparable EBITA decreased 9 percent to EUR 121 million and Comparable EBITA margin was 10.0 percent

Comparable EBITA, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**60**	63	-5%	312
Automation	**51**	50	3%	248
Process Technologies	**21**	30	-30%	110
Other	**-11**	-9	15%	-50
Total	**121**	133	-9%	619

Comparable EBITA, % of net sales	Q1/2024	Q1/2023	2023
Services	**14.6%**	16.1%	17.5%
Automation	**16.5%**	16.3%	18.6%
Process Technologies	**4.2%**	4.7%	4.5%
Total	**10.0%**	10.1%	11.2%

Comparable earnings before interest, taxes and amortization (Comparable EBITA) decreased 9 percent to EUR 121 million in January–March, corresponding to 10.0 percent of net sales (EUR 133 million and 10.1%). Items affecting comparability amounted to EUR -7 million (EUR -2 million).

Comparable EBITA of the Services segment remained at the previous year's level and amounted to EUR 60 million in January–March, corresponding to 14.6 percent of the segment's net sales (EUR 63 million and 16.1%).

Comparable EBITA of the Automation segment remained at the previous year's level and amounted to EUR 51 million in January–March, corresponding to 16.5 percent of the segment's net sales (EUR 50 million and 16.3%).

Comparable EBITA of the Process Technologies segment decreased to EUR 21 million in January–March, corresponding to 4.2 percent of the segment's net sales (EUR 30 million and 4.7%). Comparable EBITA margin remained at the previous quarter's level (Q4/2023: 4.1%).

Operating profit

Operating profit (EBIT) in January–March was EUR 87 million, i.e., 7.2 percent of net sales (EUR 97 million and 7.3%).

Net financial income and expenses

Net financial income and expenses in January–March were EUR -13 million (EUR -5 million). Financial expenses increased due to higher interest rates and increased amount of debt.

Profit before taxes and earnings per share

Profit before taxes for January–March was EUR 73 million (EUR 91 million). The profit attributable to owners of the parent in January–March was EUR 56 million (EUR 70 million), corresponding to earnings per share (EPS) of EUR 0.30 (EUR 0.38). Adjusted EPS was EUR 0.41 (EUR 0.51).

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

For the twelve months preceding March 31, 2024, comparable return on capital employed (comparable ROCE) before taxes was 15 percent (19%) and return on capital employed (ROCE) before taxes 14 percent (20%). Return on equity (ROE) for the corresponding period was 15 percent (20%).

Segments and business lines

Services

Orders received decreased while net sales and comparable EBITA remained at the previous year's level in Q1/2024

Services segment	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**527**	577	-9%	1,760
Net sales (EUR million)	**406**	389	4%	1,784
Comparable EBITA (EUR million)	**60**	63	-5%	312
Comparable EBITA, %	**14.6%**	16.1%		17.5%
Personnel (end of period)	**6,504**	6,373	2%	6,493

In January–March, orders received of the Services segment decreased 9 percent to EUR 527 million (EUR 577 million). Services accounted for 50 percent (37%) of Valmet's orders received. Orders received remained at the previous year's level in China, North America and EMEA, and decreased in South America and Asia-Pacific. Orders received decreased in all business units. Tissue Converting (the acquired Körber's Business Area Tissue), which was integrated into Valmet on November 2, 2023, increased Services' orders received by EUR 39 million. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased orders received by approximately EUR 7 million.

Net sales for the Services segment amounted to EUR 406 million (EUR 389 million) in January–March, corresponding to 34 percent (29%) of Valmet's net sales. Tissue Converting increased Services' net sales by EUR 35 million. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased net sales by approximately EUR 6 million.

Comparable EBITA of the Services segment remained at the previous year's level and amounted to EUR 60 million in January–March, corresponding to 14.6 percent of the segment's net sales (EUR 63 million and 16.1%).

Automation

Orders received decreased while net sales and comparable EBITA remained at the previous year's level in Q1/2024

Automation segment	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**328**	391	-16%	1,340
Net sales (EUR million)	**309**	304	2%	1,328
Comparable EBITA (EUR million)	**51**	50	3%	248
Comparable EBITA, %	**16.5%**	16.3%		18.6%
Personnel (end of period)	**5,185**	4,956	5%	5,171

In January–March, orders received by the Automation segment decreased 16 percent to EUR 328 million (EUR 391 million). Automation accounted for 31 percent (25%) of Valmet's orders received. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased orders received by approximately EUR 6 million.

Net sales for the Automation segment amounted to EUR 309 million (EUR 304 million) in January–March, corresponding to 25 percent (23%) of Valmet's net sales. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased net sales by approximately EUR 6 million.

Comparable EBITA of the Automation segment remained at the previous year's level and amounted to EUR 51 million in January–March, corresponding to 16.5 percent of the segment's net sales (EUR 50 million and 16.3%).

Flow Control business line	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**194**	217	-10%	789
Net sales (EUR million)	**188**	188	0%	777
Personnel (end of period)	**2,834**	2,778	2%	2,841

In January–March, orders received by the Flow Control business line decreased 10 percent to EUR 194 million (EUR 217 million). Flow Control accounted for 18 percent (14%) of Valmet's orders received. Orders received increased in North America and Asia-Pacific, and decreased in South America, China and EMEA. Orders received decreased in all business units.

Net sales for the Flow Control business line amounted to EUR 188 million (EUR 188 million) in January–March, corresponding to 15 percent (14%) of Valmet's net sales.

Automation Systems business line	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**134**	175	-23%	551
Net sales (EUR million)	**121**	116	4%	551
Personnel (end of period)	**2,351**	2,178	8%	2,330

In January–March, orders received by the Automation Systems business line decreased 23 percent to EUR 134 million (EUR 175 million) and accounted for 13 percent (11%) of Valmet's orders received. Orders received increased in Asia-Pacific and decreased in all other areas. Orders received increased in Energy and Process and decreased in Pulp and Paper.

Net sales for the Automation Systems business line amounted to EUR 121 million (EUR 116 million) in January–March, corresponding to 10 percent (9%) of Valmet's net sales.

Process Technologies

Orders received, net sales and comparable EBITA decreased in Q1/2024

Process Technologies segment	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**195**	584	-67%	1,856
Net sales (EUR million)	**497**	628	-21%	2,420
Comparable EBITA (EUR million)	**21**	30	-30%	110
Comparable EBITA, %	**4.2%**	4.7%		4.5%
Personnel (end of period)	**6,595**	5,664	16%	6,707

In January–March, orders received by the Process Technologies segment decreased 67 percent to EUR 195 million (EUR 584 million). Process Technologies accounted for 19 percent (38%) of Valmet's orders received. 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 48 million. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased orders received by approximately EUR 1 million.

Net sales for the Process Technologies segment amounted to EUR 497 million (EUR 628 million) in January–March, corresponding to 41 percent (48%) of Valmet's net sales. Tissue Converting increased Process Technologies' net sales by EUR 28 million. Changes in foreign exchange rates compared to the exchange rates for the corresponding period in 2023 decreased net sales by approximately EUR 3 million.

Comparable EBITA of the Process Technologies segment decreased to EUR 21 million in January–March, corresponding to 4.2 percent of the segment's net sales (EUR 30 million and 4.7%). Comparable EBITA margin remained at the previous quarter's level (Q4/2023: 4.1%).

The increase in Process Technologies segment's personnel is due to Tissue Converting.

Pulp and Energy business line	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**57**	212	-73%	854
Net sales (EUR million)	**225**	286	-21%	1,067
Personnel (end of period)	**1,912**	1,897	1%	1,948

In January–March, orders received by the Pulp and Energy business line decreased 73 percent to EUR 57 million (EUR 212 million). Pulp and Energy accounted for 5 percent (14%) of Valmet's orders received. Orders received decreased in both Pulp and Energy.

Net sales for the Pulp and Energy business line amounted to EUR 225 million (EUR 286 million) in January–March, corresponding to 19 percent (22%) of Valmet’s net sales.

Paper business line	Q1/2024	Q1/2023	Change	2023
Orders received (EUR million)	**138**	372	-63%	1,002
Net sales (EUR million)	**272**	342	-21%	1,353
Personnel (end of period)	**4,683**	3,767	24%	4,759

In January–March, orders received by the Paper business line decreased 63 percent to EUR 138 million (EUR 372 million). Paper business line accounted for 13 percent (24%) of Valmet's orders received. Orders received remained at the previous year's level in Stock Preparation and Recycled Fiber, and decreased in Small and Medium size Machines, Board and Paper, and Tissue. 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 48 million.

Net sales for the Paper business line amounted to EUR 272 million (EUR 342 million) in January–March, corresponding to 22 percent (26%) of Valmet’s net sales. Tissue Converting increased Paper business line's net sales by EUR 28 million.

The increase in Paper business line's personnel is due to Tissue Converting.

Cash flow and financing

Cash flow provided by operating activities amounted to EUR 138 million (EUR 208 million) in January–March. Change in net working capital in the statement of cash flows was EUR 25 million (EUR 88 million).

Net working capital totaled EUR -76 million (EUR -413 million) at the end of the reporting period. Tissue Converting, which became part of Valmet on November 2, 2023, increased net working capital by approximately EUR 79 million compared to the first quarter of 2023. 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, inventories have remained at an elevated level and payment schedules of large long-term projects have a significant impact on net working capital development.

Cash flow after investing activities totaled EUR 109 million (EUR 175 million) in January–March.

At the end of March, net debt to EBITDA ratio was 1.36 (0.49) and gearing 39 percent (15%). Equity to assets ratio was 39 percent (45%). Interest-bearing liabilities amounted to EUR

1,702 million (EUR 792 million), and net interest-bearing liabilities totaled EUR 939 million (EUR 345 million) at the end of the reporting period. The increase in net debt and gearing is mainly related to the acquisition of Tissue Converting on November 2, 2023.

The average interest rate of Valmet's total debt was 4.6 percent and average maturity of non-current debt including current installments was 3.2 years at the end of March. Lease liabilities have been excluded from calculation of these two key performance indicators.

On March 6, 2024, Valmet issued senior unsecured green notes of EUR 200 million. The maturity of the notes is five years and they mature on March 13, 2029. The notes carry fixed annual interest of 4.00 percent. The issue price of the notes is 99.871 percent. The net proceeds from the notes offering will be used in accordance with the Green Finance Framework published by Valmet on March 1, 2024.

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

Valmet’s liquidity was strong at the end of the reporting period, with cash and cash equivalents amounting to EUR 742 million (EUR 429 million) and other interest-bearing assets totaling EUR 20 million (EUR 19 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 an uncommitted commercial paper program worth of EUR 300 million, of which EUR 91 million was outstanding at the end of the reporting period.

Capital expenditure

Gross capital expenditure (excluding business combinations and right-of-use assets) totaled EUR 29 million (EUR 25 million) in January–March, of which maintenance investments were EUR 13 million (EUR 10 million).

Acquisitions and disposals

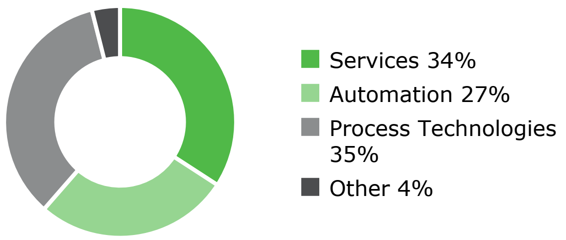
Valmet made no acquisitions or disposals during January–March 2024.

Personnel

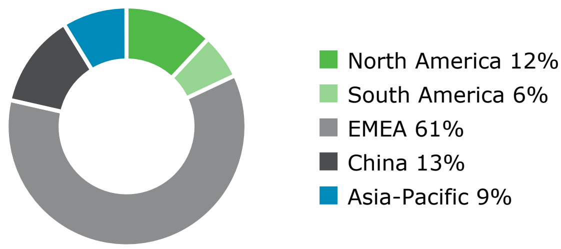
Personnel	**As at March 31, 2024**	As at March 31, 2023	Change	As at December 31, 2023
Services	**6,504**	6,373	2%	6,493
Automation	**5,185**	4,956	5%	5,171
Flow Control	*2,834*	*2,778*	*2%*	*2,841*
Automation Systems	*2,351*	*2,178*	*8%*	*2,330*
Process Technologies	**6,595**	5,664	16%	6,707
Pulp and Energy	*1,912*	*1,897*	*1%*	*1,948*
Paper	*4,683*	*3,767*	*24%*	*4,759*
Other	**748**	776	-4%	789
Total	**19,032**	17,769	7%	19,160

Personnel	**As at March 31, 2024**	As at March 31, 2023	Change	As at December 31, 2023
North America	**2,275**	2,141	6%	2,273
South America	**1,154**	835	38%	1,164
EMEA	**11,523**	10,864	6%	11,644
China	**2,415**	2,341	3%	2,432
Asia-Pacific	**1,665**	1,588	5%	1,647
Total	**19,032**	17,769	7%	19,160

Personnel by segment as at March 31, 2024



Personnel by area as at March 31, 2024



During January–March, Valmet employed an average of 19,088 people (17,681). The number of personnel at the end of March was 19,032 (17,769). The increase in personnel is mainly due to Tissue Converting, reported under Paper business line. Personnel expenses totaled EUR 336 million (EUR 312 million) in January–March, of which wages, salaries and remuneration amounted to EUR 264 million (EUR 245 million).

Changes in Valmet's Executive Team

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 Pasi Laine. 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, 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 President and CEO of Valmet. Thomas Hinnerskov will start in the position during the second half of the year and at the end of September 2024 at the latest. He succeeds Pasi Laine, whose resignation was announced on August 18, 2023. Pasi Laine will continue as the President and CEO of Valmet until his successor starts.

Thomas Hinnerskov is a Danish citizen and was born in 1971. He joins 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 has a Master's degree in Economics (Finance and Accounting) from Copenhagen Business School.

Organizational changes

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 have been completed, and as a result 60 roles in Finland and 49 roles in Sweden will be reduced. Additionally, there will be temporary lay-offs with maximum length of 90 days in the Paper business line in Finland. Valmet employs approximately 6,900 people in Finland and 1,800 in Sweden.

Investments in production

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.

Strategy and targets

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.

Valmet's mission is converting renewable resources into sustainable results. 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's product and services offering consists of process technologies that increase the value of the customers' end products, automation systems and flow control solutions, productivity enhancing services, plant upgrades and rebuilds, new cost-efficient equipment and solutions for optimizing raw material and energy usage.

Valmet has an annual strategy process, where, among others, Valmet's strategy, Must-Wins 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.

Progress in sustainability

In the first quarter of 2024, Valmet continued to systematically implement its Sustainability360° Agenda. As part of its annual reporting for 2023, Valmet reported on the progress of its sustainability performance in 2023.

Environment

During the first quarter of 2024, Valmet saw continued progress in the overall implementation of its Climate Program. Valmet also established a Green Finance Framework applicable for the issuance of green debt instruments to further integrate its ambitious sustainability targets into its financing.

Implementation of Beyond Circularity, the Valmet-lead R&D program and ecosystem to accelerate green transition, has continued successfully. By the end of the first quarter 2024, more than 230 partners had joined the ecosystem to work within 28 ecosystem projects, co-funded by Business Finland and the European Union. Internally, Valmet has almost 100 program-related R&D projects ongoing.

Social

At the end of March 2024, the lost time incident frequency rate (LTIF) for Valmet's own employees was 1.5 (1.6). As part of its efforts to improve safety, Valmet continued with promoting the Life Saving Rules and launched the safety leadership e-learning for project and site managers.

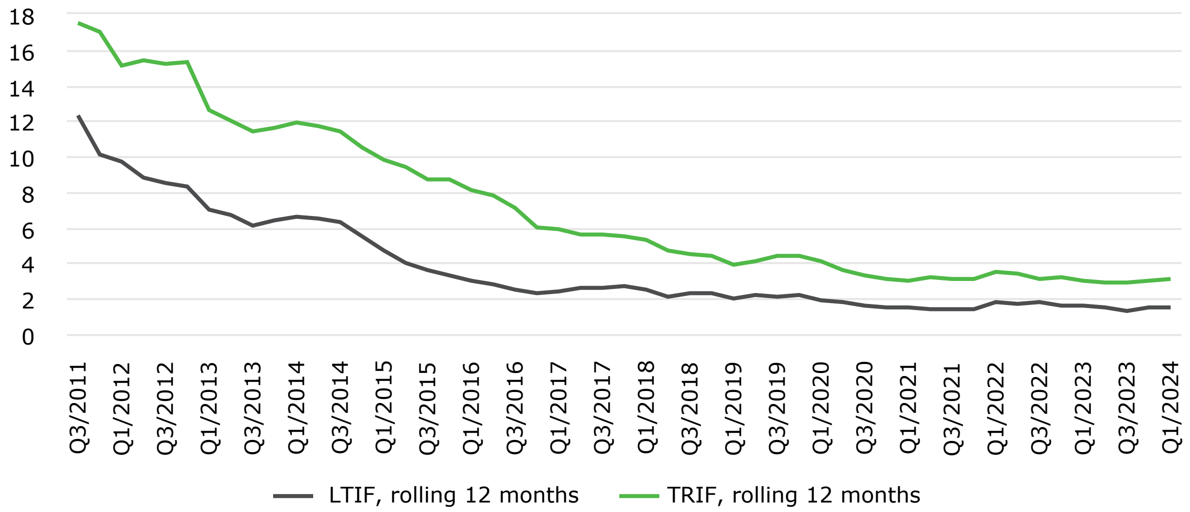
Valmet expanded its global social responsibility program in 2022 with several area-specific local projects promoting science, nature and equal opportunities. After a year of successful implementation, the program continues in 2024 through six local projects in Asia-Pacific, EMEA, South America, China and North America. Social responsibility program is part of Valmet's sustainability agenda implementation. Some of the projects are selected by employee voting, increasing involvement and internal engagement.

Governance

In February 2024, Valmet received positive proof of its climate work and ambitious targets by receiving the best A rating in CDP's climate listing.

Valmet Board of Directors approved Valmet's updated Code of Conduct in December 2023. It is now available in 27 languages. A new Code of Conduct e-learning will be launched in the second quarter of 2024.

Lost time incident frequency (LTIF)[1] and total recordable incident frequency (TRIF)[2], own employees



[1] *LTIF reflects the number of injuries resulting in an absence of at least one work day per million hours worked.*
[2] *LTIF + medical treatment and restricted work cases*

Lawsuits and claims

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.

Corporate Governance Statement and Remuneration Report

Valmet has published a Corporate Governance Statement and a Remuneration Report for 2023, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. These reports also cover other central areas of corporate governance, and they have been published on Valmet's website, separately from the Report of the Board of Directors, at www.valmet.com/governance.

Shares and shareholders

Share capital, number of shares and shareholders

	As at March 31, 2024	As at March 31, 2023
Share capital, EUR	**140,000,000**	140,000,000
Number of shares	**184,529,605**	184,529,605
Treasury shares	**357,576**	379,285
Shares outstanding	**184,172,029**	184,150,320
Market capitalization, EUR million	**4,501**	5,506
Number of shareholders	**102,670**	90,235

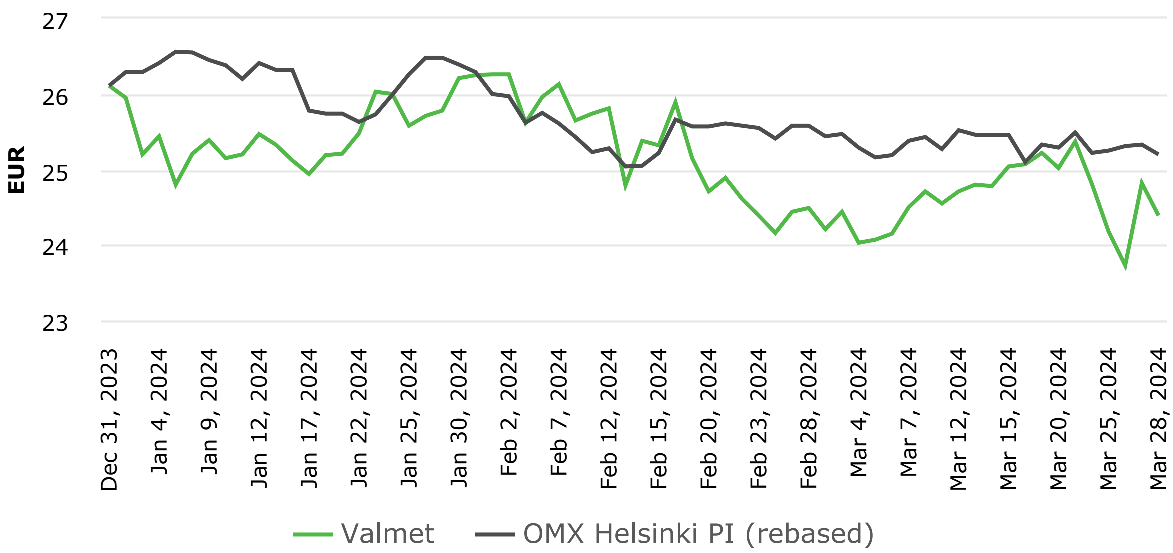
Trading of shares

Trading of Valmet shares on Nasdaq Helsinki	**January 1 – March 31, 2024**	January 1 - March 31, 2023
Number of shares traded	**30,247,635**	24,591,317
Total value, EUR million	**762**	734
High, EUR	**27.82**	32.99
Low, EUR	**23.48**	25.32
Volume-weighted average price, EUR	**25.19**	29.85
Closing price on the final day of trading, EUR	**24.39**	29.84

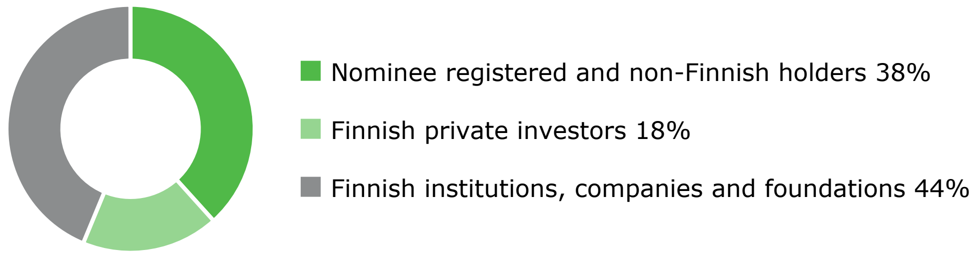
The closing price of Valmet's share on the final day of trading for the reporting period, March 28, 2024, was EUR 24.39, i.e., 7 percent lower than the closing price on the last day of trading in 2023 (EUR 26.11 on December 29, 2023).

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 11 million Valmet shares were traded on these five alternative marketplaces in January–March (Source: www.valmet.com/investors/valmet-share/trading-volumes/).

Development of Valmet's share price, December 31, 2023 – March 31, 2024



Shareholder structure as at March 31, 2024



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%

More information on flagging notifications can be found at www.valmet.com/flagging-notifications.

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.

As at March 31, 2024, Valmet’s Board of Directors had not used the above authorizations.

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 new share-based long-term incentive plans, a Performance Share Plan and a Deferred Share Plan, for Valmet's key employees. The Board of Directors decides 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 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 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). Management shareholding is presented on Valmet's website at www.valmet.com/investors/shareholders/management-shareholding.

	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		121	
Total gross number of shares earned	Approximately 355,000 shares	Approximately 42,000 shares	Approximately 185,000 shares	Approximately 29,000 shares

	Long-term incentive plans 2023–2025		Long-term incentive plans 2024–2026	
Plan name	Performance Share Plan and Deferred Share Plan	Performance Share Plan	Deferred share plan	Performance Share Plan
Performance period	2023	2023–2025	2024	2024, 2024–2026
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
Reward payment	In spring 2024	In spring 2026	In spring 2025	In spring 2027
Participants				
Performance Share Plan	15	13		14
Deferred Share Plan	128		192	
Total gross number of shares earned	Approximately 365,000 shares.	Approximately 47,000 shares.	As at March 31, 2024, a total of approximately 359,000 shares were allotted to participants.	As at March 31, 2024, a total of approximately 235,000 shares were allotted to participants.

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.

At the end of the reporting period, the Company held 357,576 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'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 will be 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 will be paid in October 2024 to shareholders who on the dividend record date are registered in the Company's shareholders' register held by Euroclear Finland Oy. The dividend record date and payment date will be resolved by the Board of Directors in its meeting preliminarily scheduled for September 26, 2024. The dividend record date for the second installment would be October 1, 2024, and the dividend payment date October 10, 2024.

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 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/.

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 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, rising 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.

Increasing geopolitical tensions, change in political narratives, increase of protectionist and more political regulation, trade tensions and sanctions may create uncertainty in customers' investment activity and impact Valmet's operations. Changes and uncertainty in future regulation and legislation can have effects, especially on the energy business and the use of data.

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

Should the global issues with component availability and logistics continue, it could 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 3.2 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 March 31, 2024, Valmet had EUR 1,737 million (EUR 1,611 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

Russia's invasion of 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

On April 2, 2024, Valmet announced to have completed the acquisition of the Process Gas Chromatography business of Siemens AG. The agreement to acquire the business was announced on July 17, 2023. The value of the acquisition is EUR 102.5 million on a cash and debt-free basis, subject to ordinary post-closing adjustments. In 2022, net sales of the business amounted to approximately EUR 120 million and its pro-forma adjusted EBITDA margin was approximately 10 percent.

The Process Gas Chromatography business of Siemens AG is a market leader with its MAXUM II Gas Chromatograph platform, Systems Integration, and Customer Services offering. Gas Chromatographs are used to measure the chemical composition in gases and evaporable liquids in all stages of production. With deep customer process knowledge in chemicals, liquefied natural gas (LNG), refining and biofuels, the business provides critical process insights to support its customers in ensuring and improving quality, sustainability, and safety worldwide.

The acquired business employs around 300 people, and its main locations are in the USA, Germany, and Singapore. The business is integrated into Valmet’s Automation Systems business line as a business unit called Analyzer Products and Integration. It will be included in Valmet’s financial reporting for the first time in the second quarter of 2024 financial reporting.

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

Guidance for 2024

Valmet reiterates its guidance issued on February 7, 2024, in which Valmet estimates that net sales in 2024 will remain at the previous year's level in comparison with 2023 (EUR 5,532 million) and Comparable EBITA in 2024 will remain at the previous year's level or increase in comparison with 2023 (EUR 619 million).

Market outlook

General economic outlook according to IMF

IMF forecasts the world economy to continue growing at 3.2 percent during 2024 and 2025, at the same pace as in 2023. The forecast for global growth five years from now—at 3.1 percent—is at its lowest in decades. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024 and 4.5 percent in 2025, with advanced economies returning to their inflation targets sooner than emerging market and developing economies.
(IMF World Economic Outlook, April 2024)

Short-term market outlook

Valmet estimates that the short-term market outlook for services has increased to good (previously good/satisfactory), that the short-term market outlook for pulp has decreased to weak (previously satisfactory) and that the short-term market outlook for board and paper has decreased to weak/satisfactory (previously satisfactory). In board and paper, customer activity is weak and Valmet's capacity utilization satisfactory. Valmet reiterates the good short-term market outlook for flow control, automation systems and energy, and the satisfactory short-term market outlook for tissue.

The short-term market outlook is given for the next six months from the end of the reported period. It is based on customer activity (50%) and Valmet’s capacity utilization (50%), and the scale is ‘weak–satisfactory–good’.

In Espoo, Finland, on April 24, 2024

Valmet’s Board of Directors

Consolidated statement of income

EUR million	Q1/2024	Q1/2023
Net sales	**1,212**	1,321
Cost of goods sold	**-876**	-995
Gross profit	**336**	326
Selling, general and administrative expenses	**-246**	-233
Other operating income and expenses, net	**-3**	4
Share in profits and losses of associated companies, operative investments	**-1**	-1
Operating profit	**87**	97
Financial income and expenses, net	**-13**	-5
Profit before taxes	**73**	91
Income taxes	**-17**	-21
Profit for the period	**56**	71
Attributable to:		
Owners of the parent	**56**	70
Non-controlling interests	**—**	1
Profit for the period	**56**	71
Earnings per share attributable to owners of the parent:		
Earnings per share, EUR	**0.30**	0.38
Diluted earnings per share, EUR	**0.30**	0.38

Consolidated statement of comprehensive income

EUR million	**Q1/2024**	Q1/2023
Profit for the period	**56**	71
Items that may be reclassified to profit or loss:		
Gains and losses on cash flow hedges	**1**	-3
Change in fair value reserve	**1**	—
Currency translation on subsidiary net investments	**—**	-12
Share of other comprehensive income of associated companies accounted for using equity method	**—**	1
Income tax relating to items that may be reclassified	**—**	1
Total items that may be reclassified to profit or loss	**1**	-13
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plans	**11**	-8
Share of other comprehensive income of associated companies accounted for using equity method	**—**	—
Income tax relating to items that will not be reclassified	**-2**	2
Total items that will not be reclassified to profit or loss	**8**	-6
Other comprehensive income for the period	**9**	-20
Total comprehensive income for the period	**66**	51
Attributable to:		
Owners of the parent	**65**	50
Non-controlling interests	**—**	1
Total comprehensive income for the period	**66**	51

Consolidated statement of financial position

Assets

EUR million	As at March 31, 2024	As at March 31, 2023	As at December 31, 2023
Non-current assets			
Intangible assets			
Goodwill	**1,737**	1,611	1,735
Other intangible assets	**1,119**	1,001	1,142
Total intangible assets	**2,856**	2,612	2,877
Property, plant and equipment			
Land and water areas	**40**	41	40
Buildings and structures	**162**	156	169
Machinery and equipment	**265**	221	263
Right-of-use assets	**149**	108	145
Assets under construction	**91**	79	81
Total property, plant and equipment	**708**	605	698
Other non-current assets			
Investments in associated companies	**16**	16	16
Non-current financial assets	**26**	20	31
Deferred tax assets	**92**	77	90
Non-current income tax receivables	**35**	34	41
Other non-current assets	**20**	14	15
Total other non-current assets	**189**	160	193
Total non-current assets	**3,753**	3,377	3,768
Current assets			
Inventories			
Materials and supplies	**242**	234	249
Work in progress	**473**	475	472
Finished products	**329**	302	327
Total inventories	**1,044**	1,011	1,049
Receivables and other current assets			
Trade receivables	**741**	778	973
Amounts due from customers under revenue contracts	**499**	516	475
Other current financial assets	**44**	66	56
Income tax receivables	**72**	44	56
Other receivables	**256**	229	255
Cash and cash equivalents	**742**	429	432
Total receivables and other current assets	**2,354**	2,061	2,247
Total current assets	**3,398**	3,072	3,296
Total assets	**7,151**	6,449	7,064

Consolidated statement of financial position

Equity and liabilities

EUR million	As at March 31, 2024	As at March 31, 2023	As at December 31, 2023
Equity			
Share capital	**140**	140	140
Reserve for invested unrestricted equity	**1,375**	1,372	1,372
Cumulative translation adjustments	**-41**	-32	-42
Hedge and other reserves	**1**	6	-1
Retained earnings	**907**	816	1,096
Equity attributable to owners of the parent	**2,382**	2,302	2,565
Non-controlling interests	**6**	7	6
Total equity	**2,388**	2,308	2,572
Liabilities			
Non-current liabilities			
Non-current debt	**1,363**	519	1,240
Non-current lease liabilities	**102**	66	98
Employee benefit liabilities	**141**	136	154
Non-current provisions	**36**	38	42
Other non-current liabilities	**8**	6	12
Deferred tax liabilities	**287**	241	283
Total non-current liabilities	**1,936**	1,005	1,828
Current liabilities			
Current debt	**193**	171	103
Current lease liabilities	**44**	37	43
Trade payables	**461**	516	520
Current provisions	**152**	178	169
Amounts due to customers under revenue contracts	**1,074**	1,297	1,151
Other current financial liabilities	**29**	52	34
Income tax liabilities	**82**	85	85
Other current liabilities	**792**	800	558
Total current liabilities	**2,827**	3,136	2,664
Total liabilities	**4,763**	4,141	4,492
Total equity and liabilities	**7,151**	6,449	7,064

Consolidated statement of cash flows

EUR million	Q1/2024	Q1/2023
Cash flows from operating activities		
Profit for the period	**56**	71
Adjustments		
Depreciation and amortization	**54**	58
Financial income and expenses	**13**	5
Income taxes	**17**	21
Other non-cash items	**11**	-7
Change in net working capital	**25**	88
Net interests and dividends received	**-6**	-1
Income taxes paid	**-33**	-27
Net cash provided by (+) / used in (-) operating activities	**138**	208
Cash flows from investing activities		
Capital expenditure on fixed assets	**-29**	-25
Business combinations, net of cash acquired and loans repaid	**—**	-9
Net cash provided by (+) / used in (-) investing activities	**-29**	-33
Cash flows from financing activities		
Redemption of own shares	**-3**	-4
Proceeds from non-current debt	**200**	—
Repayments of current portion of non-current debt	**-36**	-36
Repayments of lease liabilities	**-13**	-11
Net proceeds from (+) / repayments of (-) current debt	**49**	17
Financial investments	**4**	12
Net cash provided by (+) / used in (-) financing activities	**202**	-22
Net increase (+) / decrease (-) in cash and cash equivalents	**311**	153
Effect of changes in exchange rates on cash and cash equivalents	**-1**	-2
Cash and cash equivalents at beginning of period	**432**	277
Cash and cash equivalents at end of the period	**742**	429

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	—	—	—	—	56	**56**	—	**56**
Other comprehensive income for the period	—	—	—	1	8	**9**	—	**9**
Total comprehensive income for the period	—	—	—	1	64	**65**	—	**66**
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-249	**-249**	—	**-249**
Purchase of treasury shares	—	—	—	—	-3	**-3**	—	**-3**
Share-based payments, net of tax	—	3	—	—	-1	**2**	—	**2**
Balance at March 31, 2024	**140**	**1,375**	**-41**	**1**	**907**	**2,382**	**6**	**2,388**
Balance at January 1, 2023	140	1,369	-20	8	997	2,494	5	2,499
Profit for the period	—	—	—	—	70	70	1	71
Other comprehensive income for the period	—	—	-12	-3	-5	-20	—	-20
Total comprehensive income for the period	—	—	-12	-3	64	50	1	51
Transactions with owners in their capacity as owners								
Dividends	—	—	—	—	-239	-239	—	-239
Purchase of treasury shares	—	—	—	—	-4	-4	—	-4
Share-based payments, net of tax	—	3	—	—	-1	2	—	2
Balance at March 31, 2023	140	1,372	-32	6	816	2,302	7	2,308

Basis of preparation

General information

Valmet Oyj (the "Company" or the "parent company") and its subsidiaries (together "Valmet", "Valmet Group" or the "Group") form a global developer and supplier of 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 Nasdaq Helsinki Ltd.

These condensed consolidated interim financial statements were approved for issue on April 24, 2024.

Basis of presentation

These condensed consolidated interim financial statements for the three months ended March 31, 2024, have been prepared in accordance with IAS 34 – Interim financial reporting and in conformity with IFRS as adopted by the European Union. The financial information presented in these condensed consolidated interim financial statements has not been audited. These condensed consolidated interim financial statements should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS.

Valmet Group has applied new standards and interpretations published by IASB that are effective for the first time for financial reporting periods commencing on January 1, 2024. These standards and interpretations did not have a material impact on the results or financial position of the Group, or the presentation of these condensed consolidated interim financial statements.

Except for the above, the accounting policies applied in the preparation of these condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023.

In these condensed consolidated interim financial statements, the figures are presented in million euros subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

Key exchange rates

	Average rates		**Period-end rates**	
	Q1/2024	Q1/2023	**Q1/2024**	Q1/2023
USD (US dollar)	**1.0881**	1.0748	**1.0811**	1.0875
SEK (Swedish krona)	**11.2761**	11.2071	**11.5250**	11.2805
CNY (Chinese yuan)	**7.8083**	7.3802	**7.8144**	7.4763

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 assumed accounting for the acquisition of Körber's Business Area

Tissue, including estimated purchase consideration, is based on provisional amounts and the associated purchase accounting is not final. During the three months ended March 31, 2024, there were no material changes made to the provisional amounts recognized as at December 31, 2023.

Reportable segments and geographic information

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 and reliability. 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 Valmet'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, such as restructuring costs, and gains or losses on sale of businesses or non-current assets, 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) as well as income and expenses arising from changes in legislation expected to affect Valmet temporarily only (e.g., customs or other tariffs imposed by authorities on Valmet's products).

Orders received, EUR million	**Q1/2024**	Q1/2023	Change	2023
Services	**527**	577	-9%	1,760
Automation	**328**	391	-16%	1,340
Process Technologies	**195**	584	-67%	1,856
Total	**1,050**	1,552	-32%	4,955

Net sales, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**406**	389	4%	1,784
Automation	**309**	304	2%	1,328
Process Technologies	**497**	628	-21%	2,420
Total	**1,212**	1,321	-8%	5,532

Comparable EBITA, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**60**	63	-5%	312
Automation	**51**	50	3%	248
Process Technologies	**21**	30	-30%	110
Other	**-11**	-9	15%	-50
Total	**121**	133	-9%	619

Comparable EBITA, % of net sales	Q1/2024	Q1/2023		2023
Services	**14.6%**	16.1%		17.5%
Automation	**16.5%**	16.3%		18.6%
Process Technologies	**4.2%**	4.7%		4.5%
Total	**10.0%**	10.1%		11.2%

EBITA, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**56**	62	-10%	302
Automation	**50**	44	12%	245
Process Technologies	**21**	33	-35%	116
Other	**-14**	-9	51%	-58
Total	**114**	131	-13%	605

EBITA, % of net sales	Q1/2024	Q1/2023		2023
Services	**13.8%**	16.0%		16.9%
Automation	**16.2%**	14.6%		18.5%
Process Technologies	**4.3%**	5.2%		4.8%
Total	**9.4%**	9.9%		10.9%

Items affecting comparability, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**-3**	—	>100%	-10
Automation	**-1**	-5	-80%	-2
Process Technologies	**—**	3	-84%	6
Other	**-3**	—		-8
Total	**-7**	-2	>100%	-14

Amortization, EUR million	Q1/2024	Q1/2023	Change	2023
Services	**-6**	-2	>100%	-10
Automation	**-12**	-27	-55%	-63
Process Technologies	**-4**	-2	>100%	-8
Other	**-4**	-4	13%	-17
Total	**-27**	-34	-21%	-98

Reconciliation between Comparable EBITA, EBITA and Operating profit

EUR million	Q1/2024	Q1/2023
Comparable EBITA	**121**	133
Items affecting comparability in cost of sales		
Expenses related to capacity adjustments	**—**	—
Expensing of fair value adjustments recognized in business combinations	**-6**	-3
Other items affecting comparability[1]	**-1**	—
Items affecting comparability in selling, general and administrative expenses		
Expenses related to capacity adjustments	**-1**	—
Expenses related to acquisitions	**-1**	—
Other items affecting comparability[1]	**-2**	-4
Items affecting comparability in other operating income and expenses		
Income and expenses related to capacity adjustments	**—**	—
Expenses related to acquisitions	**—**	—
Other items affecting comparability[2]	**3**	6
Items affecting comparability in share in profits and losses of associated companies, operative investments		
Other items affecting comparability	**-1**	-1
EBITA	**114**	131
Amortization included in cost of sales		
Other intangibles	**—**	—
Amortization included in selling, general and administrative expenses		
Intangibles recognized in business combinations	**-21**	-29
Other intangibles	**-6**	-5
Amortization included in share in profits and losses of associated companies, operative investments		
Other intangibles	**—**	—
Operating profit	**87**	97

[1] *2024 and 2023 figures include expenses related to the fire that happened in 2022 at Valmet's Rautpohja factory site in Jyväskylä, Finland.*

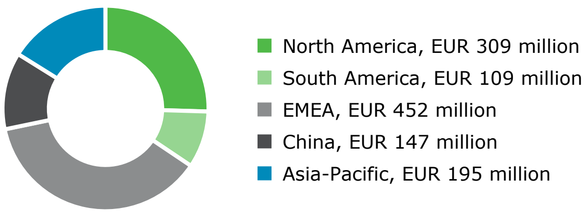
[2] *2024 and 2023 figures include income related to the fire that happened in 2022 at Valmet's Rautpohja factory site in Jyväskylä, Finland.*

Entity-wide information

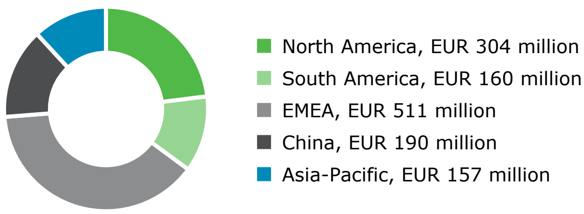
Valmet has operations globally in over 40 countries. Measured by net sales, the top three countries in Q1/2024 were the USA, China and Indonesia, which together accounted for 42 percent of total net sales. In Q1/2023, the top three countries were the USA, China and Brazil, which together accounted for 42 percent of total net sales. Net sales for Finland (the country of domicile) amounted EUR 92 million in Q1/2024 (EUR 79 million).

Net sales by destination:

Q1/2024: EUR 1,212 million



Q1/2023: EUR 1,321 million



Gross capital expenditure (excl. business combinations and right-of-use assets) by location:

EUR million	North America	South America	EMEA	China	Asia-Pacific	Total
Q1/2024	**3**	**—**	**21**	**4**	**1**	**29**
Q1/2023	4	1	17	3	1	25

Revenue

Valmet’s revenue is reported on and monitored by management in business line, segment and area dimension. 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. Service business line’s revenue arises from 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. 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	Q1/2024	Q1/2023
Services	**406**	389
Flow Control	**188**	188
Automation Systems	**121**	116
Pulp and Energy	**225**	286
Paper	**272**	342
Total	**1,212**	1,321

Timing of revenue recognition:

EUR million	Q1/2024	Q1/2023
Performance obligations satisfied at a point in time	**637**	600
Performance obligations satisfied over time	**575**	722
Total	**1,212**	1,321

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 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. Significant part of amounts due to customers relate to advance consideration received from customers in long-term capital contracts for which revenue is recognized over time. These amounts are recognized as revenue as (or when) Valmet performs under the contracts.

Following tables provide specification of movements in amounts due from customers under revenue contracts and amounts due to customers under revenue contracts over 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	Q1/2024	Q1/2023	2023
Carrying value at beginning of the period	**475**	485	485
Translation differences	**-4**	-2	-1
Acquired in business combinations	**—**	—	—
Revenue recognized in the period	**237**	261	1,148
Transfers to trade receivables	**-209**	-228	-1,157
Carrying value at end of the period	**499**	517	475

Amounts due to customers under revenue contracts:

EUR million	Q1/2024	Q1/2023	2023
Carrying value at beginning of the period	**1,151**	1,205	1,205
Translation differences	**-1**	-9	-18
Acquired in business combinations	**—**	—	66
Revenue recognized in the period	**-600**	-595	-2,505
Consideration invoiced and/or received	**523**	696	2,403
Carrying value at end of the period	**1,074**	1,297	1,151

EUR million	As at March 31, 2024	As at March 31, 2023	As at December 31, 2023
Amounts due to customers under revenue contracts for which revenue is recognized			
Point in time	**351**	365	362
Over time	**723**	932	789
Carrying value at end of the period	**1,074**	1,297	1,151

Valmet typically issues contractual product warranties under which it guarantees the mechanical functioning of equipment delivered during the agreed warranty period. Valmet does not issue service-type warranties.

As at March 31, 2024, Valmet had no costs to obtain or fulfill contracts capitalized under IFRS 15.

The aggregate amount of transaction price allocated to unsatisfied or partially satisfied performance obligations as at March 31, 2024, was EUR 3,790 million (EUR 4,595 million).

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 funding of the Group's operations.

EUR million	**As at March 31, 2024**	As at March 31, 2023	As at December 31, 2023	**Q1/2024 impact**
Assets included in net working capital				
Non-current trade receivables	**8**	—	8	**1**
Other non-current assets	**20**	14	15	**-5**
Inventories	**1,044**	1,011	1,049	**4**
Trade receivables	**741**	778	973	**232**
Amounts due from customers under revenue	**499**	516	475	**-24**
Derivative financial instruments (assets)	**23**	48	40	**16**
Other receivables	**263**	236	257	**-6**
Liabilities included in net working capital				
Employee benefits	**-141**	-136	-154	**-13**
Provisions	**-188**	-216	-211	**-23**
Other non-current non-interest-bearing liabilities	**-1**	-1	-1	**—**
Trade payables	**-461**	-516	-520	**-59**
Amounts due to customers under revenue	**-1,074**	-1,297	-1,151	**-78**
Derivative financial instruments (liabilities)	**-36**	-58	-46	**-9**
Other current liabilities	**-774**	-793	-544	**230**
Total net working capital	**-76**	-413	191	**267**
Effect of changes in foreign exchange rates				**2**
Remeasurement of defined benefit plans				**10**
Change in allowance for doubtful receivables and inventory obsolescence provision				**-4**
Dividend liability (non-cash net working capital change in Q1)				**-249**
Change in net working capital in the Consolidated statement of cash flows				**25**

Intangible assets and property, plant and equipment

Intangible assets

EUR million	Q1/2024	Q1/2023	2023
Carrying value at beginning of the period	**2,877**	2,641	2,641
Translation differences	**3**	-4	-3
Capital expenditure	**6**	6	27
Acquired in business combinations	**—**	4	311
Amortization charges for the period	**-27**	-34	-98
Impairment losses	**-3**	—	—
Carrying value at end of the period	**2,856**	2,612	2,877

Property, plant and equipment (excl. right-of-use assets assets)

EUR million	Q1/2024	Q1/2023	2023
Carrying value at beginning of the period	**553**	495	495
Translation differences	**-1**	-3	-8
Capital expenditure	**23**	19	98
Acquired in business combinations	**—**	—	29
Depreciation charges for the period	**-15**	-14	-58
Other changes and disposals	**—**	-1	-3
Carrying value at end of the period	**559**	496	553

Leases

Right-of-use assets

EUR million	Q1/2024	Q1/2023	2023
Carrying value at beginning of the period	**145**	105	105
Translation differences	**—**	-1	-2
Additions	**21**	13	48
Acquired in business combinations	**—**	2	37
Depreciation	**-12**	-10	-40
Other changes	**-6**	-1	-3
Carrying value at end of the period	**149**	108	145

Financial instruments

Derivative financial instruments

As at March 31, 2024	**Notional amount**	**Fair value, assets**	**Fair value, liabilities**	**Fair value, net**
Forward exchange contracts[1]	**3,138**	**18**	**-32**	**-14**
Interest rate swaps[1]	**570**	**6**	**-2**	**3**
Electricity forward contracts[2]	**171**	**—**	**-1**	**-1**
Nickel forward contracts[3]	**534**	**—**	**-1**	**-1**
Steel scrap forward contracts[3]	**1,470**	**—**	**—**	**—**

As at March 31, 2023	Notional amount	Fair value, assets	Fair value, liabilities	Fair value, net
Forward exchange contracts[1]	3,590	37	-56	-18
Interest rate swaps[1]	185	8	-1	8
Electricity forward contracts[2]	155	2	-1	1
Nickel forward contracts[3]	312	—	—	—
Steel scrap forward contracts[3]	823	—	—	—

[1] *Notional amount and fair values in EUR million.*
[2] *Notional amount in GWh and fair values in EUR million.*
[3] *Notional amount in metric tons and fair values in EUR million.*

The notional amounts give an indication of the volume of derivative contracts entered into, but do not provide an indication of the exposure to risk.

Classification of financial assets and liabilities:

EUR million	As at March 31, 2024	As at March 31, 2023
Non-current financial assets		
Equity investments at fair value through other comprehensive income	**9**	8
Equity investments at fair value through profit or loss	**2**	2
Loan receivables at fair value through profit or loss	**—**	—
Trade receivables at amortized cost	**8**	—
Derivative financial instruments at fair value through profit or loss	**—**	—
Derivative financial instruments qualified for hedge accounting	**7**	9
Carrying value at end of the period	**26**	20
Current financial assets		
Interest-bearing financial assets at fair value through other comprehensive income	**20**	19
Non-interest-bearing financial assets at amortized cost	**8**	8
Trade receivables at amortized cost	**741**	778
Derivative financial instruments at fair value through profit or loss	**4**	6
Derivative financial instruments qualified for hedge accounting	**11**	33
Cash and cash equivalents at amortized cost	**742**	429
Carrying value at end of the period	**1,527**	1,273

EUR million	As at March 31, 2024	As at March 31, 2023
Non-current financial liabilities		
Loans from financial institutions at amortized cost	**1,163**	519
Bonds at amortized cost	**200**	—
Lease liabilities at amortized cost	**102**	66
Derivative financial instruments at fair value through profit or loss	**—**	—
Derivative financial instruments qualified for hedge accounting	**7**	5
Carrying value at end of the period	**1,471**	590
Current financial liabilities		
Loans from financial institutions at amortized cost	**81**	40
Lease liabilities at amortized cost	**44**	37
Interest-bearing liabilities at amortized cost	**112**	131
Trade payables at amortized cost	**461**	516
Derivative financial instruments at fair value through profit or loss	**8**	18
Derivative financial instruments qualified for hedge accounting	**21**	35
Carrying value at end of the period	**727**	777

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.

Level 1

Quoted unadjusted prices at reporting date in active markets. Valmet 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. Valmet 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. Valmet level 3 financial instruments include equity investments classified as financial assets at fair value through profit or loss.

Provisions

EUR million	**Q1/2024**	Q1/2023	2023
Carrying value at beginning of the period	**211**	219	219
Translation differences	**-1**	-1	-1
Additions charged to profit or loss	**24**	29	118
Acquired in business combinations	**—**	—	7
Provisions used	**-31**	-21	-75
Unused provisions reversed	**-15**	-9	-57
Carrying value at end of the period	**188**	216	211
Non-current	**36**	38	42
Current	**152**	178	169

Contingencies and commitments

EUR million	**As at March 31, 2024**	As at March 31, 2023	As at December 31, 2023
Guarantees on behalf of Valmet Group	**1,052**	1,647	1,127

The most significant commitments and contingencies of Valmet relate to guarantees provided by Valmet Oyj, its subsidiaries and financial institutions to customers and suppliers in the ordinary course of business, as disclosed in the above table.

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.

Events after the reporting period

On April 2, 2024, Valmet announced to have completed the acquisition of the Process Gas Chromatography business of Siemens AG. The agreement to acquire the business was announced on July 17, 2023. The value of the acquisition is EUR 102.5 million on a cash and debt-free basis, subject to ordinary post-closing adjustments. In 2022, net sales of the business amounted to approximately EUR 120 million and its pro-forma adjusted EBITDA margin was approximately 10 percent.

The acquired business employs around 300 people, and its main locations are in the USA, Germany, and Singapore. The business is integrated into Valmet’s Automation Systems business line as a business unit called Analyzer Products and Integration. It will be included in Valmet’s financial reporting for the first time in the second quarter of 2024 financial reporting.

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

Key indicators

	Q1/2024	Q1/2023
Comparable return on capital employed (Comparable ROCE) before taxes (LTM), %	**15%**	19%
Return on capital employed (ROCE) before taxes (LTM), %	**14%**	20%
Return on equity (ROE) (LTM), %	**15%**	20%
Net debt to EBITDA[1] ratio	**1.36**	0.49
Gearing, end of period, %	**39%**	15%
Equity to assets ratio, end of period, %	**39%**	45%
Capital employed, end of period, EUR million	**4,090**	3,101
Interest-bearing liabilities, end of period, EUR million	**1,702**	792
Net interest-bearing liabilities, end of period, EUR million	**939**	345
Earnings per share, EUR	**0.30**	0.38
Diluted earnings per share, EUR	**0.30**	0.38
Adjusted earnings per share, EUR	**0.41**	0.51
Equity per share, end of period, EUR	**12.93**	12.50
Number of outstanding shares, end of period	**184,172,029**	184,150,320
Average number of outstanding shares	**184,129,967**	184,133,081
Average number of diluted shares	**184,129,967**	184,133,081

[1] *Last twelve months EBITDA*

Formulas for calculation of indicators

In addition to financial performance indicators as defined by IFRS, Valmet publishes certain other widely used measures of performance that can be derived from figures in the Consolidated statement of income and Consolidated statement of financial position, as well as notes thereto. The formulas for calculation of these alternative performance measures are presented below. Some of the alternative performance measures are calculated on a last twelve months basis (LTM).

Comparable gross profit (GP):
Gross profit +/- items affecting comparability in cost of sales

Comparable selling, general and administrative (SG&A) expenses:
Selling, general and administrative expenses +/- items affecting comparability in selling, general and administrative expenses

EBITA:
Operating profit + amortization

Comparable EBITA[1]:
Operating profit + amortization +/- items affecting comparability

Earnings per share:

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

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[1]:

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

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), % (LTM):

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

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

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

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

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

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:

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

[1] *Alternative performance measure also calculated on a last twelve months basis.*

Quarterly information

EUR million, or as indicated	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Orders received	**1,050**	1,155	980	1,268	1,552
Order backlog[1]	**3,790**	3,973	4,133	4,414	4,595
Net sales	**1,212**	1,499	1,295	1,417	1,321
Comparable gross profit	**343**	396	336	368	330
% of net sales	**28.3%**	26.4%	25.9%	26.0%	24.9%
Comparable SG&A expenses	**-243**	-242	-203	-227	-229
% of net sales	**-20.0%**	-16.1%	-15.7%	-16.1%	-17.3%
Comparable EBITA	**121**	183	150	153	133
% of net sales	**10.0%**	12.2%	11.6%	10.8%	10.1%
Operating profit (EBIT)	**87**	148	127	136	97
% of net sales	**7.2%**	9.9%	9.8%	9.6%	7.3%
Profit before taxes	**73**	133	120	129	91
% of net sales	**6.0%**	8.8%	9.3%	9.1%	6.9%
Profit for the period	**56**	103	86	99	71
% of net sales	**4.6%**	6.9%	6.6%	7.0%	5.4%
Earnings per share, EUR	**0.30**	0.56	0.47	0.54	0.38
Adjusted earnings per share, EUR	**0.41**	0.65	0.52	0.60	0.51
Expensing of fair value adjustments recognized in business combinations, net of tax	**-20**	-17	-11	-11	-24
Amortization	**-27**	-25	-20	-20	-34
Depreciation, property, plant and equipment (excl. right-of-use assets)	**-15**	-15	-14	-14	-14
Depreciation, right-of-use assets	**-12**	-12	-10	-9	-10
Depreciation, total	**-27**	-27	-24	-23	-24
Items affecting comparability:					
in cost of goods sold	**-7**	-22	-3	-4	-4
in selling, general and administrative expenses	**-3**	-7	-5	-3	-4
in other operating income and expenses, net	**3**	17	5	7	6
in share in profits and losses of associated companies, operative investments	**-1**	1	—	2	-1
Total items affecting comparability	**-7**	-10	-4	2	-2
Cash flow provided by operating activities	**138**	123	57	-37	208
Cash flow after investing activities	**109**	-316	31	-71	175
Gross capital expenditure (excl. business combinations and right-of-use assets)	**-29**	-36	-27	-37	-25
Business combinations, net of cash acquired and loans repaid	**—**	-405	—	-1	-9
Research and development expenses, net	**-33**	-32	-24	-28	-29
% of net sales	**-2.7%**	-2.2%	-1.9%	-2.0%	-2.2%

[1] *At end of period.*

Quarterly segment information

Orders received, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**527**	404	349	430	577
Automation	**328**	319	289	340	391
Process Technologies	**195**	432	343	497	584
Total	**1,050**	1,155	980	1,268	1,552

Net sales, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**406**	508	429	457	389
Automation	**309**	375	312	338	304
Process Technologies	**497**	615	554	623	628
Total	**1,212**	1,499	1,295	1,417	1,321

Comparable EBITA, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**60**	91	79	80	63
Automation	**51**	79	58	61	50
Process Technologies	**21**	25	25	30	30
Other	**-11**	-13	-12	-17	-9
Total	**121**	183	150	153	133

Comparable EBITA, % of net sales	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**14.6%**	17.9%	18.4%	17.5%	16.1%
Automation	**16.5%**	21.1%	18.7%	17.9%	16.3%
Process Technologies	**4.2%**	4.1%	4.5%	4.8%	4.7%
Total	**10.0%**	12.2%	11.6%	10.8%	10.1%

EBITA, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**56**	80	79	81	62
Automation	**50**	80	58	63	44
Process Technologies	**21**	29	25	29	33
Other	**-14**	-18	-15	-16	-9
Total	**114**	172	147	155	131

EBITA, % of net sales	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**13.8%**	15.8%	18.4%	17.7%	16.0%
Automation	**16.2%**	21.4%	18.6%	18.5%	14.6%
Process Technologies	**4.3%**	4.8%	4.5%	4.6%	5.2%
Total	**9.4%**	11.5%	11.3%	11.0%	9.9%

Items affecting comparability, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**-3**	-11	—	1	—
Automation	**-1**	1	—	2	-5
Process Technologies	**—**	4	—	-1	3
Other	**-3**	-5	-3	—	—
Total	**-7**	-10	-4	2	-2

Amortization, EUR million	Q1/2024	Q4/2023	Q3/2023	Q2/2023	Q1/2023
Services	**-6**	-5	-2	-2	-2
Automation	**-12**	-12	-12	-12	-27
Process Technologies	**-4**	-3	-2	-2	-2
Other	**-4**	-4	-4	-4	-4
Total	**-27**	-25	-20	-20	-34

Valmet´s financial reporting in 2024

July 24, 2024 - Half Year Financial Review for January–June 2024
October 30, 2024 - Interim Review for January–September 2024

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