

OCTOBER 29, 2021



NELES

**SUPPLEMENT TO THE MERGER AND LISTING PROSPECTUS DATED OCTOBER 29, 2021**

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This document (the "**Supplement**") is a supplement to the merger and listing prospectus dated September 2, 2021 (the "**Merger Prospectus**") in respect of the merger of Neles Corporation ("**Neles**") into Valmet Oyj ("**Valmet**").

The definitions used in this Supplement have the same meaning as in the Merger Prospectus, unless otherwise stated. This Supplement constitutes a part of the Merger Prospectus and should be read together with the Merger Prospectus.

On October 26, 2021, Valmet published its unaudited consolidated interim review as at and for the nine months ended September 30, 2021 (the "**Valmet Interim Review**"), and on October 27, 2021, Neles published its unaudited consolidated interim review as at and for the nine months ended September 30, 2021 (the "**Neles Interim Review**"). Additionally, Valmet announced on October 26, 2021, the appointment of Simo Sääskilähti as the Business Line President for the Flow Control Business Line of Valmet as of the completion of the Merger (the "**Appointment**").

Due to the publication of the Valmet Interim Review and Neles Interim Review and the Appointment, the information contained in the Merger Prospectus is supplemented in the manner set out in this Supplement. The Valmet Interim Review and Neles Interim Review are hereby incorporated by reference into the Merger Prospectus. The section "*Documents Incorporated by Reference into this Merger Prospectus*" on page 166 of the Merger Prospectus is updated accordingly as presented below.

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## SUPPLEMENTS TO THE MERGER PROSPECTUS

### Supplements to the section “Summary”

Due to the publication of the Valmet Interim Review and Neles Interim Review, the section of the Merger Prospectus entitled “Summary” is supplemented as follows:

- (1) The following text is inserted to replace the first paragraph of the section entitled “Summary – Key Information on Valmet and Neles – What Is the Key Financial Information Regarding the Issuer?” on page 3 of the Merger Prospectus:

The following table presents selected consolidated financial information of Valmet as at and for the financial year ended December 31, 2020, and as at and for the nine months period ended September 30, 2021, and September 30, 2020. The selected consolidated financial information presented below has been derived from Valmet’s audited consolidated financial statements as at and for the year ended December 31, 2020 prepared in accordance with IFRS as adopted by the European Union (“EU”) and Valmet’s unaudited consolidated interim review as at and for the nine months ended September 30, 2021 prepared in accordance with “IAS 34 – Interim Financial Reporting”, including the unaudited comparative financial information for the nine months ended September 30, 2020, all of which are incorporated by reference into this Merger Prospectus.

- (2) The following table is inserted to replace the table contained in the section entitled “Summary – Key Information on Valmet and Neles – What Is the Key Financial Information Regarding the Issuer?” on page 3 of the Merger Prospectus:

EUR million, unless otherwise indicated	As at and for the nine months ended September 30,		As at and for the year ended December 31,
	2021	2020	2020
	(unaudited)		(unaudited, unless otherwise indicated)
<b>Consolidated Statement of Income</b>			
Net sales .....	2,736	2,573	3,740 <sup>1)</sup>
Net sales change, %.....	6%	5%	5%
Comparable EBITA.....	282	218	365
% of net sales .....	10.3%	8.5%	9.8%
Comparable return on capital employed (ROCE) before taxes, % .....	20%	18%	22%
Operating profit.....	255	184	319 <sup>1)</sup>
% of net sales .....	9.3%	7.1%	8.5%
Profit for the period.....	197	131	231 <sup>1)</sup>
% of net sales .....	7.2%	5.1%	6.2%
Earnings per share, EUR .....	1.31	0.88	1.54 <sup>1)</sup>
<b>Consolidated Balance Sheet</b>			
Total assets.....	4,224	3,682	3,959 <sup>1)</sup>
Total equity .....	1,217	1,024	1,142 <sup>1)</sup>
Net interest-bearing liabilities .....	-17	184	149
<b>Consolidated Statement of Cash Flows</b>			
Net cash provided by (+) / used in (-) operating activities.....	385	418	532 <sup>1)</sup>
Net cash provided by (+) / used in (-) investing activities.....	-74	-518	-592 <sup>1)</sup>
Net cash provided by (+) / used in (-) financing activities.....	-138	55	28 <sup>1)</sup>

<sup>1)</sup> Audited.

- (3) The following text is inserted to replace the first paragraph of the section entitled “Summary – Key Information on Valmet and Neles – What Is the Key Financial Information Regarding the Merging Company?” on page 4 of the Merger Prospectus:

The following table presents selected consolidated financial information of Neles as at and for the financial year ended December 31, 2020, and as at and for the nine months period ended September 30, 2021, and September 30, 2020. The selected consolidated financial information presented below has been derived from Neles’ audited consolidated financial statements as at and for the year ended December 31, 2020 prepared in accordance with IFRS as adopted by the EU and Neles’ unaudited consolidated interim review as at and for the nine months ended September 30, 2021 prepared in accordance with “IAS 34 – Interim Financial Reporting”, including the unaudited comparative financial information for the nine months ended September 30, 2020, all of which are incorporated by reference into this Merger Prospectus.

- (4) The following table is inserted to replace the table contained in the section entitled “*Summary – Key Information on Valmet and Neles – What Is the Key Financial Information Regarding the Merging Company?*” on page 5 of the Merger Prospectus:

EUR million, unless otherwise indicated	As at and for the nine months ended September 30,		As at and for the year ended December 31,
	2021	2020	2020
	(unaudited)		(audited, unless otherwise indicated)
<b>Consolidated Statement of Income</b>			
Sales .....	437	422	576
Adjusted EBITA.....	60	62	85 <sup>1)</sup>
% of sales .....	13.7%	14.8%	14.8% <sup>1)</sup>
Operating profit.....	52	52	70
% of sales .....	11.9%	12.3%	12.2% <sup>1)</sup>
Profit for the period, continuing operations.....	36	36	48
% of sales .....	8.3%	8.4%	8.4% <sup>1)</sup>
Earnings per share, EUR, continuing operations.....	0.24	0.24	0.32
<b>Consolidated Balance Sheet</b>			
Total assets.....	665	625	644
Total equity .....	277	253	263
Net interest bearing liabilities.....	74	118	81
<b>Consolidated Statement of Cash Flows, continuing operations <sup>2)</sup></b>			
Net cash provided by (+) / used in (-) operating activities.....	48	42	81
Net cash provided by (+) / used in (-) investing activities .....	-5	-10	-12
Net cash provided by (+) / used in (-) financing activities.....	-39	-17	13

<sup>1)</sup> Unaudited.

<sup>2)</sup> Cash flows for the periods 1–9/2020 and 1–12/2020 are for Neles’ continuing operations, which are calculated based on Neles carve-out figures for the period 1–6/2020.

#### Supplements to the section “Risk Factors”

Due to the publication of the Neles Interim Review the section of the Merger Prospectus entitled “*Risk Factors*” is supplemented as follows:

- (1) The following text is inserted to replace the final three sentences in the second paragraph of the section “*The COVID-19 pandemic and other potential pandemics or epidemics may adversely affect the demand for and the delivery capability and the costs of the Combined Company’s products and services, availability of financing, and it is difficult to assess all of the effects of the COVID-19 pandemic in advance*”, on pages 16 and 17 of the Merger Prospectus:

Neles expects the challenging situation in global logistics to continue during the fourth quarter of 2021. In certain regions, the availability of electricity may be disrupted and create interruptions especially for the metal industry. In addition, there have been shortages of electronics components. These issues continue to cause delivery delay risks. There is a risk that cost inflation related to production factors accelerates more than Neles is able to compensate with cost savings and other measures, which causes pressure on the gross margin.

- (2) The following text is inserted to replace the final sentence in the second paragraph of the section: “*The Combined Company will be dependent on functioning logistics and any problems in its logistics chain could have a material adverse effect on the Combined Company’s business, financial position, results of operations and prospects*”, on page 24 of the Merger Prospectus:

Neles expects the challenging situation in global logistics to continue during the fourth quarter of 2021. In certain regions, the availability of electricity may be disrupted and create interruptions especially for the metal industry. In addition, there have been shortages of electronics components. These issues continue to cause delivery delay risks. There is a risk that cost inflation related to production factors accelerates more than Neles is able to compensate with cost savings and other measures, which causes pressure on the gross margin.

#### Supplements to the section “Certain Matters”

Due to the publication of the Valmet Interim Review and Neles Interim Review, the section of the Merger Prospectus entitled “*Certain Matters – Presentation of Financial and Certain Other Information*” is supplemented as follows:

- (1) The following texts are inserted to replace the sections entitled “*Certain Matters – Presentation of Financial and Certain Other Information – Historical Financial Information of Valmet*” and “*Certain Matters – Presentation of Financial and Certain Other Information – Historical Financial Information of Neles*”, respectively, on page 40 of the Merger Prospectus:

#### ***Historical Financial Information of Valmet***

The financial information of Valmet included in this Merger Prospectus has been derived from Valmet’s audited consolidated financial statements as at and for the year ended December 31, 2020 prepared in accordance with IFRS as adopted by the EU and Valmet’s unaudited consolidated interim review as at and for the nine months ended September 30, 2021 prepared in accordance with “IAS 34 – Interim Financial Reporting”, including the unaudited comparative financial information for the nine months ended September 30, 2020, all of which are incorporated by reference into this Merger Prospectus.

#### ***Historical Financial Information of Neles***

The financial information of Neles included in this Merger Prospectus has been derived from Neles’ audited consolidated financial statements as at and for the year ended December 31, 2020 prepared in accordance with IFRS as adopted by the EU and Neles’ unaudited consolidated interim review as at and for the nine months ended September 30, 2021 prepared in accordance with “IAS 34 – Interim Financial Reporting”, including the unaudited comparative financial information for the nine months ended September 30, 2020, all of which are incorporated by reference into this Merger Prospectus. Until June 30, 2020, Neles was part of the Metso Group.

#### **Supplements to the section “Information on the Combined Company”**

Due to the Appointment, the section of the Merger Prospectus entitled “*Information on the Combined Company*” is supplemented as follows:

- (1) The following text is inserted to replace the third paragraph of the section entitled “*Information on the Combined Company – Board of Directors and Management*” on page 62 of the Merger Prospectus:

Pasi Laine, currently President and CEO of Valmet, will continue to act as the President and CEO of the Combined Company after the completion of the Merger. In the event that Pasi Laine resigns or otherwise must be replaced by another person prior to the Effective Date, the Boards of Directors of Valmet and Neles shall mutually agree on the appointment of a new President and CEO. Kari Saarinen, the current CFO of Valmet, will be appointed as the CFO. In addition, the current CFO of Neles, Simo Sääskilähti, will become the Combined Company’s Business Line President for the Flow Control Business Line and member of the Executive Team as of the Effective Date. For a presentation of the CEO and the CFO of the Combined Company, see “*Information on Valmet – Valmet’s Board of Directors, Management and Auditors – Executive Team*” and for a presentation of the Business Line President for the Flow Control Business Line of the Combined Company, see “*Information on Neles – Neles’ Board of Directors, Management and Auditors – President and CEO and Executive Team*”.

#### **Supplements to the section “Information on Valmet”**

Due to the publication of the Valmet Interim Review, the section of the Merger Prospectus entitled “*Information on Valmet*” is supplemented as follows:

- (1) The following text is inserted to replace the paragraph of the section entitled “*Information on Valmet – Outlook and Trend Information – Short-term market outlook*” on page 115 of the Merger Prospectus:

In addition to guidance, Valmet publishes a short-term market outlook on a quarterly basis. The short-term market outlook is based on customer activity (50%) and Valmet’s capacity utilization (50%) and is given for the next six months from the end of the respective quarter. The scale is ‘weak-satisfactory-good’. In its unaudited consolidated interim review as at and for the nine months ended September 30, 2021, published on October 26, 2021, Valmet estimated that the short-term market outlook is good for services, automation, pulp, board and paper, and satisfactory for tissue, and weak for energy.

#### **Supplements to the section “Information on Neles”**

Due to the publication of the Neles Interim Review, the section of the Merger Prospectus entitled “*Information on Neles – Outlook and Trend Information*” is supplemented as follows:

- (1) The following text replaces the two final sentences in paragraph three under the title “*Investments*” on page 133 of the Merger Prospectus:

The debt-free purchase price of EUR 40.9 million is payable in cash at closing, with an additional orders received-based earn-out consideration of up to EUR 3 million for a one-year period after closing, also payable in cash. The transaction is

expected to be positive for Neles' earnings per share already in 2022. The closing of the acquisition will take place in November 2021.

Due to the publication of the Neles Interim Review, the section of the Merger Prospectus entitled "*Information on Neles – Outlook and Trend Information*" is supplemented as follows:

- (2) The following text is inserted as last paragraph in the section "*Short-term market Outlook*" on page 137-138 of the Merger Prospectus:

Neles has, in connection with its unaudited consolidated interim review as at and for the nine months ended September 30, 2021, published on October 27, 2021, published the following market outlook:

Market activity in Pulp and Paper projects is expected to continue at a good level.

Market activity in Chemicals and Oil & Gas projects was weak in the first nine months of 2021. The market activity is expected to return to a satisfactory level during the next six months following the unaudited consolidated interim review of Neles as at and for the nine months ended September 30, 2021, published on October 27, 2021. Postponements of projects and global uncertainties continue to reduce visibility in the Chemicals and Oil & Gas project businesses.

Market activity was satisfactory for the Services and the customer Maintenance, Repair and Operations-driven (MRO) businesses during the first nine months of 2021. These markets are expected to continue to improve, reaching a good level at the beginning of 2022.

The ongoing challenges in global logistics, availability of electronic components and COVID-19 pandemic continues to create uncertainty and risks of abrupt changes in all markets important to Neles.

The market outlook reflects the management's expectation for the next six months unless otherwise stated.

#### **Supplements to the section "Documents Incorporated by Reference into this Merger Prospectus"**

Due to the publication of the Valmet Interim Review and Neles Interim Review, the section of the Merger Prospectus entitled "*Documents Incorporated by Reference into this Merger Prospectus*" is supplemented as follows:

- (1) The following text is inserted as the first bullet point of the second paragraph under the heading "*Documents Incorporated by Reference into this Merger Prospectus*" on page 166 of the Merger Prospectus:
  - Valmet's unaudited consolidated interim review as at and for the nine months ended September 30, 2021, which is available at <https://www.valmet.com/globalassets/investors/reports--presentations/interim-reviews/2021/interim-review-q3-2021-english.pdf>;
- (2) The following text is inserted as the first bullet point of the third paragraph under the heading "*Documents Incorporated by Reference into this Merger Prospectus*" on page 166 of the Merger Prospectus:
  - Neles' unaudited consolidated interim review as at and for the nine months ended September 30, 2021, which is available at <https://www.neles.com/siteassets/documents/2021/neles-interim-review-q3-2021-eng.pdf>;