Ahlstrom Holding 3 Oy Financials

The Ahlstrom financial year 2024

Contents

We use the following symbols throughout the financial statements

This symbol describes the accounting policy applied by the Group to the specific financial statement item.

This symbol is used when the specific item requires management to make judgements, estimates and assumptions that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements.

This symbol is used with a disclosure on a specific risk related to the financial statement item.

Board of Directors’ report

We present in this Board of Directors’ report certain financial and other information of Ahlstrom Holding 3 Oy and its subsidiaries (the “Group” and "Ahlstrom"). This report also includes certain adjusted figures for the last twelve months (“LTM”).

HIGHLIGHTS OF 2024

- 2024 was a record year of performance, with the company achieving the highest levels of comparable EBITDA and operating cash flow, along with solid growth and a strong innovation and commercial pipeline.
- The transformation, driven by successful commercial and operational excellence initiatives, continued to yield positive results and further improved the margin on variable cost per ton.
- The business portfolio was strengthened through several measures, including the divestment of the Aspa pulp mill, the closure of the mill in Bousbecque, the centralization of parchment paper production in Saint-Séverin, and the expansion within specialty materials for life sciences with the acquisition of ErtelAlsop.
- In alignment with Ahlstrom's commitment to sustainability, emissions reduction targets of 42% for Scope 1 and 2, and 25% for Scope 3 by 2030, as well as achieving net-zero by 2050, have been validated by the Science Based Targets initiative (SBTi).
- Received a Platinum Medal in the EcoVadis sustainability assessment, ranking among the top one percent of companies evaluated, and earned a Leadership score of A- in the 2024 CDP Climate disclosure for commitment to climate action.
- The company is well-positioned for earnings growth, driven by the development of internal capabilities.

FINANCIAL RESULT 2024

Net sales of EUR 2,965.4 million remained stable compared to the previous year (2,972.9). Higher average selling prices offset slightly lower deliveries. Excluding the Stenay and Aspa divestments in 2023 and 2024 respectively, deliveries grew 3% on a comparable basis.

The market environment remained uncertain. While increased customer activity in the first half of the year supported growth in shipments, the growth in business activity slowed in the second half of the year.

Comparable EBITDA increased to a record EUR 451.2 million (420.1), representing a record 15.2% of net sales (14.1), supported by increased margin on variable costs per ton. Slightly lower input costs, improved cost efficiency, and a disciplined pricing strategy all strengthened the margin on variable cost per ton, which rose to EUR 986.7 (933.4).

EBITDA decreased to EUR 331.0 million (350.3). Items affecting comparability (IACs) and owners’ management fee in EBITDA totalled EUR -120.2 million (-69.8) and included restructuring costs relating to the closure of the Bousbecque plant and losses from financial energy hedges incurred as a result of the exceptional natural gas market situation in Europe in the second half of 2022. Transformation costs continued to decline significantly as internal capabilities have been built.

The operating result was EUR 86.1 million (165.4). Depreciation, amortization and impairment losses amounted to EUR -244.8 million (-184.9), including depreciation and amortization arising from PPA of EUR -62.3 million (-63.1). Impairment losses were recognized on the property, plant, and equipment of the Bousbecque plant, amounting to EUR 14.2 million and the Aspa plant, including also goodwill and intangible assets, in total of 46.3 million.

Net financial items were EUR -183.5 million (-205.1). This figure includes net interest expenses of EUR -152.5 million (-152.5), a currency exchange loss of EUR -7.9 million (gain of 5.0), and other financial items of EUR -23.2 million (-57.6). Other financial items were impacted by an unrealized fair value loss of EUR -11.7 million from interest rate hedges (-26.1). The year 2023 also includes an impairment loss of EUR -20.0 million on a loan to Stenay.

The result before taxes was EUR -106.8 million (-43.9). Taxes amounted to EUR -15.8 million (-36.2). The net result was EUR -122.6 million (-80.1).

Adjusted EBITDA
Adjusted EBITDA amounted to EUR 513.9 million for the last twelve months (LTM) ending December 31, 2024 (EUR 487.0 LTM ending December 31, 2023). Compared to the previous year, the increase is driven by the improvement in comparable EBITDA (LTM).

The work to identify and specify new opportunities continues on ongoing basis for 2025 and onwards.

CASH FLOW 2024

Cash flow from operating activities
Net cash from operating activities amounted to EUR 227.0 million (143.1). Cash flow was supported by higher results and a decrease in working capital.

Cash flow from investing activities
Net cash flow from investing activities was EUR -186.3 million (-216.5). Capital expenditure excluding acquisitions and disposals totalled EUR 161.9 million (209.0). In addition to maintenance, investments have been directed to growth and machine upgrades, IT for renewing the business platform, improved health and safety, and enhanced environmental performance. During the period, two acquisitions were made: a power plant adjacent to the Windsor Locks facility in the U.S. in the first quarter, and ErtelAlsop, a U.S.-based high-performance liquid depth filter media provider, in the fourth quarter. Additionally, the Aspa market pulp mill in Sweden was divested in the fourth quarter.

Cash flow from financing activities
Net cash flow from financing activities was EUR 2.3 million (23.8), primarily including a cash distribution by way of return of equity amounting to EUR 33.5 million and drawings under the Finnish Commercial Paper Program totalling 42.3 million.

FINANCING AND INDEBTEDNESS
During the reporting period the sources of liquidity were cash flow from operating activities, Finnish Commercial Paper Program, financing of receivables through factoring and similar financing arrangements.

At the end of the review period, the total cash position was EUR 221.8 million (185.3).
On December 31, 2024, total equity was EUR 563.3 million (724.6, on December 31, 2023). The total equity was reduced by net result and cash distributions by way of return of equity.

At the end of the period, Ahlstrom's adjusted net indebtedness was EUR 1,868.7 million (1,797.4), translating into a net indebtedness to adjusted EBITDA ratio of 3.6 (3.7 on December 31, 2023).

GOVERNANCE
Ahlstrom Holding 3 Oy is a Finnish limited liability company. In its corporate governance, Ahlstrom Holding 3 Oy complies with applicable laws and regulations, including without limitation, the Finnish Limited Liability Companies Act (624/2006, as amended) ("Companies Act") as well as the Company's Articles of Association.

The Board of Directors
The role of the Board is to oversee the administration of the company and the appropriate organization of its operation and in its work protect the interests of the company and its shareholders. The Board shall also ensure that control of the accounts and finances of Ahlstrom are appropriately arranged.

At the Annual General Meeting on March 20, 2024, it was resolved that Ivano Sessa (chair), Andrej Busch, Alexander Ehrnrooth, Halvor Meyer Horten, Kristina Schauman, Peter Seligson, Michael Siefke and Jyrki Vainionpää were re-elected as members of the Board of Directors of Ahlstrom Holding 3 Oy. All Board members are independent of the company, while none, except for Kristina Schauman, are independent of the company's significant shareholders.

Auditor
The main function of the audit is to verify that the financial statements provide true, accurate and sufficient information on the Group's performance and financial position for the financial year. The Group's financial year is the calendar year.

The auditor's responsibility is to audit the correctness of the Group's accounting in the respective financial year and to provide an auditor's report to the General Meeting. In addition, Finnish law requires that the auditor also monitors the lawfulness of the company's administration. The auditor reports to the Board of Directors at least once a year.

KPMG Oy Ab (KPMG) was appointed auditor of the company on April 6, 2022. KPMG has designated Kim Järvi, APA, as the responsible auditor. The company's subsidiaries are subject to local auditing under local regulations which are conducted by representatives of KPMG's network or other high standard audit companies in each country

Internal Audit

Ahlstrom's Internal Audit is an independent and objective assurance function with the purpose to improve the effectiveness of the business processes and to ensure compliance with company's policies and procedures and applicable laws and regulations. It evaluates and improves the effectiveness of the control, risk management and governance processes, and facilitates the implementation of best practices to ensure that various risk management, control and governance processes are adequate and functioning as planned. The Audit Committee is responsible to oversee that the Internal Audit is properly organized. Internal audit operates under the supervision of the Head of Internal Audit to present its activities to the Audit Committee and the Executive Management Team. Internal audit fieldwork is outsourced to a global service provider with relevant expertise in this area.

Internal Audit, which reports to the Audit Committee, conducts regular process audits, site and subsidiary audits as well as audits at other Group units in accordance with the audit plan approved by the Audit Committee. Internal Audit reports regularly on its activities to the Audit Committee and to the Executive Management Team.

It also makes recommendations to the Executive Management Team members and local management based on its observations and monitors the implementation of the action plans made based on its recommendations. Internal Audit is coordinated with the work of other assurance functions to avoid overlapping and to identify any gaps in controlling and monitoring.

Executive Management Team

The Executive Management Team (EMT) is composed of the CEO, the CFO, and heads of divisions and functions. Biographical details of the EMT members are available at www.ahlstrom.com. On December 31, 2024, the EMT consisted of the following members:

Helen Mets, President and CEO
Niklas Beyes, CFO
Daniele Borlatto, Executive Vice President, Filtration & Life Sciences
Konraad Dullaert, Executive Vice President, Food and Consumer Packaging and Chief Innovation Officer
Andreas Elving, Chief Legal Officer and General Counsel
Sophie Haan, Executive Vice President, Protective Materials (until end of January, 2025)
Wouter Hut, Executive Vice President, Procurement and Sustainability
Wolfgang Laures, Chief Operating Officer (COO)
Mary Puddepha, Chief People Officer

PERSONNEL

The Group employed at year end 6,869 (6,941) people in full-time equivalents. As of December 31, 2024, the highest numbers of employees were in the United States (38%), France (19%), Italy (9%), Sweden (8%), Brazil (5%), and China (5%).

INNOVATION

Innovation enables Ahlstrom to improve its offering of products, technologies, and services to address sustainable functionality and design. To measure its performance, Ahlstrom tracks, among other things, the share of innovation sales, i.e., new products and product improvements as a percentage of the Group's net sales. In 2024, the share of innovation sales amounted to 31% (27%). The company has set the target that innovation sales should exceed 25% by 2026.

Ahlstrom's Innovation function operates research centers in two locations, employing 76 (71) individuals. Innovation function collaborates closely with the businesses to drive the innovation pipeline, thereby positioning Ahlstrom on the path to becoming the preferred specialty materials company. In 2024, the Group's R&D expenditure was EUR 31.2 million (34.9), accounting for 1.1% (1.2%) of net sales. This figure excludes the costs of technical product development, which are undertaken in close cooperation with our customers.

EVENTS DURING THE REPORTING PERIOD

Return of Equity

On February 1, 2024, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,360,800.92 by way of return of equity from invested unrestricted equity reserve. Payment was made on February 1, 2024.

On April 14, 2024, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,279,458.15 by way of return of equity from invested unrestricted equity reserve. Payment was made on May 2, 2024.

On July 18, 2024, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,438,300.92 by way of return of equity from invested unrestricted equity reserve. Payment was made on August 1, 2024.

On October 22, 2024, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,438,300.92 by way of return of equity from invested unrestricted equity reserve. Payment was made on October 31, 2024

Acquisition of a power plant in the U.S.
On February 12, 2024, Ahlstrom signed an agreement to acquire Algonquin Power Windsor Locks LLC, a power plant adjacent to its Windsor Locks plant in the U.S. The transaction was completed in March. The impact of the acquisition on the Group balance sheet was immaterial and mainly related to the property, plant and equipment.

Annual General Meeting
On March 20, 2024, it was resolved in a sole shareholder meeting to adopt the Financial Statements for the year 2023 and to grant the members of the Board of Directors discharge from the financial year 2023. It was resolved also to authorize the Board of Directors to decide on the distribution of funds in one or several tranches from the company's invested unrestricted equity fund up to an aggregate maximum of EUR 35.0 million. The authorization is in force until the beginning of the company's Annual General Meeting 2025.

The acquisition of Ahlstrom Oyj in 2021 and subsequent redemption procedure
On April 15, 2024, the Supreme Court announced that it has granted a leave to appeal for the minority shareholders. The Supreme Court will address the assessment of the redemption price of Ahlstrom Oyj's minority shares. As the trustee has been granted leave to appeal, a decision regarding the redemption price will not become final and non-appealable for any of the minority shareholders until the Supreme Court renders a final decision in the matter. It is estimated that the appeal proceedings may last at least until the first half of 2025. According to the Companies Act, the redemption price falls due after a month has passed from the decision on redemption becoming non-appealable.

The unpaid redemption price is subject to interest in accordance with Chapter 18, Section 7 of the Finnish Companies Act. The reference rate referred to therein (at 3.5% as of January 1, 2025) is subject to biannual adjustments, with the next adjustment due on July 1, 2025. However, the redemption price may be paid up to the undisputed price of EUR 17.84 per share already during the course of the appeal proceedings. EUR 242.2 million is held in a separate escrow account which is sufficient to cover the minority squeeze-out liability. The escrow account holdings are not included in the reported cash and cash equivalents.

On May 13, 2022, a minority shareholder of Ahlstrom Oyj filed a separate application to the District Court of Helsinki, requesting partial enforcement of the arbitral award rendered by the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce. The request for partial enforcement consisted of a request for partial payment of the redemption price for Ahlstrom Oyj's minority shares to the amount of EUR 17.84 per share. On July 5, 2023, the District Court rejected the application as inadmissible. Following the decision, the same minority shareholder filed an appeal with the Helsinki Court of Appeal to overturn the District Court's decision and maintained its request for partial enforcement of the arbitral award. On May 23, 2024, the Helsinki Court of Appeal rendered its decision, wherein it did not change the District Court's decision and the appeal was dismissed. The minority shareholder sought leave to appeal the Helsinki Court of Appeal's decision by the deadline on July 22, 2024. On November 7, 2024 the Supreme Court of Finland decided not to grant leave to appeal to the minority shareholder, and the Helsinki Court of Appeal's decision became final and non-appealable

Lawsuit against Ahlstrom
On August 9, 2023, a putative class action lawsuit was filed in the U.S. District Court for the Western District of Wisconsin against Ahlstrom Rhinelander LLC, among others, concerning alleged contamination of private well drinking water in Oneida County in the U.S. An amended complaint was filed on February 8, 2024 and on October 15, 2024, a third amended complaint was filed. The lawsuit is still in an early stage.

Closure of the Bousbecque plant in France
On April 19, 2024, a consultation process started with employee representatives at the Bousbecque plant in France about the possibility to divest or close the plant and to centralize parchment paper production to the Saint-Séverin plant in France to ensure the long-term competitiveness of the specialty materials business. The plant has an annual capacity of approximately 12,000 tons and employs 118 people. The consultation process was completed on July 26 and it was decided to close the plant. After actively seeking and in-depth dialogue with local stakeholders, Ahlstrom has not been able to find solutions that would allow the Group or a potential buyer to continue operating the plant. In 2024, impairment losses totalling EUR 14.2 million were recognized on property, plant, and equipment. Additionally, restructuring provisions amounting to EUR 25.3 million and an environmental provision of EUR 6.2 million were recognized for the plant's closure.

Refined strategy and simplified divisional structure
On April 29, 2024, Ahlstrom announced a refined strategy and simplified organizational structure. Ahlstrom has made significant strides in its strategy execution by positioning the company around major global trends, placing decision-making close to customers, and structuring its business from five divisions into three – Filtration and Life Sciences, Protective Materials, and Food and Consumer Packaging. The changes in organization in line with the new divisional structure became effective from May 1, 2024. Financial reporting according to the new divisional structure started on July 1, 2024.

In 2024, Ahlstrom defined five strategic pillars: Growth Acceleration, Safe & Sustainable Innovation Leadership, Operational Strength, Cash Discipline and Engaged Employees. The pillars support disciplined strategy execution and resource allocation. With a clear strategic focus and intentional resource allocation, Ahlstrom aims to generate above GDP organic growth, healthy margins, and strong cash conversion in the coming years. Ahlstrom is further strengthening its three divisions, and the Group manages its businesses with shared global functions and centers of excellence for scale and synergies.

Divestment of Aspa pulp mill in Sweden

On October 14, 2024, Ahlstrom signed an agreement to divest its Aspa pulp mill in Sweden to Sweden Timber. The agreement includes the pulp mill and all its operations. The divestment supports Ahlstrom's growth transformation journey and reinforces its strategic commitment to sustainable specialty materials. The transaction was completed on November 1, 2024. An impairment loss totaling EUR 46.3 million was recognized on property, plant, and equipment, as well as goodwill and intangible assets.

The Aspa pulp mill produces bleached and unbleached softwood pulp catering for a broad range of applications in paper and sold globally. It has an annual capacity of approximately 200,000 tonnes and 174 employees.

Ahlstrom's climate targets validated by Science Based Targets initiative

On November 7, 2024, Ahlstrom announced that its near and long-term science-based emissions reduction targets and net-zero science-based target by 2050 have been approved by the Science Based Targets initiative (SBTi).

According to Ahlstrom's near-term targets, the company commits to reducing absolute scope 1 and 2 GHG emissions by 42% by 2030 from a 2021 base year. Ahlstrom also commits to reducing absolute scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, and upstream transportation and distribution by 25% within the same timeframe.

In the long-term targets, Ahlstrom is committed to reducing absolute scope 1 and 2 GHG emissions by 90% by 2050 from a 2021 base year and reducing absolute scope 3 GHG emissions from purchased goods and services, fuel and energy-related activities, upstream transportation and distribution, processing of sold products and end of life treatment of sold products by 90% within the same timeframe.

SBTi has classified Ahlstrom's scope 1 and 2 target ambition as in line with the goal to limit global arming to no more than 1.5°C.

Sustainability work awarded with EcoVadis Platinum rating

On November 22, 2024, Ahlstrom announced that it had been awarded a Platinum rating, the highest recognition level, in the EcoVadis sustainability assessment. This rating places Ahlstrom among the top one percent of companies evaluated over the past 12 months. The platinum score is based on the company's sustainability performance in four categories: Environment, Labour and Human Rights, Ethics, and Sustainable Procurement.

EcoVadis is a globally recognized rating system that brings visibility to companies' sustainability performance. EcoVadis' business sustainability ratings are based on international sustainability standards such as the Ten Principles of the UN Global Compact, the International Labour Organization (ILO) conventions, the Global Reporting Initiative (GRI) standards and the ISO 26000 standard. The ratings provide an evidenced-based analysis on performance and an actionable roadmap for continuous improvement.

Acquisition of ErtelAlsop

On December 2, 2024, Ahlstrom announced the acquisition of ErtelAlsop, a US-based provider of high-performance liquid depth filter media. ErtelAlsop serves various end-markets, including pharmaceuticals, food & beverage, flavors and fragrances, and chemicals. This acquisition strengthens Ahlstrom's position in the life science filtration market and allows the company to enter the depth filtration space. ErtelAlsop's achieved net sales of USD 17.2 million and demonstrated strong profitability for the fiscal year ending June 2024. As part of the transaction, 66 employees were transferred to Ahlstrom.

RISK MANAGEMENT AND SHORT-TERM RISKS

Ahlstrom has a Risk Management Policy which is reviewed annually by the Board of Directors. The policy sets out the principles for the risk management process as well as the split of responsibilities and reporting within the Group, to ensure that risks are properly managed and monitored. In addition, Ahlstrom has a Corporate Risk Management Directive which describes in detail the procedures for corporate risk management.

Ahlstrom's risk management process is continuous, comprehensive, and integrated across the company. Risks are managed at all levels and the monitoring of risks and mitigation actions is an ongoing process.

Short term risks are specified in the section below and updated in the quarterly interim reports. Financial risks are described in notes 15 and 19 of the consolidated financial statements.

Short-term risks

Ahlstrom manages a broad portfolio of businesses and serves a wide range of end uses globally and therefore unlikely to be significantly affected at a Group level by individual business factors. However, slowing global economic growth and uncertain financial market conditions could have an adverse effect on the operations, financial results, and financial position.

Ahlstrom's significant risks and uncertainties are primarily related to the development of demand and prices for its products, as well as the cost, volatility, and availability of key raw materials and energy. In addition, other business factors such as global fragmentation, supply chain disruptions, regulatory changes, and a resurgence in inflation may also pose financial risks to the company.

Current geopolitical tensions, which in themselves constitute an elevated risk, are also associated with a growing risk of geo-economic confrontation. This could result in additional sanctions and tariffs, leading to diminished sales opportunities, reduced availability of raw materials and increased costs.

The sustainability criteria are developing rapidly as the effects of climate change increase. For the industry, both the impact of climate change and green transition mean new business conditions, but also new business opportunities because some of the environmental challenges can be met with the company's products. Climate change related physical and transition risks include, but are not limited to, unforeseen expenses related to compliance with emerging environmental and other government regulations, adaptation and innovation expenditures, as well as production disruptions and restrictions.

The Group's key financial risks include interest rate and currency, liquidity and credit risks. To mitigate short-term risks, methods such as hedging and credit insurance are used. There are no major refinancing needs short-term. The Group is exposed to tax risks due to potential changes in tax laws and regulations or their application, or as a result of on-going or future tax audits or claims.

The company regularly assesses the best structure for its portfolio of businesses and systematically evaluates M&A opportunities. In potential business combinations, substantial integration work is needed to realize expected synergies. Ongoing transformation initiatives pose risks that are mitigated by a dedicated transformation office of cross-functional and operational capabilities.

Ahlstrom has operations in many countries, and sometimes disputes cannot be avoided in daily operations. The company is sometimes involved in legal actions, disputes, claims for damages and other procedures. The result of these cannot be predicted.

AHLSTROM'S SUSTAINABILITY WORK

As a labor and resource intensive industrial company, Ahlstrom has a particular responsibility to advance environmental performance and manage its workforce in a responsible manner. The Group strives for continuous improvement in several areas, including reducing the environmental impact of its supply chain practices, making efficient use of energy and process water, as well as waste and greenhouse gas emissions linked to its manufacturing. Ahlstrom works to ensure that raw materials are responsibly sourced, and that procurement promotes sustainable forestry practices. Given the significant hazards involved in its processes and work environments, the company requires a systematic and effective work environment management process.

Ahlstrom is dedicated to conducting its business ethically and responsibly within both local and global communities. Ethical business practices are a fundamental principle for the company's operations worldwide. To foster a culture of integrity, Ahlstrom has a comprehensive compliance program led by the Chief Compliance Officer, who reports to the Audit Committee. This program includes a complete set of compliance policies

Ahlstrom's Code of Conduct provides the expectations for integrity and ethical behavior throughout the operations, including compliance with all appropriate national and international laws and regulations.

The President and CEO together with the Executive Management Team define material sustainability matters and targets in line with the company business strategy and ensures that the company has adequate resources and capabilities to implement the sustainability strategy. The Executive Vice President, Procurement and Sustainability is responsible for reporting on the company's sustainability progress and raising issues to the Executive Management Team agenda.

In preparation for the Corporate Sustainability Directive (CSRD), Ahlstrom conducted a Double Materiality Assessment (DMA). This formal methodology determines which sustainability issues Ahlstrom should focus on in its strategy and operations, and which topics should be reported as part of the audited sustainability reporting under the CSRD for the reporting year 2025. The DMA process builds on Ahlstrom's existing practices for identifying, managing, and addressing the company's sustainability and environmental risks. Ahlstrom's 2024 Sustainability Report will present the sustainability work for the year in its entirety.

Below is a selection of Ahlstrom's sustainability topics, metrics, and targets. The comparative data has been adjusted to include the divested Stenay in 2023. In addition, a minor error was discovered in the reporting for the year 2023.

Responsible sourcing

Ahlstrom expects that all new suppliers sign its Supplier Code of Conduct or otherwise that they can be considered compliant. In 2024, a total of 79% (75) of suppliers with spend over a million were signatories to the Ahlstrom Supplier Code of Conduct or were considered compliant. For 2030, the target is that all suppliers are signatories or considered compliant.

Greenhouse gases

Ahlstrom's climate ambitions and actions align with the Paris Agreement and the Science Based Targets initiative's 1.5°C pathway. In 2022, Ahlstrom committed to setting near- and long-term company-wide emission reductions in line with science-based net-zero targets through the SBTi. In 2024, further progress was made in implementing the transition plan. Measures were completed, work on specifying new projects continued, and the targets were validated by SBTi.

Reported Scope 1 and 2 emissions combined decreased by 1.2% to 1,439 (1,456) thousand tons compared to 2023, while total Scope 1 and 2 emissions combined in kilograms of CO_2e

per ton of net production (paper and pulp) decreased by 1.5% to 922 (937). For Scope 1 emissions, improved efficiency could not compensate for the effect of the acquired power plant adjacent to the Windsor Locks plant in the U.S., higher production volumes and operational issues. Scope 2 emissions decreased as a result of improved efficiency and a greater share of renewable and nuclear sources in the purchased electricity.
The work on mapping Scope 3 upstream and downstream emissions was completed in 2024. The measurements, based on industry averages, form the starting point for data-driven development measures. In the second half of 2024, primary data collection began, focusing on the categories offering the greatest potential. Scope 3 emissions increased by 5.0% to 2,693 (2,563) thousand tons compared to 2023, mainly due to increased volumes of purchased good and services.

Fibers
Ahlstrom ensures sustainable forest management and fiber production practices. The basic premise is that all forest fiber-based raw materials are purchased as certified or as a minimum controlled wood for sustainable forest management. In 2024, the certified share was 98% (98) of the total volume of externally purchased renewable fiber. The Group's target is for 100% to be certified by 2030.

Water withdrawal
Ahlstrom is advancing its water efficiency program, which aims to reduce water withdrawal to an average of 60 cubic meters per ton of net production (paper and pulp) by 2030. In 2024, total water withdrawal in million cubic meters increased by 2.9% to 149.5 (145.3), while water withdrawal in cubic meter per ton of net production (paper and pulp) increased to 95.8 (93.5). The most significant increase of water usage took place in a site that uses a significant amount of water for cooling of the process and equipment during warm periods.

Waste
Ahlstrom strives to reduce the amount of waste and seek beneficial uses for waste generated. The company has set a target of zero waste to landfill by 2030. In 2024, a total of 94.0 thousand tons of waste was landfilled, compared to 97.3 thousand tons in 2023, showing a decrease of 4.8%. In terms of wet metric kg per ton of net production (paper and pulp), waste to landfill decreased by 3.8% in 2024 to 60.2 kg per ton (62.6). The improvement was achieved primarily by increased use of sludge for energy generation. Reduced fiber losses from production and identification of new beneficial uses for waste fractions also contributed to the improvement.

Safe workplace
Ahlstroms key metric to measure progress in the complete area of safety is Total Recordable Incidents Rate (TRIR). The TRIR target is to achieve 0.80 by 2025, with a long-term goal of zero injuries. TRIR is the quotient of all recorded occupational accidents for own employees (lost time accidents, occupational diseases, light duty cases, and other recordable incidents) and hours worked. In 2024, TRIR decreased by 9% to 0.91 (1.00). The long-term target is to get to zero injuries.

Engaged people
One of Ahlstrom's fundamental priorities is to ensure an engaged and motivated workforce. Ahlstrom use eNPS (employee Net Promoter Score) to measure employee engagement at least once a year. In 2024 eNPS improved to 39 (31). The ambition is to be amongst the top 10% by 2026, corresponding to a score of approximately 40, in the manufacturing industry (based on Peakon Workday response data).

Diversity, Equity and Inclusion
Ahlstrom values and celebrates diversity and inclusive culture, recognizing its positive impact on innovation, decision-making and engagement. The company has set targets for gender diversity to be reached by end of 2025. For top leaders positions the target is 40% females, being at 28% in 2024 (26%). For all employees, the target is 20% females, being at 20% in 2024 (20%).

Business ethics
Adhering to ethical business practices is a fundamental principle for the company's work across the globe. To comply with ethical and responsible business practices all employees are expected to complete the Code of Conduct course which needs to be renewed biennially and is part of the company's introduction package for new hires. At the end of 2024 91% (97%) of all office employees had renewed the Code of Conduct course at least biennially.

Sustainable innovations
Innovation and product development are the core of Ahlstrom's value creation and enables it to improve its range of products, technologies, and services to address sustainable functionality and design. To measure its performance, Ahlstrom tracks, among other things, the share of innovation sales, i.e., new products and product improvements as a percentage of the Group's net sales. In 2024, the share of innovation sales amounted to 31% (27%). The company has set the target that innovation sales should exceed 25% by 2026.

EVENTS AFTER THE REPORTING PERIOD

Lawsuit against Ahlstrom
On January 6, 2025, the City of Wausau, Wisconsin filed a separate complaint against multiple defendants, including Ahlstrom NA Specialty Solutions LLC, alleging contamination of the City of Wausau's water supply. The City of Wausau alleges that a closed landfill owned by Ahlstrom NA Specialty Solutions LLC in the Village of Maine, Wisconsin is a source of contamination. The lawsuit is in a very early stage.

Return of equity
On January 22, 2025, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,360,800.92 by way of return of equity from invested unrestricted equity reserve. Payment was made on February 3, 2025.

Leadership score A- in CDP climate disclosure
On February 11, 2025, Ahlstrom announced it has been recognized for its commitment to climate action, earning a Leadership score of A- in the 2024 CDP Climate disclosure. This achievement highlights Ahlstrom's efforts to reduce climate impact across the value chain while reinforcing its dedication to transparency and action in tackling climate change.

Forward-Looking Statements

This report contains and refers to certain forward-looking statements with respect to our financial condition, results of operations and business. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among others, statements concerning the potential exposure to market risks and statements expressing management's expectations, beliefs, plans, objectives, intentions, estimates, forecasts, projections and assumptions. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements.

This report contains forward-looking statements, including statements about market consolidation and our strategy, investment program, future operations, industry forecasts, expected acquisitions, transactions and investments, and target levels of leverage and indebtedness. Forward-looking statements provide our current expectations, intentions or forecasts of future events. Forward-looking statements include statements about expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not statements of historical fact. Words or phrases such as "aim," "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "objectives," "ongoing," "outlook," "plan," "potential," "predict," "probably," "project," "seek," "should," "target," "will," "would" or similar words or phrases or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking.

All of these forward-looking statements are based on estimates and assumptions made by such entities that, although believed to be reasonable, are inherently uncertain. Therefore, undue reliance should not be placed upon any forward-looking statements. There are important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements. In addition, even if our actual results are consistent with the forward-looking statements contained in this report, those results or developments may not be indicative of results or developments in subsequent periods. For example, factors that could cause our actual results to vary from projected future results include, but are not limited to: uncertain global economic and financial market conditions; changes in demand for our products as a result of the cyclical nature of the industry in which we operate; the highly competitive markets in which we operate; changes in the costs or availability of raw materials and energy; trade restrictions and economic sanctions; political, financial or legal risks in the markets in which we operate; our ability to successfully implement our business strategy and to manage our growth; product development and innovation; the significant capital expenditures required by our business; any reorganization of our operations or divestment of businesses; risks arising out of joint ventures and other partnerships; operational risks and failures or deficiencies in the management of operational efficiency; loss of customer relationships and customer concentration; compliance with environmental health and safety and other laws and regulations; product safety or quality failures and additional factors which are explained in other reports and or documents prepared by the Group.

The foregoing factors should not be construed as exhaustive. Other sections of this report describe additional factors that could adversely affect our financial position, results of operations and liquidity and developments in the markets and industries in which we operate. New factors will emerge in the future, and it is not possible for the Group to predict such factors. In addition, the Group cannot assess the impact of each factor on its business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those described in any forward-looking statements. In light of these risks, the actual results of the Group could differ materially from the forward-looking statements contained in this report. None of the information contained on the Group's website is incorporated by reference into or otherwise deemed to be linked to this report.

You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All forward-looking statements are expressly qualified in their entirety by the cautionary statements referred to in this section and contained elsewhere in this report. In light of these risks, our results could differ materially from the forward-looking statements contained in this report.

Key figures

Certain of our key figures are not accounting measures defined or specified under IFRS and therefore are considered as alternative performance measures. We present these alternative performance measures as additional information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS. Certain of the adjustments and estimates underlying e.g. Adjusted EBITDA are forward-looking by nature and therefore subject to a number of assumptions about the timing, execution and costs associated with implementing the underlying initiatives. Such assumptions are inherently uncertain and are subject to significant business, economic and competition risk and uncertainties as further described under the heading "Forward-Looking Statements".

We present alternative performance measures because we believe that they are helpful to investors as measures of our operating performance and ability to service our debt, and that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. Alternative performance measures should not be viewed in isolation or as a substitute for revenue or net result for the period or any other performance or liquidity measures presented in our IFRS financial statements or any other generally accepted accounting principles or as a substitute to cash flows from operating, investing or financing activities. Companies do not calculate alternative performance measures in a uniform way, and therefore Ahlstrom's alternative performance measures may not be comparable with similarly named measures presented by other companies. The alternative performance measures we present may also be defined differently than the corresponding terms under our debt financing arrangements.

Some of the limitations of these alternative performance measures are that:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA-based measures do not reflect any cash requirements that would be required for such replacements;
- they may include adjustments for non-cash items and not adjust for all items that impact cash flows;
- some of the items that we eliminate in calculating certain EBITDA-based measures reflect cash payments that were made, or will in the future be made; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.
- Net indebtedness as presented in this report is not necessarily calculated in the same manner in which net indebtedness is calculated for the purposes of determining the “Fixed Charge Coverage Ratio,” the “Senior Secured Net Leverage Ratio,” the “Total Net Leverage Ratio” or any other metric in accordance with the finance documents governing the Group’s indebtedness.

Alternative performance measures are unaudited.

All figures are concerning continuing operations unless otherwise stated. The Decor business divested in 2022 and related transactions are presented as a discontinued operation in the income statements and statements of comprehensive income for 2022 and 2023. Balance sheet and cash flow statement include Decor until October 1, 2022.

Financial key figures 2024-2022

EUR million, or as indicated	2024	2023	2022
Net sales	2,965.4	2,972.9	3,348.7
Operating result [1]	86.1	165.4	113.8
Operating result margin, % [1]	2.9	5.6	3.4
Net result [1]	-122.6	-80.1	10.1
EBITDA [1]	331.0	350.3	299.8
EBITDA margin, % [1]	11.2	11.8	9.0
Comparable EBITDA	451.2	420.1	440.2
Comparable EBITDA margin, %	15.2	14.1	13.1
Items affecting comparability in EBITDA and management fee	-120.2	-69.8	-140.4
Adjusted EBITDA (LTM)	513.9	487.0	540.8
Adjusted EBITDA margin, %	17.3	16.4	16.1
Comparable operating result	267.5	243.3	257.0
Comparable operating result margin, %	9.0	8.2	7.7
Items affecting comparability in Operating result	-181.4	-77.9	-143.2
MOVC/ton, EUR	986.7	933.4	867.9
MOVC margin, %	41.5	40.0	37.4
Interest expense (LTM)	-154.4	-151.1	-121.0
Free cash flow	348.4	325.1	360.2
Cash conversion, %	77.2	77.4	81.8
Employee benefit expenses	-612.4	-564.8	-582.4
Depreciation and amortization	-183.7	-176.7	-182.8
Impairment loss on tangible and intangible assets and goodwill	-61.2	-8.1	-3.1
Capital expenditure	161.9	209.0	195.1
Operating working capital	283.8	316.2	314.2
Ratio of adjusted Net indebtedness to adjusted EBITDA (LTM)	3.6	3.7	3.1

EUR million, or as indicated	2024	2023	2022
Ratio of adjusted Net senior secured indebtedness to adjusted EBITDA (LTM)	3.2	3.4	2.9
Ratio of adjusted EBITDA to interest expense	3.3	3.2	4.5
Net senior secured indebtedness	1,907.2	1,891.3	1,788.9
Adjusted Net senior secured indebtedness	1,665.0	1,649.1	1,546.7
Net indebtedness	2,110.9	2,039.6	1,930.0
Adjusted Net indebtedness	1,868.7	1,797.4	1,687.7

[1] In 2024, restructuring costs totalling EUR 35.8 million were recognized in connection with the closure of the Bousbecque plant.

Reconciliation of certain key performance measures

Adjusted EBITDA is not identified as an accounting measurement in IFRS and should therefore not be considered as alternative to the disclosures provided in the financial statement for the purpose of assessing the Group's performance. Adjusted EBITDA is based on various assumptions, including successful implementation of certain initiatives and Sponsor estimates. It should not be considered as a substitute for revenue or net result for the period or any other performance or liquidity measures derived in accordance with IFRS or any other generally accepted accounting principles.

EUR million	2024	2023	2022
Items affecting comparability			
Transaction costs	-5.5	-0.9	-4.6
Transformation/Integration costs	-10.1	-39.4	-116.3
Restructuring costs [1]	-54.9	-16.8	-7.8
Other [2]	-43.2	-5.2	-5.5
Total items affecting comparability (IAC) in EBITDA	**-113.8**	**-62.3**	**-134.3**
Management fee to owners	-6.4	-7.4	-6.1
Total IAC in EBITDA and management fee	**-120.2**	**-69.8**	**-140.4**
Impairment loss on tangible and intangible assets and goodwill	-61.2	-8.1	-2.8
Total IAC in Operating result	**-181.4**	**-77.9**	**-143.2**
Net result	**-122.6**	**-80.1**	**10.1**
Taxes	-15.8	-36.2	-13.2
Share of result in equity-accounted investees	-9.4	-4.1	-6.1
Net financial items	-183.5	-205.1	-84.4
Operating result	**86.1**	**165.4**	**113.8**
Depreciation, amortization and impairment	-244.8	-184.9	-185.9
EBITDA	**331.0**	**350.3**	**299.8**
Total IAC in EBITDA and management fee	-120.2	-69.8	-140.4
Comparable EBITDA	**451.2**	**420.1**	**440.2**

[1] In 2024, restructuring costs totalling EUR 35.8 million were recognized in connection with the closure of the Bousbecque plant.
[2] 2024 includes mainly losses from financial hedges incurred as a result of the exceptional natural gas market situation in Europe in the second half of 2022.

EUR million	2024	2023	2022
Adjusted Net senior secured indebtedness			
Net senior secured indebtedness	1,907.2	1,891.3	1,788.9
Escrow account related to minority squeeze-out liability	242.2	242.2	242.2
Adjusted Net senior secured indebtedness	**1,665.0**	**1,649.1**	**1,546.7**
Adjusted Net indebtedness			
Net indebtedness	2,110.9	2,039.6	1,930.0
Escrow account related to minority squeeze-out liability	242.2	242.2	242.2
Adjusted Net indebtedness	**1,868.7**	**1,797.4**	**1,687.7**
Comparable operating result			
Operating result	86.1	165.4	113.8
Total IAC in EBITDA and management fee	-120.2	-69.8	-140.4
Impairment loss on tangible and intangible assets and goodwill	-61.2	-8.1	-2.8
Comparable operating result	**267.5**	**243.3**	**257.0**
Free cash flow			
Comparable EBITDA	451.2	420.1	440.2
Maintenance capital expenditure	102.7	94.9	80.0
Free cash flow	**348.4**	**325.1**	**360.2**
Adjusted EBITDA (LTM)			
Comparable EBITDA (LTM)	**451.2**	**420.1**	**440.2**
FY22 initiatives	–	–	27.8
FY23 initiatives	–	18.7	72.8
FY24 initiatives	12.5 [1]	48.2	–
FY25 initiatives	50.2 [2]	–	–
Adjusted EBITDA (LTM)	**513.9**	**487.0**	**540.8**

[1] Consists of initiatives that have been implemented over the course of 2024. The savings from 2024 initiatives are estimated at EUR 12.5 million and are expected to be achieved within 12 months of implementation. The savings include: Indirect Spend (EUR 7.4 million), related mainly to freight and production cost optimization, Fibers (EUR 2.4 million), Chemicals (EUR 1.8 million), Energy (EUR 0.3 million) related to energy optimization and consumption, and Continuous Improvement projects (EUR 0.4 million) associated with various initiatives driving improved performance. Additionally, saving related to wood (EUR 0.1 million).

[2] Consists of initiatives to be implemented, with the EBITDA benefit not planned until 2025. The amount of savings from these initiatives is estimated at EUR 50.2 million. The savings include: Fibers (EUR 24.9 million), Indirect Spend (EUR 9.0 million), related mainly to freight and service cost optimization, Improvement projects (EUR 5.3 million) linked to various initiatives driving improved performance, Chemicals (EUR 5.7 million), and Energy (EUR 5.2 million), related to energy optimization and consumption. Additionally, savings related to wood (EUR 0.1 million).

Calculation of key figures

The definitions of financial key performance indicators are described below.

Key figure	Definitions	Reason for use of the key figure
Operating result	Net result before taxes and net financial items	Operating result shows result generated by the operating activities excluding items related to financing and taxation.
Operating result margin, %	Operating result / net sales	
EBITDA	Operating result before depreciation, amortization and impairment	EBITDA indicates the profit generated from operations excluding items related to financing, taxation, depreciation and impairment.
EBITDA margin, %	EBITDA / net sales	EBITDA margin reflects the profitability of operations. It indicates what portion of revenue translates into EBITDA.
Comparable EBITDA	EBITDA excluding items affecting comparability in EBITDA and management fee to owners	Comparable EBITDA, comparable EBITDA margin, comparable operating result, and comparable operating result margin are presented in addition to EBITDA and operating result to reflect the underlying business performance and to enhance comparability from period to period. Ahlstrom believes that these comparable performance measures provide meaningful supplemental information by excluding items outside ordinary course of business, which reduce comparability between the periods.
Comparable EBITDA margin, %	Comparable EBITDA / net sales	
Comparable operating result	Operating result excluding items affecting comparability in EBITDA, impairment loss on tangible and intangible assets and goodwill and management fee to owners	
Comparable operating result margin, %	Comparable operating result / net sales	
Items affecting comparability in EBITDA	Material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructurings including redundancy payments, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments and litigations	
Management fee to owners	Represents the fees paid to the owners pursuant to a management agreement whereby we have received general business consulting services; financial, managerial and operational advice; advisory and consulting services with respect to selection of advisors; advice in different fields; and financial and strategic planning and analysis	
Adjusted EBITDA (LTM)	Represents comparable EBITDA as adjusted for certain additional cost savings programs	Indebtedness related key figures are indicators to measure the total external debt financing of Ahlstrom.
Adjusted EBITDA margin (LTM), %	Adjusted EBITDA / net sales	
MOVC/ton, EUR	Net sales minus variable costs of sales (excluding items affecting comparability) / sales tons	
MOVC margin, %	Net sales minus variable costs of sales (excluding items affecting comparability) / net sales	
Interest expense (LTM)	Interest expenses on borrowings and leasing liabilities, excluding amortization of loan transaction costs	
Net indebtedness	Non-current and current borrowings and non-current and current lease liability less cash and cash equivalents	
Adjusted Net indebtedness	Net indebtedness minus escrow account related to minority interest squeeze-out liability	
Net senior secured indebtedness	Senior Secured Notes and Senior Secured Term Facilities net of cash and cash equivalents	
Adjusted Net senior secured indebtedness	Net senior secured indebtedness minus escrow account related to minority interest squeeze-out liability	
Ratio of adjusted Net indebtedness to adjusted EBITDA	Adjusted Net indebtedness / adjusted EBITDA	
Ratio of adjusted Net senior secured indebtedness to adjusted EBITDA	Adjusted Net senior secured indebtedness / adjusted EBITDA	
Ratio of adjusted EBITDA to interest expense	Adjusted EBITDA (LTM) / interest expense (LTM)	
Capital expenditure	Purchases for property, plant and equipment and intangible assets as presented in the cash flow statement	Capital expenditure provides additional information of the cash flow needs of the operations.

Key figure	Definitions	Reason for use of the key figure
Operating working capital	Inventories plus operative receivables before factoring less operating payables	
Free cash flow	Comparable EBITDA minus maintenance capital expenditure	
Cash conversion	Free cash flow divided by comparable EBITDA	

Consolidated financial statements, IFRS

Income statement

EUR million	Note	2024	2023
Continuing operations			
Net sales	3, 4	2,965.4	2,972.9
Cost of goods sold	5, 8	-2,514.7	-2,494.9
Gross profit		**450.6**	**478.0**
Sales and marketing expenses	5, 8	-60.0	-55.5
R&D expenses	5, 8	-25.7	-22.0
Administrative expenses	5, 8	-195.1	-208.2
Other operating income	6	44.3	46.9
Other operating expense	6	-128.0	-73.8
Operating result		**86.1**	**165.4**
Financial income	17	30.3	44.5
Financial expenses	17	-213.8	-249.6
Net financial items		**-183.5**	**-205.1**
Share of result in equity-accounted investees	23	-9.4	-4.1
Result before tax		**-106.8**	**-43.9**
Income taxes	7	-15.8	-36.2
Net result from continuing operations		**-122.6**	**-80.1**
Net result from discontinued operations	21	**–**	**-0.7**
Net result		**-122.6**	**-80.8**

Statement of comprehensive income

EUR million	Note	2024	2023
Net result		**-122.6**	**-80.8**
Other comprehensive income			
Items that may be reclassified to income statement			
Exchange differences on translation of foreign operations	20	12.0	-61.0
Translation differences reclassified to income statement	20, 21	0.6	–
Hedges of net investments in foreign operations		-32.9	18.9
Change in cash flow hedge reserve	20	-8.1	-19.3
Cash flow hedge transferred to income statement	20	34.1	5.6
Equity-accounted investees - share of OCI		-2.2	0.7
Income taxes related to items that may be reclassified		-7.8	4.3
Items that will not be reclassified to income statement			
Remeasurement gains and losses on defined benefit plans	9	-0.2	0.0
Equity-accounted investees - share of OCI		0.3	0.0
Income taxes related to items that will not be reclassified		0.0	0.1
Other comprehensive income		**-4.2**	**-50.6**
Comprehensive income		**-126.8**	**-131.4**
Net result attributable to:			
Parent company's shareholders		-124.3	-82.5
Non-controlling interests		1.7	1.8
Comprehensive income attributable to:			
Parent company's shareholders		-128.9	-132.5
Non-controlling interests		2.1	1.1

The notes are an integral part of the financial statements.

Balance Sheet

EUR million	Note	Dec 31, 2024	Dec 31, 2023
Assets			
Non-current assets			
Property, plant and equipment	10	1,115.0	1,135.0
Right-of-use assets	11	34.6	38.6
Goodwill	12	1,050.6	1,070.7
Intangible assets	12	789.2	788.2
Equity-accounted investees	23	18.6	25.0
Other non-current assets	9, 18	45.5	72.3
Deferred tax assets	7	3.1	2.3
Total non-current assets		**3,056.6**	**3,132.0**
Current assets			
Inventories	14	366.7	332.1
Trade and other receivables	15	514.3	491.8
Income tax receivables	7	11.9	17.0
Cash and cash equivalents	16	221.8	185.3
Total current assets		**1,114.6**	**1,026.2**
Total assets		**4,171.2**	**4,158.1**

EUR million	Note	Dec 31, 2024	Dec 31, 2023
Equity and liabilities			
Equity			
Equity attributable to parent company's shareholders			
Reserve for invested unrestricted equity	20	982.5	1,016.1
Other reserves	20	-49.7	-45.1
Retained earnings	20	-380.7	-256.4
Total equity attributable to parent company's shareholders		**552.2**	**714.6**
Non-controlling interests		11.1	10.0
Total equity		**563.3**	**724.6**
Non-current liabilities			
Non-current borrowings	16, 18	2,124.0	2,071.8
Non-current lease liabilities	16, 18	22.7	26.0
Other non-current liabilities		9.4	16.3
Employee benefit obligations	9	42.7	53.0
Deferred tax liabilities	7	212.4	222.4
Non-current provisions	13	36.8	29.6
Total non-current liabilities		**2,448.0**	**2,419.1**
Current liabilities			
Current borrowings	16, 18	173.1	113.1
Current lease liabilities	16, 18	12.9	14.0
Trade and other payables	15	930.7	872.0
Income tax liabilities	7	9.7	7.7
Current provisions	13	33.3	7.8
Total current liabilities		**1,159.8**	**1,014.4**
Total liabilities		**3,607.9**	**3,433.5**
Total equity and liabilities		**4,171.2**	**4,158.1**

The notes are an integral part of the financial statements.

Statement of changes in equity

EUR million	Note	Equity attributable to parent company's shareholders: Reserve for invested unrestricted equity	Other reserves	Cumulative translation adjustment	Retained earnings	Total equity attributable to parent company's shareholders	Non-controlling interests	Total Equity
Equity at January 1, 2024		**1,016.1**	**-57.2**	**12.2**	**-256.4**	**714.6**	**10.0**	**724.6**
Net result		–	–	–	-124.3	-124.3	1.7	-122.6
Other comprehensive income before tax		–	-6.9	10.1	0.1	3.2	0.4	3.6
Tax on other comprehensive income		–	-7.8	–	0.0	-7.8	–	-7.8
Total comprehensive income		**–**	**-14.7**	**10.1**	**-124.3**	**-128.9**	**2.1**	**-126.8**
Return of equity and dividends	20	-33.5	–	–	–	-33.5	-1.0	-34.5
Equity at December 31, 2024		**982.5**	**-71.9**	**22.2**	**-380.7**	**552.2**	**11.1**	**563.3**
Equity at January 1, 2023		**1,054.1**	**-66.8**	**71.8**	**-173.9**	**885.1**	**9.4**	**894.5**
Net result		–	–	–	-82.5	-82.5	1.8	-80.8
Other comprehensive income before tax		–	5.3	-59.6	0.0	-54.4	-0.6	-55.0
Tax on other comprehensive income		–	4.3	–	0.1	4.4	–	4.4
Total comprehensive income		**–**	**9.6**	**-59.6**	**-82.5**	**-132.5**	**1.1**	**-131.4**
Return of equity and dividends	20	-38.0	–	–	–	-38.0	-0.5	-38.5
Equity at December 31, 2023		**1,016.1**	**-57.2**	**12.2**	**-256.4**	**714.6**	**10.0**	**724.6**

The notes are an integral part of the financial statements.

Cash flow statement

EUR million	Note	2024	2023
Cash flow from operating activities			
Net result		**-122.6**	**-80.8**
Adjustments:			
Non-cash transactions and transfers to cash flow from other activities			
Depreciation, amortization and impairment	5	244.8	184.9
Share of profits of associated companies		9.4	4.1
Gains and losses on sale of non-current assets		-0.1	-1.0
Change in employee benefit obligations	9	-7.2	0.4
Other non-cash adjustments		0.3	–
Total non-cash transactions and transfers to cash flow from other activities		247.3	188.4
Interest and other financial income and expense		183.5	205.1
Taxes	7	15.8	36.2
Total adjustments		446.6	429.7
Changes in net working capital:			
Change in trade and other receivables	15	-15.7	52.2
Change in inventories	14	-36.2	77.5
Change in trade and other payables	15	97.7	-160.2
Total changes in net working capital		45.7	-30.5
Change in provisions	13	33.8	4.6
Interest received		9.3	7.6
Interest paid		-147.1	-142.8
Other financial items paid, net		-9.8	-14.9
Income taxes paid	7	-29.0	-29.8
Net cash from operating activities		**227.0**	**143.1**

EUR million	Note	2024	2023
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	10, 12	-161.9	-209.0
Payment for acquisition of businesses and subsidiaries, net of cash acquired	21	-42.4	–
Proceeds from disposal of shares in Group companies and businesses, net of cash disposed	21	23.1	-5.0
Change in other investments		-5.0	-2.7
Proceeds from disposal of intangible assets and property, plant and equipment		0.0	0.2
Net cash from investing activities		**-186.3**	**-216.5**
Cash flow from financing activities			
Proceeds from non-current borrowings	16, 18	–	75.0
Repayments of non-current borrowings	16, 18	-4.8	-4.7
Change in current borrowings	16, 18	57.6	8.6
Payments of lease liabilities	16, 18	-16.0	-16.6
Return on equity		-33.5	-38.0
Dividends paid		-1.0	-0.5
Net cash from financing activities		**2.3**	**23.8**
Net change in cash and cash equivalents		**43.0**	**-49.6**
Cash and cash equivalents at the beginning of the period		185.3	240.7
Foreign exchange effect on cash		-6.5	-5.8
Cash and cash equivalents at the end of the period	**16**	**221.8**	**185.3**

The notes are an integral part of the financial statements.

Notes to the consolidated financial statements

We use the following symbols throughout the financial statements

This symbol describes the accounting policy applied by the Group to the specific financial statement item.

This symbol is used when the specific item requires management to make judgements, estimates and assumptions that have a significant effect on the financial statements and estimates that may cause material adjustments to the financial statements.

This symbol is used with a disclosure on a specific risk related to the financial statement item.

The following matrix outlines the notes structure and where our accounting policies, estimates, judgements and risk disclosures are included within the footnotes to our main statements:

Note	Topic			
Ahlstrom business and basis of preparation				
1	Information about Ahlstrom			
2	Basis of preparation	X	X	
Performance				
3	Division information	X		
4	Sources of revenue	X		
5	Expenses by nature	X		
6	Other operating income and expense	X		
7	Taxes	X	X	
Employee rewards				
8	Employee and Board of Directors remuneration [1]	X	X	
9	Defined benefit plans	X	X	X
Capital employed				
10	Property, plant and equipment	X	X	
11	Right-of-use assets	X	X	
12	Goodwill and intangible assets	X	X	
13	Provisions	X	X	
14	Inventories	X	X	
15	Trade and other receivables and trade and other payables	X		X
Capital structure and financial risks				
16	Net indebtedness	X		
17	Financial income and expenses	X		
18	Capital management	X		
19.	Financial risk management	X		X
20	Equity	X		
Group structure				
21	Business disposals and acquisitions	X	X	
22.	Related party transactions [1]	X		
23.	Equity-accounted investees	X		
24.	Subsidiaries	X		
Other notes				
25	Off-balance sheet commitments	X		
26	Events after the reporting period			

[1] Related party transactions are presented separately for the Board of Directors and key management remuneration in note 8 and other related party matters are presented in note 22.

Income statement related notes are presented for the continuing operations, unless otherwise stated.

Ahlstrom's business and basis of preparation

1 INFORMATION ABOUT AHLSTROM

Ahlstrom is a global leader in fiber-based materials, supplying innovative and sustainable solutions to customers worldwide. Alhstrom's offerings include filter materials, release liners, food and beverage processing materials, abrasive and tape backings, electrotechnical paper, glass fiber materials, medical fiber materials and solutions for diagnostics as well as a range of specialty papers for industrial and consumer end-uses.

Ahlstrom Holding 3 Oy is the parent company of Ahlstrom Group ("Ahlstrom", or "Group"). Ahlstrom Holding 3 Oy is a holding, management and finance company with no revenue-generating activities of its own and no business operations, material assets or liabilities other than those acquired or incurred in connection with its incorporation and the acquisition of Ahlstrom Oyj and its subsidiaries ("Ahlstrom") and financing for the acquisition. Ahlstrom Holding 3 Oy is a Finnish limited liability company with a corporate identity number, 3156762-4. Ahlstrom Holding 3 Oy is registered in Helsinki, Finland and its registered address is Keilaranta 18, 02150 Espoo, Finland.

2 BASIS OF PREPARATION

Basis of preparation and accounting policies in our audited financial statements

Basis of preparation

Ahlstrom's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and the interpretations issued by the IFRS Interpretations Committee as per December 31, 2024, as approved by the Commission of the European Communities (EU) for application in the European Union. These consolidated financial statements have been prepared solely for the purpose of reporting to the parent company's bondholders, and thus do not include official parent company financial statements registered separately.

The following general principles have been applied to our financial statements:

- The parent company's functional and presentation currency is the euro ("EUR"), and financial statements are presented in millions of euros ("EUR million"), unless otherwise indicated.
- Financial statements are prepared on a historical cost basis, except for derivative financial instruments, unlisted shares and interests and defined benefit pension plan assets, which are measured at fair value.
- Non-current assets and non-current liabilities consist of amounts that are expected to be recovered or paid more than 12 months after the reporting period. Current assets and current liabilities consist of amounts that are expected to be recovered or paid within 12 months of the end of the reporting period.
- All financial data in the financial statements have been rounded and consequently the sum of individual figures can deviate from the total sum. Percentages are subject to possible rounding differences.
- The accounting policies outlined in these financial statements have been applied consistently throughout the Group and comparative information has been reclassified and restated where required to ensure consistency.
- These financial statements include financial information of Ahlstrom (the "Group"), consisting of Ahlstrom Holding 3 Oy as the parent company and its subsidiaries.
- For accounting purposes, the public exchange offer (comprising of the initial and the subsequent public exchange offer) and the mandatory redemption proceedings for the minority squeeze-out explained in detail in the Note 21 are treated as linked transactions and accounted for as one single transaction resulting in Ahlstrom-Holding 3 Oy consolidating 100% of Ahlstrom at the acquisition date, when Ahlstrom Holding 3 Oy reached the 90% threshold in voting rights in 2021.
- Unless otherwise noted, figures in the financial statements report refer to continuing operations. The Decor business divested in 2022 and related transactions are presented as a discontinued operation in the income statement, statement of comprehensive income and cash flow statement until the end of Q1 2023.

Foreign currency translation

Figures representing the financial result and position of each subsidiary in the Group are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Monetary balance sheet items denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at the balance sheet date.

Foreign exchange differences arising from the currency translation are recognized in the income statement. Foreign exchange gains and losses arising from operating business transactions are included in operating profit, and those arising from financial transactions are included as a gross amount in financial income and expenses. The foreign exchange gains and losses arising from the qualifying cash flow hedges and qualifying hedges of a net investment in foreign operations are recorded in the statement of other comprehensive income and accumulated currency differences are recognized in equity.

The balance sheets of foreign subsidiaries are translated into euros at the exchange rates prevailing at the balance sheet date while the income statements are translated at the average exchange rates for the period. Translating the result of the period using different exchange rates on the balance sheet and income statement causes a translation difference to be recognized in equity and its change is recorded in the statement of other comprehensive income. When a subsidiary is disposed or sold wholly or partially, related accumulated translation differences are reclassified from equity to income statement.

Translation differences arise from the elimination of the acquisition cost of foreign subsidiaries and from the foreign currency nominated subsidiaries' equity items since the acquisition date. Hedges of foreign currency nominated net investments in subsidiaries are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in income statement within net finance items. Gains and losses accumulated in equity are reclassified to income statement when the foreign operation is partially disposed of or sold. Ahlstrom may use non-derivative financial instruments such as foreign currency borrowings to hedge foreign currency risk on net investments in foreign operations. Derivative instruments are not allowed to be used to hedge this risk.

Expenses by function

Cost of goods sold includes costs of producing inventories that have been sold to third parties, delivery expenses, impairment of inventories, repair and maintenance, operative exchange gains/losses including the impact of the foreign exchange derivatives, and general overhead expenses of Group's Production and supply function, which are expensed as incurred.

Sales and marketing expenses include costs of selling products, customer service, marketing and promotional expenses.

R&D expenses include the expenses of Ahlstrom's R&D facilities and expenses related to innovation and product development resources.

Administrative expenses include expenses of General Management, Finance, Corporate Strategy and Development, Legal, Group Operations Office, Sustainability, Corporate Procurement, Communications and Investor Relations, Human Resources and Information Systems functions.

Application of new and revised standards or interpretations from January 1, 2024
Ahlstrom has applied the following standards and amendments for the first time for their annual reporting period commencing January 1, 2024:

- Classification of Liabilities as Current and Non-current – Amendments to IAS 1 Presentation of Financial Statements. The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.
- Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures. The amendments enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. Amendments require to disclose quantitative and qualitative information about supplier finance programs.

The amendments and improvements listed above did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The financial statements were authorised for issue by Ahlstrom Group's Board of Directors on February 26, 2025 and are expected to be adopted by the Annual General Meeting.

New accounting standards
Certain new accounting standard amendments and interpretations, which will become effective in the reporting periods beginning after January 1, 2024, have been published:

IFRS 18, Presentation and Disclosure in Financial Statements will become effective for financial years beginning on or after 1 January 2027 (early application is permitted). The standard is not yet endorsed by the European Union. IFRS 18 will replace IAS 1 Presentation of Financial Statements. The key new requirements are as follows:

- Income and expenses in the income statement to be classified into three new defined categories — operating, investing and financing — and two new subtotals — "Operating profit or loss" and "Profit or loss before financing and income tax".
- Disclosures about management-defined performance measures (MPMs) in the financial statements. MPMs are subtotals of income and expenses used in public communications to communicate management's view of the company's financial performance.
- Disclosure of information based on enhanced general requirements on aggregation and disaggregation. In addition, specific requirements to disaggregate certain expenses, in the notes, will be required for companies that present operating expenses by function in the income statement.

The Group is assessing the impacts of IFRS 18 on the financial statements. For the other new standards, amendments or improvements becoming effective in the following financial years, the Group does not expect any material impacts on the financial statements.

Notes disclosures
Notes to the financial statements include information required under IFRS to understand the financial statements and is material and relevant to Ahlstrom's operations, financial position and performance. Information is considered material and relevant if, for example:

- The amounts are significant because of size or nature;
- Disclosure is important for understanding the results of the Group;
- Disclosure helps to explain the impact of significant changes in the composition of the Group, operations or significant events such as acquisitions, impairments, major refinancing transactions; or
- The disclosure relates to an aspect of Ahlstrom's operations that is important to its future performance.

Where an accounting policy is applicable to a specific note, it is described within that note with the related disclosures including estimates and judgements of material nature made by management. Certain of our accounting policies that relate to the financial statements as a whole, are disclosed above.

Financial statement disclosures are organised into the following sections:

- Performance – This section focuses on the results and performance of the Group. The section includes disclosures that explain the Group's performance at both a consolidated and divisional level, sources of revenue, other operating income and expense, and the Group's tax footprint.
- Employee rewards – Contains disclosures regarding employee benefits and defined benefit obligations towards our current and former employees.
- Capital employed – Disclosures in this section focus on our operating assets and liabilities including information on our investments in long-lived assets, trade receivables and payables, inventories and provisions.
- Capital structure and financial risks – This section outlines the Group's net debt and how Ahlstrom manages its capital and liquidity. Net debt is an important indicator for Ahlstrom to measure the external debt financing of the Group. The section also discusses the Group's exposure to various financial risks, explains how these affect Ahlstrom's financial position and performance and how the risks are managed.
- Group structure – In this section the group structure and the changes in it are explained. It also comprises disclosures about the Group's equity-accounted investees and related party transactions.
- Other notes – this section provides the additional information required to be disclosed under IFRS and Finnish statutory requirements.

Income statement related notes are presented for the continuing operations, unless otherwise stated. Comparative period's figures are presented in brackets.

Performance

This section focuses on the results and performance of the Group on a consolidated and on a division level. It also includes notes on costs by nature, other operating income and expense as well as information about Group's tax footprint.

3 DIVISION INFORMATION

Ahlstrom operates under three divisions which are Filtration & Life Sciences, Food & Consumer Packaging, and Protective Materials, which also form Group's reportable segments. The divisions and Other are described more in detail in the table below.

Filtration & Life Sciences Mission-critical air and liquid filtration applications and life science and medical solutions.	**Food & Consumer Packaging** Solutions for improved food safety, product protecting, preservation, and bacteria prevention
Protective Materials Highly engineered materials for protecting every surface of the building, and specialty materials for electrotechnical and other industrial applications.	**Other and eliminations** Other and eliminations include certain group and function costs, as well as certain other costs not used in the assessment of divisional performance. The Aspa pulp mill was included until October 31, 2024.

Financial performance by divisions

2024

EUR million	Food & Consumer Packaging	Filtration & Life Sciences	Protective Materials	Other and eliminations	Group
Net sales, external	1,177.7	739.9	941.7	106.1	2,965.4
Net sales, internal	46.0	10.1	16.1	-72.2	–
Net sales	**1,223.7**	**749.9**	**957.8**	**33.9**	**2,965.4**
Comparable EBITDA	**140.9**	**175.9**	**132.8**	**1.7**	**451.2**
Items affecting comparability in EBITDA [1]					-120.2
EBITDA					331.0
Depreciation, amortization and impairment losses					-244.8
Operating result					**86.1**

[1] See also section Key figures

2023

EUR million	Food & Consumer Packaging	Filtration & Life Sciences	Protective Materials	Other and eliminations	Group
Net sales, external	1,203.4	706.3	894.6	168.6	2,972.9
Net sales, internal	28.0	9.0	17.5	-54.5	–
Net sales	**1,231.4**	**715.3**	**912.1**	**114.1**	**2,972.9**
Comparable EBITDA	**144.2**	**149.3**	**131.9**	**-5.4**	**420.1**
Items affecting comparability in EBITDA [1]					-69.8
EBITDA					350.3
Depreciation, amortization and impairment losses					-184.9
Operating result					**165.4**

[1] See also section Key figures

Additional division information

2024

EUR million	Food & Consumer Packaging	Filtration & Life Sciences	Protective Materials	Other and eliminations	Group
Capital expenditure	31.1	22.2	67.2	41.4	161.9
Operating working capital	95.9	102.9	116.3	-31.3	283.8

2023

EUR million	Food & Consumer Packaging	Filtration & Life Sciences	Protective Materials	Other and eliminations	Group
Capital expenditure	33.6	21.9	98.8	54.7	209.0
Operating working capital	122.7	97.1	118.5	-22.0	316.2

Accounting policies

Reportable segments

Ahlstrom's CEO together with the Board of Directors is the Group's chief operating decision maker ("CODM") and operating segments are determined on the basis of information reviewed by the CEO and the Board for the purposes of allocating resources and assessing the divisions performance. The divisions performance is assessed internally based on net sales and comparable EBITDA. Comparable EBITDA is defined for internal management reporting purposes as operating result before depreciation, amortization and impairment losses and excluding items affecting comparability. Ahlstrom defines items affecting comparability being material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructuring including redundancy payments, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments and litigations.

In addition to comparable EBITDA, the CODM also follows the divisions' net asset position based on the operating working capital which is defined as inventories plus operating receivables before factoring less operating payables.

The capital expenditure is allocated to the divisions according to the plants' main operating division.

Sales between the divisions are invoiced at market prices. None of Ahlstrom's individual customers accounts for more than 10 per cent of the Group's revenues.

4 SOURCES OF REVENUE

Ahlstrom's revenue comprise the sale of manufactured products through its three divisions, including filter materials, release liners, food and beverage processing materials, abrasive and tape backings, electrotechnical paper, glass fibre materials, medical fibre materials and solutions for diagnostics as well as a range of speciality papers for industrial and consumer end-uses.

Net sales by geography

EUR million	2024	2023
USA	1,190.3	1,167.8
Germany	220.0	251.2
China	157.5	202.0
Brazil	142.6	143.2
Italy	138.1	127.7
India	116.3	62.6
Netherlands	111.7	140.5
France	87.4	99.8
Spain	81.1	75.3
United Kingdom	74.9	62.6
Poland	64.1	64.6
Canada	53.4	52.7
Other [1]	528.0	523.0
Total	**2,965.4**	**2,972.9**

[1] Other includes Finland, EUR 19.3 million (21.2).

Net sales in the table above are presented based on the customers' geographical location. Ahlstrom recognizes revenue at a point in time.

Net sales by region

EUR million	2024	2023
North America	1,243.7	1,220.4
Europe	1,052.5	1,094.7
Asia Pacific	405.7	397.7
South America	222.0	224.3
Rest of the world	41.5	35.7
Total	**2,965.4**	**2,972.9**

Contract assets and liabilities

The Group has advance payments received from customers EUR 3.5 million (EUR 2.6 million), see note 15.

Non-current assets by geography

EUR million	Dec 31, 2024	Dec 31, 2023
USA	1,096.3	990.9
Italy	435.5	449.4
Finland	415.8	423.2
France	340.7	356.9
Sweden	218.0	316.3
China	102.0	106.2
Brazil	96.3	119.8
Korea	94.0	102.4
Other	258.0	266.9
Total	**3,056.6**	**3,132.0**

Accounting policies

Revenue recognition

IFRS 15 Revenue from Contracts with Customers standard defines a five-step model to recognize revenue arising from contracts with customers. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the good or service underlying the particular performance obligation is transferred to the customer.

The Group is delivering goods to the customers where each good provided to the customer is distinct from the other goods provided to the customer. A typical good consist of a packed sheet of paper or a roll of paper, which each represent a distinct performance obligation. The Group does not provide significant amount of services. Sale of goods is the revenue stream of the Company that consists of the following divisions: Filtration & Life Sciences, Food & Consumer Packaging and Protective Materials.

A typical contract with customer consists of purchase order and order confirmation, including the general terms and conditions of the arrangement. The Group provides standard assurance-type warranties only and consequently the customer contracts do not include any service-type warranties that should be accounted for as a separate performance obligation.

The transaction price may include variable consideration components, including volume and cash discounts and refunds. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts and refunds. Accumulated experience is used and provide for the discounts and customer refunds, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Revenue is recognised at a point in time when control of goods has been transferred to the customer based on Incoterms.

5 EXPENSES BY NATURE

EUR million	2024	2023
Raw materials	-1,175.7	-1,182.2
Personnel costs	-612.4	-564.8
Energy	-308.8	-307.6
Production costs	-343.3	-344.0
Delivery expenses	-106.3	-113.4
Depreciation and amortization	-183.7	-176.8
Impairments	-61.2	-8.2
Operative exchange gains/losses	-1.1	-6.9
Other expenses	-131.1	-150.6
Total	**-2,923.5**	**-2,854.4**

Auditor remuneration

EUR million	2024	2023
Audit fees	1.5	1.8
Tax service fees	0.1	0.0
Other fees	0.4	0.2
Total	**2.0**	**2.0**

KPMG Oy Ab has been the auditor for Ahlstrom Group in 2024 and 2023.

Accounting policies

Repair and maintenance

Ordinary repairs and maintenance activities are performed to maintain the plants and equipment in operating condition. Ordinary repairs usually benefit only the period when such repairs are done and accordingly are expensed in the period incurred.

Cost of goods sold

Cost of goods sold includes costs of producing inventories that have been sold to third parties, delivery expenses, impairment of inventories, repair and maintenance, operative exchange gains/losses including the impact of the foreign exchange derivatives, and general overhead expenses of Group's Production and supply function, which are expensed as incurred. Direct energy subsidies are netted with the related energy cost.

6 OTHER OPERATING INCOME AND EXPENSE

Other operating income

EUR million	2024	2023
Sales of services	9.0	12.3
Government grants	9.6	11.9
Sale of scrap and side products	7.0	6.8
Insurance compensation	10.6	5.8
Gain on sale of emission rights and other environmental rights	3.3	3.6
R&D and other tax credits	1.9	2.1
Other	2.9	4.4
Total	**44.3**	**46.9**

Other operating expense

EUR million	2024	2023
Depreciation and amortization of fair value adjustments from business combinations (PPA) [1]	-62.3	-63.1
Impairment losses [2]	-61.2	-8.1
Other	-4.5	-2.5
Total	**-128.0**	**-73.8**

[1] Depreciation and amortization of fair value adjustments from business combinations (PPA) comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the acquisition of Ahlstrom on Feb 4, 2021.
[2] Of the impairment losses in 2024, EUR -46.3 million relate to Aspa pulp mill and EUR -14.2 million to Bousbecque plant.

Accounting policies

Other operating income
Other operating income includes gain from disposal of assets, gain on sale of emission rights, sale of scrap and side products and regular incomes, such as rental and lease income and gain relating to business disposals. Other operating income includes also grants. Government grants are recognized in the income statement in the same period as the costs they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are deducted from the cost of the assets and accordingly reduce the depreciation of the underlying asset.

Other operating expense
Other operating expenses include depreciation and amortization of fair value adjustments from business combinations (PPA), impairment losses, losses from disposal of assets, bad debt allowances and other costs not directly related to production, supply and sale of products.

7 TAXES

Income tax expense

EUR million	2024	2023
Result before taxes	**-106.8**	**-43.9**
Current tax income/expense		
Current tax on profits for the year	-34.0	-29.7
Adjustments in respect of prior years	-1.1	1.0
Total	**-35.1**	**-28.7**
Deferred tax		
Relating to tax loss carry forwards	-2.1	-1.6
Relating to other temporary differences	21.4	-5.9
Total	**19.3**	**-7.5**
Total income taxes	**-15.8**	**-36.2**

Reconciliation of effective tax rate

EUR million	2024	2023
Result before taxes	**-106.8**	**-43.9**
Income tax at Finnish tax rate (20%)	21.4	8.8
Effect of other tax rates for foreign subsidiaries	-0.9	-4.5
Regional, minimum and foreign withholding taxes	-0.7	-4.6
Effect on deferred tax from change in tax rate	-1.2	–
Adjustments to current tax in respect of prior years	-1.1	1.0
Current year losses for which no deferred tax asset recognized	-8.5	-7.1
Revaluation of deferred tax assets and liabilities	6.4	-10.8
Non-deductible expenses	-30.4	-24.7
Tax exempt income and tax reliefs	1.3	6.8
Associates' result reported net of tax	-1.9	-0.8
Other	-0.2	-0.3
Income taxes in the income statement	**-15.8**	**-36.2**

Uncertain tax positions

The Group has income tax receivables and liabilities where tax recoverability or tax payable amount is uncertain due to pending tax audits, tax disputes or other reasons. At balance sheet date, net liability of uncertain tax position was EUR 3.7 million (EUR 3.5 million). The recorded amounts are based on management's estimates of the outcomes.

Change in deferred tax on temporary differences and loss carry forwards

EUR million	Jan 1, 2024	Business acquisitions and disposals	Translation differences and other	Recognized in income statement	Recognized in OCI or directly in equity	Dec 31, 2024
Property, plant and equipment and intangible assets (including right-of-use assets)	-307.0	3.1	-3.7	30.5	–	-277.1
Employee benefit obligations	4.7	0.0	0.1	0.1	-0.3	4.6
Provisions	31.0	-0.9	-0.4	-11.9	–	17.9
Tax losses carried forward	25.5	-0.4	-0.3	-2.1	–	22.8
Other (including lease liabilities)	25.7	0.3	1.6	2.6	-7.5	22.7
Net of deferred tax liabilities (-) and deferred tax assets (+)	**-220.1**	**2.1**	**-2.8**	**19.3**	**-7.8**	**-209.3**
Assets	2.3					3.1
Liabilities	-222.4					-212.4

EUR million	Jan 1, 2023	Translation differences and other	Recognized in income statement	Recognized in OCI or directly in equity	Dec 31, 2023
Property, plant and equipment and intangible assets (including right-of-use assets)	-304.4	5.5	-8.1	–	-307.0
Employee benefit obligations	5.6	-0.1	-0.9	0.1	4.7
Provisions	29.8	-0.5	1.7	–	31.0
Tax losses carried forward	26.9	0.2	-1.6	–	25.5
Other (including lease liabilities)	19.9	0.0	1.4	4.4	25.7
Net of deferred tax liabilities (-) and deferred tax assets (+)	**-222.2**	**5.1**	**-7.5**	**4.5**	**-220.1**
Assets	4.0				2.3
Liabilities	-226.2				-222.4

Tax losses and related deferred tax assets

2024

EUR million	Tax losses carried forward	Recognized deferred tax assets	Unrecognized deferred tax assets
Expiry within one year	0.4	0.0	0.1
Expiry within two-five years	16.8	–	4.2
Expiry after five years	113.5	0.0	22.9
No expiry	213.5	22.8	26.8
Total	**344.2**	**22.8**	**54.0**

2023

EUR million	Tax losses carried forward	Recognized deferred tax assets	Unrecognized deferred tax assets
Expiry within one year	0.4	0.0	0.1
Expiry within two-five years	67.7	–	16.9
Expiry after five years	75.3	0.0	15.3
No expiry	211.2	25.5	24.3
Total	**354.7**	**25.5**	**56.6**

Recognized deferred tax assets on losses at December 31, 2024 relate mainly to France, Brazil, Belgium and India. Unrecognized deferred tax assets on losses at December 31, 2024 relate mainly to China, Finland, France, Spain and the United Kingdom.

Pillar Two

Pillar Two is an OECD initiative aiming to address the tax challenges arising from the digitalization of the global economy by adopting the Global Anti Base Erosion (GloBE) rules and the associated global minimum tax of 15 percent. In December 2022, the European Union Council Directive (EU) 2022/2523 entered into force, according to which EU member states must incorporate the GloBE rules into their national legislation by 31 December 2023.

In accordance with the amendments published by the IASB to IAS 12, the Group has applied the mandatory exception provided for in paragraph 4A of IAS 12, and has neither recorded nor disclosed information on deferred tax assets or liabilities related to Pillar Two income taxes.

Pillar Two rules have been approved and are in effect in the 2024 financial year in several countries in which the Group operates. The Group has performed the transitional Country-by-Country Reporting (CbCR) safe harbour analysis for 2024, which confirmed that the Group meets the safe harbour criteria with all jurisdictions passing at least one of the three tests. Therefore, no additional top-up taxes are due under Pillar Two rules for this period.

Accounting policies

Current and deferred tax expense

The income tax expense is comprised of current tax and deferred tax. Tax is recognised in the income statement except when underlying transactions are reported in other comprehensive income, or directly in equity, in which case the associated tax effect is reported in other comprehensive income or directly in equity.

Current taxes are based on the results of group companies and are calculated using the local tax laws and tax rates that are enacted or substantively enacted as of each reporting date. The Group files tax returns in several jurisdictions and evaluates regularly tax positions taken. Tax liabilities for uncertain tax positions are recognized when it is considered that certain tax positions will be challenged or have already been challenged by tax authorities. Deferred tax is calculated using the liability method on temporary differences between the carrying amounts and taxable values of assets and liabilities. Deferred tax is not recognised for temporary differences that arise on initial recognition of goodwill or the initial recognition of assets and liabilities in a transaction other than a business combination that do not affect either the accounting or taxable profit at the time of the transaction.

Deferred tax is not recognized for temporary differences that arise on investments in subsidiaries where the reversal is in the Group's control and not expected in the foreseeable future.

The valuation of deferred tax provided is based on how carrying amounts of assets or liabilities are expected to be realized or settled. Deferred tax is calculated by applying the tax rates enacted or substantially enacted at the reporting date.

Deferred tax assets for tax-deductible temporary differences and loss carry forwards are recognized only to the extent it is likely that they will be utilized.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities, and when the deferred tax assets and tax liabilities are attributable to taxes charged by the same tax authority and relate to either the same tax entities or different tax entities, where there is an intention to settle the balances on a net basis.

Accounting estimates and judgements

The utilization of deferred tax assets is dependent on the reversal of deferred tax liabilities and generation of future taxable profits. The Group estimates possibilities to use deferred tax assets based on current business plans. The Group periodically evaluates status of ongoing tax audits and disputes and positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It makes a revaluation of the amounts recorded, where appropriate, on the basis of amounts expected to be paid to the tax authorities. Because the Group operates in complex international tax environment, significant degree of judgement is used in identifying outcomes of tax audits and disputes and uncertain tax positions.

Employee rewards

8 EMPLOYEE AND BOARD OF DIRECTORS REMUNERATION

At year-end, Ahlstrom employed 6,869 (6,941) people as full-time equivalents.

Employee benefit expenses

EUR million	2024	2023
Wages and salaries	-488.7	-441.8
Statutory social expenses	-75.9	-70.8
Pension expenses, defined contribution plans	-38.7	-37.5
Pension expenses, defined benefit plans [1]	-0.4	-2.2
Long-term incentives	-2.7	-1.9
Other indirect employee costs	-6.1	-10.4
Total	**-612.4**	**-564.8**

[1] See note 9.

Executive Management remuneration

The Executive Management Team ("EMT") consists of the CEO, CFO and Executive Vice Presidents of divisions as well as Group functions. See Board of Director's report for changes in Group Executive Management team and members of the Board of Directors. The CEO has a service contract with Ahlstrom Oyj.

EUR thousand [1]	2024	2023
Short-term employee benefits	-5,208	-6,658
Payments to voluntary pensions	-462	-503
Termination benefits	-1,223	-1,337
Total	**-6,893**	**-8,498**

[1] Excluding social costs.

Remuneration of the Board of Directors

Remuneration to the members of Board of Directors of Ahlstrom Holding 3 Oy and Ahlstrom Oyj was EUR 0.7 million in 2024 and EUR 0.3 million 2023.

Shareholding of CEO and Executive management team

The CEO and other members of the management team take part in a co-investment scheme that allows them to invest into Spa Lux Midco SARL, being the shareholder of Ahlstrom Holding 1 Oy. The investment is made through a Management investment company.

Ahlstrom Holding Long-term Incentive Plans

The Board of Directors of Ahlstrom Holding 3 Oy decided to establish a synthetic option program for members of the Group's key personnel, which is in place since 2021. The program serves as a share value-based long-term incentive scheme for selected key employees of the Company. The Program is established to form part of the overall incentive scheme of the selected key employees of the company.

The objectives of the Long-term Incentive programs are particularly:

- to align the interests of the participants with company's shareholders by creating a long-term equity interest for the participants and, thus, to promote shareholder value creation in the long-term;
- to promote long-term performance culture and the achievement of the company's strategic targets; and
- the retention of critical key resources as well as to offer them with the opportunity for competitive compensation for excellent performance.

The program consists of annually commencing synthetic option plans. Within each plan the company may decide that synthetic options are granted to the individuals selected for participation in the plan. Each plan comprises a vesting period of three years and the exercise of the synthetic options after the passage of the vesting period.

Performance conditions

Synthetic options will afford an option holder the right to receive a cash reward equal to the positive difference, if any, between the defined strike price and the value of the company's share either at the time of exercise or on the vesting date of the synthetic option multiplied by the number of the granted synthetic options, as on plan specific basis determined by the company.

Service condition

In addition to the performance condition, the grant of an option holder's synthetic options and his/her receipt of any reward derived from the synthetic options is conditional on continued employment or service relationship with the company throughout the plan period from the grant of the synthetic options until the payment date.

LTI plans

	Synthetic options 2024	Synthetic options 2022	Synthetic options 2021
Initial maximum amount, pcs	1,525,384	849,000	5,545,000
Initial allocation date	Aug 15, 2024	Oct 1, 2022	Oct 1, 2021
Beginning of earning period	Jan 1, 2024	Oct 1, 2022	Oct 1, 2021
End of earning period	Dec 31, 2026	Sep 30, 2025	Sep 30, 2024
Vesting conditions	Share price, Service period	Share price, Service period	Share price, Service period
Maximum contractual life, years	2.4	3.0	3.0
Remaining contractual life, years	2.00	0.75	–
Number of persons at the end of reporting year	22	28	81
Payment method	Cash	Cash	Cash

Changes in the number of synthetic options

	Synthetic options 2024	Synthetic options 2022	Synthetic options 2021
Outstanding on Jan 1, 2024	–	529,500	4,360,000
Changes during the period:			
Granted	1,525,384	–	–
Forfeited	-41,666	-123,000	-1,285,000
Outstanding on Dec 31, 2024	**1,483,718**	**406,500**	**3,075,000**

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

	Synthetic options 2024	Synthetic options 2022	Synthetic options 2021
Grant date	August 15, 2024	Dec 31, 2022	Dec 31, 2021
Share price at grant, EUR	3.06	1.45	1.85
Share price at reporting period end, EUR	3.09	3.09	3.09
Exercise price, EUR	2.16	2.02	1.35
Expected volatility, % [1]	28.6	28.0	28.6
Maturity, years [1]	2	2	2
Risk-free rate, % [1]	2.50	2.89	0.05
Valuation model	Binomial Monte Carlo Simulation	Binomial Monte Carlo Simulation	Binomial Monte Carlo Simulation
Fair Value, December 31, 2024, EUR thousand	1,216.0	411.4	5,057.3

[1] Average during period for the 2021 Synthetic options

Effect of Share-based incentives on the result and financial position

EUR million	2024	2023
Expenses for the financial year, share-based payments	2.7	1.9
Liabilities arising from share-based payments at the end of reporting year	5.6	2.9

Accounting policies

Share-based payments

The long term incentive share based plans are accounted for as share-based payments whereby employees in exchange for providing services receive Ahlstrom Holding share-derived instruments including synthetic options settled in cash. Ahlstrom Holding has classified current programs as cash-settled as it is the Group's intention to settle the rewards in the form of cash.

Ahlstrom Holding's current share-based payments include only non-market performance conditions. The non-market performance condition and the requirement to stay in service are not factored into the grant date fair value. The fair value of the long-term incentive share based plans have been estimated at the grant-date based on the synthetic annualized market volatility. If the non-market performance condition or the service condition is not met, the cumulative share-based payment cost will be trued-up accordingly.

The share-based cost related to cash-settled schemes is recognized by the Group under Employee benefit expenses in the income statement. The total cost is determined by reference to the fair value at grant-date and is recognized over the expected vesting period. At each balance sheet date, Ahlstrom Holding revises the cumulative share-based cost expected to be paid out based on the likelihood of achieving non-market performance criteria levels and the estimated retention rate of participants at the end of the performance period.

The rewards will be settled by the Group, net of taxes that will be withheld.

Accounting estimates and judgements

The long-term incentive share based plans have been accounted for as cash-settled share-based payments. This is based on a judgment made by the Group that the plans will be rewarded in the form of cash as the options given are synthetic.

The fair value of the long-term incentive share based plans have been estimated at the grant-date based on the synthetic annualized market volatility. The expense recognized in Administrative expenses is based on management's estimate of the likelihood of achieving the non-market performance criteria and the estimated number of participants remaining in the scheme when the vesting period ends.

At the end of each period, management estimates the likelihood of achieving the non-market performance criteria and the expected retention rate for participants in order to calculate the expense for the current period and the change in the amount recognised in liabilities. In order to estimate the likelihood for achieving the non-market performance criteria management considers the Group's non-market performance criteria against the target to date and the forecast for the remainder of the performance period.

Management estimate the number of participants that they expect to remain in the scheme at the end of the vesting period by reviewing the number of participants remaining at the end of each period, and the expected number of these participants who will remain at the pay-out date, considering the historic rate of staff retention in the Group.

9 DEFINED BENEFIT PLANS

Group has defined benefit plans in several countries, of which the most significant are the United States 66.9% of Group's total defined benefit obligation, France 14.0% and Sweden 7.7%. The plans are in accordance with local laws and practices and are funded to satisfy the local statutory funding requirements.

Ahlstrom's most significant funded defined benefit plans are in the United States. The assets are managed by external fund managers. The funds are allocated between equity instruments and fixed income instruments in order to provide return at target level and limited risk profile. The valuations of the obligations are carried out by independent qualified actuaries.

In the United States, a part of Ahlstrom's employees are members in Group Retirement Plan for U.S. Employees, which is a funded defined benefit plan and the largest of the Group's schemes in the United States. The plan is managed by Ahlstrom USA Inc.'s Pension Committee. The scheme has been closed to new members since 2006. In addition to the Group Retirement Plan for U.S. Employees, Ahlstrom also operates a number of other post-employment benefit plans in the United States, including providing post-employment medical and life insurance benefits, retirement plans for hourly paid employees, and State Earnings Related Pension Schemes (SERPS). These plans are predominantly unfunded.

In France, the main funded defined benefit plan operated by the Group is the termination indemnity plan. Termination indemnity plans are designed to finance the severances paid to the employees who leave the company upon retirement.

In the United Kingdom, Ahlstrom is still in the wind-up process following its buy-out by an external party in 2021, but no material impacts are expected.

The Group's main unfunded defined benefit plans are in Italy (TFR Trattamento di Fine Rapporto, termination indemnity plan) and in Sweden. The pension schemes in Italy are closed for new entrants. In Sweden, the pension cover is organized through unfunded defined benefit plans (ITP system, Industrins och handels tilläggspension).

Risks associated with defined benefit plans

Through its defined benefit pension plans the Group is exposed to a number of risks.

Changes in bond yields

The employer's defined benefit pension liability is calculated using a discount rate determined by reference to corporate bond yields as of the balance sheet date. A decrease (increase) in the discount rate increases (decreases) the defined benefits obligations. However, a decrease (increase) in the discount rate also increases (decreases) the fair value of the assets, partially offsetting the total impact of the yield change on the net defined benefit pension liability.

Inflation risk

The benefit of the plans is tied to the future pension increase, which depends on inflation and common salary index. Higher inflation increases the benefit increase, which leads to an increase in liabilities and annual payments to the insurance company.

If the active employee's salary increases more than the common salary index, the amount of promised benefit and the benefit obligation increases together with annual payments to life insurance company.

Life expectancy

Longevity risk arises in case the actual timing of mortality differs from the assumed. Possible adjustments in mortality assumption have an effect on the employer's liability.

Post-employment and other long-term benefit plans

EUR million	Dec 31, 2024	Dec 31, 2023
Present value of funded benefit obligations	101.7	104.1
Present value of unfunded benefit obligations	30.7	33.3
Fair value of plan assets	-102.1	-99.1
Net defined benefit liability	**30.3**	**38.2**
Other long-term employee benefits	3.5	6.2
Total net liability	**33.9**	**44.5**
Represented by:		
Employee benefit obligations	42.7	53.0
Defined benefit asset [1]	-8.8	-8.5
Total net liability	**33.9**	**44.5**

[1] Included in Other non-current assets

Plan asset categories

EUR million	2024	2023
Equity instruments (listed)	13.4	12.1
Debt instruments	73.2	73.6
Endowment insurances	9.3	8.3
Other	6.1	5.1
Total	**102.1**	**99.1**

Changes in the present values of defined benefit assets and obligations

EUR million	2024 Defined benefit obligation	2024 Fair value of plan assets	2024 Net defined benefit liability	2023 Defined benefit obligation	2023 Fair value of plan assets	2023 Net defined benefit liability
January 1	**137.4**	**-99.1**	**38.2**	**144.4**	**-105.8**	**38.6**
Included in income statement:						
Current service cost	1.8	–	1.8	2.2	–	2.2
Past service cost	-1.4	–	-1.4	–	–	–
Interest income (-)/cost (+)	6.0	-4.7	1.3	6.5	-5.0	1.4
Total	6.5	-4.7	1.7	8.7	-5.0	3.7
Included in OCI:						
Remeasurement gain (-)/loss (+)	-1.0	1.4	0.5	1.8	-1.8	0.0
Total	-1.0	1.4	0.5	1.8	-1.8	0.0
Other:						
Business disposals	-4.9	–	-4.9	-1.8	1.6	-0.1
Contributions paid by the employer	–	-5.2	-5.2	–	-3.7	-3.7
Benefits paid	-11.7	11.7	–	-12.1	12.1	–
Other changes	1.2	-1.1	0.1	–	–	–
Translation differences	4.9	-5.0	-0.1	-3.5	3.4	-0.1
December 31	**132.4**	**-102.1**	**30.3**	**137.4**	**-99.1**	**38.2**
Represented by:						
Net defined benefit asset[1]			-8.8			-8.5
Net defined benefit obligation			39.1			46.7
Total			**30.3**			**38.2**

[1] Included in Other non-current assets

The Group expects to contribute EUR 2.8 million to its defined benefit plans in 2025.

Principal actuarial assumptions

%	2024 USA	2024 France	2024 Sweden	2024 Germany	2023 USA	2023 France	2023 Sweden	2023 Germany
Discount rate	5.5	3.4	3.0	3.5	5.0	3.3	3.9	3.4
Future salary increases	n/a	3.0	2.8	3.0	n/a	3.0	2.6	3.0
Future pension increases	n/a	n/a	1.8	2.2	n/a	n/a	1.6	2.2

The impact of actuarial assumptions in other countries are immaterial.

Assumptions regarding future mortality are based on actuarial guidelines in accordance with published statistics and experience in each region.

The sensitivity of the defined benefit obligation to changes in discount rate, future salary growth and future pension growth is presented in the following table (increase of liability (+)/decrease of liability (-)).

Sensitivity analysis

EUR million	2024 Increase 0.50%	2024 Decrease 0.50%	2023 Increase 0.50%	2023 Decrease 0.50%
Discount rate change	-6.9	7.5	-6.9	7.6
Future salary growth	2.5	-2.4	2.6	-2.5
Future pension growth	2.1	-1.9	2.1	-1.9

Sensitivities are calculated by changing one assumption while keeping other variables constant.

Accounting policies

Defined benefit obligation

The Group has various pension schemes and other post-employment benefits in accordance with local practices in different countries. The post-employment plans are classified as either defined contribution plans or defined benefit plans. The schemes are mostly funded through payments to insurance companies or trustee-administered funds according to local regulations. A defined contribution plan is a post-employment plan under which the company and usually also the employees pay fixed contributions to an insurance company. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the benefits to the employees. Contributions to defined contribution pension plans are recognized as expense in the period when they incur. All pension plans which do not meet the criteria for defined contribution plans are defined benefit plans. Defined benefit plans typically define a fixed amount of benefit that an employee will receive after retirement and which the company is responsible for.

The Group's net obligation of defined benefit plans is calculated and recorded separately for each pension or other post employment plan based on calculations prepared by independent actuaries. The present value of defined benefit obligations is determined using the projected unit credit method. The net liability recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the plan assets. The discount rate used to determine the present value of the defined benefit obligation is equal to the yield on high quality corporate bonds or, if not available, government bonds. The interest rates of the high quality corporate bonds are determined in the currency in which the benefits will be paid with a similar maturity to the obligation.

The Group's net obligation in respect of long-term service benefits, other than post employment benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The defined benefit obligation schemes that have been sold to external parties, and where all the key rights, obligations and commitments are transferred to an external party, are not recognized on Balance Sheet anymore afterwards to the extent there are no probable obligations left in the Group.

Accounting estimates and judgements

Pension calculations under defined benefit plans include several factors that rely on management estimates: the discount rate used in calculating pension expenses and obligations for the period, the rate of salary increase and the rate of future discretionary bonuses decided by the insurance company. Changes in these assumptions can significantly impact the amounts of pension liability and future pension expenses.

Capital employed

Disclosures in this section focus on Ahlstrom's operating assets and liabilities including information on our investments in non-current assets, trade receivables and payables, inventories and provisions.

10 PROPERTY, PLANT AND EQUIPMENT

EUR million	Land and land improvements	Buildings	Machinery and equipment	Other tangible	Construction in progress	Total
Historical cost Jan 1, 2024	81.7	230.8	1,010.4	10.4	121.1	1,454.4
Business combination	0.3	3.1	14.8	–	0.9	19.1
Additions	–	1.0	7.3	0.2	116.1	124.6
Business disposals	-1.9	-9.6	-54.9	–	-4.8	-71.2
Disposals	-1.4	-6.2	-6.3	-0.2	–	-14.1
Reclassifications and other [1]	0.0	10.8	87.8	1.2	-74.7	25.1
Translation differences	0.7	1.9	13.9	-0.3	4.2	20.4
Historical cost Dec 31, 2024	**79.4**	**231.7**	**1,073.1**	**11.2**	**162.8**	**1,558.3**
Accumulated depreciation Jan 1, 2024	3.0	50.7	258.1	5.4	2.3	319.4
Depreciation	1.1	16.8	101.4	1.3	–	120.6
Business disposals	-1.7	-7.1	-25.5	–	–	-34.4
Disposals	-1.4	-6.2	-6.3	-0.2	–	-14.1
Impairment	3.1	9.3	11.9	0.5	0.7	25.5
Reclassifications and other [1]	0.0	6.2	19.1	0.0	0.0	25.3
Translation differences	0.2	-0.1	1.2	-0.4	0.1	0.9
Accumulated depreciation Dec 31, 2024	**4.3**	**69.5**	**359.9**	**6.6**	**3.0**	**443.3**
Carrying value at year-end	**75.1**	**162.2**	**713.2**	**4.7**	**159.8**	**1,115.0**

[1] In 2024, Ahlstrom made an adjustment of EUR 25.3 million in total between the historical cost and accumulated depreciation of buildings, and machinery and equipment.

Additions in property, plant and equipment for the year ended December 31, 2024 were mainly related to the investments in Thilmany, U.S. EUR 20.7 million, in Madisonville, U.S. EUR 15.5 million, in Mosinee, U.S. EUR 14.8 million, in Turin, Italy EUR 10.2 million, in Saint Severin, France EUR 9.5 million, in Rhinelander, U.S. EUR 5.2 million, and in Chirnside, UK EUR 4.9 million.

In 2024, impairment losses totalled EUR -25.5 million, of which EUR -14.2 million was related to the Bousbecque plant and EUR -10.7 million to the Aspa pulp mill. In 2023, an impairment loss of EUR -5.7 million was recognized on property, plant and equipment of the Stenay plant.

See note 25 for information on capital expenditure commitments.

EUR million	Land and land improvements	Buildings	Machinery and equipment	Other tangible	Construction in progress	Total
Historical cost Jan 1, 2023	80.6	209.7	883.5	10.5	146.6	1,330.8
Additions	0.0	1.0	8.3	0.3	146.6	156.2
Business disposals	-0.3	-0.5	-9.0	-1.0	-0.1	-11.0
Disposals	-0.1	-0.1	-1.5	0.0	0.0	-1.7
Reclassifications and other	2.7	23.9	142.0	0.9	-169.7	-0.1
Translation differences	-1.3	-3.2	-12.8	-0.3	-2.2	-19.8
Historical cost Dec 31, 2023	**81.7**	**230.8**	**1,010.4**	**10.4**	**121.1**	**1,454.4**
Accumulated depreciation Jan 1, 2023	1.9	34.9	168.0	4.3	0.6	209.8
Depreciation	1.1	16.6	98.0	1.5	0.0	117.2
Business disposals	-0.3	-0.5	-9.0	-1.0	-0.1	-11.0
Disposals	0.0	-0.1	-1.4	0.0	0.0	-1.5
Impairment	0.4	0.4	4.9	0.6	1.8	8.1
Translation differences	-0.1	-0.5	-2.4	-0.1	-0.1	-3.2
Accumulated depreciation Dec 31, 2023	**3.0**	**50.7**	**258.1**	**5.4**	**2.3**	**319.4**
Carrying value at year-end	**78.7**	**180.1**	**752.4**	**5.0**	**118.8**	**1,135.0**

Accounting policies

Property, plant and equipment

Land and land improvements include the Group's freehold land and the landfills that the Group operates at or near certain of its facilities in the United States. The operation of these landfills require state, federal and local permits for construction, operation and closure and the landfills are subject to constructing final capping and continued monitoring.

The freehold land and land improvements are recognized at cost. The cost of land improvements include the cost of landfill preparation and excavation, construction of liners, related costs for environmental permits and studies and the initial estimate to close, cap and care the landfill, for which the Group has made the environmental provision (see note 13).

Property, plant and equipment are recognized at cost less accumulated depreciation and any impairment. The cost includes the purchase price and expenditure directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Interest on borrowings directly attributable to the purchase, construction or production of assets that take considerable time to complete are capitalized. Depreciation is recognized in the income statement on a straight-line basis based on estimated useful life of property, plant and equipment. The useful lives are estimated as the period over which the Group will derive a benefit from the asset.

Depreciation periods	
Land improvements	20 years
Buildings	20-50 years
Machinery and equipment	2-20 years

Property, plant and equipment comprising parts with different useful lives are treated as separate components of the asset. The costs incurred for replacing the part are recognized in the carrying amount of the asset which is depreciated over the useful life of replacement. The carrying value of a property, plant and equipment is derecognized from the balance sheet on scrapping or sale, or when no future economic benefits are expected from use of the asset. Ordinary repair and maintenance costs are expensed as incurred.

Gains or losses arising from the sale of property, plant and equipment are recognized as other operating income or other operating expenses.

Government grants

Government grants are recognized at fair value when there is a reasonable assurance that the grant will be received. Government grants relating to the purchase of property, plant and equipment are deducted from the cost of the assets and accordingly reduce the depreciation of the underlying asset. Other government grants are recognized in the income statement in the same period as the costs they are intended to compensate unless the grant compensates an item which has been expensed in prior years.

Impairment of property, plant and equipment

Ahlstrom assesses the recoverability of the carrying amount of property, plant and equipment with definite useful lives if events or changes in circumstances indicate that the carrying amount may be impaired (a triggering event). Factors that the Group considers when it reviews indicators of impairment include, but are not limited to:

- Observable indications for decrease in value
- Significant adverse changes that have taken place in the technological, market, economic or legal environment
- Increases in interest rates
- Obsolescence or physical damage affecting the asset
- Deterioration in the expected level of the asset's performance or adverse changes impacting the way the asset is used or expected to be used
- Where management's own forecasts of future net cash inflows or operating profits show a significant decline from previous budgets and forecasts

The carrying amount of an asset is written down immediately to the asset’s recoverable amount if the carrying value exceeds the recoverable amount. The recoverable amount is determined as the higher of an asset’s fair value less costs to sell or its value-in-use. Value-in-use is determined by discounting future cash flows expected to be generated by the asset. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating unit).

The impairment of assets is reversed if there is an indication that it is no longer necessary, and there has been a change in the assumptions which formed the basis of the calculation of the recoverable amount. A reversal is only made to the extent that the asset’s carrying value after reversal does not exceed the carrying value that the asset would have had, with a deduction for depreciation, if no impairment had been carried out.

Accounting estimates and judgements

Estimates and judgements related to property, plant and equipment

The Group has tangible assets with definite useful lives which values are presented above. The assets are tested for impairment when there are events or changes in circumstances indicate that the carrying value may be impaired (a triggering event). The recoverability of these assets is based on market assumptions and managements estimate of future cash flows. Changes in assumptions and failure to meet certain earnings targets could result in impairment. For impairment testing see more details in note 12.

11 RIGHT-OF-USE ASSETS

EUR million	Land and water areas	Buildings	Machinery and equipment	Total
Carrying value at Jan 1, 2024	0.4	9.9	28.3	38.6
Additions	–	3.7	15.1	18.8
Disposals	–	-0.1	-6.2	-6.4
Business disposals	–	–	-1.2	-1.2
Depreciation	-0.1	-3.7	-12.3	-16.1
Translation differences	0.0	0.4	0.4	0.8
Carrying value at Dec 31, 2024	**0.3**	**10.1**	**24.1**	**34.6**
Carrying value at Jan 1, 2023	0.5	9.9	27.8	38.2
Additions	0.0	3.9	14.5	18.4
Disposals	–	-0.3	-0.3	-0.5
Business disposals	–	–	-0.4	-0.4
Depreciation	-0.1	-3.4	-12.9	-16.4
Translation differences	0.0	-0.2	-0.5	-0.7
Carrying value at Dec 31, 2023	**0.4**	**9.9**	**28.3**	**38.6**

Right-of-use assets ("ROU assets") recognized in the balance sheet include vehicles, forklifts, machinery and equipment, premises and land areas. The expenses relating to leases for which Ahlstrom applied the practical expedient (short-term leases and low-value leases) amounted to EUR 4.7 million (EUR 4.3 million). The income from subleasing right-of-use assets amounted to EUR 0.3 million (EUR 0.6 million), and it is reported as other operating income. Ahlstrom has currently no material variable lease payments that are not included in the measurement of ROU asset and no leases with material residual value guarantees.

Accounting policies

Right-of-use assets

The measurement of the right-of-use asset and the lease liability is determined by discounting the minimum future lease payments. Ahlstrom initially measures the lease liability at the present value of the lease payments to be made over the lease term. The payments are based on the lease contracts and respective payment schedules. Non-lease components, such as maintenance rents and other variable components are separated from the lease liability and expensed if the non-lease components are specified in the agreement. Open ended lease contracts and extension options are taken into account using management's best estimate, e.g. end date for open ended lease contracts is the most likely end date for the contracts and the extension option is included if it is reasonably certain that the extension option will be exercised. Right-of-use asset is initially measured equal to the lease liability and adjusted if payments relating to agreement are done in advance or there are initial costs for the agreement. Right-of-use assets are also subject to impairment (IAS 36). The lease payments are discounted using the interest rate implicit in the lease or the incremental borrowing rate. The incremental borrowing rate comprises the reference rate and credit spread for incremental borrowing. Factors affecting the incremental borrowing rate include the length of the contract and potential premiums for country and currency risks. The revised incremental borrowing rate is used when there are changes in the lease term, changes in assessment of an option to purchase the asset and modifications to the lease that are not accounted as a separate lease. A change in index or such expected changes do not result in a revised discount rate.

After the commencement date according to IFRS 16 the following applies: lease liabilities are reduced by lease amortization and remeasurements are made to reflect changes to the lease payments; rights-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses adjusted for remeasurements of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. The useful lives are estimated as the period over which the Group will derive a benefit from the asset.

Payments of short-term leases with a maturity less than 12 months, leases of low-value assets and variable lease payments are not included in the measurement of the lease liability nor right-of-use asset and are presented in cost of goods sold, sales and marketing, R&D and administrative expenses in the income statement.

Accounting estimates and judgements

Estimates and judgements related to right-of-use assets

The Group has open ended lease contracts and contracts with extension options. Management uses their best estimate according to the existing information available to evaluate the most likely end date for these types of contracts. Changes in the estimated end dates impact the amount of right-of-use asset and lease liability recognized in the balance sheet.

The right-of-use assets are tested for impairment when there are events or changes in circumstances indicate that the carrying value may be impaired (a triggering event). The recoverability of these assets is based on market assumptions and managements estimate of future cash flows. Changes in assumptions and failure to meet certain earnings targets could result in impairment. For impairment testing see more details in note 12.

12 GOODWILL AND INTANGIBLE ASSETS

Goodwill

EUR million	2024	2023
Carrying value at Jan 1	1,070.7	1,101.9
Business combination	6.3	–
Impairment [1]	-27.3	–
Translation differences	0.9	-31.2
Carrying value Dec 31	**1,050.6**	**1,070.7**

[1] Consists of an impairment loss recognized in relation to the Aspa pulp mill, prior to its sale in the fourth quarter of 2024.

Goodwill impairment testing

Ahlstrom operates under three segments which are Filtration & Life sciences, Food & Consumer Packaging and Protective Materials. These three divisions form the Group's operating and reportable segments. Goodwill is allocated to the segments reflecting their share of the deemed fair values of the acquired assembled workforce, expected synergies and other benefits. These three segments correspond to the groups of cash-generating units (CGU) and the lowest level at which goodwill is monitored for internal management purposes. See note 3 for division information.

The goodwill was reallocated in 2024 to the new reportable segments as a result of reorganization of reporting structure effective as of 1 July, 2024. Allocation bases remained the same.

EUR million	Dec 31, 2024
Filtration & Life sciences	673.5
Food & Consumer Packaging	110.1
Protective Materials	266.9
Total	**1,050.6**

EUR million	Dec 31, 2023
Filtration	497.8
Food & Consumer Packaging	109.9
Healthcare	160.7
Building Materials	188.4
Technical Materials	113.9
Total	**1,070.7**

The recoverable amounts of each group of cash-generating units are determined using a discounted cash flow model (value-in-use). Key assumptions used in the determination include short-term and long-term growth rate for net sales, development of EBITDA and pre-tax discount rate. Other assumptions include, annual capital expenditure and change in operative working capital.

The cash flows are based on Annual Plan for 2025 and derived business plans covering a period of three years. Cash flows beyond this three-year period are based on the terminal value and have been extrapolated using an estimated long-term sales growth rate of 2.0% considering inflation. All cash flow projections reflect the past performance of the Group's business operations and management expectations for future market development considering the external sources of information when available.

The discount rate used in the calculation is based on weighted average cost of capital (WACC) based on the market view of the time-value of money and reflect specific risks related to each business area.

The following tables set out the key assumptions for the groups of CGUs. Below tables concerns three divisions (groups of CGUs). All have been tested in annual impairment testing cycle.

Key assumptions

2024	Filtration & Life sciences	Food & Consumer Packaging	Protective Materials
Average net sales growth % in the testing period	8.0	3.7	4.4
Long-term growth-%	2.0	2.0	2.0
Average EBITDA margin % in the testing period	22.6	13.8	16.8
Pre-tax discount rate %	10.8	10.9	10.9

2023	Filtration	Food & Consumer Packaging	Healthcare	Building Materials	Technical Materials
Average net sales growth % in the testing period	9.9	9.0	10.5	9.2	9.5
Long-term growth-%	2.0	2.0	2.0	2.0	2.0
Average EBITDA margin % in the testing period	22.2	12.0	18.3	17.0	12.7
Pre-tax discount rate %	10.9	10.9	10.7	11.1	10.6

The impairment tests for 2024 and 2023 indicated that the recoverable amount of the groups of CGUs exceeded their carrying value and goodwill has not been impaired.

Sensitivity analysis

Management has considered and assessed reasonable possible changes for other key assumptions EBITDA margin and pre-tax discount rate in 2024 and 2023 and has not identified instances that would result in a carrying amount that exceed the recoverable amount of the Group's of CGUs. In order to cause carrying amount to exceed the recoverable amount, a 5.6% decrease in the EBITDA margin or a 4.3% increase in the pre-tax discount rate would be required in one of the CGUs, keeping other parameters constant, and in the other CGUs, the changes would have to be even greater. At the lowest, the recoverable amount of the assets tested in CGUs in 2024 exceeds their carrying value by approximately EUR 625 million (approximately EUR 108 million).

Intangible assets

EUR million	Customer relationships	Patents and trademarks	Other	Total
Historical cost Jan 1, 2024	394.9	130.0	386.4	911.2
Business combination	9.5	–	2.6	12.1
Additions	–	–	42.5	42.5
Business disposals	-4.2	–	-6.1	-10.3
Disposals	–	–	-5.3	-5.3
Reclassifications and other	–	0.2	-1.0	-0.9
Translation differences	5.5	–	3.4	9.0
Historical cost Dec 31, 2024	**405.7**	**130.1**	**422.4**	**958.2**
Accumulated amortization Jan 1, 2024	58.3	12.9	51.8	123.0
Amortization	20.1	4.4	22.4	46.9
Business disposals	-4.2	–	-6.1	-10.3
Impairment	3.4	–	5.0	8.4
Disposals	–	–	-0.5	-0.5
Translation differences	0.9	–	0.5	1.5
Accumulated amortization Dec 31, 2024	**78.6**	**17.3**	**73.1**	**169.0**
Carrying value at year-end	**327.1**	**112.8**	**349.3**	**789.2**

EUR million	Customer relationships	Patents and trademarks	Other	Total
Historical cost Jan 1, 2023	406.5	129.9	352.2	888.6
Additions	–	0.0	48.4	48.4
Business disposals	–	–	-0.4	-0.4
Disposals	–	–	-8.7	-8.7
Reclassifications and other	–	–	0.1	0.1
Translation differences	-11.6	0.0	-5.3	-16.9
Historical cost Dec 31, 2023	**394.9**	**130.0**	**386.4**	**911.2**
Accumulated amortization Jan 1, 2023	39.3	8.5	34.1	81.9
Amortization	20.3	4.4	18.4	43.2
Business disposals	–	–	-0.1	-0.1
Translation differences	-1.3	0.0	-0.6	-1.9
Accumulated amortization Dec 31, 2023	**58.3**	**12.9**	**51.8**	**123.0**
Carrying value at year-end	**336.6**	**117.0**	**334.6**	**788.2**

Intangible assets as at December 31, 2024 mainly comprise of customer relationships, technology related intangible assets identified in business combinations, patents and trademarks, favourable contracts (e.g. economic value of the landfill rights), and internally generated development. Additions in intangible assets for year ended December 31, 2024 mainly relate to IT projects and capitalized development costs.

In 2024, impairment losses on intangible assets totalled EUR -8.4 million and were related to the Aspa pulp mill.

Research and development

Ahlstrom has product and process development activities focusing mainly on meeting customer requirements in relation to product properties and adaptations. Research and development costs are expensed except those development expenses that meet the capitalization criteria. In 2024 development costs that met capitalization criteria and were capitalized amounted to EUR 11.7 million (EUR 15.2 million).

Emission rights

Ahlstrom participates in the European Union emission trading scheme in which it has received free allowances for a defined period. For the year 2024, Ahlstrom was granted 194,490 units (223,978 units) of free allowances and holds a net deficit in European Union Allowances (EUA). In 2024, Ahlstrom bought 65,500 units (65,500 units) of EUA.

The group has entered into EUA forward contracts to secure an average cost for the forecasted deficit. See note 19 for information on EUA forward contracts.

Accounting policies

Goodwill and intangible assets

Goodwill

Goodwill arises from business combinations and represents the excess of the consideration transferred over the Group's interest in the fair value of the identifiable net assets acquired at the acquisition date. Goodwill is an intangible asset with an indefinite useful life. It is not amortized, but it is subject to impairment testing annually, or more frequently, if events or changes in circumstances indicate that goodwill might be impaired.

For impairment testing purposes, goodwill is allocated to groups of cash-generating units reflecting the lowest levels at which the goodwill is monitored for internal management purposes. A cash-generating unit, as determined for the purposes of the impairment testing, is the smallest group of assets generating separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). The carrying value of a cash generated unit includes its share of relevant corporate assets allocated to it on a reasonable and consistent basis.

Ahlstrom conducts its impairment testing by determining the recoverable amount for a group of CGUs. The recoverable amount is defined as value-in-use according to a present value of the estimated future cash flows. The recoverable amount is compared to the group of CGUs' carrying value. If the carrying value exceeds the recoverable amount, the asset is considered impaired and is written down to its recoverable amount. If an impairment loss is recognized, the loss is first allocated to reduce goodwill and then to reduce other assets.

Impairment is recognized as an expense in the income statement. An impairment loss recognized for goodwill is not reversed in a subsequent period.

Intangible assets

Customer relationships, patents and trademarks, technology related assets and intangible assets acquired in business combinations are recorded at fair value at the acquisition date and are subsequently amortized on a straight-line basis over estimated useful lives. The useful lives are estimated as the period over which the Group will derive a benefit from the asset.

Intangible assets	
Customer relationships	15-25 years
Patents and trademarks	20-30 years
Other	10-40 years

Computer software and separately acquired patents and trademarks are recorded at historical cost and amortized on a straight-line basis over their expected useful lives. Configuration and customization costs relating to cloud computing arrangements that meet the definition of an intangible asset and comply with the capitalization criteria in IAS 38 Intangible assets are capitalized. Configuration and customization costs for Cloud computing arrangements that do not meet the definition of an intangible asset and that are distinct from the access to the software are expensed when the service is received. Configuration and customization costs that are not distinct from the access to the software are recognized as prepayments in the balance sheet and expensed over the contract term.

Research and development

Ahlstrom has product and process development activities focusing mainly on meeting customer requirements in relation to product properties and adaptations. Activities are divided into a research phase and a development phase. Research costs are expensed as incurred and recorded in the income statement. Expenditures on development activities are also expensed as incurred except those development expenses that meet the capitalization criteria. Development costs arising from the development of new or significantly improved products are capitalized as intangible assets when the costs of the development stage can be reliably determined, the product is technically feasible and economically viable, the product is expected to produce economic benefits and the Group has the intention and the required resources to complete the development effort. Capitalized development costs include the costs of material, labour and testing that are directly attributable to creating, producing and preparing the asset to be capable of operating in the manner intended by management. Amortization period for capitalized development costs is 10 years.

Emission rights

Ahlstrom participates in the European Union's Emissions Trading Scheme aimed at reducing greenhouse gas emission and receives allowances for a defined period to emit a fixed tonnage carbon dioxide. The Group receives allowances either free of charge from the scheme or acquires them from other participants. The allowances received and the liability based on the actual emissions are netted. A liability is recognized if the allowances received do not cover the actual emissions. Gains arising from the sale of the emission right allowances are recorded in other operative income in the income statement.

Impairment of intangible assets

The impairment of intangible assets is assessed in a manner consistent with the approach applied to property, plant and equipment. Please see note 10 for more information.

Accounting estimates and judgements

Key assumptions used in goodwill impairment testing

The management makes significant estimates and judgements in determining the level at which the goodwill is tested and whether there are any indications of impairment.

The calculations of the value-in-use are based on cash flow projections, which require assessments and estimates from the management. The most significant estimates concern development of net sales and EBITDA including estimates for market prices of pulp and cost levels of main raw materials and energy as well as determination of the weighted average cost of capital (WACC) used to discount cash flows. Management tests the impacts of changes in significant estimates used in forecasts by sensitivity analyses as described above in this note.

Estimates and judgements related to intangible assets

The Group has intangible assets with definite useful lives which values are presented above. The assets are tested for impairment when there are events or changes in circumstances indicate that the carrying value may be impaired (a triggering event). The recoverability of these assets is based on market assumptions and managements estimate of future cash flows. Changes in assumptions and failure to meet certain earnings targets could result in impairment. For impairment testing, see more details above in this note.

13 PROVISIONS

	2024				2023
EUR million	Environmental	Restructuring	Other	Total	Total
January 1	18.1	–	19.2	37.3	33.2
Business disposals	-0.7	–	–	-0.7	-0.8
Unwinding of discount	0.4	–	–	0.4	0.4
Provisions made during the year	6.9	30.8	7.5	45.2	11.4
Provisions used during the year	-0.1	-2.3	-7.5	-9.9	-4.6
Provisions reversed	0.0	-0.5	-1.0	-1.5	-2.3
Translation differences	0.6	–	-1.3	-0.7	-0.1
December 31	**25.2**	**28.0**	**16.9**	**70.2**	**37.3**
Non-current provisions				36.8	29.6
Current provisions				33.3	7.8

In June 2024, Ahlstrom decided to close its Bousbecque plant. A restructuring provision of EUR 25.3 million and an environmental provision of EUR 6.2 million were recognized for the closure. The environmental provision and EUR 24.9 million of the restructuring provision were recognized in Q3 2024 and the rest in Q4 2024.

Other provisions made in the financial year 2024 mainly relate to customer claims and other provisions. The usage of the provisions mainly relate to the closure of the Bousbecque and other provisions. Of the environmental provisions of EUR 25.2 million, EUR 11.9 million relate to landfill related provisions in the United States, EUR 6.9 million for the closing of Bousbecque plant and EUR 4.5 million to restoration costs of soil and water in Sweden.

Accounting policies

A provision is recognized when a present legal or constructive obligation exists as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are split between amounts expected to be settled within 12 months on the balance sheet (current) and amounts expected to be settled later (non-current).

Restructuring
A provision for restructuring is only recognized when a formal plan has been approved and the implementation of the plan has either commenced or the plan has been announced.

Environmental
Environmental provisions are recorded based on current interpretations of environmental laws and regulations. Such provisions are recognized when it is probable that an obligation has arisen and that the amount of the obligation can be reliably measured. The amount recognized is the present value of the estimated future expenditure determined in accordance with local conditions and requirements.

Accounting estimates and judgements

Environmental
The estimates used in determining the provisions for environmental costs are based on management's expectations of, for example:

- Timing and scope
- Future cost levels
- Laws and regulations enacted at time of the restoration works

The timing of the environmental costs depends on the expected useful lives of the Group's sites. These range from 50 – 70 years. In measuring the future cost levels, the Group estimates future costs and adjusts these for the effect of inflation, cost-base development and discounting. The estimated costs are based on current laws and regulations in place at the time of making the provision.

The Group utilizes a third party consultant to estimate both the closure and long-term care costs for the landfills. The estimate is based on the area finally to be capped and the capping materials and activities required along with the permit and regulatory requirements for closure and post-closure maintenance. These costs are reviewed periodically by the Group's environmental experts and by a third party consultant.

Because actual outflows can differ from estimates due to changes in law, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take into account any such changes. The discount rate used is reviewed annually.

14 INVENTORIES

EUR million	Dec 31, 2024	Dec 31, 2023
Materials and supplies	103.0	93.9
Work in progress	41.2	34.4
Finished products	172.2	155.2
Consumables and spare parts	50.3	48.6
Total	**366.7**	**332.1**

Change in allowance for inventory obsolescence

EUR million	2024	2023
January 1	-34.2	-38.5
Business disposal	–	1.5
Change in allowance for inventory obsolescence	7.1	8.9
Inventory write-downs through profit and loss	-1.9	-6.8
Translation differences	-0.4	0.6
December 31	**-29.3**	**-34.2**

Accounting policies

Inventories are recognized at the lower of cost and net realizable value. Net realizable value is calculated as the selling price less costs attributable to the sale. The methodology for determining the cost of inventories varies depending on the inventory class.

Materials and supplies
Materials and supplies are valued using the weighted average cost method. Under the weighted average cost method, the cost of each items remaining in inventories at the period end is determined from the weighted average of the cost of similar items at the beginning of the period and the cost of similar items purchased during the period.

Finished products and Work in progress
Finished products and work in progress are valued on a first-in, first-out basis. Costs comprise all costs that are directly attributable to the manufacturing process, including direct material and labour, and production related overheads (based on normal operating capacity and normal consumption of material, labour and other production costs) and depreciation charges.

Accounting estimates and judgements

Inventory obsolescence
If the net realizable value of inventory is deemed lower than the cost, then allowance is established for inventory obsolescence. The amount to be allocated to inventory obsolescence is based on an estimation of the net realizable value of inventory.

15 TRADE AND OTHER RECEIVABLES AND TRADE AND OTHER PAYABLES

Trade and other receivables

EUR million	Dec 31, 2024	Dec 31, 2023
Trade receivables	182.3	156.6
Escrow cash account	242.2	242.2
Value added tax	19.1	21.6
Prepaid expenses and accrued income	22.2	26.9
Current derivative assets [1]	19.6	7.9
Other receivables	28.9	36.7
Total	**514.3**	**491.8**

[1] See Financial risk management (note 19)

Ageing of trade receivables

Dec 31, 2024		Overdue (days)				
EUR million	Not due	1-30	31-180	181-360	>360	Total
Trade receivable	158.0	20.5	4.0	0.2	4.3	187.0
Loss allowance	-0.0	-0.0	-0.5	–	-4.3	-4.7
Trade receivables	**158.0**	**20.5**	**3.5**	**0.2**	**–**	**182.3**

Dec 31, 2023		Overdue (days)				
EUR million	Not due	1-30	31-180	181-360	>360	Total
Trade receivable	129.4	21.2	5.6	0.4	4.1	160.7
Loss allowance	–	-0.0	-0.1	-0.1	-4.1	-4.1
Trade receivables	**129.4**	**21.2**	**5.6**	**0.3**	**–**	**156.6**

Change in loss allowance for trade receivables

EUR million	2024	2023
January 1	-4.1	-4.4
Increase in allowance recognized in profit or loss during the year	-0.7	-0.1
Reversal of allowance	0.1	0.1
Business disposal	–	0.3
December 31	**-4.7**	**-4.1**

Credit risk

Financial instruments that could potentially expose Ahlstrom to counterparty risk consist primarily of trade receivables, cash and cash equivalents and derivative financial instruments. The Group is exposed to counterparty credit risks from financial transactions and customer credit risks.

Financial transactions counterparty credit risk

Financial transactions counterparty credit risk refers to the Group's exposure under financial contracts arising from the deterioration of the counterparties' financial position. In order to minimize this risk, Ahlstrom has, among others, the following guidelines in place in the Group Treasury Policy:

- Only entering into transactions with leading financial institutions and with industrial companies that have a high credit rating (preferably BBB or higher).
- Investing in liquid cash funds only with financially secure institutions or companies (preferably BBB or higher).

Customer credit risk

Customer credit risk governance is applied centrally for each subsidiary. Customer credit risk and exposure is arising from the deterioration of the customers' financial position. Methods to mitigate the customer credit risk include credit insurance and trade finance products.

Factoring and financing programs

For the optimization of the Group's working capital, the company makes use of factoring and similar financing programs. In addition to the Group's EUR 300.0 million factoring program, the Group companies may enter into other corresponding financing programs subject to CFO approval and according to the criteria defined in the Group Treasury Policy approved by the Board. Financing programs are on a non-recourse basis, however, the factoring program allows also a share of recourse factoring (max 15% of the EUR 300.0 million total limit). At the end of the reporting period the outstanding amount of non-recourse factoring was EUR 210.3 million (EUR 205.3 million) and the outstanding amount of recourse factoring was EUR 20.4 million (EUR 13.6 million). In addition, there were other financing programs of EUR 123.5 million (EUR 119.7 million) outside the factoring program.

Trade and other payables

EUR million	Dec 31, 2024	Dec 31, 2023
Trade payables [1]	499.7	414.8
Accrued expenses	153.2	148.7
Current derivative liabilities [2]	6.8	34.1
Advances received from customers	3.5	2.6
Other liabilities [3]	267.5	265.7
Total	**930.7**	**872.0**

[1] Include supplier finance arrangements, with an amount of EUR 10.1 million at Dec 31, 2024 whereby the average additional payment term is 105 days.
[2] See note 19
[3] Include redemption liability for the shares of Ahlstrom's minority shareholders amounting to EUR 231.8 million (EUR 231.8 million).

Accrued expenses

EUR million	Dec 31, 2024	Dec 31, 2023
Accrued personnel costs	84.7	85.7
Accrued customer rebates	31.6	29.0
Accrued interest expenses	7.5	7.9
Other	29.5	26.0
Total	**153.2**	**148.7**

Accounting policies

Trade and other receivables

Trade and other receivables are recognized at amortized cost, using the effective interest rate method, less any impairment losses, with the exception of fair value of unrealized hedges whose treatment is discussed in note 19. The credit quality of receivables that are neither past due nor impaired has been deemed sufficient and payments are expected to be received when the receivables are due. Any changes to the allowance for doubtful accounts receivable are recognized as an expense in the income statement.

The Group applies the simplified approach to assess the credit risk of trade receivables. The loss allowance is measured at the estimate of the lifetime expected credit losses. The Group uses loss allowance provision matrix to determine the expected credit loss rates. It considers historical loss rates for each ageing category and region. The calculated loss percentage is then adjusted with the forward looking macroeconomic data. For trade receivables not due or maximum 180 days overdue, a loss allowance of 0.0%-11.0% is made. The trade receivables, which are overdue 181-360 days a loss allowance of 60.0% will be made and for more than 360 days a loss allowance of 100.0% will be made. The trade receivables are partly insured and the amount that will be received from the insurer is excluded from the calculation of the trade receivables impairment.

Trade and other payables

Trade and other payables represent liabilities for goods and services and are recognized at amortized cost, using the effective interest rate method. The amounts are unsecured and are usually paid within 30 days from initial recognition.

Supplier finance arrangements

The Group participates in supplier finance arrangements that allow one of its supplier to be paid through a bank. The bank agrees to disburse payment to the supplier for the Group's outstanding invoices, and the Group subsequently repays the bank at a later time. The main purpose of this arrangement is working capital improvement for the Group. The nature of the liability does not significantly change through these finance arrangements, as such, the amounts are classified as trade payables.

The Group has not derecognized the original trade payables relating to the arrangement because no legal release has been obtained. The payables under this arrangement are classified as current as at 31 December 2024.

Capital structure and financial risks

This section outlines the Group's net debt and how Ahlstrom manages its capital including liquidity management. The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

This section also discusses the Group's exposure to various financial risks, explains how these affect Ahlstrom's financial position and performance and how management manages the risks as well as describes the Group's financial instruments and the risk exposures, sensitivities and monitoring strategies related to these financial instruments.

16 NET INDEBTEDNESS

Net indebtedness is Ahlstrom's key measure to evaluate the total external debt financing of the Group. Net debt is defined as borrowings less cash and cash equivalents. The Group's sources of borrowing for funding and liquidity purposes are primarily term loans, bonds, bank loans, factoring, and commercial paper. The Group has also entered into a number of lease liabilities to secure the availability of assets used in the production process.

EUR million	Dec 31, 2024	Dec 31, 2023
Cash and cash equivalents	**221.8**	**185.3**
Senior secured credit facilities	1,500.1	1,468.2
Senior secured notes	628.9	608.4
Net senior secured indebtedness	**1,907.2**	**1,891.3**
Bank loans	51.1	41.3
Commercial papers	94.3	52.0
Lease liabilities	35.6	40.0
Other financial liabilities	22.7	15.0
Net indebtedness	**2,110.9**	**2,039.6**

Reconciliation of net indebtedness

EUR million	Jan 1, 2024	Movements in cash flow	Business Combinations	Business disposals	Translation differences	Other non-cash movements	Dec 31, 2024
Gross borrowings	2,224.8	36.8	–	-1.2	48.6	23.7	2,332.7
Cash and cash equivalents	185.3	47.5	1.0	-5.5	-6.5	–	221.8
Net Indebtedness	**2,039.5**	**-10.7**	**-1.0**	**4.3**	**55.1**	**23.7**	**2,110.9**

EUR million	Jan 1, 2023	Movements in cash flow	Business disposals	Translation differences	Other non-cash movements	Dec 31, 2023
Gross borrowings	2,170.7	62.3	-0.4	11.9	-19.5	2,224.8
Cash and cash equivalents	240.7	-41.9	-7.7	-5.8	–	185.3
Net Indebtedness	**1,930.0**	**104.2**	**7.3**	**17.7**	**-19.5**	**2,039.6**

Senior term facilities

At year-end, the total nominal EUR Senior term facilities for the Group amount to EUR 1,017 million, and the total nominal USD Senior term facilities amount to USD 526.8 million. There was no change to the Groups EUR 325 million Revolving Credit Facility during 2024. The Senior term facilities mature on February 4, 2028 and the Revolving Credit Facility matures six months before the Senior term facilities. The Revolving Credit Facility may be utilized until (and including) the date falling 1 month prior to the maturity date of the Revolving Credit Facility.

The EUR Senior term facilities carry interest of EURIBOR (with zero floor) plus a margin of 3.00-3.75% p.a. (applicable margin based on Senior Secured Net Leverage Ratio and margin ratchet, which applies for all Senior Term Facilities and Revolving Credit Facility) and will be repaid in full at the maturity date. The USD Senior term facilities carry an interest of CME Term SOFR 3 Months plus a spread adjustment of 0.26161% (with 0.75% floor) plus a margin of 3.75-4.00% p.a. and will be repaid in instalments on a quarterly basis (i.e. the last day of each full quarter) by 0.25 per cent of their outstanding principal amount, with the remaining balance to be repaid in full at the maturity date. The Revolving Credit Facility carries interest of IBOR (with zero floor) plus a margin of 3.00-3.75% p.a. for drawn commitment. For the undrawn commitment, 30% of margin is charged as commitment fee.

As at December 31, 2024, all of the Senior Term Facilities have been drawn in full and and no amounts were outstanding under the Revolving Credit Facility. The principal amount of outstanding guarantees from ancillary facilities under the Revolving Credit Facility were EUR 62.1 million (EUR 63.8 million).

Commercial paper program

Ahlstrom Oyj has a Finnish Commercial Paper program with the aggregate nominal amount of outstanding notes under this program limited to EUR 300 million. The notes are guaranteed by Ahlstrom Holding 3 Oy.

As at December 31, 2024, EUR 95.0 million (EUR 52.5 million) of Commercial Papers were outstanding under the Commercial Paper program. For further information on the maturity of financial liabilities of the Group, see note 18.

Senior secured credit facilities and bank loans

	Dec 31, 2024		Dec 31, 2023	
EUR million	Weighted average interest rate %	Carrying value	Weighted average interest rate %	Carrying value
EUR	6.18	1,000.8	7.68	996.1
USD	8.30	509.0	9.61	472.1
CNY	5.15	41.5	5.34	41.3
Total		**1,551.3**		**1,509.5**

Senior Secured Notes

The Group's EUR Notes and the USD Notes bear interest at a rate of 3.625% and 4.875% per annum, respectively. The Notes mature on February 4, 2028. At any time on or after February 4, 2024, Ahlstrom Holding 3 Oy may redeem all or part of the Notes at the redemption prices set forth in the Notes. Interests on the Notes are paid semi-annually in arrears on April 1 and October 1 of each year. The Notes were admitted on the Official List of The International Stock Exchange on May 25, 2021.

Senior secured notes by notional currency

EUR million	Initial notional amount	Maturity	Coupon %	Carrying value Dec 31, 2024	Carrying value Dec 31, 2023
EUR	350.0	February 04, 2028	3.63	342.7	340.6
USD	293.6	February 04, 2028	4.88	286.2	267.8
Total	**643.6**			**628.9**	**608.4**

Cash and cash equivalents

Ahlstrom utilizes cash pools to centralize and optimize its cash and liquidity management and to reduce the cost of carry otherwise incurred on credit and debit balances held at various individual accounts. Group Treasury is responsible for the Group's cash management, including the cash pool structures.

Bank deposits are subject to variable interest based on the bank's daily deposit rate. Total cash and cash equivalents amount to EUR 221.8 million (EUR 185.3 million). Restricted cash amounted to EUR 29.0 million (EUR 26.6 million). Cash and cash equivalents also includes EUR 46.7 million (EUR 54.2 million) relating to countries where repatriation is subject to local regulations and therefore not immediately available to the Group. There are no restrictions to use the cash and cash equivalents locally.

Accounting policies

Borrowings

Bonds, bank loans and loans from multilateral institutions are recognized at their inception at their fair value (typically the proceeds received) net of directly related transaction costs incurred. The borrowings are subsequently measured at amortized cost using the effective interest method. Transaction costs are amortized over the life of the borrowings based on the effective interest method.

Facility fees

Fees paid on the establishment of loan facilities are recognized as transaction costs of the credit facilities and facility loans to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

De-recognition of borrowings

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss within financial items.

Lease liabilities

For the accounting policy see note 11.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts, as applicable, are shown within borrowings in current liabilities in the balance sheet.

17 FINANCIAL INCOME AND EXPENSES

EUR million	2024	2023
Interest income from loans and receivables	9.4	5.2
Exchange rate gains	20.9	39.2
Financial income	**30.3**	**44.5**
Interest expense from borrowings	-160.2	-155.8
Interest expenses on lease liabilities	-1.7	-1.9
Loss on interest rate derivatives	-11.7	-26.1
Unwinding of discount on provisions and net interest cost on defined benefit plans [1]	-1.8	-1.9
Exchange rate losses	-28.8	-34.2
Impairment loss on loans [2]	–	-20.0
Other financial expenses [3]	-9.7	-9.7
Financial expenses	**-213.8**	**-249.6**
Total	**-183.5**	**-205.1**

[1] See notes 9 and 13.
[2] Upon Stenay classification as "held for sale" in 2023 Ahlstrom recognized an impairment loss of EUR 20.0 million on a loan to Stenay. Please see note 21 for more information.
[3] Include bank fees, factoring costs, and various fees related to existing financing agreements.

Exchange rate gains and losses in the income statement

EUR million	2024	2023
Exchange gains and losses		
Operating result	0.2	-1.1
Financial income and expenses	-7.5	6.4
Foreign exchange derivatives		
Operating result	-1.4	-5.8
Financial income and expenses	-0.4	-1.4
Total	**-9.0**	**-1.9**

Accounting policies

Financial income and expenses

Financial income in the income statement consists of interest income from financial asset measured at amortized cost, gain on interest rate derivatives, exchange rate gains and gains from foreign exchange derivatives on financial items.

Financial expenses consist of interest expenses on borrowings, commitment fees and other financial fees, net interest costs of defined benefit plans, the interest related to discounted provisions, and exchange rate losses on interest rate derivatives and foreign exchange derivatives. These costs are reported in the income statement in the period in which they were incurred using the effective interest method, except for the interest rate derivatives.

Fair value changes of interest rate derivatives are recognized as financial income or expenses in the period in which they arise. Exchange gains and losses of foreign exchange derivatives on operative items are recorded in operating result.

The premium paid for the purchased interest rate options is amortized over its lifetime and shown in interest expenses. If at any interest rate fixing date the agreed interbank reference rate is above the strike of the interest rate cap, a cash flow will realize. This cash flow will be recognized in interest expenses in the income statement, in order to reduce the actual interest expenses from the underlying hedged item.

18 CAPITAL MANAGEMENT

Maturity of financial liabilities

Dec 31, 2024

EUR million	2025	2026	2027	2028-	Total
Non-derivative financial liabilities					
Senior secured notes	–	–	–	-643.6	-643.6
Senior secured credit facilities	-5.1	-5.0	-5.0	-1,509.1	-1,524.2
Bank loans	-51.1	–	–	–	-51.1
Commercial papers	-94.3	–	–	–	-94.3
Lease liabilities	-14.2	-10.1	-6.8	-10.0	-41.2
Other financial liabilities	-22.7	–	–	–	-22.7
Trade payables	-499.7	-3.4	–	–	-503.1
Future interest on financial liabilities	-121.3	-117.7	-114.0	-9.7	-362.7
Total	**-808.4**	**-136.2**	**-125.8**	**-2,172.4**	**-3,242.9**
Derivative financial liabilities					
Forward exchange contracts used for hedging:					
- Outflow	-390.7	–	–	–	-390.7
- Inflow	379.4	–	–	–	379.4
Commodity derivatives used for hedging	0.9	1.1	–	–	2.1
Total	**-10.4**	**1.1**	**–**	**–**	**-9.2**

Dec 31, 2023

EUR million	2024	2025	2026	2027-	Total
Non-derivative financial liabilities					
Senior secured notes	–	–	–	-626.0	-626.0
Senior secured credit facilities	-4.8	-4.7	-4.7	-1,484.3	-1,498.6
Bank loans	-41.3	–	–	–	-41.3
Commercial papers	-52.5	–	–	–	-52.5
Lease liabilities	-14.0	-10.8	-7.3	-7.9	-40.0
Other financial liabilities	-15.0	–	–	–	-15.0
Trade payables	-414.8	-9.6	–	–	-424.3
Future interest on financial liabilities	-122.5	-118.0	-130.4	-111.4	-482.2
Total	**-664.9**	**-143.1**	**-142.4**	**-2,229.6**	**-3,179.9**
Derivative financial liabilities					
Forward exchange contracts used for hedging:					
- Outflow	-301.4	–	–	–	-301.4
- Inflow	303.1	–	–	–	303.1
Commodity derivatives used for hedging	-33.1	–	–	–	-33.1
Total	**-31.4**	**–**	**–**	**–**	**-31.4**

Available committed facilities and cash

The table below represents the total amount of funds that are available to the Group at year-end. In addition to Bank overdrafts and cash and cash equivalents, the Group´s funding programmes include committed Revolving Credit Facilities of EUR 325 million, and a Finnish Commercial Paper programme totalling EUR 300 million.

EUR million	Dec 31, 2024	Dec 31, 2023
Available committed bank overdrafts	22.1	17.5
Cash and cash equivalents	221.8	185.3
Committed revolving credit facilities	262.9	261.2
Finnish Commercial Paper programme outstanding	-95.0	-52.5
Available committed facilities and cash	**411.8**	**411.5**

Ahlstrom uses factoring or similar arrangements for working capital management. For more information please see note 15.

Financial instruments subject to offsetting, enforceable master netting agreements and similar agreements

Ahlstrom have a number of counterparties in respect of which the Group is both buyer and seller. Consequently, Ahlstrom's gross financial assets can be significant before offsetting. Offsetting is typically limited within specific products and is possible when payment and receipt from the same counterparty occur simultaneously. These financial assets and liabilities are not offset on the balance sheet as the offsetting in the balance sheet is allowed only in certain, limited circumstances.

The table below shows the Group's derivative contracts that are subject to offsetting agreements. The column net amount shows the impact on the Group's balance sheet if all set-off rights were exercised. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Group does not presently have a legally enforceable right of set-off, these amounts have not been offset in the balance sheet.

Derivative instruments

	Dec 31, 2024			Dec 31, 2023		
EUR million	Carrying value of recognized financial assets (liabilities)	Master netting arrangements	Net amount	Carrying value of recognized financial assets (liabilities)	Master netting arrangements	Net amount
Derivative assets	19.6	-2.6	17.0	36.9	-10.2	26.7
Derivative liabilities	-6.5	2.6	-3.9	-34.1	10.2	-23.9

Accounting policies

Offset of financial instruments

Financial assets and liabilities are offset and recognized with a net amount in the balance sheet only when there is a legal right to offset the recognized amounts and an intention to balance the items with a net amount, or to simultaneously realize the asset and settle the liability.

Financial assets and liabilities by category

Financial assets and liabilities recognized in the balance sheet include cash and cash equivalents, loans and other financial receivables, trade receivables, other investments, trade payables, borrowings and derivatives.

The following table summarizes the carrying value of financial assets and liabilities by categories.

Dec 31, 2024		Information on financial assets and liabilities				
EUR million	Carrying amounts	Of which financial assets and liabilities	Measured at amortised cost	Derivatives at fair value through income statement	Other financial items through income statement	Derivatives under hedge accounting
Non-current assets						
Other non-current assets	45.5	14.0	13.6	–	0.4	–
Current assets						
Trade and other receivables	514.3	450.5	430.9	14.5	–	5.1
Cash and cash equivalents	221.8	221.8	221.8	–	–	–
Carrying amount by measurement category	**781.6**	**686.3**	**666.3**	**14.5**	**0.4**	**5.1**
Non-current liabilities						
Non-current borrowings	2,124.0	2,124.0	2,124.0	–	–	–
Non-current lease liabilities	22.7	22.7	22.7	–	–	–
Other non-current liabilities	9.4	3.9	3.9	–	–	–
Current liabilities						
Current borrowings	173.1	173.1	173.1	–	–	–
Current lease liabilities	12.9	12.9	12.9	–	–	–
Trade and other payables	930.7	510.0	503.2	0.5	–	6.4
Carrying amount by measurement category	**3,272.9**	**2,846.6**	**2,839.8**	**0.5**	**–**	**6.4**

Dec 31, 2023		Information on financial assets and liabilities				
EUR million	Carrying amounts	Of which financial assets and liabilities	Measured at amortised cost	Derivatives at fair value through income statement	Other financial items through income statement	Derivatives under hedge accounting
Non-current assets						
Other non-current assets	72.3	40.3	10.8	29.1	0.4	–
Current assets						
Trade and other receivables	491.8	409.0	401.2	1.0	–	6.9
Cash and cash equivalents	185.3	185.3	185.3	–	–	–
Carrying amount by measurement category	**749.4**	**634.6**	**597.2**	**30.1**	**0.4**	**6.9**
Non-current liabilities						
Non-current borrowings	2,071.8	2,071.8	2,071.8	–	–	–
Non-current lease liabilities	26.0	26.0	26.0	–	–	–
Other non-current liabilities	16.3	10.1	10.1	–	–	–
Current liabilities						
Current borrowings	113.1	113.1	113.1	–	–	–
Current lease liabilities	14.0	14.0	14.0	–	–	–
Trade and other payables	872.0	451.5	417.4	0.3	–	33.8
Carrying amount by measurement category	**3,113.2**	**2,686.4**	**2,652.3**	**0.3**	**–**	**33.8**

Fair values of financial assets and liabilities

The following table shows the carrying values (book values), fair values and valuation hierarchy of the Group's financial instruments as at the balance sheet date.

	Dec 31, 2024			Dec 31, 2023		
EUR million	Carrying value	Fair value	Level	Carrying value	Fair value	Level
Non-current financial instruments measured at amortized cost [1]						
Senior secured notes	628.9	632.0	1	608.4	567.4	1
Senior secured credit facilities [2]	1,495.1	1,532.4	1	1,463.4	1,495.5	1
Lease liabilities	22.7	22.7	2	26.0	26.0	2
Total	**2,146.7**	**2,187.1**		**2,097.8**	**2,088.9**	
Financial instruments measured at fair value (net amounts)						
Forward contracts - cash flow hedge accounting	-3.4	-3.4	2	6.2	6.2	2
Forward contracts - fair value through income statement	0.3	0.3	2	0.7	0.7	2
Interest rate derivatives - fair value through income statement	13.8	13.8	1	29.1	29.1	1
Commodity swap contracts – cash flow hedge accounting	2.1	2.1	1	-33.1	-33.1	1
Total	**12.8**	**12.8**		**2.9**	**2.9**	

[1] The carrying values of the current financial liabilities measured at amortized costs, totalling EUR 186.0 million (EUR 127.1), approximate their fair values.
[2] The fair value in 2023 has been adjusted to reflect the additional funding agreement of EUR 75.0 million, which was drawn in July 2023.

The Group considers that the carrying amount of cash and cash equivalents, trade and other receivables and trade and other payables provide a reasonable approximation of fair value, due to the short maturity and liquid nature of these elements. In addition, the carrying amounts of non-current and current loan from financial institutions and other loan are measured at amortized cost using the effective interest rate. The fair value amounts are reasonable approximations of their carrying amounts.

Accounting policies

Financial assets at amortised cost

The group classifies its financial assets as at amortised cost only if both of the following criteria are met:
- the asset is held within a business model whose objective is to collect the contractual cash flows;
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

The financial assets in this group are carried at amortized cost using the effective interest method if the time value of money is significant. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired (see note 15), as well as through the amortization process. This category of financial assets includes trade and other receivables and cash equivalents (see note 16).

Financial assets and liabilities at fair value through income statement

The Group classifies derivatives for which hedge accounting is not applied as financial assets at fair value through profit or loss (FVPL).

Financial assets at fair value through income statement are carried on the balance sheet at fair value with gains or losses recognized in the income statement. Derivatives, other than those designated as effective hedging instruments, are classified as held for trading and are included in this category.

Other investments include unlisted shares and interests carried at fair value. Fair value changes are recognised in the other comprehensive income. For unlisted shares and interests the fair value cannot be measured reliably and therefore the management considers that the cost is a reasonable approximation of the fair value.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost are initially recognized at fair value, net of transaction costs. For interest-bearing loans and borrowings this is the fair value of the proceeds received net of issue costs associated with the borrowing.

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognized in interest and other income and finance costs respectively.

This category of financial liabilities includes trade and other payables and debt (see note 16).

Fair values of financial assets and liabilities

The financial assets and liabilities measured at fair value in the balance sheet have been classified based on the three hierarchy levels:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- level 2: inputs that are observable for the asset or liability, either directly or indirectly;
- level 3: unobservable inputs for the asset or liability.

The Group considers that the carrying amount of cash, trade receivables and various deposits provide a reasonable approximation of fair value, due to the short maturity and liquid nature of these elements.

For financial liabilities at amortized cost, the fair value of financial liabilities is determined using:

- the quoted price for listed instruments (a detailed analysis is performed in the case of a material decrease in liquidity to evidence whether the observed price corresponds to the fair value; otherwise the quoted price is adjusted);
- the present value of estimated future cash flows, discounted using rates observed by the Group at the end of the period for lease liabilities and other instruments.

Fair values of derivatives are based on valuations provided by external parties using various valuation techniques. The fair value of the forward exchange contracts is determined using forward exchange rates at the balance sheet date with the resulting fair value discounted to present value.

19 FINANCIAL RISK MANAGEMENT

General

Financial risks of the Group consist of credit risk (see note 15), funding risk, liquidity risk and market risks. Market risks are further divided to currency risk, and commodity risk.

The Treasury Policy sets the Board of Directors' guidelines on how finance and treasury operations are carried out and how financial risks within the Group are managed. The guidelines aim to ensure that the Group's financial risks are kept at an acceptable level.

The Treasury Policy is approved by the Board of Directors of Ahlstrom. The Board of Directors has the overall responsibility for managing financial risks. Executive Treasury Committee monitors and manages the financial risks. Operational management of financial risks is carried out centrally by the Group Treasury under the Treasury Policy. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Group Treasury is handling all hedging of foreign exchange, commodity and interest rates, unless otherwise agreed. In case all applicable criteria are met, and if deemed appropriate, hedge accounting is applied to remove income statement volatility due to remeasurement risk.

Interest rate risk

Interest rate risk refers to the risk that changes in interest rates would have a negative effect on the result of the Group and could affect the long-term competitiveness of Ahlstrom. There is a risk of interest rates moving both upwards and downwards. The currently applicable interest expenses depend on the movements of the relevant IBORs and the applicable margin based on margin ratchet. The senior secured notes are fixed rate borrowings and the Group has also actively been hedging its interest rate risk with interest rate derivatives. The average maturity of the interest rates of the total debt portfolio, was at the reporting date 13 months (i.e. this is the average reset interval that applies to the interest rates).

Consideration is taken at all times to assess how exposed the Group is to a change in interest rates. In order to limit the impact of movements in interest rates, the Treasury Policy provides the following guidelines:

- Aim is to achieve an average maturity of the interest rates in the debt portfolio, including the interest rate derivatives, of 2 years +/-1 year
- Interest maturities are preferably spread out evenly over time in order to avoid substantial risk concentrated to one period.

In accordance with its policy, Ahlstrom can hedge its interest rate risk by using derivative instruments. The Group did not enter into any new interest rate hedges during 2024. The gross nominal amount of outstanding interest rate cap options at the end of the reporting period was USD 370 million and EUR 620 million. All outstanding interest rate options are maturing in September 2025. The company has not applied IFRS hedge accounting for its interest rate options.

Sensitivity analysis for variable-rate instruments

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant. Variable-rate instruments impact on profit and loss are shown excluding the impact of interest rate options. The interest rate options row represents the fair value change of the interest rate option portfolio.

Interest rate sensitivity

	Dec 31, 2024		Dec 31, 2023	
EUR million	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable-rate instruments	-15.7	15.7	-15.3	15.3
Interest rate options	5.5	-4.8	13.3	-12.0

Currency risk

Due to the global operations of Ahlstrom, the Group is exposed to currency risk. Currency risks refers to the risk that fluctuations in the foreign exchange market will affect the company's cash flow (including tax cash flows), net result and equity (including distributable equity) negatively. Currency exposure, defined as all unhedged exposure in foreign currency, is split into two types of exposure: transaction exposure and translation exposure.

Transaction exposure

Ahlstrom manufactures and sells its products around the globe and is therefore exposed to transaction risk from foreign currency exposures. As such, transaction exposure arises from commercial and finance-related transactions and payments in a currency other than the respective applicable functional currencies, e.g. internal transactions, external sales and purchases, or external financing transactions in foreign currencies. Additionally, firm commitments to acquire businesses may expose the Group to foreign currency transaction risk.

Foreign currency cash flows are hedged on a net exposure basis in accordance with the rules set out in the Treasury Policy. The Group's risk management strategy in terms of currency risk is to hedge 75% (+/-10%) of the forecasted cash flows for a period up to 9 months if the total exposure to forecasted net flows of foreign currency exceeds the equivalent of 2% of the total turnover of the company. The Group uses forward contracts to hedge this commercial foreign currency exposure and applies cash flow hedge accounting. The forward contracts' maturity is materially reconciled with the timing of the forecasted sales and purchases. At December 31, 2024, the fair value of the foreign currency forwards under hedge accounting was EUR -3.4 million. In 2024, the Group recognized a gain of EUR 0.1 million to the cash flow hedge transferred to this year's result in OCI. To a certain extent, ineffectiveness in the hedging relationship can arise from timing differences, however, material ineffectiveness from the hedging relationships has not been incurred.

In addition to using derivatives for hedging, Ahlstrom also aims to limit currency exposures at their source by applying natural hedges and by reducing the number of currencies used in intercompany transactions where possible.

The following table shows the Group's exposure to main foreign currency cash flows for the first three quarters of 2025.

Estimated direct cash flows by main foreign currencies before hedging activities

Q1-Q3 2025

EUR million	BRL	CNY	GBP	SEK	USD
Net cash flow	16.8	22.7	-25.5	-61.7	116.5

At the end of the reporting period, the hedge ratios for the forecasted cash flows for the next 9 months were approximately 64% for USD, 69% for SEK, and 71% for GBP. The exposures in other currencies are limited and are not hedged. Outstanding nominal amounts at the end of the year for these forward contracts were USD 77 million, SEK 490 million, and GBP 15 million.

The following table shows the Group's estimated sensitivity for the next 9 months to a depreciation of EUR by 5%, including FX-hedges and indirect exposures. The table is based on information monitored by the Board for currency risk management.

Q1-Q3 2025

EUR million	BRL	CNY	GBP	SEK	USD
Depreciation of EUR by 5%	-0.8	-1.1	0.4	0.9	-2.0

Ahlstrom Oyj as the Group´s In House Bank (IHB) provides financing to its foreign subsidiaries through IC loan agreements and cash pools. The resulting exposures are hedged by the IHB with FX forward contracts. Hedge accounting is not applied to these relationships. The FX forward contracts are recognised at fair value with changes in fair value passing through the FX gain/loss accounts within the financial items. The fair value for the FX forwards was EUR 0.3 million (EUR 0.7 million) at December 31, 2024.

Translation risk

Ahlstrom's income statement and balance sheet are both exposed to foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies.

The Group aims to minimize currency risk related to translation exposure by aiming to balance assets and liabilities, e.g. equity in subsidiaries, in foreign currencies in order to minimize the foreign exchange risk in the consolidated balance sheet. According to its hedging directive, the company may use non-derivative financial instruments such as foreign currency borrowings to hedge foreign currency risk on net investments in foreign operations. Derivative instruments are not allowed to be used to hedge this risk. Equity hedging needs to be approved by the board of directors.

The parent company hedges a portion of its USD net investment in foreign operations by applying USD borrowing, which offsets the FX gains and losses previously recognized in OCI.

The following table shows the Group's translation exposure arising from net investments in foreign subsidiaries in the main currencies for the Group.

Net investment in subsidiaries

EUR million	Dec 31, 2024	Dec 31, 2023
USD [1]	828.8	737.0
SEK	224.3	276.5
KRW	98.6	106.2
BRL	71.1	84.7
GBP	69.9	57.6
RUB	86.8	92.5
CNY	87.5	87.6
INR	56.1	60.6

[1] At the end of the reporting period the net investment hedge has a hedge ratio of 67.5% (71.7%).

The following table shows the consolidated equity's estimated sensitivity to a depreciation of EUR by 5%, excluding the net investment hedge.

EUR million	BRL	INR	CNY	RUB	GBP	KRW	SEK	USD
Dec 31, 2024	3.6	2.8	4.4	4.3	3.5	4.9	11.2	41.4
Dec 31, 2023	4.2	3.0	4.4	4.6	2.9	5.3	13.8	36.9

Accounting policies

Derivative instruments and hedging activities

Ahlstrom uses derivative instruments to manage certain exposures to fluctuations in foreign currency rates and interest rates. These derivative financial instruments are recognized initially at fair value on the date on which a derivative contract is entered into and subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Hedge accounting is applicable when, at inception of the hedge, there is a formal designation and documentation of the hedging relationship and other criteria for hedge accounting are met. At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management strategy and objective for undertaking its hedge transactions.

The Group only applies cash flow hedge accounting, which is used to hedge exposure to variability in cash flows that is attributable to a particular risk associated with a highly probable forecasted transaction or firm commitment. The effective portion of changes in the fair value of the hedging instrument is recognized in OCI and accumulated in equity. It is reclassified in income statement when the hedged item affects the income statement, or in the initial cost of the hedged item when it relates to the hedge of a firm commitment to acquire a non-financial item (for example, business combination). The Group does not separate forward points in a hedge relationship.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecasted transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecasted transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to income statement. Subsequent changes in the value of the hedging instrument after the hedging relationship is terminated are recorded in income statement.

Commodity risk

Commodity risk refers to the risk that changes in the cost of raw materials (pulp, titanium dioxide etc.) and energy (electricity, gas, oil etc.) have a negative effect on the result and/or competitiveness of Ahlstrom. The overall objective of the commodity hedging is to reduce cost volatility and control risks over time with a systematically executed hedging strategy. To mitigate the commodity risk exposure, the Group hedges commodity exposures in line with the Group Energy Risk Policy. In accordance with the policy, commodity hedging, including both physical and financial hedges, should have a maximum length of 2 years and can be on average 60% of forecasted consumption in the first year, 33% of forecasted consumption in the second year. All hedging transactions are also to be connected to projects, customer agreements or other direct identifiable business risks. This is in order to avoid speculative hedging.

Group uses commodity derivative contracts to reduce the risk of price fluctuations in natural gas. Hedging is executed based on the calculation of exposure to be hedged by taking forecasted energy consumption and subtracting natural hedges resulting from sales contracts with explicit energy price index components. At the balance sheet date, the fair value of the natural gas derivative contracts amounted to an asset of EUR 2.1 million (a liability of EUR 33.1 million). Hedge accounting is applied for all natural gas derivative contracts.

The Group monitors and forecasts its carbon dioxide emissions and granted emission allowances. For 2024 the Group had a net deficit of European Union Allowances (EUA). Consequently, during 2024 the group has entered into EUA forward contracts to secure an average cost for the forecasted deficit. Trading commonly occurred on a monthly basis according to the forecasted need for the year. The Group has elected to account for the allowances as inventory. As such, the EUA forward contracts market value is not calculated. The commitment from these contracts are shown in off-balance sheet commitments.

Derivative contracts for natural gas

		Dec 31, 2024		Dec 31, 2023	
Region	Units	Outstanding notional at balance sheet date	Average contract rate per unit	Outstanding notional at balance sheet date	Average contract rate per unit
US	MMBTUs	600,000	USD 3.40	3,480,000	USD 4.67
Europe	MWh	320,773	EUR 34.91	376,000	EUR 103.09

Sensitivity analysis for natural gas contracts

			Dec 31, 2024	Dec 31, 2023
Region	Reasonable possible change in variable	Currency	Impact on OCI (millions)	Impact on OCI (millions)
US	20 %	USD	0.4	1.7
US	-20 %	USD	-0.4	-1.7
Europe	20 %	EUR	2.6	2.5
Europe	-20 %	EUR	-2.6	-2.5

Funding and liquidity risk

Funding risk

Funding risk refers to the risk the Ahlstrom does not at all times have access to financing or financing at an acceptable cost. This may arise should the Group become too dependent on a single source of financing. In order to mitigate funding risk, the Group aims to spread its debt across different lenders, and different forms of financing.

Ahlstrom has outlined the following guidelines in its Treasury Policy, which aim to mitigate the funding risk. The Group aims to ensure that the average maturity of the long-term finance should be at least 2 years. The Group also aims to avoid the inclusion of covenants in all types of financing agreements.

Liquidity risk

Liquidity risk is the risk that Ahlstrom will not have sufficient funds to pay foreseen committed obligations in addition to unforeseen expenditures. In order to mitigate this risk, Group Treasury monitors the Group's cash pools, headroom under committed and uncommitted facilities, and cash forecast to ensure at all times that there is sufficient liquidity.

Ahlstrom's cash needs in respect of meeting its financial liabilities are show in the tables below. The maturity analysis was determined at the balance sheet date based on the existing contractual obligations. The maturity analysis is based on undiscounted cash flows, excluding interest payments that are shown separately at the bottom of the table.

20 EQUITY

Distributable funds

The following table shows the distributable funds according to Finnish Accounting Standards for the parent company Ahlstrom Holding 3 Oy:

EUR million	Dec 31, 2024	Dec 31, 2023
Reserve for invested unrestricted equity	982.5	1,016.1
Retained earnings	-227.5	-143.8
Net result	-125.6	-83.7
Total	**629.4**	**788.6**

Equity

Ahlstrom Holding 3 Oy has one series of shares issued under Finnish Law. The shares have no nominal value. Each share entitles the holder to one vote at the general meetings of shareholders of Ahlstrom Holding 3 Oy. As at December 31, 2024, Ahlstrom's share capital amounts to EUR 0.0 million (EUR 0.0 million) and the total number of shares is 1,000 (1,000). No treasury shares were held during 2024 or at December 31, 2024.

Reserve for invested unrestricted equity

In 2024, EUR 33.5 million was returned to owners from the reserve for invested unrestricted equity.

Accounting policies

Return on equity and dividends

Return of equity and dividends proposed by the Board of Directors are recognized in equity and liability in the balance sheet when they have been approved by the shareholders at the Annual General Meeting.

Cumulative translation adjustment

Translation differences consist of translation differences arising from translation of foreign Group companies' assets and liabilities into euro, the presentation currency of the consolidated financial statements. On disposal of all or a part of a foreign Group company, the cumulative amount of translation differences is recognized as income or expense in the income statement when the gain or loss on disposal is recognized.

Reserve for invested unrestricted equity

Any consideration received for the issue of new shares or treasury shares of the parent company is recognized to reserve for invested unrestricted equity unless otherwise decided. Transaction costs directly related to the issue of these shares are recognized, net of tax, in the reserve for invested unrestricted equity as a reduction in the proceeds.

Hedging reserve

The hedging reserve comprises the unrealized fair value changes of cash flow hedges, net of taxes, qualifying for hedge accounting and the amount recognized is reclassified in income statement when the hedged item affects the profit or loss. See note 19 for more information on cash flow hedges.

Retained earnings

The Group has defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for these defined benefit plans are charged or credited to directly retained earnings. See note 9 for more information on defined benefit obligations.

21 BUSINESS DISPOSALS AND ACQUISITIONS

2024

Acquisitions

EUR million	2024
Net assets acquired	
Property, plant and equipment	19.1
Intangible assets	12.1
Other non-current assets	0.4
Inventories	4.3
Trade and other receivables	4.2
Cash and cash equivalents	1.0
Trade and other payables	-4.0
Fair value of net assets acquired	**37.1**
Goodwill	6.3
Purchase consideration	**43.4**
Cash and cash equivalents acquired	1.0
Cash flow impact of acquisitions	**42.4**

Acquisition of Algonquin Power Windsor Locks LLC
On March 1, 2024, Ahlstrom acquired a power plant adjacent to its Windsor Locks plant in the U.S. The total cash flow impact of the transaction was EUR -15.3 million of which EUR -16.3 million realized in the first quarter and a positive impact of EUR 1.1 million in the third quarter based on an adjustment made according to customary terms and conditions related to the acquired company's working capital and net debt. The impact of the acquisition on the Group's balance sheet was immaterial and primarily related to property, plant, and equipment. The acquired business has been included in the Group since March 1, 2024, and the hypothetical full year impact on net sales and profit or loss is immaterial. Acquisition-related costs of EUR -0.6 million are included in administrative expenses and reported as items affecting comparability.

Acquisition of ErtelAlsop LLC
On November 29, 2024 Ahlstrom acquired ErtelAlsop LLC, a New York based manufacturer of high-performance liquid depth filter media as a part of a Filtration & Life sciences business. The acquisition strengthens Ahlstrom position in the life science filtration market and allows Ahlstrom to enter the depth filtration space. The total cash flow impact of the transaction was EUR -27.2 million, which will be adjusted later based on customary terms and conditions related to the acquired company's working capital and net debt. The impact on the Group's balance sheet was immaterial and primarily related to property, plant, and equipment, as well as goodwill and intangible assets. The acquired business' net sales for the full year were EUR 16.6 million, and for the period following the acquisition, EUR 1.3 million. The hypothetical full-year impact on profit or loss is immaterial. Acquisition-related costs of EUR -1.3 million are included in administrative expenses and reported as items affecting comparability.

Disposals

EUR million	2024
Total disposal consideration	
Estimated purchase consideration	38.2
Carrying amount of net assets sold	38.2
Costs to sell	-1.0
Loss on sale before income tax and reclassification of accumulated translation differences	**-1.0**
Reclassification of accumulated translation differences	-0.6
Loss on sale, net of tax	**-1.6**

Disposal of Aspa pulp mill
On November 1, 2024 Ahlstrom divested its Aspa pulp mill in Sweden to Sweden Timber. The agreement included the pulp mill and all its operations. This divestment was a key step in Ahlstrom's growth transformation journey, reinforcing the company's strategic commitment to sustainable speciality materials. During fourth quarter, prior to the sale, Ahlstrom recognized an impairment loss of EUR -46.3 million on Property, Plant and Equipment, Goodwill and Intangible assets. The estimated purchase consideration was EUR 38.2 million and includes customary terms and conditions related to the working capital and net debt of the disposed entity. The purchase consideration included a deferred payment component totalling EUR 6.8 million, of which EUR 3.5 million will be paid during the last quarter of 2025 and EUR 3.5 million during the last quarter of 2026. The deferred payment component of the purchase consideration has been discounted to its present value. The cash flow impact related to the transaction, including cash and cash equivalents disposed of, was EUR 23.1 million.

2023

Disposal of Stenay plant
In September 2023 Ahlstrom sold its subsidiary Ahlstrom Stenay S.A.S to Accursia Capital. In August, upon classification as assets held for sale, an impairment loss of EUR 20 million was recognized on a loan to Stenay in financial items to write-down the net assets to the lower of the carrying amount and fair value less transaction related costs. Additionally, in September, an impairment loss of EUR 5.7 million was recognized on property, plant and equipment of the Stenay plant. Both the transaction price and the result on divestment recognized at the end of September were close to zero. The cash flow impact related to the transaction, including cash and cash equivalents disposed of and certain indemnities, was approximately EUR -13 million, of which EUR -11.7 million realized in 2023 and EUR -1.4 million in 2024. The impact of the divested assets and liabilities on the Group balance sheet was not material.

Reorganization of the ownership of Decor business
Ahlstrom completed the ownership arrangement and divested its Decor business in 2022. The final consideration payment received for the divestment in 2023 was EUR -0.9 million less than the estimated consideration receivable recognized in 2022. The net result from the divestment in 2023 was EUR -0.7 million and was presented in discontinued operation.

Acquisition of Ahlstrom in 2021 and subsequent redemption procedure

The acquisition of Ahlstrom-Munksjö through the public tender offer was accounted for as a linked transaction i.e. as if all ownership interests were acquired at the acquisition date as part of the transaction to gain control. In other words, the acquisition was recognized on February 4, 2021 as an acquisition for 100% of the shareholding as the combination of the tender offer results and the market purchases reached the 90% ownership level granting the acquirer the right for mandatory redemption process for the remaining minority shareholding.

On April 15, 2024, the Supreme Court announced that it has granted a leave to appeal for the minority shareholders. The Supreme Court will address the assessment of the redemption price of Ahlstrom Oyj's minority shares. As the trustee has been granted leave to appeal, a decision regarding the redemption price will not become final and non-appealable for any of the minority shareholders until the Supreme Court renders a final decision in the matter. It is estimated that the appeal proceedings may last at least until the first half of 2025. According to the Companies Act, the redemption price falls due after a month has passed from the decision on redemption becoming non-appealable.

The unpaid redemption price is subject to interest in accordance with Chapter 18, Section 7 of the Finnish Companies Act. The reference rate referred to therein (at 3.5% as of January 1, 2025) is subject to biannual adjustments, with the next adjustment due on July 1, 2025. However, the redemption price may be paid up to the undisputed price of EUR 17.84 per share already during the course of the appeal proceedings. EUR 242.2 million is held in a separate escrow account which is sufficient to cover the minority squeeze-out liability. The escrow account holdings are not included in the reported cash and cash equivalents.

On May 13, 2022, a minority shareholder of Ahlstrom Oyj filed a separate application to the District Court of Helsinki, requesting partial enforcement of the arbitral award rendered by the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce. The request for partial enforcement consisted of a request for partial payment of the redemption price for Ahlstrom Oyj's minority shares to the amount of EUR 17.84 per share. On July 5, 2023, the District Court rejected the application as inadmissible. Following the decision, the same minority shareholder filed an appeal with the Helsinki Court of Appeal to overturn the District Court's decision and maintained its request for partial enforcement of the arbitral award. On May 23, 2024, the Helsinki Court of Appeal rendered its decision, wherein it did not change the District Court's decision and the appeal was dismissed. The minority shareholder sought leave to appeal the Helsinki Court of Appeal's decision by the deadline on July 22, 2024. On November 7, 2024 the Supreme Court of Finland decided not to grant leave to appeal to the minority shareholder, and the Helsinki Court of Appeal's decision became final and non-appealable

Accounting policies

Business acquisitions

Business combinations are accounted for using the acquisition method. The cost of the acquisition is measured at the fair value of consideration transferred comprising of the following:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued as purchase consideration
- fair value of any contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary, if applicable.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values and any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred and presented as administrative expenses in the income statement with the exception of costs directly attributable to the issuance of equity instruments that are deducted from equity, net of tax. Any excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill.

Business disposals

On losing control of a subsidiary the Group derecognizes the assets and liabilities of the subsidiary, including related goodwill and intangible assets, at their carrying amounts. The Group also derecognizes non-controlling interests in the divested subsidiaries. The consideration received from the divestment is recognized at fair value. Accumulated translation differences related to subsidiaries are reclassified to income statement and actuarial gains and losses are transferred to retained earnings. The gain or loss on divestment net of transaction expenses is presented under other operating income or other operating expenses. Any investment retained in the former subsidiary is recognized at fair value. Investments in the acquiring party are recognized as separate transactions.

Accounting estimates and judgements

The application of the acquisition method requires certain estimates and assumptions to be made, especially concerning the fair values of the acquired intangible assets, property, plant and equipment and the liabilities assumed at the acquisition date, and the useful lives of the acquired intangible assets and property, plant and equipment.

Measurement is based to a large extent on anticipated cash flows. If actual cash flows vary from those used in calculating fair values, this may materially affect the Group's future results of operations. In particular, the estimation of discounted cash flows for e.g. customer relationships, technology based assets as well as trademarks and trade name are based on assumptions concerning, for example:

- Assumptions related to long-term sales projections and margin development
- Determination of appropriate discount rates
- Estimates related to customer retention rates
- Estimates related to appropriate market based royalty rates

For significant acquisitions, the fair valuation on the acquired assets and assumed liabilities is carried out with assistance from independent third-party valuation specialists. The valuations are based on the information available at the acquisition date taking into account the provisional adjustment period allowed under IFRS of 12 months.

The loss of control in certain subsidiaries requires the Group to stop consolidating them and to recognize a gain or loss. When determining the loss of control, management considers the practical ability to direct the relevant activities in those subsidiaries to generate returns for the Group based on specific facts and circumstances. The terms and conditions of the transactions and their economic effects are assessed to determine whether divestment related transactions should be considered as a single transaction for accounting purposes.

22 RELATED PARTY TRANSACTIONS

Related parties
Ahlstrom's related parties comprise of:
- several parent companies of which the ultimate parent company for the Group is Spa Lux Topco SARL, whose owners exercise significant influence in Ahlstrom
- the members of the Board of Directors of the Ahlstrom Holding 3 Oy (parent company) and the Board of Directors of Ahlstrom Oyj
- the Executive Management Team of Ahlstrom
- the closely related family members of members of Board of Directors and Executive Management team and the entities over which they have control or joint control
- the Group's investments in associated companies.

Parent companies
Related parties include the parent companies Ahlstrom Holding 2 Oy, Ahlstrom Holding 1 Oy, Spa Lux Midco SARL and Spa Lux Topco SARL, which all belong to the same Group with Ahlstrom Holding. The ultimate parent company is Spa Lux Topco SARL, an entity domiciled in Luxembourg.

Owners
The ultimate parent company Spa Lux Topco SARL is owned by a consortium comprising of:
- Spa (BC) Lux Holdco SARL (entity owned and controlled by funds managed and/or advised by Bain Capital Private Equity (Europe), LLP, and/or its affiliates). Bain Capital indirectly owns 55.17% of the company, representing the ultimate controlling party.
- Ahlström Invest B.V., a company owned by individual members of the Ahlström family and Ahlstrom Capital BV, a wholly owned subsidiary of A. Ahlström Oy. Ahlström Invest B.V. (including through its affiliates) own 36.85% of the company.
- Viknum AB, a wholly-owned subsidiary of Nidoco AB, which is indirectly owned by Alexander and Albert Ehrnrooth. Alexander Ehrnrooth is a member of the company's and Ahlstrom Oyj's Board of Directors. Viknum AB owns 7.98% of the company.

Key Management
- Board of Directors - Ahlstrom Holding 3 Oy (the parent company)
- Board of Directors - Ahlstrom Oyj
- Executive Management Team of Ahlstrom Group - consists of the CEO, CFO, Division Executive Vice Presidents (EVPs) and EVPs responsible for Group Functions.

Remuneration to Key management is included in note 8.

Associated companies
Details of the associated companies are included in note 23.

Related party transactions

EUR million	2024	2023
Associated companies		
Net sales	8.6	6.7
Other income	7.0	10.5
Cost of goods sold [1]	-58.0	-59.9
Interest income	0.1	0.1
Trade and other receivables	13.5	2.8
Loan receivables	10.0	10.0
Trade and other payables	9.2	5.6
Owners		
Sales, R&D and administrative expenses	-6.4	-7.4
Trade and other payables	0.2	0.5
Parent companies		
Return on equity	-33.5	-38.0

[1] The Group purchased wood and wood chips from associated company Sydved AB amounting to 753,457 m^3 (770,387 m^3).

Description of the Group's related party transactions
The Group conducts transactions with related parties on an arm's length basis.

Transactions with owners
Transactions mainly relate to management fee paid to the consortium pursuant to a management agreement whereby Group has received general business consulting services; financial, managerial and operational advice; advisory and consulting services with respect to selection of advisors; advice in different fields; and financial and strategic planning and analysis.

Key management remuneration
Key management remuneration and shareholding information are included in note 8.

Accounting policies

Related parties
The Group's related parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. The related party transactions disclosed consist of transactions and balances carried out with related parties that are not eliminated in the consolidated financial statements.

23 EQUITY-ACCOUNTED INVESTEES

Ahlstrom holds a 24.99% share of the equity and voting rights of associated company Munksjö Paper Holding AB. Munksjö Paper Holding AB and its subsidiaries ("Munksjö") offer the assortment of papers that are primarily used as the decorative surface material in laminated wood-panel based furniture, flooring and other interior and exterior building material applications. The main transactions with Munksjö subsequent to the divestment in 2022 include leases of certain assets to Munksjö, the provision of administrative or other services, sale of goods and purchase of contract manufacturing services from Munksjö. In 2024, Ahlstrom invested new capital of EUR 5.0 million (EUR 2.5 million) to the associated company Munksjö Paper Holding AB.

In addition, Ahlstrom holds a 33.33% share of the equity and 33.33% share of the voting rights of associate company Sydved AB ("Sydved") in Sweden. Sydved is a forest management company and Group purchases wood and wood chips from it.

Transactions and balances with associated companies are presented in note 22.

EUR million	Place of business	Nature of relationship	Dec 31, 2024 Ownership %	Dec 31, 2024 Carrying amount	Dec 31, 2023 Ownership %	Dec 31, 2023 Carrying amount
Munksjö Paper Holding AB	Sweden	Associate	24.99	17.8	24.99	24.2
Sydved AB	Sweden	Associate	33.33	0.9	33.33	0.8
Total				**18.6**		**25.0**

Accounting policies

Associated companies

Associated companies are those in which the Group has a significant influence over operational and financial policies. Significant influence is the power to participate in, but not control or jointly control, the financial and operating decisions of the investee. These investments are accounted for using the equity method.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses in accordance with the Ahlstrom's contractual rights and obligations.

Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest, unless otherwise contractually agreed by the parties. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

Reconciliation of carrying amount of associated companies

	Munksjö Paper Holding AB		Sydved AB	
EUR million	2024	2023	2024	2023
January 1	24.2	25.0	0.8	0.8
Equity contribution	5.0	2.5	–	–
Share of result for the year	-9.5	-4.1	0.1	0.0
Share of OCI	-1.9	0.7	–	–
December 31	**17.8**	**24.2**	**0.9**	**0.8**

Associate's assets, liabilities, equity, net sales and profit before tax

	Munksjö Paper Holding AB		Sydved AB	
EUR million	31 Dec, 2024	31 Dec, 2023	31 Dec, 2024	31 Dec, 2023
Group's share in %	24.99	24.99	33.33	33.33
Group's share	17.8	24.2	0.6	0.5
Goodwill and other	–	–	0.2	0.2
Carrying amount	**17.8**	**24.2**	**0.9**	**0.8**
Current assets	182.5	198.8	103.0	85.6
Non-current assets	257.0	274.0	4.8	2.3
Assets classified as held for sale	25.6	–	–	–
Current liabilities	143.7	129.2	104.9	85.5
Non-current liabilities	224.0	219.5	0.9	0.8
Liabilities directly associated with assets held for sale	12.5	–	–	–
Equity	84.9	124.1	1.9	1.6
Non-controlling interest	13.8	27.1	–	–

EUR million	2024	2023	2024	2023
Net sales	407.1	473.1	449.1	357.7
Result before tax	-34.8	-28.5	0.5	0.0

24 SUBSIDIARIES

Company name	Registered Office	Share of equity %
Ahlstrom Holding 3 Oy	Finland	Parent
SPA US Holdco Inco	USA	100
Ahlstrom Oyj	Finland	100
Ahlstrom Sweden AB	Sweden	100
Ahlstrom Paper (Taicang) Co. Ltd	China	100
Ahlstrom Paper Inc.	USA	100
Ahlstrom Italia S.p.A	Italy	100
Ahlstrom France Holding S.A.S	France	100
Ahlstrom Arches S.A.S	France	100
Ahlstrom Rottersac S.A.S	France	100
Ahlstrom La Gère	France	100
Ahlstrom Paper Trading (Shanghai) Co., Ltd	China	100
Ahlstrom Asia Holdings Pte Ltd	Singapore	100
PT Ahlstrom Indonesia	Indonesia	100
Ahlstrom Barcelona, S.A	Spain	100
Ahlstrom Brasil Indústria e Comércio de Papéis Especiais Ltda.	Brazil	100
Ahlstrom Chirnside Limited	United Kingdom	100
Ahlstrom Fibercomposites (Binzhou) Limited	China	100
Ahlstrom Fiber Composites India Private Ltd	India	100
Ahlstrom Germany GmbH	Germany	100
Ahlstrom Glassfibre Oy	Finland	100
Ahlstrom Tver LLC	Russia	100
Ahlstrom Industries S.A.S	France	100
Ahlstrom Brignoud S.A.S	France	100
Ahlstrom Tampere Oy	Finland	100
Ahlstrom Specialities S.A.S	France	100
Ahlstrom Japan Inc.	Japan	100
Ahlstrom Korea Co., Ltd	South Korea	100
Ahlstrom Malmédy SA	Belgium	100
Ahlstrom Monterrey, S. de R.L. de C.V.	Mexico	100
Ahlstrom South Africa (Pty) Ltd	South Africa	100
Ahlstrom Ställdalen AB	Sweden	100
Ahlstrom Falun AB	Sweden	100
Ahlstrom Vilnius UAB	Lithuania	100
Ahlstrom Warsaw Sp. Z.o.o	Poland	100
Ahlstrom USA Inc.	USA	100
Ahlstrom Filtration LLC	USA	100
ErtelAlsop LLC	USA	100
EA Flatbush LLC	USA	100
EA Filtration LLC	USA	100
ErtelAlsop International Inc.	USA	100
Ahlstrom Nonwovens LLC	USA	100
Windsor Locks Canal Company	USA	100
Ahlstrom Power Windsor Locks LLC	USA	100
Ahlstrom NA Speciality Solutions Holdings Inc.	USA	100
Ahlstrom NA Speciality Solutions LLC	USA	100
Ahlstrom Brokaw LLC	USA	100
Ahlstrom Nicolet LLC	USA	100
Ahlstrom Mosinee LLC	USA	100
Ahlstrom Rhinelander LLC	USA	100
Ahlstrom Coated Products LLC	USA	100
Ahlstrom Yulong (Shanghai) Specialty Paper Trading Co. Ltd	China	60
Ahlstrom Yulong Specialty Paper Company Limited	China	60

In addition, the Group has branch or representative offices in India, Indonesia, the Netherlands, Norway, Sri Lanka, Switzerland, Taiwan and Thailand.

During the financial year 2024, Ahlstrom divested Aspa Bruk AB and acquired Power Windsor Locks LLC and ErtelAlsop LLC and its subsidiaries EA Flatbush LLC, EA Filtration LLC, ErtelAlsop International Inc.

Accounting policies

Subsidiaries

Subsidiaries are entities that are directly or indirectly controlled by Ahlstrom, i.e. when the Group is exposed to, or has rights to, variable returns from its involvement and has the ability to affect those returns through exercising power. Subsidiaries are consolidated from the date control is achieved to the date when the Group ceases to exercise power.

Transactions eliminated on consolidation and transactions between the owners of the parent

Transactions between Group companies, including intra-group receivables and liabilities, income or expenses and unrealized gains or losses are eliminated in full. Unrealized gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest, unless otherwise contractually agreed by the parties. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. Transactions with the owners of the parent are reported within shareholders' equity. Transactions with non-controlling interests are reported as transactions with equity owners of the Group. Divestments to and purchases from non-controlling interests result in gains and losses for the Group, which are reported in equity.

25 OFF-BALANCE SHEET COMMITMENTS

EUR million	Dec 31, 2024	Dec 31, 2023
Assets pledged:		
Pledges	243.0	243.1
Commitments:		
Guarantees and commitments given on behalf of Group companies	53.6	48.0
Capital expenditure commitments	18.9	31.5
Other guarantees and commitments	70.9	74.4

Assets pledged mainly includes funds held at escrow, related to minority shareholder redemption process.

Capital expenditure commitments are mainly related to the strategic investments in Protective Materials division in Rhinelander and Mosinee, US, Filtration & Life Sciences division in Turin, Italy and Madisonville, US, as well as Food & Consumer Packaging division in Rhinelander, US, La Gère, France, and Turin, Italy.

Other guarantees and commitments include binding contracts for purchases of energy and IT development projects among others.

Accounting policies

Commitments
Unrecognized commitments are disclosed where the Group has an agreement or a pledge to assume a financial obligation at a future date.

Contingent liabilities
Contingent liabilities are possible obligations whose existence will be confirmed by uncertain future events that are not wholly within the control of the entity. They can also include obligations that are not recognized because their amount cannot be measured reliably or because settlement is not probable. A contingent liability is not recognized in the statement of financial position but as off-balance sheet commitments.

26 EVENTS AFTER THE REPORTING PERIOD

Lawsuit against Ahlstrom
On January 6, 2025, the City of Wausau, Wisconsin filed a separate complaint against multiple defendants, including Ahlstrom NA Specialty Solutions LLC, alleging contamination of the City of Wausau's water supply. The City of Wausau alleges that a closed landfill owned by Ahlstrom NA Specialty Solutions LLC in the Village of Maine, Wisconsin is a source of contamination. The lawsuit is in a very early stage.

Return of equity
On January 22, 2025, Ahlstrom Holding 3 Oy decided on a cash distribution in the aggregate amount of EUR 8,360,800.92 by way of return of equity from invested unrestricted equity reserve. Payment was made on February 3, 2025.

Signatures to the Financial Statements and the Board of Directors’ Report

Helsinki, February 26, 2025

Ivano Sessa

Andrej Busch	Alexander Ehrnrooth	Jyrki Vainionpää	Halvor Meyer Horten
Peter Seligson	Michael Siefke	Kristina Schauman	

Auditor’s Report

To the Board of Directors of Ahlstrom Holding 3 Oy

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Ahlstrom Holding 3 Oy (business identity code 3156762-4) for the year ended 31 December 2024. The consolidated financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER	HOW THE MATTER WAS ADDRESSED IN THE AUDIT
Valuation of goodwill and acquisition related intangible assets (refer to accounting principles for the consolidated financial statements and note 12)	
• At the end of the financial year, the group had EUR 1,050.6 million of goodwill and EUR 789.2 million of intangible assets. The goodwill amounts to 187 % of the group equity and 25 % of the group’s total assets at 31 December 2024. • Goodwill is tested for impairment when indicators of impairment exist, or at least annually. Goodwill impairment testing is conducted by comparing the carrying value with the recoverable amount using a discounted cash flow model. • Determining the key assumptions used in the impairment tests requires management judgement and estimates especially relating to long term growth, profitability and discount rates. • Acquisition related intangible assets have a definitive useful life, however, the useful lives and related amortization periods are assessed annually. • Valuation of goodwill and acquisition related intangible assets are considered a key audit matter due to the significant carrying values and high level of management judgement involved.	• We assessed the impairment tests prepared by the Company. • Our detailed audit work with the involvement of KPMG valuation specialists included testing the integrity of the calculations and the technical model. We challenged the assumptions used by management in respect of forecasted growth rates and profitability as well as the appropriateness of the discount rates used. We also validated the assumptions used in relation to market and industry information. • We also evaluated the cash flows used by comparing them to the group’s business plans and to the understanding we gained from our audit. • Furthermore, we have considered the adequacy of the group’s disclosures in respect of the impairment testing.
Revenue recognition (refer to notes 3 and 4 in the consolidated financial statements)	
• Revenue is mainly generated through the sale of manufactured goods. The revenue is generated by subsidiaries in different countries. The revenue earned from the sale of goods is recognised when the control associated with ownership is transferred to the buyer in accordance with the terms of delivery. • In general, revenue recognition within the group is not complex but the large volumes of transactions and the fact that the revenue is generated through subsidiaries in different countries makes revenue recognition an area of focus in the audit and is therefore determined as a key audit matter.	• During our audit we have focused on identifying unusual sales transactions. Auditors of subsidiaries have performed testing of controls related to revenue recognition and also performed substantive procedures such as testing of sales agreements and year-end transactions. • We have on group level assessed the revenue recognition principles and based on work performed by the auditors in the subsidiaries tested compliance with group revenue recognition principles.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

The Board of Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors are responsible for assessing the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The consolidated financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Helsinki, 26 February 2025
KPMG OY AB

Kim Järvi
Authorised Public Accountant, KHT