

WE PURIFY AND PROTECT WITH EVERY FIBER FOR A SUSTAINABLE WORLD

Ahlstrom
Financial Report
January-March 2024

TRANSFORMATION ON TRACK - GOOD PROFITABILITY AND SOLID CASH FLOW

In this interim report all figures are concerning continuing operations unless otherwise stated. The discontinued operation is presented in the income statement, statement of comprehensive income and cash flow statement until the end of Q1 2023.

HIGHLIGHTS

- Comparable EBITDA improved year-over-year, supported by a higher margin on variable cost per ton, thanks to the transformation initiatives.
- Solid operating cash flow supported by efficient working capital management.
- Market activity improved and deliveries increased both compared to the fourth quarter and the first quarter of the previous year.
- Possible divestiture or closure of the Bousbecque factory, and centralization of parchment paper production to the Saint-Séverin plant.
- Launch of a refined strategy and simplified divisional structure.

Q1/2024 compared with Q1/2023

- Net sales decreased by 8.2% to EUR 735.4 million (801.0) due to lower selling prices.
- Comparable EBITDA increased to EUR 98.1 million (87.6), representing 13.3% (10.9) of net sales. The improvement was supported by an increased margin on variable costs per ton. Lower input costs and improved cost efficiency strengthened the margin on variable cost per ton.
- EBITDA increased to EUR 83.6 million (76.5) including items affecting comparability of EUR -14.6 million (-11.1), mainly relating to the transformation initiatives.
- Operating result increased to EUR 38.3 million (32.7).
- Net result was EUR -8.4 million (-14.2).

Adjusted last twelve months¹

- Adjusted EBITDA for the last twelve months was EUR 506.2 million (EUR 487.0 million at December 31, 2023).
- Adjusted net indebtedness was EUR 1,802.8 million (EUR 1,797.4 million at December 31, 2023), translating into a net indebtedness to adjusted EBITDA ratio of 3.6 (3.7 at December 31, 2023).

Q1/2024

COMPARABLE
EBITDA MEUR 98.1
WITH MARGIN OF
13.3%

NET CASH FLOW
FROM OPERATING
ACTIVITIES MEUR 77.6

MARKET ACTIVITY
IMPROVED

REFINED STRATEGY
AND SIMPLIFIED
DIVISIONAL
STRUCTURE

¹ For more information on adjusted EBITDA see page 7 and 29.

KEY FIGURES

Key figures	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2024	2023	2023	2023
Net sales	735.4	801.0	691.8	2,972.9
Comparable EBITDA	98.1	87.6	112.1	420.1
Comparable EBITDA margin, %	13.3	10.9	16.2	14.1
EBITDA	83.6	76.5	86.5	350.3
Margin on variable costs (MOVC) per ton, EUR	902.7	875.6	982.8	933.4
MOVC margin, %	40.2	35.7	43.1	40.0
Operating working capital	301.5	348.7	316.2	316.2
Capital expenditure	39.5	62.7	54.1	209.0
Net senior secured indebtedness	1,871.3	1,880.9	1,891.3	1,891.3
Adjusted Net senior secured indebtedness	1,629.1	1,638.7	1,649.1	1,649.1
Net indebtedness	2,045.0	2,012.2	2,039.6	2,039.6
Adjusted Net indebtedness	1,802.8	1,769.9	1,797.4	1,797.4
Ratio of Net senior secured indebtedness to adjusted EBITDA	3.2	3.2	3.4	3.4
Ratio of Net indebtedness to adjusted EBITDA	3.6	3.5	3.7	3.7

Key figures	Q1	Q4
EUR million, or as indicated	2024	2023
Adjusted EBITDA (LTM)	506.2	487.0
Adjusted EBITDA margin (LTM), %	17.4	16.4
Interest expenses (LTM)	-155.8	-151.1

Ahlstrom has adopted the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs) to reflect the underlying business performance and improve comparability. These measures should, however, not be considered as a substitute for measures of performance in accordance with IFRS. Alternative performance measures are derived from performance measures reported in accordance with IFRS by adding or deducting items affecting comparability (IAC) and they are called "comparable" or adding adjustments and they are called "adjusted". More details on APMs and key figures are available in the appendix 2. Reported, IFRS based numbers are available in appendix 1.

CEO COMMENTS

I am pleased with the strategic progress we continue to make on our transformation journey towards becoming the preferred sustainable specialty materials company. Our good profitability and solid cash flow in the first quarter, combined with stronger innovation efforts and sustainability progress, demonstrate the successful steps we have executed upon.

SOLID FINANCIAL PERFORMANCE

During the first quarter, market activity showed improvement. Deliveries increased both compared to the fourth quarter and the first quarter of the previous year. Comparable EBITDA increased year-over-year due to improved margin on variable cost per ton, largely thanks to the strong execution of our transformation initiatives. Profitability in the current quarter was, however, impacted by rising input costs, which we are addressing through our strong pricing management. Overall, net operating cash flow remained solid, thanks to efficient working capital management.

REFINED STRATEGY AND SIMPLIFIED STRUCTURE

Another step in our transformation is the launch of a refined strategy and the simplification of our divisional structure. We have defined five strategic pillars which enable Ahlstrom's businesses to advance their ability to lead in existing markets or to enter new markets in response to one or more global trends. We aim to generate organic growth above GDP, healthy margins, and strong cash flow in the coming years, and be recognized in the market as the preferred sustainable specialty materials company. To support the strategy execution, we have decided to simplify our divisional structure from five to three: Filtration and Life Sciences, Food and Consumer Packaging, and Protective Materials. The streamlined structure will reduce complexity between shared plants and will drive speed and agility allowing the business to further focus on growth.

ADDRESSING GLOBAL TRENDS AND CUSTOMER NEEDS

Among the biggest challenges in the coming years are the transition toward clean air and water, personalized healthcare, sustainable packaging and protection, decarbonized buildings, and electrification. Sustainable materials will be needed to address these trends and Ahlstrom has unique and leading technology to provide the solutions. Together with our partners in the value chain we continue to develop our portfolio to ensure its resilience for today and for the future. During the first quarter, we launched new and improved products, supporting our customers' business goals, including a home compostable fiber-based lid offering for single serve coffee capsules.

DRIVING OPERATIONAL STRENGTH

We have initiated a consultation process at the Bousbecque plant in France to explore the possibility of either divesting or closing the plant. Additionally, we plan to centralize parchment paper production at the Saint-Séverin plant in France as part of our efforts to reduce production costs. We understand that this will be a difficult time for our employees at Bousbecque, and we are committed to examining all options to minimize social consequences.

LOOKING AHEAD

I'm confident that the steps we continue to take will strengthen our businesses' ability to lead in sustainable specialty materials. Together with solid profitability and cash flow, I have no doubt that Ahlstrom will drive sustainable value creation for all our stakeholders.



*Helen Mets, President & CEO:
"Our good profitability and solid cash flow in the first quarter, combined with stronger innovation efforts and sustainability progress, demonstrate the successful steps we have executed upon."*

FINANCIAL PERFORMANCE

Net sales by division	Q1	Q1	Q4	Q1-Q4
EUR million	2024	2023	2023	2023
Filtration	147.6	143.3	135.4	563.9
Food & Consumer Packaging	301.8	348.3	294.6	1,272.5
Healthcare	38.1	41.5	37.4	151.9
Building Materials	75.1	75.4	71.0	294.2
Technical Materials	155.2	169.5	141.4	617.9
Other and eliminations	17.6	22.9	12.1	72.6
Total	735.4	801.0	691.8	2,972.9

Comparable EBITDA by division	Q1	Q1	Q4	Q1-Q4
EUR million	2024	2023	2023	2023
Filtration	31.8	25.1	32.8	123.0
Food & Consumer Packaging	27.7	25.5	41.0	145.6
Healthcare	7.7	7.6	7.6	26.4
Building Materials	10.0	4.5	13.0	49.4
Technical Materials	20.0	20.7	26.9	82.4
Other and eliminations	0.9	4.3	-9.3	-6.8
Total	98.1	87.6	112.1	420.1

Comparable EBITDA margin by division	Q1	Q1	Q4	Q1-Q4
%	2024	2023	2023	2023
Filtration	21.6	17.5	24.2	21.8
Food & Consumer Packaging	9.2	7.3	13.9	11.4
Healthcare	20.1	18.2	20.2	17.4
Building Materials	13.3	5.9	18.3	16.8
Technical Materials	12.9	12.2	19.0	13.3
Total	13.3	10.9	16.2	14.1

FINANCIAL RESULT JANUARY-MARCH 2024

Comparison with January–March 2023

Net sales decreased by 8.2% to EUR 735.4 million (801.0) due to lower selling prices. Volumes were at last year's level. Adjusted for the divested Stenay plant volumes increased by 3%. Comparable EBITDA increased to EUR 98.1 million (87.6), representing 13.3% of net sales (10.9), supported by increased margin on variable costs per ton. Lower input costs and improved cost efficiency, driven by the transformation, strengthened the margin on variable cost per ton. Fixed costs were at the same level as last year.

EBITDA increased to EUR 83.6 million (76.5). Items affecting comparability (IACs) and owners' management fee in EBITDA totaled EUR -14.6 million (-11.1), and included mainly Other IACs.

Operating result increased to EUR 38.3 million (32.7). Depreciation, amortization and impairment amounted to EUR -45.3 million (-43.8), including depreciation and amortization arising from PPA of EUR -15.7 million (-15.9).

Net financial items were EUR -41.8 million (-44.8). This figure includes net interest expenses of EUR -39.8 million (-35.4), a currency exchange impact of EUR 0.1 million (1.1), and other financial items of EUR -2.1 million (-10.4).

The result before taxes was EUR -4.6 million (-13.9). Taxes amounted to EUR -3.7 million (-0.4). The net result was EUR -8.4 million (-14.2).

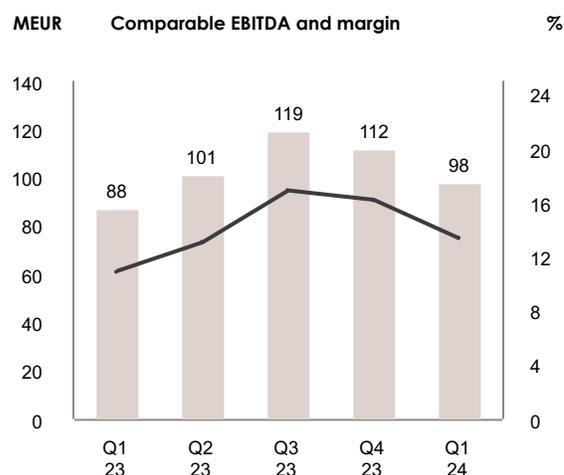
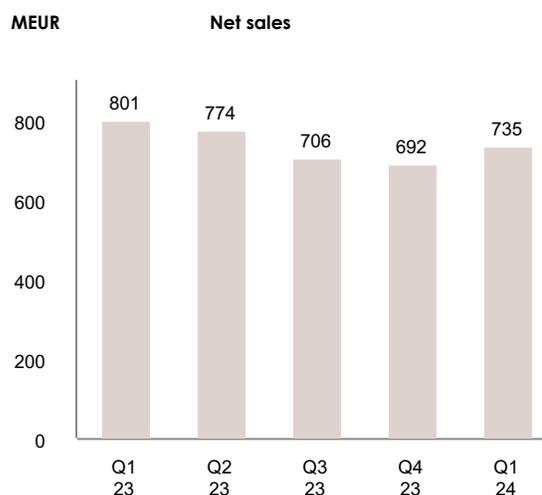
Comparison with October–December 2023

Comparable EBITDA decreased to EUR 98.1 million (112.1), representing 13.3% of net sales (16.2). The positive effect of higher volumes could not fully offset increased costs.

Adjusted EBITDA LTM

Adjusted EBITDA amounted to EUR 506.2 million for the last twelve months (LTM) ending March 31, 2024 (EUR 487.0 million LTM ending December 31, 2023).

During the period, implemented initiatives have been realized in the results, while the work to identify and specify new opportunities has continued according to plan.



Reconciliation of EBITDA and comparable EBITDA	Q1	Q1	Q4	Q1-Q4
EUR million	2024	2023	2023	2023
Operating result	38.3	32.7	39.5	165.4
Depreciation, amortization and impairment	-45.3	-43.8	-46.9	-184.9
EBITDA	83.6	76.5	86.5	350.3
Transaction costs	-0.5	1.5	-2.1	-0.9
Transformation costs	-2.3	-9.5	-10.1	-39.4
Restructuring costs	-1.6	-0.5	-8.0	-16.8
Other ¹	-8.6	-0.7	-3.4	-5.2
Total items affecting comparability (IAC) in EBITDA	-13.0	-9.3	-23.6	-62.3
Management fee to owners ²	-1.6	-1.8	-2.1	-7.4
Total IAC in EBITDA and management fee	-14.6	-11.1	-25.6	-69.8
Comparable EBITDA	98.1	87.6	112.1	420.1

¹ Q1 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.

² 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.

Reconciliation of Comparable EBITDA (LTM) to adjusted EBITDA (LTM)	Q1	Q4
EUR million	2024	2023
Comparable EBITDA (LTM)	430.6	420.1
2023 initiatives ¹	7.4	18.7
2024 initiatives ²	55.0	48.2
2025 initiatives ³	13.3	—
Adjusted EBITDA (LTM)	506.2	487.0

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.

¹ These initiatives have been implemented over the course of 2023. The amount of estimated savings not yet included in LTM EBITDA is EUR 7.4 million. The full run rate is expected to be achieved in 2024. Savings include Fibers (EUR 1.5 million), Chemicals (EUR 2.7 million), Indirect Spend (EUR 2.1 million), mainly related to freight cost, and Energy (EUR 0.5 million) coming from projects that optimize consumption (heat exchanger and energy recovery projects), as well as to Continuous Improvement actions (EUR 0.3 million) linked to internal operational cost optimization and additional savings related to Wood (EUR 0.2 million).

² Consists of initiatives that have or will be implemented over the course of 2024. The amount of estimated savings not yet included in LTM EBITDA is EUR 55.0 million. The full run rate is expected to be achieved 12 months from the date of implementation. Savings include Fibers (EUR 17.3 million), Indirect Spend (EUR 18.1 million), relating mainly to freight and production cost optimization, Energy (EUR 6.7 million) relating to energy optimization and consumption, Chemicals (EUR 8.6 million), as well as Continuous Improvement projects (EUR 4.1 million) linked to various initiatives driving improved performance and additional savings related to Wood (EUR 0.2 million).

³ Consists of initiatives to be implemented with EBITDA benefits not expected until 2025. The amount of estimated savings is estimated to EUR 13.3 million. Savings include Fibers (EUR 1.7 million), Indirect Spend (EUR 5.2 million), relating mainly to freight and service cost optimization, Energy (EUR 1.3 million) relating to energy optimization and consumption, Continuous Improvement projects (EUR 4.9 million) linked to various initiatives driving improved performance as well as Chemicals (EUR 0.1 million).

CASH FLOW AND FINANCING

Cash flow and capital expenditure, January-March 2024

In January-March 2024 net cash from operating activities improved to EUR 77.6 million (-22.9, including discontinued operations). Cash flow was positively supported by a reduction in working capital. In the comparative period, cash flow was negatively impacted by an increase in working capital, significantly affected by short-term incentive payments.

Capital expenditure totaled EUR -39.5 million, excluding the power plant acquisition adjacent to the Windsor Locks plant in the U.S. (-62.7, including discontinued operation).

Free cash flow was EUR 74.2 million (64.4), calculated as comparable EBITDA minus maintenance capital expenditure, and cash conversion was 75.6% (73.5%), calculated as free cash flow divided by comparable EBITDA.

Financing and indebtedness, January-March 2024

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

Cash flow from financing activities was EUR 16.0 million (-22.6 in January-March 2023, including discontinued operation). At the end of the review period, the total cash position was EUR 223.0 million (185.3 on December 31, 2023).

On March 31, 2024, total equity was EUR 702.8 million (724.6 on December 31, 2023). The total equity was primarily reduced by net result and cash distribution by way of return of equity.

At the end of the reporting period, adjusted net indebtedness was EUR 1,802.8 million (1,797.4 on December 31, 2023), translating into a net indebtedness to adjusted EBITDA ratio of 3.6 (3.7 on December 31, 2023).

ACQUISITION OF AHLSTROM-MUNKSJÖ

ACQUISITION OF AHLSTROM OYJ IN 2021 AND SUBSEQUENT REDEMPTION PROCEDURE

On September 24, 2020, Ahlstrom Holding 3 Oy (previously named first Spa Holdings 3 Oy until August 2021 and, subsequently, Ahlstrom-Munksjö Holding 3 Oy until January 2023), a consortium consisting of Ahlström Capital, funds managed or advised by Bain Capital as well as Viknum and Belgrano Inversiones, made a public recommended cash tender offer for all shares in Ahlstrom Oyj (previously named Ahlstrom-Munksjö Oyj until January 2023). Ahlstrom Holding 3 Oy received an ownership of more than 90% on February 4, 2021 and started a compulsory redemption procedure and applied for the delisting of the shares from Nasdaq Helsinki and Nasdaq Stockholm.

On April 16, Nasdaq Stockholm approved the delisting application and resolved that the last day of trading in Ahlstrom Oyj's shares was May 31, 2021. On June 23, 2021 it was announced that Ahlstrom Holding 3 Oy had posted security approved by the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce in connection with the redemption proceedings concerning the minority shares in Ahlstrom Oyj, and thus gained title to all the shares in Ahlstrom Oyj in accordance with Chapter 18, Section 6 of the Finnish Companies Act. The shares in Ahlstrom Oyj were delisted as of June 23 from the official list of Nasdaq Helsinki.

On February 25, 2022, the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce rendered its decision according to which the redemption price payable by Ahlstrom Holding 3 Oy for the 10,755,918 Ahlstrom Oyj's minority shares that are subject to mandatory redemption shall be EUR 21.55 per share.

On April 29, 2022, Ahlstrom Holding 3 Oy filed an appeal with the District Court of Helsinki, requesting the District Court to confirm the redemption price of the minority shares in Ahlstrom Oyj to be EUR 17.84 per share. The requested redemption price of EUR 17.84 corresponds with the price offered in the public tender offer. Amongst others, the trustee who represents the minority shareholders, also filed their appeal with the District Court.

The District Court of Helsinki rendered its decision on 31 August, 2023. The District Court ruled that the redemption price payable by Ahlstrom Holding 3 Oy for the 10,755,918 Ahlstrom Oyj's minority shares that are subject to mandatory redemption shall be EUR 17.84 per share.

The time to seek leave to appeal from the Supreme Court of Finland expired on October 30, 2023. Amongst others, the trustee who represents all minority shareholders sought leave to appeal from the Supreme Court. 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 4.5% as of 1 January 2024) is subject to bi-annual adjustments, with the next adjustment due on 1 July 2024. 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.

PERSONNEL

At the end of the reporting period, total number of employees were 6,925 people. Countries with the highest number of employees include the United States (37%), France (20%), Sweden (11%), Italy (8%), Brazil (5%) and China (5%).

EVENTS DURING THE REPORTING PERIOD

AHLSTROM HOLDING 3 OY 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.

AGREEMENT TO ACQUIRE A POWER PLANT

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.

LAWSUIT AGAINST AHLSTROM

On August 9, 2023, a 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, adding additional parties. On March 22, 2024, Ahlstrom Rhinelander LLC, Ahlstrom NA Specialty Solutions LLC, and Ahlstrom NA Specialty Solutions Holdings Inc. filed a partial motion to dismiss the amended complaint.

EVENTS AFTER THE REPORTING PERIOD

RETURN OF EQUITY

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.

CONSULTATION PROCESS STARTED AT 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.

REFINED STRATEGY AND SIMPLIFIED DIVISIONAL STRUCTURE

On April 29, 2024, Ahlstrom announced a refined strategy and simplified organizational structure. Ahlstrom has defined five strategic pillars: Growth Acceleration, Safe & Sustainable Innovation Leadership, Operational Strength, Cash Discipline and Engaged Employees. These pillars empower Ahlstrom's businesses advance in existing markets or to enter new ones, all while aligning with global trends. 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.

To support the strategy execution, Ahlstrom is reducing the number of divisions from five to three: Filtration and Life Sciences, Food and Consumer Packaging, and Protective Materials. This means that the former Filtration and Healthcare divisions merge to form Filtration and Life Sciences division, Food and Consumer Packaging remains the same, and the former Building Materials and Technical Materials divisions form the new Protective Materials division.

The new divisional structure ensures that Ahlstrom's technology can be better deployed to address global trends with safe and sustainable specialty solutions. In addition, product management will be elevated in the business units and across the divisions to further accelerate the transition towards a more specialty portfolio, and to support the journey to safe and sustainable innovation leadership. The changes in organization are effective from May 1, 2024. Financial reporting according to the new divisional structure starts from July 1, 2024.

Mark Ushpol, EVP for Food & Consumer Packaging division, Emmanuelle Picard, EVP for Building Materials division, and Jacques Lafon, EVP for Healthcare division will leave to pursue careers outside Ahlstrom.

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. Recently, geopolitical tensions and the risk of global fragmentation have increased, which may have implications for the global financial stability and economic growth.

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.

ADDITIONAL INFORMATION AT AHLSTROM

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COMBINED AUDIOCAST AND TELECONFERENCE

A combined audiocast and teleconference will be held on May 8, 15:00 EET (14:00 CET).

Questions to the management can be asked either via the chat box in the audiocast or in person by phone in the conference call.

Audiocast registration link:

<https://ahlstrom.videosync.fi/q1-2024>

Teleconference registration link:

<http://palvelu.flik.fi/teleconference/?id=10013023>

By joining audiocast or teleconference, the participant agrees that personal information such as name and company name will be collected. The event will be recorded.

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, including 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.

APPENDIX 1: CONSOLIDATED FINANCIAL STATEMENTS

This interim report presents the condensed consolidated interim results, financial position and cash flows of Ahlstrom for January-March 2024 ('interim report'). All figures in this interim report are concerning continuing operations unless otherwise stated.

These interim financial statements are unaudited.

INCOME STATEMENT		Q1	Q1	Q1-Q4
EUR million	Note	2024	2023	2023
Continuing operations				
Net sales	5, 6	735.4	801.0	2,972.9
Cost of goods sold		-621.2	-691.8	-2,494.9
Gross profit		114.2	109.3	478.0
Sales, R&D and administrative expenses		-66.8	-67.8	-285.7
Other operating income		7.3	8.1	46.9
Other operating expense	7	-16.4	-16.9	-73.8
Operating result		38.3	32.7	165.4
Net financial items		-41.8	-44.8	-205.1
Share of result in equity-accounted investees		-1.0	-1.8	-4.1
Result before taxes		-4.6	-13.9	-43.9
Income taxes		-3.7	-0.4	-36.2
Net result from continuing operations		-8.4	-14.2	-80.1
Net result from discontinued operation		—	-0.7	-0.7
Net result		-8.4	-15.0	-80.8

STATEMENT OF COMPREHENSIVE INCOME			
EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Net result	-8.4	-15.0	-80.8
Other comprehensive income			
Items that may be reclassified to income statement			
Exchange differences on translation of foreign operations	5.0	-33.5	-61.0
Hedges of net investments in foreign operations	-11.4	10.3	18.9
Change in cash flow hedge reserve	2.7	-9.9	-19.3
Cash flow hedge transferred to income statement	-0.8	2.1	5.6
Equity-accounted investees - share of OCI	0.0	0.6	0.7
Income taxes to items that may be reclassified	-1.1	2.2	4.3
Items that will not be reclassified to income statement			
Remeasurement gains and losses on defined benefit plans	0.6	0.5	0.0
Equity-accounted investees - share of OCI	0.0	0.1	0.0
Income taxes to items that will not be reclassified	-0.1	-0.1	0.1
Other comprehensive income, continuing operations	-5.2	-27.6	-50.6
Comprehensive income	-13.5	-42.6	-131.4
Net result attributable to			
Parent company's shareholders	-8.9	-15.3	-82.5
Non-controlling interests	0.6	0.4	1.8
Comprehensive income attributable to			
Parent company's shareholders	-14.1	-42.8	-132.5
Non-controlling interests	0.6	0.2	1.1

BALANCE SHEET		Mar 31,	Mar 31,	Dec 31,
EUR million	Note	2024	2023	2023
ASSETS				
Non-current assets				
Property, plant and equipment	8	1,144.5	1,123.9	1,135.0
Right-of-use assets		35.5	37.3	38.6
Goodwill	8	1,073.1	1,085.5	1,070.7
Other intangible assets	8	787.4	795.4	788.2
Equity-accounted investees		23.9	27.2	25.0
Other non-current assets		73.0	91.9	72.3
Deferred tax assets		2.7	2.4	2.3
Total non-current assets		3,140.2	3,163.6	3,132.0
Current assets				
Inventories		356.5	439.4	332.1
Trade and other receivables		510.4	551.5	491.8
Income tax receivables		11.2	13.1	17.0
Cash and cash equivalents	9	223.0	134.8	185.3
Total current assets		1,101.1	1,138.9	1,026.2
TOTAL ASSETS		4,241.3	4,302.5	4,158.1
EQUITY AND LIABILITIES				
Equity				
Equity attributable to parent company's shareholders		692.1	834.0	714.6
Non-controlling interests		10.6	9.6	10.0
Total equity		702.8	843.6	724.6
Non-current liabilities				
Non-current borrowings	9	2,089.5	2,010.9	2,071.8
Non-current lease liabilities	9	22.7	25.4	26.0
Other non-current liabilities		14.1	11.3	16.3
Employee benefit obligations		53.6	51.0	53.0
Deferred tax liabilities		218.2	212.0	222.4
Non-current provisions		29.7	21.1	29.6
Total non-current liabilities		2,427.7	2,331.7	2,419.1
Current liabilities				
Current borrowings	9	142.5	97.4	113.1
Current lease liabilities	9	13.3	13.3	14.0
Trade and other payables		936.9	992.3	872.0
Income tax liabilities		10.2	13.0	7.7
Current provisions		7.9	11.2	7.8
Total current liabilities		1,110.8	1,127.2	1,014.4
Total liabilities		3,538.5	3,459.0	3,433.5
TOTAL EQUITY AND LIABILITIES		4,241.3	4,302.5	4,158.1

STATEMENT OF CHANGES IN EQUITY							
EUR million	Reserve for invested unrestricted equity	Other reserves	Cumulative translation adjustment	Retained earnings	Total equity attributable to parent company's shareholders	Non-controlling interest	Total equity
Equity at January 1, 2024	1,016.1	-57.2	12.2	-256.4	714.6	10.0	724.6
Net result	—	—	—	-8.9	-8.9	0.6	-8.4
Other comprehensive income, net of tax	—	-10.6	4.9	0.5	-5.2	0.0	-5.2
Total comprehensive income	—	-10.6	4.9	-8.5	-14.1	0.6	-13.5
Return of equity, dividend and other	-8.4	—	—	—	-8.4	—	-8.4
Equity at March 31, 2024	1,007.7	-67.8	17.1	-264.9	692.1	10.6	702.8
Equity at January 1, 2023	1,054.1	-66.8	71.8	-173.9	885.1	9.4	894.5
Net result	—	—	—	-15.3	-15.3	0.4	-15.0
Other comprehensive income, net of tax	—	4.8	-32.7	0.5	-27.5	-0.2	-27.6
Total comprehensive income	—	4.8	-32.7	-14.8	-42.8	0.2	-42.6
Return of equity, dividend and other	-8.3	—	—	—	-8.3	—	-8.3
Equity at March 31, 2023	1,045.7	-62.1	39.0	-188.7	834.0	9.6	843.6

STATEMENT OF CASH FLOWS	Q1	Q1	Q1-Q4
EUR million	2024	2023	2023
Cash flow from operating activities			
Net result	-8.4	-15.0	-80.8
Adjustments			
Depreciation, amortization and impairment	45.3	43.8	184.9
Interest and other financial income and expense	41.8	44.8	205.1
Other adjustments	4.9	1.4	39.7
Total adjustments	92.0	90.0	429.7
Changes in net working capital	27.3	-62.0	-30.5
Change in provisions	0.2	-0.7	4.6
Interest paid	-30.4	-26.3	-142.8
Other financial items, net	-1.1	-1.5	-7.3
Income taxes paid	-2.1	-7.3	-29.8
Net cash from operating activities	77.6	-22.9	143.1
Cash flow from investing activities			
Purchases of property, plant and equipment and intangible assets	-39.5	-62.7	-209.0
Payment for acquisition of businesses and subsidiaries, net of cash acquired	-16.3	—	—
Proceeds from disposal of shares in Group companies and businesses and associated companies	—	6.8	-5.0
Other investing activities	0.0	-2.5	-2.5
Net cash from investing activities	-55.8	-58.4	-216.5
Cash flow from financing activities			
Return of equity	-8.4	-8.3	-38.0
Proceeds from non-current borrowings	—	—	75.0
Repayments of non-current borrowings	-1.2	-1.2	-4.7
Change in current borrowings	29.9	-9.3	8.6
Payments of lease liabilities	-4.3	-3.8	-16.6
Dividends paid	—	—	-0.5
Net cash from financing activities	16.0	-22.6	23.8
Net change in cash and cash equivalents	37.9	-103.9	-49.6
Cash and cash equivalents at the beginning of the period	185.3	240.7	240.7
Foreign exchange effect on cash and cash equivalents	-0.2	-2.1	-5.8
Cash and cash equivalents at the end of the period	223.0	134.8	185.3

1. General information

Ahlstrom Holding 3 Oy is the parent company (the "Issuer", "parent company") of the Ahlstrom Group ("Ahlstrom", "Group", "company"). Ahlstrom is a global leader in fiber-based materials, supplying innovative and sustainable solutions worldwide. Ahlstrom'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.

2. Form and content of interim financial statements (Basis of presentation)

The condensed interim consolidated financial statements ("interim report") January-March 2024, approved by the Board of Directors of Ahlstrom Holding 3 Oy, have been prepared solely for the purpose of reporting to the parent company's bondholders. The condensed consolidated interim results, financial position and cash flows of Ahlstrom for January-March 2024, January-March 2023 and for the year 2023 presented herein have been prepared in accordance with IFRS, as adopted by the EU. The condensed interim consolidated financial statements have been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU and should be read together with Ahlstrom's consolidated Financial Statements for the year 2023.

The condensed interim consolidated financial statements are presented in millions of euros and consist of the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of cash flows, the consolidated statement of changes in equity, and the explanatory notes. Events after the reporting period are presented on page 11. All figures in the interim report have been rounded and consequently the total of individual figures can deviate from the presented totals. Furthermore, all percentages are subject to possible rounding differences.

3. Accounting principles

The accounting principles applied are consistent with those followed in the preparation of the Ahlstrom's consolidated financial statements for the year 2023.

4. Business acquisitions and disposals

2024

Acquisition of Algonquin Power Windsor Locks LLC

During the first quarter of 2024, Ahlstrom acquired a power plant adjacent to its Windsor Locks plant in the U.S. The first quarter cash flow impact of the transaction was EUR -16.3 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 of the acquisition on the Group balance sheet was immaterial and mainly related to the property, plant and equipment.

Acquisition of Ahlstrom in 2021 and subsequent redemption procedure

See section "Acquisition of Ahlstrom-Munksjö" on page 8 for information on redemption proceedings.

2023

Disposal of Stenay plant

In September 2023 Ahlstrom sold its subsidiary Ahlstrom Stenay S.A.S. to Accursia Capital. An impairment loss of EUR 20 million was recognized on a loan to Stenay in the financial items upon classification as held for sale in August 2023. Additionally, an impairment loss of EUR 5.7 million was recognized on property, plant and equipment of the Stenay plant in the second quarter of 2023. Both the transaction price and the result on divestment were close to zero. The total cash flow impact related to the transaction was EUR -13 million, of which EUR -7.7 million realized in the third quarter and EUR -4.0 million in the fourth quarter of 2023. 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.

5. Segment information

Ahlstrom operates under the following five divisions and reporting segments:

Filtration – Mission-critical air and liquid filtration materials.

Food & Consumer Packaging – Materials for improved food safety, product preservation, and bacteria prevention, helping extend product life and protect human health.

Healthcare – Materials serving essential societal uses in medical, laboratory, and life science settings including diagnostics, bioprocessing, and medical performance barriers.

Building Materials – Highly engineered protective building material applications for every face of the building.

Technical Materials – Highly technical applications including protective materials such as insulation, precision coating, tape, and others.

Other and eliminations include certain group and function costs, as well as Aspa market pulp mill and certain other costs not used in the assessment of divisional performance.

Financial performance by division, EUR million Q1/2024	Food & Consumer Packaging Health-care Building Materials Technical Materials Other and eliminations						Total
	Filtration	Packaging	care	Materials	Materials	eliminations	
Net sales, external	146.8	293.7	36.6	74.8	151.4	32.0	735.4
Net sales, internal	0.8	8.0	1.5	0.3	3.7	-14.4	—
Net sales	147.6	301.8	38.1	75.1	155.2	17.6	735.4
Comparable EBITDA	31.8	27.7	7.7	10.0	20.0	0.9	98.1
IAC in EBITDA and management fee							-14.6
Depreciation, amortization and impairment							-45.3
Operating result							38.3
Operating working capital	75.7	107.1	30.4	5.9	104.8	-22.4	301.5

Financial performance by division, EUR million Q1/2023	Food & Consumer Packaging Health-care Building Materials Technical Materials Other and eliminations						Total
	Filtration	Packaging	care	Materials	Materials	eliminations	
Net sales, external	142.6	342.1	39.9	75.2	166.3	34.8	801.0
Net sales, internal	0.6	6.2	1.6	0.2	3.2	-11.8	—
Net sales	143.3	348.3	41.5	75.4	169.5	22.9	801.0
Comparable EBITDA	25.1	25.5	7.6	4.5	20.7	4.3	87.6
IAC in EBITDA and management fee							-11.1
Depreciation, amortization and impairment							-43.8
Operating result							32.7
Operating working capital	72.5	129.4	38.3	9.5	110.1	-11.1	348.7

Segment information by quarter	2024	2023	2023	2023	2023
EUR million, or as indicated	Q1	Q4	Q3	Q2	Q1
Net sales					
Filtration	147.6	135.4	136.7	148.6	143.3
Food & Consumer Packaging	301.8	294.6	300.0	329.5	348.3
Healthcare	38.1	37.4	34.4	38.6	41.5
Building Materials	75.1	71.0	70.0	77.7	75.4
Technical Materials	155.2	141.4	147.8	159.2	169.5
Other and eliminations	17.6	12.1	16.8	20.7	22.9
Total	735.4	691.8	705.8	774.4	801.0
Comparable EBITDA					
Filtration	31.8	32.8	31.5	33.6	25.1
Food & Consumer Packaging	27.7	41.0	45.9	33.2	25.5
Healthcare	7.7	7.6	6.0	5.3	7.6
Building Materials	10.0	13.0	15.1	16.8	4.5
Technical Materials	20.0	26.9	23.8	11.0	20.7
Other and eliminations	0.9	-9.3	-3.0	1.2	4.3
Total	98.1	112.1	119.2	101.2	87.6
Comparable EBITDA margin, %					
Filtration	21.6	24.2	23.0	22.6	17.5
Food & Consumer Packaging	9.2	13.9	15.3	10.1	7.3
Healthcare	20.1	20.2	17.4	13.6	18.2
Building Materials	13.3	18.3	21.6	21.7	5.9
Technical Materials	12.9	19.0	16.1	6.9	12.2
Total	13.3	16.2	16.9	13.1	10.9
Operating working capital					
Filtration	75.7	69.7	78.4	86.0	72.5
Food & Consumer Packaging	107.1	122.7	158.9	136.5	129.4
Healthcare	30.4	27.5	31.8	38.1	38.3
Building Materials	5.9	9.8	14.4	15.3	9.5
Technical Materials	104.8	108.6	112.7	108.1	110.1
Other and eliminations	-22.4	-22.1	-23.3	-20.6	-11.1
Total	301.5	316.2	373.1	363.6	348.7

6. Net sales by region

EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Europe	271.3	315.7	1,094.7
North America	278.3	334.4	1,254.4
South America	80.0	51.8	190.4
Asia-Pacific	96.2	92.1	397.7
Rest of the world	9.7	6.9	35.7
Total	735.4	801.0	2,972.9

7. Other operating expenses

EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Depreciation and amortization of fair value adjustments from business combinations (PPA)	-15.7	-15.9	-63.1
Impairment losses	—	—	-8.1
Other	-0.7	-0.9	-2.5
Total	-16.4	-16.9	-73.8

8. Property, plant and equipment, goodwill and other intangible assets

Changes in property, plant and equipment EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Net book value at the beginning of period	1,135.0	1,121.1	1,121.1
Business combination	11.9	—	—
Additions	24.9	43.4	156.2
Disposals	0.0	—	-0.2
Depreciation and impairment	-30.2	-29.2	-125.3
Translation differences and other changes	2.9	-11.3	-16.8
Net book value at the end of period	1,144.5	1,123.9	1,135.0

Changes in other intangible assets EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Net book value at the beginning of period	788.2	806.7	806.7
Additions	12.1	16.4	48.4
Disposals	—	—	-8.7
Business disposal	—	—	-0.2
Amortization and impairment	-10.9	-10.8	-43.2
Translation differences and other changes	-2.0	-16.8	-14.8
Net book value at the end of period	787.4	795.4	788.2

Goodwill amounted to EUR 1,073.1 million on March 31, 2024 (December 31, 2023 EUR 1,070.7 million). The change consists solely of translation differences.

9. Financial assets and liabilities

Available committed facilities, nominal values, and cash EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Available committed bank overdrafts	17.4	18.6	17.5
Cash and cash equivalents	223.0	134.8	185.3
Committed revolving credit facilities	261.2	237.4	261.2
Finnish Commercial Paper program outstanding	-87.5	—	-52.5
Available committed facilities and cash	414.1	390.8	411.5

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 Oyj under a separate guarantee indemnity which was entered into by Ahlstrom Holding 3 Oyj when the Finnish Commercial Paper program was entered into.

As at March 31, 2024, the Group's gross borrowings amounted to EUR 2,268.0 million (2,147.0 at March 31, 2023 and 2,224.9 at December 31, 2023).

Net indebtedness EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Cash and cash equivalents	223.0	134.8	185.3
Senior secured credit facilities	1,479.1	1,405.8	1,468.2
Senior secured notes	615.2	609.9	608.4
Net senior secured indebtedness	1,871.3	1,880.9	1,891.3
Bank loans	39.0	65.9	41.3
Pension loan	—	5.0	—
Commercial papers	86.7	—	52.0
Lease liabilities	36.0	38.8	40.0
Other financial liabilities	12.0	21.6	15.0
Net indebtedness	2,045.0	2,012.2	2,039.6

Fair values of financial assets and liabilities EUR million	Mar 31, 2024		Mar 31, 2023		Dec 31, 2023		
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value	Level
Non-current financial liabilities measured at amortized cost¹							
Senior secured notes	615.2	602.4	609.9	547.2	608.4	567.4	1
Senior secured credit facilities	1,474.2	1,429.8	1,400.9	1,434.1	1,463.4	1,420.5	1
Lease liabilities	22.7	22.7	25.4	25.4	26.0	26.0	2
Total	2,112.1	2,054.9	2,036.3	2,006.8	2,097.8	2,014.0	
Financial instruments measured at fair value							
Forward contracts – cash flow hedge accounting	-1.9	-1.9	-1.0	-1.0	6.2	6.2	2
Forward contracts – fair value through income statement	-0.1	-0.1	0.1	0.1	0.7	0.7	2
Interest rate derivatives – fair value through income statement	29.1	29.1	50.9	55.4	29.1	29.1	1
Commodity swap contracts – cash flow hedge accounting	-23.2	-23.2	-20.0	-20.0	-33.1	-33.1	1
Total	3.9	3.9	30.0	34.6	2.9	2.9	

¹ The carrying values of the current financial liabilities measured at amortized costs, totaling EUR 155.8 million (EUR 110.7 million at March 31, 2023 and 127.1 at December 31, 2023), approximate their fair values.

The fair values of the senior secured credit facilities and senior secured notes have been estimated based on quoted market prices, including any accrued interest.

Nominal values of derivatives EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Forward contracts - cash flow hedge accounting	250.7	162.3	216.6
Forward contracts - fair value through income statement	46.5	60.7	80.6
Interest rate derivatives - fair value through income statement	962.2	960.2	954.8
Commodity swap contracts - cash flow hedge accounting	35.0	53.7	53.5

See more information on financial assets and liabilities in Ahlstrom's consolidated financial statements for the year 2023, notes 20-21.

10. Off-balance sheet commitments

EUR million	Mar 31, 2024	Mar 31, 2023	Dec 31, 2023
Assets pledged			
Pledges	243.1	243.1	243.1
Commitments			
Guarantees and commitments given on behalf of Group companies	38.1	61.3	48.0
Capital expenditure commitments	23.8	47.4	31.5
Other guarantees and commitments	74.4	88.7	74.4

Ahlstrom has given a pro-rated commitment for further investment of equity of approximately EUR 5 million into the associated company Munksjö upon the occurrence of certain triggering event. See also page 8 for information on the redemption proceedings.

11. Related party transactions

See more information on Ahlstrom's related parties and employee and management remuneration in the consolidated financial statements for the year 2023. The Group conducts transactions with related parties on an arm's length basis.

Related party transactions EUR million	Q1 2024	Q1 2023	Q1-Q4 2023
Associated companies			
Net sales	1.7	1.8	6.7
Other income	2.7	3.6	10.5
Cost of goods sold	-16.4	-14.5	-59.9
Interest income	0.3	0.1	0.1
Trade and other receivables	3.9	6.1	2.8
Loan receivables	10.0	10.0	10.0
Trade and other payables	6.3	5.8	5.6
Owners			
Sales, R&D and administrative expense	-2.1	-1.8	-7.4
Trade and other payables	0.2	0.0	0.5
Parent companies			
Return on equity	-8.4	-8.3	-38.0

Ahlstrom has given a pro-rated commitment for investment of equity of approximately EUR 5 million into the associated company Munksjö upon the occurrence of certain triggering event.

APPENDIX 2: 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.

KEY FIGURES	Q1	Q1	Q1-Q4
EUR million, or as indicated	2024	2023	2023
Net sales	735.4	801.0	2,972.9
Operating result	38.3	32.7	165.4
Operating result margin, %	5.2	4.1	5.6
Net result	-8.4	-14.2	-80.1
EBITDA	83.6	76.5	350.3
EBITDA margin, %	11.4	9.6	11.8
Comparable EBITDA	98.1	87.6	420.1
Comparable EBITDA margin, %	13.3	10.9	14.1
Items affecting comparability in EBITDA and management fee	-14.6	-11.1	-69.8
Adjusted EBITDA (LTM)	506.2	511.9	487.0
Adjusted EBITDA margin (LTM), %	17.4	14.2	16.4
Comparable operating result	52.8	43.8	243.3
Comparable operating result margin, %	7.2	5.5	8.2
Items affecting comparability in operating result and management fee	-14.6	-11.1	-77.9
MOVC/ton, EUR	902.7	875.6	933.4
MOVC margin, %	40.2	35.7	40.0
Interest expense (LTM)	-155.8	-130.4	-151.1
Free cash flow	74.2	64.4	325.1
Cash conversion, %	75.6	73.5	77.4
Employee benefit expenses	-147.9	-141.4	-564.8
Depreciation and amortization	-45.3	-43.8	-176.7
Impairment loss on tangible and intangible assets	—	—	-8.1
Capital expenditure	39.5	62.7	209.0
Operating working capital	301.5	348.7	316.2
Ratio of Net indebtedness to adjusted EBITDA (LTM)	3.6	3.5	3.7
Ratio of Net senior secured indebtedness to adjusted EBITDA (LTM)	3.2	3.2	3.4
Ratio of adjusted EBITDA to interest expense	3.3	3.9	3.2
Net senior secured indebtedness	1,871.3	1,880.9	1,891.3
Adjusted Net senior secured indebtedness	1,629.1	1,638.7	1,649.1
Net indebtedness	2,045.0	2,012.2	2,039.6
Adjusted Net indebtedness	1,802.8	1,769.9	1,797.4

Reconciliation of certain key performance measures			
EUR million or as indicated	Q1 2024	Q1 2023	Q1-Q4 2023
Items affecting comparability			
Transaction costs	-0.5	1.5	-0.9
Transformation costs	-9.4	-9.5	-39.4
Restructuring costs	-1.6	-0.5	-16.8
Other	-1.5	-0.7	-5.2
Total items affecting comparability (IAC) in EBITDA	-13.0	-9.3	-62.3
Management fee to owners	-1.6	-1.8	-7.4
Total IAC in EBITDA and management fee	-14.6	-11.1	-69.8
Impairment loss on tangible and intangible assets	—	—	-8.1
Total IAC in operating result and management fee	-14.6	-11.1	-77.9
EBITDA and comparable EBITDA			
Operating result	38.3	32.7	165.4
Depreciation, amortization and impairment	-45.3	-43.8	-184.9
EBITDA	83.6	76.5	350.3
Total IAC in EBITDA and management fee	-14.6	-11.1	-69.8
Comparable EBITDA	98.1	87.6	420.1
Comparable operating result			
Operating result	38.3	32.7	165.4
Total IAC in operating result and management fee	14.6	11.1	77.9
Comparable operating result	52.8	43.8	243.3
Free cash flow			
Comparable EBITDA	98.1	87.6	420.1
Maintenance capital expenditure	24.0	23.2	94.9
Free cash flow	74.2	64.4	325.1
Adjusted Net senior secured indebtedness			
Net senior secured indebtedness	1,871.3	1,880.9	1,891.3
Escrow account related to minority squeeze-out liability	242.2	242.2	242.2
Adjusted Net senior secured indebtedness	1,629.1	1,638.7	1,649.1
Adjusted Net indebtedness			
Net indebtedness	2,045.0	2,012.2	2,039.6
Escrow account related to minority squeeze-out liability	242.2	242.2	242.2
Adjusted Net indebtedness	1,802.8	1,769.9	1,797.4

CALCULATION OF KEY FIGURES

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 operating result and management fee to owners	
Comparable operating result margin, %	Comparable operating result / net sales	
Items affecting comparability in operating result	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, impairment losses, 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	
Items affecting comparability in EBITDA	Items affecting comparability in operating result excluding impairment losses	
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 additional sponsor adjustments, certain cost savings programs, certain post-acquisition savings programs	
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	

Key figure	Definitions	Reason for use of the key figure
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	Indebtedness related key figures are indicators to measure the total external debt financing of Ahlstrom.
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 Net indebtedness to adjusted EBITDA	Adjusted Net indebtedness / adjusted EBITDA	
Ratio of 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.
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	