

Årsredovisning

Munksjö Paper AB

559368-7444

Styrelsen och verkställande direktören för Munksjö Paper AB får härmed lämna sin redogörelse för bolagets utveckling under räkenskapsåret 2023-01-01 - 2023-12-31.

Om inte annat särskilt anges, redovisas alla belopp i hela kronor (sek).

INNEHÅLLSFÖRTECKNING	SIDA
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FASTSTÄLLELSEINTYG

Undertecknad styrelseledamot i Munksjö Paper AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma 2024-05-27. Årsstämman beslutade att godkänna styrelsens förslag till hur vinsten ska fördelas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Stockholm 2024-06-25


Manfred Bracher, Verkställande direktör

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FÖRVALTNINGSBERÄTTELSE

VERKSAMHETEN

Verksamhet

ALLMÄNT OM VERKSAMHETEN

Munksjö Paper AB, med säte i Jönköping, är moderbolag i en internationell koncern som tillverkar och säljer dekorpapperslösningar under varumärket Munksjö. Koncernen är verksam i Tyskland, Frankrike, Spanien, Brasilien, Kina, Sverige, Italien, Turkiet och USA.

Koncernen Munksjö Paper AB bildades den 1 oktober 2022, då bolaget förvärvade Ahlstrom-Munksjös dekorverksamhet. Dekorpappersverksamheten hade tidigare verkat under varumärket Munksjö i över 25 år, och blivit kända inom branschen för exceptionell kvalitet och service.

Dekorpapper används främst i laminerade träpanelbaserade möbler, golv och andra interiöra och exteriöra byggmaterialapplikationer: enfärgat dekorpapper för högtryckslaminat (HPL) och lågtryckslaminat (LPL); förimpregnerat foliebaspapper; och grundpapper för tryck (PBP). Munksjö erbjuder en bred och mångsidig portfölj av högkvalitativa dekorpapperslösningar som skiljer sig åt från övriga marknaden. Med det bredaste utbudet av förimpregnerade dekorpapper och ett bibliotek med över 6 000 olika färger ger Munksjö sina kunder oöverträffade valmöjligheter. Genom ett unikt samarbete med en internationellt hyllad designstudio erbjuder företaget värdefulla insikter i färgtrender, vilket ger sina kunder med hög- och lågtryckslaminat möjlighet att ligga före i en konkurrensutsatt marknadsmiljö.

Munksjö är den enda dekorpapperstillverkaren med ett dedikerat FoU-team med tillgång till pilotpappers- och bstrykningsmaskiner och ett fullt utrustat papperslaboratorium i Munksjös FoU-center utanför Lyon, Frankrike. Munksjös teamkompetens och innovationsförmåga hjälper företaget att leda i de tekniskt mest avancerade och attraktiva marknadssegmenten.

Hos Munksjö går hållbarhet, innovation och prestanda hand i hand. För att tillverka dekorpapper kombinerar företaget förnybara råvaror, inklusive en stor del av naturliga fibrer och papperstillverkningsteknik. Munksjös globala mål är att minska de specifika CO₂-utsläppen med över 25 % till 2030, uppnå koldioxidneutralitet till 2050 och att kontinuerligt minska vattenanvändningen i sin verksamhet. Med det förimpregnerade Mfoil-pappret, som är fritt från lösningsmedel och formaldehyd, erbjuder Munksjö en mer hållbar lösning för den dekorativa ytindustrin.

ÄGARFÖRHÅLLANDEN

Munksjö Paper AB ägs till 100 % av Munksjö Paper Holding AB, som i sin tur ägs till 60 % av Ahlström Capital B.V, till 25 % av A. Ahlstrom Oyj och till 15 % av Nidoco AB.

VÄSENTLIGA HÄNDELSER UNDER RÅKENSKAPSÅRET

Munksjö fäster stor vikt av organisatorisk smidighet och strategisk framsynthet för att navigera i ett föränderligt landskap. Under sitt första år som fristående företag och under ledning av sin nya VD, Dr. Manfred Bracher, sedan 1 maj 2023, har Munksjö genomgått organisations-, verktygs- och processförändringar mot framtida tillväxt.

2022 bildade Munksjö ett joint venture med Minglian Paper i Xingtai, Kina, och förvärvade 60 % av aktierna. Denna flytt gjorde det möjligt för Munksjö att ha en leveranskälla på världens största marknad för dekorpapper. Därefter har Munksjö gjort betydande investeringar i operationell excellens, kvalitetsstandarder och säkerhetsåtgärder i fabriken i

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Kina. Som ett resultat är företaget nu väl positionerat för att sträva efter ytterligare tillväxtmöjligheter genom att utnyttja sin effektiva och moderna tillgång i en lägstkostnadsmiljö, tillsammans med Munksjö's starka varumärke och tekniska expertis.

I Latinamerika gjorde Munksjö betydande framsteg med Expandecor-projektet, en investering på 28 miljoner euro som kommer att modernisera fabriken i Caieiras med planerad uppstart 2025. Genom att konvertera och uppgradera en av sina befintliga pappersmaskiner kommer investeringen att förbättra kvalitet och kostnadseffektivitet samtidigt som Munksjö's produktionskapacitet i Latinamerika fördubblas. Denna expansion kommer att göra det möjligt för företaget att effektivt möta efterfrågan på marknaden i regionen. I en värld präglad av politiska konflikter och regionala spänningar utnyttjar Munksjö sin globala närvaro och flexibla leveransplattform med 11 pappersmaskiner för att minska risker och ta vara på möjligheter. Dess lokala produktionsanläggningar i nyckelregioner säkerställer operativ motståndskraft och lyhörddhet för marknadsdynamiken, vilket gör det möjligt för företaget att tjäna sina kunder över hela världen med värde.

Verksamhetsresultat 2023

Marknadsmiljön var fortsatt utmanande med minskande efterfrågan på dekorpapper på många marknader som Europa, Kina och Nordamerika. Betydande överkapacitet bland dekorpappersproducenterna skapade en mycket konkurrenskraftig miljö med lågt tillgångsutnyttjande och prispress. Kinesiska producenter av dekorpapper ökade sina ansträngningar för export till andra regioner och tog marknadsandelar i Brasilien, Turkiet och Europa. Trots en vikande efterfrågan på dekorpappersmarknaden, orsakad av lägre fastighets- och bostadsrenoveringsaktiviteter, som resulterade i underutnyttjande av Munksjö's operativa kapacitet, särskilt i Europa, och fortfarande stigande råvarupriser under 2023, nådde Munksjö-koncernens omsättning 473 MEUR, med en EBITDA på 27 MEUR efter justering av jämförelsestörande poster, vilket motsvarar 6 % av nettoomsättningen. Dessutom minskade koncernen framgångsrikt nettorelsekapitalet med 28 MEUR, vilket visar sitt fokus på kapitaleffektivitet och disciplin. Nettokassaflödet från den löpande verksamheten för koncernen för 2023 var +30 MEUR.

FRAMTIDA UTVECKLING

Marknadsutsikterna för 2024 är fortfarande osäkra, med en oförändrad tillväxttakt i de flesta länder under första halvåret och en potentiell måttlig återhämtning under andra halvåret 2024. Munksjö strävar efter att förbättra den operativa effektiviteten, och arbetar proaktivt för att nå framtida tillväxtområden och stärker stödet för att öka kapacitetsutnyttjandegraden och mildra effekterna av inflation. När vi blickar framåt är Munksjö väl positionerat för att dra nytta av uppkomsten av nya möjligheter på viktiga tillväxtmarknader som Kina, Latinamerika, Turkiet och Indien. Med en stark varumärkesnärvaro och ett robust försäljningsnätverk är företaget fokuserat på att stärka sitt kunderbjudande och driva excellens inom dekorpapperslösningar.

Företaget har Euro som redovisningsvaluta.

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FLERÅRSÖVERSIKT

Beloppen i flerårsöversikten är angivna i tusental euro om inte annat anges.

	2301-2312	2203-2212
Nettoomsättning	29 947	1 530
Resultat efter finansiella poster	-3 961	-1 804
Balansomslutning	329 236	322 634
Soliditet %	44	43

2023 är företagets första år med aktiv verksamhet under hela räkenskapsåret. Under 2022 bedrevs operativ verksamhet under 3 månader.

FÖRÄNDRINGAR I EGET KAPITAL

	Aktiekapital	Balanserat resultat	Årets resultat	Totalt
Belopp vid årets ingång	6 500	139 000 000	-1 432 853	137 573 647
Balanseras i ny räkning		-1 432 853	1 432 853	0
Aktieägartillskott		10 000 000		10 000 000
Årets resultat			-3 528 293	-3 528 293
Belopp vid årets utgång	6 500	147 567 147	-3 528 293	144 045 354

Antal aktier: 6 500 st
Kvotvärde: 1 Euro

RESULTATDISPOSITION

Medel att disponera:

Balanserat resultat	147 567 147
Årets resultat	-3 555 888
Summa	144 011 259

Förslag till disposition:

Balanseras i ny räkning	144 011 259
Summa	144 011 259

Bolagets resultat och ställning framgår av efterföljande resultat- och balansräkning med noter.

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RESULTATRÄKNING

	1	2023-01-01 2023-12-31	2022-03-03 2022-12-31
Rörelseintäkter, lagerförändring m.m.			
Nettoomsättning		29 946 725	1 529 580
Övriga rörelseintäkter		17 419	–
Summa rörelseintäkter, lagerförändringar m.m.		29 964 144	1 529 580
Rörelsekostnader			
Övriga externa kostnader		-26 945 976	-2 467 319
Personalkostnader	2	-2 444 611	-244 606
Av- och nedskrivningar av materiella och immateriella anläggningstillgångar		-3 001 578	-750 000
Övriga rörelsekostnader		-19 923	-125
Summa rörelsekostnader		-32 412 088	-3 462 050
Rörelseresultat		-2 447 944	-1 932 470
Finansiella poster	3		
Övriga ränteintäkter och liknande resultatposter		11 657 477	2 006 740
Räntekostnader och liknande resultatposter		-13 170 604	-1 877 982
Summa finansiella poster		-1 513 127	128 758
Resultat efter finansiella poster		-3 961 071	-1 803 712
Bokslutsdispositioner	4		
Lämnade koncernbidrag		-500 000	–
Summa bokslutsdispositioner		-500 000	–
Resultat före skatt		-4 461 071	-1 803 712
Skatter			
Skatt på årets resultat	5	905 183	370 859
Årets resultat		-3 555 888	-1 432 853

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BALANSRÄKNING

1

2023-12-31

2022-12-31

TILLGÅNGAR**Anläggningstillgångar***Immateriella anläggningstillgångar*

Balanserade utgifter för utvecklingsarbeten och liknande arbeten	6	783 175	–
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	7	26 250 000	29 250 000
Förskott avseende immateriella anläggningstillgångar		228 275	–
Summa immateriella anläggningstillgångar		27 261 450	29 250 000

Materiella anläggningstillgångar

Inventarier, verktyg och installationer	8	25 952	–
Summa materiella anläggningstillgångar		25 952	–

Finansiella anläggningstillgångar

Andelar i koncernföretag	9	145 093 030	129 780 718
Fordringar hos koncernföretag	10	151 000 000	151 000 000
Uppskjuten skattefordran	11	1 276 042	370 859
Summa finansiella anläggningstillgångar		297 369 072	281 151 577

Summa anläggningstillgångar**324 656 474****310 401 577****Omsättningstillgångar***Kortfristiga fordringar*

Fordringar hos koncernföretag		3 151 332	11 692 428
Aktuella skattefordringar		5 428	–
Övriga fordringar		592 367	40 052
Förutbetalda kostnader och upplupna intäkter		829 970	271 972
Summa kortfristiga fordringar		4 579 097	12 004 452

Kassa och bank

Kassa och bank		–	228 082
Summa kassa och bank		–	228 082

Summa omsättningstillgångar**4 579 097****12 232 534****SUMMA TILLGÅNGAR****329 235 571****322 634 111**

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	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER		
Eget kapital		
<i>Bundet eget kapital</i>		
Aktiekapital	6 500	6 500
<i>Summa bundet eget kapital</i>	6 500	6 500
<i>Fritt eget kapital</i>		
Balanserat resultat	147 567 147	139 000 000
Årets resultat	-3 555 888	-1 432 853
<i>Summa fritt eget kapital</i>	144 011 259	137 567 147
Summa eget kapital	144 017 759	137 573 647
Långfristiga skulder		
Övriga skulder till kreditinstitut	12 0	163 509 797
Summa långfristiga skulder	0	170 839 156
Kortfristiga skulder		
Checkräkningskredit	7 152 785	—
Övriga skulder till kreditinstitut	12 164 237 517	10 000 000
Leverantörsskulder	1 095 717	4 022 157
Skulder till koncernföretag	8 602 825	7 329 359
Aktuella skatteskulder	73 147	10 067
Övriga skulder	121 023	54 786
Upplupna kostnader och förutbetalda intäkter	3 934 798	134 298
Summa kortfristiga skulder	185 217 812	21 550 667
SUMMA EGET KAPITAL OCH SKULDER	329 235 571	322 634 111

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NOTER

Not 1 ALLMÄNNA UPPLYSNINGAR

Redovisnings- och värderingsprinciper

Årsredovisningen har upprättats enligt årsredovisningslagen och BFNAR 2012:1, Årsredovisning och koncernredovisning (K3).

Redovisningsprinciperna är oförändrade jämfört med tidigare år.

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärden om inget annat anges.

Immateriella anläggningstillgångar

Utgifter för forskning och utveckling

Vid redovisning av utgifter för utveckling tillämpas aktiveringsmodellen. Det innebär att utgifter

som uppkommit under utvecklingsfasen redovisas som tillgång när samtliga nedanstående förutsättningar är uppfyllda:

- Det är tekniskt möjligt att färdigställa den immateriella anläggningstillgången så att den kan användas eller säljas.
- Avsikten är att färdigställa den immateriella anläggningstillgången och att använda eller sälja den.
- Förutsättningar finns för att använda eller sälja den immateriella anläggningstillgången.
- Det är sannolikt att den immateriella anläggningstillgången kommer att generera framtida ekonomiska fördelar.
- Det finns erforderliga och adekvata tekniska, ekonomiska och andra resurser för att fullfölja utvecklingen och för att använda eller sälja den immateriella anläggningstillgången.
- De utgifter som är hänförliga till den immateriella anläggningstillgången kan beräknas på ett tillförlitligt sätt.

Internt upparbetade immateriella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Anskaffningsvärdet för en internt upparbetad immateriell anläggningstillgång utgörs av samtliga direkt hänförbara utgifter (t.ex. material och löner).

Indirekta tillverkningskostnader som utgör mer än en oväsentlig del av den sammanlagda utgiften för tillverkningen och uppgår till mer än ett obetydligt belopp räknas in i anskaffningsvärdet.

Övriga immateriella anläggningstillgångar

Övriga immateriella anläggningstillgångar som förvärvats är redovisade till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar.

Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad när de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.

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Typ	Nyttjandeperiod	Procent
Varumärke	10	10
Patent	10	10
Utvecklingskostnader	5	20

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen.

Andelar i dotterbolag

Andelar i dotterföretag redovisas till anskaffningsvärde. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Finansiella instrument

Företagets finansiella instrument värderas utifrån anskaffningsvärdet enligt kapitel 11 i BFNAR 2012:1. Finansiella anläggningstillgångar har värderats efter första redovisningstillfället till anskaffningsvärdet, inklusive transaktionskostnader som är direkt hänförliga till förvärvet av tillgången.

Kundfordringar och övriga fordringar som utgör omsättningstillgångar värderas individuellt till det belopp som beräknas inflyta.

Långfristiga finansiella skulder redovisas till upplupet anskaffningsvärde och periodiseras enligt effektivräntemetoden. Kortfristiga skulder redovisas till anskaffningsvärde.

Intäktsredovisning

Intäkter har tagits upp till verkligt värde av det som erhållits eller kommer att erhållas och redovisas i den omfattning det är sannolikt att de ekonomiska fördelarna kommer att tillgodogöras bolaget och intäkterna kan beräknas på ett tillförlitligt sätt.

Ränta, royalty och utdelning

Intäkt redovisas när de ekonomiska fördelarna som är förknippade med transaktionen sannolikt kommer att tillfalla företaget samt när inkomsten kan beräknas på ett tillförlitligt sätt.

Ränta redovisas som intäkt enligt effektivräntemetoden.

Royalty periodiseras i enlighet med överenskommelsens ekonomiska innebörd.

Utdelning redovisas när ägarens rätt att erhålla betalningen har säkerställts.

Eftersom moderföretaget innehar mer än hälften av rösterna för samtliga andelar i dotterföretagen redovisas utdelning när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Koncernbidrag och aktieägartillskott

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen. Det lämnade koncernbidraget har påverkat företagets aktuella skatt.

Aktieägartillskott som lämnats utan att emittera aktier eller andra egetkapitalinstrument erhållits i utbyte redovisas i balansräkningen som en ökning av andelens redovisade värde.

Aktieägartillskott som erhållits utan emittera aktier eller andra egenkapitalinstrument lämnats i utbyte redovisas direkt i eget kapital.

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Ersättningar till anställda

Avgifter för avgiftsbestämda pensionsplaner kostnadsförs löpande. Obetalda avgifter redovisas som skuld.

Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avsedde framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten sakkteskuld redovisas för alla skattepliktiga temporära skillnader, dock särredovisas inte uppskjuten skatt hänförlig till obeskattade reserver eftersom obeskattade reserver redovisas som en egen post i balansräkningen.

Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag. Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade per balansdagen och har inte nuvärdesberäknats.

Uppskjutna skattefordringar har värderats till högst det belopp som sannolikt kommer att återvinnas baserat på innevarande och framtida skattepliktiga resultat. Värderingen omprövas varje balansdag.

Fordringar och skulder i utländsk valuta

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs.

Kursvinster och kursförluster på monetära poster redovisas i resultaträkningen de år de uppkommer. Kursdifferenser som uppkommer på rörelsefordringar och rörelseskulder redovisas i rörelseresultatet och kursdifferenser på finansiella fordringar och skulder redovisas bland finansiella poster.

Leasing

Företaget redovisar samtliga finansiella leasingavtal enligt reglerna för operationella leasingavtal. Det innebär att leasingavgiften kostnadsförs linjärt över leasingperioden.

Not 2	Personal	230101-231231	220303-221231
<i>Löner och andra ersättningar</i>			
	Styrelse och VD samt motsvarande befattningshavare (varav tantiem och liknande ersättning)	723 291 114 094	71 628 -
	Övriga anställda	1 033 770	20 485
	<i>Totala löner och andra ersättningar</i>	<i>1 757 061</i>	<i>92 113</i>
<i>Sociala kostnader och pensionskostnader</i>			
	Sociala kostnader (varav pensionskostnader till styrelse och VD och motsvarande)	687 550 113 416	98 657 41 502
	(varav pensionskostnader till övriga anställda)	222 970	9 507
	<i>Totala löner, andra ersättningar, sociala kostnader samt pensioner</i>	<i>2 444 611</i>	<i>190 770</i>
<i>Medelantalet anställda</i>			
	Män	2	1
	Kvinnor	4	0
	<i>Medelantalet anställda</i>	<i>6</i>	<i>1</i>

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Könsfördelning i företagets styrelse

Män	6	5
Kvinnor	0	0

Not 3 Räntekostnader, ränteintäkter och liknande resultatposter 230101-231231 220303-221231

Ränteintäkter från koncernföretag	10 935 623	2 006 032
Ränteintäkter kreditinstitut	326 179	708
Övriga finansiella intäkter	397 213	-
Räntekostnader till kreditinstitut	-11 370 037	-1 859 683
Övriga finansiella kostnader	-1 485 964	-18 299
Räntekostnader till koncernföretag	-316 141	0
Summa	-1 513 127	128 758

Not 4 Bokslutsdispositioner 230101-231231 220303-221231

<i>Koncernbidrag</i>		
Lämnade koncernbidrag	500 000	-
<i>Summa erhållna och lämnade koncernbidrag</i>	<i>500 000</i>	<i>-</i>
 <i>Summa bokslutsdispositioner</i>	 <i>500 000</i>	 <i>-</i>

Not 5 Inkomstskatt 230101-231231 220303-221231

Årets skatt består i sin helhet av uppskjuten skatt:

Avstämning av effektiv skattesats

Resultat före skatt	-4 461 071	-1 803 712
Skatt enligt gällande skattesats 20,6 (20,6) %	918 981	371 563
Skatteeffekt av ej skattepliktiga intäkter	20	-
Skatteeffekt av ej avdragsgilla kostnader	-13 818	-704
Summa redovisad skatt	905 183	370 859
Effektiv skattesats (%)	-20	-21

Not 6 Balanserade utgifter för utvecklingsarbeten och liknande arbeten 2023-12-31 2022-12-31

Förändringar av anskaffningsvärden

Inköp	783 175	-
Utgående anskaffningsvärden	783 175	-
Redovisat värde	783 175	-

Munksjö Paper AB
559368-7444

12(14)

Not 7 Koncessioner, patent, licenser, varumärken samt liknande rättigheter	2023-12-31	2022-12-31
Ingående anskaffningsvärden	30 000 000	–
<i>Förändringar av anskaffningsvärden</i>		
Inköp	–	30 000 000
Utgående anskaffningsvärden	30 000 000	30 000 000
Ingående avskrivningar	-750 000	–
<i>Förändringar av avskrivningar</i>		
Årets avskrivningar	-3 000 000	-750 000
Utgående avskrivningar	-3 750 000	-750 000
Redovisat värde	26 250 000	29 250 000
Not 8 Inventarier	2023-12-31	2022-12-31
<i>Förändringar av anskaffningsvärden</i>		
Inköp	25 952	–
Utgående anskaffningsvärden	25 952	–
Redovisat värde	25 952	–
Not 9 Andelar i dotterbolag	2023-12-31	2022-12-31
Munksjö USA Inc.	9 650 000	9 650 000
Munksjö Tolosa S.A.U.	51 717 418	51 717 418
Germany Holding GmbH	19 734 697	19 422 385
Caieras Indústria e Comércio de Papéis Especiais Ltda	53 970 915	48 970 915
Munksjö Arches SA S	10 020 000	20 000
	145 093 030	129 780 718
Not 10 Långfristiga fordringar	2023-12-31	2022-12-31
Fordringar koncernföretag	151 000 000	151 000 000
	151 000 000	151 000 000
Not 11 Uppskjuten skattefordran	2023-12-31	2022-12-31
Uppskjuten skattefordran avseende underskottsavdrag	1 303 637	370 859
	1 303 637	370 859

ank=20240709;2024071003235

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14(14)

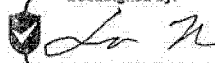
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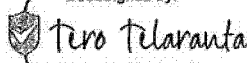
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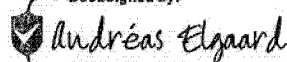
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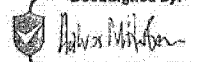
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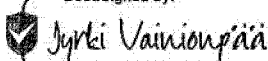
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DocuSigned by:

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DocuSigned by:

82519AA23DC24E2...
Andreas Elgaard

DocuSigned by:

38BB27414E284F7...
Håvard Meyer Høften

DocuSigned by:

135828DC7088460...
Jyrki Vainionpää

Vår revisionsberättelse har lämnats den dag som framgår av vår elektroniska underskrift.

KPMG AB

Olle Nilsson
Huvudansvarig revisor

amk=20240709:2024071003237

Certificate Of Completion

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Status: Completed

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Source Envelope:

Document Pages: 49

Signatures: 14

Envelope Originator:

Certificate Pages: 3

Initials: 0

Ville Säteri

AutoNav: Enabled

P.O. Box 7801

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Time Zone: (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

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Signer Events

Andreas Elgaard

andreas.elgaard@itab.com

CEO

Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

Signature Type: DocuSign Protect & Sign (Client

ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E) Signature Provider Location: https://ps-ws.dsf.docusi

Signature Issuer: DocuSign Cloud Signing CA - gn.net/ds-server/s/noauth/psm/tsp/sign SI1

Authentication: Access Code

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Halvor Meyer Horten

hhorten@baicapital.com

Director

Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

Signature Type: DocuSign Protect & Sign (Client

ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E) Signature Provider Location: https://ps-ws.dsf.docusi

Signature Issuer: DocuSign Cloud Signing CA - gn.net/ds-server/s/noauth/psm/tsp/sign SI1

Authentication: Access Code

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Jukka Moisis

jukka.moisis@nokiantyres.com

Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

Signature Type: DocuSign Protect & Sign (Client

ID: DDE5E85D-4085-40B6-8785-DA3CCD16D81E) Signature Provider Location: https://ps-ws.dsf.docusi

Signature Issuer: DocuSign Cloud Signing CA - gn.net/ds-server/s/noauth/psm/tsp/sign SI1

Authentication: Access Code

Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Signature

DocuSigned by:
Andreas Elgaard
82518AA23DC24E2

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Signer Events

Jyrki Vainionpää
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Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

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Authentication: Access Code

Electronic Record and Signature Disclosure:
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Signature

DocuSigned by:
Jyrki Vainionpää
135828DC7089460

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Lasse Heinonen
lasse_heinonen@outlook.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

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Lasse Heinonen
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Manfred Bracher
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CEO
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

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Tero Telaranta
tero.telaranta@aahlstrom.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature Provider Details:

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In Person Signer Events

Signature

Timestamp

Editor Delivery Events

Status

Timestamp

Agent Delivery Events

Status

Timestamp

Intermediary Delivery Events

Status

Timestamp

ank=20240709,2024071003240

Certified Delivery Events

Status

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Carbon Copy Events

Status

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Pia Taari

ext-pia.taari@munksjo.com

Security Level: Email, Account Authentication (None)

Electronic Record and Signature Disclosure:
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Witness Events

Signature

Timestamp

Notary Events

Signature

Timestamp

Envelope Summary Events

Status

Timestamps

Envelope Sent

Hashed/Encrypted

5/23/2024 11:08:19 AM

Certified Delivered

Security Checked

5/23/2024 11:32:28 AM

Signing Complete

Security Checked

5/23/2024 11:34:05 AM

Completed

Security Checked

5/23/2024 4:55:51 PM

Payment Events

Status

Timestamps

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OLOF NILSSON

Undertecknare

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Revisionsberättelse

Till bolagsstämman i Munksjö Paper AB, org. nr 559368-7444

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Munksjö Paper AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Munksjö Paper ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Munksjö Paper AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att

fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionsned i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.

- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Munksjö Paper AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Munksjö Paper AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att förläggning bedöma bolagets ekonomiska situation och att tillse att bolagets

organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda

ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelse skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Bolaget har vid flera tillfällen inte betalat skatter och avgifter i rätt tid.

Jönköping med datum enligt elektronisk signatur

KPMG AB

Olle Nilsson

Auktoriserad revisor

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OLOF NILSSON

Undertecknare

Serienummer: 7900599e5bec88[...]7a567bfe0d8b4

IP: 83.187.xxx.xxx

2024-05-24 06:40:32 UTC



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A. AHLSTRÖM CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

1.1. - 31.12.2023

A. AHLSTRÖM C

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Report of the Board of Directors

A. Ahlström Corporation (Ahlström Capital Oy until 28 February 2023) is a long-term industrial owner developing leading global specialist positions in the forest and fiber and environmental technology sectors. A. Ahlström Corporation also owns real estate and forest assets and, through Ahlström Invest, owns the Ahlstrom company. The company's mission is to create a better world for future generations through sustainable value creation.

In 2023, the total revenue of A. Ahlström group amounted to EUR 568.3 million (198.5) and the balance sheet total was EUR 1,775.5 million (1,787.4). On average, A. Ahlström group had 1,423 employees (1,424).

In 2023 A. Ahlström Corporation appointed Jyrki Vainionpää as the new President and CEO and a new strategy was launched with a strategic core built around industrial companies in the forest and fiber and the environmental technology sector. In the strategic core sectors A. Ahlström group integrates synergistic businesses into world-leading specialist platforms. By investing in financial assets, real estate, and forest, A. Ahlström Corporation de-risks the Ahlström family assets, manages liquidity, and generates stable cash flow.

Antti Ahlström Perilliset Oy was merged into A. Ahlström Corporation to create a strong Ahlström family business. Following the merger, the parent company's name changed from Ahlström Capital Oy to A. Ahlström Corporation as of March 1, 2023. After the merger, the company's governance bodies are, in accordance with the Articles of Association, the Board of Directors and the Supervisory Board. In addition, the company has a Board of Directors Nomination Committee and a Supervisory Board Nomination Committee. The Supervisory Board oversees the company's administration, which is the responsibility of the Board of Directors and the CEO. The Supervisory Board submits a statement regarding the annual accounts and the auditor's report to the Annual General Meeting. It may also issue statements and recommendations on significant matters that are of long-lasting and/or fundamental importance to the company, including the owner's vision regarding the company's financial and social capital. The Supervisory Board also elects the Board of Directors Nomination Committee and proposes two members to the Supervisory Board Nomination Committee, highlighting its role in the company's governance.

The key performance indicators of A. Ahlström Corporation

EFV (External Fair Value)

The development of the external fair value of the company is one of the most relevant long-term performance indicators. EFV is defined as the aggregate market value of the company's assets after deducting its liabilities. When valuing its unlisted holdings, A. Ahlström Corporation evaluates the companies' financial forecasts and follows generally accepted valuation practices, such as the IPEV guidelines. In the assessment of real estate investments, the recommendations of the European Public Real Estate Association (EPRA) are used. Forest holdings are valued in accordance with International Financial Reporting Standards (IFRS). For listed companies, valuation is based on share prices. The company aims to achieve an average annual increase in external fair value of 6-10 per cent over time.

At year-end 2023, the total external fair value of A. Ahlström Corporation's portfolio was EUR 1,007.3 million (1,087.1). The value change in 2023 was EUR -79.8 million (-110.2). At the end of 2023, the external fair value of one A. Ahlström Corporation share was EUR 17.04 (18.44).

Recurring cash flow

The recurring cash flows of A. Ahlström group and A. Ahlström Corporation's activities are indicators of the business performance of the portfolio and the capability for further investments and future dividend distribution to its owners.

In 2023, the total recurring cash sources amounted to EUR 29.7 million, driven by diverse contributions such as a EUR 9.7 million dividend from Ahlström Invest, EUR 8.8 million from forest ownership and EUR 7.9 million from real estate ownership. However, the total uses of cash were significantly higher at EUR 56.0 million, including EUR 28.5 million in dividends paid to shareholders, EUR 4.5 million for share repurchases and EUR 12.1 million in operational costs. The net recurring cash flow for the year was a negative EUR 26.3 million.

Based on the Annual General Meeting's decision, A. Ahlström Corporation paid a dividend of EUR 0.48 per share (0.52), totalling EUR 28,522,512.96. The dividend yield was 2.8 per cent (2.6) of the external fair value. In addition, EUR 4.5 million (53.0) was spent on a share repurchase program. A. Ahlstrom Corporation repurchased 300,000 of its own shares during 2023. The purchases were made at a discount from the current fair value of the company's shares.

Changes in shareholder's ownership

A. Ahlström Corporation actively developed its ownership in 2023.

A. Ahlström Real Estate Ltd decided to use its option and acquire an additional five per cent in Avain Yhtiöt, which increased the shareholding in Avain Yhtiöt from 25.2 per cent to 30.2 per cent. The acquisition was completed on 2 January 2023. Avain Yhtiöt carried out a reorganisation of the group at the end of the fiscal year 2023, which separates the business related to right-of-occupancy apartments into its own group named Avain Asumisoikeus Holding Oy. The demerger does not affect the A. Ahlström group's financial statements.

A new company, Eura Solar Oy, was established on 28 April 2023 as part of the A. Ahlström group. The company received an environmental permit to build a solar power park covering 64 hectares of land owned by the group. At the end of the year the building permit was still in process, and on 23 January 2024 the permit was granted. Eura Solar Oy is evaluating its options for the development, and the building permit is valid for three years.

A. Ahlström Corporation acquired an 84.88 per cent shareholding in Metsäkonepalvelu Oy on 19 December 2023. This acquisition is aligned with A. Ahlström Corporation's strategic core, which primarily focuses on the forest and fiber sector. Metsäkonepalvelu, being the largest provider of timber harvesting services in Finland, also holds a strategic foothold in the Swedish market. Metsäkonepalvelu Group specialises in mechanical timber harvesting services and is a clear market leader in the highly fragmented Nordic markets.

At the end of the year, Ahlström Invest accounted for 38.4 per cent (36.0) of A. Ahlström Corporation's total external fair value. The forest & fiber sector, excluding Ahlstrom common and preferred equity, represented 12.5 per cent (12.9), the environmental technology sector 5.3 per cent (2.9), other industrial 16.1 per cent (16.9), real estate 14.0 per cent (13.8), forests 5.7 per cent (4.8) and liquid and other assets including undrawn funds 7.9 per cent (12.7) of the EFV.

Ownerships

Ahlström Invest B.V. (23.8 % shareholding)

Ahlström Invest is a family investment company.

A. Ahlström Corporation's subsidiary Ahlstrom Capital B.V. sold shares in Ahlström Invest during the financial year, changing the shareholding from 24.1 per cent to 23.82 per cent during.

At the end of 2023, Ahlström Invest's portfolio totalled EUR 1,195.9 million (1,201.8), of which the main items were Ahlstrom corporation with EUR 827.5 million euros (832.8) and the investment portfolio with EUR 442.3 million (438.5). Ahlstrom's common equity value developed negatively during the year and the value decreased by EUR 5.3 million to EUR 534.9 million. The value of other investments increased during 2023 by EUR 3.8 million to EUR 442.3 million at the end of 2023.

In 2023, A. Ahlström Corporation's ownership in Ahlström Invest was worth EUR 387.2 million (391.9) and its share of the result EUR 8.0 million (23.7).

Forest & Fiber Sector

Munksjö Paper AB (60.0 % shareholding)

A. Ahlström Corporation is the largest owner in the Munksjö Group with a 60.0 percent shareholding. Ahlstrom Oyj remained as the company's minority owner with a shareholding of approximately 25.0 per cent, and the Swedish investment company Nidoco AB with a holding of approximately 15.0 per cent.

Munksjö Paper AB has an internationally leading position and a broad product portfolio in the decor paper business. The Decor business has been part of the Munksjö brand for over 25 years, and the brand is known for its excellent quality and service throughout the decor paper industry. Decor papers are mainly used in wood-based laminate furniture, floor coverings and other interior decoration and construction applications. The key market areas are Europe, North and South America, China and selected export markets. Production facilities are in Germany (Unterkothen and Dettingen), Spain (Tolosa), France (Arches), Brazil (Caieiras) and China (Xingtai).

The company was consolidated into the A. Ahlström group from the beginning of October 2022. The revenue in the A. Ahlström group was EUR 472.5 million (109.4) and the comparable operating profit was EUR 0.4 million (-4.3). Munksjö Group's result was -21.5 million euros (-20.9), and the company's minority shareholding affected the result by EUR -9.8 million (-9.2). The group has approximately 1,200 employees (1,200).

Metsäkonepalvelu Oy (84.9 % shareholding)

A. Ahlström Corporation is the largest owner of Metsäkonepalvelu, the largest provider of timber harvesting services in Finland and it also holds a strategic foothold in the Swedish market. Metsäkonepalvelu Group specialises in mechanical timber harvesting services and is a clear market leader in the highly fragmented Nordic markets. Its clientele includes major Nordic Forest companies, private large forest owners, and the public sector. The company's headquarters is in Hämeenlinna, Finland, and its operational area spans Southern and Central Finland, as well as the Eksjö area in Sweden.

Metsäkonepalvelu's minority shareholders are Viisikertaa Ab 13.53 per cent, roQab Oy 1.05 per cent and Teemu Tolppa 0.54 per cent.

The company was consolidated into the A. Ahlström group from 19 December 2023. The impact of the 2023 result on A. Ahlström group was EUR -0.01 due to financial arrangement items.

Suominen (24.0 % shareholding)

Suominen is listed on NASDAQ OMX Helsinki. The market cap of Suominen amounted to EUR 164.4 million (172.4) at year-end 2023.

Suominen's revenue decreased by 9.0 per cent from the comparison period to EUR 450.9 million (493.3). The decrease in revenue was due to lower sales prices driven by lower raw material prices. The negative impact of exchange rates on the revenue amounted to EUR 6.8 million. EBITDA was EUR 11.2 million (14.3). EBITDA decreased due to the closure of the Mozzate plant.

The comparable operating profit totalled EUR -2.8 million (-4.2). The operating profit totalled EUR -7.5 million (-9.0). Items affecting comparability of operating profit were EUR -4.8 million (-4.8) and were mainly related to the closure of the Mozzate plant. Profit before income taxes for the 2023 financial period was EUR -13.5 million (-11.9). Income taxes for the financial year were EUR 0.7 million (-2.0). The profit for the period was EUR -12.8 million (-13.9).

The Board of Directors proposes to the Annual General meeting, that a dividend of EUR 0.10 (0.10) per share shall be distributed for the financial year 2023.

In 2023, A. Ahlström Corporation's share of Suominen's result was EUR -3.1 million (-3.3).

Bast Fibre Technologies Inc (BFT) (24.4 % shareholding)

A. Ahlström Corporation holds a 24.4 per cent minority shareholding in Bast Fibre Technologies as of October 2022.

BFT manufactures 100 per cent plant-based natural fibres, which, due to their technical properties and performance, are suitable for many nonwoven products. BFT uses advanced technology in fibre processing to convert raw cotton, hemp and flax fibre into a material that meets the exact requirements of the nonwoven industry.

The company was consolidated into the A. Ahlström group from the beginning of October 2022. In 2023, Bast Fibre Technology had revenue of USD 13.5 million (13.8) and made an operating loss USD 11.3 million (10.3). The net income and comprehensive loss for the year was USD -11.7 million (-10.2).

The associated company's impact on the result of the A. Ahlström Corporation was EUR -2.8 million (-0.5).

Environmental technology sector

M&J Recycling (100.0 % shareholding)

M&J Recycling is specialised in the design and manufacture of industrial waste shredders to reduce the size of waste materials. The company also offers lifecycle maintenance services and spare parts. The production facility is located in Denmark and the sales offices in various countries serve a comprehensive global network of partners in the recycling industry. A. Ahlström Corporation acquired M&J in 2021 and it was consolidated into the A. Ahlström group from the beginning of December 2021.

In 2023, M&J's revenue was EUR 69.5 million (65.8). The comprehensive operating profit was EUR 5.0 million (6.7) and operating profit (EBIT) amounted to EUR 3.1 million (4.2). The profit for the period was EUR 1.9 million (3.2).

Other Industrial

GPV Group A/S (20.0 % shareholding)

GPV Group A/S was established in June 2022 and acquired 100.0 per cent of GPV International A/S and Enics AG on 3 October 2022. A. Ahlström Corporation has a 20.0 per cent minority shareholding in GPV and the Danish industrial conglomerate Schouw & C/o holds 80.0 per cent. The company was consolidated into the A. Ahlström group from the beginning of October 2022. GPV Group is mainly engaged in electronic manufacturing services, mechatronics, high precision mechanics and cable harnesses.

The financial result for the year 2023 was satisfactory. Total revenue in 2023 amounted to DKK 10,449.8 million (5,923.4), including the full year effect from the acquisition from 2022. Operating profit (EBIT) amounted to DKK 430.0 million (290.0). Profit for the year was DKK 165.0 million (157.0).

The associated company's impact on the result of the A. Ahlström Corporation was EUR 4.4 million (0.9).

Detection Technology (36.0 % shareholding)

Detection Technology is listed on NASDAQ OMX First North. The market cap of Detection Technology amounted to EUR 201 million (248) at year-end.

The company's total revenue for 2023 increased by 5.3 per cent to EUR 103.8 million (98.6). The operating profit amounted to EUR 8.8 million (5.8), or 8.5 per cent (5.9) of the revenue. Operating profit excluding non-recurring items amounted to EUR 9.7 million (6.1), or 9.3 per cent (6.2) of revenue. Profit for the 2023 financial year was EUR 5.5 million (5.1).

The Board of Directors of Detection Technology proposes that a dividend of EUR 0.23 per share (0.20) be paid for the financial year 2023. Detection Technology expects its year-on-year total revenue to remain stable in Q1 and H1 of 2024.

In 2023, A. Ahlström Corporation's share of the result of Detection Technology was EUR 0.9 million (-0.4).

Glaston (26.4 % shareholding)

Glaston is listed on NASDAQ OMX Helsinki. The company's market value amounted to EUR 61.9 million (76,0) at year-end.

In 2023, Glaston's revenue totalled EUR 219.7 million (213.5). Glaston's comparable EBITA amounted to EUR 14.9 million (13.6), i.e. 6.8 per cent (6.4) of the revenue. The company's operating result (EBIT) was EUR 8.1 million (7.6). Profit for the 2023 financial year was EUR 5.0 million (3.1).

Glaston's Board of Directors proposes that a return of capital of EUR 0.05 per share is to be paid.

In 2023, A. Ahlström Corporation's share of the result of Glaston was EUR 1.3 million (0.8).

Diversification assets

Real estate

A. Ahlström group's real estate portfolio consists of the Eteläesplanadi 14 property, as well as office, light industrial/logistics and commercial properties in growth centres. In 2023, the real estate business development projects continued in line with a strategy focusing on quality and active asset management. Additionally, ongoing construction projects progressed, and the development of the Noormarkku heritage area continued in accordance with the company's values.

Avain Yhtiöt Oy is a Finnish group specialising in the construction and ownership of residential projects. In 2023, A. Ahlström Real Estate Ltd decided to use its option to increase its ownership in Avain Yhtiöt Oy from 25.2 percent to 30.2 percent. The transaction was completed on 2 January 2023. At the end of the fiscal year 2023, Avain Yhtiöt Oy restructured its operations, establishing a separate group, Avain Asumisoikeus Holding Oy, for its right-of-occupancy apartment business. This demerger does not affect the A. Ahlström group's financial statements.

The new office building development in the centre of Tampere, GO21, was completed in November 2023. The building is fully let and hosts offices for several technology companies, including the head office for Gofore Oyj. The highest level of environmental certification, LEED Platinum has been applied to the building and it will be the first office building in Tampere to have it.

The real estate development of Erica Green Chemistry Park, which is a joint venture with Aktia Life Insurance and Kirkon Eläkerahasto, progressed to the construction phase. In January 2023, a land transaction was completed between Neliapila and Erica and construction work started. The foundation stone of the project was laid in October. The share of ownership of A. Ahlström Real Estate Ltd is 40 per cent.

The comprehensive operating profit of the real estate business was EUR 8.9 million (14.8) in 2023. The reported operating profit (EBIT) was EUR -5.7 million (13.2). Items affecting comparability consisted mainly of changes in the fair values of real estate assets. The share in results of joint ventures and associated companies was EUR 3.2 million (9.6).

Forest

The forest business is responsible for the management and logging of the company's forests. A. Ahlström group forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. A. Ahlström Corporation has around 36,000 hectares of forest holdings.

In 2023, A. Ahlström Real Estate Ltd purchased 604 hectares of forest. The prices of pulpwood and energy wood remained at a good level. Although the price of log timber decreased slightly from the previous year's record levels, it remained at a good level throughout the year.

During the year 2023, A. Ahlström Real Estate Ltd delivered a total of 185,000 m³ (189,000) of wood, of which the share of delivery sales was 87 per cent (84). In 2023, the comprehensive operating profit of the forest business totalled EUR 8.2 million (6.6). The reported operating profit (EBIT) was EUR 11.0 million (14.5). Items affecting comparability, totalling EUR 2.7 million (14.6), consisted mainly of an increase in the fair value of forest assets.

A. Ahlström group structure

A. Ahlström group consists of the parent company A. Ahlström Corporation, domiciled in Finland, and 39 subsidiaries. The industrial ownership in the Forest & Fiber sector and Environmental technology sectors are mainly concentrated in the Netherlands and held by Ahlström Capital B.V. Through the structure, A. Ahlström Corporation can efficiently operate in an international environment. The ownerships in real estate and forest are concentrated in A. Ahlström Real Estate Ltd, except for the property at Eteläesplanadi 14, which is held by A. Ahlström Corporation. Ahlström Konsernipalvelut Oy offers financial, ICT and HR services to the group companies.

Ahlström Invest B.V., Detection Technology Plc, Glaston Corporation, Suominen Corporation, Avain Yhtiöt Oy, Avain Asumisoikeus Holding Oy, GPV Group A/S and Bast Fibre Technologies Inc are consolidated in the consolidated financial statements as associated companies. Kiinteistö Oy Espoon Erica, Äbyntie Gp Oy and Äbyntien Kiinteistöt Ky are consolidated as joint ventures.

AC Cleantech Management Oy is the management company for AC Cleantech Growth Fund I Ky. AC Cleantech Growth Fund I Ky was liquidated in 2023. KymiRing Oy was declared bankrupt during 2023.

A. Ahlström group earnings in 2023

The consolidated revenue of the A. Ahlström group in 2023 was EUR 568.3 million (198.5). Of this amount, Munksjö accounted for EUR 472.5 million (109.4), M&J Recycling accounted for EUR 69.5 million (65.9), the real estate business for EUR 9.3 million (8.1), the forest business for EUR 13.6 million (11.7) and other businesses for EUR 3.3 million (3.4). Other operating income amounted to EUR 0.8 million (0.1). The change in the fair value of forest holdings was EUR 2.7 million (14.3), the change in the fair value of real estate holdings was EUR -9.8 million (0.7) and sales gains EUR 0.0 million (0.5).

A. Ahlström Corporation's share of the results of its associates and joint ventures was EUR 12.0 million (27.3). This consists of shares in the results of Ahlström Invest, Suominen, Detection Technology, Glaston, AC Cleantech Growth Fund, Avain Yhtiöt, Äbyntien Kiinteistöt Ky, Äbyntie GP Oy, Kiinteistö Oy Espoon Erica, GPV and Bast Fibre Technologies.

The comprehensive operating profit of the A. Ahlström Corporation amounted to EUR 15.0 million (27.7). Items affecting comparability totalled EUR -20.0 million (-10.2), consisting of changes in the fair value of forest and real estate assets, sales gains and restructuring costs. The reported operating profit (EBIT) was EUR -5.0 million (17.5). The return on invested capital was 0.3 per cent (7.5).

The administrative and investment costs of the parent company A. Ahlström Corporation and the holding companies increased due to increased resourcing and the merger of Antti Ahlström Perilliset Oy and its governing body and functions

to A. Ahlström Corporation in the beginning of March 2023. In total, costs amounted to EUR 15.3 million (10.5) in the reporting period, representing an average of 1.5 per cent (1.0) of the external fair value.

Financial income was EUR 9.5million (9.5). Financial expenses totalled EUR 31.1 million (15.8). Profit before taxes was EUR -26.6 million (11.2). Taxes recorded for the period were EUR 6.3 million (3.9). A. Ahlström group's profit for continuing operations was EUR -20.3 million (15.2) and profit for discontinued operations EUR -20.3 million (55.4), including the income tax allocated to discontinued operations. Profit for the period totalled EUR -20.3 million (70.6) and profit attributable to the equity holders of the parent company was EUR -10.9 million (79.8).

Financial position and financing

A. Ahlström Corporation's financial position remained stable throughout the year. At the end of the year, the consolidated shareholders' equity was EUR 1,066.2 million (1,112.2). The equity ratio at the end of the year was 63.8 per cent (66.2) and the EFV-adjusted net gearing stood at 32.2 per cent (21.9). The company's return on equity (ROE) was -0.9 per cent (7.1). At the end of December 2023, the interest-bearing liabilities amounted to EUR 412.1 million (347.7) and liquid assets to EUR 88.1 million (108.4). A. Ahlström group's net debt in 2023 was EUR 324.0 million (239.3).

A. Ahlström Corporation has to a limited extent issued a first-demand guarantee as security for certain subsidiaries' credit facilities.

A. Ahlström Corporation has a EUR 200.0 million syndicated secured financing facility, of which a term loan of EUR 90.0 million is in use and an overdraft facility of EUR 13.0 million has been reserved for use. In 2023, a EUR 40.0 million loan was drawn from the facility. The financing agreement is valid until February 2026. There is a group level financial covenant on the facility, which restricts the indebtedness to 60 per cent. There are two group level financial covenants on the facility. The first covenant limits the group's indebtedness to not exceeding 60%. Another covenant limits the loan to a maximum of 95% of the Security Value, which is the total market value of the Security Properties. In addition, A. Ahlström Corporation and A. Ahlström Real Estate Ltd have a junior term loan of EUR 38.0 million. The covenants are the same as secured syndicated financing mentioned above.

A. Ahlström Corporation has entered into an interest rate hedge to safeguard long-term financing costs. The hedging period started in 2023 and ends in 2034. The nominal value of the hedge is EUR 100.0 million.

At the end of 2023, the loan to value was 27.8 per cent (22.3).

Risk management

A. Ahlström Corporation's key risks are related to its ability to create long-term shareholder value growth with steady returns. A diversified and balanced portfolio, consisting of forests, real estate holdings and industrial investments, reduces the overall risks, and is a key component of the company's risk management. As a family-owned company, A. Ahlström Corporation fosters the trust and reputation generated over the decades through good corporate governance principles and processes in all its portfolio companies.

The Board of Directors is the governing body that oversees A. Ahlström Corporation's risk management. The Audit Committee assists the board in ensuring that the company has appropriate systems of risk management and internal control.

A. Ahlström Corporation maps and assesses the company's risks annually. These include strategic, financial, operational and hazard risks related to the company's business and operating environment. The company's risk profile is assessed according to risk impact, likelihood, and the current risk management level. Risks that threaten the company's strategical objectives, compliance and sustainability are evaluated, and the financial impact of recognised risks is assessed. Based on the evaluation, key actions for risk management and mitigation are identified.

With regards to its portfolio companies, A. Ahlström Corporation participates in, promotes and monitors internal risk management practices in each company through board work. A. Ahlström Corporation gathers information on risks related to portfolio companies and forms a view of their systemic risks.

Research and development

A. Ahlström Corporation's industrial companies have product development and other R&D functions of their own, but there is no such function at the A. Ahlström group level.

Corporate Social Responsibility

A. Ahlström Corporation is committed to the ten principles of the United Nations Global Compact with respect to human rights, labour, the environment and anti-corruption. A report on the company's progress towards implementing the ten principles of the UN Global Compact is published annually on A. Ahlström Corporation's website.

A. Ahlström Corporation creates shared value by building profitable businesses as well as supporting actions that mitigate climate change, protect biodiversity and increase circularity as well as social sustainability. As a responsible owner, A. Ahlström Corporation continuously strives to improve the ESG (environment, social and governance) impact and performance of the companies it owns. The framework for A. Ahlström Corporation's sustainability work is defined in the Sustainability Policy. The focus areas are Climate, Resource Efficiency, Biodiversity, Employee well-being, Diversity & Inclusion, Business ethics and a good governance model. Indicators for measuring the development of ESG in the businesses have been set for all focus areas. In annual sustainability reviews with the management of each portfolio company the development of the ESG KPIs, the targets and the action plans are discussed. All businesses made good progress in the ESG management maturity system, a KPI set up to measure the development and integration of the sustainability work in the companies.

A. Ahlström Corporation, Ahlstrom, Destia and Glaston as well as Antti Ahlström Perilliset and the Eva Ahlström Foundation launched the Ahlström Collective Impact initiative in 2021. The initiative was established for strategic investments aimed at supporting the realisation of the UN Sustainable Development Goals (SDG). In 2023, the project involved A. Ahlström Corporation and Ahlström Invest, Ahlstrom, Destia, Detection Technology, Enics, Glaston, Suominen, Avain Yhtiöt, M&J Recycling as well as Eva Ahlström Foundation and Walter Ahlström Foundation. Ahlström Collective Impact made an investment of close to EUR 800,000 in UNICEF's Global Education Program in 2023. UNICEF's global education program provides support for millions of children who need to continue to learn, grow and develop the skills necessary to thrive in life.

Personnel, administration and auditors

A. Ahlström group had an average of 1,423 employees (1,424) during the financial year. Wages, salaries and fees paid amounted to EUR 101.7 million (39.8). At the end of the year, the parent company's personnel numbered 14 (10).

In 2023, the members of the Board of Directors of A. Ahlström Corporation were Peter Seligson (Chair), Kari Kauniskangas (Vice Chair), Casper von Koskull, Nelli Paasikivi-Ahlström, Fredrik Persson, Marcus Ahlström, Sebastian Bondestam, Klaus Cawén and Hannele Arvonen (since April 12, 2023). In 2023, the Board convened eleven times. In a total of eight meetings, all Board members attended and in three meetings, one out of nine Board members was absent.

The auditor was the audit firm KPMG Oy Ab, with Kim Järvi, Authorised Public Accountant, as the auditor in charge.

The governance model of A. Ahlström Corporation also includes a Supervisory Board since 1 March 2023. The members of the Supervisory Board were Marion Björkstén (Chair), Johannes Gullichsen (Vice Chair), Axel Ahlström, Walter Ahlström, Maria Ahlström-Bondestam, Philip Aminoff, Vera Backström, and Mats Danielsson. The Annual General Meeting elected Eduard Paulig and Niclas Rosenlew as new members to the Supervisory Board on 12 April 2023. In 2023, the Supervisory Board convened eight times. In a total of 6 meetings, all members attended the meeting and in two meetings, one out of ten members was absent.

The Board of Directors of A. Ahlström Corporation had two committees, an Audit Committee and a Compensation Committee. The members of the Audit Committee were Marcus Ahlström (Chair), Hannele Arvonen, Nelli Paasikivi-Ahlström, Fredrik Persson and Klaus Cawén. The members of the Compensation Committee were Kari Kauniskangas (Chair), Casper von Koskull, and Sebastian Bondestam. The Audit Committee convened five times and the Compensation Committee two times during 2023.

The composition of the Supervisory Board Nomination Committee was as of 1 March 2023 till 12 April 2023 Carl Ahlström (Chair), Philip Aminoff, Robin Ahlström, Maria Ahlström-Bondestam, Vera Backström and Casper von Koskull. As of 12 April 2023 the members are Carl Ahlström (Chair), Robin Ahlström, Philip Aminoff, Christina Dahlblom and Susanne Ehrnrooth. The term of office ends upon the closing of the next Annual General Meeting following their election.

The composition of the Board of Directors Nomination Committee was as of 1 March 2023 till 12 April 2023, Carl Ahlström (Chair), Philip Aminoff, Robin Ahlström, Maria Ahlström-Bondestam, Vera Backström and Casper von Koskull. As of 1 September 2023, the members are Mats Danielsson, Johannes Gullichsen (Chair), Kaisa Hietala, Nina Kopola and Andreas Tallberg. The term of office ends on 30 August the following year.

Share repurchase programme

On 31 December 2023, A. Ahlström Corporation held 300,000 treasury shares (0.5 per cent) following the share repurchase program. The repurchased shares were invalidated in January 2024 based on the Board of Directors' decision in December 2023.

Antti Ahlström Perilliset Oy was merged into A. Ahlström Corporation on 1 March 2023. In the merger, A. Ahlström Corporation's number of shares increased by 468,931 and its share capital by 225,000 euros. The rest of the capital increase was booked to be invested in a non-restricted equity fund.

The Annual General Meeting held on 12 April 2023, resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 650,000 shares. The purchase price is the external fair value of the share at the end of September 2023 with a 12 per cent discount. The authorisation is valid until the end of the next Annual General Meeting. The Board of Directors resolved to commence the repurchase of shares in November with a maximum of 300,000 shares to be repurchased. The share repurchase program was oversubscribed, and thus 300,000 shares were acquired for a total value of 4,467,000 EUR.

Shareholders

At the end of 2023, A. Ahlström Corporation had 264 (268) shareholders. No shareholder holds more than 5 per cent of the shares.

Events after the reporting period

Eura Solar, established for a solar power park development in Eura, received a building permit on 23 January 2024. The company received an environmental permit for the development earlier during 2023. The building permit is valid for three years.

The bankruptcy estate for Kymiring Oy announced on 15 February 2024, that the company assets have been sold to Finland Motorsport Circuit Holding Oy. A. Ahlström Real Estate Ltd was an owner in Kymiring Oy with a 22.0 per cent ownership and a creditor to the bankruptcy estate.

Expectations for 2024

A. Ahlström Corporation's financial position is strong. The increase in the price of financing and the tightening of its availability and terms has affected investment opportunities during the year. The company expects the global market uncertainties to continue, especially in the forest and fiber segment during the first half of the year. In the interest rates a turn downwards is expected during the year and we expect that the activity in capital goods demand and in the real estate sector will improve during the year. The demand and prices for timber are expected to stay at the current level.

Proposal for the distribution of profits

According to A. Ahlström Corporation's dividend policy, the company's target is to pay a steady dividend that increases over time. The Board of Directors proposes that a dividend of EUR 0.40 per share be paid for 2023 in two instalments. The first dividend payment (EUR 0.20 per share) will take place in May 2024 and the second (EUR 0.20 per share) in October 2024.

The Annual General Meeting 2024 will be held on Friday, 17 May 2024 in Noormarkku.

Key figures

EUR million	2023	2022	2021 ¹⁾	2020 ¹⁾	2019
Revenue	568,3	198,5	31,0	521,5	1 173,2
Comparable operating profit	3,0	0,4	-1,6	13,5	27,9
Comprehensive operating profit	15,0	27,7	59,8	38,0	34,1
Operating profit (EBIT)	-5,0	17,7	199,3	51,3	43,0
Profit from continuing operations	-20,3	15,2	211,6	35,5	30,9
Profit from discontinued operations	0,0	55,4	117,3	15,5	0
Profit for the period	-20,3	70,6	328,9	51,1	30,9
	31.12.2023	31.12.2022	31.12.2021	31.12.2020	31.12.2019
External Fair Value, EFV, EUR million	1 007,3	1 087,1	1 197,2	1 056,1	965,1
Equity ratio	63,8 %	66,2 %	70,5 %	59,0 %	59,6 %
Net gearing	28,6 %	20,1 %	-3,1 %	17,1 %	17,3 %
Net gearing, EFV adjusted	32,2 %	21,9 %	-2,8 %	12,6 %	13,9 %
Return on Capital Employed (ROCE)	0,3 %	7,5 %	33,1 %	7,5 %	5,3 %
Return on Equity (ROE)	-0,9 %	7,1 %	34,3 %	6,7 %	4,0 %
Loan-to-value ratio, LTV	27,8 %	22,3 %	12,8 %	17,5 %	17,8 %
Net debt(+)/Net cash (-), EUR million	324,0	239,3	-33,8	132,7	134,6
Equity per share, EUR ³⁾	18,04	18,87	17,70	12,48	12,45
External Fair Value per share, EUR ³⁾	17,04	18,44	19,24	16,95	15,46
Earnings per share, EUR ³⁾	-0,18	1,20	5,29	0,82	0,49
Dividend per share, EUR ^{2),3)}	0,40	0,48	0,52	0,48	0,48

1) Restated due to discontinued operations.

2) 2023 figure is based on proposal by the Board. In addition, it is proposed that a dividend will be paid in two instalments; the first payment of EUR 0,20 per share in May and the second payment of EUR 0,20 per share in October.

3) The number of shares was decreased in December 2019-2023 through share repurchase. Comparative figures have not been restated due to these changes.

Formulas for key figures

Equity ratio	$\frac{\text{Total equity}}{\text{Total assets - Advances received}} \times 100$
Net gearing	$\frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{Total equity}} \times 100$
Net gearing, EFV adjusted	$\frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{External Fair Value}} \times 100$
Return on Capital Employed	$\frac{\text{Operating profit + Interest and other financial income}}{\text{Total assets - Non-interest bearing liabilities, on average for fiscal year}} \times 100$
Return on Equity	$\frac{\text{Profit for the period}}{\text{Total equity (annual average)}} \times 100$
Loan-to-value ratio	$\frac{\text{Loans from financial institutions}}{\text{External Fair Value (adjusted)}} \times 100$
Net debt	Interest bearing liabilities - Cash and cash equivalents
Equity per share	$\frac{\text{Equity attributable to equity shareholders of the parent company}}{\text{Number of shares at the end of fiscal year}} \times 100$
External Fair Value per share	$\frac{\text{External Fair Value}}{\text{Number of shares at the end of fiscal year}} \times 100$
Earnings per share	$\frac{\text{Profit for the period - Non-controlling interest}}{\text{Number of shares at the end of fiscal year}} \times 100$

Consolidated Statement of Income

MEUR	Note	1-12/2023	1-12/2022
Continuing operations			
Revenue	3.1	568,3	198,5
Other operating income	3.2	9,4	27,8
Materials and services	3.3	-379,5	-133,5
Depreciation, amortisation and impairment	4.1, 4.3, 4.4	-30,1	-11,7
Employee benefits	3.7	-101,7	-39,8
Other operating expenses	3.4	-83,4	-51,2
Share in results of associated companies and joint ventures	2.4	12,0	27,3
Operating profit		-5,0	17,5
Financial income	3.6	9,5	9,5
Financial expenses	3.6	-31,1	-15,8
Profit before tax		-26,6	11,3
Income taxes	7.1	6,3	3,9
Profit for the period from the continuing operations		-20,3	15,2
Discontinued operations			
Profit for the period from the discontinued operations	2.3	-20,3	55,4
Profit for the period		-20,3	70,6
Profit for the period attributable to:			
Equity holders of the parent		-10,9	79,8
Non-controlling interests		-9,4	-9,2
		-20,3	70,6

Consolidated Statement of Comprehensive Income

MEUR	Note	1-12/2023	1-12/2022
Profit for the period		-20,3	70,6
Other comprehensive income			
Items that will not be reclassified subsequently to statement of income			
Remeasurement of defined benefit plans	3.8	0,0	-0,8
Related tax	3.8	0,0	0,1
Remeasurement of defined benefit plans from discontinued operations	2.3	0,0	0,4
Share of other comprehensive income of associates	2.4	0,0	-0,4
Reclassification of OCI of associate	2.4	0,0	
		-0,1	-0,7
Items that may be reclassified subsequently to statement of income			
Exchange differences on translation of foreign operations		3,2	-24,1
Hedges - net change in fair value	6.3	-7,1	20,4
Share of other comprehensive income of associates	2.4	-4,7	0,5
Reclassification of OCI of associate	2.4	0,0	22,3
		-8,5	19,1
Other comprehensive income for the period, net of tax	6.2	-8,6	18,4
Total comprehensive income for the period, net of tax		-28,9	88,9
Total comprehensive income attributable to:			
Equity holders of the parent		-20,5	100,6
Non-controlling interests		-8,4	-11,7
		-28,9	88,9

Consolidated Statement of Financial Position

MEUR	Note	31-12-2023	31-12-2022
Assets			
Non-current assets			
Goodwill	4.1, 4.2	34,7	29,4
Intangible assets	4.1	86,7	99,2
Property, plant and equipment	4.3	239,4	213,4
Investment properties	4.5	192,9	179,8
Biological assets	4.6	176,9	168,5
Investments in associates	2.4	619,1	620,0
Non-current financial assets	6.4	131,5	136,4
Deferred tax assets	7.2	16,4	11,3
		1 497,5	1 458,0
Current assets			
Inventories	5.1	89,2	122,0
Trade and other receivables	3.1, 5.2	97,8	92,5
Current tax receivable		2,9	3,5
Other current financial assets	5.3	0,0	3,0
Cash and cash equivalents	5.3	88,1	108,3
		278,0	329,4
Total assets		1 775,5	1 787,4
Equity and liabilities			
Equity attributable to equity holders of the parent			
Share capital		39,0	38,8
Share premium		12,8	12,8
Reserve for invested non-restricted equity		111,5	104,3
Treasury shares		-5,2	-53,0
Reserves		12,6	18,1
Foreign currency translation reserve		2,5	3,0
Retained earnings		893,2	988,2
Total equity		1 066,3	1 112,2
Non-controlling interests		66,0	71,5
		1 132,3	1 183,7
Non-current liabilities			
Interest-bearing loans and borrowings	6.4	381,0	311,2
Net employee defined benefit liabilities	3.8	9,7	13,1
Provisions	5.4	2,5	2,7
Deferred tax liabilities	7.2	73,4	86,9
Other liabilities	6.4	7,4	0,6
		474,0	414,5
Current liabilities			
Interest-bearing loans and borrowings	6.4	31,0	36,5
Trade and other payables	5.5	132,5	145,5
Provisions	5.4	3,0	1,7
Current tax liability		2,6	5,5
		169,2	189,2
Total liabilities		643,2	603,7
Total equity and liabilities		1 775,5	1 787,4

Consolidated Statement of Changes in Equity

2023		Equity attributable to owners of the parent company											Non-controlling interests	Total equity
MEUR	Note	Share capital	Share premium	Reserve for invested non-restricted equity	Treasury shares	Fair value reserve	Hedging reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total			
Equity January 1		38,8	12,8	104,3	-53,0	0,0	18,1	0,0	3,0	98,2	1 112,2	71,5	1 183,7	
Profit for the period										-10,9	-10,9	-9,7	-20,6	
Other comprehensive income	2.1, 6.2.					0,1	-9,5		-0,5	0,0	-9,9	1,3	-6,6	
Total comprehensive income		38,8	0,0	0,0	0,0	0,1	-9,5	0,0	-0,5	-10,9	-20,8	-8,4	-29,2	
Transactions with owners:														
Issue of share capital	6.2.			7,2							7,2	4,0	11,2	
Acquisition of treasury shares	6.2.				-4,5						-4,5		-4,5	
Invalidation of treasury shares	6.2.				52,3					-52,3	0,0		0,0	
Dividends paid										-28,6	-28,6	-0,4	-29,0	
Reclassifications	6.2.	0,0	0,0				3,9			-3,9	0,0	-1,4	-1,4	
Share of direct equity entries in associates	6.2.									-0,1	-0,1		-0,1	
Other changes	6.2.	0,2	0,0							0,6	0,8	0,6	1,5	
Total transactions with owners		0,2	0,0	7,2	-4,8	0,0	3,9	0,0	0,0	-84,3	-25,2	2,9	-22,3	
Change in non-controlling interests														
Equity December 31		77,8	12,8	111,5	-5,2	0,2	12,5	0,0	2,5	89,1	1 066,2	66,0	1 132,3	

2022		Equity attributable to owners of the parent company											Non-controlling interests	Total equity
MEUR	Note	Share capital	Share premium	Reserve for invested non-restricted equity	Treasury shares	Fair value reserve	Hedging reserve	Legal reserve	Foreign currency translation reserve	Retained earnings	Total			
Equity January 1		38,8	12,8	104,3	-1,1	0,0	-1,3	3,6	1,5	94,0	1 101,5		1 101,5	
Comprehensive Income														
Profit for the year										79,8	79,8	-9	70,8	
Other comprehensive income, net of tax	6.2.					0,0	19,4		1,5	-0,1	20,8	-2	18,4	
Total comprehensive income		0,0	0,0	0,0	0,0	0,0	19,4	0,0	1,5	79,7	100,7	-11,7	89,0	
Transactions with owners:														
Acquisition of treasury shares	6.2.				-53,0						-53,0		-53,0	
Invalidation of treasury shares	6.2.				1,1					-1,1	0,0		0,0	
Dividends paid										-32,3	-32,3		-32,3	
Acquisition and disposal of subsidiary		0,0	0,0					-4,2		-0,4	-4,6		-4,6	
Reclassifications	6.2.		0,0					0,6		-0,6	0,0		0,0	
Share of direct equity entries in associates	6.2.									-0,1	-0,1		-0,1	
Total transactions with owners		0,0	0,0	0,0	-51,9	0,0	0,0	-3,6	0,0	-34,4	-89,9	0,0	-89,9	
Change in non-controlling interests														
Equity December 31		38,8	12,8	104,3	-53,0	0,0	18,1	0,0	3,0	98,2	1 112,2	71,5	1 183,7	

Consolidated Statement of Cash Flows

MEUR	Note	1-12/2023	1-12/2022
Operating activities			
Profit for the period		-20,3	70,6
Adjustments to reconcile profit to net cash flows			
Depreciation, amortisation and impairment		30,1	20,7
Gains and losses on disposal of intangible and tangible assets and other non-current assets		-0,8	-48,6
Share in results of associated companies and joint ventures		-12,0	-27,3
Unrealised foreign exchange gains and losses		-0,5	-7,3
Change in fair value of investment properties and biological assets	4.5, 4.6	12,8	12,6
Other non-cash items	3.2	-5,2	-25,5
Financial income and expenses	3.6	22,2	12,7
Income taxes	7.1	-6,3	-1,2
Other adjustments		-1,0	6,8
Change in working capital			
Change in inventories		33,3	-46,3
Change in trade and other receivables		28,8	-75,6
Change in trade and other payables		-27,2	83,0
Change in provisions		-2,3	-3,1
Interest paid		-21,1	-8,3
Dividends received		12,3	14,3
Interest received		7,1	2,0
Other financing items		-13,3	20,6
Income taxes paid		-1,4	-26,2
Net cash flows from operating activities		35,1	-26,0
Investing activities			
Acquisition of subsidiaries, net of cash acquired	2.2	-29,6	-215,9
Disposal of subsidiaries, net of cash disposed of	2.3	0,0	93,4
Investment in associated companies	2.4	-13,1	-102,7
Purchase of financial investments		-1,0	-3,2
Proceeds from financial investments		4,9	0,2
Investments in tangible and intangible assets	4.1, 4.3	-45,3	-49,4
Disposal of tangible and intangible assets		-0,5	3,9
Loans granted		0,0	-0,6
Repayment of loan receivables	6.4	0,0	0,1
Net cash flows from / used in investing activities		-84,6	-274,2
Financing activities			
Proceeds received from share issues	7.3	7,4	0,0
Loan withdrawals, non-current	6.4	69,2	240,6
Loan repayments, non-current	6.4	-1,0	-1,1
Loan withdrawals, current	6.4	1,9	27,8
Loan repayments, current	6.4	-17,3	-5,0
Purchase of treasury shares		-4,5	-53,0
Capital investment by non-controlling interests		4,0	19,5
Payment of lease liabilities	4.4	-1,8	-4,3
Dividends paid	6.2	-28,5	-32,3
Net cash flows from / used in financing activities		29,2	192,3
Net change in cash and cash equivalents		-20,3	-107,9
Cash and cash equivalents on January 1		108,3	215,1
Net foreign exchange difference		0,0	1,2
Cash and cash equivalents on December 31		88,1	108,3

Notes to the Consolidated Financial Statements

1.1 Corporate information

A. Ahlström Corporation is a family-owned industrial owner, founded in 2001, with core investments in the global space of forest and fiber technologies. The company creates long-term shareholder value by active business development also in the domains of environmental technologies, real estate and financial investments. Companies consolidated as subsidiaries and referred to as portfolio companies, operate as independent subgroups. A. Ahlström Corporation is an active and responsible owner who develops the portfolio companies to create long-term shareholder value (see Note 6.1). A. Ahlström Corporation is domiciled in Helsinki (Finland). The registered address is Eteläesplanadi 14, 00130 Helsinki.

A. Ahlström's Extraordinary General Meeting was held on November 25, 2022. The general meeting approved the plan according to which Antti Ahlström Perilliset Oy merged with A. Ahlström Corporation. The purpose of the merger is to create a strong Ahlström family business. In connection with the merger, the name of the parent company changed from Ahlström Capital Oy to A. Ahlström Corporation from March 1, 2023.

A. Ahlström Corporation acquired 84.88 % shares of Metsäkonepalvelu Oy on December 19, 2023. Metsäkonepalvelu offers mechanical timber harvesting services in Finland and in Sweden. The customers include large Nordic forest companies, large private forest owners and the public sector. Metsäkonepalvelu's headquarter is in Hämeenlinna and the company operates in Southern and Central Finland and the area around Eksjö in Sweden. Metsäkonepalvelu is consolidated 100 % to A. Ahlström group.

The consolidated financial statements of A. Ahlström Corporation (parent company) and its subsidiaries, associates and joint ventures (collectively, A. Ahlström group) for the year ended December 31, 2023 were authorised for issue in accordance with a resolution of the Board of Directors on March 7, 2024. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting held following their publication. The General Meeting may also take the decision to amend the financial statements.

The consolidated financial statements are available at www.ahlstrom.com and at the parent company's head office at Eteläesplanadi 14, 00130 Helsinki.

Information on the Group's structure is provided in Note 2.1.

1.2 Basis of preparation

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) by applying IAS and IFRS standards effective on 31.12.2023 and their SIC and IFRIC interpretations. International Financial Reporting Standards refer to the standards, and their interpretations, approved for application in the EU in accordance with the procedures stipulated in the EU's regulation (EC) No. 1606/2002 and embodied in Finnish accounting legislation and the statutes enacted under it. The notes to the consolidated financial statements also comply with the Finnish accounting and corporate legislation.

The consolidated financial statements have been prepared on a historical cost basis, except for the following items that have been measured at fair value: investment properties, biological assets, derivative financial instruments, financial assets and liabilities recognised at fair value through profit and loss and contingent considerations related to acquisitions. The Group's consolidated financial statements are prepared in euro (EUR), which is also the parent company's functional currency. All values are presented in millions of euros (MEUR), except when otherwise indicated.

The notes to the consolidated financial statements are grouped into sections according to the topic. The general basis of preparation of the consolidated financials statements is described as part of this section. The accounting principles that are closely related to a specific note are presented as part of that note.

Current versus non-current classification

In the consolidated financial statements, assets and liabilities are classified applying the current/non-current distinction. An asset is classified as current when the asset is expected to be realised within twelve months after the reporting period. Other assets are classified as non-current.

A liability is classified as current when it matures for repayment within twelve months after the reporting period or when the group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Other liabilities are classified as non-current.

The fair values of derivative financial instruments not included in hedge accounting are presented as current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Foreign currencies

The consolidated financial statements are presented in euro, which is also the parent company's functional currency. For each entity, the parent company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Foreign currency transactions

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange ruling at the reporting date. Foreign currency differences of monetary items are recognised in statement of income. Foreign exchange gains and losses that are recognised in statement of income as financial income and expense are presented at net amounts. Exchange differences of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation are recognised in other comprehensive income. When the net investment is disposed of, the cumulative amount is reclassified to statement of income. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated into euro at the rate of exchange ruling at the reporting date and their statements of income are translated at average rates of reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, accumulated translation differences relating to the component of other comprehensive income are recognised in the statement of income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to finalise for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

Impairment of non-financial assets

A. Ahlström group assesses, at each reporting date whether there is an indication of an asset being impaired. If any indication is shown, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

A. Ahlström group bases its impairment calculation on detailed budgets and forecast calculations, prepared separately for each of the CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the recoverable amount of the asset or CGU. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of income.

Notes to the Consolidated Financial Statements

1.3. Significant accounting judgments, estimates and assumptions

The preparation of the A. Ahlström group's consolidated financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

In the process of applying the A. Ahlström group's accounting policies, the Management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described further in these financial statements. A. Ahlström group bases its assumptions and estimates on information available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may later change due to market changes or circumstances arising beyond the control of the A. Ahlström group. Such changes in estimates and assumptions are accounted for in the financial year in which they occur.

The areas where judgements, assumptions and estimates are most significant to A. Ahlström group and which may affect the financial statements if changed are presented below and described in accompanying notes:

Note

2.2.	Acquisitions
3.1.	Revenue from contracts with customers
3.8.	Pension and benefit plans
7.1. and 7.2.	Current taxes and deferred taxes
4.2.	Goodwill impairment testing
4.5.	Investment properties
4.6.	Biological assets
4.4.	Leases
2.4.	Investments in associated companies and joint ventures
6.4.	Financial assets and liabilities

Segment information

A. Ahlström group elects not to disclose segment information in its consolidated financial statements. Disclosing segment information is not mandatory according IFRS 8 for A. Ahlström group since the parent, A. Ahlström Corporation, does not have any publicly traded equity or debt instruments. Instead, voluntary other financial information on the segment will be disclosed (a)-(e) below.

a) External Fair Value (EFV) of the share

The primary objective of the A. Ahlström group's capital management is to maximise the shareholder value, meaning the External Fair Value of the share. The External Fair Value (EFV) of the share represents the expected market value of the asset in question that would be received in an orderly transaction between market participants, subtracting assumed transaction costs and other related liabilities. In effect, this means that the EFV of A. Ahlström Corporation's share is the sum of the EFVs of the underlying net assets within A. Ahlström group. In order to determine the EFV of A. Ahlström Corporation's share, the EFV of the underlying assets is appraised at each reporting date. See capital management in Note 6.1 for more information.

Notes to the Consolidated Financial Statements

b) Loan-to-value ratio (LTV)

The Loan-to-value ratio (LTV) measures the relationship between indebtedness and the fair value of the assets, to which loans and other liability adjustments, such as deferred tax liabilities, non-controlling interest and other relevant adjustments that have been applied to the EFV have been returned. LTV ratio is appraised at each reporting date. The LTV ratio is also used as a financial covenant between A. Ahlström group and financial institutions.

c) Comparable Operating Profit

Comparable operating profit is the reported operating profit (EBIT) excluding the share of results from associated companies and adjusted for the impact of non-operational items that are considered to affect comparability between reporting periods. These adjustments consist of, among others, gains and losses on disposal, changes in fair value of investment properties and biological assets, provisions and reversal of provisions related to disposal and restructuring costs.

d) Comprehensive operating profit – COP

Comprehensive operating profit is the reported operating profit (EBIT) adjusted for the impact of non-operational items that are considered to affect comparability between reporting periods. It includes both Comparable operating profit and also A. Ahlström Corporation's share of associated companies' and joint ventures' profit for the period.

e) Total return

Total return represents the change in the External Fair Value (EFV) of the asset and its income to A. Ahlström. In industrial assets and associated Real Estate companies, the income is the dividend or capital return received. In Real Estate and Forest assets, the income is the Net Operating Income (NOI) generated. If new investments are made into the asset during the period, it is deducted from the income.

1.4. New and amended IFRS standards

The group has evaluated the new and amended standards that have entered into force on January 1, 2023. These standards have not had a material impact on the A. Ahlström group.

New and amended standards or interpretations of financial statement presentation and annual improvements to IFRS standards that come into effect on or after 1 January 2024 are evaluated in A. Ahlström group. These standards and interpretations are adopted if they are applicable to the group.

Notes to the consolidated financial statements

Note 2.1. Group information

Information about subsidiaries, associated companies and joint ventures

The consolidated financial statements include:

Subsidiaries	Country of incorporation	Activities	% equity interest	
			2023	2022
A. Ahlström Kiinteistöt Oy	Finland	Real Estate	100	100
Keskinäinen Kiinteistöosakeyhtiö Uudenmaankatu 24	Finland	Holding	100	100
H11 Holding Oy	Finland	Holding	100	100
Kiinteistö Oy Hankasuontie 11A	Finland	Real Estate	100	100
A. Ahlström Asunnot Oy	Finland	Real Estate	100	100
Rakennus Oy Kivipalatsi	Finland	Real Estate	100	100
Kiinteistö Oy Lahden Kulmala	Finland	Holding	100	100
Ratapihankatu Holding Oy	Finland	Holding	100	100
Kiinteistö Oy Tampereen Ratapihankatu 21	Finland	Real Estate	100	100
Kiinteistö Oy Tampereen Ratapihankatu 33	Finland	Real Estate	100	100
Kiinteistö Oy Tampereen Vellamonkatu 2	Finland	Real Estate	100	100
Eura Solar Oy	Finland	Holding	100	
Ahlström Konsernipalvelut Oy	Finland	Holding	100	100
AC Cleantech Management Oy	Finland	Holding	100	100
AC Cleantech Growth Fund I Holding AB	Sweden	Holding	100	29
Ahlstrom Capital B.V.	Netherlands	Holding	100	100
AC Invest Nine B.V.	Netherlands	Holding	100	100
M&J Management Holding ApS	Denmark	Holding	74	74
M&J Recycling Group ApS	Denmark	(Recycling) Holding	97,35	97,35
M&J Denmark A/S	Denmark	Production and sales	97,35	97,35
M&J Germany GmbH	Germany	Production and sales	97,35	97,35
M&J Technology Environmental Equipment (Shanghai) (China)	China	Production and sales	97,35	97,35
M&J USA Inc.	United States	Production and sales	97,35	97,35
M&J Denmark Properties A/S	Denmark	Production and sales	97,35	97,35
Munksjö Group	Sweden	(Decor) Holding	60	60
Munksjö Paper AB	Sweden	Holding	60	60
Ahlström-Munksjö Germany Holding GmbH	Germany	Holding	60	60
Munksjö Unterkochen GmbH	Germany	Production and sales	60	60
Kraftwerksgesellschaft Unterkochen GmbH	Germany	Production and sales	36	36
Munksjö Dettingen GmbH	Germany	Production and sales	60	60
Hebei Minglian New Materials Technology Co., Ltd	China	Production and sales	36	36
Munksjö Spain Holding, S.L.U	Spain	Holding	60	60
Munksjö Tolosa S.A.U.	Spain	Production and sales	60	60
Caieiras Industria e Comercio de Papeis Especiais Ltda	Brazil	Production and sales	60	60
Munksjö Arches SAS	France	Production and sales	60	60
Munksjö USA Inc.	United States	Sales office	60	60
DutchCo Alpha Holding B.V.	Netherlands	Holding	100	100
AC Bucharest Real Estate Holding B.V.	Netherlands	Holding	100	100
BDY Invest S.R.L	Romania	Real Estate	100	100
Kasarmi Real Estate Holding B.V.	Netherlands	Holding	100	100
DutchCo Epsilon Holding B.V.	Netherlands	Holding	100	100
Ahlström Acquisition Company Oy	Finland	Holding	100	
Metsäkonepalvelu Oy *	Finland	Production and sales	84,88	
MKP Sverige AB *	Sweden	Production and sales	84,88	

Associated companies	Country	Activities	% equity interest	
			2023	2022
Detection Technology Plc	Finland	Production and sales	36	36
Glaston Corporation	Finland	Production and sales	26,4	26,4
Suominen Corporation	Finland	Production and sales	24	24
Ahlström Invest B.V.	Netherlands	Holding	23,82	24,1
Avain Yhtiöt Oy **	Finland	Holding	30,2	25,2
Avain Asumisoikeus Holding Oy **	Finland	Holding	30,2	
Kymiring Oy	Finland	Holding	-	44
GPV Group A/S	Denmark	Production and sales	20	20
Bast Fibre Technologies	Canada	Production and sales	24,41	24,41
Joint ventures	Country	Activities	100	100
Abyntie Gp Oy	Finland	Holding	50	50
Äbyntien Kiinteistöt Ky	Finland	Holding	50	50
Kiinteistö Oy Espoon Erica	Finland	Real Estate	40,5	40,5
Divestments, liquidations, mergers	Country		2023	2022
AC Cleantech Growth Fund I Ky	Finland	Holding	Liquidated	29

Non-controlling interests

* Metsäkonepalvelu has been consolidated 100% into the A. Ahlström group. A. Ahlström Corporation has an option to acquire minority shares, and it has been recorded as a liability.

** Avain Yhtiöt Oy carried out a reorganization of the group structure at the end of the fiscal year 2023, which separates the business related to right-of-occupancy apartments into its own group. The demerger does not affect the A. Ahlström group financial statements.

A. Ahlström group includes subsidiaries in which there are non-controlling interests. A material non-controlling interest of 40% (40) is in Munksjö Paper Holding AB and its subsidiaries.

Munksjö offers decor papers which are primarily used as the decorative surface material. Key markets are Europe, North and South America, China and selected export markets. MunksjöGroup has around 1,200 employees.

The following are Munksjö Group's figures for the reporting period. There were no acquisitions which impacted the equity attributable to A. Ahlström Corporation's equity holders during the reporting period.

MEUR	Net profit	Revenue	Assets
Munksjö Group	-39,2	568,9	472,8

Shares on non-controlling interest

MEUR	2023	2022
January 1	71,5	
Acquisitions		83,2
Other changes	3,0	
Share of profit (loss) for the period	-9,9	-9,2
Share of other comprehensive income, net of tax	1,3	-2,5
December 31	65,9	71,5

Accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as per December 31, 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Usually the control is formed when an entity holds 50% (or more) of the voting rights. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated statement of income and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the control is lost, the possible remaining ownership share is measured at fair value and the resulting gain or loss is recognized in the statement of income.

Notes to the consolidated financial statements

2.2. Acquisitions

Acquisitions in 2023

On December 19, 2023, A. Ahlström Corporation acquired 84,88 % shareholding of Metsäkonepalvelu Oy. The acquisition is a good addition to A. Ahlström Corporation's strategic core sector built around forest and fiber companies. Metsäkonepalvelu is the largest harvesting services platform in Finland and also has a strategic foothold in the Swedish market.

The total consideration of the acquisition was EUR 32.05 million. 25.7 MEUR was paid in cash. 6.35 MEUR have been presented as liability.

Investments in associated companies and in real estate joint ventures in 2023 are presented in Note 2.4.

Assets acquired and liabilities assumed in 2023

The fair values of the identifiable assets and liabilities at the date of acquisition were:

Fair value recognised on acquisition MEUR	Metsäkonepalvelu Group
Assets	
Other intangible assets	10,1
Property, plant and equipment	28,2
Biological assets	0,4
Inventories	0,1
Trade and other receivables	5,2
Cash and cash equivalents	3,5
	47,6
Liabilities	
Interest-bearing loans and borrowings	9,7
Deferred tax liabilities	4,0
Trade and other payables	6,9
Current tax liability	0,3
	20,9
Total identifiable net assets at fair value	26,7
Goodwill arising on acquisition	5,4
Purchased equity	26,7
Purchase consideration transferred	38,4

Notes to the consolidated financial statements

Accounting policies

Business combinations are accounted for using the acquisition method. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. The cost of an acquisition is the aggregate of the consideration transferred at the fair value of the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in other operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and valuation in accordance with the contractual terms, economic circumstances and pertinent conditions as per the acquisition date. If the business combination is achieved in stages, the previously held equity interest is remeasured at the fair value of its acquisition date and any resulting gain or loss is recognised in the statement of income.

Any contingent consideration (additional purchase price) related to the combination of businesses is measured at fair value on the date of acquisition. It is classified either as a liability or equity. Contingent consideration classified as a liability is measured at fair value on the reporting date, and the resulting loss or gain is recognised in income statement. Contingent consideration classified as equity is not remeasured.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed.

Significant accounting judgments, estimates and assumptions

In business combinations certain estimates and assumptions are needed to measure all acquired assets and liabilities at their fair values at the acquisition date. Generally, the valuation is conducted based on expected future cash flows of the acquired assets and liabilities during their useful lives. For significant acquisitions, the measurement is carried out with assistance from independent external appraiser.

Notes to the consolidated financial statements

2.3. Discontinued operations

2022

In June 2022 A. Ahlström Corporation announced that it has agreed to sell 100% of the shares in Enics to GPV Group A/S. The acquisition was closed on October 1, 2022. Enics was in A. Ahlström Corporation's ownership since 2005.

Profit for the year from the discontinued operations

MEUR	1-9/2022
Revenue	558,6
Expenses	-548,3
	10,3
Profit on sale of shares	47,8
Profit before tax for the year from discontinued operations	58,1
Income taxes	-2,8
Profit for the year from discontinued operations	55,4

The net cash flows from discontinued operations

MEUR	1-9/2022
Net cash flow from operating activities	-23,1
Net cash flow from/used in investing activities	83,4
Net cash flow from/used in financing activities	24,4
Net cash flows	84,7

Discontinued operations, effect on the statement of financial position

MEUR	30.9.2022
Non-current assets	77,8
Inventories	220,6
Other receivables	133,2
Cash and cash equivalents	34,3
Financial liabilities	-135,5
Trade payables and other liabilities	-232,1
Net assets	98,3
Consideration received less costs to sell	126,6
Cash and cash equivalents of discontinued operations	-34,3
Net cash inflows	92,4

Notes to the consolidated financial statements

Accounting policies

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

Classification as held for sale requires that the following criteria are met; the sale is highly probable, the asset is available for immediate sale in its present condition subject to usual and customary terms, the management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A discontinued operation is a substantial component of entity that either has been disposed of or is classified as held for sale. Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of income. The comparative figures are restated accordingly. The comparative figures for the statement of financial position are not restated.

Notes to the consolidated financial statements

2.4. Investments in associated companies and joint ventures

Industrial investments

Ahlström Invest

Ahlström Invest is a family investment company. It actively manages its holding in Ahlstrom and invests with a strong sustainable focus in public and private markets. A. Ahlström recognises the share of Ahlström Invest's profit or loss in the statement of income according to the equity method. At the end of December 2023, the group had a 23.8% interest in Ahlström Invest.

Suominen

At the end of December 2023 the group had a 24.0% interest in Suominen Oyj. Suominen is a globally leading supplier in nonwovens industry. The company manufactures nonwovens as roll goods for wipes and for hygiene products and medical applications. Suominen's shares are listed on Nasdaq Helsinki Ltd.

Detection Technology

At the end of December 2023 the group had a 36.0% interest in Detection Technology. Detection Technology is a global provider of X-ray imaging subsystems, components and services for medical, security and industrial applications. Detection Technology prepares its Financial Statements according to Finnish Accounting Act. Detection Technology's shares are listed on Nasdaq First North Growth Market Finland marketplace.

Glaston

At the end of December 2023 the group had a 26.4 % interest in Glaston. Glaston is a frontrunner in glass industry technologies and services, responding globally to the glass processing needs of the architectural, solar, display and automotive industries. The company also supports the development of emerging technologies integrating intelligence to glass. Glaston's shares are listed on Nasdaq Helsinki Ltd.

GPV

At the end of December 2023 the group had a 20.0 % interest in GPV. GPV is the second largest electronics manufacturing services provider in Europe. The company has a strong focus on industrial electronics, box-build mechatronics products, and turnkey products.

Bast Fibre Technologies

At the end of December 2023 the group had a 24.41 % interest in Bast Fibre Technologies. BFT is a triple-bottom-line cleantech fibre engineering firm that places equal emphasis on social, environmental, and fiscal responsibility. The company is a manufacturer of 100% plant-based, intact natural fibres with the technical and performance requirements for a wide variety of nonwoven applications.

Cleantech Fund

In 2023, the assets of the Cleantech fund were surveyed and the investors jointly approved the final distribution of the assets. Cleantech Fund is no longer handled as an associated company.

Real estate investments

Avain Yhtiöt

At the end of December 2023 the group had a 30.2% interest in Avain Yhtiöt. Avain Yhtiöt is a Finnish group specializing in building and owning apartments. The company owns more than 10 000 apartments. The company carried out a reorganization of the group structure at the end of the fiscal year 2023, which separates the business related to right-of-occupancy apartments into its own group.

Äbyntien Kiinteistöt

At the end of December 2023 the group had a 50.0% interest in Äbyntien Kiinteistöt together with Alternative investment fund Terrieri Kiinteistöt Ky, managed by S-Bank.

Kiinteistö Oy Espoon Erica

At the end of December 2023 the group had a 40.5% interest in Kiinteistö Oy Espoon Erica. It is a joint venture real estate investment together with Aktia Life Insurance and Church Pension Fund. The anchor tenant in a new building in Finnoo Espoo, will be Kemira Oyj. Kiinteistö Oy Espoon Erica is scheduled for completion in 2025. The group's total investment commitment is EUR 35.0 million. The construction project of Erica is at early stage. In 2023, A. Ahlström Kiinteistöt Oy provided management services to the company, EUR 0.2 million.

Kymiring

Kymiring has been filed for bankruptcy during the fiscal year.

Changes in investments in associates and joint ventures

MEUR	31-12-2023	31-12-2022
Opening balance	620,0	506,3
Translation difference	-0,6	-1,5
Share of profit/loss	12,6	28,7
Share of other comprehensive income items	-4,7	0,1
Share of direct adjustments to equity	-0,1	-0,1
Dividends and return of equity	-16,6	-14,3
Additions	13,1	102,7
Impairment	-4,6	-1,4
Reclassifications	0,0	-0,7
Closing Balance	619,1	620,0

Notes to the consolidated financial statements

Summarised financial information for significant associates

Summarised statement of comprehensive income	Ahlström Invest		Suominen		Detection Technology		Glaston		GPV		Bast Fibre Technologies		Avain Yhtiöt*		Abyntien Kiinteistöt	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
MEUR																
Revenue	0,8	0,6	450,9	493,3	103,8	98,6	219,7	213,5	1 402,6	795,5	12,5	12,8	126,5	98,5	3,4	3,2
Operating profit/loss	-3,2	-3,5	-2,8	-4,2	8,8	5,8	8,1	7,6	57,8	38,9	-11,3	-7,8	33,1	43,2	2,3	2,2
Profit/loss for the period	33,3	98,3	-12,8	-13,9	5,5	5,1	5,0	3,1	22,1	21,1	-10,9	-9,0	10,2	19,0	0,9	1,4
Other comprehensive income																
Items that will not be reclassified to statement of income							-0,1	-1,7								
Items that may be reclassified subsequently to statement of income			2,6	8,3			-0,2	1,1			0,0	-0,5	-8,4			
Total comprehensive income for the period	33,3	98,3	-10,3	-5,5	5,5	5,1	4,9	2,6	22,1	21,1	-10,8	-9,5	1,8			

Summarised statement of financial position

Summarised statement of financial position	Ahlström Invest		Suominen		Detection Technology		Glaston		GPV		Bast Fibre Technologies		Avain Yhtiöt		Abyntien Kiinteistöt	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
MEUR																
Current assets	450,2	449,8	169,5	188,9	77,8	84,2	88,3	87,1	693,7	744,4	9,0	18,6	52,6	1,2	0,7	
Non-current assets	838,8	843,7	148,0	154,5	16,7	7,2	106,2	107,8	326,8	318,0	17,8	18,7	1633,8	34,3	34,7	
Current liabilities	3,1	1,7	122,3	122,9	17,3	18,6	92,2	87,1	643,8	708,4	9,1	5,9	79,8	0,6	0,4	
Non-current liabilities	90,0	90,0	69,3	74,6	4,4		35,0	39,3	52,8	48,9	12,1	15,2	1224,5	22,6	22,6	
Equity	1 195,9	1 201,8	124,9	145,9	72,8	72,8	69,3	68,6	323,9	305,1	5,6	14,2	382,1	12,3	12,4	

Investments in associates

Investments in associates	Ahlström Invest		Suominen		Detection Technology		Glaston		GPV		Bast Fibre Technologies		Avain Yhtiöt		Abyntien Kiinteistöt	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
MEUR																
Group's share of the profit/loss for the period	8,0	23,7	-3,1	-3,3	0,9	-0,4	1,3	0,8	4,4	0,9	-2,7	-0,5	3,4	8,9	-0,1	0,7
Group's share of the other comprehensive income			-0,6	2,0	-0,9	-0,3	0,0	-0,1	0,0	0,0	-0,6	-1,5				
Carrying amount of the investment	282,5	286,3	45,6	50,5	93,5	94,5	31,3	31,0	78,3	73,9	15,4	18,2	54,1	50,4	8,8	9,3
Fair value of the investment	387,2	391,9	39,8	41,9	72,3	89,2	16,5	20,0	73,0	73,0	12,9	20,3	34,8	36,7	8,7	8,9
Interest held	23,8 %	24,1 %	24,0 %	24,0 %	36,0 %	36,0 %	26,4 %	26,4 %	20,0 %	20,0 %	24,4 %	24,4 %	30,2 %	25,2 %	50,0 %	50,0 %
Dividend received	7,4		1,4	2,8	1,1	1,8	0,9						1,0	0,8	0,4	1,0

* Avain Yhtiöt preliminary figures 2023, includes non-controlling interest. Preliminary Balance Sheet 2023 not available.

Notes to the Consolidated Financial Statements

Accounting policies

An associate is an entity over which the group has significant influence. Significant influence is the right to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. A. Ahlström's strategy for investments in listed companies is to have leading direct interest in the company and always have its representative or representatives participate in the board of directors, nomination committee, and actively exercise any other shareholder rights to maximise the value of the investment and it is generally a prerequisite for entering into any investment for A. Ahlström. Through this involvement, A. Ahlström views that in certain occasions it holds significant influence over the listed companies.

In joint arrangements two or more parties exercise joint control. This is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties' distribution control.

A joint arrangement is a joint venture or a joint operation. A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. In joint operation the parties have rights and obligations related to assets and liabilities of the arrangement. The group has joint ventures in Real estate business.

The group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the group's share of the net assets of the associate or joint venture as of the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of income reflects the group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the group's share of results of an associate and a joint venture is shown in the statement of income within operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as those of the group. Associated and joint venture companies in general report to the group according to IFRS accounting principles. Detection Technology and real estate joint ventures report according to Finnish Accounting Standards and Ahlström Invest reports according to Dutch GAAP. If and when necessary, the adjustments are made at the group level when preparing the group's financial reports. A. Ahlström group's share of profit of Avain Yhtiöt is calculated after non-controlling interest is extracted. The non-controlling interest relates to companies with right-of-residence apartments that are under special legislation.

At each reporting date, the group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the group tests the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'share of profit of an associate and a joint venture' in the statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the group measures and recognises any retained investment at its fair value. Any difference between the carrying amount and the fair value of the retained investment and proceeds from disposal is recognised in the statement of income.

Notes to the consolidated financial statements

3.1 Revenue from contracts with customers

Revenue recognition

A. Ahlström group generates revenue primarily from the sales of Decor and Recycling business. Other sources of revenue include mainly forestry and real estate income.

Distribution of revenue by business

MEUR	2023	2022
Decor *	472,5	109,4
Recycling	69,5	65,8
Forestry	13,3	11,6
Real estate	9,5	9,0
Others	3,4	2,7
	568,3	198,5

* 2022 revenue started to accumulate only in October after the acquisition of Munksjö.

Distribution of revenue by geographical area

2023

MEUR	Decor	Recycling	Forestry	Real Estate	Others	Total
Finland	0,8	0,0	13,3	9,5	2,6	26,3
Other Europe	250,9	38,4			-0,1	289,2
Rest of the world	220,8	31,1			0,8	252,8
	472,5	69,5	13,3	9,5	3,4	568,3

2022

MEUR	Decor	Recycling	Forestry	Real Estate	Others	Total
Finland	0,2	0	11,6	9,0	2,1	22,9
Other Europe	61,4	36,1			0,4	97,8
Rest of the world	47,8	29,7			0	77,8
	109,4	65,8	11,6	9,0	2,7	198,5

Timing of the revenue recognition

A. Ahlström group recognises the revenue from projects and from sale of goods and services based on timing of the transfer of the control either over time or at point in time.

The revenue recognition policy for M&J Recycling has been changed from point in time to over time as of January relating to installation of machines. The M&J group recognised 100% of its revenue at a point in time during year 2022.

2023

MEUR	Decor	Recycling	Forestry	Real Estate	Others	Total
At a point in time	472,5	31,4	13,3	9,5	3,4	557,5
Over time		38,1				
	472,5	69,5	13,3	9,5	3,4	557,5

2022

MEUR	Decor	Recycling	Forestry	Real Estate	Others	Total
At a point in time	109,4	66	11,6	9,0	2,7	198,5
Over time						
	109,4	65,8	11,6	9,0	2,7	198,5

Transaction price allocated to the remaining obligation

MEUR	2023	2022
Within one year	1,8	0,0
More than one year	0,0	0,0
	1,8	0,0

Contract balances

MEUR	2023	2022
Contract assets	1,8	0,0
Contract liabilities	-0,6	0,0
	1,1	0,0

The change in receivables and payables based on customer contracts is due to the invoicing of ongoing projects and the usual project periods. Contract assets mainly consist of services already performed at the time of the group's financial statements, but not invoiced. Contract assets are transferred to receivables when they have been invoiced. Contractual liabilities consist of payments received from customers.

Notes to the consolidated financial statements

Accounting policies

Revenue from contracts with customers is recognised when a customer obtains control over the goods or services, when it is probable that the economic benefits will flow to the group and when the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account expected returns, value-added tax, trade discounts and rebates.

The group recognises the revenue from projects and from sale of goods and services based on timing of the transfer of the control either over time or at point in time. The revenue from contracts with customers is assessed according a five-step model determined in IFRS 15.

The group recognises the revenue over time when one of the following criteria is met:

- The customer simultaneously receives and consumes the goods or services as the group provides it;
- The customer controls over an asset as it is created by the group; or
- The group's performance does not create an asset with an alternative use to the group and the group has a right to payment for performance.

If the group does not satisfy its performance obligation over time, revenue is recognised at point in time. Revenue from sale of materials and services is recognised when the asset and the control over an asset are transferred to a customer. Usually this criteria is fulfilled at delivery of goods or services.

Goods and services sold by Decor business are recognised at point in time. Revenue is recognised when the risk for the goods is transferred to the customer according to Incoterms, the price is fixed and determinable and recoverability is reasonably assured (usually prepaid). The company assumes no significant obligations after shipment.

Goods and services sold by Recycling business are recognised either over time or at point in time. Over Time revenue recognition is recognized gradually over time as the customer receives the benefits of the company's performance. At point in time revenue is recognised when the risk for the goods is transferred to the customer according to Incoterms, the price is fixed and determinable and recoverability is reasonably assured (usually prepaid) and the company assumes no significant obligations after shipment.

Goods and services sold by Real estate and Forest businesses are recognised at a point in time. Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of income due to its operating nature. Revenue from Forest business is recognised according to deliveries. Other revenue is recognised at point in time and is mainly revenue from services.

Notes to the consolidated financial statements

3.2. Other operating income

MEUR	2023	2022
Gain on sale of investments	0,6	0,0
Gain on sale of other tangible and intangible assets	0,2	0,5
Change in fair value of investment properties	3,1	1,1
Change in fair value of biological assets	5,2	25,6
Fair valuation of Ahlström Invest B.V., share exchange	0,0	0,5
Other	0,4	0,1
	9,4	27,8

3.3 Materials and services

MEUR	2023	2022
Purchases during the period	-351,3	-112,7
External services	-18,5	-10,7
Change in raw material inventories	3,0	2,7
Change in inventories of finished goods and work in progress	-12,8	-12,8
	-379,5	-133,5

3.4. Other operating expenses

MEUR	2023	2022
IT-expenses	-1,5	-4,8
External services	-7,2	-8,3
Non-statutory employee benefits	-0,2	-1,2
Rental expenses	-0,3	-0,2
Change in fair value of investment properties	-15,8	-13,7
Other expense items	-58,4	-23,0
	-83,4	-51,2

Other expense items mainly consists of travelling costs, maintenance and repair costs of real estate and variable other expenses as energy and leased manpower.

Research and development costs recognised in the Statement of Income amount to EUR -2.4 million in 2023 (-0.7). The research and development costs relate to personnel and other costs. Capitalised development expenditures during the reporting period amount to EUR 0.4 million in 2023 (0.1).

Auditor's fee

MEUR	2023	2022
Audit fee	-0,6	-0,5
Audit related services	0,0	0,0
Tax consultancy	0,0	0,0
Other services	0,0	0,0
	-0,6	-0,6

3.5. Government grants

There were no government grants received in the reporting period 2023 (0,0).

Accounting policies

Government or other grants are recognised as income on a systematic basis over the periods necessary to match them with the related costs which they are intended to compensate. Investment grants related to acquisitions of property, plant and equipment and intangible assets are deducted from the cost of the asset in question in the statement of financial position and recognised as income on a systematic basis over the useful life of the asset in the form of reduced depreciation expense.

Notes to the consolidated financial statements

3.6. Financial income and expenses

Financial income		
MEUR	2023	2022
Interest income	6,7	2,7
Foreign exchange gain	0,3	0,0
Gain on assets at fair value through profit and loss	0,4	6,8
Change in fair value, derivatives	1,8	0,0
Other financial income	0,4	0,0
	9,5	9,5
Financial expenses		
MEUR	2023	2022
Interest expenses from financial liabilities	-22,4	-2,6
Interest expenses on leases	-0,3	-0,1
Impairment on investments	-5,5	-10,6
Other financial expenses	-1,4	-2,4
Foreign exchange loss	-1,4	0,0
	-31,1	-15,8

Net gain and loss on financial instruments at fair value through profit or loss relates to derivatives that did not qualify for hedge accounting.

Accounting policies

Interest income from interest bearing financial assets at amortised cost is recorded using the effective interest rate (EIR). Interest income is included in financial income in the statement of income. Dividend income is recognised when the Group's right to receive the payment is established, generally when shareholders approve the dividend.

3.7. Employee benefits and number of employees

Employee benefits		
MEUR	2023	2022
Wages and salaries and other remunerations	-96,5	-36,0
Pension costs	-2,5	-2,1
Other wage-related costs	-2,7	-1,7
	-101,7	-39,8
CEO's salaries	-0,8	-1,0
of which variable compensation	-0,3	-0,6
Remunerations to Board members and Supervisory Board	-1,0	-0,5

Salaries and other benefits for CEO and remunerations to Board members refer to the parent company only.

Average number of personnel		
	2023	2022
Salaried	576	502
Blue-collar	847	922
	1 423	1 424

LTI program in A. Ahlström Corporation

The Board of Directors of A. Ahlström Corporation (the "Company") has since 2015 implemented a long-term incentive program for the company's management that is paid in cash. The purpose of the program is to align the objectives of shareholders and management to increase the company's value over the long term, commit the management to the company's long-term business objectives, and ensure a competitive and benchmark-sustainable level of remuneration for the management.

The company's long-term incentive program includes annual three-year earning periods. At the end of the financial year, the company has two consecutive and overlapping earning periods underway; 2022–2024 and 2023–2025. The third earning period, which ended at the end of 2023, generated a total payable reward of 0.1 million euros. The reward for the earning period is payable in the year following its conclusion.

The Board has decided on the performance criteria for the system, the individuals included in it, and the size of the rewards for each earning period separately. The main performance criteria approved for all three earning periods are based on the development of the external fair value (EFV) of A. Ahlström Corporation's share, and in addition, for some participants, on the total return of industrial or real estate investments. The maximum amount of rewards in the incentive system varies between 100-166% of the participant's annual salary.

The impact of the long-term incentive programs on the personnel expenses of the A. Ahlström group was adjusted in 2023 by -0.5 million euros (0.2), and the related liabilities at the end of 2023 were 0.2 million euros (1.2).

In 2023, a new incentive program was launched for the chairman of the Board of A. Ahlström Corporation. The earning period for the program is 2023-2025, and the main performance criteria are based on the development of the external fair value (EFV) of A. Ahlström Corporation's shares, the development of the company's cash flow, the value growth of selected industrial investments, and the development of an operational metric. The maximum amount of the reward is 226% of the annual salary, and it is paid in the company's shares.

Notes to the consolidated financial statements

3.8. Pension and other post-employment benefit plans

Net employee defined benefit liability

MEUR	2023	2022
Finland	0,6	0,6
Germany	7,8	8,4
France	1,2	1,2
	9,7	10,2
Changes in the defined benefit obligation and fair value of the plan assets		
MEUR	2023	2022
Opening Balance	10,2	2,6
Business combination		9,1
Discontinued operations		-1,8
Cost charged to statement of income		
Service cost of current period	0,1	0,0
Net interest expense	0,3	0,0
Service cost of past periods	-0,2	-0,1
Plan settlement	0,1	
Jubilee plans		
Remeasurement gains/losses in other comprehensive income		
Actuarial gains/losses	0,0	0,6
Benefits paid	-0,3	-0,2
Exchange difference	-0,7	
Closing Balance	9,7	10,2

The expected benefit payments for the following financial year are EUR 0.7 million (0.3). The main actuarial assumptions relate to discount rate and future salary increases. In the group the weighted average discount rate used is 3.66 % (3.33) and weighted average increase in future salaries is 2.36 % (2.55).

Accounting policies

A. Ahlström group operates defined benefit pension plans in some European countries, which requires contributions to be made to a separately administered fund. Most of the pension benefit plans in the group are defined contribution plans (DCP) by nature. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Under defined benefit plans (DBP), a liability recognised in the statement of financial position equals the net of the present value of the defined benefit obligation less the fair value of the plan assets at the closing of the annual accounts. Actuarial gains and losses are recognised in the consolidated statement of comprehensive income as remeasurement items when they occur. Remeasurement recorded in the other comprehensive income is not recycled. Past service cost is recognised in the statement of income in the period of plan amendment. A. Ahlström group presents service cost, past-service cost, gains and losses on curtailments and settlements and net interest expense or income as employee benefit expense.

Independent actuaries calculate the defined benefit obligation by applying the Projected Unit Credit Method (PUCM).

Past service costs are recognised in profit or loss on the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the group recognises restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The group recognises the following changes in the net defined benefit obligation under cost of sales, administration expenses and selling and distribution expenses in the statement of income (by function):

- service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- net interest expense or income.

Significant accounting judgments, estimates and assumptions

The cost of defined benefit pension plans and other post-employment benefits and the present value of the pension obligation are determined using independent external actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, changes in health care costs, inflation, future salary increases, retirement rates, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables for the specific countries. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Notes to the consolidated financial statements

4.1. Intangible assets

2023

MEUR	Goodwill	Intangible rights	Development costs	Other intangible assets	Advances paid	Total
Acquisition cost						
January 1	29,4	23,7	2,7	79,8	0,2	135,8
Additions			0,4	0,1		0,5
Revaluation		0,8				0,8
Business combinations	5,3			-2,1		3,2
Reclassification				0,1	-0,1	-0,1
Exchange differences	-0,1			0,1		0,0
December 31	34,7	24,6	3,2	77,8	0,1	140,2
Accumulated amortisation and impairment						
January 1		-0,9	-0,6	-5,6		-7,0
Amortisation for the year		-0,8	-0,4	-8,3		-9,5
Impairment				-2,4		-2,4
December 31		-1,7	-1,0	-16,3		-18,9
Net book value December 31, 2023	34,7	22,9	2,2	61,5	0,1	121,4

2022

MEUR	Goodwill	Intangible rights	Development costs	Other intangible assets	Advances paid	Total
Acquisition cost						
January 1	30,5	26,1	2,3	12,1		71,1
Additions			0,4		0,1	0,6
Disposals		-0,8				-0,8
Business disposals	-0,9	-28,1		-0,8		-29,8
Business combinations	-0,2	22,2		67,9	0,8	90,6
Reclassification		1,8		0,2	-0,7	1,3
Exchange differences		2,3		0,4		2,7
December 31	29,4	23,4	2,7	79,8	0,2	135,6
Accumulated amortisation and impairment						
January 1		-22,5		-0,9		-23,5
Amortisation for the year		-1,2	-0,5	-5,4		-7,2
Disposals		0,9				0,9
Business disposals		23,8		0,8		24,6
Exchange differences		-1,8				-1,7
December 31		-0,9	-0,6	-5,6		-7,0
Net book value December 31, 2022	29,4	22,6	2,2	74,3	0,2	128,6

Accounting policies

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either definite or indefinite. Intangible assets with definite lives are amortised on a straight-line basis over the useful economic life (3-5 years) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least annually.

Other intangible assets, e.g. customer relationships, acquired in business combinations are recorded at fair value at the acquisition date. These intangible assets have a definite useful life and are carried at cost less accumulated straight-line amortisation over the expected life of the intangible asset.

A gain or loss arising from the sale of intangible assets is recognised in other operating income or other operating expenses in the statement of income.

Intangible assets with indefinite useful lives are not amortised, and are tested for impairment at least annually and whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level.

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset if the requirements for recognition as an asset are met:

Following the initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. It is amortised over the period of expected future benefit.

Notes to the consolidated financial statements

4.2 Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to A. Ahlström group companies Metsäkonepalvelu, M&J Recycling and Munksjö regarded as CGUs. There is no goodwill allocated to Munksjö.

The acquisition of Metsäkonepalvelu affected the amount of goodwill during 2023. The transaction was completed in December. The divestment of Enics affected the amount of goodwill during 2022.

Carrying amount of goodwill allocated to each of the CGUs

MEUR	2023	2022
Metsäkonepalvelu	5,3	0,0
M&J Recycling	29,4	29,4
	34,7	29,4

The annual impairment tests are based on valuation reports prepared by external independent valuers. In 2023, the impairment test was conducted regarding the goodwill allocated to M&J. The acquisition of Metsäkonepalvelu was completed in December 2023 and the amount of goodwill was measured at cost in initial recognition. The purchase price and the amount of goodwill generated were determined based on the assessment of the investment target, which included a comprehensive due diligence process supported by external valuers. The amount of goodwill generated was also assessed post-acquisition when allocating the purchase costs. Therefore, the impairment testing as of this reporting date is considered to have been carried out as part of that process.

Key assumptions used in value in use calculations

The calculation of value in use is sensitive to discount rates and growth rates used to extrapolate cash flows beyond the forecast period.

The discount rate used was 12.3% (11.5). The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

The growth rate used was 2.1% (2.0), which is aligned with the latest Euro area 5-year inflation forecast.

Sensitivity to changes in assumptions

Sensitivity analysis on M&J with a 1.1% long term growth rate will not imply a writedown; higher growth rates imply increased values in use. Similarly higher discount rates will yield a writedown need only at unrealistically high levels.

Accounting policies

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the group's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. If goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in this circumstance is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Significant accounting judgments, estimates and assumptions

Impairment testing at Group level is based on external valuation reports. Key assumptions used in value in use calculations are that they are sensitive to discount rates and growth rates used to extrapolate cash flows beyond the forecast period. In addition, customary valuation methods such as peer group valuation are used to support valuation of companies. Discount rates represent the current market assessment of the risks specific to each cash-generating unit taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Industrial-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. WACC rates are derived by external valuers as part of the valuation processes.

Growth rate estimates are based on perceived long-term economic growth prospects, based on Eurostat's recorded historic average growth rates of the advanced economies, which are roughly 2% per annum. A. Ahlström portfolio companies are expected to grow organically, generally in tandem with the economy.

Notes to the consolidated financial statements

4.3. Property, plant and equipment

2023 MEUR	Land and water areas	Buildings and constructions	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other tangible assets	Advances paid and construction in progress	Total
Cost								
January 1	28,2	51,9	4,7	120,5	3,9	4,5	13,9	227,4
Additions		0,1	0,1	2,4	0,9	0,8	12,2	16,4
Disposals				-1,1	-0,1		0,0	-1,3
Business combinations	0,1	0,6		26,8	0,4	0,1		28,0
Reclassifications		2,9	0,1	10,2		0,3	-12,8	0,8
Exchange differences	0,2	-0,5		0,3	0,1		0,3	0,3
December 31	28,4	55,0	4,9	159,1	5,1	5,6	13,6	271,7
Accumulated depreciation and impairment								
January 1		-6,4	0,2	-5,9	-0,8	-1,3		-14,1
Depreciation for the year		-3,1	-0,9	-12,1	-1,0	-0,6		-17,7
Impairment				-0,4				-0,4
Disposals				0,4				0,4
Reclassifications				-0,5	0,1			-0,4
December 31		-9,5	-0,6	-18,5	-1,7	-1,9		-32,4
Net book value								
December 31, 2023	28,4	45,5	4,3	140,6	3,4	3,7	13,6	239,4

Notes to the consolidated financial statements

2022 MEUR	Land and water areas	Buildings and constructions	Buildings, right-of-use	Machinery and equipment	Machinery and equipment, right-of-use	Other tangible assets	Advances paid and construction in progress	Total
Cost								
January 1	5,4	38,6	21,5	100,5	4,8	2,6	3,2	176,6
Additions		0,1	7,2	2,1	1,5		15,3	26,3
Disposals			-3,5	-12,4	-0,3			-16,4
Discontinued operations	-0,4	-26,0	-23,1	-92,3	-4,3		-2,7	-148,7
Business combinations	22,9	38,0	2,4	112,6	2,1	1,7	11,2	190,8
Reclassifications		1,0		10,4		0,2	-12,9	-1,3
Exchange differences	0,2	0,2	0,2	-0,4	0,1		-0,3	0,1
December 31	28,2	51,9	4,8	120,5	3,9	4,5	13,9	227,5
Accumulated depreciation and impairment								
January 1		-18,1	-10,7	-66,4	-3,2	-1,1		-99,4
Depreciation for the year		-2,0	-2,5	-8,1	-1,0	-0,3		-13,8
Impairment		0,2						0,2
Disposals			3,3	10,6	0,3			14,4
Discontinued operations		14,1	10,1	59,0	3,3			86,5
Exchange differences		-0,5	-0,1	-1,1	-0,2	0,0		-1,9
December 31	0,0	-6,4	0,2	-5,9	-0,8	-1,3		-14,1
Net book value								
December 31, 2022	28,2	45,5	5,0	114,6	3,1	3,1	13,9	213,4

On December 31, 2023 A. Ahlstrom group had contractual commitments EUR 9.3 million total (1.9).

Accounting policies

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. All other repair and maintenance costs are recognised in the statement of income as incurred. Grants received are reported as a reduction of costs. The property, plant and equipment of acquired subsidiaries are measured at their fair value at the acquisition date. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

- Buildings 25–50 years
- Heavy machinery 10–20 years
- Other machinery 3–10 years

Land is not depreciated, as its useful life is considered as infinite. The estimated useful lives and the residual values are reviewed at least at the end of each financial year, and if they differ significantly from previous estimates, depreciation periods are adjusted accordingly.

A gain or loss arising from the sale of property, plant and equipment is recognised in other operating income or other operating expenses in the statement of income.

Notes to the consolidated financial statements

4.4. Leases

A. Ahlström group as a lessee

A. Ahlström group has recognised land areas, office and other premises and machinery as right-of-use assets based on its leasing contracts. A leased land area that is part of a property classified as an investment property, is recognised according to IAS 40. The discount rates used in measuring the liability in A. Ahlström group range from 1.2% to 5.8%. Right-of-use assets are presented in asset groups in note 4.3.

Right-of-use assets*		
MEUR	2023	2022
Opening Balance	11,7	14,6
Additions	1,3	10,4
Disposals	-0,1	-0,3
Acquisition through business combination	0,4	4,5
Business disposal		-14,0
Reclasification	0,1	
Depreciation	-1,9	-3,4
Change in fair value	-0,1	-0,1
Exchange differences	0,1	0,1
*Closing Balance	11,4	11,7

*Including leasing contract classified to investment property

Lease liabilities		
MEUR	2023	2022
Non-current lease liabilities	9,6	10,1
Current lease liabilities	2,1	1,7
	11,7	11,9

IFRS 16 has an impact on profit and loss through depreciations, material and services, other operating expenses and financial expenses. Assets which are classified as investment property are not depreciated but the revaluation is recognised as change in fair value in other operating expenses. Short-term and low-value leases are recognised in profit and loss. The total expenses of right-of-use assets and other leases in the statement of income is EUR 2.7 million (1.1). Total cash outflow from leasing contracts is EUR 2.8 million (14.3) including cash flow from discontinuing operations EUR 0.0 million (4.5).

Accounting policies

The asset is recognised as right-of-use asset and lease liability in the statement of financial position, when the Group is a lessee. It is assessed if the contract conveys the right to control the use of an identified asset for a certain period of time in exchange for consideration. When the conditions are met the right-of-use asset is measured at cost and the lease liability at the present value of future lease payments. The Group companies discount the present value by using the incremental borrowing rate, in case the internal discount rate for the lease contract cannot be determined.

On subsequent periods the right-of-use asset is measured at cost and depreciated for the leasing period. Lease liabilities are amortised during the leasing period and the interest is calculated for the outstanding amount by using the discount rate. Interest is recognised as financial expense. Some of A. Ahlström group's leasing contracts are classified to investment property and are reported according to IAS 40 Investment property. Investment properties are not depreciated but amount equal to depreciation of right-of-use asset is recognised as change in fair value through profit and loss. Leasing contracts that are short-term (under twelve months) or with low-value assets are not recognised as right-of-use assets but as rental expenses in profit or loss.

A. Ahlström group as a lessor leases the investment properties and some other properties it owns. All the relevant risks and rewards essential to underlying assets remain in A. Ahlström group and these leasing contracts are classified as operating leases. Assets are recognised in the statement of financial position as investment property or as property, plant and equipment by their nature.

Significant accounting judgments, estimates and assumptions

The value of lease liability as well as discount rate used in measurement are among other things affected by the leased asset, leasing period, location and currency.

Notes to the consolidated financial statements

4.5. Investment properties

A. Ahlström group's investment properties consist of land areas and buildings that are held to earn rentals or capital appreciation or both. Properties that are used in production or supply of goods or services or for administrative purposes are reported according to IAS 16. A. Ahlström group has chosen a fair value model to measure investment properties. Further information on the A. Ahlström group's fair value measurement in Note 6.5.

The property at Eteläesplanadi 14 is included in the investment properties. A small part of this property is used as A. Ahlström Corporation's premises. The Management has deemed such own use to be minimal, and therefore the entire property has been recognised as an investment property and measured at fair value.

On December 31, 2023, the fair values of the investment properties are mostly based on valuations performed by an accredited external independent valuer covering the total value of built investment properties. The rest of the investment properties consists of forest land and other land areas. The fair value measurement for all of the investments properties has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The real estate project in Tampere was completed and construction work of Kemiras R&D EriCa started in Espoo during 2023. The street level restaurant premises of Eteläesplanadi 14 was renovated and leased out during 2023.

A leased land area that is part of a property classified as an investment property, is recognised according IAS 40. The value of leased land area is calculated based on IFRS 16. For more information see Note 4.4.

Forest land is valued as a part of Forest assets by an external independent valuer. More information about the valuation principles in Note 4.6.

Profit arising from investment properties carried out at fair value

MEUR	31-12-2023	31-12-2022
Rental income derived from investment properties	9,3	8,0
Direct operating expenses generating rental income	-3,4	-2,9
	5,9	5,1

Specification by use of the investment properties

2023 MEUR	Office and retail propertie s	Factory and logistics properties	Forest land	Unbuilt land and other properties	Total
January 1	146,2	20,1	8,7	4,9	179,8
Additions	25,5	0,2	0,3	0,0	26,0
Disposals				-0,1	-0,1
Change in fair value	-8,7	-1,3	-2,8		-12,8
December 31	163,0	19,0	6,2	4,8	192,9

2022 MEUR	Office and retail propertie s	Factory and logistics properties	Forest land	Unbuilt land and other properties	Total
January 1	119,5	19,9	20,1	5,3	164,7
Additions	28,0		0,3	0,4	28,7
Disposals			-0,1	-1,0	-1,0
Change in fair value	-1,3	0,2	-11,7	0,2	-12,6
December 31	146,2	20,1	8,7	4,9	179,8

Notes to the consolidated financial statements

Sensitivity analysis

A sensitivity analysis for the value of investment properties was made to find out the uncertainties in future development. The lease agreements are examined by change in yield rate. The primary yield rate varies and the rate is defined separately for each property. The sensitivity analysis is based on valuations performed by an external valuer and it covers the built investment properties. Buildings under construction are not included in sensitivity analysis.

MEUR	2023		2022
Yield -2,0 percentage point	294,9	Yield -0,5 percentage point	139,6
Yield +/-0 percentage point	178,2	Yield +/-0 percentage point	128,6
Yield +2,0 percentage point	127,3	Yield +0,5 percentage point	119,9

Accounting policies

Investment properties are measured at their fair value which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect.

The investment property that is under construction is measured at cost. As the construction work has been completed such investment property is measured at fair value.

Fair values of the built investment properties are determined based on an annual evaluation performed by independent authorised appraiser. The fair value of forest land is based on discounted future cash flows of bare forest land from regeneration to final cutting. Discount rate used for forest land is the same as used in valuation of biological assets. The fair value of other land areas is based on the external reference information when possible.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Significant accounting judgments, estimates and assumptions

Majority of fair values are determined based on an annual evaluation performed by independent authorised appraiser. Estimates and assumptions are also needed from management to measure e.g. yield requirements, market rents and maintenance costs.

Notes to the consolidated financial statements

4.6. Biological assets

A. Ahlström group's biological assets consist of current growing stock value. Its forest assets are approximately 36 thousand hectares. The total volume of growing stock in the A. Ahlström Real Estate Ltd's forests is 5.7 million m³ (5.5). In 2023, the harvested industrial wood quantity was approximately 170,000 m³ (162,000). The harvested energy wood quantity was 15,000 m³ (27,000). In 2023, A. Ahlström group has purchased round 603 hectares of forest and acquired 70 hectares through business combination. Total effect in forest assets was EUR 3.9 million.

In 2023 the main reasons for the increase in biological asset value are increases in wood prices and productive forest land area. Increase in the discount rate has negative impact to both biological asset and forest land value. The timber prices assumed in the cash flow model were estimated with the use of the 5-year regional averages during 2018-2023. In 2020 the Finnish national growth model was updated which reflects more accurately the current real growth. The growth of forests has increased based on good and sustainable forestry. The valuation method of forest land was updated in 2022 and the value of terminal logging is discounted to the present value of forest land.

The discount rate used for 2023 valuation is 4.7% (4.2) real weighted-average-cost-of-capital (WACC). The study of the used discount rate was made by an external valuer in 2023. The WACC incorporates the capital structure of the forest owning company as well as the cost of different financing types. The cashflows are calculated without inflation and the discount rate used is pre-tax real WACC.

Changes in fair value are recognized in the income statement as part of other operating income and expenses. Further information on A. Ahlström group's fair value measurements is provided in note 6.5.

The land of forest areas is reported as investment property according to IAS 40 (Note 4.5). The value of forest land was EUR 6.2 million in 2023 (8.7). The total value of growing stock and forest land was EUR 183.1 million in 2023 (177.2).

The change in the value of the growing forests

2023

MEUR	Biological assets	Forest land*	Forest total
January 1	168,5	8,7	177,2
Additions	3,2	0,3	3,5
Acquisition through business combination	0,4		0,4
Disposals	-0,3	-0,1	-0,4
Change due to harvesting	-8,3		-8,3
Change due annual growth	7,5		7,5
Change in fair value	6,0	-2,8	3,2
December 31	176,9	6,2	183,1

2022

MEUR	Biological assets	Forest land*	Forest total
January 1	139,8	20,1	159,9
Additions	3,5	0,3	3,8
Disposals	-0,3	-0,1	-0,4
Change due to harvesting	-6,9		-6,9
Change due annual growth	7,3		7,3
Change in fair value	25,3	-11,7	13,6
December 31	168,5	8,7	177,2

*Forest land reported according IAS 40 as investment property, see Note 4.5.

Notes to the consolidated financial statements

Sensitivity analysis

A sensitivity analysis for the value of growing stock was made to find out the uncertainties in future development. The analysis shows that changes in timber prices and discount rates have a major effect on the value of forest assets. Changes in operational costs have a minor effect.

2023 MEUR	Discount rate		
	3,7 %	4,7 %	5,7 %
Timber prices -10%	191,5	156,1	130,5
Timber prices +10%	238,8	195,0	163,2
Stable prices and costs	215,1	175,5	146,8
Costs -10%	217,1	177,2	148,3
Costs +10%	213,1	173,8	145,3

2022 MEUR	Discount rate		
	3.2%	4.2%	5.2%
Timber prices -10%	185,9	148,4	121,7
Timber prices +10%	232,1	185,6	152,6
Stable prices and costs	209,0	167,0	137,1
Costs -10%	211,0	168,7	138,6
Costs +10%	207,0	165,3	135,7

Accounting policies

Biological assets are measured at their fair value less costs to sell. A. Ahlström group's biological assets consist of growing stock of forest assets. The value of forest land is reported in investment properties and measured at fair value. Gains or losses arising from changes in the fair values of biological assets are included in the statement of income in the period in which they arise, including the corresponding tax effect.

There are no existing active markets for forest assets as extensive as A. Ahlström group's holdings. Therefore, the valuation is made by using the discounted future cash flows method modelled by an external appraiser. The cash flows are based on A. Ahlström group's forest management and harvesting plan that include forestry costs and harvesting incomes of current growing stock until final cutting. The regeneration costs are included in forest land value, which is presented as investment property. Discount rate used is weighted average cost of capital separately calculated for forest assets. The discount rate is assessed annually. The cash flows are calculated on a pre-tax basis without inflation.

Significant accounting judgments, estimates and assumptions

The valuation model requires key input data such as A. Ahlström group's current stand register, forest management and harvesting plan, discount rate, and estimation of future costs, wood prices and growth potential. The most significant estimates are related to future harvesting plans, changes in pulpwood and timber prices and discount rate used. The growth of forest affects harvesting plans. The key factors affecting the growth and yield includes site quality, tree species, maturity of forest and density and volume of forests, which is dependent on past forest management activities. The national Finnish growth model is used in A. Ahlström group's forest valuation.

Notes to the consolidated financial statements

5.1. Inventories

MEUR	2023	2022
Raw materials	33,7	27,6
Work in progress	2,1	8,2
Finished goods	53,2	86,2
Advance payments for inventories	0,1	
	89,2	122,0

Inventories are valued at the lower of cost and net realisable value. In 2023, EUR 5.5 million (7.1) impairment for inventories has been recognised in the consolidated statement of income.

Accounting policies

Inventories are valued at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- raw materials: purchase cost on a first in, first out basis or weighted-average cost method basis; and
- finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

5.2. Current trade and other receivables

MEUR	2023	2022
Trade receivables	77,5	67,7
Trade receivables from associates	0,0	0,0
Contract assets	1,8	0,0
Other receivables	8,5	18,9
Loan receivables	0,2	0,4
Accrued receivables	9,2	4,9
Accrued receivables from associates	0,6	0,6
Derivatives		0,0
	97,8	92,5

Trade receivables are non-interest-bearing and generally payments terms of 30 to 90 days. Group companies assesses their credit risk independently according to their business and credit policy. Part of the receivables are covered with a credit insurance when considered necessary. Some receivables are sold on a non-recourse basis. Those receivables that are sold on a non-recourse basis, affect no credit losses to Group. There are no significant risk concentration in receivables. Expected credit losses are assessed independently by group companies.

Individually impaired trade receivables and contract assets

A. Ahlström group does not have credit loss expectations based on customer contracts.

MEUR	2023	2022
Opening Balance	0,3	0,9
Addition of provisions for expected losses	0,8	0,2
Realised losses	-0,3	0,0
Other changes	0,0	-0,8
Closing Balance	0,8	0,3

Ageing analysis of trade receivables and contract assets

Expected credit losses by ageing classes

MEUR	Trade receivables		Expected credit losses		Percentage of expected credit losses	
	2023	2022	2023	2022	2023	2022
Neither past due nor impaired	62,9	54,0	0,0	0,0	0 %	0 %
Past due but not impaired						
< 30 days	11,5	10,5	0,0	0,0	0 %	0 %
30-60 days	2,6	1,8	0,0	0,0	0 %	1 %
61-90 days	0,8	0,5	0,2	0,0	2 %	3 %
> 90 days	1,5	1,0	0,6	0,3	28 %	23 %
	79,2	67,7	0,8	0,3		

Notes to the consolidated financial statements

5.3. Cash and cash equivalents

MEUR	2023	2022
Cash in hand and at bank	88,1	108,3
Other short-term cash investments	0,0	
	88,1	108,3

Accounting policies

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and current deposits with a maturity of three months or less. The corresponding items are considered in the consolidated statement of cash flows as cash and cash equivalents.

5.4. Provisions

2023 MEUR	Warranty provision	Restructuring provision	Environmental provisions	Other provisions	Total
January 1	0,8		1,4	2,3	4,5
Exchange differences	0,3			-0,3	0,0
Arising during the year	0,9	2,3		0,2	3,4
Utilised	-0,4			-1,4	-1,9
Unused amounts reversed	-0,4				-0,4
September 30	1,1	2,3	1,4	0,8	5,6
Non-current	0,0		1,4	1,1	2,5
Current	1,1	2,3	0,0	-0,3	3,0
2022 MEUR	Warranty provision	Restructuring provision	Environmental provisions	Other provisions	Total
January 1	1,7	4,4	1,4	0,9	8,5
Exchange differences					
Discontinued operations		-4,4		0,0	-4,4
Business combinations	-0,5		0,0	0,0	-0,4
Arising during the year	0,1		0,0	1,2	1,3
Utilised	-0,3			0,0	-0,3
Unused amounts reversed					
Other change	-0,3			0,3	
December 31	0,8	0,0	1,4	2,3	4,5
Non-current	0,0		1,4	1,3	2,7
Current	0,8	0,0		0,9	1,7

Warranty, restructuring, environmental and other provisions

Warranty provisions have been booked to cover any obligations during the warranty period of contractual agreements. They are based on experiences from previous years. Restructuring provision relates to cost for personnel affected and notified by structural changes in the Group. The Group has an environmental provision recorded for cleaning costs of a contaminated land area. Other provisions include mainly provision for disputes and some other provisions.

Accounting principles

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of income net of any reimbursement.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

Restructuring provisions are recognised only when the recognition criteria for provisions are fulfilled. The Group has a constructive obligation when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs, and an appropriate timeline. Furthermore, the employees affected have been notified of the plan's main features.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a financial cost.

Notes to the consolidated financial statements

5.5. Trade and other payables

MEUR	2023	2022
Trade payables	88,1	78,5
Contract liabilities	0,6	0,0
Other payables	14,6	29,7
Accrued liabilities	29,3	37,3
Derivatives	0,0	0,0
	132,5	145,5

6.1 Capital management

For the purpose of the group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent.

The primary objective of the group's capital management is to maximise the shareholder value, meaning the External Fair Value of the share. The External Fair Value (EFV) of the share represents the expected market value of the asset in question that would be received in an orderly transaction between market participants, subtracting assumed transaction costs and other related liabilities. In effect, this means that the EFV of A. Ahlström's share is the sum of the EFVs of the underlying assets within A. Ahlström group less the relevant liabilities. In order to determine the EFV of A. Ahlström's share, the EFV of the underlying assets is appraised at each measurement date.

Listed securities are measured at the market rate. Regarding investments in non-listed shares, A. Ahlström's valuation policies comply with the IPEV guidelines (International Private Equity and Venture Capital Valuation Guidelines), according to which external fair value is a price at which the ownership of an investment could be transferred between market parties on the reporting date. Regarding the investments in real estate, A. Ahlström's valuation policies comply with the EPRA guidelines (European Public Real Estate Association). International Financial Reporting Standards (IFRS) are applied to valuing forest and other holdings.

In order to achieve this overall objective, the group's capital management, amongst other things, aims at ensuring that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. To manage the financial risk, the financing of subsidiaries and sub-groups are, to the extent possible, financed as ring-fenced entities without recourse on other entities. There are financial covenants on certain outstanding loans. The levels are generally agreed in advance with sufficient headroom to the plans combined with pre-agreed remedy mechanisms. These are closely monitored. Breach of these covenants would in some cases limit the companies' ability to finance their operations or permit the creditor to call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowings in the current period.

The group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the group primarily adjusts its financing needs by increasing or decreasing external debt by maintaining sufficient financing reserves at all times, but may additionally adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The dividend policy is a stable and over time increasing dividend.

MEUR	2023	2022
Non-current interest-bearing loans and borrowings (Note 6.4)	381,0	311,2
Current interest-bearing loans and borrowings (Note 6.4)	31,0	36,5
Less: cash and short-term deposits (Note 5.3)	-88,1	-108,3
Net cash (-)/ net debt (+)	324,0	239,3
External Fair Value	1 007,3	1 087,1
Shareholders equity (incl. non-controlling interest)	1 132,3	1 183,7
EFV adjusted net gearing	32,2 %	22,0 %
Net gearing (IFRS / Book value based)	28,6 %	20,2 %

Notes to the consolidated financial statements

6.2. Share capital and reserves

2023 MEUR	Share capital	Share premium	Reserve for invested non- restricted equity	Treasury shares	Legal reserve	Total
January 1	38,8	12,8	104,3	-53,0	0,0	102,9
Share issue	0,2		7,2			7,4
Acquisition of treasury shares				-4,5		-4,5
Cancellation of treasury shares				52,3		52,3
Reclassifications					0,0	0,0
December 31	39,0	12,8	111,5	-5,2	0,0	158,0

2022 MEUR	Share capital	Share premium	Reserve for invested non- restricted equity	Treasury shares	Legal reserve	Total
January 1	38,8	12,8	104,3	-1,1	3,6	158,3
Acquisition of treasury shares				-53,0		-53,0
Cancellation of treasury shares				1,1		1,1
Reclassifications					-3,6	-3,6
December 31	38,8	12,8	104,3	-53,0	0,0	102,9

A. Ahlström Corporation's registered share capital is 38,996,470 euros. The number of shares registered in the company's trade register on December 31, 2023 was 59,421,902 shares. The company entitles one series of shares. Each share entitles one vote at the General Meeting and all the shares have equal rights to dividend or other distribution of company assets.

On December 31, 2022, A. Ahlström Corporation held 3,268,514 treasury shares (5.25%) following the share repurchase program. The repurchased shares were invalidated in January 2023 based on the Board of Directors' decision in December 2022.

Antti Ahlström Perilliset Oy was merged into A. Ahlström Corporation on March 1, 2023. In merger A. Ahlström Corporation's number of shares increased by 468,931 and share capital by 225,000 euros.

The rest of the capital increase was booked to invested non-restricted equity fund.

The Annual General Meeting held on April 12, 2023, resolved to authorize the Board of Directors to decide on the repurchase of a maximum of 650,000 shares. The purchase price is the external fair value of the share at the end of September 2023 with a 12% discount. The authorisation is valid until the end of the next Annual General Meeting. The Board of Directors resolved to commence the repurchase of shares in November.

On December 31, 2023, A. Ahlström Corporation owned 300,000 (0.5%) of its own share repurchase program. The repurchased shares were invalidated in January 2024 based on the Board of Directors' decision in December 2023.

Notes to the consolidated financial statements

Other Comprehensive Income, net of tax

The disaggregation of changes of OCI by each type of reserve in equity

2023 MEUR	Fair value reserve	Hedging reserve	Translation reserve	Retained earnings	Non- controlling interests	Total OCI
Exchange differences on translation of foreign operations				1,9		3,2
Hedges - net change in fair value			-7,1			-7,1
Share of other comprehensive income of associates	0,1	-2,5	-2,4	0,0	0,0	-4,7
Changes of OCI	0,1	-9,5	-0,5	0,0	1,3	-8,6

2022 MEUR	Fair value reserve	Hedging reserve	Translation reserve	Retained earnings	Non- controlling interests	Total OCI
Exchange differences on translation of foreign operations				-2,8		-5,0
Hedges - net change in fair value			19,2			19,2
Remeasurement of defined benefit plans				-0,4	-0,3	-0,7
Share of other comprehensive income of associates		0,2	0,3	-0,4		0,1
Reclassification of OCI of associate			4,4	0,4		4,8
Changes of OCI	-0,2	-2,4	31,7	3,8		18,4

Accounting principles

The total shareholders' equity consists of share capital, share premium, unrestricted equity reserve, treasury shares, legal reserve, fair value reserve, hedging reserve, foreign currency translation reserve and retained earnings. The share premium account includes the value of shares in excess of the accounting par value of the shares. Treasury shares consist of the repurchased own shares. Legal reserves consist of amounts created from retained earnings due to specific legislation in certain countries. Fair value reserve includes changes in the fair values of financial assets in investments recognised through OCI. Hedging reserve include changes in the fair values of derivative financial instruments used to hedge operational cash flows. Foreign currency translation reserve includes the differences resulting from the translation of foreign subsidiaries.

Notes to the consolidated financial statements

Other comprehensive income items after tax

The maturity profile of the Group's financial liabilities based on contractual undiscounted payments

2023					
MEUR	< 1 year	2-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	62,8	312,7	23,7	53,2	452,4
Lease liabilities	2,2	2,4	2,2	1,6	8,4
Other financial liabilities	43,0	0,0			43,0
Trade payables	88,1				88,1
Interest rate swaps, hedge accounting	-4,8	-7,7	-7,7	-19,7	-39,9
	191,2	307,4	18,1	35,1	551,8

2022					
MEUR	< 1 year	2-3 years	4-5 years	> 5 years	Total
Interest-bearing loans and borrowings	41,1	211,2	63,8	48,9	365,1
Lease liabilities	1,7	2,4	2,3	2,4	8,9
Other financial liabilities	65,9	0,6			66,5
Trade payables	78,5				78,5
Interest rate swaps, hedge accounting					
	187,2	214,2	66,1	51,3	519,0

Derivatives designated as hedging instruments	Fair values		Nominal amounts	
	2023	2022	2023	2022
MEUR				
Assets				
Interest rate swaps		17,8	22,5	100,0

In 2023, hedge accounted interest rate derivatives designed as cash flow hedges, which do not fulfill effectiveness requirements had impact of EUR 1.4 million (0.0) in the statement of comprehensive income.

At the time of a new investment or refinancing, non-current loans relating to the investments may be hedged over the planned investment period. Interest rate derivatives or fixed interest rates are used to hedge against interest rate changes.

A. Ahlström Group has no derivatives not designated as hedging instruments.

Accounting policies

Derivative financial instruments and hedge accounting

Any derivative financial instruments are initially recognised at fair value at the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The gains or losses arising from changes in the fair value of derivatives are recognised in the statement of income, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to the statement of income when the hedge item affects profit or loss.

Hedge accounting refers to the method of accounting, which aims to assign one or several hedging instruments so that their fair value or cash flows offset completely or partly the changes in fair value or cash flows of the hedged item. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve. The ineffective portion relating to hedging instruments is recognised based on their nature in the statement of income, either in the operating income and expense or as financial income and expense.

Amounts recognised in OCI are transferred to the statement of income when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Notes to the consolidated financial statements

6.3. Financial risk management

A. Ahlström Corporation is a family owned a strategic industrial owner, which invests primarily in listed and non-listed industrial companies, as well as in commercial real estate and forest assets. Non-listed industrial companies Munksjö Paper, M&J Recycling and Metsäkonepalvelu referred to as portfolio companies, operate as independent operational subgroups. Holding companies manage investments in listed companies, real estates, and forest assets. Note 2.1 group information shows the list of all group companies and their main activities.

The group is exposed through its operations to different types of financial risks. The overall objective of financial risk management is to minimize the unfavorable effects of financial market fluctuations. Financial and capital market risks are managed through diversification and hedging.

The group's treasury policy defines the way of managing the group's finance related issues and risks related to it. Treasury policy sets the guidelines for all group companies. Each portfolio company has its own treasury policy that focuses more detailed in company's own business specific issues. The portfolio companies are responsible for managing operational risks, following the guidelines set at group level.

Financing risk

The group has a solid financial position which is secured by sufficient committed credit lines to support its business and investment activities. To maintain this position, A. Ahlström strives to uphold a good reputation among market participants. This objective includes management of the group companies' financial structure and financing negotiations, in order to maintain a healthy statement of income conditions throughout the group. The ability to cover financing costs is monitored across the group and supported by the avoidance of excess indebtedness and leverage. A. Ahlström group has diverse and strong financing sources and is not dependent on any single financing source or instrument.

The portfolio companies are responsible for maintaining their ring-fenced financing supporting their operations according to their own treasury policy. A. Ahlström participates actively on the strategic level of financing related to its subsidiaries. The portfolio companies independently make sure that they have adequate credit limits for operational and cash management purposes. A. Ahlström Corporation together with Holding companies hold adequate amount of credit limits for cash management purposes and to seize investment opportunities.

A. Ahlström Corporation and its Holding companies have utilized certain real estate, forest, and shares as collateral for financing facilities. Utilization of listed shares contains the risk of margin calls depending on the development of the share values in question. A. Ahlström Corporation as a parent company monitors the share and collateral value developments related to these financing facilities closely. Diversity in the group's assets reduces the risk of insufficient collateral for financing facilities.

The portfolio companies have a possibility to utilize a variety of real estates and shares as collateral for their own generally ring-fenced financing arrangements.

Market risk

Currency risk

A. Ahlström group has a relatively limited exposure to exchange rate risks, as most of its businesses operate with the euro. The majority of the group's revenue is in euros. In the portfolio companies there is some exposure to other major currencies such as the US dollar, the Chinese renminbi, the Swedish krona, the Brazilian real and the Danish krone, which may result limited fluctuations in the euro value of any such cash flows.

The portfolio companies are responsible for managing operational currency risk, following the guidelines set at group level. The portfolio companies utilize hedging against currency risks. Hedging is made individually in portfolio companies considering each company's own net position in different currencies. Since currency forward hedging is used in portfolio companies the impact of changing currency rates is reduced also on a group level.

In Real Estate operations group's exposure to currency risk is minimal. Forest assets are situated in Finland and operational currency is euro.

Interest rate risk

To manage the group's interest rate risk, leverage across the group is kept at a moderate level and policy is to utilize hedging against interest rate risk. Speculative trading for profit without underlying exposure is not allowed. The portfolio companies are responsible for managing interest rate risk independently and reporting to the group. The portfolio companies must ensure that the hedging decisions are in line with the group's net financing position.

Some refinancing arrangements have been settled in the group and interest rate hedging is used against interest rate changes according to treasury policies. A. Ahlström Corporation has agreed an interest rate hedging for nominal amount EUR 100.0 million to secure cost of long-term financing.

Based on the interest rate sensitivity analysis, a change of one percentage point in the interest rate would have reduced/increased net interest expenses by 2.9 million (3.2) euros. The sensitivity of the result is affected by liabilities with variable interest rates and interest rate swaps. The calculation is based on the balance sheet values at the time of closing the financial statements, and changes in capital during the financial period have not been taken into account.

Credit risk

The risk of credit losses due to third parties' inability to service their liabilities towards the group is not a significant risk at the group level, due to the relatively small amount of receivables from others. A. Ahlström Corporation is responsible for managing credit risk of the financial instruments and transactions on a group level. The main principle is that the financial institution's credit rating is to be checked and approved before entering into an agreement or transaction. A. Ahlström maintains a counterparty list and separate rules and principles are in force when investing excess liquidity. At year end it was mainly deposited at European reputable banks that are relationship banks to A. Ahlström group or their short-term liquidity fund solutions.

In portfolio companies the receivables risk can be considerable, with significant variations in the amount and age structure of receivables between companies. The portfolio companies manage credit risk by their credit policies and their ways vary depending on the type of the business. E.g. limitations for the outstanding credits and terms are used, credit insurances have been applied and prepayments and collaterals are asked when needed. Analyzing the new and existing business relationships and investigating the creditworthiness regularly are common to real estate, forest as well as portfolio companies' businesses.

Liquidity risk

Liquidity risk materializes if a group company ceases to have cash or has insufficient credit limits and borrowing facilities to meet its contractual obligations. The group's liquidity risk is managed by the maintenance of several potential financing facilities, backed by the group's assets, and supplemented by a considerable amount of assets that have good value as security (e.g. listed shares). The group maintains sufficient liquidity resources and borrowing facilities in order to secure the availability of liquidity needs arising from new investment opportunities for the group.

At the end of the year existing facilities in A. Ahlström Corporation and in its Holding companies and in real estate companies included credit facilities (RCF, committed credit facilities and overdrafts) amounting to EUR 279.1 (309.3) million of which EUR 110.0 (206.0) million was unutilized. A. Ahlström Corporation and A. Ahlström Real Estate Ltd have a committed long-term syndicated secured financing facility up to EUR 200.0 million. The facility is secured by mortgage on the real estate at Eteläesplanadi 14 owned by A. Ahlström Corporation and material part of the forest assets held by A. Ahlström Real Estate Ltd. There are two group level financial covenants on the facility. First one restricts the indebtedness calculated as gross interest-bearing debt compared to gross fair value of the assets (loan to value) not to exceed 60%. Another covenant restricts the loan to Security Value (the aggregate market value of the Security Properties) not to exceed 95%. There have been no breaches in the financial covenant in the current period. In addition, A. Ahlström Corporation and A. Ahlström Real Estate Ltd have a junior term loan facility EUR 38.0 million. The facility is secured by second priority mortgage on the real estate at Eteläesplanadi 14 owned by A. Ahlström Corporation and material part of the forest assets held by A. Ahlström Real Estate Ltd. The covenants are the same as secured syndicated financing mentioned above.

The portfolio companies are responsible for monitoring their own liquidity position and cash flows. They maintain financing facilities that may be utilized if needed. At the end of the year existing facilities in the portfolio companies included committed credit facilities (RCF, committed credit facilities and overdrafts) amounting to EUR 279.8 (274.8) million of which EUR 65.0 (50.0) million was unutilized.

Notes to the consolidated financial statements

6.4. Financial Assets and Liabilities

31-12-2023		At fair value		Total
MEUR	At amortised	through profit	At fair value	carrying
	cost	and loss	through OCI	amount
Non-current financial assets				
Other shares and securities	0,2	6,2		6,4
Interest-bearing loan receivables from associates		106,3		106,3
Other receivables	3,5			3,5
Derivatives			15,5	15,5
Current financial assets				
Trade and other receivables	97,6			97,6
Interest-bearing loan receivables and financial assets	0,2			0,2
Cash and cash equivalents	88,1			88,1
	189,5	112,5	15,5	317,5
Non-current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	369,0			369,0
Lease liabilities	9,6			9,6
Other financial liabilities	9,9			9,9
Current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	20,7			20,7
Lease liabilities	2,1			2,1
Other liabilities	8,3			8,3
Trade and other payables	132,5			132,5
	552,0			552,0

Notes to the consolidated financial statements

31-12-2022	At fair value		Total	
MEUR	At amortised cost	through profit and loss	At fair value through OCI	carrying amount
Non-current financial assets				
Other shares and securities	0,1	6,2		6,3
Interest-bearing loan receivables from associates		105,8		105,8
Other receivables	1,8			1,8
Derivatives			22,5	22,5
Current financial assets				
Trade and other receivables	92,1			92,1
Interest-bearing loan receivables and financial assets	0,4			0,4
Non-interest-bearing loan receivables and financial assets				
Derivatives				
Other current financial assets	3,0			3,0
Cash and cash equivalents	108,3			108,3
	205,7	112,0	22,5	340,2
Non-current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	300,1			300,1
Lease liabilities	10,1			10,1
Derivatives				
Other financial liabilities	1,6			1,6
Current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	27,4			27,4
Lease liabilities	1,7			1,7
Other liabilities	7,3			7,3
Derivatives				
Trade and other payables	145,5			145,5
	493,8			493,8

Notes to the consolidated financial statements

6.4. Financial Assets and Liabilities

Changes in liabilities arising from financing activities

		Non-cashflow effect						
2023								
MEUR	January 1	Cash flows	Changes in foreign exchange rates	Acquisition and disposal of subsidiaries	Reclassification	New leases	Terminations of leasing contracts	December 31
Non-current interest-bearing loans	300,1	68,1			0,8			369,0
Current interest-bearing loans	34,7	-15,5			9,7			29,0
Lease liabilities	11,9	-1,8			1,3	0,3		11,7
	346,7	50,8			11,8	0,3		409,6

		Non-cashflow effect						
2022								
MEUR	January 1	Cash flows	Changes in foreign exchange rates	Acquisition and disposal of subsidiaries	Reclassification	New leases	Terminations of leasing contracts	December 31
Non-current interest-bearing loans	110,4	239,5	0,1	-39,8	-10,2			300,1
Current interest-bearing loans	55,3	22,8	1,3	-50,8	6,0			34,7
Lease liabilities	15,5	-4,3	0,2	-9,0		9,4		11,9
	181,3	258,1	1,6	-99,6	-4,3	9,4		346,7

Notes to the consolidated financial statements

Accounting policies

Financial assets

Financial assets are classified, at initial recognition, as financial assets at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. Financial assets are classified according to the group's business model and contractual cash flows. All financial assets are recognised initially at fair value except the trade receivables and contract assets if they do not contain a significant financing component. If financial assets are not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the initial carrying amount.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the group commits to purchase or sell the asset.

Financial assets at amortised cost

Financial assets are recognised at amortised cost if the objective is to hold the asset until maturity to collect contractual cash flows. The cash flows are solely payments of principal amount and interest on the principal amount outstanding. After initial measurement, such assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment if any. The amortised cost is calculated by taking into account any discount or premium and fees or costs. The losses arising from impairment are recognised in the statement of income as financial costs in case of loan receivables and as cost of sales or other operating expenses in case of trade receivables.

Measurement at amortised cost generally applies to trade and other receivables and loan receivables. Trade receivables are recognised at their anticipated realisable value, which is the original invoiced amount less an estimated valuation allowance for impairment. Trade receivables may be sold to other lending institutions.

Financial assets at fair value through other comprehensive income

Financial assets that are held within business model whose objective is both to sell and to hold until maturity and whose cash flows are solely contractual cash flows are measured at fair value through other comprehensive income. Revaluation changes are recognised in fair value reserve. Interest income, impairments, exchange gains and losses as well as final sales gains and losses of these assets are recognised in the statement of income.

In case trade receivables are either sold to financing institutions or held to collect the cash flows, they are measured at fair value through other comprehensive income.

An equity instrument which is qualified as a strategic investment according to group's business model, may be classified irrevocably to be measured at fair value through other comprehensive income. Only the dividends will be recognised in profit or loss. Revaluation changes are recognised in other comprehensive income in fair value reserve and will never be derecognised in profit or loss even if instrument is impaired or sold.

Financial assets at fair value through profit or loss

Other equity instruments are measured at fair value through profit and loss. These assets are not held to collect contractual cash flows. Quoted shares, unquoted shares and other equity instruments are recognised at their fair value. Under limited conditions the acquisition cost may be the best estimate of fair value for unquoted shares and other equity instruments. The fair value changes are presented in the statement of income as negative or positive net changes of fair value in financial items.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the consolidated financial statements

Accounting policies

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Impairments

The group assesses, at each reporting date, the expected credit losses for assets measured at amortised cost and assets measured at fair value through other comprehensive income. These are recognised as an allowance of the expected credit losses. If the credit risk has not increased significantly the group assesses the allowance to the amount equal to expected credit losses for twelve months. If the credit risk related to specific financial asset has increased significantly after initial recognition, the allowance is recognised in amount equal to expected credit losses for lifetime. The group assesses the expected credit losses of trade receivables and contract assets by asset groups and loan receivables individually.

Financial liabilities

The group's financial liabilities are classified as at amortised cost or at fair value through profit and loss. Financial liabilities include trade and other payables and loans and borrowings including bank overdrafts. Derivatives designated as hedging instruments are classified as at fair value through other comprehensive income.

All financial liabilities are recognised initially at fair value and, in case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities recognised at fair value through the statement of income

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships.

Gains or losses on liabilities held for trading are recognised in the statement of income as well as realised and unrealised gains and losses arising from changes in fair value of derivatives.

Financial liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss using the EIR method when the liabilities are derecognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The EIR amortisation is included in financial costs in the statement of income.

Financial guarantee contracts issued by the group are contracts that require a payment to be made to compensate the holder for a loss it incurs because the specified debtor fails to make a payment when due under the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognising the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

Significant accounting judgments, estimates and assumptions

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Notes to the consolidated financial statements

6.5. Fair values and fair value measurement

2023 MEUR	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Investment properties	192,9			192,9	192,9
Biological assets	176,9			176,9	176,9
Other shares and securities	6,3		0,0	6,3	6,3
Derivate financial assets, hedge accounting	15,5		15,5		15,5
Loan receivables at fair value	106,3			106,3	106,3
Assets for which fair values are disclosed					
Loan receivables at amortised cost	0,8			0,8	0,8
	498,7		15,5	483,1	498,7
Liabilities for which fair values are disclosed					
Floating rate borrowings	397,3			397,3	397,3
Fixed rate borrowings	0,7			0,7	0,7
Other interest-bearing					
Bank overdrafts					
Other liabilities	2,5			2,5	2,5
	400,4			400,4	400,4

2022 MEUR	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
Assets measured at fair value					
Investment properties	179,8			179,8	179,8
Biological assets	168,5			168,5	168,5
Other shares and securities	6,2		0,9	5,4	6,2
Derivatives not designated as hedges	22,5		22,5		22,5
Other current financial assets	3,0		3,0		3,0
Loan receivables at fair value	105,8			105,8	105,8
Assets for which fair values are disclosed					
Loan receivables at amortised cost	0,9			0,9	0,9
	486,8		26,4	460,5	486,8
Liabilities for which fair values are disclosed					
Floating rate borrowings	315,9			315,9	315,9
Fixed rate borrowings	18,9			18,9	18,9
	334,8			334,8	334,8

Reconciliation of level 3 fair values of other shares and securities

MEUR	2023	2022
Opening Balance	6,3	3,4
Business combination		0,0
Discontinued operations		0,0
Disposals	0,0	-0,2
Additions	1,0	3,2
Impairment	-1,0	-1,1
Reclassification	0,0	0,9
Closing balance	6,3	6,3

Notes to the consolidated financial statements

Accounting policies

The group measures financial instruments, such as derivatives and non-financial assets such as investment properties, at their fair value at each reporting date.

Fair value is the price that would be received when selling an asset or paid when transferring a liability in an orderly transaction between market participants at the measurement date. The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure the fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the group determines whether shifts have occurred between levels in the hierarchy by reassessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

6.6. Commitments and contingencies

Capital commitments

The group has contracts regarding new real estate development projects. Committed investments amounted to approximately EUR 13.9 million (27.0) at the end of December 2023.

Derivative contracts

The group has interest rate hedging for principal amount EUR 100.0 million to secure cost of long-term financing.

Commitments and contingencies on own behalf

MEUR	2023	2022
Secured loans		
Loans from financial institutions and others	421,1	88,0
Pledged assets		
Real estate mortgages	446,4	178,9
Pledged shares	332,4	73,8
Guarantees		9,7

Pledges are used as collaterals for certain credit facilities. A substantial part of group's investment properties (note 4.5) and forest assets (note 4.6) have been utilised as collaterals for these credit facilities and reported as real estate mortgages in commitments.

A. Ahlström group has a contingent VAT liability on real estate investments EUR 14.3 million (3.7) on December 31, 2023. As a founder shareholder A. Ahlström group has certain commitments according to Finnish act of Housing Transactions. Provisions have been made to cover the commitments.

Commitments on behalf of others

A. Ahlström group has guarantees given on behalf of others EUR 0.1 million (0.1) on December 31, 2023.

Accounting principles

Contingent liabilities are present obligations that have arisen from past events, such as rental agreements commencing in the future, possible defaults of deliveries in the ordinary course of business for which the group has guarantee commitments and sales of accounts receivable under factoring agreements. Contingent liabilities are not recognised in the statement of financial position because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations. However, since it cannot be precluded that an outflow of resources embodying economic benefits can be required to settle the obligations, the group discloses the possible contingencies separately.

Notes to the consolidated financial statements

7.1. Income tax

The major components of income tax expense

MEUR	2023	2022
Consolidated statement of income		
Current income tax		
Current tax expense	-1,0	-5,2
Taxes from previous years	-0,1	0,2
Deferred tax		
Change in deferred taxes	7,4	6,2
Income tax expense reported in the statement of income	6,3	1,2
Income tax expense is attributable to		
Profit from continuing operations	6,3	3,9
Profit from discontinued operations		-2,8
	6,3	1,2
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in OCI during the year		
Related to remeasurements of defined benefit plans		0,1
Related to changes in cash flow hedges	1,8	-4,8
Income tax charged to other comprehensive income	1,8	-4,7

Reconciliation of tax expense and the accounting profit multiplied by Finland's domestic tax rate

MEUR	2023	2022
Profit from continuing operations before tax	-26,6	12,2
Profit from discontinued operations before tax		57,2
Tax calculated using Finnish tax rates (20%, 2022: 20%)	5,3	-13,9
Difference between Finnish and foreign tax rates	4,2	-25,0
Share in results of associated companies	3,3	27,1
Non-taxable income	-2,5	4,9
Taxable income not included in the profit	-0,1	-0,2
Non-deductible expenses	-0,8	5,1
Recognition of previously non-deducted expenses	-0,6	-1,5
Utilisation of previously unrecognised tax losses	1,0	0,2
Loss for the period, for which no deferred tax asset is recognised	-1,3	-1,0
Previous years' loss for which deferred tax assets was recognised/de-recognised	-1,0	
Adjustments of previous years current income tax	-0,1	0,2
Other	-1,2	5,2
Effective income tax 23.6 % (-1.7)	6,3	1,2
Total income tax for the period	6,3	1,2

Notes to the consolidated financial statements

7.2. Deferred tax assets and liabilities

Change in deferred tax assets

2023 MEUR	1.1.	Recognised in the statement of income	In other comprehen- sive income	Recorded directly into equity	Discontinued operations	Business arrangements	Translation difference	Other movements	31.12.
Unused tax losses		2,5	2,2				0,071		4,7
Pension benefits		3,2	-2,2					0,3	1,3
Provisions								0,2	0,2
Inventories internal margin		0,2	0,1						0,3
Investment properties		0,4	0,5						0,8
Interest									
Derivatives									
Other		5,2	2,8					1,2	9,1
		11,3	3,4					1,7	16,4

2022 MEUR	1.1.	Recognised in the statement of income	In other comprehen- sive income	Recorded directly into equity	Discontinued operations	Business arrangements	Translation difference	Other movements	31.12.
Unused tax losses			1,9				0,6		2,5
Pension benefits		0,2	-1,7				-1,3		3,2
Provisions		0,8					-0,8		
Inventories internal margin		0,1	-0,1				-0,1		0,2
Investment properties		0,4							0,4
Interest									
Derivatives		0,3		-0,3					
Other		2,4	-1,5				1,3		5,2
		4,1	5,2	-0,3			2,4		11,3

Change in deferred tax liabilities

2023 MEUR	1.1.	Recognised in the statement of income	In other comprehen- sive income	Discontinued operations	Business arrangements	Translation difference	Other movements	31.12.
Intangible assets and property, plant and equipment		51,2	3,4		3,9	0,2	-19,6	39,1
Investment properties		13,4	-0,8					12,6
Biological assets		24,1	0,5		0,1			24,6
Derivatives		4,5	-1,4					3,1
Other		-6,3	0,4		0,1	-0,2		-6,0
		86,9	2,1		4,0	0,0	-19,6	73,4

2022 MEUR	1.1.	Recognised in the statement of income	In other comprehen- sive income	Discontinued operations	Business arrangements	Translation difference	Other movements	31.12.
Intangible assets and property, plant and equipment		4,4	-3,9		50,9	-0,4		51,2
Investment properties		13,3	0,1					13,4
Biological assets		21,3	2,8					24,1
Derivatives							4,5	4,5
Other		-0,1	-6,1				-0,2	-6,3
		39,0	-7,2		50,9	-0,4	-0,2	86,9

Reflected in the statement of

	31-12-2023	31-12-2022
Deferred tax assets	16,2	11,3
Deferred tax liabilities	73,4	86,9
Deferred tax assets/liabilities, net	-57,2	-75,5

On December 31, 2023 A. Ahlström group had tax loss carry forwards of EUR 48.8 million in total of which EUR 18.1 million has no expiration period. Regarding losses amounting to EUR 30.9 million no deferred tax asset was recognised due to the uncertainty of utilisation of these tax loss carry forwards.

Notes to the consolidated financial statements

Accounting policies

Taxes

Taxes shown in the consolidated statement of income include income taxes to be paid on the basis of local tax legislations, tax adjustments from previous years as well as the effect of the annual change in the deferred tax liability and deferred tax assets.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income. Current income tax relating to items recognised directly in equity is recognised in other comprehensive income. Each reporting date the Group evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax assets and liabilities are calculated on temporary differences arising between the tax basis and the book value of assets and liabilities using the liability method. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The main temporary differences arise from unused tax losses, intangible assets, property, plant and equipment, biological assets, investment properties, provisions, defined benefit pension plans, inter-company inventory margin and fair valuation of derivative financial instruments. A deferred tax asset is recognised to the extent that it is probable that it can be utilised.

Deferred tax is not recognised for non-deductible goodwill on initial recognition. Also it is not recognised for an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Significant accounting judgments, estimates and assumptions

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Notes to the consolidated financial statements

7.3 Related party transactions

A. Ahlström group's related parties include A. Ahlström's Board of Directors, Supervisory Board and committees, Shareholders' Nomination Board, CEO, subsidiaries and associated companies, which hold a significant influence in A. Ahlström Corporation. The transactions with associated companies are listed in a separate Note 2.4. Loan transactions with associated companies are presented in the Note 6.4.

Salaries for CEO and remunerations to Board of Directors, Supervisory board and committee members are specified in Note 3.7.

Business transactions with the associated companies and entity with significant influence over the group

MEUR	2023	2022
Sales to the entity with significant influence over the group	0,0	0,2
Purchases from the entity with significant influence over the group		

Compensation of persons belonging to the related party of the group

MEUR	2023	2022
Wages and other short-term employee benefits	1,7	1,5
Post-employment benefits	0,1	0,2
	1,8	1,7

The amounts disclosed in the table are those recognised as an expense during the reporting period.

7.4. Events after the reporting period

On December 31, 2023, A. Ahlström Corporation owned 300,000 (0.5%) of its shares acquired through a repurchase program. The repurchased shares were invalidated in January 2024 based on the Board of Directors' decision in December 2023.

Eura Solar Oy's solar power project was granted a building permit in January 2024.

Statement of income, Parent Company

T E U R	N o t e	2 0 2 3	2 0 2 2
Revenue	2	5 945	6 465
Other operating income	3	3	68 040
Raw materials and services		-119	
Employee benefits	4	-3 608	-3 065
Depreciation, amortisation and impairment	9	-1 302	-1 210
Other operating expenses	6	-5 412	-4 670
Operating profit / loss			- 4 494
Financial income	7	11 081	20 132
Impairments	7	2 186	-7 375
Financial expenses	7	-3 855	-8 523
Profit before appropriations and tax			4 918
Appropriations	8		
Change in depreciation difference		66	6
Group contributions		1 886	4 220
Income taxes			8
Profit for		6 8	81

Statement of Financial Position, Parent company

TEUR	Note	Decembre 2023	Decembre 2022	
Assets				
Non-current assets				
Intangible assets	9			
Intangible rights		197	197	
		197	197	
Tangible assets	9			
Land and water areas		26 254	26 254	
Buildings and constructions		23 916	24 128	
Machinery and equipment		1 761	1 555	
Other tangible assets		70	70	
Advances paid and construction in progress		5	4	
		52 006	52 011	
Investments	10			
Investments in Group companies		498 203	469 017	
Other investments		63	65	
		498 265	469 082	
Total non-current assets			550 468	52 5
Current assets				
Long-term receivables				
Accrued receivables		3 073		
		3 073		
Short-term receivables				
Trade receivables		16	29	
Receivables from Group companies	16	7 957	4 220	
Other receivables		13	2	
Accrued receivables	12	4 778	98	
		12 764	4 350	
Short-term cash investments	11		3 000	
Cash and cash equivalents		6 690	45 236	
Total current assets			22 527	52 5
Total		572	573	

Statement of Financial Position, Parent Company

TEUR		Decembe 2023	Decembe 2022		
	Note				
Equity and liabilities					
Equity					
Share capital	13	38 996	38 771		
Share premium		12 774	12 774		
Reserve for invested non-restricted equity		111 517	104 336		
Retained earnings		329 274	280 926		
Profit for the period		6 870	81 405		
Total equity			4 99 4 3 2	5 1 8 2 1 3	
Appropriations					
Depreciation difference		1 809	1 845		
		1 8 0 9	1 8 4 5		
Liabilities					
Long-term liabilities					
Loans from financial institutions	17	60 000	20 000		
Accrued liabilities	15	56	470		
		6 0 0 5 6	2 0 4 7 0		
Short-term liabilities					
Trade payables		346	256		
Liabilities to Group companies	16	9 690	31 401		
Other liabilities		49	161		
Accrued liabilities	15	1 613	1 529		
		1 1 6 9 7	3 3 3 4 8		
Total liabilities			7 1 7 5 3	5 3 8	
Total equity		5 7 2	5 7 3		

Statement of Cash Flows, Parent Company

TEUR	2023	2022	
Operating activities			
Profit/loss for the period	6 870	81 405	
Adjustments to reconcile profit to net cash flows			
Depreciation, amortisation and impairment	1 302	1 210	
Financial income and expenses	-9 412	-11 610	
Tax on income from operations		-8	
Other adjustments	-1 950	-72 264	
Cash flow from operating activities before change in net working capital	-3 189	-1 267	
Change in working capital			
Change in short-term receivables	62	235	
Change in short-term non-interest-bearing debts	-639	-867	
Change in other short-term receivables	-3 071	66	
Net cash flow from operating activities before financing items and taxes	-6 838	-1 834	
Interest received and other financing items	2 965	20 055	
Interest paid and other financing items	-3 346	-1 067	
Income taxes		-21 578	
Net cash flow from operating activities			- 7
Investing activities			
Capital expenditure			
Other investments	-27 000	-45 000	
Disposal of tangible and intangible assets	-1 212	-1 528	
Net cash flows from / used in investing activities			
Financing activities			
Change in long-term debt	40 000		
Change in short-term debt	-21 711	-131 617	
Dividends paid	-28 523	-32 256	
Group contribution	4 220	112 200	
Purchase of treasury shares	-5 908	-52 999	
Net cash flows from / used in financing activities			
Net change in cash and cash equivalents			- 47 3
Other adjustment	8 806	68 340	
Cash and cash equivalents on January 1	45 236	122 521	
Cash and cash equivalents on December 31			6 69

Notes to the Financial Statements, Parent Company

1. ACCOUNTING PRINCIPLES

The financial statements of the parent company A. Ahlström Corporation have been prepared in accordance with the Finnish Accounting act and other regulations in force in Finland. They comply with the European Union directives on financial statements and good accounting practices.

The financial statements are presented in euro and are prepared under the historic cost convention.

Revenue recognition

Income from the sale of goods and services is recognised as revenue when the goods are delivered or the services rendered. Net sales are shown net of indirect taxes and discounts. Translation differences attributable to sales are reported as part of net sales.

Items denominated in foreign currency

In the financial statements, receivables and liabilities denominated in foreign currency are translated into euros at the functional currency spot rate of exchange ruling at the one day prior to the reporting date. Translation differences in receivables and liabilities are recognised in profit or loss. Exchange differences attributable to sales are reported as part of net sales. Exchange differences arising from translation of accounts payable are shown as adjustment items under purchase expenses (annual costs or capitalisations).

Exchange differences arising from translation of financial items are shown as financial income or financial expenses.

Investments

Investments that are intended to generate income for more than one accounting period are recognised in non-current assets at cost.

Securities included in the financial assets are stated at the lower of cost or market.

Non-current assets

Non-current assets are disclosed at original cost in the balance sheet, less accumulated depreciation and amortisation.

Depreciation and amortisation is calculated from the original cost or revaluated amounts of non-current assets using the straight-line method over the useful lives of assets.

The estimated useful lives are as follows:

Buildings	25–40 years
Heavy machinery	10–20 years
Other machinery and equipment	3–10 years
Intangible assets	3–5 years

Land and water areas are not depreciated.

Leasing

Payments of operating leases and financial leases are recognised as rental expenses. Leased assets are not shown on the balance sheet as fixed assets, and future lease payments are not shown as liabilities. The notes to the financial statements show the liabilities arising from currently valid leases.

Taxes

Income taxes consist of taxes paid and payable on taxable income for the most recent and previous accounting periods in accordance with local tax laws, plus deferred taxes.

Notes to the Financial Statements, Parent Company

2. Net sales

Distribution of revenue by country

TEUR	2 0 2 3	2 0 2 2
Finland	5 151	4 557
Netherlands	794	1 908
	5 9 4 5	6 4 6 5

Distribution of revenue by business

TEUR	2 0 2 3	2 0 2 2
Real estate	4 961	4 403
Others	984	2 063
	5 9 4 5	6 4 6 5

3. Other operating income

TEUR	2 0 2 3	2 0 2 2
Other	3	3
	3	3

4. Personnel costs

TEUR	2 0 2 3	2 0 2 2
Wages and salaries and other remunerations	2 969	2 481
Pension costs	564	512
Other wage-related costs	75	72
	3 6 0 8	3 0 6 5

CEO's salaries	1 173	995
of which bonuses	334	575
Remunerations to Board members	699	529
Remunerations to Supervisory Board members	258	

5. Average number of personnel

	2 0 2 3	2 0 2 2
Salaried	14	10

6. Other operating expenses

TEUR	2 0 2 3	2 0 2 2
Real estate expenses	1 976	1 630
External services	2 252	2 032
Other expense items	1 185	1 008
	5 4 1 2	4 6 7 0

7. Financial income and expenses

Financial income		
TEUR	2023	2022
Dividends from Group companies		20 000
Interest and financial income from Group companies	237	82
Interest and financial income from others	10 844	50
	11 081	20 132
Financial expenses		
TEUR	2023	2022
Impairment on investments from Group companies	-2 186	7375
Interest and financing expenses to Group companies	364	41
Interest and financial expenses to others		
Interest expenses	1 190	85
Other financial expenses	2 301	1 022
	1 669	8 523
Total financial income and expenses		9 412

8. Appropriations

TEUR	2023	2022
Change in depreciation difference	66	6
Group contribution, received	1 886	4 220
	1 952	4 226

9. Intangible and tangible assets, appreciations, depreciations and write

2023 TEUR	Intangible rights	Land and water areas	Buildings and water constructions	Machinery and constructions	Advances		Other and tangible c asset
					equipment	paid	
Acquisition cost							
January 1	203	26 254	40 543	3 729	70	4	
Additions				85		1 214	
Disposals			-1				
Reclassification			883	329		-1 212	
December 31	203	26 254	41 425	4 143	70	5	
Accumulated depreciation and impairment							
January 1	6		16 415	2 174			
Amortisation for the year			1 094	208			
December 31	6		17 509	2 382			
Net book value December 31, 2021			197	26 254	23 916	1 761	

2022 TEUR	Intangible rights	Land and water areas	Buildings and water constructions	Machinery and constructions	Advances		Other and tangible c asset
					equipment	paid	
Acquisition cost							
January 1	203	26 254	39 126	3 620	70	0	
Additions			7			1 522	
Disposals							
Reclassification			1 410	109		-1 518	
December 31	203	26 254	40 543	3 729	70	4	
Accumulated depreciation and impairment							
January 1	6		15 391	1 988			
Amortisation for the year			1 024	186			
December 31	6		16 415	2 174			
Net book value on December 31, 2020			197	26 254	24 128	1 565	

10. Long-term investments

2023 TEUR	Investments in Group companies	Other shares
January 1	469 017	65
Additions	27 000	
Disposals		-3
Impairments	2 186	
December 31	498 203	63

2022 TEUR	Investments in Group companies	Other shares
January 1	431 695	65
Additions	45 000	
Disposals	-303	
Impairments	-7 375	
December 31	469 017	65

11. Short-term investments

TEUR	2023	2022
Short-term cash investments		3 000
	0	3 000

12. Accrued receivables

TEUR	2023	2022
Long-term		
Other	3 073	
Short-term		
Accrued interest income	1 589	
Periodisation of costs	353	98
Other	2 836	
	7 851	98

13. Equity

TEUR	2023	2022
Restricted equity		
Equity on January 1	38 771	38 771
Increase of shareholders' equity	225	
Equity on December 31	38 996	38 771
Share premium on January 1	12 774	12 774
Capital in excess of par value on December 31	12 774	12 774
Restricted equity, total		51 771
Unrestricted equity		
Reserve for invested non-restricted equity	111 517	104 336
Retained earnings (loss) on January 1	362 331	366 181
Distribution of profits	-28 523	-32 256
Acquisition of treasury shares	-4 534	-52 999
Profit from previous financial years on December 31	329 274	280 926
Profit for the period	6 870	81 405
Unrestricted equity, total		447 662
Equity, total	499 433	518 211

14. Share capital on December 31

	Number shares	EUR
Shares January 1	62 221 485	38 771 470
Issue of shares	4 337 250	
Invalidation of shares	-7 136 833	
Shares December 31	59 421 902	38 996 470

1 vote / share, with redemption clause

The Annual General Meeting of A. Ahlström Corporation resolved to authorize the Board of Directors to decide on the repurchase of a maximum of 300,000 shares. The purchase price is the external fair value of the share at the end of September with a 20% discount. The authorisation is valid until the end of the next Annual General Meeting. The Board of Directors resolved to commence the share repurchase program during November. The company repurchased 300,000 shares (0,5%). The repurchased shares were invalidated in January 2024 based on the board of directors' decision in December 2023.

15. Accrued liabilities

TEUR	2023	2022
Long-term		
Personnel costs	56	470
Short-term		
Personnel costs	756	1 377
Periodisation of costs	857	152
	1 668	1 999

16. Receivables from and liabilities to Group companies

Receivables from group companies

TEUR	2023	2022
Other receivable	6 071	
Accrued receivables	1 886	4 220
	7 957	4 220

Liabilities to group companies

TEUR	2023	2022
Other short-term liabilities	9 690	31 401
	9 690	31 401

17. Collaterals

TEUR	2023	2022
For own liabilities		
Credit facilities	200 000	200 000
of which in use	50 000	10 000
Other long-term facilities	10 000	10 000
Pledged assets	140 000	130 000

A. Ahlström Oy and A. Ahlström Kiinteistöt Oy have a joint syndicated long-term secured financing Facility of EUR 200.0 million, of which EUR 110.0 million was unused at the end of the year. The financing agreement will expire during 2026. In addition, A. Ahlström Oy and A. Ahlström Kiinteistöt Oy have a joint financing agreement of EUR 38.0 million. A. Ahlström Oy's share of the contract is EUR 10.0 million.

The facility is secured by mortgage on the real estate at Eteläesplanadi 14 owned by A. Ahlström Oy and material part of the forest assets held by A. Ahlström Kiinteistöt Oy. There are two group level financial covenants on the facility. First one restricts the indebtedness calculated as gross interest-bearing debt in the Group compared to gross fair value of assets (loan to value) of the Group not to exceed 60%. Another covenant restricts the loan to Security Value (the aggregate market value of the Security Properties) not to exceed 95%. There have been no breaches in the financial covenant in the current period.

18. Contingent liabilities

TEUR	2023	2022
Leasing and rental commitments		
Current portion	20	14
Non-current portion	51	9
	71	23

Commitments on behalf of Group companies

A. Ahlström Oy has provided guarantees for the credit facilities of certain subsidiaries.

Contingent liabilities for Real Estate investment's VAT	590	682
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Derivatives

TEUR	2 023	2 022
Interest rate derivatives		
Fair value	17 845	22 517
Nominal value	100 000	100 000

A. Ahlström Oy has agreed on an interest rate hedge for EUR 100.0 million to secure the costs of long-term financing. The interest rate hedge had an effect of EUR 10.1 million (0.0) in financial income and EUR 1.9 million in financial expenses (0.0).