AHLSTRÖM CAPITAL

ANNUAL REPORT **2021**

CONTENTS

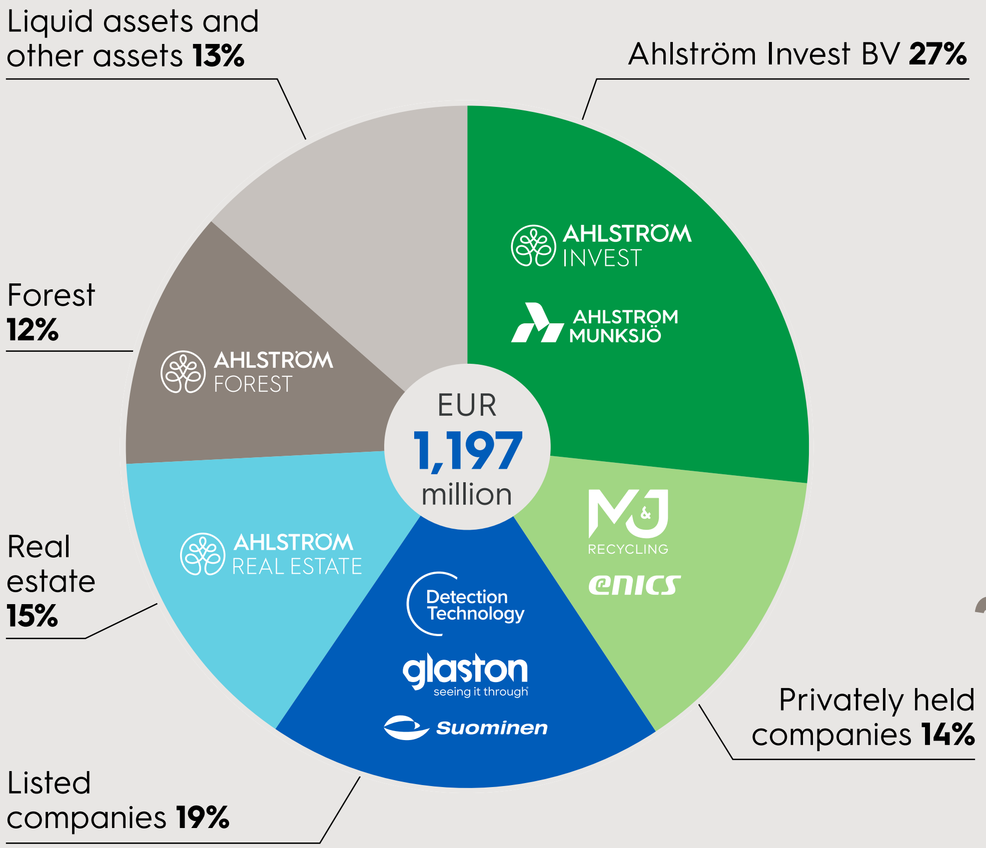



AHLSTRÖM CAPITAL IN BRIEF

Ahlström Capital is a family-owned investment company that focuses its investment activity on industrial companies, real estate and forest. We are one of the largest and most significant investment companies in Finland with a long history of more than 170 years.

Ahlström Capital creates long-term shareholder value by actively developing its portfolio. Our industrial investments include substantial holdings in the listed companies Detection Technology Plc, Glaston Corporation and Suominen Corporation. In addition, the portfolio includes privately held companies Enics AG, M&J Recycling A/S, Ahlström Invest B.V. (including a significant ownership in Ahlstrom-Munksjö) as well as an investment in the AC Cleantech Growth Fund I. Ahlström Capital's real estate and forest holdings are managed by its fully owned subsidiary A. Ahlström Real Estate Ltd.

EXTERNAL FAIR VALUE (EFV); DECEMBER 31, 2021



THE SCOPE OF OUR PORTFOLIO COMPANIES

~4.4 billion EUR
revenue of portfolio companies, total

33
operating countries

~13,500
employees in portfolio companies

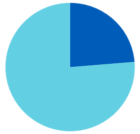
OUR PORTFOLIO

AHLSTRÖM INVEST

A family investment company that actively manages its holding in Ahlstrom-Munksjö together with the Ahlström Capital team. The company also manages a considerable liquid asset portfolio with a 5-year value creation horizon.

Total portfolio, MEUR: 1,209

Ahlström Capital's shareholding (end of 2021): 23.7%

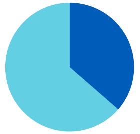


AHLSTROM MUNKSJÖ

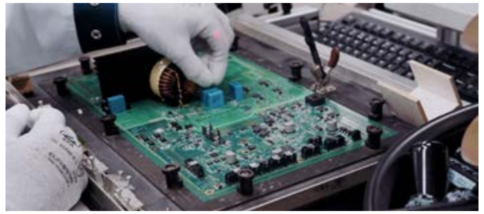
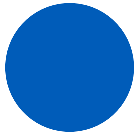
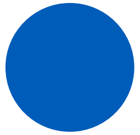
Ahlstrom-Munksjö is a global leader in fiber-based materials, supplying innovative and sustainable solutions to its customers. The company's mission is to expand the role of fiber-based solutions for sustainable everyday life.

Revenue, MEUR: 3,077

Ahlström Invest's shareholding (end of 2021): 36.4%



Privately held companies

			Revenue, MEUR	Ahlström Capital's shareholding (end of 2021)
enics	Enics is the partner of choice for professional electronics in the fields of energy, industrial automation, transportation, building automation and instrumentation.		535	100% 
M&J RECYCLING	M&J Recycling specialises in the design and manufacture of industrial waste shredders to reduce the size of waste materials effectively and reliably.		53	100% 

AHLSTRÖM CAPITAL

YEAR 2021
- Ahlström Capital in brief
- Our portfolio
- Main events
- CEO's review
- Financial performance
- Global footprint
- Strategy

INDUSTRIAL INVESTMENTS

REAL ESTATE INVESTMENTS

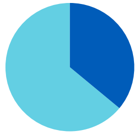
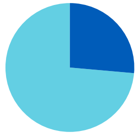
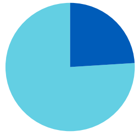
SUSTAINABILITY AND HISTORY

CORPORATE GOVERNANCE

FINANCIAL REPORT

OUR PORTFOLIO

Listed companies

Company	Description		Revenue, MEUR	Ahlström Capital's shareholding (end of 2021)
Detection Technology	Detection Technology is a global provider of X-ray detector solutions for medical, security, and industrial applications. The company's solutions range from photodiodes to optimised detector subsystems with ASICs, electronics, mechanics, software, and algorithms.		90	 36.0%
glaston seeing it through	Glaston is the glass processing industry's innovative technology leader supplying equipment, services and solutions to the architectural, automotive, solar and appliance industries. The company also supports the development of new technologies integrating intelligence to glass.		183	 26.4%
Suominen	Suominen manufactures nonwovens as roll goods for wipes and other applications. The company's vision is to be the frontrunner for nonwovens innovation and sustainability. The end products made of Suominen's nonwovens are present in people's daily life worldwide.		443	 24.0%

OUR PORTFOLIO

Real estate and forest

External fair value, MEUR

AHLSTRÖM REAL ESTATE

Ahlström Capital's real estate portfolio includes prime location buildings mainly in Southern Finland. The portfolio also includes heritage assets in Noormarkku.

Real estate area in total

64,000 m² | **198**

AHLSTRÖM FOREST

Ahlström Capital's forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland.

Forests in total

34,000 ha | **166**

In Ahlström Capital's portfolio until December 1, 2021

DESTIA

Destia was divested to French Colas SA on December 1, 2021. During Ahlström Capital's ownership, Destia developed into a value-driven, leading infra company in Finland. Destia's performance in 2021 was strong and improved versus the previous year. The value of the company tripled during Ahlström Capital's ownership (since 2014).

Revenue 1-11/2021, MEUR

523

MAIN EVENTS 2021

Ahlstrom-Munksjö was taken private

The strategy of Ahlström Capital is to actively develop its portfolio businesses. Ahlstrom-Munksjö is the biggest asset in the portfolio with roots in the very beginning of the Ahlström industrial history. Ahlstrom-Munksjö has transformed over its 170 years of history to become a global leader in specialty fiber-based materials. However, the dynamics and clock speed of the industry are changing and to unlock the full potential of the company, active and ambitious measures were needed.

Ahlström Capital carefully considered various alternatives and came to the conclusion that taking Ahlstrom-Munksjö private with Bain Capital Private Equity as a partner would be the best route for developing the company to its fullest potential. Private ownership allows Ahlstrom-Munksjö to be ideally positioned to invest further and faster in initiatives to support organic growth as well as benefitting from additional expansionary capital expenditures and acquisitions to strengthen selective areas of the portfolio. Ahlström Capital saw that a partnership with Bain Capital would add valuable resources, expertise and networks for accelerating the development and to take Ahlstrom-Munksjö to the next level. This was a unique opportunity to create value by building an even stronger and more sustainable business benefitting Ahlstrom-Munksjö, its employees and all its shareholders.

The delisting process of Ahlstrom-Munksjö began in 2020, through a public tender offer together with Bain Capital, Viknum and Belgrano Inversiones. The ownership of the Ahlström family and Ahlström Capital in Ahlstrom-Munksjö was consolidated through a share exchange to Ahlström Invest B.V., and by the end of February 2021, the owners holding 90.6% of Ahlstrom-Munksjö shares accepted the tender offer. The delisting process of the company was completed in June. The transformation related programmes in Ahlstrom-Munksjö are making good progress.

Read more on page 20

Ahlstrom-Munksjö produces sustainable and innovative fiber-based solutions to customers worldwide.

Acquisition of M&J Recycling

In July 2021, Ahlström Capital announced the acquisition of M&J Recycling, the former waste recycling business of Metso-Outotec.

M&J Recycling is a leading global waste recycling equipment provider based in Denmark. The company has a strong position in pre-shredding equipment used in Waste-to-Fuel, Waste-to-Energy and Material Recovery applications with a significant share of revenues derived from after sales services. By year-end 2021, M&J Recycling operated in 10 locations in nine countries.

The acquisition broadens Ahlström Capital's portfolio in the growing recycling market and is an important milestone in driving sustainable business and portfolio development. The waste and recycling industry has a crucial role in the circular economy. M&J Recycling's solutions help solve the world's growing waste challenge, and increase the ability to recycle valuable materials.

M&J Recycling's business is well positioned to help drive sustainable development with its premium brand offering, robust operations and skilled personnel. Additionally, the company has a strong growth profile with a proven track record.

Ahlström Capital as an owner will bring further focus on and resources for growth initiatives and support the standalone business to reach its full potential.

The acquisition of M&J Recycling was closed on December 1, 2021.

Read more on page 23

New investments complemented our real estate portfolio

During the first quarter of 2021, we announced investments in three new real estate projects.

Our fully-owned subsidiary A. Ahlström Real Estate Ltd became a part-owner of Avain Yhtiöt when it purchased 25% of the company. The acquisition expanded our real estate allocation in the residential sector. Avain Yhtiöt is a Finnish group specialising in building and owning apartments, producing housing services, construction contracting, construction and renovations.

Additionally, A. Ahlström Real Estate Ltd invested in a new business premises project in Tampere city centre. The Ratapihankatu real estate project, named GO21, is located in the immediate vicinity of the main railway and the new tram line in Tampere and will house a high-quality future office. The construction work began in the autumn.

We announced also that a consortium consisting of A. Ahlström Real Estate, Kirkon Eläkerahasto and Aktia Life, signed a pre-agreement and a lease agreement to build a new research centre for Kemira as part of the Green Chemistry Park concept. The business premises concept of approximately 25,000 m² of floor area will include a state-of-the-art laboratory and office spaces next to apartment buildings and a large park.

Read more on page 33

Divestment of Destia

In August 2021, Ahlström Capital announced that it had agreed to sell Destia to Colas, a French company working in the construction and maintenance of transport infrastructure.

Destia is a Finnish infrastructure and construction service company that creates tomorrow's infrastructure for its customers, society, and people in general. It creates urban construction innovations and smart infrastructure solutions that are built on a sustainable foundation.

During the seven years in Ahlström Capital's ownership, Destia was developed into a leading infra player in Finland with a strong position in a competitive market. The company strengthened its capabilities in many key areas, including the digitalisation of its maintenance business. During Ahlström Capital's ownership, Destia's External Fair Value more than tripled and the company provided a good cash flow.

The strategy of Ahlström Capital is to actively develop the companies in its portfolio to leading businesses. During Ahlström Capital's ownership, Destia developed into a value-driven, leading infra player in Finland. Backed by Colas, the company is now in a good position to execute the Connecting Northern Life strategy.

The transaction is an important step in developing Ahlström Capital's portfolio. We believe that Colas, a world leader in innovative, sustainable mobility solutions, is an excellent owner for Destia going forward.

The divestment was completed on December 1, 2021.

Destia's services cover the entire infrastructure life cycle from design to construction and maintenance.

AHLSTRÖM CAPITAL

YEAR 2021
- Ahlström Capital in brief
- Our portfolio
- Main events
- CEO's review
- Financial performance
- Global footprint
- Strategy

INDUSTRIAL INVESTMENTS

REAL ESTATE INVESTMENTS

SUSTAINABILITY AND HISTORY

CORPORATE GOVERNANCE

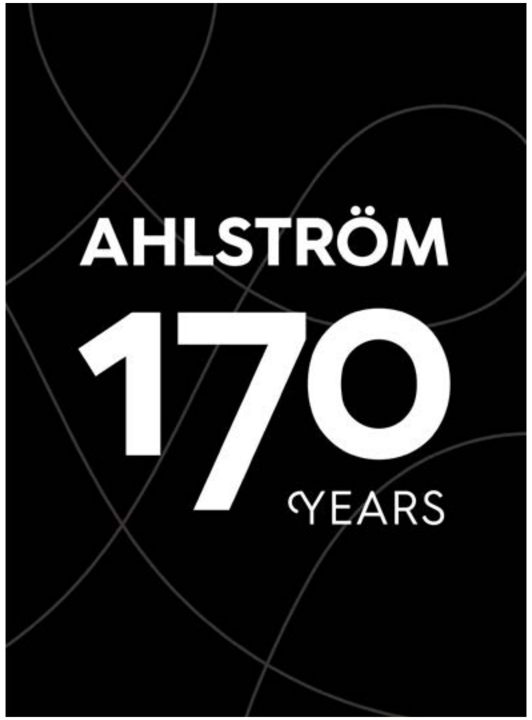
FINANCIAL REPORT

Ahlström turned 170 years old in 2021

We celebrated 170 years of industrial progress with a new visual identity as a mark of our enhanced and unified commitment to people, planet and prosperity. Additionally, the Ahlström sphere – including the family as well as the companies – celebrated the anniversary in various events throughout the year, within the restrictions set by the pandemic.

It has been 170 years since Antti Ahlström (1827–1896) started businesses in the fields of shipping and sawn goods. Building on the legacy of ambition and responsibility, initiated by Antti and Eva Ahlström, we are investing in a better future by developing leading businesses with a sustainable, long-term approach.

Read more about history and Ahlström family



CEO's review

STRONG VALUE CREATION THROUGH PORTFOLIO TRANSFORMATION

In 2021, important changes were made in our portfolio. Ahlstrom-Munksjö was taken private together with Bain Capital and Viknum. The acquisition of M&J Recycling reflects our ambition to drive sustainable businesses in our portfolio. Destia was divested to an industrial buyer Colas SA. We also increased our real estate portfolio through the acquisition of 25% in Avain Yhtiöt and announced two new real estate projects: new business premises in Tampere and the Green Chemistry Park in Espoo.

Developing Ahlstrom-Munksjö to its full potential

To accelerate the development of Ahlstrom-Munksjö to its full potential, we joined forces with Bain Capital and Viknum and initiated the steps for developing the company in a private setting. The ownership of the Ahlström family and Ahlström Capital in Ahlstrom-Munksjö was consolidated through a share exchange to Ahlström Invest. Through the take private project a significant amount of family capital was released to Ahlström Invest BV. Ahlström Invest recruited a new team and has successfully invested capital based on its financial investment strategy. Ahlstrom-Munksjö was delisted in June and the transformation related development programmes are in good progress. The demand for Ahlstrom-Munksjö's products continued on a high level and both revenue and profitability increased during 2021.

Changes in our industrial portfolio

During 2021, we made two important changes in our portfolio. Through the acquisition of M&J, the former waste recycling business of Metso-Outotec, we will drive sustainable business in a growing market. M&J Recycling has a strong growth profile with a proven track record and Ahlström Capital can, as an owner, support the company as a standalone business. We also divested Destia to Colas SA. Destia has, during Ahlström Capital's ownership, developed into a value-driven, leading infra company in Finland. With Colas as the new industrial owner, the company is in a good position for the next phase of its growth journey. Destia's financial performance during 2021 was strong.

New investments in our real estate portfolio

We made a new opening in the residential sector as we invested in a 25% ownership of Avain Yhtiöt. This investment complements and diversifies our real estate portfolio. Avain Yhtiöt's performance during 2021 was in line with expectations. A. Ahlström Real Estate also announced two new real estate investments: new office premises in Tampere city centre and a Green Chemistry Park concept in Espoo.

Strong EFV growth

Our EFV development was strong and the dividend adjusted EFV increase was 16.2%. The increase was driven by the Destia valuation and value growth in listed companies and Ahlstrom-Munksjö.

At Enics, demand was strong and order backlog was record high, but the company was strongly impacted by the global shortage of semiconductors. A manufacturing transformation programme is ongoing, and various alternatives to improve Enics' competitiveness are being evaluated.

M&J Recycling had strong growth in orders especially in the project business, but revenue growth was impacted by supply chain constraints and customer project delays. The stand-alone business is being developed according to plan.

Detection Technology had strong growth in medical solutions and demand in industrial and security solutions picked up during the second half of the year. The growth pace was restricted by a shortage of components.

At Glaston, markets recovered during the second half of the year with high demand in all segments. The received orders were 41% above the previous year. The new strategy for 2021–2025 is targeting improved organic growth and profitability and also include sustainability targets.

At Suominen, the situation in 2021 was twofold. During the first half of the year, both revenue and profitability continued at record high levels, while the volumes dropped in the second half of the year due to overstocking in the value chain. The near-term outlook is still very volatile. Suominen's sustainability strategy is developing well.

A new and unified Ahlström identity

During 2021, we worked together with Antti Ahlström Perilliset and all the stakeholders to update the Ahlström identity. The family values, ambition and responsibility, continue to guide everything we do. Our mission is to drive a better world for future generations through sustainable value creation.

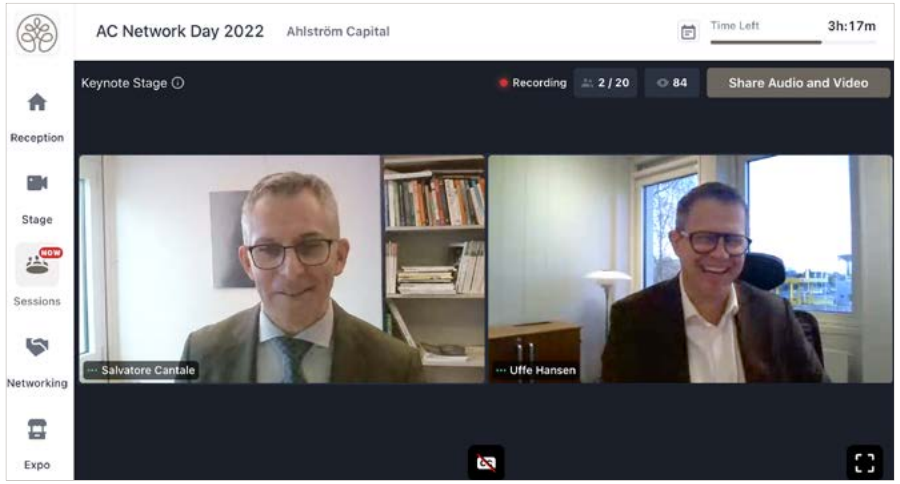
ACI more than doubled the donations

Ahlström Collective Impact (ACI) joins together Ahlström network companies, Ahlström Foundations, Antti Ahlström Perilliset and the Ahlström Family to support UNICEF's work for a better future for children. In 2021, ACI donated a total of EUR 600,000 to UNICEF's Global Education Program. Ahlström Capital's contribution was EUR 100,000.

Strong financial position in a volatile market

Ahlström Capital's financial position is strong. The increased liquidity after the divestment of Destia is giving us a good capability to capture new opportunities in the turbulent market. I would like to thank all the employees for the hard work done as well as the shareholders and Board for the continued trust and support.

Lasse Heinonen
President and CEO

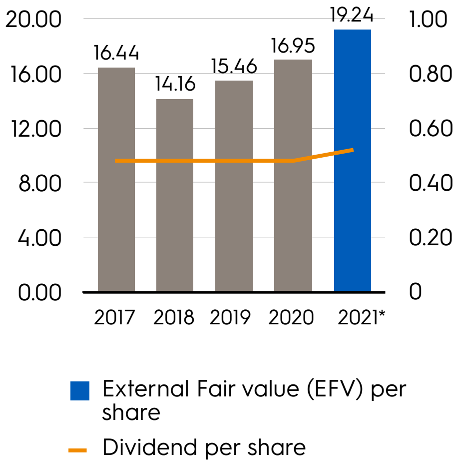


AC NETWORK DAY 2022
The theme for our annual AC Network Day was Driving value creation through sustainability. AC Network Day gathers the boards and management of Ahlström Capital and its portfolio companies. The key note speakers for the day were Salvatore Cantale, Professor of Finance, IMD and Halvor Meyer Horten, Managing Director, Bain Capital. The day continued with hot seat interviews by Kaisa Hietala with Kalle Saarimaa, VP Waste & Recycling, Fortum and Erna Boogaard, Deputy CIO & Head of External managed Funds, Shell Asset Management Company B.V.

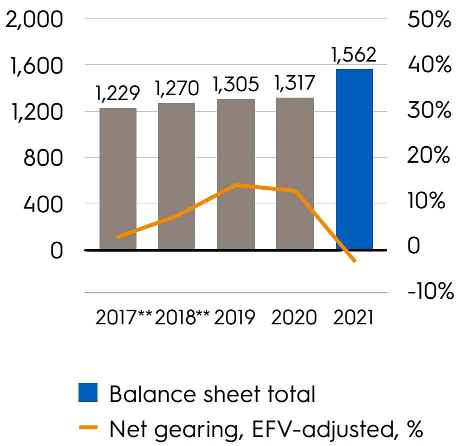
FINANCIAL PERFORMANCE

In 2021, the financial performance in terms of value growth, profitability and cash flow was strong. The dividend-adjusted growth in EFV was 16.2% totaling at EUR 1,197 million. The comprehensive operating profit improved and reached EUR 72.3 million. The share exchange of Ahlstrom-Munksjö as well as the value gain related to the divestment of Destia had a positive impact on the profit of the period.

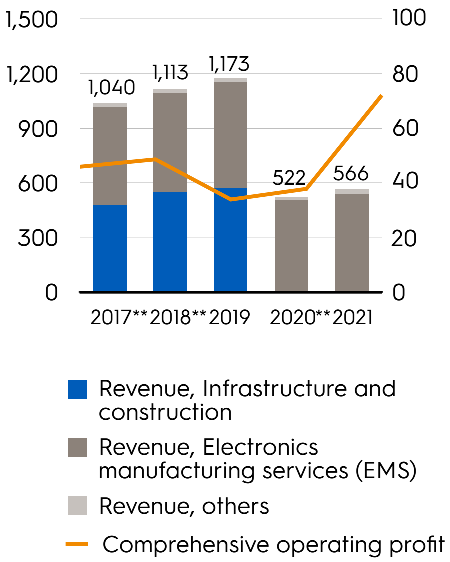
EXTERNAL FAIR VALUE (EFV) PER SHARE AND DIVIDEND PER SHARE, EUR



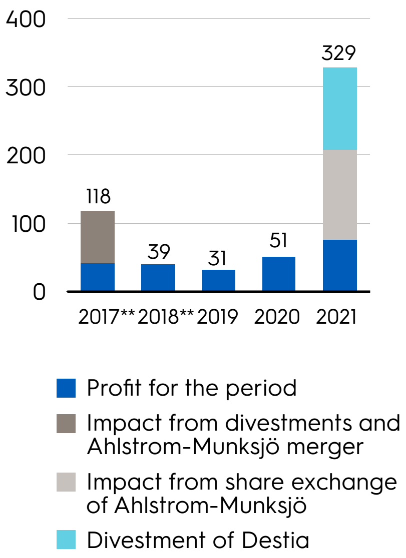
BALANCE SHEET TOTAL, MEUR AND NET GEARING, EFV-ADJUSTED, %



REVENUE AND COMPREHENSIVE OPERATING PROFIT, MEUR



PROFIT FOR THE PERIOD, MEUR



* Board's dividend proposal: A dividend of EUR 0.52 per share will be paid in two equal instalments. The first instalment of EUR 0.26 per share will be paid in April 2022 and the second instalment of EUR 0.26 per share to be paid in October 2022. Number of shares was increased in 2017 (share issue without payment), comparative figures restated correspondingly.

** Adjusted

Profit for the period and comprehensive operating profit

MEUR	2021	2020
Comparable Operating Profit	10.9	13.5
Items affecting comparability	137.1	13.2
Operating profit	**148.0**	**26.7**
Share of profit or loss of associated companies	26.6	24.5
Share of profit or loss of Ahlström Invest	34.8	
Operating profit including associated companies	**209.4**	**51.3**
Financial items and taxes	5.9	-15.8
Profit for the period from continuing operations	**215.3**	**35.5**
Profit for the period from discontinued operations	**113.7**	**15.5**
Profit for the period	**328.9**	**51.1**
Comprehensive operating profit (COP)		
Comparable Operating Profit	10.9	13.5
Share of profit or loss of associated companies	26.6	24.5
Share of profit or loss of Ahlström Invest	34.8	
Comprehensive operating profit	**72.3**	**38.0**

Holding companies cash flow and financing position

MEUR	2021	2020
Recurring cash in-flow	51.1	33.4
Recurring cash out-flow	-16.6	-14.2
Dividends and share repurchase	-32.4	-30.4
Net recurring cash flow	**2.2**	**-11.1**
Investments, divestments and exit proceeds	108.2	-29.8
Financing items	37.4	35.6
Net non-recurring cash flow	**145.6**	**5.8**
Total net cash flow	**147.8**	**-5.3**
Cash and cash equivalents end of period	**169.1**	**23.6**
of which cash in bank	109.1	23.6
of which cash equivalents	60.0	

Profit for the period

Ahlström Capital's 2021 profit for the period was high and it was impacted by two major events during the financial year.

In Q1, the Ahlstrom-Munksjö shares held by the company were traded as part of the share exchange which resulted in a gain of EUR 132.6 million to the carrying value of the shares. The effect is reported in the profit and loss statement under items affecting comparability.

Due to the divestment to Colas, Destia's profit for the period until end of November and the sales gain from the divestment including taxes are reported as profit for the period from the discontinued operations.

Further details on profit for the period are reported in financial statements under Consolidated Statement of Income.

Comprehensive operating profit

Ahlström Capital uses Comprehensive operating profit (COP) as measurement of operational profitability for the group. It includes both the comparable operating profit from the consolidated subsidiaries of the group and the share of profit of associated companies and joint ventures where Ahlström Capital's ownership is 50% or less.

Holding companies cash flow and financing position

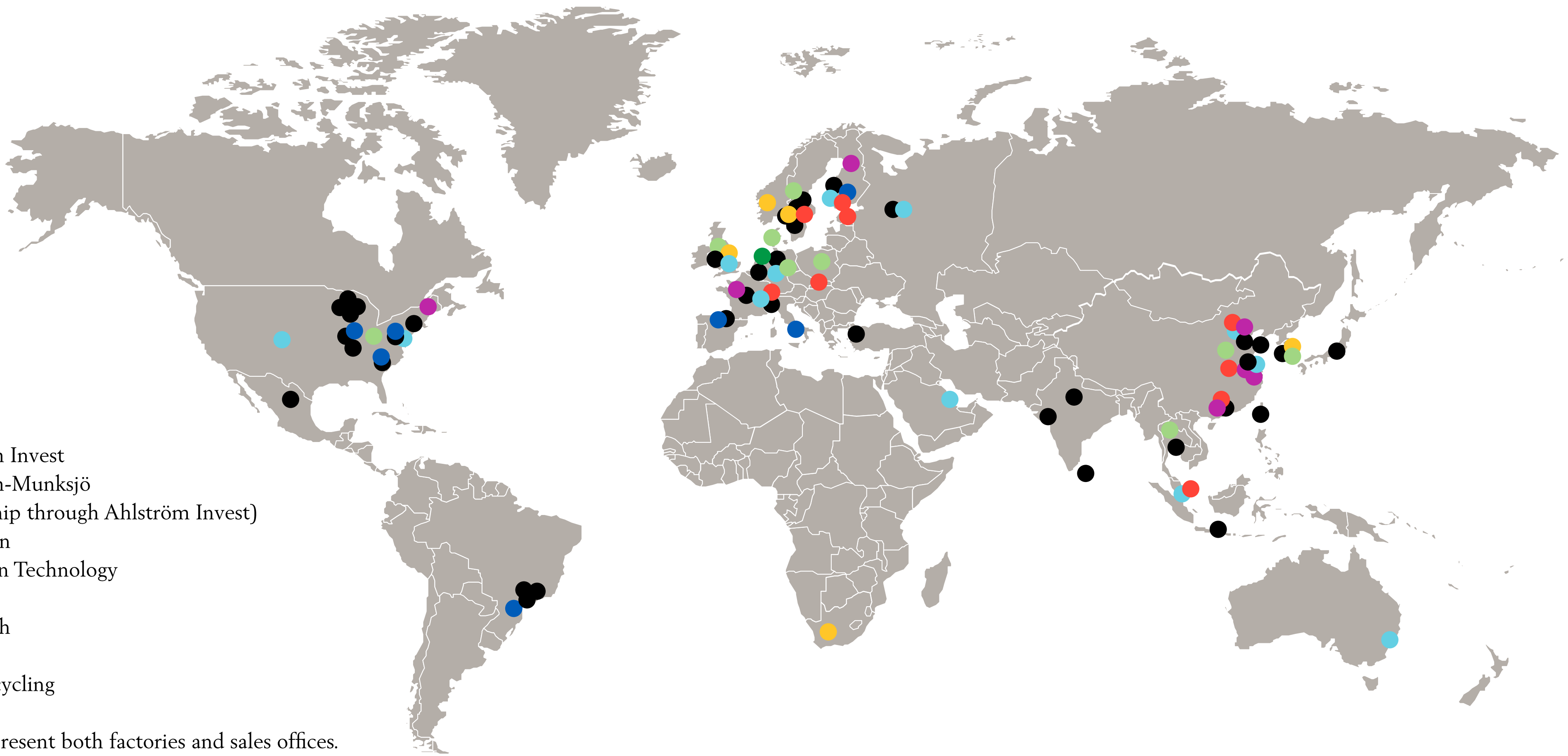
Cash flow in AC Investment entity is the indicator of portfolio business performance and Ahlström Capital's capability for further investments and future dividend distribution to its owners. AC Investment entity is consisting of the parent company, the investment companies Ahlstrom Capital BV and A. Ahlström Kiinteistöt Oy and certain other subsidiaries.

In 2021, the changes in Ahlström Capital's portfolio resulted in significant cash flow to the company and company's liquidity position at the year end is strong.

Further information on cash flow is reported in financial statements under Consolidated Statement of Cash Flows.

THE GLOBAL FOOTPRINT OF OUR PORTFOLIO COMPANIES

Ahlström Capital and our portfolio companies employ altogether approx. 13,500 persons and operate on every continent and in 33 different countries.



- Ahlström Invest
- Ahlstrom-Munksjö (ownership through Ahlström Invest)
- Suominen
- Detection Technology
- Glaston
- Cleantech
- Enics
- M&J Recycling

The dots represent both factories and sales offices.

AHLSTRÖM CAPITAL STRATEGY

HOW WE WORK

- Active ownership approach
- Strategic direction with long-term mindset
- Asset-specific value creation plans driving our efforts
- Driving ESG impact
- Support for structural initiatives & financing
- Active use of network & connections
- Proactive proprietary deal generation

INDUSTRIAL HOLDINGS

FOCUS: Lead investor positions in strong Nordic industrial companies with international presence or potential

- Listed and privately held
- Attractive business characteristics
- Solutions that help drive sustainable development
- Organisation aiming to get to the next level
- Opportunity to have an impact through active ownership

REAL ESTATE

FOCUS: Quality real estate assets in growing metropolitan areas:

- Prime office, industrial, logistics and residential properties
- Long relationships with high-quality tenants
- Active asset management

MISSION

A better world for future generations through sustainable value creation

VALUES

Ambition and Responsibility

FORESTS

FOCUS: Forests in Finland

FINANCIAL TARGETS

- Annual EFV growth 6–10% and an increasing base dividend
- Steady and sustainable improvement in portfolio company performance metrics

FOUNDATION

Reputable owner with Nordic governance approach	Industrial traditions & experience
Family investment company and custodian of family heritage assets	Committed and thriving people

Ahlström Capital strategy

WE INVEST TO DRIVE SUSTAINABLE DEVELOPMENT

Ahlström Capital combines the best features of an industrial company, an investment company, and a family-owned company. We invest assets that the Ahlström family has accumulated for more than 170 years. We hold significant financial resources as one of the largest investment companies in Finland. Our mission is to create a better world for future generations through sustainable value creation. The values of the Ahlström family – ambition and responsibility – guide all our operations. We have a long history, and we want to continue that legacy and increase the company's value for future generations.

Our way of working

During Ahlström Capital's ownership, we support our portfolio companies' development mainly via board work and support to management. We are an active owner with a strategic, long-term mindset, and asset-specific value creation plans drive our efforts. As a responsible investor we also want to impact the environmental, social and governance (ESG) performance of our investments. Mergers and acquisitions as well as transformational investments to improve business profile are also an integral part of our way of working.

One of our key strengths is our AC Network, consisting of our owners as well as the boards and management of Ahlström Capital and its portfolio companies.

During the investment process, we always make a comprehensive analysis of the target company. It is crucial to understand the company's markets, competitive strength, and leadership & organisation, as well as historic performance vs. peers, current momentum, and possible limitations to value maximisation.

Investing in industrial holdings

When we look for new industrial holdings, we aim to become the lead investor in strong Nordic industrial companies. We seek fundamentally good companies that have their focus on solutions that help drive sustainable development. Our natural right to invest is linked to industrial companies where we have most experience, this means for example fibre-based solutions and industrial technologies.

We typically invest between EUR 50–150 million in a single portfolio company. Our portfolio includes both listed and privately held companies.

Investing in real estate and forest holdings

In real estate, we focus on quality assets in growing metropolitan areas. We look for office, industrial, logistics and residential properties in the Helsinki metropolitan area, Turku, Tampere and potentially other growing cities. We aim to find high-quality tenants with whom it is possible to conclude long-term lease agreements.

We create value through active ownership and use our ability to execute real estate development and conversion projects. We target for asset size of EUR 10–75 million.

With 34,000 hectares of forest, we are one of Finland's largest private forest owners. Our forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. Sustainable forestry is at the core of our forest business and all our forests are PEFC certified.

We also own and develop culturally and historically significant works in Noormarkku.

Our real estate and forest holdings are managed by our fully-owned subsidiary A. Ahlström Real Estate Ltd.

AHLSTRÖM CAPITAL

INDUSTRIAL INVESTMENTS

When we look for new industrial holdings, we aim to become the lead investor in strong Nordic industrial companies. We are an active owner with a strategic, long-term mindset. Our portfolio includes both listed and privately held companies.

Mergers and acquisitions as well as transformational investments to improve our business profile are also an integral part of our way of working. Further, we want to drive the environmental, social and governance (ESG) impact and performance of our investments.

We develop leading businesses.

Ahlström Invest

A SUCCESSFUL FIRST YEAR

The first financial year for 2021 in its current form was an eventful and a successful start for the new Ahlström family investment company. The acceptance of the public tender of Ahlstrom-Munksjö Corporation exceeded 90% and hence the share exchange for Ahlström Invest B.V. was executed and implemented. Ahlstrom-Munksjö was taken private with Bain Capital and Viknum during the beginning of the year.

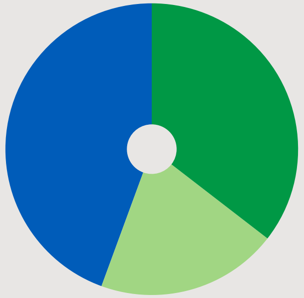
EUR 500 million of liquid funds were released and were gradually deployed during the year. During the second half of the year the results of the value enhancing activities were visible through improved performance of Ahlstrom-Munksjö as the intensified transformation of Ahlstrom-Munksjö took off.

Ahlström Invest deployed the funds during the year in line with its investment policy in its self-managed convictions portfolio of more than EUR 200 million and by allocating in total EUR 300 million to two mandates with UBS and CapGen of 150 million each.

The organisation was recruited during the year and the full investment and operational team will be in place early 2022.

www.ahlstrominvest.com

AHLSTRÖM INVEST



- Ahlstrom-Munksjö Common equity 429 MEUR
- Ahlstrom-Munksjö Preferred equity 243 MEUR
- Investment portfolio 537 MEUR

AHLSTROM MUNKSJÖ

Founded: Ahlström 1851 (by Antti Ahlström), Munksjö 1862

Domicile: Helsinki, Finland

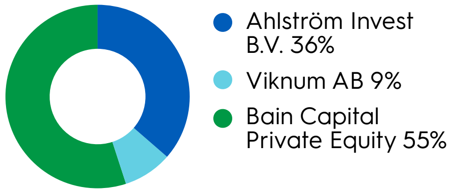
Industry: Fibre-based solutions

Operating countries: 14 countries in Europe, the Americas and Asia-Pacific

Products: Filter materials, release liners, food and beverage processing materials, decor papers, abrasive and tape backings, electrotechnical paper, glass fibre materials, medical fibre materials, diagnostics and energy storage solutions, as well as a range of specialty papers for industrial and consumer end-uses

OWNERSHIP, %

December 31, 2021



Ahlstrom-Munksjö was delisted in June 2021 and the company is now privately owned by a consortium consisting of Ahlström Invest, funds managed by Bain Capital as well as Viknum.

Record high net sales

In 2021, Ahlstrom-Munksjö's net sales increased by 14.7% to EUR 3,076.6 million. At constant currency rates the increase was 16%, driven by higher selling prices and delivery volumes. Customer activity was high and delivery volumes exceeded the pre-pandemic level in almost all businesses, despite the resurgence of the pandemic. Manufacturing was uninterrupted and customer service proceeded in normal order, with only a few exceptions. The transformation related initiatives are making good progress.

Comparable EBITDA increased to EUR 398.3 million (334.2), representing 12.9% of net sales (12.5), on higher sales volumes. Significantly higher variable costs were offset by higher selling prices and cost efficiency measures relating to the transformation initiatives.

Strategic review of Decor business and acquisition of Minglian

In 2021, Ahlstrom-Munksjö announced it had reactivated the exploration of strategic options for its Decor business. The company has progressed with the carve-out of Decor with the objective of enabling the business to operate as a stand-alone entity.

In September 2021, Ahlstrom-Munksjö entered into an agreement to acquire 60% of Chinese decor paper producer Minglian New Materials Technology Co., Ltd. to form a joint venture, comprising a state-of-the-art decor paper plant in the city of Xingtai, Hebei Province, China. By combining Minglian with its existing Decor business, Ahlstrom-Munksjö will create a global leader in decor papers with improved cost competitiveness and strong presence in Europe, Americas and Asia.

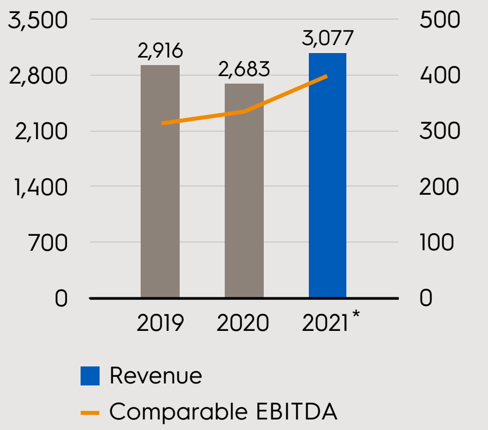
Minglian's annual production capacity is approximately 50,000 tons compared to Ahlstrom-Munksjö's decor paper production capacity of some 210,000 tons. The Minglian transaction was completed in January 2021.

Sustainable innovations

Ahlstrom-Munksjö has set as a target that all new products in development are assessed with the EcoDesign Tool and that all have a positive EcoDesign score by 2025, meaning their environmental impact is lower than a reference products.

In 2021, 100% of new products in development were assessed with the tool, and 83% of the new products had a positive score. The company also aims for sales from new products launched during the last three years to reach 15% by 2025. In 2021, 12% of sales came from new products launched during the last three years. The Group's expenditure on R&D was approximately EUR 27 million.

REVENUE AND COMPARABLE EBITDA, MEUR



* Pro forma

EMPLOYEES IN 2021

7,976

Ahlstrom-Munksjö was awarded the EcoVadis Gold rating for the company's sustainability management and performance for the fifth consecutive year in September 2021. This places Ahlstrom-Munksjö in the top 2% of suppliers assessed in the pulp, paper and paperboard manufacturing industry.

www.ahlstrom-munksjo.com

Enics

STRONG ORDER BOOK BUT CHALLENGING MARKET FOR COMPONENTS

The electronics industry has been in the news headlines in 2021 both for being critical in developing new green technologies, and also for the heavy impact the industry suffered due to component shortages. The challenges in material availability were felt by Enics too, and the company responded to this by redefining and reworking its supply chain processes and upgrading the sourcing and procurement capacities. Putting significant efforts into serving its customers despite the supply chain challenges, Enics was partly able to meet increased demand from customers and reach good sales development towards the end of the year. Enics Net Promoter Score was 51.

Enics Group net sales were EUR 535 million in 2021, representing an increase of 6% compared to the previous year. A good result, considering the two major crises Enics faced in 2021 – the component shortage and the continued COVID-19 pandemic. The company 's profitability and cash flow were below the previous year and ambition. Enics' comparable operating profit was EUR 12.5 million. Enics closed 2021 with a strong orderbook that

enics

Founded: 2004

Domicile: Zürich, Switzerland

Industry: Electronics manufacturing services

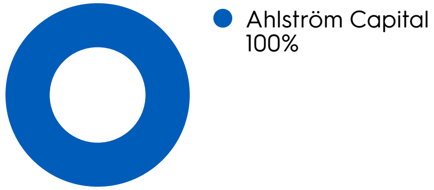
Operating countries: China, Estonia, Finland, Malaysia, Slovakia, Sweden and Switzerland

Products: Services for industrial electronics throughout the product lifecycle: engineering, manufacturing and after sales services

In Ahlström Capital's portfolio: Since 2004

OWNERSHIP, %

December 31, 2021



Production in a new high-volume performance centre in Malaysia started

sets a very promising starting point for the coming year, while supply challenges are expected to continue.

Customer-focused footprint and service development

In 2021, Enics entered the Build the Future phase of its strategy execution. This phase drives growth through developing a turnkey service offering, climbing up the value chain, and serving new industrial segments as well as potentially through partnerships, and mergers and acquisitions.

A strong trend of re-shoring and regionalisation is being seen throughout the electronics manufacturing services (EMS) industry. To execute an optimised footprint strategy, Enics inaugurated a new high-volume performance centre in Malaysia; a key location with a significant electronics industry ecosystem and ability to serve a wide range of geographies, including South-East Asia and US markets. Also, both Enics performance centres in China expanded: The Suzhou performance centre floor space expanded by 50%, and the Beijing performance centre moved to a new location that is well-suited for the site's complex service palette. In Europe, Enics took the decision to close the performance centre in Turgi, Switzerland, and to concentrate Enics expertise in after-sales in the Västerås performance centre in Sweden.

Build the Future is about developing a turnkey service offering, and 2021 brought the first turnkey projects that utilise Enics' broadening service palette. Development of new services was seen in the form of investments, upgrading the technical readiness of the company, recruitment of new expertise as well as initiatives in digitalisation. A significant proportion of the 2021 revenue was generated by engineering and after-sales services. Enics is expanding to further serve its customers.

New customer value proposition, new customer industries

Enics' customer value proposition, renewed during 2021, emphasises that Enics partners with customers to best serve their electronics value chain. This is seen in Enics growth together with numerous long-term customers to whom Enics offers deep expertise and understanding of their industry needs.

In addition to growing through offering more services to its long-term customers and industry segments, Enics has recently entered many fast-growing customer industry segments. Electromobility infrastructure, Medical electronics, Safety and security and Agriculture & natural resources all demonstrated clear growth in Enics business in 2021, both in volume of business with existing customers, as well as in the number of new customers.

From planning into actions in sustainability

Enics fosters value creation through a comprehensive sustainability agenda and drives sustainability initiatives as one of its future selling points also in close collaboration with its customers and suppliers.

Sustainability actions in 2021 focused on environmental target-setting and actions, such as deep analysis of resource consumption and moving towards clean energy. Enics was audited by the EcoVadis business sustainability rating in 2021 and reached silver leaf rating.

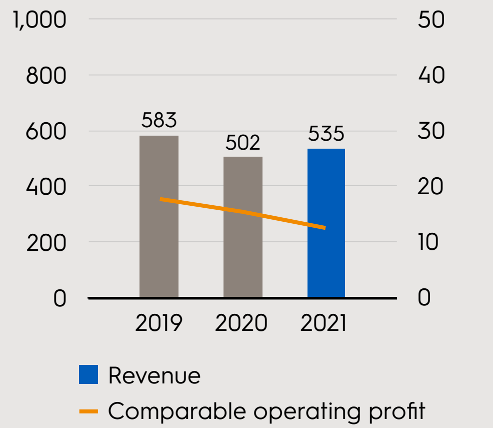
Outlook

Customer demand is at a favourable level to continue the growth path. Allocation and shortages in the material supply market are predicted to continue also during 2022, which might put pressure on operations as well as cost performance.

Enics will pursue its growth strategy to become a full turnkey solution provider in close collaboration with our customers and will also explore new attractive business segments.

www.enics.com

REVENUE AND COMPARABLE OPERATING PROFIT, MEUR



PERSONNEL IN 2021

3,137

M&J Recycling

HEALTHY GROWTH DESPITE CHALLENGES

M&J Recycling Group was established on December 1, 2021. The company became a portfolio company of Ahlström Capital as it was acquired from Metso Outotec. Originally, the company was founded in 1857 as an iron foundry named Moeller & Jochumsen A/S.

The business focuses on industrial shredders for the recycling industry, and is one of the leading global companies in its field. The increased global attention on sustainability and recycling continued to fuel the global potential for M&J Recycling throughout 2021. Despite COVID-19 continuing to impact the business, M&J managed to keep their production and supply chain operational throughout the year. The Equipment business saw the strong trend from 2020 continuing. The Service business continued to be challenged by COVID-19 during the first half of the year, but recovered significantly during Q3 and Q4.

During the year, significant carve-out and separation activities were initiated, which impacted the operating profit. These are mostly considered one-off items. The company also started to build the new stand-alone organisation. This activity will continue into 2022, alongside investments in IT and production equipment.

M&J RECYCLING

Founded: 1857

Domicile: Horsens, Denmark

Industry: Recycling

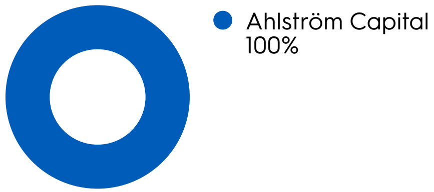
Operating countries: Denmark, China, Germany, Poland, Sweden, Thailand, UK, USA, Korea

Products: Pre- and fineshredders for size reduction of solid waste, and aftermarket services

In Ahlström Capital's portfolio: Since 2021

OWNERSHIP, %

December 31, 2021



M&J Recycling as a stand-alone business with the new brand was launched in December

M&J Recycling achieved net sales of EUR 53 million, representing growth of 11% compared to 2020. In combination with a strong cost control, and pricing actions, the operating profit was EUR 6.2 million, which is on par with 2020.

Strong equipment business

The equipment business continued the strong trend from 2020 and increased order intake significantly. The market areas EMEA and Americas led the way with strong double-digit growth. Market areas APAC and China were challenged due to COVID-19-related travel restrictions.

On the service side the challenges from COVID-19 continued from 2020 into the first half of 2021. Market area EMEA was impacted significantly, but with regional differences. However the easing of the implemented COVID-19 restrictions fueled a strong comeback during the second half of the year. In the market areas Americas, China and APAC there was a healthy development throughout the year.

Partner channel management is a key strategic initiative, which saw positive development during 2021. The signing of several new partners significantly improved regional coverage. The company now has 50+ partners worldwide, and will continue to develop the partner network in 2022.

Supply chain and logistics challenges increased

Global supply chain and logistics challenges increasingly impacted the delivery performance during the second half of the year. M&J Recycling saw shortages on both parts, raw materials, and containers for overseas shipment of finished goods or parts. Over the past years the company has been implementing a regional sourcing strategy, which enabled them to successfully steer through most of the shortages with minimal damage. A decisive factor was also the relentless effort of the entire organisation to try to overcome the issues. Costs were decisively managed throughout the year, and in combination with price adjustments, the company has able to protect its margins successfully. Nonetheless, the on-time-delivery deteriorated in comparison with 2020 performance.

New launches and strong R&D pipeline

An important driver of profitable growth is the focused expansion with new products to selected areas of its customers' value chain. Investments in new products have increased over the past years, and in 2021 M&J Recycling launched several new products, including the F-series of fineshredders, and the electric drive option for our LVP pre-shredders. The response in the market has been strong, and expectations for 2022 are promising. The product portfolio will continue to be strengthened throughout 2022 and beyond, with multiple new launches within the company's core segment for stationary shredders.

Outlook 2022

Further profitable growth is expected for 2022. The order backlog for projects and services is healthy, and so is the sales pipeline. Service is expected to grow strongly, back to pre-COVID levels and beyond. The Equipment business is expected to continue the growth rate achieved in 2021. Challenges in supply chain and logistics are expected to continue at least for the first half of 2022, but will be managed through cost and pricing initiatives. The formation of the stand-alone M&J Recycling organisation and infrastructure will continue.

www.mjrecycling.com

REVENUE AND COMPARABLE OPERATING PROFIT, MEUR

* Acquired on December 1, 2021, only the December financials are consolidated to Ahlström Capital Group

PERSONNEL IN 2021

127

Detection Technology

TURN TO THE DOUBLE-DIGIT GROWTH PATH

In 2021, Detection Technology's (DT) net sales increased by 10.1% to EUR 89.8 million. Demand in medical CT (computer tomography) applications was strong and that of industrial applications remained stable. The security solutions market battered by the pandemic started to recover and growth accelerated toward the end of the year.

The strong demand was generated by investments in the healthcare infrastructureboth globally and particularly in China, and demand for higher-end CT applications. Net sales of the Medical Business Unit increased by 25.1%.

The component shortage impacted the Security Business Unit (SBU) sales less than that of the company's other business units, but delivery challenges were also reflected in the demand for security applications. Net sales of SBU decreased by -9.1%.

Demand for imaging solutions in the food, pharmaceutical, and mining industries developed favourably. Net sales of the Industrial Solutions Business Unit increased by 10.1%.

There were no significant changes in the geographical distribution of the company's sales: Asia was still by far the largest market.

DT's research and development expenses were EUR 10.5 million (9.8), corresponding to 11.7% of net sales (12.0%).

The profit for the period in 2021 was EUR 9.3 million (6.7).

Detection Technology

Founded: 1991

Domicile: Oulu, Finland

Industry: X-ray imaging solutions

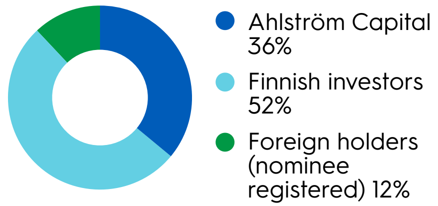
Operating countries: Finland, France, China and USA

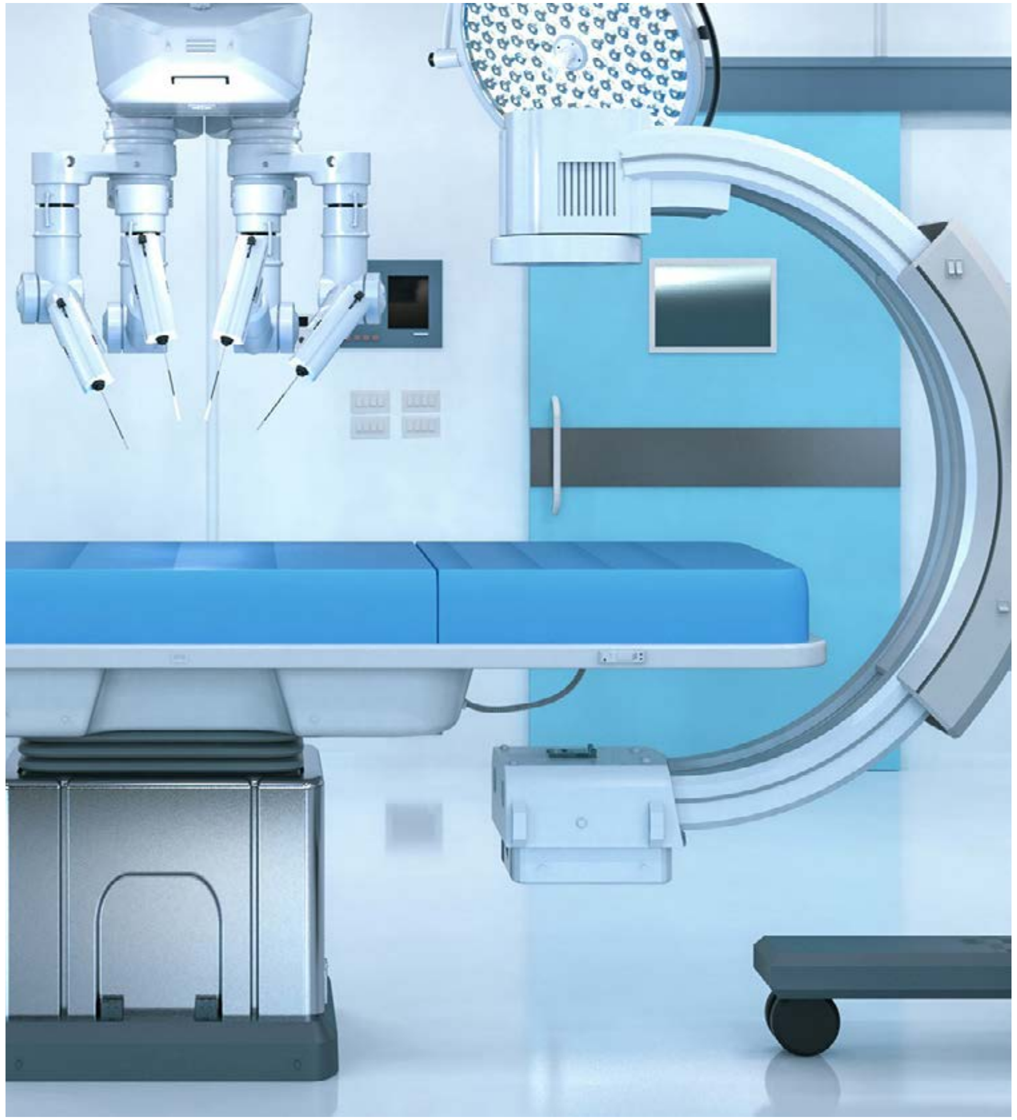
Products: X-ray imaging solutions for medical, security and industrial applications and solutions from photodiodes to optimised detector subsystems with ASICs, electronics, mechanics, software and algorithms

In Ahlström Capital's portfolio: Since 2017

OWNERSHIP, %

December 31, 2021





Continuing business development

Detection Technology continued to develop its business on many fronts in line with its DT-2025 strategy in 2021. DT's competitiveness improved in all main markets. The position in the CT market is solid, in particular in medical but also security applications. DT's position in the industrial market was also secured, where the company progressed in line with the "Beyond hardware" strategy. The most important events designed to secure competitiveness and future growth were the expansion of the company's product portfolio with strategically important standard solutions and the establishment of a new unit in Nanjing, China. Operations at the new site started at the beginning of 2022.

In 2021, DT released a standardised detector product family X-ACE for value and mainstream CT imaging. The product family is the first in its field. and strengthened DT's position in the medical X-ray imaging market. The company is the first – and so far the only – detector supplier in the world with a product portfolio that includes standard solutions for all medical CT imaging modalities from the value to the premium segment.

The number of the company's active customers increased, being 370 at the end of the year.

Setting the sustainability agenda

In 2021, DT clarified its sustainability agenda and used it as a basis for developing the company's operating models. DT reached most of its sustainability goals for 2021. The company is committed to sustainable growth, and wants to seek growth from sustainable development.

DT's core businesses focus on the promotion of wellbeing and safety. It has also recognised a great number of needs for X-ray technology in the circular and eco economies. The world needs more sustainable products, and that means better quality control and better efficiency. X-ray technology is increasingly used in recycling and sorting, in the optimisation of production processes, and the quality control of components.

DT also kicked off a project to reduce the environmental impact of its operations at the Wuxi service and production site. Renovations have been started to make the Wuxi site more energy efficient. The company signed a contract to start using renewable energy at the site from the beginning of 2022.

Business outlook

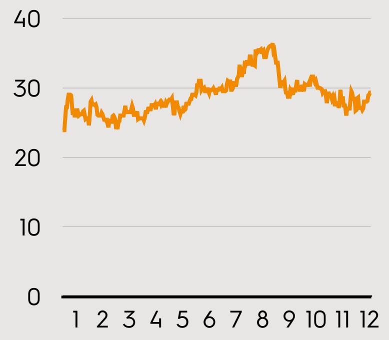
According to DT's view, the medical and industrial markets will grow in line with the pre-pandemic estimates by the experts, on average about 5% per year. The market disturbance caused by the pandemic is passing in the security market, as demand has taken an upward turn also in the aviation segment, but the normalisation of growth to the pre-pandemic level of 6% will be slow.

Due to the pandemic, the global economy and the company's business have faced exceptional and temporary uncertainty. The predictability of the company's target markets is still lower than usual, and risks related to the availability of materials have increased. The effect of the of material and component shortage has been acknowledged as a limiting factor in the outlook, however a further degradation in the supply chain might affect the business outlook.

DT aims to increase sales by at least 10% per annum and to achieve an operating margin at or above 15% in the medium term.

www.deetee.com

SHARE PRICE IN 2021, EUR



REVENUE AND COMPARABLE OPERATING PROFIT, MEUR

MARKET CAPITALISATION DEC. 31, 2021

429

million EUR

PERSONNEL IN 2021

451

Glaston

EXCELLENT PROGRESS IN ORDERS

Glaston's orders received saw excellent progress: 41% above the level of the previous year, totalling EUR 216.2 million, with all segments contributing to the outcome. The year ended on a positive note as the markets continued to grow strongly in the fourth quarter with high demand in all segments.

Demand for Heat Treatment equipment continued to be high, which particularly drove demand for flat tempering lines, as well as laminating lines. For Insulating Glass equipment, high demand for the Thermoplastic Spacer (TPS®) technology continued, as well as for special lines, e.g. for fire-resistant glass and glass arrissing. For Automotive & Display, after a slow first quarter of 2021, the rest of the year showed a positive development with increasing investment activity in the market for new machinery.

In 2021, Glaston Group's net sales increased compared to the previous year and totalled EUR 182.7 (170.1) million, with all product areas exceeding the previous year's levels. For Services, growth of 15% was recorded. Profitability improved despite the additional challenges caused by the pandemic supply chain disruptions with related price increases.

glaston
seeing it through

Founded: 1970 (Tamglass)

Domicile: Helsinki, Finland

Industry: Glass processing

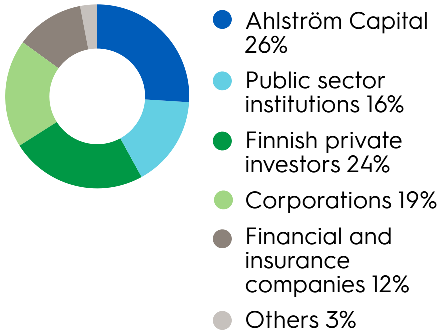
Operating countries: Finland, Russia, UK, Germany, Switzerland, China, Singapore, Australia, UAE, USA

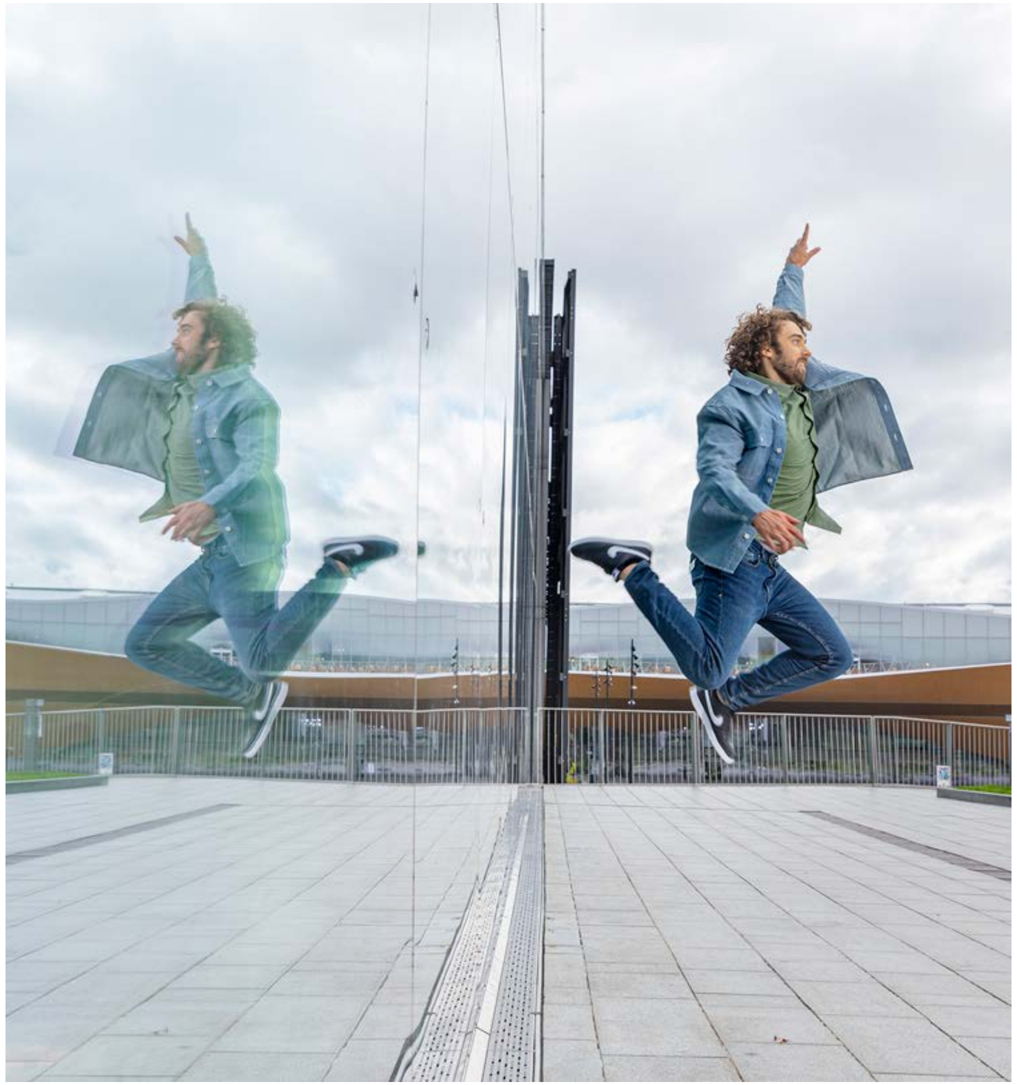
Products: Glass processing services & technologies for architectural, automotive, solar energy equipment and appliance industries

In Ahlström Capital's portfolio: Since 2017

OWNERSHIP, %

December 31, 2021





Comparable EBITA was EUR 11.1 (7.7) million, representing 6.1 (4.6)% of net sales. The result for the review period was EUR 1.1 (-5.5) million.

Clarification of the strategy

In 2021, Glaston revised its strategy with key objectives for 2021–2025. The key objectives are clearly improved organic growth and profitability, based on Glaston's own strategic initiatives and the expected market growth.

Glaston's plan is also to take sustainability initiatives to the next level during the strategy period and the strategy includes new non-financial strategic targets. One of the sustainability focus areas – safety – was high on Glaston's agenda throughout the year. Glaston has set a group-wide safety target measured as zero lost-time accidents (LTA) by 2025. In 2021, only five lost-time accidents occurred, compared to 14 in the previous year. The lost time injury frequency rate (LTIFR) dropped to 3.3 from 10.8 in 2020.

Glaston is also committed to reducing its direct and indirect greenhouse gas emissions in relation to net sales by 50% by 2025 from the level in 2020. In 2021, greenhouse gas emissions decreased to 2,608 (2,777) tonnes of CO_2 with net sales of EUR 182.7 (170.1) million. The company has already taken measures to substantially reduce emissions in 2022 as its production facilities in Finland and Germany started using renewable electricity in January 2022.

Investments in product development, digitalisation and innovation

One of the cornerstone initiatives in Glaston's updated strategy is *Innovate with customers to win*. The initiative focuses on strengthening Glaston's role as a technology leader. In the last quarter of 2021, the focus was on establishing processes for integrating customer needs with Glaston's R&D and product management.

In 2021, projects and innovations related to automation, ease of use and self-learning were at the forefront of product development. Glaston continued to strongly focus on the development towards fully automated lines in insulating glass and heat treatment technologies, as well as automotive and display technologies. Significant steps towards developing a fully automated tempering line were taken during the early part of the year when the company completed the first part of the strategically significant FC series tempering machine order.

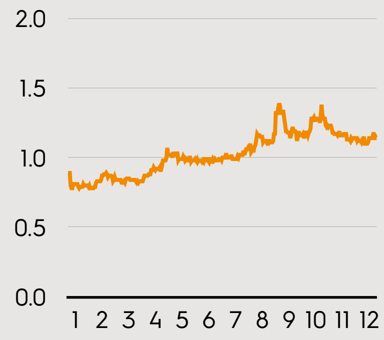
Outlook

In 2021, Glaston's markets saw a continued recovery and strong growth. The company expects positive development to continue in 2022 with good progress for both the machines and services businesses. At the start of 2022, Glaston's order backlog was 48% higher than the previous year providing a strong starting point for 2022 and supporting Glaston's net sales and profitability development. In 2022, Glaston will focus on the execution of its strategy which will incur costs and capital expenditure ahead of the effect on revenue growth. As the COVID-19 pandemic continues and supply chain disturbances have become a longer-term challenge, a higher-than-normal uncertainty is related to the development of economic activity and customers' investments.

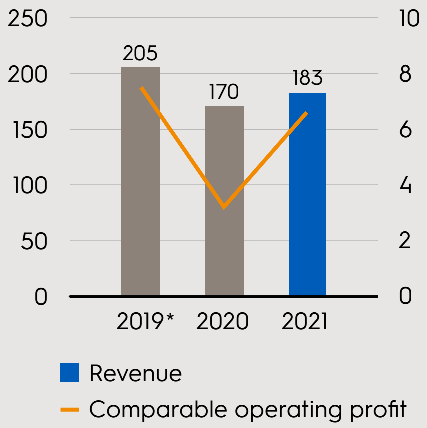
Glaston Corporation estimates that its net sales and comparable EBITA will improve in 2022 from the levels reported for 2021. In 2021, Group net sales totalled EUR 182.7 million and comparable EBITA was EUR 11.1 million.

www.glaston.net

SHARE PRICE IN 2021, EUR



REVENUE AND COMPARABLE OPERATING PROFIT, MEUR



* Pro forma

MARKET CAPITALISATION DEC. 31, 2021

96.1

million EUR

PERSONNEL IN 2021

750

Suominen

SUSTAINABILITY AT THE CORE OF STRATEGY

Suominen's nonwovens are, for the most part, used in daily consumer goods such as wet wipes as well as in hygiene and medical products. In these target markets of Suominen the general economic situation determines the development of consumer demand even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. In 2021, Suominen's net sales decreased by 3% from the comparison period and was EUR 443 million. Sales volumes decreased while sales prices increased following the higher raw material prices. Net sales of the Americas were EUR 265.2 million (289.1) and Europe EUR 178.1 million (169.9).

The profit for the period was EUR 20.7 million (30.1). The share of new products of net sales was above 25% in 2021.

Strengthening operations

Suominens strategy is to grow by creating innovative and more sustainable nonwovens for their customers and to improve profitability through more efficient operations and a high-performance culture. Suominens main focus is on wipes. In 2020, when the strategy was published, the

Suominen

Founded: 1898 (J.W. Suominen Ltd)

Domicile: Helsinki, Finland

Industry: Manufacturing of nonwovens

Operating countries: Finland, Italy, Spain, Brazil and USA

Products: Nonwovens as roll goods for wipes and for hygiene products and medical applications

In Ahlström Capital's portfolio: Since 2014

OWNERSHIP, %

December 31, 2021

company announced that the capabilities in Europe and Americas will be strengthened, and opportunities in Asia evaluated.

In 2021, three investments projects to increase capacity and capability were completed, with two in Italy and one in the USA.

Impacts of the COVID-19 pandemic

As a nonwovens manufacturer, Suominen is an integral part of the supply chain making disinfecting and cleaning products for fighting the coronavirus. The pandemic has increased the demand for the company's products in all its markets. At the end of the second quarter of 2021 the demand started to decelerate especially in North America, but started to recover in late Q3.

In the long run, the market and Suominen's expectation is that demand will remain above pre-COVID-19 levels.

Committed to a better climate

Sustainability is at the core of Suominens strategy and products and operations are developed accordingly. Suominen's target is to increase their sales of sustainable products by 50% by 2025 (from the base year 2019) and to have over 10 sustainable product launches per year. In 2021, the company launched 16 sustainable products and the sales of sustainable product sales have increased by 47% compared to the base year of 2019.

Suominen is also actively researching new sustainable fibres to be able to serve the needs of its customers even better. Test runs have been conducted for example with hemp and Suominen has received excellent feedback from its customers.

The company has a strong focus on safety and accident prevention, and its long-term target is to have zero lost-time accidents. In 2021, Suominen had 4 (1) lost time accidents.

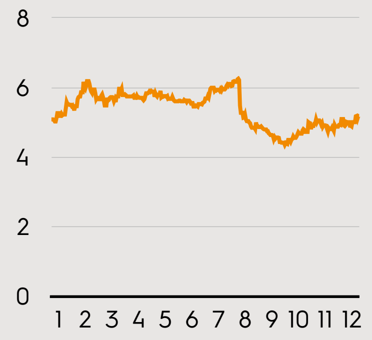
Increasing employee engagement is another of Suominen's key people-related targets. The company conducted a second consecutive global employee engagement survey in 2021 and based on the results employee engagement index is 66% (69%). Suominen's target is that its engagement index will be 73% by 2025.

Suominen is also committed to continuously improving production efficiency and the efficient utilisation of natural resources. By the end of 2021, Suominen's water consumption had decreased by 20.3%, waste to landfill by 16.4%, energy consumption by 7.1%, and greenhouse gas emissions by 8.8% per ton of product compared to 2019. In all these areas, the company's target is a reduction of 20% per ton of product by 2025.

As one example of Suominen's continuous work to decrease greenhouse gas emissions, a decision to move entirely to fossil free electricity in all its European plants was made in 2021. The company monitors its progress regularly and is always seeking new ways to further improve its operations.

The Single-Use Plastic Directive in the EU is an important driver towards sustainability for the nonwovens industry.

SHARE PRICE IN 2021, EUR



REVENUE AND COMPARABLE OPERATING PROFIT, MEUR

MARKET CAPITALISATION DEC. 31, 2021

296.8

million EUR

PERSONNEL IN 2021

707

Outlook

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortisation) in 2022 will decrease from 2021. The main reasons are inventory levels which still remain high at certain customers as well as operational issues throughout the entire supply chain due to the current COVID-19 situation, both of which will impact the result negatively, especially in the first quarter. In 2021, Suominen's comparable EBITDA was EUR 47.0 million.

www.suominen.fi

AHLSTRÖM CAPITAL

AC Cleantech Growth Fund

INVESTING IN RENEWABLE ENERGY

AC Cleantech Growth Fund I, established in 2010, invests in sustainable business, targeting interesting companies in the cleantech industry. The fund comprises Swedish Stirling AB, Scandinavian Biogas Fuels International AB and Frangible Safety Post Ltd. Ahlström Capital Group's ownership in the fund is 30 per cent. Varma, Sitra and Stiftelsen för Åbo Akademi have also invested in the fund. The fund is consolidated as an associate in the Ahlström Capital Group. The fund is expected to be closed during 2022.

Scandinavian Biogas

Scandinavian Biogas is one of the Nordic region's largest producers of biogas. The company treats organic waste that is processed into renewable, locally produced fuel and bio-fertiliser. Scandinavian Biogas operates five plants in Sweden, Norway and South Korea.

The Swedish Environmental Protection Agency has through the Klimatklivet initiative given Scandinavian Biogas investment grants amounting to SEK 135 million. The grants relate to projects to expand the production capacity of liquefied biogas produced at the company's plants in the Stockholm region. The projects in which these facilities are converted from their current production of biogas to production of liquid biogas started in 2021.

Additionally, Scandinavian Biogas received SEK 154 million in investment support from Klimatklivet to build a biogas plant in Mönsterås, about 370 kilometers south of Stockholm.

In 2021, Scandinavian Biogas also placed a senior green covered corporate bond of SEK 700 million under a framework of SEK 1.2 billion and with a maturity of 5 years. The funding enables strategically important investment decisions in the Stockholm region. Scandinavian Biogas is listed on the Nasdaq First North Premier Growth Market in Stockholm.

Swedish Stirling

Swedish Stirling (former Ripasso Energy) develops solutions for energy recovery and sustainable local electricity production. The company aims to further refine the ability of the Stirling technology to convert thermal energy to electricity.

Swedish Stirling's PWR BLOK 400-F is a solution for recovering energy from industrial residual and flare gases and efficiently convert them to fully carbon-neutral electricity. The PWR BLOK is the most cost-efficient way of producing electricity that exists today and gives greater CO_2 savings per invested euro than any other type of energy source according to a study by Lloyds.

In 2021, Swedish Stirling completed a directed issue of 13.2 million shares, raising proceeds of SEK 225 million. Swedish Stirling and SMS group GmbH have signed an agreement regarding the use of the PWR BLOK technology for energy recovery projects in Europe within the ferroalloy industry, and the parties have expressed an intention that a first pilot project shall consist of one PWR BLOK 400-F.

In 2021, Swedish Stirling also signed an Energy Conversion Service Agreement with Glencore for their Lion site in South Africa using 25 PWR BLOK 400-F, reaching 10MW of capacity. Swedish Stirling is listed on the Nasdaq First North Premier Growth Market in Stockholm.

REAL ESTATE INVESTMENTS

We invest in office, logistics, industrial and residential properties in the Helsinki metropolitan area, Turku, Tampere and potentially other growing cities. Our focus is on quality and active asset management. In addition to direct investments, we use joint ventures that provide us with new opportunities. Our real estate portfolio comprises a total of 64,000 m^2.

We are also one of Finland's largest private forest owners with 34,000 hectares of forest. Sustainable forest management is at the core of our forest business and the growth of trees exceeds our annual logging volume.

Real estate

STRONG DEVELOPMENT IN OUR REAL ESTATE PORTFOLIO

Active real estate market

In 2021, the transaction volume in the Finnish property market totalled EUR 7 billion, which represents an increase of 24% compared to the previous year, according to the statistics of KTI (Kiinteistötieto Oy). The business was active especially during the later half of 2021. The number of trades increased clearly from 2020, when the pandemic almost completely stopped trading for a couple of months.

Joint ventures provide new opportunities

In 2021, A. Ahlström Real Estate Ltd. continued to grow its portfolio according to its strategy, started new projects and actively examined new potential investment opportunities. The company updated its strategy, now focusing on quality and active asset management. We invest in commercial properties in the Helsinki metropolitan area, Turku, Tampere and potentially other growing cities.

A. Ahlström Real Estate has invested in real estate joint ventures in Espoo and Vantaa. Joint ventures provide us with the opportunity to join more significant projects and they are usually administratively efficient. They also allow risk diversification across different projects.

Investment in Erica Green Chemistry Park

In 2021, Kemira, Kemira's Pension Found Neliapila and the consortium consisting of Ahlström Capital's fully-owned subsidiary A. Ahlström Real Estate, Kirkon Eläkerahasto and Aktia Life Insurance Ltd signed a pre-agreement and a lease agreement to build a new research centre for Kemira as part of the Green Chemistry Park concept. The business premises concept – now known by the project name Erica – is planned to include approximately 25,000 m^2 of floor area, consisting of a state-of-the-art laboratory and office spaces next to apartment buildings and a large park. The district will become a centre of science and expertise in green chemistry, complementing the Otaniemi science and startup centre and Kiviruukki's bioeconomy and innovation hubs. The new research centre is scheduled to be completed in 2024.

Investment in Go21

The Tampere real estate project Go21, signed at the end of 2020, was launched in 2021. The land sale was completed in the summer of 2021 and construction work began in the autumn. Go21 will house new high-quality future office premices in a new building which is being constructed in the area. Other spaces will be placed in a renovated old brick building that has previously functioned as a freight station. The freight station dates back to 1907 and is located centrally near the main railway in Tampere.

The building will have approximately 11,000 m² of leased premises, with sizes ranging from 227 to 5,000 m². The office block will be completed at the end of 2023. A long-term lease was signed for the protected buildings in November 2021. It has been published that the Finnish listed company Gofore will have its headquarters in the new office building.

Investment in Cramo operations centre

The large centre of operations located in Åbyntie, Vantaa was completed in the summer of 2021. The construction work began in April 2020 and progressed according to schedule. The property is fully leased to Cramo Finland Oy, a rental equipment and worksite service provider. Cramo has its headquarters as well as a warehouse, service and logistics centre for the Helsinki metropolitan region in the building. A. Ahlström Real Estate Ltd. owns the property together with Terrieri Kiinteistöt Ky, managed by S-Bank. S-Bank is also responsible for the management of the property.

Development of heritage assets

Property sales continued in Kauttua, where the remaining properties were sold. The development of the Noormarkku works area continued in accordance with the company's values.

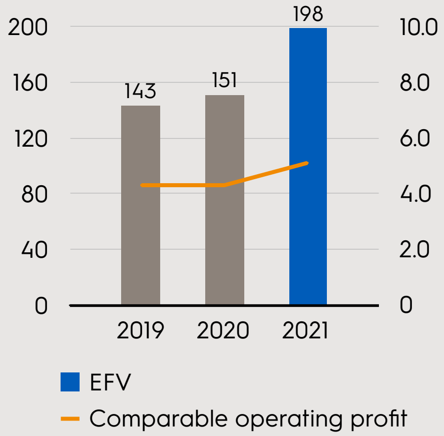
Focusing on sustainability

As a long-term investor, we consider sustainability to be at the core of our operations. Responsibility is one of the key decision-making criterions when making new investments. In 2021, we continued to define our sustainability ambitions and conducted an ESG road map.

In 2021, the energy renovation of our flagship property at Eteläesplanadi 14 was completed. The aim of the renovation was to reduce the energy consumption of the property, and as a part of this, solar panels were installed on the roof of the building. After the renovation, the energy costs and emissions of the whole building decreased by approx. 20%.

Our objectives include for example enhancing the eco and energy efficiency of our properties, securing healthy, safe and comfortable premises and elaborating the responsibility principles of our contract procedures and acquisitions. Targets for KPIs will be defined in 2022.

EFV AND COMPARABLE OPERATING PROFIT, MEUR



In February 2021, A. Ahlström Real Estate Ltd became an anchor investor in Avain Yhtiöt, and now holds a 25% stake in the company. Avain Yhtiöt specialises in building and owning apartments, producing housing services, construction contracting, construction and renovations. The investment is an important step in expanding our real estate allocation in the residential sector.

Avain Yhtiöt is a Finnish company established in 2010 and headquartered in Helsinki. The company aims at building and maintaining a functional, safe and environmentally friendly living environment and developing the overall quality of housing and construction. Avain Yhtiöt builds approximately 1,000 apartments a year, focusing on growth centres in the Helsinki metropolitan area, Tampere and Turku. The company's property portfolio currently comprises 10,000 apartments. In 2021, Avain Yhtiöt had a revenue of EUR 157.8 million and an operating profit of EUR 101.0 million.

In 2021, Avain Yhtiöt sold Renevo Oy to the Swedish Adelis Equity Partners. Renevo is a Finnish construction company specialising in larger renovation projects in the Helsinki, Lahti and Jyväskylä regions. The company had net sales of EUR 43 million in 2020.

Forests

SUSTAINABLE FOREST MANAGEMENT

In 2021, the sales of wood increased from the previous year. Industrial timber was sold 137,000 m^3 as delivery sales and 27,000 m^3 as standing sales. The volume of energy wood was 19,000 m^3, the majority of which was sold as delivery sales. The growth of the trees in our forests was 192,000 m^3.

Both revenue and comparable operating profit reached a record level: the revenue was EUR 10.7 million and the comparable operating profit was EUR 6.7 million. In comparison with 2020, the revenue increased by 9.2% and the operating result by 31.4%. The increase in the price of wood, which began in autumn 2020, continued in 2021. In 2021, we purchased 420 hectares of forest.

A good year despite the pandemic

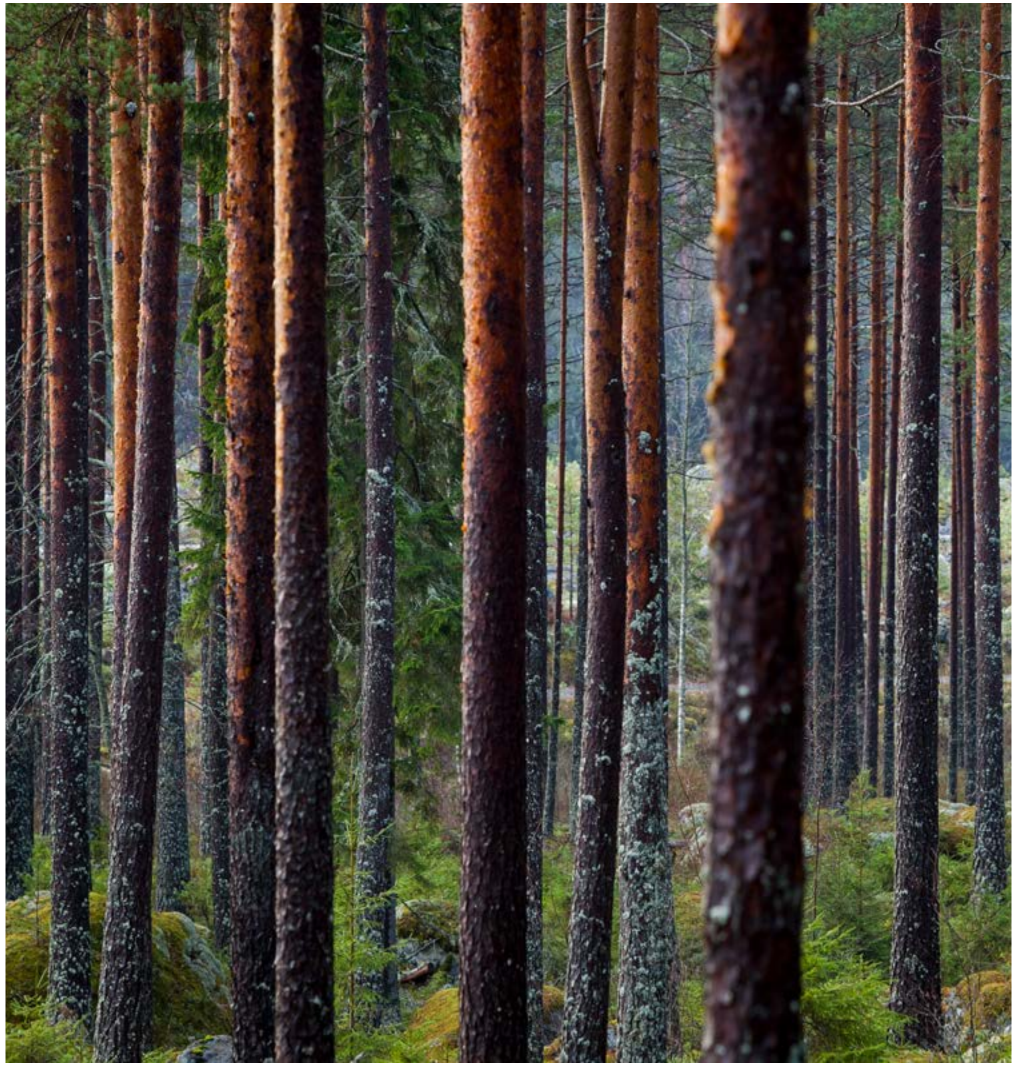
Although the COVID-19 pandemic continued in 2021, its impact on the forestry business remained limited: the year was good both economically and in terms of operations. Demand for wood was strong, which was particularly evident in timber sales. The export of forestry products was vibrant, and the prices of sawn timber, in particular, increased strongly. The demand for products was reinforced by the COVID-19 revival measures of governments, and private consumers' increased interest in building.

We managed to operate in a COVID-19 safe manner throughout the year. The majority of our operations take place alone in the forests as maintenance, logging and timber transport, which involve a very low infection risk. We organise annual training for contractors and personnel, for example, on occupational safety and forestry.

Sustainable forestry as the basis for operations

Ahlström Capital has owned forests for 170 years, and at the moment, the total area of its forest assets is 34,000 hectares. The forests are managed economically and ecologically sustainably, while respecting their social impact. Taking into account the diversity of forests and nature is one of our operating principles.

Our three-year nature monitoring project, which continued in 2021, is one example of the way we protect natural diversity. The project identifies areas that are particularly vital for biodiversity: for example, areas that have rare plants or are otherwise important as habitats. The areas



Forest areas that are particularly vital for biodiversity are identified

are excluded from forestry activities or treated in a manner that preserves their special characteristics. So far, 230 naturally important habitats totalling 345 hectares of forest have been excluded from forestry operations within the project.

Forest as a carbon sink

Our large forest holdings are also an important carbon sink. In 2021, the amount of carbon dioxide sequestered by our forests and wood products was 225,000 tonnes, corresponding to the annual carbon footprint of 22,000 Finns. The planting of new trees and the maintenance of seedling stands are essential measures for increasing and maintaining the carbon sink. In 2021, we planted approximately 420,000 new seedlings, which was almost as many as in the previous year. The growth of trees exceeds the annual logging volume by 20,000 m^3.

Fertilisation is another way of increasing the growth of trees and, consequently, carbon sequestration. In 2021, fertilisation was applied to 600 hectares of land.

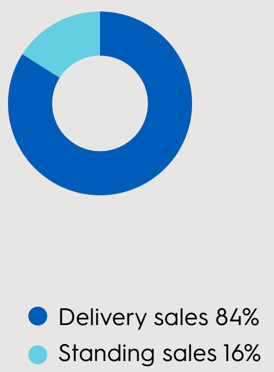
Wetland that has been drained into woodland has a major effect on the annual growth of trees and carbon sequestration. These peatland forests are a way of ensuring carbon sequestration in the soil through logging that aims at uneven-aged management. This evens out fluctuations in the groundwater level, which slows down the decomposition of peat. In 2021, logging aimed at uneven-aged management covered approximately 100 hectares. The aim is to increase logging aimed at uneven-aged management to 150 hectares per year by 2023.

Our forests are certified

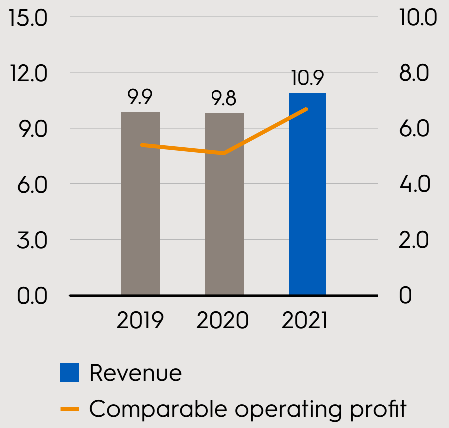
All our forests are PEFC certified. PEFC (Programme for the Endorsement of Forest Certification) is an international non-profit organisation whose certification system promotes sustainable forestry worldwide. Ahlström Capital is committed to meeting the PEFC criteria, which include forest biodiversity and nature protection requirements. In 2021, a PEFC audit was carried out in our forests, and our operations were found to meet the certification requirements.

Approximately 1,000 hectares of our forests are also FSC-certified. FSC (Forest Stewardship Council) is a forest certification system that emphasises the environmental aspect in its regulation. Through the FSC certification of our forest in Kuopio, Eastern Finland, we are placing an even greater emphasis on sustainability criteria and nature values.

INDUSTRIAL WOOD LOGGING IN TOTAL DECEMBER 31, 2021



REVENUE AND COMPARABLE OPERATING PROFIT, MEUR



AHLSTRÖM CAPITAL

Heritage assets

UNIQUE EXPERIENCES IN BREATHTAKING SURROUNDINGS

The Noormarkku Works in the Satakunta region in Western Finland has been in the ownership of the Ahlström family for more than 150 years. The area is a combination of different temporal layers, creating an entity of both architectural and cultural value. In addition to this, the Works has a significant role in the industrial history of Finland. Nowadays, the Noormarkku Works area serves as an interesting destination, where the visitors have the possibility to enjoy culture, gastronomy, nature experiences and unique accommodation.

In 2021, domestic travel in Finland was even more popular than the year before. However, restrictions on the gathering and travel related to the epidemic affected also the Noormarkku Works' operations. Despite this, the number of new customers increased significantly, and overall customer satisfaction was at an excellent level.

Different Ahlström generations have left their mark on the Noormarkku Works. In addition to the multiple guest villas, worker housing and the headquarters of A. Ahlström Real Estate Ltd., the area holds the homes three different generations have built: Isotalo (1881), Havulinna (1901) and Villa Mairea (1939).

In 2021, A. Ahlström Real Estate Ltd. organised an architectural design competition for the design of an art exhibition and meeting building with the project name "Brädgården". The competition aimed to find a design for an architecturally and functionally high-quality new building to complement visitors' services in the area and support the area's attractiveness.

The winning entry 'Meanderings' was created by the Swedish Johan Celsing Arkitektkontor. The decision on the construction of the new building is aimed to be done during 2022.

In 2021, the Works had over 400 solar panels installed in the area. Prior to this, the area was already self-sufficient in electricity due to the electricity generated by water power.

Virtual photo by the Johan Celsing Arkitektkontor pictures Brädgården by the Noormarkunjoki river.

SUSTAINABILITY & HISTORY

SUSTAINABILITY – A PREREQUISITE FOR LONG-TERM VALUE CREATION

At Ahlström Capital, we are committed to promoting responsible business practices in our portfolio companies and to conducting sustainable asset management of our real estate and forest investments. Our values – ambition and responsibility – guide all of our operations. The Sustainability Policy defines the framework for Ahlström Capital's sustainability work.

As a responsible investor, we continuously improve our environmental, social and governance (ESG) impact and performance in our own operations and in our investments. As an owner, we can contribute most to a sustainable ecology and the development of society through the capital we provide, the engaged ownership role we take and through the employment, innovations, products and services that our portfolio companies provide.

Impact through active ownership

As an owner, Ahlström Capital's primary influence is through board representation. Sustainability is integrated in the value creation plans developed for each portfolio company. Our material ESG topics have been identified and are incorporated in the screening processes and business development work of our portfolio companies. We evaluate in the investment process whether there is an opportunity for us to impact the development of the target company towards sustainable business transformation. We also assess the ESG risks and opportunities related to each investment case. In 2021, Ahlström Capital acquired M&J Recycling, the waste recycling business of Metso Outotec. This acquisition broadens Ahlström Capital's portfolio in the field of circular economy and offers us the opportunities for sustainable value creation.

In the business development work of our existing portfolio, we follow both the ESG focus areas defined by Ahlström Capital and the industry specific ESG topics that are material for the portfolio companies. All our portfolio companies need to manage, monitor and evaluate ESG risks, opportunities and value creation possibilities. The Board of Directors of the portfolio companies are expected to decide on relevant targets for each company. We monitor the development and discuss the actions and targets set for a sustainable development of each company.

UN Global Compact

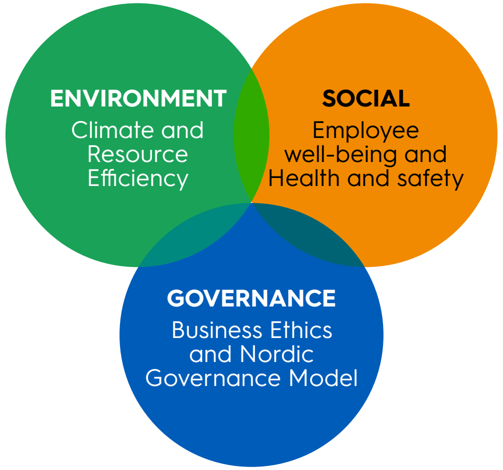
Ahlström Capital is a signatory of the United Nations Global Compact and we support the United Nations Sustainable Development Goals. We are committed to the United Nations ten principles of the Global Compact with respect to human rights, labour, environment and anti-corruption. We report annually on the progress towards implementing the ten principles at Ahlström Capital, our direct holdings and our real estate and forest investments. You can find the report on our webpage Ahlström Capital Sustainability.

We are committed to promoting all the UN SDG's and the following SDG's are currently the most relevant.

SUSTAINABILITY FOCUS AREAS

ENVIRONMENT

Focus area	Actions	SDG impact
Climate change	• as an investor, we take the role to accelerate the transition to sustainable low-carbon economy • the built environment and the total amount of carbon stored in tree trunks affect our carbon footprint • targeting climate neutrality	**13**
Resource efficiency	• increasing resource efficiency and investing in new, sustainable technologies are key for developing our companies as leaders in the industry	**11, 12**
Biodiversity	• managing our forests in a highly sustainable way • identifying areas that are particularly vital for biodiversity and excluding them from forestry activities	**15**



SOCIAL

Focus area	Actions	SDG impact
Employee well-being	• emphasise good leadership to support personal development • all employees are treated equally, fairly and with respect regardless of ethnicity, nationality, gender, sexual orientation, faith, religion, age or other characteristics protected by law • improving employee satisfaction increases employee commitment and motivation	**5, 8**
Health and safety	• improving processes and way of working to prevent accidents • provide a best-in-class working environment for our employees • targeting 0 accidents	**8**

GOVERNANCE

Focus area	Actions	SDG impact
Business ethics	• high ethical standards and compliance requirements defined in the Code of Conduct and supplementing policies • combat corruption and bribery • child rights in the whole value chain	**8, 16**
Nordic governance model	• foundation in AC's ownership model with clear roles and responsibilities • sustainability guidelines define the expectation applicable to all portfolio companies • targeting streamlined governance and compliance processes	**8, 16**

MONITORING THE PROGRESS IN OUR PORTFOLIO

ESG Management System Maturity improvement throughout the portfolio

ESG Management System Maturity is a tool for Ahlström Capital to assess and follow up how each of our portfolio companies are proceeding in their sustainable business journey.

The companies provide us with the self-assessment which covers the pre-defined, material processes in each of the five levels of ESG Management System Maturity. ESG Management System Maturity is also reviewed in annual sustainability discussions between Ahlström Capital management and the company management. At the same time, companies' progress in sustainability work, action plans and target levels are discussed.

Our target is that our portfolio companies have their action plans in shape to reach at least the level 4 of 5 in ESG Management System Maturity. At the end of 2021, 33% of our portfolio companies were at level 4. This means that these companies have integrated sustainability in their strategy, they have material ESG topics and KPI's defined, clear ESG targets as well as monitoring and reporting processes set, roles and responsibilities clarified and people in the organisation engaged through individual target setting. Level 4 company also provides with external sustainability reporting on material topics and progress against targets set and its sustainability information is under limited assurance from an independent third party.

During 2021, progress was seen in all our portfolio companies. All companies developed their sustainability agenda and set up targets based on a materiality assessment. Some of the portfolio companies still work with their policies and processes to be able to monitor the development as a basis for decision-making. The next steps for most of the companies is to also include the material sustainability KPIs in the remuneration and to do a limited assurance for the ESG information.

In 2021, we acquired M&J Recycling and the company has started the process of building up the ESG management system for the stand-alone company based on the existing processes and practices and synchronising them with Ahlström Capital's sustainability guidelines.

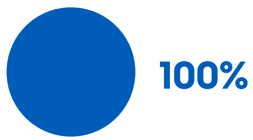
Read more about the sustainability work in our portfolio companies:

Ahlstrom-Munksjö | Detection Technology
Enics | Glaston
M&J Recycling | Suominen

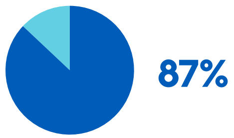
To follow up the impact and development we have set KPIs for each focus area. In addition to these common KPIs, each portfolio company is expected to company specific KPIs, which are relevant to its own industry and operations.

	Business Ethics and Nordic Governance Mode	Climate and Resource Efficiency	Employee well-being
Common KPIs to all portfolio companies	• ESG management maturity • Code of Conduct trainings • Supplier Code of Conduct coverage rate • Whistleblowing channel established • Code of Conduct defined	• Energy intensity • Share of renewable energy • CO_2 emissions (Scope 1 and Scope 2)	• Employee satisfaction • Employee turnover • Accident frequency rate
Company specific KPI's	e.g., Number of customer audits, Water consumption, Recycling rate of waste, Safety observation audits		

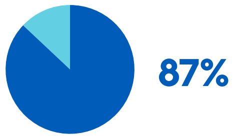
Code of Conduct defined



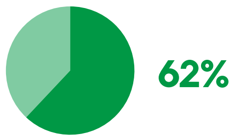
Whistleblowing channel established



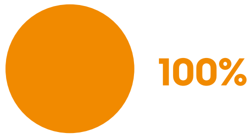
ESG targets set



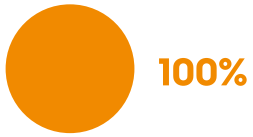
Emission reduction targets set



Employee satisfaction survey completed in 2021



Accident frequency rate actively followed



QUANTIFICATION OF NET IMPACT WITH UPRIGHT'S NET IMPACT MODEL

Upright's Net Impact model quantifies the holistic value creation and net impact of companies - the sum of companies' positive and negative impacts on environment, health, society and knowledge through 19 impact categories (Upright's impact framework). Upright's Net Impact model is based on open access scientific publications and databases. The data is comparable across companies and impact categories.

The Upright net impact model produces quantitative estimates of the costs and benefits related to each product and service of a company in each impact category. The whole value chain is considered in the estimates. The Upright model collects information on the impacts of all products and services from scientific literature and public statistical databases.

For Ahlström Capital the Upright model offers one way of viewing the net impact of our portfolio companies as well as our investment portfolio as a whole. This model gives us an outside-in-analysis of the whole value chain in which our portfolio companies operate. We can also utilise Upright net impact model as a one viewpoint when assessing new investment opportunities. During 2021, we conducted net impact analysis for three potential investment cases.

Ahlström Capital's net impact

According to the latest updates Ahlström Capital's net impact is +31% (as the theoretical maximum value is +100% and minimum - ∞). This means that the portfolio's positive impacts are 31% above the negative impacts. Analysis includes both listed and non-listed industrial investments as well as the impact of real estate and forest assets and cleantech investments.

Ahlström Capital's portfolio creates the most significant positive value in Society through impact categories Taxes and Jobs. There is also a substantial positive impact in Knowledge through Creating knowledge category, which is mainly driven by Detection Technology but also by the impacts of Enics and Real estate development activities. Positive impacts can also be seen in impact categories Societal infrastructure and GHG emissions.

To reach these positive outcomes, Ahlström Capital and its portfolio is using resources in forms of Scarce human capital and creates GHG emissions and waste. These are the impact categories with the largest negative impacts.

IMPACT	SCORE
Society	**2.9**
Jobs	1.1
Taxes	1.5
Societal infrastructure	0.4
Societal stability	0.0
Equality and human rights	0.0
Knowledge	**-0.5**
Knowledge infrastructure	0.1
Creating knowledge	0.5
Distributing knowledge	0.1
Scarce human capital	-0.1
Health	**0.4**
Physical diseases	0.2
Mental diseases	0.0
Nutrition	0.0
Relationships	0.0
Meaning & joy	0.1
Environment	**-1.3**
GHG emissions	-0.7
Non-GHG emissions	-0.1
Scarce natural resources	-0.1
Biodiversity	-0.2
Waste	-0.3

+31% **Net impact ratio**

Ahlström Capital's Net impact ration of +31% can be compared with following net impact ratios Nasdaq Helsinki -11%, OMX Nordic 40 +10% and S&P 500 +26%

AHLSTRÖM COLLECTIVE IMPACT FOR unicef

17 PARTNERSHIPS FOR THE GOALS

Ahlström Collective Impact (ACI) is a joint responsibility initiative by the Ahlström Capital Network companies and foundations. As of June 2021, this unique collaboration forum has been further strengthened as Ahlström Capital's portfolio companies Suominen and Enics along with the Walter Ahlström Foundation have joined Ahlström Collective Impact. Other members of ACI are Ahlström Capital, Ahlstrom-Munksjö, Destia, Glaston, Antti Ahlström Perilliset and Eva Ahlström Foundation. ACI acts in partnership with UNICEF Finland.

Initiated by the Eva Ahlström Foundation in 2020, Ahlström Collective Impact is a unique co-operation model that joins together the Ahlström Network companies and foundations.

ACI is designed for targeted strategic investments that support the realisation of selected United Nations' Sustainable Development Goals (SDGs). In 2021, in order to support the goal for quality education (SDG number 4), Ahlström Collective Impact decided to direct its investment of EUR 600,000 into UNICEF's Global Education Program. Ahlström Capital's contribution was EUR 100,000.

ACI focused on the learning crisis caused by the COVID-19 pandemic. The pandemic widened deep gaps in access to quality education, therefore increasing inequality. Safeguarding children's education is crucial in order to safeguard their future. UNICEF's Global Education Program plays an important part in this.

To address the learning crisis, UNICEF strives to ensure every student gains a solid foundation in basic reading and mathematics – skills that are the foundation for all learning throughout childhood and beyond.

In 2021, a programme for ACI ambassadors was launched. ACI ambassadors are employees and shareholders of Ahlström Network companies that drive and implement ACI's vision and take the initiative to campaigns and events (such as World Children's Day) into life locally. Moreover, ACI ambassadors also learn about UNICEF and children's rights, UN's Sustainable Development Goals and social responsibility.

In March 2022, ACI initiated a campaign called 'ACI for the children of Ukraine', via which Ahlström Network companies' employees made donations to Ukraine through UNICEF Finland to support health, nutrition, safe water, sanitation, and protection for children and families of Ukraine.

Read more here:
www.ahlstromcollectiveimpact.com

@UNICEF/UN0325666/ Ralaivita. School girls in Berano, Madagascar.

170 YEARS OF INDUSTRIAL TRADITIONS

1851
Antti Ahlström (1827–1896) starts businesses in the fields of shipping and sawn goods.

1870
Antti Ahlström acquires the Noormarkku works, which later becomes his home and the centre of the company's businesses. During the late 1800s, Ahlström also acquires Kauttua, Leineperi and Strömfors works.

1896
Eva Ahlström (1848–1920) becomes one of Finland's first female industrialists.

1907
A papermill is established in Kauttua, marking the start of the paper industry in the area.

1908
A. Ahlström Osakeyhtiö is established. It later becomes the biggest industrial company in Finland.

1937
A. Ahlström Oy constructs the 'Industrial Palace' business and office building on Eteläesplanadi 14, Helsinki. The building is designed by architecture firm Jung & Jung.

1963
A. Ahlström Osakeyhtiö makes an investment in an Italian paper mill, Cartiere Giacomo Bosso S.p.A. A. Ahlström Osakeyhtiö is one of the first companies in Finland to expand their business abroad.

1968–
Internationalisation continues as A. Ahlström Osakeyhtiö acquires companies during 1968–2000 in Canada, Germany, USA, France, Sweden and Brazil. New companies are also established in Sweden and South Korea.

2001

A. Ahlström Osakeyhtiö

Ahlström Capital

Ahlström Corporation

Ahlström Capital

ACTIVE VALUE CREATION

Ahlström Capital was established in 2001, when A. Ahlström Osakeyhtiö was divided into Ahlstrom Corporation, Ahlström Capital Oy and A. Ahlström Osakeyhtiö. Ahlström Capital's portfolio consisted of Ahltronix (which later became Enics) and ÅR Carton (later ÅR Packaging).

At the end of 2021, our portfolio included assets in Detection Technology, Glaston, Suominen, Enics, M&J Recycling and Ahlström Invest (which manages the holding in Ahlstrom-Munksjö) as well as considerable real estate and forest holdings and an investment in the AC Cleantech Growth Fund I.

2001
Investment in Vacon.

2003
Investment in Nordkalk.

2005
Acquisition of Wessen.

Investment in Salmisaari real estate.

2007
Investment in Elbi.

2010
Establishment of the cleantech fund.

2014
Investments in Suominen and Outokumpu.

Acquisition of Destia.

Holdings in Ahlstrom and Munksjö as well as real estate and forest assets were added to our portfolio.

Investment in Kasarmikatu 21 real estate.

2017
Investments in Detection Technology and Glaston.

Merger of Ahlstrom and Munksjö.

2018
Investment in Hankasuontie real estate.

2020
Ahlstrom-Munksjö take private project started.

Investment in real estate in Åbyntie, Vantaa.

2021
Ahlstrom-Munksjö's delisting completed.

Investment in M&J Recycling.

Investment in Avain Yhtiöt.

Investment in Green Chemistry Park, Espoo.

Investment in real estate in Tampere.

2007
Salmisaari real estate is sold.

2008
Wessen is sold.

2010
Nordkalk is sold.

2013
Elbi is sold.

2014
Vacon is sold.

2015
Outokumpu is sold.

2016
ÅR Packaging is sold.

2017
Kasarmikatu 21 real estate is sold.

2021
Divestment of Destia.

CORPORATE GOVERNANCE

RISK MANAGEMENT

As an investment company, Ahlström Capital's key risks are related to its ability to create long-term shareholder value growth with steady returns. In addition, as a family-owned company, Ahlström Capital fosters the trust and reputation generated over decades through good corporate governance principles and processes in all its portfolio companies.

A diversified and balanced portfolio, consisting of forests, real estate holdings, industrial investments and liquid funds, reduces the overall risks, and is a key component of the company's risk management. During 2021, the investment allocation in real estate was increased through the acquisition of 25% ownership in Avain Yhtiöt and the starting of two new real estate development projects. After the divestment of Destia in December 2021, the company holds significant liquid funds at the end of the year.

Through risk management the company oversees and facilitates the assessment of risks related to investment and business environment, operations, assets and financial liquidity in order to limit unnecessary or excessive risks. The Board of Directors is the governing body that oversees Ahlström Capital's risk management. The Audit Committee assists the board in ensuring that the company has appropriate systems of risk management and internal control.

Annually, a more comprehensive risk assessment is performed in the form of self-assessment. The company's risk profile is assessed according to the impact on shareholder value and cash flow. Also, the likelihood of the risk occurrence is evaluated. Risks that threaten the company's strategic objectives, compliance and sustainability are evaluated. Based on the evaluation, key actions for risk management and mitigation are identified and implemented. With regards to its portfolio companies, Ahlström Capital participates in, promotes, and monitors internal risk management practices in each company mainly through board work.

During 2021, the top-rated risks to Ahlström Capital identified in the risk assessment are illustrated on the risk map.

RISK MAP

		Total impact on portfolio	Likelihood
EXTERNAL	Failure of major financial mechanism	High	Unlikely
	Economic slowdown or slow recovery	Medium	Possible
	Common price risk, scarcity of materials	Medium	Likely
STRATEGIC	Failure to implement strategy	High	Possible
	Ahlstrom-Munksjö equity development	High	Possible
	Insufficient cash flow of liquidity	Medium	Possible
OPERATIONAL	Damage to reputation or brand	Medium	Unlikely
	Failure in merger, acquisition or restructuring	Medium	Possible
	Availability of capital or credit risk	Medium	Unlikely

Ahlström Capital's exposure to war in Ukraine

The geopolitical situation has changed dramatically since late February 2022 after Russia's invasion of Ukraine. The direct assets and business activities of Ahlström Capital's portfolio companies in Russia, Belarus and Ukraine are limited. Ahlstrom-Munksjö has one factory that is part of the company's Glass Fiber Tissue business in Russia. The other industrial companies have a small turnover from customers in the area. However, several companies use raw materials and components that have origin or supply from the region and hence disturbance in the supply chains is expected. In addition, indirect impact is expected through availability and price development in commodities, energy and freight.

CORPORATE GOVERNANCE

Ahlström Capital Oy is a private limited liability company registered in Finland and the parent company of the Ahlström Capital Group. The company is committed to good corporate governance practices in accordance with the Finnish Limited Liability Companies Act, the company's Articles of Association and the principles of the Corporate Governance Code for Finnish listed companies. The company adheres to insider guidelines approved by the Board of Directors of the company. The company maintains its project-specific insider registers in the SIRE system of Euroclear Finland Ltd. The company's shares are incorporated in the Finnish book-entry system maintained by Euroclear Finland Ltd.

Ahlström Capital has its registered office in Helsinki, Finland. Ahlström Capital is responsible for determining the group strategy, asset allocation as well as the development of its businesses in general. In addition, the company handles financial reporting, provides the Group and associated companies with services relating to risk management, finance, legal affairs, and governance and advises them in strategic and investment matters. The Group's structure is presented in the Report of the Board of Directors on page 53.

The Group consists of several independent companies, subgroups, and separate associates. The company exercises its ownership through representatives that its Board annually proposes to the decision-making bodies of the company's subsidiaries and associates, as applicable.

General Meeting of Shareholders

The highest decision-making body of Ahlström Capital Oy is the General Meeting. The Annual General Meeting decides on the composition of the Board of Directors, as well as on the fees payable to Board members, the Board's committees, and the Shareholders' Nomination Board and to the auditors. In addition, the General Meeting has exclusive authority over matters such as amending the Articles of Association, adopting the financial statements, deciding on the distribution of profits, deciding on releasing the Board and President and CEO from liability and electing auditors. In 2021, the Annual General Meeting was held on April 12 in Helsinki.

Board of Directors

According to the Articles of Association, the Board has five to eight ordinary members. The members are elected at the Annual General Meeting for a term ending at the close of the next Annual General Meeting. The Board elects a Chairman and, if it deems necessary, a Vice Chairman from among its members.

The Board represents the owners of the company. The duties and responsibilities of the Board are based on the Finnish Limited Liability Companies Act and other applicable legislation, as well as on the Articles of Association and the rules of procedure adopted by the Board. In cooperation with the President and CEO, the Board is also responsible for internal supervision, which includes risk management. Risk management is mainly carried out by the subsidiaries and associates, with regards to mitigating potential sources of risk. The Board confirms the company's and the Group's overall targets and strategy, as well as approves the annual plan.

The Board of Directors can decide on establishing committees for preparing matters for which the Board is responsible. In 2021, the Board had an Audit Committee and a Compensation Committee.

According to the rules of procedure, the Board members must be independent of the company's and the Group's management and employees, as well as the competitors, significant contracting parties and Ahlström Capital's direct investment targets. A Board member does not represent any single shareholder or shareholder group.

The Board conducts an annual self-assessment study.

Audit Committee

The Audit Committee assists the Board in ensuring that Ahlström Capital's accounting and financial management are appropriately supervised and that the company has appropriate systems in place for risk management and internal control. The Audit Committee oversees the used principles for determining fair value of investments and that valuations are performed according to the principles and at appropriate intervals.

Compensation Committee

The Compensation Committee prepares, evaluates, and advises the Board on matters related to the remuneration of the President and CEO, as well as other senior management; incentive plans; succession planning; principles of remuneration policies, as well as compensation development internationally with regards to businesses relevant for Ahlström Capital Oy.

Shareholders' Nomination Board

The role of the Shareholders' Nomination Board is to prepare proposals for the Annual General Meeting on the remuneration of the members of the Board of Directors, the Board committees, and the Nomination Board; prepare a proposal on the number of the members of the Board of Directors as well as the members of the Board; and to seek for prospective successors for the Board members.

President and CEO

Ahlström Capital's President and CEO is appointed by the Board. The President and CEO organises and manages the company's and the Group's operations and is responsible for operational administration in compliance with the instructions and decisions of the Board. The President and CEO supervises and manages the analysis and appraisal of prospective investments, and the development and divestment of holdings.

Personnel and Management

At year-end 2021, the company had nine employees. They assist the President and CEO, actively monitor, and develop the company's operations in accordance with the objectives set, handle reporting, and prepare proposals on investments and divestments for discussion by the Board of the company and the decision of the company's subsidiaries and associates.

The management also assists the President and CEO in preparing strategic issues and prepares issues to be considered and decided by the Board.

Salaries and remunerations

The Annual General Meeting decides on the remuneration of Board members. In compliance with the resolution of the Annual General Meeting of 2021, the Chairman receives an annual remuneration of EUR 125,000 and the members EUR 42,500. In addition, Board members residing outside of Finland receive an attendance fee of EUR 1,500 per meeting, members residing in Finland a fee of EUR 750 if the meeting is held outside Helsinki and EUR 1,500 if the meeting is held abroad. For the Shareholders' Nomination Board meetings, a fee of EUR 800 is paid. The Chairman of the Audit Committee receives an annual fee of EUR 10,000 and other members of the Audit Committee an annual fee of EUR 5,000. The Chairman of the Compensation Committee receives an annual fee of EUR 8,000 and other members EUR 4,000.

The Board decides on the President and CEO's salary and benefits and confirms the salaries, incentives, and benefits of other members of the management. Selected members of the management are entitled to an additional pension scheme. The company's employees are entitled to incentives according to the company's incentive policy. Incentives are based on the company's value development, financial performance and specific individual goals.

Audit

The auditors supply the company's shareholders with the statutory auditor's report as part of the annual financial statements. They also report on their observations to the company's Board.

The Annual General Meeting of 2021 elected KPMG Oy Ab as the company's auditor, with Kim Järvi, Authorised Public Accountant, as the auditor in charge. The Group's auditing fees in 2021 were EUR 389,000 (491). In addition, the auditor was paid EUR 295,000 for services not related to the audit (203).

BOARD OF DIRECTORS

Kari Kauniskangas

b. 1962, M.Sc. (Econ.),
Chairman of the Board April 15, 2020–
Chairman of the Compensation Committee and Member of the Nomination Board April 15, 2020–

Current position
Board professional

Key positions of trust
Chairman of the Board: Ahlstrom Invest B.V., Terveystalo Oyj, Veho Oy Ab; Board member: O.Mustad & Son A.S., CAP-Group Oy, Cura Of Sweden AB

Mats Danielsson

b. 1969, M.Sc. (Econ.)
Board member November 7, 2011–
Chairman of the Audit Committee April 29, 2015–

Current position
Founding Partner, Oy Nobsh Ab, 2019–

Håkan Johansson

b. 1969, B.Sc., LL.M.
Board member April 8, 2019–
Member of Compensation Committee April 15, 2020–

Current position
Board Professional

Key positions of trust
Chairman of the Board: Niam AB, Niam Infrastructure AB;
Board member: Stronghold Invest AB

Casper von Koskull

b. 1960, M. Sc. (Econ.)
Board member April 12, 2021–
Member of the Compensation Committee April 12, 2021–

Current position
Board professional

Key positions of trust
Chairman of the Board: Oy Karl Fazer Ab, Heimstaden Bostad AB,
European Business Leaders Convention;
Board member: Ductor Oy, Montrose Associates, Stena Ab

Nelli Paasikivi-Ahlström

b. 1968, M. Sc.
Board member April 15, 2020–
Member of the Audit Committee April 15, 2020–

Current position
Partner, Brick Hill Advisors Oy

Pekka Pajamo

b. 1962, M.Sc. (Econ.), Authorised Public Accountant Board member April 7, 2016–,
Member of the Audit Committee April 7, 2016–,
Member of the Nomination Board April 5, 2017–

Current position
Varma Mutual Pension Insurance Company, CFO, Senior Vice President, Finance and Internal Services, 2012–

Key positions of trust
Board member: Leino Group Oy, Tietoakseli, Real Estate companies of Varma Group, Arek Oy;
Chairman of the Finnish Audit Board

Fredrik Persson

b. 1968, M.Sc. (Econ.)
Board member April 7, 2016–
Member of the Audit Committee April 15, 2020–

Current position
Board Professional

Key positions of trust
Chairman of the Board: JM AB, Confederation of Swedish Enterprise, Ellevio AB; Board member: AB Electrolux, Hufvudstaden AB, ICA Gruppen AB

Malin Persson

b. 1968, M.Sc. (Eng.)
Board member March 26, 2014–
Member of the Compensation Committee April 15, 2020–

Current position
Board professional

Key positions of trust
Board member: Becker Industrial Coatings Ltd, Getinge AB, HEXPOL AB, Peab AB, Ricardo Plc

PERSONNEL AS OF DECEMBER 31, 2021

Starting from left: Tero Telaranta, Camilla Sågbom, Visa Virintie, Sandra Wickström, Emmi Vähäsöyrinki, Andreas Ahlström, Pasi Koota, Lasse Heinonen and Wilma Viertola.

Lasse Heinonen
b. 1968, M.Sc. (Econ.)
President & CEO

Andreas Ahlström
b. 1976, M.Sc. (Econ.)
Investment Director

Sebastian Burmeister
b. 1975, M.Sc. (Econ.)
Managing Director,
Ahlstrom Capital B.V.

Outi Kaivo-oja
b. 1972, M.Sc.
(Admin., Econ.)
Head of HR

Pasi Koota
b. 1970, M.Sc. (Econ.)
Chief Financial Officer

Jelmer Siegersma
b. 1993, B.Sc. (Acc.)
Financial Controller,
Ahlstrom Capital B.V

Camilla Sågbom
b. 1970, M.Sc. (Econ.)
Director, Corporate
Communications and
Responsibility

Tero Telaranta
b. 1971, M.Sc. (Eng.),
M.Sc. (Econ.)
Director, Industrial
Investments

Suvi Uoti
b. 1987, BBA
Communications Assistant

Wilma Viertola
b. 1993, BBA
Legal and Administrative
Assistant
(Parental leave substitute
for Anna Eklund)

Visa Virintie
b. 1987, M.Sc. (Econ.)
Investment Manager

Emmi Vähäsöyrinki
b. 1989, BBA
Executive assistant to CEO

Sandra Wickström
b. 1988, LL.M.,
M.Sc. (Econ.)
General Counsel

Albert van der Zee
b. 1959
General Manager,
Ahlstrom Capital B.V.

FINANCIAL REPORT **2021**

Report of the Board of Directors

Ahlström Capital is a family-owned investment company with a mission to create a better world for future generations through sustainable value creation. Ahlström Capital invests in industrial companies, real estate and forest holdings and through Ahlström Invest in Ahlstrom-Munksjö and in financial investments. The investment focus lies in selected core industries of Ahlström Capital and in businesses that Ahlström Capital can develop as a true long-term partner.

In 2021, the total revenue of Ahlström Capital Group amounted to EUR 0.6 billion (0.5), the total balance sheet was EUR 1.6 billion (1.3), and the Group employed on average 3,433 people (3,221).

The most significant changes in the portfolio during 2021 were the share exchange of Ahlstrom-Munksjö to Ahlström Invest, acquisition of M&J Recycling, investment in Avain Yhtiöt and divestment of Destia. Ahlström Capital holds 23.7% of the shares in Ahlström Invest and it has been reported as an associated company in the group since February 2021. Ahlström Invest's share of Ahlstrom-Munksjö is 36.4%. In February 2021, 25% of the shares of Avain yhtiöt were acquired and the company has been reported as an associated company since then. In December 2021, M&J Recycling was acquired and consolidated as a fully owned subsidiary in Ahlström Capital Group. Destia was divested in December 2021 and has been classified as discontinued operations and figures have been restated accordingly (except for the statement of financial position and the statement of cash flows 2020).

The key performance indicators of Ahlström Capital

External Fair Value

The development of the External Fair Value (EFV) of the company is one of the most relevant long-term performance indicators. The EFV is defined as the aggregate market value of the company's assets net of liabilities. When valuing its nonlisted holdings, Ahlström Capital makes assessments of companies' financial projections, and uses generally accepted valuation methods, including the IPEV Standards. For real estate, the valuation methods used are the Best Practices Recommendations of the European Public Real Estate Association (EPRA). Forest assets are valued according to IFRS. Listed shares are valued based on market quotes. The company strives for an average annual increase in EFV of 6–10% over time.

At year-end 2021, the total EFV of Ahlström Capital's portfolio was EUR 1,197.2 million (1,056.1). The value increase in 2021 was EUR 171.1 million (121.0) or 16.2% (12.5), including the dividends paid during the period, in total EUR 29.9 million (30.0).

Ahlström Capital's investment in its associated company Ahlstrom-Munksjö was converted to a participation in Ahlström Invest BV in January. The overall impact on EFV of the share exchange was neutral. The EFV of non-listed investments was impacted by the divestment of Destia by EUR -109.9 million and the acquisition of M&J Recycling by EUR 52.1 million. Investments in Avain Yhtiöt and new construction projects in 2021 had a positive impact of EUR 43.4 on real estate EFV.

Ahlström Invest's EFV has developed positively during the year and the contribution to EFV was EUR 34.8 million. The value of Destia increased by EUR 81.0 million in 2021. The market value of listed shares Suominen, Detection Technology and Glaston increased by EUR 35.5 million. Real estate assets had a positive contribution through change in the fair value of EUR 4.2 million to total EFV. Forest assets also had a positive contribution of EUR 5.0 million on EFV. At the end of 2021, the EFV of Ahlström Capital Oy's share was EUR 19.24 (16.95).

Cash flow

Cash flow in Ahlström Capital Group and in the Ahlström Capital investment entity are indicators of portfolio business performance and Ahlström Capital's capability for further investments and future dividend distribution to its owners.

In 2021, the net cash flow from operating activities in Ahlström Capital Group was EUR 5.1 million (77.9) including EUR -6.3 million (53.7) from discontinued operations. The investment cash flow totalled EUR 141.7 million (-35.2) including investments in subsidiaries and associated companies EUR -88.1 million and divestments EUR 241.4 million.

Comprehensive Operating Profit

To evaluate the operative performance of Ahlström Capital's portfolio, the company monitors the development of comprehensive operating profit. 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. Comprehensive operating profit also includes Ahlström Capital's share of associated companies and joint ventures profit for the period.Items affecting comparability consist of, among others, sales gains and losses, changes in fair value of investment properties and biological assets, provisions and reversal of provisions related to sales and restructuring costs.

The comprehensive operating profit for the year 2021 was EUR 72.3 million (38.0) and the increase from the year 2020 was EUR 34.3 million or 90.3%. Comprehensive operating profit for consolidated subsidiaries was EUR 10.9 million (13.5) including Enics, M&J Recycling (December 2021) and real estate and forest businesses. Destia was excluded from Ahlström Capital's comprehensive operating profit as it was reported as discontinued operations. The share of profit of associated companies was EUR 61.4 million (24.5) of which the greatest impact was from Ahlström Invest with EUR 34.8 million.

In 2021, items affecting comparability totalled EUR 137.1 million (13.2) the main item being the gain in carrying value of the Ahlstrom-Munksjö shares held by Ahlström Capital and traded as part of the share exchange. Change in fair value of forest assets was EUR 5.7 million and EUR 0.7 million in real estate assets. Sales gains from forest and real estate assets totalled EUR 1.3 million. Enics reported items affecting comparability totalling to EUR -2.4 million and consisting mainly of restructuring costs.

Changes in the investment portfolio

The year 2021 was an active year in terms of Ahlström Capital's portfolio development.

Ahlström Capital decided in 2020 to accelerate the development of its largest asset Ahlstrom-Munksjö, through a public tender offer together with Bain Capital, Viknum and Belgrano Inversiones. In January 2021, the ownership of the Ahlström family and Ahlström Capital in Ahlstrom-Munksjö was consolidated through a share exchange to Ahlström Invest BV. In February, the owners holding 90.6% of Ahlstrom-Munksjö shares accepted the tender offer and the company was delisted in June 2021.

In December 2021, Ahlström Capital acquired M&J Recycling, the waste recycling business of Metso-Outotec. This acquisition broadens Ahlström Capital's portfolio into the growing recycling market and offers good value-creation opportunities. M&J Recycling is a leading global waste recycling equipment provider based in Denmark with a premium brand offering, robust operations and skilled personnel. Ahlström Capital can support the standalone business to reach its full potential.

Ahlström Capital announced the divestment of Destia to Colas SA in September 2021. The divestment was closed in December 2021. Destia has been in Ahlström Capital's ownership since 2014. During Ahlström Capital's ownership, Destia was developed into a leading Finnish infrastructure service provider in a competitive market.

New investments were made in the real estate business during 2021. In February, 25% of the shares of Avain Yhtiöt were acquired. Avain Yhtiöt is a Finnish group specialising in building and owning apartments, producing housing services, construction contracting, construction and renovations. New construction projects were started in 2021 and the joint venture construction project in Vantaa was completed.

At year-end, Ahlström Invest represented 26.7%, listed shares 18.8% (51.1), privately held companies 14.0% (20.3), real estate 14.7% (12.7), forests 12.3% (13.4), and liquid and other assets 13.5% (2.5) of the EFV.

Portfolio

Ahlström Invest (23.7% shareholding)

Ahlström Invest is a privately held investment company.

The share exchange of Ahlstrom-Munksjö to Ahlström Invest BV shares was completed in February 2021, followed by the subscription of new shares in Spa Lux TopCo S.a.r.l. and the subsequent sale of the shares in Ahlstrom-Munksjö into the new holding structure and entering into an investment agreement with the investment partners. The main activities in the company were building up the investment organisation, setting up processes and systems to support the investment activities, and deploying the funds in the investment portfolio.

At year-end 2021, Ahlström Invest's portfolio totalled EUR 1,119.0 million. The main components of Ahlström Invest's EFV are Ahlstrom-Munksjö EUR 672.2 million and the investment portfolio of EUR 536.8 million.

In 2021, the value of Ahlström Capital's holding in Ahlström Invest was EUR 358.6 million and the share of the result of Ahlström Invest was EUR 34.8 million.

Listed companies

Detection Technology (36.0% shareholding)

Detection Technology is listed on NASDAQ OMX First North. The market cap of Detection Technology amounted to EUR 429.4 million (343.6) at year-end.

In 2021, Detection Technology's revenue increased by 10.1% (-20.4) to EUR 89.8 million (81.6). Revenue for Medical Business Unit (MBU) increased by 25.1% to EUR 49.1 million (39.3), revenue for Industrial Solutions Business Unit (IBU) increased by 10.1% to EUR 12.8 (11.6) while the revenue of the Security Business Unit (SBU) decreased by 9.1%, totalling EUR 27.9 million (30.7). MBU's share of total revenue was 54.7% (48.1), SBU's share was 31.1% (37.7) and IBU's 14.2% (14.2).

The operating profit (EBIT) excluding non-recurring items (NRI) amounted to EUR 10.6 million (8.9), corresponding to 11.8% (10.9) of revenue. Non-recurring items were EUR 0.0 million (0.2). The operating profit (EBIT) was EUR 10.6 million (8.7), or 11.8% (10.7) of revenue. The profit for the period was EUR 9.3 million (6.7).

In 2021, the growth was strong in medical solutions and demand in industrial and security solutions picked-up during the second half of the year. The growth pace was restricted by the shortage of components.

The implementation of strategy continued in 2021. The focus was on product development acceleration, production processes implementation especially in Wuxi, and development programmes in leadership and corporate culture. At the end of 2021, Detection Technology announced that it will establish a talent hub in Nanjing to improve the company's ability to respond to the megatrends of the market and the increasing demand targeted particularly at higher-end detector solutions.

Detection Technology's Board of Directors proposes that a dividend of EUR 0.35 per share (0.28) will be paid for the financial year 2021.

According to Detection Technology's view, demand will continue to be strong in all of the company's main markets. The company expects double-digit growth in total net sales both in Q1 and Q2 of 2022, although the shortage of materials and components is expected to curb some of the growth. Due to the pandemic, the global economy and the company's business have faced exceptional and temporary uncertainty. The predictability of the company's target markets is still lower than usual, and risks related to the availability of materials have increased. The effect of material and component shortage has been acknowledged as a limiting factor in the outlook, however a further degradation in the supply chain might affect the business outlook. Detection Technology aims to increase sales by at least 10% per annum and to achieve an operating margin at or above 15% in the medium term.

In 2021, Ahlström Capital's share of the result of Detection Technology was EUR 1.0 million (0.0).

Glaston (26.4% shareholding)

Glaston is listed on NASDAQ OMX Helsinki. The market cap of Glaston amounted to EUR 96.1 million (75.0) at year-end.

In 2021, Glaston's revenue totalled EUR 182.7 million (170.1). Glaston's orders received totalled EUR 216.2 million (153.5) and the order book stood at EUR 94.8 million (63.9) at the end of the year.

In 2021, Glaston's comparable EBITA was EUR 11.1 million (7.7), a figure representing 6.1% (4.6) of revenue. In 2021, Glaston's comparable operating result (EBIT) was EUR 6.6 million (3.2), representing 3.6% (1.9) of revenue. Items affecting comparability totalled EUR -1.5 million (-3.8). In 2021, Glaston's operating result was EUR 5.1 million (-0.5). The profit for the period was EUR 1.1 million (-5.5).

As of 1 January 2021, the company has three reporting segments: Glaston Heat Treatment, Glaston Insulating Glass and Glaston Automotive & Display. All product areas exceeded the previous year's revenue levels. The profitability improved despite the additional challenges caused by supply chain disruptions with related price increases and the ongoing pandemic.

In 2021, Glaston's revised strategy and updated financial targets for 2021–2025 were approved. The key objectives of the revised strategy are improved organic growth and profitability, based on Glaston's own strategic initiatives and the expected market growth.

Glaston's Board of Directors proposes a capital repayment of EUR 0.03 per share (0.02).

Glaston Company expects positive development to continue in 2022 with good progress for both the machines and services business. At the start of 2022, Glaston's order backlog was 48% higher than the previous year providing a strong starting point for 2022 and supporting the company's net sales and profitability development. In 2022, Glaston will focus on the execution of its strategy which will incur costs and capital expenditure ahead of the effect on revenue growth. As the COVID-19 pandemic continues and supply chain disturbances have become a longer-term challenge, a higher than normal uncertainty is related to the development of economic activity and customers' investments. The company estimates that its revenue and comparable EBITA will improve in 2022 from the levels reported for 2021.

Ahlström Capital's share of the result of Glaston was EUR 0.3 million (-1.5) in 2021.

Suominen (24.0% shareholding)

Suominen is listed on NASDAQ OMX Helsinki. The market cap of Suominen amounted to EUR 296.8 million (292.4) at year-end.

Suominen's revenue decreased by 3% from the comparison period to EUR 443.2 million (458.9). Sales volumes decreased, while sales prices increased following higher raw material prices. Currencies impacted net sales negatively by EUR 11.1 million. EBITDA (earnings before interest, taxes, depreciation and amortisation) was EUR 47.0 million (60.9). EBITDA decreased mainly due to lower sales volumes. Operating profit amounted to EUR 26.9 million (39.5). Currencies impacted EBITDA negatively by EUR 2.4 million.

In 2021, profit before income taxes was EUR 26.6 million (33.9). Income taxes of EUR -5.8 million (-3.8) were impacted by the recognition of additional deferred tax assets from the previous years' losses as the possibility to utilise the losses increased. The corporate income taxes were also positively impacted by the US tax reliefs enacted as a result of the COVID-19 pandemic. The profit for the period was EUR 20.7 million (30.1).

During the first half of 2021, Suominen's revenue and results continued on the record levels of 2020. In the third quarter, the volumes dropped temporarily and recovered partially in the fourth quarter. The EBITDA in 2021 was the third best annual result for Suominen.

In June 2021, Suominen issued a senior unsecured bond of EUR 50 million. The bond matures in 2027 and is listed on the official list of Nasdaq Helsinki Ltd.

As a nonwovens manufacturer, Suominen is an integral part of the supply chain, making disinfecting and cleaning products for fighting COVID-19. The pandemic has increased the demand for Suominen's product in all its markets. In the long run, the market and Suominen's expectations is that demand will remain above pre-COVID-19 levels. Both Suominen's financial position and cash flow have remained strong throughout the pandemic.

Suominen's Board of Directors proposes that a dividend of EUR 0.20 per share (0.10) shall be distributed for the financial year 2020.

Suominen expects that its comparable EBITDA in 2022 will decrease from 2021. The main reasons are inventory levels which still remain high at certain customers as well as operational issues in the entire supply chain due to the current COVID-19 situation, both of which will impact the result negatively especially in the first quarter.

In 2021, Ahlström Capital's share of the result of Suominen was EUR 5.0 million (7.2).

Non-listed companies

Enics (100% shareholding)

In 2021, Enics' revenue increased by 6.5% compared to 2020 being EUR 534.8 million (502.2).

Comprehensive operating profit decreased compared to the previous year and amounted to EUR 12.5 million (15.4). Items affecting comparability totalled EUR -2.4 million (-4.2) and were mainly related to restructuring activities. The operating profit (EBIT) amounted to EUR 10.1 million (11.1). The profit for the period was EUR 2.6 million (2.9).

The global shortage of semiconductors and components had a negative impact on Enics' delivery capability and performance in 2021. Demand in the market was strong. Enics' customer satisfaction has remained at a good level despite delivery challenges.

During the year, Enics continued the strategy deployment. The new manufacturing site, inaugurated in Malaysia, complements Enics presence in Asia and opens new opportunities in South-East Asia. A decision was taken to transfer the manufacturing from the Enics Turgi site in Switzerland to other Enics sites in Europe. Enics will continue being strongly present in Central Europe with a business development centre in Switzerland.

M&J Recycling (100% shareholding)

In July 2021, Ahlström Capital announced the acquisition of M&J Recycling, Metso-Outotec's Waste recycling business. The acquisition was closed in December. M&J Recycling is a leading global waste recycling equipment provider based in Denmark. As of December 2021, M&J Recycling was consolidated in Ahlström Capital Group. The revenue in Ahlström Capital Group was EUR 9.0 million and comprehensive operating profit EUR 1.6 million.

Destia (Discontinued operations)

Ahlström Capital announced the divestment of Destia to Colas SA in September 2021. The divestment was closed in December 2021. Destia has been in Ahlström Capital's ownership since 2014. During Ahlström Capital's ownership, Destia was developed into a leading Finnish infrastructure service provider in a competitive market.

Destia was consolidated in Ahlström Capital Group until November 2021 and classified as discontinued operations.

Cleantech portfolio

Established in 2010, the AC Cleantech Growth Fund I Ky has invested in companies in the cleantech industry. Ahlström Capital's ownership in the fund is 30%, and it is consolidated as an associate in the Ahlström Capital Group.

In 2021, a fund distribution was made from the cleantech portfolio related to the sale of Scandinavian Biogas shares. Preparations for closing the fund and liquidating the final positions in the Cleantech Fund are in progress and are expected to be done in 2022. The main investments in Cleantech portfolio at the end of 2021 are Swedish Stirling and Scandinavian Biogas.

Real estate

At year-end, Ahlström Capital's real estate portfolio consisted of the Eteläesplanadi property as well as industrial and commercial properties in Southern Finland. The COVID-19 pandemic did not have a significant impact on the vacancy rates or the rental income of the real estate properties.

In 2021, the real estate strategy was updated and the work to develop the real estate portfolio according to the strategy was continued. New real estate projects started, and the deal flow has been active.

The agreement for a new real estate development project in Tampere was ratified in January 2021. Gofore Plc will be the main tenant of the property. Construction work started in autumn 2021.

In February 2021, 25% of the shares of Avain Yhtiöt were acquired. Avain Yhtiöt is a Finnish group specialising in building and owning apartments. The company owns more than 10,000 apartments.

A new joint venture real estate investment together with Aktia Life Insurance and Church Pension Fund was announced in April 2021. The anchor tenant in a new building in Finnoo Espoo, will be Kemira Oyj. The construction work is expected to start at the end of 2022.

The new logistics and operational centre for Cramo Finland Oy was completed in spring 2021. The investment is a joint venture with Terrieri Kiinteistöt -Fund managed by S-Pankki.

In 2021, the comprehensive operating profit of the real estate business amounted to EUR 22.2 million (4.4). Reported operating profit (EBIT) totalled EUR 23.6 million (5.4). Items affecting comparability consisted mainly of changes in the fair values of real estate assets. The share of profit of real estate joint ventures and associated companies was EUR 17.0 million (0.0).

Forests

Ahlström Capital's forest assets are mainly located in Western Finland in the Satakunta region, and in Central and Eastern Finland. Ahlström Capital has some 34,000 hectares of forest holdings. In 2021, Ahlström Capital purchased around 400 hectares of forest.

The annual logging of the timber proceeded as planned with a focus on delivery sales. During the year, Ahlström Capital delivered 183,000m³ (174,000) of wood, of which the share of delivery sales was 82%. In 2021, the comprehensive operating profit of the forest business totalled EUR 6.5 million (5.1). The reported operating profit (EBIT) was EUR 12.8 million (21.7). Items affecting comparability EUR 6.2 million (16.5) consisted mainly of an increase in the fair value of forest assets. The estimated annual growth for Ahlström Capital's forest assets, exceeds the annual loggings by about 10%.

In 2021, the forest business has continued in line with the target set in 2020 to increase climate-positive forestry through increasing the area of both mixed-species forest and continuous-cover forests, especially on peatlands.

Group structure

Ahlström Capital Group consists of the parent company Ahlström Capital Oy, domiciled in Finland, and 43 subsidiaries. The industrial investments in both listed and non-listed companies are mainly concentrated in the Netherlands under Ahlström Capital B.V. Through the structure, the Group can efficiently operate in an international environment. All the real estate investments are concentrated in A. Ahlström Kiinteistöt Oy, except for the property at Eteläesplanadi, which is held by Ahlström Capital Oy. Ahlström Konsernipalvelut Oy provides accounting, ICT and HR services.

Ahlström Invest BV, Avain Yhtiöt Oy, Detection Technology Plc, Glaston Corporation, KymiRing Oy and Suominen Corporation are consolidated as associated companies in the Group. AC Cleantech Management Oy is the management company for AC Cleantech Growth Fund I Ky. The cleantech fund and the legal group that it constitutes are also consolidated as an associated company. Åbyntie Gp Oy, Åbyntien Kiinteistöt Ky and Kiinteistö Oy Espoon Erica are consolidated as joint ventures in the Group.

Group earnings in 2021

The revenue of the Ahlström Capital Group in 2021 was EUR 565.8 million (521.5), of which Enics accounted for EUR 534.8 million (502.2), M&J Recycling for EUR 9.0 million, the real estate business for EUR 8.5 million (8.3), the forest business for EUR 10.8 million (9.7), and other businesses for EUR 2.8 million (1.3). M&J Recycling was consolidated in Ahlström Capital Group as of December 2021. Destia was classified as discontinued operations and revenue was no longer included in group revenue in 2021. Other operating income amounted to EUR 143.9 million (22.1). The major impact EUR 132.6 million is from gain in carrying value of the Ahlstrom-Munksjö shares held by Ahlström Capital and traded as part of the share exchange during Q1. Change in fair value in forest assets was EUR 5.7 million, the positive fair value changes in real estate assets EUR 2.2 million (net change EUR 0.6 million) and sales gains of EUR 1.4 million. Ahlström Capital's share of the results of its associates and joint ventures was EUR 61.4 million (24.5). This consists of shares in the results of Ahlström Invest, Suominen, Detection Technology, Glaston, AC Cleantech Growth Fund, Avain Yhtiöt, Åbyntien Kiinteistöt and KymiRing.

The comprehensive operating profit of the Ahlström Capital Group amounted to EUR 72.3 million (38.0). The increase from the previous year was 90.3%. Items affecting comparability totalled EUR 137.1 million (13.2), consisting of gain in share exchange, changes in the fair value of forest and real estate assets, sales gains and restructuring costs. The reported operating profit (EBIT) was EUR 209.4 million (51.3). The return on capital employed was 33.1% (7.5).

The recurring administrative costs of the parent company Ahlström Capital Oy and the holding companies increased as well as investment related project costs. In total, the costs amounted to EUR 12.6 million (8.9) in the reporting period, representing an average of 1.1% (0.9) of the EFV.

Financial income was EUR 18.6 million (1.6). Financial expenses totalled EUR 6.8 million (7.0). Pre-tax profit was EUR 221.2 million (45.9). Taxes recorded for the period were EUR -5.9 million (-10.4). The Group's profit for the continuing operations was EUR 215.3 million (35.5) and profit from the discontinued operations was EUR 113.7 million (15.5) including the income tax of discontinued operations. The profit for the period totalled EUR 328.9 million (51.1) and profit attributable to the equity holders of the parent company was EUR 328.9 million (51.1).

Financial position and financing

Ahlström Capital's financial position remained strong throughout the year. At the end of the year, the consolidated shareholders' equity was EUR 1,101.5 million (777.4). The equity ratio at the end of the year was 70.5% (59.0) and the EFV-adjusted net gearing stood at -2.8% (12.6). The company's return on equity (ROE) was 34.3% (6.7). At the end of December 2021, the interest-bearing liabilities amounted to EUR 181.3 million (226.9) and liquid assets to EUR 215.1 million (94.2). The Group had EUR 33.8 million in net cash compared to the net debt of EUR 132.7 million in the previous year. Ahlström Capital Oy has issued a first-demand guarantee as a security for certain subsidiaries' credit facilities.

Ahlström Capital has a syndicated secured financing facility up to EUR 200.0 million. In 2021, the extension option was used and the uncommitted part was committed. Hence, the total syndicated secured financing facility is fully committed until February 2026. There is a Group level financial covenant on the facility, which 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%. At year-end 2021, the loan to value was 12.8% (17.5%). In October 2021, Ahlström Capital agreed on interest rate hedging until 2041 to secure the cost of long-term financing. The nominal value of hedging is EUR 100 million.

Net cash flow from operating activities (cash flow after net financial items, taxes paid and change in net working capital) was EUR 5.1 million (77.9). EUR 88.1 million (6.1) was spent on new investments in subsidiaries and associated companies and EUR 39.1 million (21.5) on investments in non-current assets. EUR 241.4 million was received from the disposal of subsidiaries and EUR 5.5 million (6.8) from the sale of non-current assets. Net EUR 22.1 million (-14.1) was related to granted loans and repayments of loan receivables. Net cash flow used in financing activities was EUR -28.1 million (-32.2). Based on the Annual

General Meeting's decision, the company paid for 62,295,149 shares a dividend of EUR 0.48 per share, total EUR 29,901,671.52. The dividend yield was 2.8% of the EFV. In addition, EUR 1.1 million was spent on a share repurchase program to repurchase 73,664 shares in total.

Risk management

As an investment company, Ahlström Capital'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, Ahlström Capital fosters the trust and reputation generated over decades through good corporate governance principles and processes in all its portfolio companies.

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

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

Research and development

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

Corporate social responsibility

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

Ahlström Collective Impact (ACI), a joint responsibility initiative by Ahlström Network companies, formed a partnership with UNICEF Finland. In 2021, Enics, Suominen and Walter Ahlström Foundation joined the initiative, which was founded by Ahlström Capital, Ahlstrom-Munksjö, Destia and Glaston in collaboration with Antti Ahlström Perilliset and Eva Ahlström Foundation. The Ahlström Collective Impact is designed for strategic investments with impact that support the realisation of selected Sustainable Development Goals (SDGs) defined by the United Nations.

As a responsible investor, Ahlström Capital wants to impact ESG (environment, social and governance) policies and the performance in its own operations, as well as in the portfolio companies and real estate and forest investments on a continuous basis. The Sustainability Policy defines the framework for Ahlström Capital's sustainability work and ESG KPIs have been set up to measure the sustainability development in the portfolio companies. All Ahlström Capital portfolio companies need to manage, monitor and evaluate the ESG risks, opportunities and value creation possibilities.

Personnel, administration, and auditors

The Ahlström Capital Group had an average of 3,433 employees (3,221) during the financial year. Wages, salaries and fees paid amounted to EUR 105.0 million (100.8). At the end of the year, the parent company employed 10 persons (12).

During 2021, the Board of Directors of Ahlström Capital Oy consisted of Kari Kauniskangas (chairman), Mats Danielsson, Håkan Johansson, Casper von Koskull (as of 12 April), Nelli Paasikivi-Ahlström, Pekka Pajamo, Fredrik Persson, Malin Persson and Peter Seligson (until 12 April). In 2021, the Board convened sixteen times. In fourteen meetings, all the board members attended and in two meetings one out of eight 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 Board of Directors of Ahlström Capital Oy had two committees, an Audit Committee and a Compensation Committee. The members of the Audit Committee were Mats Danielsson (chairman), Nelli Paasikivi-Ahlström, Pekka Pajamo and Fredrik Persson and the members of the Compensation Committee, Kari Kauniskangas (chairman), Håkan Johansson, Casper von Koskull (as of 12 April), Malin Persson and Peter Seligson (until 12 April). The Audit Committee convened five times and the Compensation Committee three times during 2021.

The members of the Shareholders' Nomination Board were Johannes Gullichsen (chairman), Robin Ahlström, Kari Kauniskangas, Pekka Pajamo, Martti Saikku. The Shareholder's Nomination Board convened five times during 2021.

Share repurchase program

The Annual General Meeting of Ahlström Capital Oy resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 400,000 shares. The purchase price was the EFV of the share on 30 September 2021 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 73,664 shares (0.1%). The repurchased shares were invalidated in January 2022 based on the Board of Directors' decision in December 2021.

Events after reporting period

At the end of February 2022, the arbitral tribunal rendered a decision according to which Ahlstrom-Munksjö Holding 3 Oy's (formerly called Spa Holdings 3 Oy) right to redeem the minority shares in Ahlstrom-Munksjö was confirmed and the redemption price payable for the Ahlstrom-Munksjö minority shares that are subject to mandatory redemption was set. The decision by the arbitral tribunal may be appealed within 60 days from the registration of the arbitration award. The effect of this decision in Ahlström Capital Group is taken into account through the share of profit of Ahlström Invest for 2021.

The war between Russia and Ukraine has not been considered in the outlook statements of the portfolio companies. Ahlstrom-Munksjö has one factory in Russia and the other portfolio companies have only limited presence in Russia, Belarus or Ukraine.

Shareholders

At the end of 2021, Ahlström Capital Oy had 268 (268) shareholders. The largest individual shareholder is Antti Ahlström Perilliset Oy (6.2%). No other shareholder holds more than 5% of the shares.

Expectations for 2022

Ahlström Capital's financial position is strong. The increased liquidity after the divestment of Destia is providing a good capability to capture new opportunities in the market.

Proposal for the distribution of profits

According to Ahlström Capital's dividend policy, the company's target is to pay a steady dividend that increases over time, taking into consideration the company's investment and development needs. The Board of Directors proposes that, in 2022, a dividend of EUR 0.52 per share will be paid in two instalments; the first payment of EUR 0.26 per share in April 2022 and the second payment of EUR 0.26 per share in October 2022.

The Annual General Meeting 2022 is to be held on Wednesday, 6 April 2022 at 4:45 p.m. at Restaurant Savoy, in Helsinki. Shareholders may participate in the general meeting in person or by way of proxy representation. The general meeting will also be streamed live and shareholders have the possibility to follow it remotely. Due to the prevailing COVID-19 pandemic, we actively follow the restrictions and recommendations set by the Finnish authorities. In the event that the restrictions and recommendations would affect the meeting arrangements, we will inform shareholders thereof without undue delay.

AHLSTRÖM CAPITAL

Key figures

EUR million	2021	2020[2]	2019	2018	2017[1]
Revenue	565.8	521.5	1,173.2	1,113.1	1,040.2
Comparable operating profit	10.9	13.5	27.9	39.0	27.3
Comprehensive operating profit	72.3	38.0	34.1	48.8	46.1
Operating profit (EBIT)	209.4	51.3	43.0	57.6	129.5
Profit from continuing operations	215.3	35.5	30.9	38.5	118.3
Profit from discontinued operations	113.7	15.5			
Profit for the period	328.9	51.1	30.9	38.5	118.3

	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017[1]
External Fair Value, EFV, EUR million	1,197.2	1,056.1	965.1	887.1	1,033.7
Equity ratio	70.5%	59.0%	59.6%	61.7%	63.9%
Net gearing	-3.1%	17.1%	17.3%	8.1%	3.3%
Net gearing, EFV adjusted	-2.8%	12.6%	13.9%	7.1%	2.5%
Return on Capital Employed (ROCE)	33.1%	7.5%	5.3%	7.5%	27.8%
Return on Equity (ROE)	34.3%	6.7%	4.0%	4.9%	16.2%
Loan-to-value ratio, LTV	12.8%	17.5%	17.8%		
Net debt(+)/Net cash (-), EUR million	-33.8	132.7	134.6	63.4	25.8
Equity per share, EUR[4]	17.70	12.48	12.45	12.68	12.48
External Fair Value per share, EUR[4]	19.24	16.95	15.46	14.16	16.44
Earnings per share, EUR[4]	5.29	0.82	0.49	0.61	1.88
Dividend per share, EUR[3,4]	0.52	0.48	0.48	0.48	0.48

1) Restated due to the implementation of IFRS15.

2) Restated due to discontinued operations.

3) 2021 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 0.26 per share in April and the second payment of EUR 0.26 per share in October.

4) The number of shares was decreased in December 2021, December 2020, December 2019 and December 2018 through share repurchase. Comparative figures have not been restated due to these changes.
The number of shares in the company was increased in April 2017 by issuing new shares to the shareholders without payment in proportion to their current holdings, so that 99 new shares were given for each current share. The share issue without payment had the same effect as a share split (1:100). After the share issue the number of shares in the company was 62,887,600. Comparative figures of previous periods have been restated correspondingly.

AHLSTRÖM CAPITAL

Formulas for key figures

$$\text{Equity ratio} = \frac{\text{Total equity}}{\text{Total assets - Advances received}}$$

$$\text{Net gearing} = \frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{Total equity}}$$

$$\text{Net gearing, EFV adjusted} = \frac{\text{Interest bearing liabilities - Cash and cash equivalents}}{\text{External Fair Value}}$$

$$\text{Return on Capital Employed} = \frac{\text{Operating profit + Interest and other financial income}}{\text{Total assets - Non-interest bearing liabilities, on average for accounting period}}$$

$$\text{Return on Equity} = \frac{\text{Profit for the period}}{\text{Total equity (annual average)}}$$

$$\text{Loan-to-value ratio} = \frac{\text{Loans from financial institutions}}{\text{External Fair Value (adjusted)}}$$

Net debt: Interest bearing liabilities - Cash and cash equivalents

$$\text{Equity per share} = \frac{\text{Equity attributable to equity shareholders of the parent company}}{\text{Number of shares at the end of fiscal year}}$$

$$\text{External Fair Value per share} = \frac{\text{External Fair Value}}{\text{Number of shares at the end of fiscal year}}$$

$$\text{Earnings per share} = \frac{\text{Profit for the period - Non-controlling interest}}{\text{Number of shares at the end of fiscal year}}$$

Financial Statements

Consolidated financial statements

Parent Company financial statements

AHLSTRÖM CAPITAL

Consolidated Statement of Income

MEUR	Note	2021	Restated* 2020
Continuing operations			
Revenue	8	565.8	521.5
Other operating income	9	143.9	22.1
Materials and services	10	-388.8	-357.9
Depreciation, amortisation and impairment	19, 23, 24	-19.3	-19.4
Employee benefits	14	-105.0	-100.8
Other operating expenses	11	-48.5	-38.7
Share in results of associated companies	25	61.4	24.5
Operating profit		**209.4**	**51.3**
Financial income	13	18.6	1.6
Financial expenses	13	-6.8	-7.0
Profit before tax		**221.2**	**45.9**
Income taxes	17	-5.9	-10.4
Profit for the period from the continuing operations		**215.3**	**35.5**
Profit for the period from the discontinued operations	7	**113.7**	**15.5**
Profit for the period		**328.9**	**51.1**
Profit for the period attributable to:			
Equity holders of the parent		328.9	51.1

*Restated due to the divestment of Destia.

Consolidated Statement of Comprehensive Income

MEUR	Note	2021	2020
Profit for the period		**328.9**	**51.1**
Other comprehensive income			
Items that will not be reclassified subsequently to statement of income			
Remeasurement of defined benefit plans		-0.5	0.1
Related tax		0.1	
Remeasurement of defined benefit plans from discontinued operations		0.5	0.9
Share of other comprehensive income of associates		-0.4	0.5
Reclassification of OCI of associate		4.1	
		3.8	1.5
Items that may be reclassified subsequently to statement of income			
Exchange differences on translation of foreign operations		4.3	-1.2
Hedges - net change in fair value		-1.2	
Share of other comprehensive income of associates		3.7	-18.4
Reclassification of OCI of associate		22.3	
		29.1	-19.6
Other comprehensive income for the period, net of tax	32	**32.9**	**-18.1**
Total comprehensive income for the period, net of tax		**361.8**	**33.0**
Total comprehensive income attributable to:			
Equity holders of the parent		361.8	33.0

Consolidated Statement of Financial Position

MEUR	Note	December 31, 2021	December 31, 2020
Assets			
Non-current assets			
Goodwill	19, 20	30.5	84.5
Other intangible assets	19	17.0	4.5
Property, plant and equipment	23	77.2	137.7
Investment properties	21	164.7	149.9
Biological assets	22	139.8	134.9
Investments in associates	25	506.3	418.2
Non-current financial assets	29	109.7	12.1
Deferred tax assets	18	4.1	7.0
		1,049.4	**948.8**
Current assets			
Inventories	26	192.4	122.6
Trade and other receivables	8, 27	100.1	151.1
Tax receivable, income tax		2.0	0.7
Other current financial assets	28	3.0	
Cash and cash equivalents	28	215.1	94.2
		512.6	**368.6**
Total assets		**1,562.0**	**1,317.3**

MEUR	Note	December 31, 2021	December 31, 2020
Equity and liabilities			
Equity attributable to owners of the parent company	32		
Share capital		38.8	38.8
Share premium		12.8	12.8
Reserve for invested non-restricted equity		104.3	104.3
Treasury shares		-1.1	-1.5
Reserves		2.3	4.5
Foreign currency translation reserve		1.5	-30.2
Retained earnings		943.0	648.7
Total equity		**1,101.5**	**777.4**
Non-current liabilities			
Interest-bearing loans and borrowings	29	120.5	157.2
Net employee defined benefit liabilities	16	2.6	9.6
Provisions	33	2.6	15.8
Deferred tax liabilities	18	39.0	36.5
Other liabilities	29	2.5	3.1
		167.1	**222.3**
Current liabilities			
Interest-bearing loans and borrowings	29	60.8	69.7
Trade and other payables	34	198.1	237.7
Provisions	33	5.9	6.3
Current tax liability		28.6	3.9
		293.4	**317.7**
Total liabilities		**460.5**	**540.0**
Total equity and liabilities		**1,562.0**	**1,317.3**

Consolidated Statement of Changes in Equity

2021 MEUR	Equity attributable to owners of the parent company											
	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	Non-controlling interests	Total equity
January 1	**38.8**	**12.8**	**104.3**	**-1.5**	**0.2**	**1.1**	**3.3**	**-30.2**	**648.7**	**777.4**		**777.4**
Profit for the period									328.9	**328.9**		**328.9**
Other compehensive income					-0.2	-2.4		31.7	3.8	**32.9**		**32.9**
Total comprehensive income					-0.2	-2.4		31.7	332.7	**361.8**		**361.8**
Acquisition of treasury shares				-1.1						**-1.1**		**-1.1**
Invalidation of treasury shares				1.5					-1.5			
Dividends paid									-29.9	**-29.9**		**-29.9**
Disposal of subsidiaries									-6.6	**-6.6**		**-6.6**
Reclassifications							0.3		-0.3			
December 31	**38.8**	**12.8**	**104.3**	**-1.1**		**-1.3**	**3.6**	**1.5**	**943.0**	**1,101.5**		**1,101.5**

2020 MEUR	Equity attributable to owners of the parent company											
	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	Non-controlling interests	Total equity
January 1	**38.8**	**12.8**	**104.3**	**-3.0**	**0.1**	**0.8**	**2.9**	**-10.2**	**630.5**	**776.8**	**0.2**	**777.0**
Profit for the period									51.1	**51.1**		**51.1**
Other compehensive income					0.2	0.3		-20.0	1.5	**-18.1**		**-18.1**
Total comprehensive income					0.2	0.3		-20.0	52.5	**33.0**		**33.0**
Acquisition of treasury shares				-1.5						**-1.5**		**-1.5**
Invalidation of treasury shares				3.0					-3.0			
Dividends paid									-30.0	**-30.0**		**-30.0**
Reclassifications							0.4		-0.4			
Share of direct equity entries in associates									-0.8	**-0.8**		**-0.8**
Change in non-controlling interests											-0.2	**-0.2**
Other changes									-0.2	**-0.2**		**-0.2**
December 31	**38.8**	**12.8**	**104.3**	**-1.5**	**0.2**	**1.1**	**3.3**	**-30.2**	**648.7**	**777.4**		**777.4**

Consolidated Statement of Cash Flows

MEUR	Note	2021	2020
Operating activities			
Profit for the period		328.9	51.1
Adjustments to reconcile profit to net cash flows			
Depreciation, amortisation and impairment		30.8	35.5
Gains and losses on disposal of fixed and other non-current assets		-123.0	-4.8
Share in results of associated companies		-61.4	-24.5
Unrealised foreign exchange gains and losses		-3.5	0.5
Change in fair value of investment properties and biological assets		-2.8	-8.1
Other non-cash items		-136.1	-8.9
Financial income and expenses		-8.3	6.2
Income taxes		37.8	10.2
Other adjustments		-0.6	0.1
Change in working capital			
Change in inventories		-67.2	11.4
Change in trade and other receivables		-54.6	7.1
Change in trade and other payables		63.3	-5.0
Change in provisions		-4.4	3.7
Interest paid		-3.8	-4.7
Dividends received		12.6	11.9
Interest received		1.8	
Other financing items		3.4	-1.7
Income taxes paid		-7.9	-2.0
Net cash flows from operating activities		**5.1**	**77.9**

MEUR	Note	2021	2020
Investing activities			
Acquisition of subsidiaries, net of cash	5	-49.6	
Disposal of subsidiaries, net of cash		241.4	
Investment in associated companies		-38.5	-6.1
Proceeds from associated companies			0.7
Purchase of financial investments			-0.4
Investments in tangible and intangible assets		-39.1	-21.5
Disposal of tangible and intangible assets		5.5	6.1
Loans granted		-7.8	-14.4
Repayment of loan receivables		29.9	0.3
Net cash flows from / used in investing activities		**141.7**	**-35.2**
Financing activities	28		
Loan withdrawals, non-current		50.8	35.4
Loan repayments, non-current		-20.2	-0.2
Loan withdrawals, current		74.0	74.0
Loan repayments, current		-113.0	-69.3
Change in current borrowings		23.8	-28.7
Purchase of treasury shares		-1.1	-0.2
Acquisition of non-controlling interest		-0.5	-1.7
Payment of lease liabilities		-12.0	-11.2
Dividends paid		-29.9	-30.1
Net cash flows from / used in financing activities		**-28.1**	**-32.2**
Net change in cash and cash equivalents		118.7	10.5
Cash and cash equivalents on January 1		94.2	84.5
Net foreign exchange difference		2.2	-0.9
Cash and cash equivalents on December 31	27	**215.1**	**94.2**

Notes to the Consolidated Financial Statements

Note 1. Corporate information

Ahlström Capital is a family-owned investment company, founded in 2001. The company invests in listed and non-listed companies, real estate and forest assets. Non-listed companies consolidated as subsidiaries and referred to as portfolio companies, operate as independent subgroups. Ahlström Capital is an active and responsible owner who develops the portfolio companies to create long-term shareholder value (see Note 31). Ahlström Capital Oy is domiciled in Finland. The registered address is Eteläesplanadi 14 Helsinki.

The consolidated financial statements of Ahlström Capital Oy (parent company) and its subsidiaries (collectively, the Group) for the year ended December 31, 2021 were authorised for issue in accordance with a resolution of the Board of Directors on March 2, 2022. 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.ahlstromcapital.com and at the parent company's head office at Eteläesplanadi 14, Helsinki.

Information on the Group's structure is provided in Note 5.

Note 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 and their SIC and IFRIC interpretations, which were in force as at December 31, 2021. 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, standing forest, derivative financial instruments, financial assets recognised at fair value and contingent consideration. The Group's consolidated financial statements are presented 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 presentiation of the accounting policies has been changed. General principles are presented below and in other respects the accounting policies are in accompanying notes:

Note	Note	Accounting policies
5	Group information	Basis of consolidation
6	Acquisitions	Business combinations
7	Discontinued operations	Non-current assets held for sale and discontinued operations
8	Revenue from contracts with customers	Revenue from contracts with customers
12	Government grants	Government grants
13	Financial income and expenses	Financial income
15	Share-based payments	Share-based payments
16	Pension and other post-employment benefit plans	Pension and other post-employment benefit
18	Deferred tax	Income tax and deferred tax
19	Intangible assets	Intangible assets, Impairment of intangible assets
20	Impairment testing of goodwill	Impairment testing of goodwill
21	Investment properties	Investment properties
22	Biological assets	Biological assets
23	Property, plant and equipment	Property, plant and equipment
24	Leases	Leases
25	Investments in associated companies and joint ventures	Investments in associates and joint ventures
26	Inventories	Inventories
28	Cash and cash equivalents	Cash and cash equivalents
29	Financial assets and liabilities	Financial assets and liabilities
30	Fair value and fair value measurement	Fair value measurement
31	Financial risk management	Derivative financial instruments and hedge accounting
33	Provisions	Provisions
35	Commitments and contingencies	Contingent liabilities

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in a normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in a normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All 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 Group's consolidated financial statements are presented in euro, which is also the parent company's functional currency. For each entity, the Group 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 one day prior to 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 recognised at net amount. 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 converted into euro at the rate of exchange ruling at the one day prior to 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

The 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.

The Group bases its impairment calculation on detailed budgets and forecast calculations, prepared separately for each of the Group's 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. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of income in expense categories consistent with the function of the impaired asset.

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 an 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 unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Note 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements requires the management to make judgments about the control it holds in subsidiaries, associated companies and investments and the principles how investments are consolidated in the Group. The management also makes judgments, 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 Group's accounting policies, the management has made the following judgments, 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 mentioned further in this document. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

The areas where judgments, assumptions and estimates are most significant to the Group and which may affect the financial statements if changed are presented below and described in accompanying notes:

Note	Note
Note 6	Acquisitions
Note 8	Revenue from contracts with customers
Note 15	Share based payments
Note 16	Pension and other post employment benefit plans
Note 17, 18	Income taxes and deferred taxes
Note 20	Goodwill impairment testing
Note 21	Investment properties
Note 22	Biological assets
Note 24	Leases
Note 25	Investments in associated companies and joint ventures
Note 29	Financial assets and liabilities

Segment information

Ahlström Capital Group elects not to disclose segment information in its consolidated financial statements. Disclosing segment information is not mandatory according IFRS 8 for Ahlström Capital Group hence the parent, Ahlström Capital Oy, does not have any publicly traded equity or debt instruments. Voluntary, non-segment information will be disclosed instead.

External Fair Value (EFV) of the share

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 Ahlström Capital's share is the sum of the EFVs of the underlying net assets within Ahlström Capital Group. In order to determine the EFV of Ahlström Capital's share, the EFV of the underlying assets is appraised at each reporting date. See capital management in Note 31 for more information.

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 Ahlström Capital Group and financial institutions.

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, sales gains and losses, changes in fair value of investment properties and biological assets, provisions and reversal of provisions related to sales and restructuring costs.

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 Ahlström Capital's share of associated companies' and joint ventures' profit for the period.

Total return

Total return represents the change in the External Fair Value (EFV) of the asset and its income to Ahlström Capital. 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.

Note 4. New and amended IFRS standards

New and amended standards applied in financial year ended December 31, 2021

The Group has assessed the new and amended standards that have come into effect as from January, 1 2021. These standards have not had any impact in Ahlström Capital Group.

Adoption of new and amended standards in future financial years

The new or amended standards or interpretations as amendments to IAS 1 Presentation of Financial Statements and annual improvements to IFRS Standards applicable from January 1, 2021 or later are assessed in the Ahlström Capital Group. These standards and interpretations are adopted if applicable to the Group.

Configuration or Customisation Costs in a Cloud Computing Arrangement – IAS 38 Intangible Assets (effective immediately)

The agenda decision published by IFRS Interpretation Committee in April 2021 clarifies how to recognise costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The agenda decision address whether an intangible asset may be recognised by the entity purchasing the service and if not how the configuration or customisation costs are accounted for. The agenda decisions have no effective date, so they are expected to be applied as soon as possible since published.

The SaaS arrangements have been assessed in the Ahlström Capital Group. The change does not have a material impact for current or previous reporting periods in the Group.

Note 5. Group information

Information about subsidiaries and associated companies

The consolidated financial statements of the Group include:

Subsidiaries	Country of incorporation	Activities	% equity interest 2021	2020
A. Ahlström Kiinteistöt Oy	Finland	Real Estate	100	100
A. Ahlström Asunnot Oy	Finland	Holding	100	100
H11 Holding Oy	Finland	Holding	100	100
Kiinteistö Oy Hankasuontie 11A	Finland	Real Estate	100	100
Keskinäinen Kiinteistöosakeyhtiö Uudenmaankatu 24	Finland	Real Estate	100	100
Kiinteistö Oy Lahden Kulmala	Finland	Real Estate	100	100
Rakennus Oy Kivipalatsi	Finland	Holding	100	100
Ratapihankatu Holding Oy	Finland	Holding	100	
Kiinteistö Oy Tampereen Ratapihankatu 21	Finland	Real Estate	100	
Kiinteistö Oy Tampereen Ratapihankatu 33	Finland	Real Estate	100	
Kiinteistö Oy Tampereen Vellamonkatu 2	Finland	Real Estate	100	
Ahlström Konsernipalvelut Oy	Finland	Holding	100	100
AC Cleantech Management Oy	Finland	Holding	100	100
AC Infra Oy	Finland	Holding	100	100
AC Infra PPP Oy	Finland	Holding	100	100
Destia Group Oyj	Finland	Holding	100	100

Subsidiaries	Country of incorporation	Activities	% equity interest 2021	2020
Ahlstrom Capital B.V.	Netherlands	Holding	100	100
AC Invest Nine B.V.	Netherlands	Holding	100	100
ACEMS B.V.	Netherlands	Holding	100	100
Enics AG	Switzerland	Holding	100	100
Enics Eesti AS	Estonia	Production and sales	100	100
Enics Electronics (Beijing) Ltd.	China	Production and sales	100	100
Enics Electronics (Suzhou) Ltd.	China	Production and sales	100	100
Enics Finland Oy	Finland	Production and sales	100	100
Enics Hong Kong Ltd.	China	Production and sales	100	100
Enics Malaysia SDN BHD	Malaysia	Production and sales	100	100
Enics Raahe Oy	Finland	Production and sales	100	100
EKC Electronics (Suzhou) co, Ltd	China	Dormant	100	100
Enics Schweiz AG	Switzerland	Production and sales	100	100
Enics Slovakia s.r.o.	Slovakia	Production and sales	100	100
Enics Sweden AB	Sweden	Production and sales	100	100
M&J Management Holding ApS	Denmark	Holding	100	
M&J Recycling Group ApS	Denmark	Holding	100	
M&J Denmark A/S	Denmark	Production and sales	100	
M&J Germany GmbH	Germany	Production and sales	100	
M&J Technology Environmental Equipment (Shanghai) Co., Ltd.	China	Production and sales	100	
M&J USA Inc.	United States	Production and sales	100	
M&J Properties A/S	Denmark	Production and sales	100	
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

Associated companies and joint ventures	Country	Activities	% equity interest 2021	2020
Ahlström Invest B.V.	Netherlands	Holding	23.7	100.0
AC Cleantech Growth Fund I Ky	Finland	Holding	29.0	29.0
Avain Yhtiöt Oy	Finland	Holding	25.0	
Detection Technology Plc	Finland	Production and sales	36.0	36.7
Glaston Corporation	Finland	Production and sales	26.4	26.4
Suominen Corporation	Finland	Production and sales	24.0	24.0
Åbyntie Gp Oy	Finland	Holding	50.0	50.0
Åbyntien Kiinteistöt Ky	Finland	Holding	50.0	50.0
Kymiring Oy	Finland	Holding	44.0	
Kiinteistö Oy Espoon Erica	Finland	Real Estate	40.5	

Divestments, liquidations, mergers	Country		2021
Ahlstrom-Munksjö Oyj *	Finland	Production and sales	Divested
Destia Oy	Finland	Production and sales	Divested
Destia Rail Oy	Finland	Production and sales	Divested
Finnroad Oy	Finland	Production and sales	Divested
Oulun Energia Urakointi Oy	Finland	Production and sales	Divested
Destia International Oy	Finland	Production and sales	Divested
Zetasora Oy	Finland	Dormant	Divested
Destia Nesta Oy	Finland	Dormant	Divested
Destia Eesti OÜ	Estonia	Dormant	Divested
Destia Sverige AB	Sweden	Dormant	Divested
Destia AS	Norway	Production and sales	Divested

* Ahlstrom-Munksjö Oyj was an associated company prior to divestment. See note 25 for more information.

Accounting policies

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as per December 31, 2021. 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.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including any contractual arrangements.

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 recognised in the statement of income.

Note 6. Acquisitions

Acquisitions in 2021

On December 1, 2021, the Group acquired 100% shareholding of M&J Recycling Group, a leading, global waste recycling equipment provider based in Denmark. The acquisition broadens Ahlström Capital's portfolio into the growing recycling market. M&J Recycling's business is well positioned to help drive sustainable development with its premium brand offering, robust operations and skilled personnel. Ahlström Capital as an owner will bring further focus on and resources for growth initiatives and support the standalone business to reach its full potential.

The total consideration of EUR 52.1 million was paid in cash. Based on the purchase price allocation an amount of EUR 29.6 million is identified as goodwill, which is attributable to M&J Recycling Group's position and capacity to serve its customers in the future. The result for the financial year is encumbered by the EUR 1.3 million costs, which relate to the acquisition of M&J Recycling Group.

If the acquisition had been made on 1 January 2021, the additional impact on the Group's revenue would have been EUR 44.4 million and profit for the period EUR 3.5 million.

Investments in associated companies and in real estate joint ventures in 2021 are presented in Note 25.

Assets acquired and liabilities assumed in 2021

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

Fair value recognised on acquisition

MEUR	M&J Group
Assets	
Other intangible assets	13.5
Property, plant and equipment	4.4
Inventories	14.6
Trade and other receivables	7.9
Tax receivable, income tax	1.1
Cash and cash equivalents	4.3
	45.8

MEUR	M&J Group
Liabilities	
Interest-bearing loans and borrowings	0.3
Provisions	1.0
Deferred tax liabilities	3.0
Trade and other payables	17.6
Current tax liability	1.4
	23.3
Total identifiable net assets at fair value	**22.5**
Purchased equity	22.5
Goodwill arising on acquisition	29.6
Purchase consideration transferred	**52.1**

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 designation 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 statement of comprehensive income. 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. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of the net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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 that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where 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 of in this circumstance is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

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.

Note 7. Discontinued operations

In August 2021 Ahlström Capital announced that it had agreed to sell 100% of the shares in Destia Oy to Colas SA. The acquisition was closed on December 1, 2021. Destia has been in Ahlström Capital's ownership since 2014. The company was not previously classified as held for sale or as a discontinued operation.

Profit for the year from the discontinued operations

MEUR	2021	2020
Revenue	524.7	563.8
Expenses	-499.5	-548.4
	25.1	**15.4**
Profit on sale of shares	120.5	
Profit before tax for the year from discontinued operations	**145.6**	**15.4**
Income taxes	-31.9	0.1
Profit for the year from discontinued operations	**113.7**	**15.5**

The net cash flows from discontinued operations

MEUR	2021	2020
Net cash flow from operating activities	-6.3	53.7
Net cash flow from/used in investing activities	234.5	-3.9
Net cash flow from/used in financing activities	-50.6	-36.8
Net cash flows	**177.5**	**13.0**

Discontinued operations, effect on the statement of financial position

MEUR	December 1, 2021
Non-current assets	154.1
Inventories	12.1
Other receivables	128.8
Cash and cash equivalents	7.1
Financial liabilities	-28.1
Trade payables and other liabilities	-148.3
Net assets	**128.0**
Consideration received less costs to sell	248.5
Cash and cash equivalents of discontinued operations	-7.1
Net cash inflows	**241.4**

Accounting policies

A discontinued operation is a substantial component of entity that either has been disposed of or is classified as held for sale. 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.

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.

Note 8. Revenue from contracts with customers

Revenue recognition

The Group generates revenue primarily from the sales of Electronics manufacturing services and Recycling business. Other sources of revenue include mainly forestry and real estate income.

Distribution of revenue by business

MEUR	2021	2020
Electronics manufacturing services (EMS)	534.8	502.2
Recycling	9.0	
Forestry	10.8	9.7
Real estate	8.5	8.3
Others	2.8	1.3
	565.8	**521.5**

Distribution of revenue by geographical area

2021 MEUR	Electronics manufacturing services (EMS)	Recycling	Forestry	Real Estate	Others	Total
Finland	95.6		10.8	8.5	2.5	117.3
Other Europe	273.9	5.5			0.3	279.7
Rest of the world	165.2	3.5				168.8
	534.8	**9.0**	**10.8**	**8.5**	**2.8**	**565.8**

2020 MEUR	Electronics manufacturing services (EMS)	Recycling	Forestry	Real Estate	Others	Total
Finland	90.4		9.7	8.3	1.3	109.6
Other Europe	267.4					267.4
Rest of the world	144.5					144.5
	502.2		**9.7**	**8.3**	**1.3**	**521.5**

Timing of the revenue recognition

2021 MEUR	Electronics manufacturing services (EMS)	Recycling	Forestry	Real Estate	Others	Total
At a point in time	530.7	9.0	10.8	8.5	2.8	561.7
Over time	4.1					4.1
	534.8	**9.0**	**10.8**	**8.5**	**2.8**	**565.8**

2020 MEUR	Electronics manufacturing services (EMS)	Recycling	Forestry	Real Estate	Others	Total
At a point in time	499.4		9.7	8.3	1.3	518.7
Over time	2.8					2.8
	502.2		**9.7**	**8.3**	**1.3**	**521.5**

Transaction price allocated to the remaining obligation

MEUR	2021	2020
Within one year	2.6	1.9
More than one year		
	2.6	**1.9**

Contract balances

MEUR	2021	2020
Contract assets	0.7	15.9
Contract liabilities	-1.5	-42.2
	-0.8	**-26.3**

The changes in contract assests and liabilities during 2021 in comparison to 2020 is mainly caused by the discontinuing of Destia operations. Other changes are due to invoicing of ongoing projects and ordinary project allocations. The contract assets primarily relate to the Group's rights to consideration for work completed but not invoiced at the reporting date. The contract assets are transferred to receivables when they are invoiced. The contract liabilities relate to the advance consideration received from customers.

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 Electronic manufacturing services are recognised at point in time. Revenue is recognised when the goods are shipped, control has been passed, the price to the buyer is fixed and determinable and recoverability is reasonably assured. The company assumes no significant obligations after shipment. Revenue and earnings from certain Engineering contracts (Tester or Design projects) are recognised over time using percentage of completion basis.

Goods and services sold by Recycling 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 Real Estate and Forest businesses are recognised at 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.

Note 9. Other operating income

MEUR	2021	2020
Gain on sale of other tangible and intangible assets	1.4	1.0
Change in fair value of investment properties	4.3	9.0
Change in fair value of biological assets	3.6	8.9
Fair valuation of Ahlström Invest B.V., share exchange	132.5	
Other	2.0	3.2
	143.9	**22.1**

Note 10. Materials and services

MEUR	2021	2020
Purchases during the period	-454.4	-343.1
External services	-4.0	-4.0
Change in raw material inventories	71.4	-5.2
Change in inventories of finished goods and work in progress	-1.9	-5.7
	-388.8	**-357.9**

Note 11. Other operating expenses

MEUR	2021	2020
IT-expenses	-5.6	-4.5
External services	-6.7	-4.3
Non-statutory employee benefits	-2.1	-2.1
Rental expenses	-0.8	-2.0
Change in fair value of investment properties	-1.6	-0.9
Other expense items	-31.7	-24.9
	-48.5	**-38.7**

Other expense items mainly consists of travelling costs, maintenance and repair costs of real estate and variable other expenses as energy and leased manpower. Rental expenses consist of expenses related to short term contracts or assets of low value items to which Group has elected to apply IFRS 16 practical expedients.

There were no research and development costs recognised in the statement of income in 2021 (-2.2). There were no capitalised development expenditures during the reporting period (0.0).

Auditor's fee

MEUR	2021	2020
Audit fee	-0.4	-0.4
Audit related services		-0.1
Tax consultancy	-0.2	-0.1
Other services	-0.1	-0.1
	-0.7	**-0.7**

Note 12. Government grants

The government grants in the statement of income total EUR 0.5 million (1.8). In 2021, government grants mainly relate to employment items and an energy efficiency investment in Etelä-Esplanadi 14 property. In 2020, government grants were mainly received to cover certain social security costs and compensation for COVID-19. There are no unfulfilled conditions or contingencies attached to these grants.

MEUR	2021	2020
Received during the year and recognised in the statement of income	0.4	1.8
Received during the year and recognised in the statement of financial position	0.1	
	0.5	**1.8**

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.

Note 13. Financial income and expenses

Financial income

MEUR	2021	2020
Interest income	3.1	0.6
Dividends	1.5	0.7
Foreign exchange net change	2.1	0.2
Gain on assets at fair value through profit and loss	9.3	
Other financial income	2.6	
	18.6	**1.6**

Financial expenses

MEUR	2021	2020
Interest expenses from financial liabilities	-4.2	-3.9
Interest expenses on leases	-0.7	-0.8
Other financial expenses	-1.9	-1.6
Change on assets at fair value through profit and loss		-0.7
	-6.8	**-7.0**

Net gain and loss on financial instruments at fair value through statement of income 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. Revenue concerning dividends is recognised when the Group's right to receive the payment is established, generally when shareholders approve the dividend.

Note 14. Employee benefits and number of employees

Employee benefits

MEUR	2021	2020
Wages and salaries and other remunerations	-86.8	-81.1
Pension costs	-3.5	-6.3
Other wage-related costs	-14.7	-13.4
	-105.0	**-100.8**
CEO's salaries	-0.6	-0.5
of which variable compensation	-0.2	
Remunerations to Board members	-0.5	-0.5

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

Average number of personnel	2021	2020
Salaried	1,070	879
Blue-collar	2,363	2,342
	3,433	**3,221**

LTI program in Ahlström Capital Oy

The Board of Directors (the Board) of Ahlström Capital Oy (the Company) implemented a long-term cash-settled incentive program (the LTI) for the management of the Company in 2015.

The purpose of the LTI is to align the objectives of the shareholders and the management in order to increase the value of the Company in the long-term, to commit the management to the Company's long-term business goals and guarantee competitive and comparative total compensation to the management.

The Company's LTI program includes currently three consecutive and overlapping three-year performance periods: 2019-2021, 2020-2022 and 2021-2023. The program ending 2021 resulted in reward equivalent to 99.8% of participant's annual salary. The reward for the performance period will be payable the year after the period ends.

The Board has decided the required performance criterion, the participants and amount of reward separately for each performance period. For all the three performance periods the approved key earning criteria are based on the development of the External Fair Value (EFV) of the Ahlström Capital Oy's share. In addition, the 2021-2023 program includes total return targets for the industrial or the real estate portfolio for some participants. The rewards of the performance periods are capped at 133.3% of participant's annual salary in 2019-2021 and 2020-2022 programs. In 2021-2023 program the maximum reward range is from 100-166% of annual salary.

The effect of the LTI programs in Ahlström Capital Group's employee benefits expense in 2021 was EUR 1.2 million (0.5) and related liability at the end of 2021 EUR 1.9 million (5.2). At the end of 2020 discontinued operations attributed EUR 4.5 million to the liability related to LTI programs.

Note 15. Share-based payments

The Group has an option plan in Enics for certain management and key employees effective from 1.1.2015. Expenses recognised during 2021 amounted to less than EUR 0.1 million. During the years 2021 and 2020 no options have been converted to original shares.

Option Plan 2015 (Enics Share Awards Plan)

The Group has an additional option plan for certain management and key employees effective from 1.1.2015. The option awards are granted to participants free of charge. Participants are entitled to cash compensation of Fair Market Value minus deemed strike price on December 31, 2021 for all unvested options. The options can also vest earlier should there be significant changes in the company's ownership.

The Enics Share Awards Plan value at December 31, 2021 was zero. The Fair Market Value has declined due to COVID-19 and therefore the option plan has lost its value.

Synthetic Option Plan

Enics has currently three identical synthetic option plans; Plan 2019–2021, Plan 2020–2022 and Plan 2021–2023. The payment date for each plan is nine months from the end of the plan. First payment date being thus September 30, 2022. The Fair Market Value has declined due to COVID-19 and therefore these option plans are currently at zero value.

Accounting policies

Share based payments are arrangements between the entity and another party that entitles either:

- the other party to receive cash-settled or equity-settled share-based payments from the entity or another group entity; or
- the other party to receive equity-settled share-based payments with specified vesting conditions that must be satisfied

Significant accounting judgments, estimates and assumptions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date on which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Note 16. Pension and other post-employment benefit plans

Net employee defined benefit liability

MEUR	2021	2020
Finland	2.6	5.6
Switzerland		4.0
	2.6	**9.6**

Changes in the defined benefit obligation and fair value of the plan assets

MEUR	2021	2020
January 1	9.6	6.9
Discontinued operations	-3.2	
Cost charged to statement of income		
Service cost of current period	0.9	1.0
Plan settlement	-4.4	
Jubilee plans	-0.1	-0.2
Remeasurement gains/losses in other comprehensive income		
Actuarial gains/losses	0.5	-1.2
Benefits paid	-1.0	-1.1
Exchange difference	0.2	
Other changes		
Contributions made to the liability		4.1
December 31	**2.6**	**9.6**

The expected benefit payments for the following financial year are EUR 0.8 million (1.1). The main actuarial assumptions relate to discount rate and future salary increases. In the group the weighted average discount rate used is 0.6% (0.5) and weighted average increase in future salaries is 2.4% (1.0).

Accounting policies

The 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. Net interest is calculated by applying the discount rate to the net defined liability or asset. The 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.

Note 17. Income tax

The major components of income tax expense

MEUR	2021	2020
Consolidated statement of income		
Current income tax		
Current tax expense	-34.6	-5.4
Taxes from previous years	-0.4	-0.1
Deferred tax		
Change in deferred taxes	-2.9	-4.8
Income tax expense reported in the statement of income	**-37.8**	**-10.2**
Income tax expense is attributable to		
Profit from continuing operations	-5.9	-10.4
Profit from discontinued operations	-31.9	0.1
	-37.8	**-10.2**

MEUR	2021	2020
Consolidated statement of other comprehensive income		
Deferred tax related to items recognised in OCI during the year		
Related to remeasurements of defined benefit plans	0.6	
Related to changes in cash flow hedges	0.3	
Income tax charged to other comprehensive income	**0.9**	

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

MEUR	2021	2020
Profit from continuing operations before tax	221.2	45.9
Profit from discontinued operations before tax	145.6	15.4
Tax calculated using Finnish tax rates (20%, 2020: 20%)	-73.4	-12.3
Difference between Finnish and foreign tax rates	-3.6	-0.5
Share in results of associated companies	12.3	4.9
Non-taxable income	29.0	0.2
Taxable income not included in the profit	-0.2	-0.4
Non-deductible expenses		-1.2
Utilisation of previously unrecognised tax losses	0.1	0.1
Loss for the period, for which no deferred tax asset is recognised	-2.4	-1.2
Adjustments of previous years current income tax	-0.4	-0.1
Other	0.7	0.1
Effective income tax 10.3% (16.7%)	**-37.8**	**-10.2**
Total income tax for the period	**-37.8**	**-10.2**

Note 18. Deferred tax

Change in deferred tax assets

2021 MEUR	January 1	Recognised in the statement of income	In other comprehensive income	Recorded directly into equity	Discontinued operations	Business arrangements	Translation difference	December 31
Pension benefits	1.4	-0.8		0.1	-0.7			0.2
Provisions	2.0	0.2			-1.5			0.8
Inventories internal margin	0.1	0.1						0.1
Investment properties	0.4							0.4
Interest	1.1				-1.1			0.0
Derivatives			0.3					0.3
Other	2.0	0.4			1.1	-1.2	0.1	2.3
	7.0	**-0.1**	**0.3**	**0.1**	**-2.2**	**-1.2**	**0.2**	**4.1**

2020 MEUR	January 1	Recognised in the statement of income	In other comprehensive income	Recorded directly into equity	Discontinued operations	Business arrangements	Translation difference	December 31
Pension benefits	0.8	0.8		-0.2				1.4
Provisions	1.9	0.1						2.0
Inventories internal margin	0.1							0.1
Investment properties	0.4							0.4
Interest	1.7	-0.5						1.1
Other	2.7	-0.8					-0.1	2.0
	7.6	**-0.3**		**-0.2**			**-0.1**	**7.0**

Change in deferred tax liabilities

2021 MEUR	January 1	Recognised in the statement of income	Discontinued operations	Business arrangements	December 31
Intangible assets and property, plant and equipment	3.3		-1.8	2.9	4.4
Investment properties	12.6	0.7			13.3
Biological assets	20.3	1.0			21.3
Other	0.2	-0.4		0.1	0.0
	36.5	**1.2**	**-1.8**	**3.1**	**39.0**

2020 MEUR	January 1	Recognised in the statement of income	Discontinued operations	Business arrangements	December 31
Intangible assets and property, plant and equipment	3.2	0.1			3.3
Investment properties	10.4	2.2			12.6
Biological assets	18.5	1.8			20.3
Other	-0.2	0.4			0.2
	32.0	**4.5**			**36.5**

Reflected in the statement of financial position

MEUR	2021	2020
Deferred tax assets	4.1	7.0
Deferred tax liabilities	39.0	36.5
Deferred tax assets/liabilities, net	**-34.9**	**-29.5**

On December 31, 2021, The Group had tax loss carry forwards of EUR 25.6 million in total of which EUR 0.0 million has no expiration period. Regarding losses amounting to EUR 25.6 million no deferred tax asset was recognised due to the uncertainty of utilisation of these tax loss carry forwards.

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. If the temporary differences arise from investments in subsidiaries and will probably be reversed in the foreseeable future, the deferred tax is not recognised.

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 judgment 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.

Note 19. Intangible assets

2021 **MEUR**	**Goodwill**	**Intangible rights**	**Development costs**	**Other intangible assets**	**Total**
Acquisition cost					
January 1	84.5	35.5	0.1	0.8	120.9
Additions		0.7	0.1		0.8
Disposals		-2.0	-0.1		-2.1
Business disposals	-85.4	-12.3			-97.8
Business combinations	29.6	0.3	2.2	11.3	43.4
Reclassification		2.7			2.8
Reclassification to HFS assets	1.8				1.8
Exchange differences	0.1	1.2			1.2
December 31	30.5	26.1	2.3	12.1	71.1
Accumulated amortisation and impairment					
January 1		-31.0	-0.1	-0.8	-31.9
Amortisation for the year		-2.4		-0.2	-2.6
Disposals		1.7	0.1		1.8
Business disposals		10.3			10.3
Exchange differences		-1.1			-1.1
December 31		-22.5		-0.9	-23.5
Net book value					
December 31, 2021	**30.5**	**3.6**	**2.3**	**11.2**	**47.6**

2020 MEUR	Goodwill	Intangible rights	Development costs	Other intangible assets	Total
Acquisition cost					
January 1	84.5	34.1	0.2	0.8	119.6
Additions		0.1			0.1
Disposals		-0.4	-0.1		-0.5
Reclassification		1.7			1.7
December 31	84.5	35.5	0.1	0.8	120.9
Accumulated amortisation and impairment					
January 1		-28.3		-0.6	-28.9
Amortisation for the year		-3.2	-0.1	-0.2	-3.5
Disposals		0.4			0.4
Reclassification		0.1			0.1
December 31		-31.0	-0.1	-0.8	-31.9
Net book value					
December 31, 2020	**84.5**	**4.4**	**0.0**	**0.0**	**89.0**

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.

Note 20. Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to Ahlström Capital's portfolio companies regarded as cash-generating units, CGUs, which are also operating and reportable segments for impairment testing.

The divestment of Destia and the acquisition of M&J Recycling affected the amount of goodwill during 2021. Both transactions were completed in December.

Carrying amount of goodwill allocated to each of the CGUs

MEUR	2021	2020
Destia		83.6
M&J Recycling	29.6	
Enics	0.9	0.9
	30.5	**84.5**

The annual impairment tests are based on valuation reports prepared by external independent valuer. In 2021, the impairment test was conducted regarding the goodwill allocated to Enics. The acquisition of M&J Recycling was completed in December 2021 and the amount of goodwill is measured at cost in initial recognition. The purchase price and the amount of goodwill arisen were set based on the evaluation of the investment case including a comprehensive due diligence process supported by external appraisers. The amount of goodwill was further assessed in PPA process following the acquisition. Thus, the impairment testing for the current reporting date is considered to be conducted as a 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 12.7%. The growth rate used was 1.8%, which due to the slower long term economic growth expectations, is below the historic average.

Sensitivity to changes in assumptions

Sensitivity analysis on Enics with a 0% 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 the value in use is 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 based on the specific circumstances of the Group and its operating segments and 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 defined by external valuers as part of the valuation processes.

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

Note 21. Investment properties

MEUR	2021	2020
January 1	149.9	141.1
Additions	12.7	1.2
Disposals	-0.7	-0.4
Change in fair value	2.8	8.1
December 31	**164.7**	**149.9**

The 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. The Group has chosen a fair value model to measure investment properties. Further information on the Group's fair value measurement in Note 30.

The property at Eteläesplanadi 14 is included in the investment properties. A small part of this property is used as Ahlström Capital Oy'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, 2021, 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.

In 2021, a real estate project located in Tampere, Finland was acquired. The energy renovation investments started in 2020 in Eteläesplanadi 14 were completed during 2021.

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 24.

Forest land is valued as a part of Forest assets by an external independent valuer. More information about the valuation principles in Note 22.

Profit arising from investment properties carried out at fair value

MEUR	2021	2020
Rental income derived from investment properties	7.1	7.6
Direct operating expenses generating rental income	-2.2	-2.9
	4.9	**4.8**

Specification by use of the investment properties

2021 MEUR	Office and retail properties	Factory and logistics properties	Forest land	Unbuilt land and other properties
January 1	107.1	19.2	17.9	5.8
Additions	12.2	0.2	0.2	
Disposals				-0.7
Change in fair value	0.2	0.5	2.0	0.1
December 31	**119.5**	**19.9**	**20.1**	**5.3**

2020 MEUR	Office and retail properties	Factory and logistics properties	Forest land	Unbuilt land and other properties
January 1	105.6	18.9	10.5	6.1
Additions	1.0		0.2	0.1
Disposals				-0.4
Change in fair value	0.5	0.3	7.2	0.1
December 31	**107.1**	**19.2**	**17.9**	**5.8**

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.

MEUR	2021	2020
Yield -0.5 percentage point	133.1	131.3
Yield +/-0 percentage point	128.0	126.2
Yield +0.5 percentage point	123.1	121.3

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

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

Note 22. Biological assets

The Group's biological assets consist of current growing stock value. Its forest assets are approximately 34,000 hectares. The total volume of growing stock in the company's forests is 5.4 million m^3. In 2021, the harvested industrial wood quantity was approximately 164,000 m^3 (156,000). The harvested energy wood quantity was 19,000 m^3 (18,000). In 2021, the Group purchased around 418 hectares of forest. Total effect in forest assets was EUR 1.9 million.

In 2021, the main reasons for the increase in both forest land and biological asset value were increases in wood prices, productive forest land area and a decrease in the discount rate. Stricter harvesting constraints applied in comparison to the previous valuation had a minor negative impact on the asset value. The timber prices assumed in the cash flow model were estimated with the use of the 5-year regional averages during 2015-2020. 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 discount rate used for 2021 valuation is 4.5% (4.6) real weighted-aveage-cost-of-capital (WACC). The study of the used discount rate was made by an external valuer in 2021. 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.

The changes in fair value are recognised in the statement of income. Further information on the Group's fair value measurement in Note 30.

The land of forest areas is reported as investment property according to IAS 40 (Note 21). The value of forest land was EUR 20.1 million in 2021 (17.9). The total value of growing stock and forest land was EUR 159.9 million in 2021 (152.8).

The change in the value of the growing forests

2021 MEUR	Biological assets	Forest land*	Forest total
January 1	134.9	17.9	152.8
Additions	1.6	0.2	1.9
Disposals	-0.4		-0.4
Change due to harvesting	-7.1		-7.1
Change due annual growth	6.7		6.7
Change in fair value	3.9	2.0	6.0
December 31	**139.8**	**20.1**	**159.9**

2020 MEUR	Biological assets	Forest land*	Forest total
January 1	124.7	10.5	135.2
Additions	1.4	0.2	1.6
Disposals	-0.1		-0.1
Change due to harvesting	-5.9		-5.9
Change due annual growth	6.2		6.2
Change in fair value	8.7	7.2	15.9
December 31	**134.9**	**17.9**	**152.8**

* Forest land reported according IAS 40 as investment property, see Note 21.

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.

2021	Discount rate		
MEUR	3.5%	4.5%	5.5%
Timber prices -10%	154.1	124.1	102.6
Timber prices +10%	192.8	155.5	128.8
Stable prices and costs	173.5	139.8	115.7
Costs -10%	175.3	141.4	117.1
Costs +10%	171.6	138.2	114.3

2020	Discount rate		
MEUR	3.6%	4.6%	5.6%
Timber prices -10%	147.5	117.9	96.9
Timber prices +10%	183.1	146.6	120.8
Stable prices and costs	165.3	134.9	108.9
Costs -10%	166.4	133.3	109.8
Costs +10%	164.2	131.3	108.0

Accounting policies

Biological assets are measured at their fair value less costs to sell. The Groups' biological assets consist of a 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 the 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 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 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 Groups forest valuation.

AHLSTRÖM CAPITAL

YEAR 2021

INDUSTRIAL INVESTMENTS

REAL ESTATE INVESTMENTS

SUSTAINABILITY AND HISTORY

CORPORATE GOVERNANCE

FINANCIAL REPORT

Report of the Board of Directors

Key figures

• Financial Statements

Auditor's report

Proposal for the Distribution of Profits

Shares and shareholders

Information for shareholders

Note 23. Property, plant and equipment

2021 MEUR	Land and water areas	Land areas, right-of-use	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
Acquisition cost									
January 1	6.5	0.5	40.6	33.9	156.1	16.3	27.6	6.6	288.1
Additions		0.2	1.5	7.0	5.9	2.5		17.6	34.7
Disposals	-0.3		-3.7	-3.6	-8.5	-3.5	-1.0	-0.1	-20.7
Discontinued operations	-1.8	-0.7	-7.0	-14.4	-69.5	-11.1	-24.0	-3.6	-132.1
Business combinations	1.1		2.7		0.6	0.3			4.7
Revaluation				-1.9					-1.9
Reclassifications			3.4		13.3			-17.6	-0.9
Exchange differences			1.1	0.6	2.5	0.3		0.3	4.8
December 31	5.4	0.0	38.6	21.5	100.5	4.8	2.6	3.2	176.6
Accumulated depreciation and impairment									
January 1	-0.1	-0.2	-22.6	-13.6	-98.4	-7.9	-7.6		-150.4
Depreciation for the year		-0.2	-1.9	-8.0	-13.9	-3.6	-0.3		-27.9
Impairment			-0.2		-0.1				-0.3
Disposals			2.9	3.5	7.4	3.5			17.2
Discontinued operations	0.1	0.3	4.8	7.8	42.3	5.1	6.8		67.4
Reclassifications to HFS assets					-1.9				-1.9
Exchange differences			-1.1	-0.3	-1.9	-0.2			-3.5
December 31	0.0	0.0	-18.1	-10.7	-66.4	-3.2	-1.1		-99.4
Net book value									
December 31, 2021	**5.4**	**0.0**	**20.5**	**10.9**	**34.1**	**1.6**	**1.5**	**3.2**	**77.2**

2020 MEUR	Land and water areas	Land areas, right-of-use	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
Acquisition cost									
January 1	6.6	0.5	41.2	28.5	150.8	14.5	26.6	3.6	272.2
Additions		0.2		8.2	4.5	3.1	1.0	12.4	29.4
Disposals	-0.1		-0.8	-1.7	-6.1	-1.2	-0.2	-0.1	-10.2
Revaluation		-0.1		-1.2					-1.4
Reclassification			0.4		6.9		0.2	-9.3	-1.8
Exchange differences			-0.2	0.1	-0.1				-0.3
December 31	6.5	0.5	40.6	33.9	156.1	16.3	27.6	6.6	288.1
Accumulated depreciation and impairment									
January 1		-0.1	-21.1	-7.4	-87.2	-5.3	-6.6		-127.7
Depreciation for the year		-0.1	-1.9	-7.8	-16.4	-3.7	-1.0		-31.0
Impairment	-0.1		-0.2		-0.6				-1.0
Disposals			0.5	1.6	5.8	1.1			9.0
Exchange differences			0.1						0.1
December 31	-0.1	-0.2	-22.6	-13.6	-98.4	-7.9	-7.6		-150.4
Net book value									
December 31, 2020	**6.4**	**0.3**	**17.9**	**20.2**	**57.7**	**8.4**	**20.0**	**6.6**	**137.7**

On December 31, 2021 the Group had contractual commitments EUR 2.7 million in total (3.5) and recognised relating to these commitments EUR 1.4 million (1.3) in advances paid and constructions in progress. The Group had no (1.2) unrecognised IFRS 16 leasing commitments for future periods on December 31, 2021.

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.

Note 24. Leases

The Ahlström Capital 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 the Group range from 0.4% to 6.0%. Right-of-use assets are presented in asset groups in Note 23. At the end of December 2021, the Group had no (2.0) unrecognised IFRS 16 leasing commitments for future periods.

Right-of-use assets*

MEUR	2021	2020
January 1	**31.2**	**33.0**
Additions	5.7	11.5
Disposals	-0.2	-0.2
Acquisition through business combination	0.3	
Business disposal	-15.2	
Depreciation	-5.9	-11.7
Revaluation	-1.6	-1.4
Change in fair value	-0.1	-0.1
Exchange differences	0.3	0.1
December 31	**14.6**	**31.2**

* Including leasing contract classified to investment property

Lease liabilities

MEUR	2021	2020
Non-current lease liabilities	10.0	21.5
Current lease liabilities	5.5	10.6
	15.5	**32.2**

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. Other leasing expenses consist mainly service components of leased assets such as management fees. The total expenses of right-of-use assets and other leases in the statement of income is EUR 7.5 million (8.4). Total cash outflow from leasing contracts is EUR 22.8 million (24.6) including cash flow from discontinuing operations EUR -13.7 million (-16.7).

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 the 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.

The 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 the 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.

Note 25. Investments in associated companies and joint ventures

Industrial investments

Ahlström Invest

During 2021, Ahlstrom-Munksjö was taken private and Ahlström family ownership in the company was consolidated under Ahlström Invest BV. In September 2020, Ahlström Capital, Bain Capital Private Equity, Viknum and Belgrano Inversiones made a public tender offer for all shares in Ahlstrom-Munksjö. The tender offer was completed in February 2021.

At the end of 2020, Ahlström Capital had a 18.7% interest in Ahlstrom-Munksjö through the 100% ownership in Ahlstrom Invest BV. In January 2021, a share exchange between shares of Ahlstrom-Munksjö and Ahlström Invest BV was arranged for Ahlström family shareholders. Following the share exchange Ahlström Capital's shareholding in Ahlström Invest ended up at 23.7% and the company was reclassified from subsidiary to an associated company.

Transactions related to new joint ownership structure of Ahlstrom-Munksjö were conducted after the share exchange and net proceeds of EUR 520 million were released for Ahlström Invest to deploy further. Ahlström Invest's ownership in Ahlström-Munksjö ended up at 36.4%. Ahlström Invest as an investment entity carries Ahlstrom-Munksjö at fair value through profit and loss.

Ahlström Capital recognises the share of Ahlström Invests profit or loss in the statement of income according to the equity method. At the end of December 2021, the Group had a 23.7% interest in Ahlström Invest.

Suominen

At the end of December 2021, 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 2021, 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 Helsinki Ltd.

Glaston

At the end of December 2021, the Group had a 26.4 % interest in Glaston. Glaston is a front-runner 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.

Cleantech Fund

The Group has a 29.0% interest in the AC Cleantech Growth Fund Group. The Cleantech fund invests in clean technology companies allowing them to industrialise and commercialise their operations and develop their processes.

Real estate investments

Avain Yhtiöt

At the end of December 2021, the Group had a 25.0% interest in Avain Yhtiöt. The acquisition was completed in February 2021. Avain Yhtiöt is a Finnish group specialising in building and owning apartments. The company owns more than 10,000 apartments. The Group has an option to increase its interest to 35% of shares during 2023. Avain Yhtiöt prepares its Financial Statements according to the Finnish Accounting Act with voluntary application of measuring its investment properties at fair value.

Åbyntien Kiinteistöt

At the end of December 2021, the Group had a 50.0% interest in Åbyntien Kiinteistöt together with Alternative investment fund Terrieri Kiinteistöt Ky, managed by S-Bank. The real estate investment for Cramo Finland hub in Vantaa was completed in April 2021.

Kiinteistö Oy Espoon Erica

At the end of December 2021, the Group had a 40.5% interest in Kiinteistö Oy Espoon Erica. A new joint venture real estate investment together with Aktia Life Insurance and Church Pension Fund was announced in April 2021. The anchor tenant in a new building in Finnoo Espoo, will be Kemira Oyj. Kiinteistö Oy Espoon Erica is scheduled for completion in the summer of 2024. The Group's investment commitment is EUR 35.0 million. A. Ahlström Kiinteistöt Oy provided management services to the company, EUR 0.1 million in 2021.

Kymiring

At the end of December 2021, the Group had a 44.0% interest in Kymiring.

Changes in investments in associates

MEUR	2021	2020
January 1	418.2	418.0
Share of profit/loss	61.4	24.5
Share of other comprehensive income items	3.3	-17.9
Share of direct adjustments to equity		-0.8
Dividends and return of equity	-11.1	-11.1
Additions	32.6	6.1
Disposals		-0.6
Disposals of Ahlstrom-Munksjö	-233.5	
Reclassifications of Ahlström Invest BV	45.0	
Investment in Ahlström Invest BV, share exchange	190.5	
Impairment	-0.6	
Reclassifications	0.7	
December 31	**506.4**	**418.2**

Summarised financial information for significant associates

Summarised statement of comprehensive income

	Ahlstrom-Munksjö		Ahlström Invest		Suominen		Detection Technology		Glaston		AC Cleantech Growth Fund		Avain Yhtiöt*		Åbyntien Kiinteistöt	
MEUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Revenue		2,683.3	0.3		443.2	458.9	89.8	81.6	182.7	170.1			157.8	146.6	2.4	
Operating profit/loss		176.2	169.9		26.9	39.5	10.6	8.7	5.1	-0.5	-1.3	5.4	101.0	31.2	1.7	
Profit/loss for the period		**94.5**	**327.9**		**20.7**	**30.1**	**9.3**	**6.7**	**1.1**	**-5.5**	**-1.1**	**5.5**	**72.1**	**12.1**	**1.7**	
Other comprehensive income																
Items that will not be reclassified to statement of income		1.1							-1.6	1.9						
Items that may be reclassified subsequently to statement of income		-77.0			8.4	-14.9			1.3	-1.1						
Total comprehensive income for the period		**18.6**			**29.1**	**15.2**			**0.8**	**-4.7**						

Summarised statement of financial position

	Ahlstrom-Munksjö		Ahlström Invest		Suominen		Detection Technology		Glaston		AC Cleantech Growth Fund		Avain Yhtiöt*		Åbyntien Kiinteistöt	
MEUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Current assets		951.4	540.8		224.6	153.8	83.3	65.7	85.7	93.8	0.1	9.7	73.9	84.2	0.4	4.7
Non-current assets		2,172.0	677.3		162.1	163.5	8.8	10.1	111.6	113.5	6.7	7.1	1,416.0	1,214.8	35.0	29.5
Current liabilities		894.8	1.9		144.7	57.8	18.6	17.3	82.4	79.2		0.2	64.4	64.2	0.3	6.5
Non-current liabilities		1,044.0	97.1		78.8	113.7			46.9	59.2	3.9	3.8	1,088.4	983.8	22.2	15.6
Equity		**1,184.5**	**1,119.0**		**163.2**	**145.9**	**73.6**	**58.5**	**68.0**	**68.9**	**2.9**	**12.8**	**337.1**	**251.1**	**12.9**	**12.2**

* Preliminary figures 2021, includes non-controlling interest

Investments in associated companies and joint ventures

	Ahlstrom-Munksjö		Ahlström Invest		Suominen		Detection Technology		Glaston		AC Cleantech Growth Fund		Avain Yhtiöt		Åbyntien Kiinteistöt	
MEUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Group's share of the profit/loss for the period		17.4	34.8		5.0	7.2	1.0		0.3	-1.5	3.5	1.3	13.0		4.0	
Group's share of the other comprehensive income		-14.1			2.0	-3.6	1.4	-0.4	-0.1	0.2						
Carrying amount of the investment		233.5	265.1		54.7	50.6	97.1	96.2	30.9	31.1	4.6	0.7	42.3		9.6	6.1
Fair value of the investment		388.5	358.6		72.3	70.9	154.7	126.2	25.4	19.8						
Interest held		18.7%	23.7%		24.0%	24.0%	36.0%	36.7%	26.4%	26.4%	29.0%	29.0%	25.0%		50.0%	50.0%
Dividend received		8.4			1.4	0.7	1.5	2.0					0.8		0.5	

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. Ahlström Capital'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 Ahlström Capital. Through this involvement, Ahlström Capital views that in certain occasions it holds significant influence over the listed companies, even in situations where direct ownership is less than 20%.

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. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

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, Avain Yhtiöt 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. Ahlström Capital Groups 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.

Significant accounting judgments, estimates and assumptions

Management makes judgments and estimates of the control and significant influence it holds in associated companies and joint ventures. In acquisitions certain estimates and assumptions are needed to measure all acquired assets and liabilities at their fair values at acquisition date. The valuation is generally based on future cash flows expected from those assets and liabilities during their useful lives. For significant acquisitions, the measurement is carried out with assistance from an independent external appraiser.

Note 26. Inventories

MEUR	2021	2020
Raw materials	146.7	88.3
Work in progress	22.7	17.3
Finished goods	21.4	16.4
Advance payments for inventories	1.5	0.5
	192.4	**122.6**

Inventories are valued at the lower of cost and net realisable value. In 2021, EUR 2.9 million (2.3) 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.

Note 27. Current trade and other receivables

MEUR	2021	2020
Trade receivables	75.8	95.4
Trade receivables from associates	1.9	0.9
Contract assets	0.7	15.9
Other receivables	11.3	7.2
Loan receivables	6.0	17.7
Accrued receivables	3.4	13.7
Accrued receivables from associates	0.8	
Derivatives	0.3	0.3
	100.1	**151.1**

Trade receivables are non-interest-bearing and generally payments terms of 30–90 days. Portfolio companies asses they credit risk independently according 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. COVID-19 has not had any significant impact on portfolio companies’ customer payment behaviour and there are no big increases in credit losses. Those receivables that are sold on a non-recourse basis, results in no credit losses to the Group. There are no significant risk concentration in receivables. Expected credit losses are assessed independently by portfolio companies. See Note 31 for more information.

Individually impaired trade receivables and contract assets

MEUR	2021	2020
January 1	1.0	0.8
Addition of provisions for expected losses	1.4	1.3
Unused amounts reversed	-1.1	-1.1
Discontinued operations	-0.3	
December 31	**0.9**	**1.0**

Ageing analysis of trade receivables and contract assets

Expected credit losses by ageing classes

	Trade receivables		Expected credit losses		Percentage of expected credit losses	
MEUR	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Neither past due nor impaired	56.7	99.6		0.1		
Past due but not impaired						
< 30 days	13.9	9.0		0.1		1%
30-60 days	3.2	2.1		0.2	1%	9%
61-90 days	1.9	0.6	0.1	0.2	3%	27%
> 90 days	2.7	0.9	0.8	0.3	22%	28%
	78.4	**112.2**	**0.9**	**1.0**		

Note 28. Cash and cash equivalents

MEUR	2021	2020
Cash in hand and at bank	155.1	94.2
Other short-term cash investments	60.0	
	215.1	**94.2**

Accounting policies

Cash and current deposits 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.

Note 29. Financial assets and liabilities

2021 MEUR	At amortised cost	At fair value through profit and loss	At fair value through OCI	Total carrying amount
Non-current financial assets				
Other shares and securities		3.4		3.4
Interest-bearing loan receivables from associates	3.6	100.2		103.8
Other receivables	2.5			2.5
Current financial assets				
Trade and other receivables	21.4		72.4	93.8
Interest-bearing loan receivables and financial assets	3.3			3.3
Non-interest-bearing loan receivables and financial assets	2.6			2.6
Derivatives		0.3		0.3
Other current financial assets	3.0			3.0
Cash and cash equivalents	155.1	60.0		215.1
	191.7	**163.8**	**72.4**	**427.9**
Non-current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	104.1	6.3		110.4
Lease liabilities	10.0			10.0
Derivatives		1.5		1.5
Other financial liabilities	0.9			0.9
Current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	44.0	0.3		44.3
Lease liabilities	5.5			5.5
Other liabilities	11.0			11.0
Derivatives		0.4		0.4
Trade and other payables	197.7			197.7
	373.3	**8.6**		**381.9**

2020 MEUR	At amortised cost	At fair value through profit and loss	At fair value through OCI	Total carrying amount
Non-current financial assets				
Other shares and securities	0.1	5.2		5.2
Interest-bearing loan receivables and financial assets	1.6	1.1		2.7
Interest bearing loan receivables from associates	3.0			3.0
Other receivables	1.2			1.2
Current financial assets				
Trade and other receivables	77.6		55.5	133.1
Interest-bearing loan receivables and financial assets	14.4			14.4
Non-interest-bearing loan receivables and financial assets	3.3			3.3
Derivatives		0.3		0.3
Cash and cash equivalents	94.2			94.2
	195.3	**6.6**	**55.5**	**257.4**
Non-current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	129.1	6.6		135.7
Lease liabilities	21.5			21.5
Other financial liabilities	3.1			3.1
Current financial liabilities				
Interest-bearing loans and borrowings				
Loans from financial institutions	33.3	0.3		33.6
Bank overdrafts	15.7			15.7
Lease liabilities	10.6			10.6
Other liabilities	9.8			9.8
Derivatives		1.0		1.0
Trade and other payables	236.7			236.7
	459.8	**8.0**		**467.8**

Changes in liabilities arising from financing activities

2021			Non-cashflow effect					
MEUR	January 1	Cash flows	Changes in foreign exchange rates	Acquisition and disposal of subsidiaries	Re-classification	New leases	Terminations of leasing contracts	December 31
Non-current interest-bearing loans	135.7	30.6			-55.9			110.4
Current interest-bearing loans	59.1	-15.2	0.6	-15.5	26.3			55.3
Lease liabilities	32.2	-12.0	0.5	-12.8		9.6	-1.9	15.6
	226.9	**3.5**	**1.1**	**-28.3**	**-29.6**	**9.6**	**-1.9**	**181.3**

2020			Non-cashflow effect					
MEUR	January 1	Cash flows	Changes in foreign exchange rates	Acquisition and disposal of subsidiaries	Re-classification	New leases	Terminations of leasing contracts	December 31
Non-current interest-bearing loans	117.2	35.2	-0.1		-16.5			135.7
Current interest-bearing loans	68.5	-24.0	-0.4		15.0			59.1
Lease liabilities	33.5	-11.2	0.1			11.2	-1.4	32.2
	219.2	**-0.1**	**-0.5**		**-1.6**	**11.2**	**-1.4**	**226.9**

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 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 a 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.

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 judgment is required in establishing fair values. Judgments 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.

Note 30. Fair values and fair value measurement

2021 MEUR	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment properties	164.7			164.7	164.7
Biological assets	139.8			139.8	139.8
Other shares and securities	3.4			3.4	3.4
Derivatives not designated as hedges	0.3		0.3		0.3
Other current financial assets	3.0		3.0		3.0
Loan receivables at fair value	103.8			103.8	103.8
Other short-term cash investments	60.0		60.0		60.0
Assets for which fair values are disclosed					
Loan receivables at amortised cost	6.0			6.0	6.0
	480.9		**63.3**	**417.7**	**480.9**
Liabilities measured at fair value					
Derivative financial liabilites	1.5		1.5		1.5
Derivatives not designated as hedges	0.4		0.4		0.4
Liabilities for which fair values are disclosed					
Floating rate borrowings	143.6		87.7	55.9	143.6
Fixed rate borrowings	19.8			19.8	19.8
Other interest-bearing	2.3			2.3	2.3
Lease liabilities	15.5			15.5	15.5
	183.2		**89.7**	**93.6**	**183.2**

2020 MEUR	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Assets measured at fair value					
Investment properties	149.9			149.9	149.9
Biological assets	134.9			134.9	134.9
Other shares and securities	5.2			5.2	5.2
Derivatives not designated as hedges	0.3		0.3		0.3
Loan receivables at fair value	2.4			2.4	2.4
Assets for which fair values are disclosed					
Loan receivables at amortised cost	21.0			21.0	21.0
	313.7		**0.3**	**313.4**	**313.7**
Liabilities measured at fair value					
Derivatives not designated as hedges	1.0		1.0		1.0
Liabilities for which fair values are disclosed					
Floating rate borrowings	158.6		72.2	86.3	158.6
Fixed rate borrowings	20.0		20.0		20.0
Other interest-bearing	0.5			0.5	0.5
Bank overdrafts	15.7			15.7	15.7
Lease liabilities	32.2		15.4	16.7	32.1
	228.0		**108.6**	**119.3**	**227.9**

Reconciliation of level 3 fair values of other shares and securities

MEUR	2021	2020
January 1	5.2	5.8
Remeasurement recognised through profit or loss	0.2	-0.7
Discontinued operations	-2.0	
Additions		0.1
Impairment	0.6	
Reclassification	-0.7	
December 31	**3.4**	**5.2**

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.

Note 31. Financial risk management

Ahlström Capital Oy is a family owned investment company, which invests primarily in listed and non-listed industrial companies, as well as in commercial real estate and forest assets. Non-listed industrial companies Enics and M&J Recycling referred to as portfolio companies, operate as independent operational subgroups. Holding companies manage investments in listed companies, real estates and forest assets. Note 5 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 minimise the unfavourable 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, Ahlström Capital 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 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. Ahlström Capital 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. Ahlström Capital 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. Ahlström Capital Oy together with Holding companies hold adequate amount of credit limits for cash management purposes and to seize investment opportunities.

Ahlström Capital Oy and its Holding companies have utilised certain real estate, forest and shares as collateral for financing facilities. Utilisation of listed shares contains the risk of margin calls depending on the development of the share values in question. Ahlström Capital Oy as 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 collaterals for financing facilities.

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

Market risk

Currency risk

Ahlström Capital Group has a relatively limited exposure to exchange rate risks, as the overwhelming majority 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 Swiss franc and the Danish crown, 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 utilise hedging against currency risks. Hedging is made individually in portfolio companies taken into account each company's own net position in different currencies. Since the currency forward hedging is used in portfolio companies the impact of changing currency rates is reduced also on Group level.

In Real Estate operations, the Group's exposure to currency risk is minimal. Forest assets are situated in Finland and the operational currency is the 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 utilise 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 treasury policies. The interest rate level remained at low level during the year. In October 2021, Ahlström Capital Oy agreed on interest rate hedging for the nominal amount EUR 100.0 million until 2041 to secure the cost of long-term financing.

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. Ahlström Capital Oy 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. Ahlström Capital maintains a counterparty list and separate rules and principles are in force when investing excess liquidity. At year-end, it was mainly deposited at reputable European banks that are relationship banks to Ahlström Capital 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 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. Analysing 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 materialises 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 to the Group.

At the end of the year existing facilities in Ahlström Capital Oy and in its Holding companies included credit facilities (RCF and committed overdrafts) amounted to EUR 230.0 (190.0) million of which EUR 180.0 (154.3) million was unused. In February 2020, a syndicated secured financing facility up to EUR 200.0 million which is fully committed was signed for Ahlström Capital Oy and A. Ahlström Kiinteistöt Oy. The facility is secured by mortgage on the real estate at Eteläesplanadi 14 owned by Ahlström Capital Oy and material part of the forest assets held by A. Ahlström Kiinteistöt Oy. There is a group level financial covenant on the facility, which 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%. There have been no breaches in the financial covenant in the current period. In the beginning of 2021, the extension option of the facility was used until February 2026.

The portfolio companies are responsible for monitoring their own liquidity position and cash flows. They maintain financing facilities that may be utilised if needed. At the end of the year existing facilities in the portfolio companies included credit facilities (RCF and committed overdrafts) amounted to EUR 67.2 (93.1) million of which EUR 40.2 (88.8) million was unused.

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

2021

MEUR	< 1 year	2–3 years	4–5 years	> 5 years	Total
Interest-bearing loans and borrowings	31.2	75.3	67.4		174.0
Lease liabilities	6.1	7.1	1.5	1.8	16.5
Other financial liabilities	48.9	0.7		0.6	50.2
Trade payables	145.6				145.6
Derivatives	0.4			1.5	2.0
	232.3	**83.1**	**68.9**	**3.9**	**388.2**

2020

MEUR	< 1 year	2–3 years	4–5 years	> 5 years	Total
Interest-bearing loans and borrowings	57.7	123.3	19.6		200.6
Lease liabilities	11.4	16.2	4.9	2.1	34.6
Other financial liabilities	120.8	3.1			123.9
Trade payables	113.4				113.4
Derivatives	1.0				1.0
	304.3	**142.6**	**24.5**	**2.1**	**473.5**

Derivatives designated as hedging instruments

	Fair values		Nominal amounts	
MEUR	2021	2020	2021	2020
Liabilities				
Interest rate swaps	1.5		100.0	

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.

Derivatives not designated as hedging instruments

	Fair values		Nominal amounts	
MEUR	2021	2020	2021	2020
Assets				
Foreign currency forward contracts	0.1		9.9	
Interest rate derivatives	0.1	0.3	30.0	0.1
Other derivatives not desingated as hedges				0.4
Liabilities				
Foreign currency forward contracts	0.1	0.4	37.5	19.2
Interest rate derivatives	0.3	0.6	30.0	30.0

Ahlström Capital Group has no master netting agreements under ISDA to report.

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.

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 Ahlström Capital's share is the sum of the EFVs of the underlying assets within Ahlström Capital Group less the relevant liabilities. In order to determine the EFV of Ahlström Capital'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, Ahlström Capital'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, Ahlström Capital'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	2021	2020
Non-current interest-bearing loans and borrowings (Note 29)	120.5	157.2
Current interest-bearing loans and borrowings (Note 29)	60.8	69.7
Less: cash and short-term deposits (Note 28)	-215.1	-94.2
Net cash (-)/ net debt (+)	**-33.8**	**132.7**
External Fair Value	1,197.2	1,056.1
Shareholders equity (incl. non-controlling interest)	1,101.5	777.4
EFV adjusted net gearing	-2.8%	12.6%
Net gearing (IFRS / Book value based)	-3.1%	17.1%

Note 32. Share capital and reserves

2021 MEUR	Share capital	Share premium	Reserve for invested non-restricted equity	Treasury shares	Legal reserve	Total
January 1	38.8	12.8	104.3	-1.5	3.3	157.6
Acquisition of treasury shares				-1.1		-1.1
Invalidation of treasury shares				1.5		1.5
Reclassifications					0.3	0.3
December 31	**38.8**	**12.8**	**104.3**	**-1.1**	**3.6**	**158.3**

2020 MEUR	Share capital	Share premium	Reserve for invested non-restricted equity	Treasury shares	Legal reserve	Total
January 1	38.8	12.8	104.3	-3.0	2.9	155.7
Acquisition of treasury shares				-1.5		-1.5
Invalidation of treasury shares				3.0		3.0
Reclassifications					0.4	0.4
December 31	**38.8**	**12.8**	**104.3**	**-1.5**	**3.3**	**157.6**

The registered share capital of Ahlström Capital Oy totals EUR 38,771,470. The number of registered shares in the company on December 31, 2021 was 62,295,149. Ahlström Capital has one series of shares. Each share has one vote in the General Meeting of the shareholders and all the shares have equal rights to dividend or other distribution of equity.

The Annual General Meeting of Ahlström Capital Oy held on April 12, 2021, resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 400,000 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 repurchase of shares in November.

On December 31, 2021, Ahlström Capital held 73,664 treasury shares (0.1%) following the share repurchase program. The repurchased shares were invalidated in January 2022 based on the Board of Directors' decision in December 2021.

The Annual General Meeting of Ahlström Capital Oy held on April 15, 2020, resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 400,000 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 repurchase of shares in November.

On December 31, 2020, Ahlström Capital held 114,774 treasury shares (0,2%) following the share repurchase program. The repurchased shares were invalidated in January 2021 based on the Board of Directors' decision in December 2020.

Other Comprehensive Income, net of tax

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

2021 MEUR	Fair value reserve	Hedging reserve	Translation reserve	Retained earnings	Total OCI
Exchange differences on translation of foreign operations			4.3		4.3
Hedges - net change in fair value		-1.2			-1.2
Remeasurement of defined benefit plans				-2.4	-2.4
Share of other comprehensive income of associates	-0.2		4.0	-0.4	3.3
Reclassification of OCI of associate		-1.1	23.5	6.6	28.9
Changes of OCI	**-0.2**	**-2.4**	**31.7**	**3.8**	**32.9**

2020 MEUR	Fair value reserve	Hedging reserve	Translation reserve	Retained earnings	Total OCI
Exchange differences on translation of foreign operations			-1.2		-1.2
Remeasurement of defined benefit plans				1.0	1.0
Share of other comprehensive income of associates	0.2	0.3	-18.9	0.5	-17.9
Changes of OCI	**0.2**	**0.3**	**-20.0**	**1.5**	**-18.1**

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.

Note 33. Provisions

2021 MEUR	Warranty provision	Restructuring provision	Environmental provisions	Other provisions	Total
January 1	3.4	1.3	12.9	4.6	22.2
Exchange differences		0.1			0.1
Discontinued operations	-2.6		-11.5	-2.9	-16.9
Business combinations	1.0				1.0
Arising during the year	0.2	5.0		0.1	5.3
Utilised	-0.2	-2.0		-0.1	-2.3
Unused amounts reversed				-0.8	-0.8
December 31	**1.7**	**4.4**	**1.4**	**0.9**	**8.5**
Non-current	**0.3**		**1.4**	**0.9**	**2.6**
Current	**1.5**	**4.4**			**5.9**

2020 MEUR	Warranty provision	Restructuring provision	Environmental provisions	Other provisions	Total
January 1	3.3	1.2	13.4	4.6	22.6
Arising during the year	1.7	2.8	0.5	2.9	7.9
Utilised	-0.4	-2.8		-1.9	-5.1
Unused amounts reversed	-1.1		-1.0	-1.0	-3.2
December 31	**3.4**	**1.3**	**12.9**	**4.6**	**22.2**
Non-current	**1.9**		**12.3**	**1.6**	**15.8**
Current	**1.5**	**1.3**	**0.6**	**3.0**	**6.3**

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 policies

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.

Note 34. Trade and other payables

MEUR	2021	2020
Trade payables	145.6	113.4
Contract liabilities	1.5	42.2
Other payables	14.7	24.6
Accrued liabilities	35.8	56.6
Derivatives	0.4	1.0
	198.1	**237.7**

Note 35. Commitments and contingencies

Capital commitments

The Group has contracts regarding new real estate development projects. Committed investments amounted to approximately EUR 30.0 million at the end of December 2021.

Derivative contracts

In October 2021, the Group agreed on interest rate hedging for the nominal amount EUR 100.0 million until 2041 to secure the cost of long-term financing.

Commitments and contingencies on own behalf

MEUR	2021	2020
Secured loans		
Loans from financial institutions and others	90.6	136.6
Pledged assets		
Real estate mortgages	188.8	188.8
Pledged shares	122.2	306.2
Guarantees	94.5	149.5

Pledges are used as collaterals for certain credit facilities. A substantial part of Group's investment properties (Note 21) and forest assets (Note 22) have been utilised as collaterals for these credit facilities and reported as real estate mortgages in commitments.

Ahlström Capital Group has a contingent VAT liability on real estate investments EUR 4.3 million (4.6) on December 31, 2021. As founder shareholder Ahlström Capital Group has certain commitments according to Finnish act of Housing Transactions. Provisions have been made to cover the commitments.

Commitments on behalf of others

Ahlström Capital Group has guarantees given on behalf of others EUR 0.1 million (6.1) on December 31, 2021.

Accounting policies

Contingent liabilities are present obligations that have arisen from past events, such as rental agreements, 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 recourses 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.

Note 36. Related party transactions

The Group's related parties include Ahlström Capital's Board of Directors and committees, Shareholders' Nomination Board, CEO, subsidiaries and associated companies and also Antti Ahlström Perilliset Oy, which holds a significant influence in Ahlström Capital Oy. The transactions with associated companies are listed in a separate Note 25. Loan transactions with associated companies are presented in the Note 29.

During 2021, notable changes were conducted related to the ownership of Ahlstrom-Munksjö shares and the company was taken private. More detailed information of the arrangements, see note 25.

Salaries for CEO and remunerations to board and committee members are specified in Note 14.

Business transactions with the associated companies and entities with significant influence over the Group

MEUR	2021	2020
Sales to the entity with significant influence over the Group	0.2	0.1
Purchases from the entity with significant influence over the Group	0.3	

Compensation of persons belonging to the related party of the group

MEUR	2021	2020
Wages and other short-term employee benefits	1.1	1.0
Post-employment benefits	0.1	0.1
	1.2	**1.1**

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

Note 37. Events after the reporting period

At the end of February 2022, the arbitral tribunal rendered a decision according to which Ahlstrom-Munksjö Holding 3 Oy's (formerly called Spa Holdings 3 Oy) right to redeem the minority shares in Ahlstrom-Munksjö was confirmed and the redemption price payable for the Ahlstrom-Munksjö minority shares that are subject to mandatory redemption was set. The decision by the arbitral tribunal may be appealed within 60 days from the registration of the arbitration award. The effect of this decision in Ahlström Capital Group is taken into account through the share of profit of Ahlström Invest for 2021.

The war between Russia and Ukraine has not been considered in the outlook statements of the portfolio companies. Ahlstrom-Munksjö has one factory in Russia and the other portfolio companies have only limited presence in Russia, Belarus or Ukraine.

Statement of Income, Parent Company (FAS)

TEUR	Note	2021	2020
Revenue	2	5,729	5,631
Other operating income	3	1	1
Employee benefits	4	-4,520	-3,577
Depreciation, amortisation and impairment	9	-1,184	-1,119
Other operating expenses	6	-3,715	-3,564
Operating profit / loss		**-3,690**	**-2,628**
Financial income	7	16,646	3,076
Financial expenses	7	-782	-990
Profit before appropriations and tax		**12,174**	**-542**
Appropriations	8		
Change in depreciation difference		-44	-85
Group contributions		112,200	3,630
Income taxes		-21,583	
Profit for the period		**102,747**	**3,003**

Statement of Financial Position, Parent Company (FAS)

TEUR	Note	December 31, 2021	December 31, 2020
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		23,735	24,602
Machinery and equipment		1,632	1,355
Other tangible assets		70	70
Advances paid and construction in progress			224
		51,691	**52,505**
Investments	10		
Investments in Group companies		431,695	407,557
Other investments		65	65
		431,760	**407,622**
Total non-current assets		**483,648**	**460,324**
Current assets			
Long-term receivables			
Loan receivables			81
			81
Short-term receivables			
Trade receivables		97	117
Receivables from Group companies	16	112,529	3,634
Other receivables		1	1
Accrued receivables	12	3	36
		112,630	**3,788**
Short-term cash investments	11	63,000	
Cash and cash equivalents		62,521	11,950
Total current assets		**238,151**	**15,819**
Total assets		**721,800**	**476,144**

TEUR	Note	December 31, 2021	December 31, 2020
Equity and liabilities			
Equity	13		
Share capital		38,771	38,771
Share premium		12,774	12,774
Reserve for invested non-restricted equity		104,336	104,336
Retained earnings		263,434	291,461
Profit for the period		102,747	3,003
Total equity		**522,063**	**450,345**
Appropriations			
Depreciation difference		1,852	1,808
		1,852	**1,808**
Liabilities			
Long-term liabilities			
Loans from financial institutions	17	10,000	10,000
Accrued liabilities	15	889	712
		10,889	**10,712**
Short-term liabilities			
Advances received		5	23
Trade payables		138	2,123
Liabilities to Group companies	16	163,018	10,039
Other liabilities		268	112
Accrued liabilities	15	23,567	981
		186,996	**13,278**
Total liabilities		**197,885**	**23,990**
Total equity and liabilities		**721,800**	**476,144**

Statement of Cash Flows, Parent Company (FAS)

TEUR	2021	2020
Operating activities		
Profit/loss for the period	102,747	3,003
Adjustments to reconcile profit to net cash flows		
Depreciation, amortisation and impairment	1,184	1,119
Financial income and expenses	-15,864	-2,086
Tax on income from operations	21,583	
Other adjustments	-112,156	-3,545
Cash flow from operating activities before change in net working capital	-2,506	-1,509
Change in working capital		
Change in short-term receivables	-125	-7
Change in short-term non-interest-bearing liabilities	-670	27
Change in other short-term receivables	-3,066	
Net cash flow from operating activities before financing items and taxes	-6,367	-1,489
Interest received and other financing items	16,552	3,000
Interest paid and other financing items	-688	-898
Income taxes	3	
Net cash flow from operating activities	**9,500**	**613**

TEUR	2021	2020
Investing activities		
Other investments	-24,137	4,560
Disposal of tangible and intangible assets	-372	-419
Net cash flows from / used in investing activities	**-24,509**	**4,141**
Financing activities		
Change in long-term liabilities		10,000
Change in short-term liabilities	152,979	10,039
Dividends paid	-29,902	-29,957
Group contribution	3,630	2,865
Purchase of treasury shares	-1,128	-242
Net cash flows from / used in financing activities	**125,579**	**-7,295**
Net change in cash and cash equivalents	**110,570**	**-2,540**
Cash and cash equivalents on January 1	11,951	14,491
Cash and cash equivalents on December 31	**122,521**	**11,951**

Notes to the Financial Statements, Parent Company

1. Accounting policies

The financial statements of the parent company Ahlström Capital Oy 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.

2. Net sales

Distribution of revenue by country

TEUR	2021	2020
Finland	4,814	4,720
Netherlands	915	911
	5,729	**5,631**

Distribution of revenue by business

TEUR	2021	2020
Real estate	4,378	4,301
Others	1,351	1,330
	5,729	**5,631**

3. Other operating income

TEUR	2021	2020
Other	1	1
	1	**1**

4. Personnel costs

TEUR	2021	2020
Wages and salaries and other remunerations	3,730	3,003
Pension costs	580	517
Other wage-related costs	210	57
	4,520	**3,577**
CEO's salaries	623	461
of which bonuses	203	38
Remunerations to Board members	493	508

5. Average number of personnel

	2021	2020
Salaried	10	13

6. Other operating expenses

TEUR	2021	2020
Real estate expenses	1,456	1,325
External services	1,535	1,515
Other expence items	724	724
	3,715	**3,564**

7. Financial income and expenses

Financial income

TEUR	2021	2020
Dividends from Group companies	16,500	3,000
Interest and financial income from Group companies	74	51
Interest and financial income from others	72	25
	16,646	**3,076**

Financial expenses

TEUR	2021	2020
Interest expenses	85	60
Other financial expenses	696	929
	781	**989**
Total financial income and expenses	**15,865**	**2,087**

8. Appropriations

TEUR	2021	2020
Change in depreciation difference	-44	-85
Group contribution, received	112,200	3,630
	112,156	**3,545**

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

2021 TEUR	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost						
January 1	1,598	26,254	38,990	3,164	70	224
Additions			6			365
Disposals						
Reclassification			134	455		-589
December 31	1,598	26,254	39,130	3,619	70	0
Accumulated depreciation and impairment						
January 1	1,401		14,387	1,810		
Amortisation for the year			1,007	177		
December 31	1,401		15,394	1,987		
Net book value December 31, 2021	**197**	**26,254**	**23,736**	**1,632**	**70**	**0**

2020 TEUR	Intangible rights	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and construction in progress
Acquisition cost						
January 1	1,598	26,254	37,307	2,515	70	1,592
Additions			7			957
Disposals						
Reclassification			1,676	649		-2,325
December 31	1,598	26,254	38,990	3,164	70	224
Accumulated depreciation and impairment						
January 1	1,401		13,407	1,671		
Amortisation for the year			980	139		
December 31	1,401		14,387	1,810		
Net book value on December 31, 2020	**197**	**26,254**	**24,603**	**1,354**	**70**	**224**

10. Long-term investments

2021 TEUR	Investments in Group companies	Other shares
January 1	407,557	65
Additions	56,500	
Disposals	-32,362	
December 31	**431,695**	**65**

2020 TEUR	Investments in Group companies	Other shares
January 1	412,117	65
Additions	8,000	
Disposals	-12,560	
December 31	**407,557**	**65**

11. Short-term investments

TEUR	2021	2020
Short-term cash investments	63,000	
	63,000	

12. Accrued receivables

TEUR	2021	2020
Short-term		
Periodisation of costs	3	36
	3	**36**

13. Equity

TEUR	2021	2020
Restricted equity		
Equity on January 1	38,771	38,771
Equity on December 31	38,771	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	**51,545**	**51,545**
Unrestricted equity		
Reserve for invested non-restricted equity	104,336	104,336
Retained earnings (loss) on January 1	294,464	322,944
Distribution of profits	-29,902	-29,957
Acquisition of treasury shares	-1,128	-1,526
Profit from previous financial years on December 31	**263,434**	**291,461**
Profit for the period	**102,747**	**3,003**
Unrestricted equity, total	**470,517**	**398,800**
Equity, total	**522,063**	**450,345**

14. Share capital on December 31

	Number of shares	EUR
Shares January 1	62,409,923	38,771,470
Invalidation of shares	-114,774	
Shares December 31	**62,295,149**	**38,771,470**

1 vote / share, with redemption clause

The Annual General Meeting of Ahlström Capital Oy resolved to authorise the Board of Directors to decide on the repurchase of a maximum of 400,000 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 73,664 shares (0,12%). The repurchased shares were invalidated in January 2022 based on the board of directors' decision in December 2021.

15. Accrued liabilities

TEUR	2021	2020
Long-term		
Personnel costs	889	712
Short-term		
Personnel costs	1,957	938
Periodisation of costs	24	43
Income taxes	21,586	
	24,456	**1,693**

16. Receivables from and liabilities to Group companies

Receivables from group companies

TEUR	2021	2020
Other receivable	66	
Trade receivables	258	
Accrued receivables	112,205	3,634
	112,529	**3,634**

Liabilities to group companies

TEUR	2021	2020
Other short-term liabilities	163,018	10,039
	163,018	**10,039**

17. Collaterals

TEUR	2021	2020
For own liabilities		
Credit facilities	200,000	160,000
of which in use	10,000	10,000
Pledged assets	130,000	130,000

At the end of the year Ahlström Capital Oy has credit facilities amounting to EUR 200.0 million of which EUR 150.0 million was unused. In February 2020, a syndicated secured financing facility up to EUR 200.0 million which is fully committed was signed for Ahlström Capital Oy and A. Ahlström Kiinteistöt Oy. The facility is secured by mortgage on the real estate at Eteläesplanadi 14 owned by Ahlström Capital Oy and material part of the forest assets held by A. Ahlström Kiinteistöt Oy. There is a group level financial covenant on the facility, which 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%. There have been no breaches in the financial covenant in the current period. At the beginning of 2021, the extension option of the facility was used until February 2026.

In October 2021, Ahlström Capital Oy agreed on interest rate hedging for the nominal amount EUR 100.0 million until 2041 to secure the cost of long-term financing.

18. Contingent liabilities

TEUR	2021	2020
Leasing and rental commitments		
Current portion	25	9
Non-current portion	23	
	48	**9**

Commitments on behalf of Group companies

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

Other commitments

TEUR	2021	2020
Guarantees given on behalf of others		6,100
Contingent liabilities for Real Estate investment's VAT	466	470

Auditor's report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Ahlström Capital Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ahlström Capital Oy (business identity code 1670034-3) for the year ended 31 December 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other Opinions

The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the parent company's Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 4 March 2022
KPMG OY AB

KIM JÄRVI
Authorised Public Accountant, KHT

Proposal for the Distribution of Profits

According to the parent company's balance sheet as at December 31, 2021, the total distributable funds are:

	EUR
Reserve for invested non-restricted equity	104,335,800.65
Retained earnings	263,433,967.52
Profit for the period	102,747,089.54
Total distributable funds	470,516,857.71

The Board of Directors proposes that a dividend of EUR 0.52 per share be paid on the 62,221,485 shares and the remainder retained. The dividend is proposed to be paid in two instalments; the first payment of EUR 0.26 per share in April 2022 and the second payment of EUR 0.26 per share in October 2022. The total proposed dividend for 2022 is EUR 32,355,172.20.

Helsinki, March 2, 2022

Kari Kauniskangas
Chairman of the Board

Mats Danielsson

Håkan Johansson

Casper von Koskull

Nelli Paasikivi-Ahlström

Pekka Pajamo

Fredrik Persson

Malin Persson

Lasse Heinonen
President and CEO

AHLSTRÖM CAPITAL

Shares and shareholders

Shares and share capital

Ahlström Capital's registered share capital on December 31, 2021 was EUR 38,771,470. The Company has one series of shares. Each share entitles the holder to one vote in the general meeting of shareholders.The Articles of Association include a redemption clause as defined in Chapter 3, section 7 of the Limited Liability Companies Act.

Shareholdings

At the end of 2021, Ahlström Capital had 268 shareholders. More information on sharehold-ers is pre-sented in the Report of the Board of Directors.

Shareholdings of the Board of Directors

On December 31, 2021 members of the Board of Directors held 3,300 shares in Ahlström Capital Oy, which represents 0.00 per cent of the shares and voting rights.

Shareholders by group on December 31, 2021

	Number of Shares	Percentage of capital stock
Companies	4,123,719	6.6
Financial and insurance institutions	449,664	0.7
Public sector entities and mutual pension insurance companies	2,349,000	3.8
Households	44,170,985	70.9
Non-profit organisations	625,744	1.0
Foreign owners	10,565,537	17.0
Total	**62,284,649**	**100.0**

Distribution of shareholdings on December 31, 2021

	Number of shareholders	Percentage of shareholders	Number of shares and votes	Percentage of shares and votes	Average number of shares held
1–10,000	86	32.1	231,028	0.4	2,686
10,000–50,000	45	16.8	1,365,260	2.2	30,339
50,000–100,000	32	11.9	2,196,910	3.5	68,653
100,000–500,000	66	24.6	16,668,405	26.8	252,552
500,000–	39	14.6	41,823,046	67.1	1,072,386
Total	**268**	**100.0**	**62,284,649**	**100.0**	**232,405**

On December 31, 2021 the number of issued shares was 62,295,149, of which 10,500 shares were on the waiting list and 73,664 shares were repurchased and waiting to be invalidated.

AHLSTRÖM CAPITAL

Information for shareholders

Annual general meeting

The Annual General Meeting 2022 is to be held on Wednesday, April 6, 2022 at 4:45 p.m. at Restaurant Savoy, in Helsinki. Shareholders may participate in the general meeting in person or by way of proxy representation. The general meeting will also be streamed live and shareholders have the possibility to follow it remotely. Due to the prevailing COVID-19 pandemic, we actively follow the restrictions and recommendations set by the Finnish authorities. In the event that the restrictions and recommendations would affect the meeting arrangements, we will inform shareholders thereof without undue delay.

Financial information

Ahlström Capital’s Annual Report 2021 is available on the company’s website at ahlstromcapital.com. In 2022, the company will inform the shareholders about the development of its performance on a quarterly basis. The company’s annual report 2022 is estimated to be published in March 2023.