

Q1 2021

INTERIM FINANCIAL REPORT
JANUARY-MARCH 2021

THIS INTERIM REPORT COVERS CONSOLIDATED FINANCIAL AND OTHER INFORMATION OF THE AHLSTROM-MUNKSJÖ HOLDING GROUP OF COMPANIES, CONSISTING OF SPA HOLDINGS 3 OY AS THE PARENT COMPANY, SPA HOLDCO US INC AND AHLSTROM-MUNKSJÖ OYJ AND ITS SUBSIDIARIES. AHLSTROM-MUNKSJÖ OYJ WAS ACQUIRED BY SPA HOLDINGS 3 OY ON FEBRUARY 4, 2021.



COMPARABLE EBITDA SUPPORTED BY IMPROVED CUSTOMER ACTIVITY

We present in this January-March 2021 interim report certain financial and other information of Ahlstrom-Munksjö Holding (the "Group"), consisting of Spa Holdings 3 Oy as the parent company (the "Issuer", "parent company" and "Spa Holdings 3 Oy"), Spa US Holdco Inc, and Ahlstrom-Munksjö Oy and its subsidiaries ("Ahlstrom-Munksjö"). Ahlstrom-Munksjö is consolidated from the date of acquisition on February 4, 2021. Income statement and certain related key figures are presented on a pro forma basis for the full year 2020 and January-March 2021 to illustrate the financial effect of the acquisition of Ahlstrom-Munksjö Oy as if the transaction had been completed in the beginning of 2020. This report also includes certain adjusted figures for the last twelve months ("LTM") ended March 30, 2021.

HIGHLIGHTS DURING THE REPORTING PERIOD

- Spa Holdings 3 Oy acquired Ahlstrom-Munksjö Oy
- Improved comparable EBITDA with a margin of 14.9% on pro forma basis
- Higher sales of filtration, medical and life science related products improved the mix
- Customer activity continued to improve across the company's broad range of end uses and was partly driven by restocking. Very limited impact from Covid-19.
- Selling price management to mitigate rapidly increasing raw material costs, which did not yet impact Q1 2021
- Issuance of senior secured notes

Pro forma Q1/2021 compared with Q1/2020 (Ahlstrom-Munksjö)

- Net sales increased by 0.8% to EUR 723.5 million (718.1). At constant currency rates, net sales increased by 5.5% on an improved product mix and higher volumes
- Comparable EBITDA improved to EUR 107.7 million (91.7), representing 14.9% (12.8) of net sales, supported by an improved product mix and higher volumes

Reported Q1/2021

- Reported operating result was a loss of EUR -8.0 million and included items affecting comparability of EUR -47.4 million.
- Net result was a loss of EUR -23.9 million including net financial items of EUR -20.2 million and taxes of EUR 4.3 million

Adjusted last twelve months (LTM)

- Adjusted EBITDA for the last twelve months was EUR 453.1 million
- Net indebtedness was EUR 1,730.0 million, translating into a net indebtedness to adjusted EBITDA ratio of 3.8

Q1/2021

PRO FORMA
COMPARABLE
EBITDA MEUR 107.7,
14.9% OF NET SALES

IMPROVEMENT IN
CUSTOMER
ACTIVITY

ACQUISITION OF
AHLSTROM-
MUNKSJÖ SHARES
COMPLETED

KEY FIGURES

Key figures	Ahlstrom- Munksjö Holding	Ahlstrom- Munksjö	Ahlstrom- Munksjö	Ahlstrom- Munksjö
	Pro forma	Q1	Q4	Q1-Q4
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	723.5	718.1	689.2	2,683.3
Comparable EBITDA	107.7	91.7	89.6	334.2
Comparable EBITDA margin, %	14.9	12.8	13.0	12.5
EBITDA	82.5	120.5	90.6	354.5

Key figures	Ahlstrom- Munksjö Holding	Ahlstrom- Munksjö	Ahlstrom- Munksjö	Ahlstrom- Munksjö
	Reported	Q1	Q4	Q1-Q4
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
MOVC per ton, EUR ¹	622.6	711.8	732.1	721.5
MOVC margin, % ¹	35.9	41.4	43.3	42.2
Operating working capital ²	84.6	282.0	226.0	226.0
Capital expenditure	16.0	26.3	41.2	117.5
Net senior secured indebtedness	1,181.2			
Net indebtedness	1,730.0	854.3	735.8	735.8
Ratio of net senior secured indebtedness to adjusted EBITDA ³	2.6			
Ratio of net indebtedness to adjusted EBITDA ³	3.8			

¹Q1 2021 Impacted by an inventory adjustment arising from purchase price allocation (PPA) accounting of EUR -31.7 million

²Q1 2021 impacted by redemption liability amounting to EUR 191.9 million and accruals related to transaction costs.

³Historical data for the LTM before the acquisition is from Ahlstrom-Munksjö historical numbers

Key figures	Ahlstrom- Munksjö Holding
	Adjusted LTM
	Q1
EUR million, or as indicated	2021
Adjusted EBITDA (LTM) ¹	453.1
Adjusted EBITDA margin (LTM), % ¹	16.9
Interest expenses (LTM) ²	-90.1

¹ Historical data for the LTM before the acquisition is from Ahlstrom-Munksjö historical numbers

² Calculated as if the transaction of acquiring Ahlstrom-Munksjö Oyj had been completed in the beginning of 2020.

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

Reported, IFRS based numbers are available in appendix 1.

Pro forma is available in appendix 3.

CEO COMMENTS

During the first quarter, customer activity continued to increase in nearly all businesses and was partly driven by restocking. Demand for medical and life science related products continued on a high level, while demand for filtration, industrial and construction related materials recovered after the Covid-19 related decline in 2020. The improved volumes, particularly in March, together with more favorable product mix led to an increase in comparable EBITDA with a margin of 14.9% on pro forma basis.

The surge in the number of infections at the end of 2020 and the subsequent regional restrictions did not have a material impact on demand in the beginning of 2021. Our plants have remained operational although there has been some tightening in raw material supply and logistics caused by the rebound in economic activity. The rapid increase in raw material costs since the end of 2020 did not yet impact our profitability. We have taken action to mitigate the higher input costs by adjusting our selling prices. However, as usual, there is a time-lag before the full effect becomes visible.

I'm also pleased that we have been able to drive our business forward during the pandemic. Our innovative filter media makes indoor environments in buildings and transportation vehicles safer against Covid-19 as well as other viral and bacterial organisms. At the same time, we are fully committed to the electrification of our society and are determined to become a leading supplier in the field. We have launched our first filtration product offering dedicated to electric vehicles and signed a marketing license for fiber-based separator for lithium-ion batteries in the energy storage market.

A public tender offer for Ahlstrom-Munksjö was completed in February and the shares of Ahlstrom-Munksjö were delisted on June 23. Together with the new owners we have started the work to build a better company, and I'm confident we can further accelerate our value creation and long-term success.



“Together with the new owners we have started the work to build a better company.”

*Hans Sohlström,
President and CEO of Ahlstrom-
Munksjö*

FINANCIAL PERFORMANCE

Net sales by business area	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million	2021	2020	2020	2020
Filtration & Performance Solutions	180.5	166.5	172.6	637.1
Advanced Solutions	125.9	120.1	112.8	476.2
Industrial Solutions	180.3	192.3	167.3	683.9
Food Packaging & Technical Solutions	140.3	145.8	143.2	554.6
Decor Solutions	103.7	106.2	101.7	369.7
Other and eliminations	-8.2	-12.8	-8.4	-38.1
Pro forma foreign exchange impact	1.0	—	—	—
Pro forma Group total	723.5	—	—	—
Pro forma impact	-262.4	—	—	—
Group reported	461.1	718.1	689.2	2,683.3

Comparable EBITDA by business area	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million	2021	2020	2020	2020
Filtration & Performance Solutions	40.4	31.8	29.0	118.6
Advanced Solutions	18.8	14.5	12.6	61.1
Industrial Solutions	21.1	20.1	18.3	71.3
Food Packaging & Technical Solutions	16.3	16.4	19.1	52.5
Decor Solutions	11.0	12.7	14.2	37.6
Other and eliminations	-0.4	-3.7	-3.6	-6.8
Pro forma foreign exchange impact	0.5	—	—	—
Pro forma Group total	107.7	—	—	—
Pro forma impact	-36.8	—	—	—
Group reported	71.0	91.7	89.6	334.2

Comparable EBITDA margin by business area	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
%	2021	2020	2020	2020
Filtration & Performance Solutions	22.4	19.1	16.8	18.6
Advanced Solutions	14.9	12.1	11.1	12.8
Industrial Solutions	11.7	10.5	11.0	10.4
Food Packaging & Technical Solutions	11.6	11.2	13.3	9.5
Decor Solutions	10.6	11.9	14.0	10.2
Pro forma Group total	14.9	—	—	—
Group reported	15.4	12.8	13.0	12.5

FINANCIAL RESULT

Pro forma compared with Ahlstrom-Munksjö January–March 2020

The pro forma figures illustrates as if the acquisition of Ahlstrom-Munksjö had been completed in the beginning of 2020.

Net sales increased by 0.8% to EUR 723.5 million (718.1). At constant currency rates, net sales increased by 5.5% as higher share of filtration, medical and life science related products led to an improved mix. Sales volumes rose in nearly all businesses.

Overall customer activity continued to improve across the company's broad range of end uses it serves and was partly driven by restocking.

Comparable EBITDA increased to EUR 107.7 million (91.7), representing 14.9% of net sales (12.8). This was driven by an improved product mix and higher sales volumes. Variable costs were lower due to both the company's on-going cost efficiency measures and lower raw material prices. Fixed costs were in line with the comparison period.

Adjusted EBITDA was EUR 453.1 million for the last twelve months (LTM) ending March 31, 2021.

Reported January–March 2021

In the reported figures Ahlstrom-Munksjö is consolidated from the date of the acquisition of February 4, 2021.

The reported margin on variable costs (MOVOC) of EUR 622.6 per ton was negatively impacted by an inventory adjustment arising from purchase price allocation accounting of EUR 31.7 million.

EBITDA was EUR 23.5 million. Items affecting comparability (IACs) in EBITDA totaled EUR -47.4 million, and included an inventory adjustment arising from purchase price allocation (PPA) accounting as well as costs relating to the transaction.

The operating result was a loss of EUR -8.0 million. Depreciation, amortization and impairment amounted to EUR -31.5 million, including depreciation and amortization arising from PPA of EUR -11.3 million. This implies an annualized level of EUR 67 million in depreciation and amortization arising from PPA.

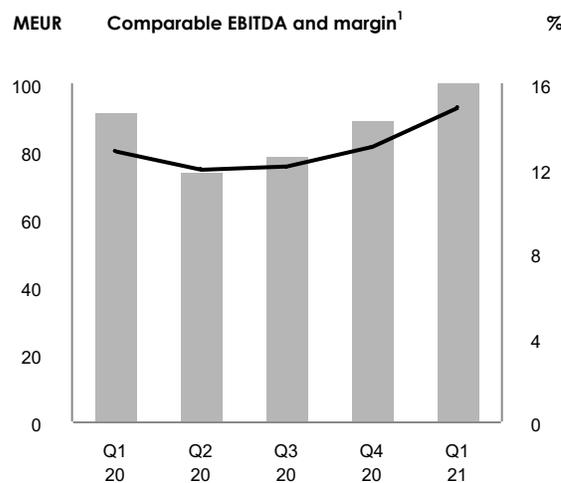
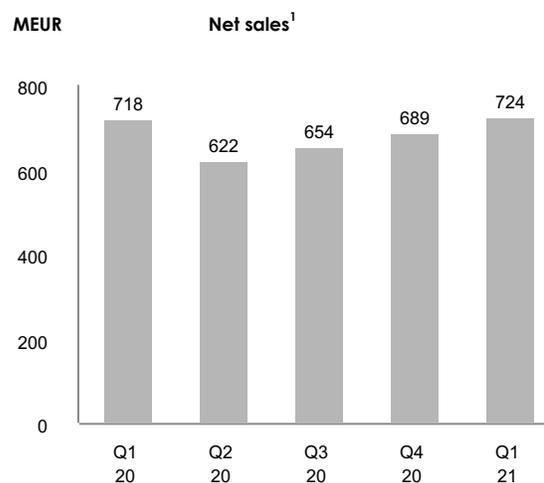
Net financial items were EUR -20.2 million. This figure includes net interest expenses of EUR -14.7 million, a currency exchange loss of EUR -3.4 million and other financial expenses of EUR -2.0 million. Interest expenses (LTM), calculated as if the transaction of acquiring Ahlstrom-Munksjö Oyj

had been completed in the beginning of 2020, were EUR -90.1 million.

The result before taxes was a loss of EUR -28.2 million. Taxes amounted to EUR 4.3 million. The net result was a loss of EUR -23.9 million.

Pro forma compared with Ahlstrom-Munksjö October–December 2020

Comparable EBITDA increased mainly due to higher sales volumes. Variable costs increased slightly.



¹⁾ Q1-Q4 2020 Ahlstrom-Munksjö historical, Q1 2021 Ahlstrom-Munksjö Holding pro forma

Reconciliation of EBITDA to comparable EBITDA	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Pro forma ¹	Pro forma ¹			
	Q1	Q1-Q4	Q1	Q4	Q1-Q4
EUR million	2021	2020	2020	2020	2020
Net result	5.6	-36.6	46.6	23.3	94.5
Taxes	-1.6	-12.1	-17.5	-10.3	-36.0
Net financial items	-28.2	-104.2	-9.6	-10.0	-45.7
Operating result	35.5	79.7	73.7	43.7	176.2
Depreciation, amortization and impairment	-47.0	-193.0	-46.7	-46.9	-178.4
EBITDA	82.5	272.7	120.5	90.6	354.5
Transaction costs	-25.0	-56.6	-1.2	-0.7	-6.5
Integration costs	0.1	-0.5	-0.5	0.0	-0.5
Inventory fair value	—	-31.7	—	—	—
Restructuring costs	0.0	-2.6	-0.5	-1.2	-2.6
Net gain/loss on business disposal and other related items	—	31.8	31.0	3.7	31.8
Other	-0.3	-1.9	0.0	-0.7	-1.9
Total items affecting comparability in EBITDA	-25.2	-61.6	28.8	1.0	20.3
Comparable EBITDA	107.7	334.2	91.7	89.6	334.2

¹ Full reconciliation is available in appendix 3.

Reconciliation of Comparable EBITDA (LTM) to adjusted EBITDA (LTM)	Ahlstrom-Munksjö Holding
	Adjusted LTM
EUR million	Q1
	2021
Comparable EBITDA (LTM) Pro forma	350.2
Pro forma foreign exchange impact	-0.5
Comparable EBITDA (LTM)	349.8
One off and other adjustments ¹	1.0
COVID-19 normalization ²	12.4
Full year estimate of FY20 initiatives ³	4.4
FY21 initiatives ⁴	69.8
FY22 initiatives ⁵	15.7
Adjusted EBITDA (LTM)	453.1

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

¹ Includes the other individually not material one-off and other adjustments.

² Reflects the impact of Covid-19 on H1 2020 – see Selected information for details. Management stated that the impact of Covid-19 on H2'20 and Q1'21 is minimal and they are no longer monitoring the impact.

³ Represents the full year impact of initiatives implemented in H2 2020. These primarily include procurement savings (EUR 3.3 million), the largest categories being chemicals (EUR 1.2 million) and indirect (EUR 1.1 million). These savings are based on management achieving FY21 plan volumes.

⁴ Comprise of a number of initiatives focusing on better managing of raw material costs and improving efficiency i.e. initiatives implemented during FY21 and the benefits accrue in FY21 with the full year impact in FY22. Fibre savings of EUR 14.5 million make up 20.7% of the total savings and continuous improvement EUR 22.1 million (31.7%). Most fibre contracts are annual and pricing is adjusted on a quarterly basis. To the extent the company is able to maintain the volumes assumed in the FY21 plan, we understand that the risk to these savings is limited. Continuous improvement mainly related to reducing waste and improving operational efficiencies at the plants. Indirect

savings (EUR 17.8 million) relate to renegotiation of IT / freight contracts and reducing corporate spend by having stronger approvals process for spend greater than 5 thousand euros.

⁵ Most of the saving FY22 initiatives are from post transformation review focused on indirect and Fibres. These savings will be implemented during the course of FY22 and the full run rate benefit will be achieved 12 months from the date of implementation. Indirect savings includes optimisation of annual shutdowns (EUR 1.0 million) and reducing temporary labour (EUR 1.6 million). Fibre projects include dual sourcing from a lower cost supplier (EUR 0.9 million), optimising the Group's pulp recipes and long/short fibres replacement (1.6 million). For Chemicals it is reducing the import taxes in South America (sourcing from different countries) and changing the mix of latex and starch. The secured L4 FY22 savings mainly related to IT/Telecom contracts.

CASH FLOW AND FINANCING

Reported cash flow and capital expenditure January-March 2021

In the reported figures Ahlstrom-Munksjö is consolidated from the date of the acquisition of February 4, 2021.

Net cash from operating activities amounted to EUR -41.1 million, and was impacted by an increase in working capital due to higher business activity and seasonality as well as IACs relating to the transaction.

Net cash flow from investing activities was EUR -1,593.4 million. Capital expenditure excluding acquisitions totaled EUR 16.0 million and were mainly related to maintenance, cost and efficiency improvements. Net cash flow from investing activities also included a EUR -1,577.4 million payment to acquire Ahlstrom-Munksjö shares.

Free cash flow was EUR 63.3 million, calculated as comparable EBITDA minus maintenance capital expenditure, and cash conversion was 89.2%, calculated as free cash flow divided by comparable EBITDA.

Financing, indebtedness and liquidity

During the first quarter, the parent company entered into several debt financing arrangements to finance the tender offer purchase consideration for the acquisition of Ahlstrom-Munksjö, to refinance certain Ahlstrom-Munksjö's existing debt arrangements and for other uses. For more information, please see note 18 in the Appendix 1.

Cash flow from financing activities for Ahlstrom-Munksjö Holding was EUR 2,044.1 million for January-March 2021. This includes repayments of borrowings of EUR -624.4 million (whereof EUR -607.3 million was cash payments to repay Ahlstrom-Munksjö's Senior Term Facilities) and proceeds from borrowings of EUR 1,645.6 million (Senior Term Facilities and issuing of Senior Secured Notes). Cash flow from financing activities also includes EUR 1,084.6 million of capital increase.

At the end of the reporting period, Ahlstrom-Munksjö Holding's net indebtedness was EUR 1,730.0 million, translating into a net indebtedness to adjusted EBITDA ratio of 3.8.

Our principal sources of liquidity, prior to the share settlement, were and are expected to be cash flow from operating activities and short-term and long-term loans and financing. Following the share settlement, the principal sources of liquidity are expected to be cash flow from operating activities and financing cash flow from drawings under the revolving credit facility and committed and uncommitted lines.

ACQUISITION OF AHLSTROM-MUNKSJÖ AND GOVERNANCE

ACQUISITION OF AHLSTROM-MUNKSJÖ

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

On April 16, Nasdaq Stockholm approved the delisting application and resolved that the last day of trading in Ahlstrom-Munksjö's shares was May 31, 2021.

On June 23, 2021 it was announced that Spa Holdings 3 Oy had posted security approved by the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce in connection with the redemption proceedings concerning the minority shares in Ahlstrom-Munksjö Oy, and thus gained title to all the shares in Ahlstrom-Munksjö in accordance with Chapter 18, Section 6 of the Finnish Companies Act. The shares in Ahlstrom-Munksjö were delisted as of that day from the official list of Nasdaq Helsinki.

EXTRAORDINARY GENERAL MEETING OF AHLSTROM-MUNKSJÖ

Ahlstrom-Munksjö Oy's Extraordinary General Meeting (the "EGM") was held on February 19, 2021. The EGM resolved in accordance with the proposal made to the EGM that the number of members of the Board of Directors shall be seven.

The EGM resolved in accordance with the proposal made to the EGM that Alexander Ehrnrooth and Lasse Heinonen were re-elected as members of the Board of Directors and Halvor Meyer Horten, Peter Seligson, Ivano Sessa, Michael Siefke and Karl-Henrik Sundström were elected as new members of the Board of Directors of Ahlstrom-Munksjö Oy.

All members of the Board of Directors were elected for a term of office starting at the close of the EGM and ending at the close of the Annual General Meeting 2021 held May 6, 2021.

The full release on resolutions is available at www.ahlstrom-munksjo.com.

ANNUAL GENERAL MEETING OF AHLSTROM-MUNKSJÖ

Ahlstrom-Munksjö Oyj's Annual General Meeting (the "AGM") was held in Helsinki on May 6, 2021. The AGM adopted the Financial Statements for 2020 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2020.

The AGM resolved that no dividend be distributed for the financial year 2020 in accordance with the proposal of the Board of Directors.

The AGM resolved in accordance with the proposal by SPA Holdings 3 Oy that the number of Board members be seven. The AGM resolved in accordance with the proposal by SPA Holdings 3 Oy that Alexander Ehrnrooth, Lasse Heinonen, Halvor Meyer Horten, Peter Seligson, Ivano Sessa, Michael Siefke and Karl-Henrik Sundström were re-elected as members of the Board of Directors.

The organization meeting of the Board of Directors, which was held immediately after the AGM, elected Ivano Sessa as Chairman of the Board.

The Board of Directors resolved to appoint two permanent committees, the Audit Committee as well as the Human Resources Committee. The members of the Audit Committee are Halvor Meyer Horten (Chair), Alexander Ehrnrooth, Lasse Heinonen and Ivano Sessa. The members of the Human Resources Committee are Ivano Sessa (Chair), Peter Seligson and Michael Siefke.

The full release is available at www.ahlstrom-munksjo.com.

AHLSTROM-MUNKSJÖ EXECUTIVE MANAGEMENT TEAM

Ahlstrom-Munksjö Oyj's Executive Management Team ("EMT") consists of the CEO, Deputy CEO and Executive Vice Presidents of business areas as well as group functions. Group EMT has remained unchanged from December 31, 2020. Biographical details of the EMT members are available at www.ahlstrom-munksjo.com.

THE BOARD OF THE PARENT COMPANY SPA HOLDINGS 3 OY

Spa Holdings 3 Oy's members of the Board of Directors are Ivano Sessa (chair), Andrej Busch, Alexander Ehrnrooth, Lasse Heinonen, Halvor Meyer Horten, Peter Seligson and Michael Siefke.

UPDATE ON COVID-19

HEALTH AND SAFETY OF OUTMOST IMPORTANCE

On January 23, 2020, Ahlstrom-Munksjö initiated a centralized crisis alert team to carry out a global pandemic contingency and preparedness response plan. The company has established a Covid-19 Safety Protocol to ensure safe operations and customer service. Its manufacturing plants are maintaining a cohesive set of rules to keep operations running and employees safe. Local adjustments are made according to country level or local health and safety regulation and guidance.

LIMITED OPERATIONAL IMPACT OF THE CORONAVIRUS PANDEMIC

Ahlstrom-Munksjö's 45 plants and converting sites in 14 countries have remained operational since the outbreak, except for a few temporary shutdowns caused by government lockdowns or employee absences related to quarantine or infections. In 2020, production was not interrupted to any significant extent due to raw material supply issues. During the first quarter of 2021 there has been some tightening in raw material supply.

IMPACT ON CUSTOMER ACTIVITY

Within Ahlstrom-Munksjö's broad range of advanced fiber-based solutions, the impact of the pandemic on customer activity has varied.

Demand for healthcare and life science related products has been strong throughout the pandemic. In the second quarter 2020, demand decreased clearly in the home building and furniture, transportation and industrial end-uses. In the third quarter, demand recovered in home building and furniture, driven mainly by increased household furniture spending, as well as transportation end-uses. Toward the end of the year, demand for industrial-related products improved. Overall demand for consumer goods-related applications, of which food and beverage and packaging represent the largest share, remained relatively stable.

The surge in the number of infections since the end of 2020 caused countries to reimpose restrictions, but these lighter and more regional lockdowns have not had a material impact on demand in the beginning of 2021.

ACTIONS TO MITIGATE THE NEGATIVE FINANCIAL IMPACT IN 2020

For Ahlstrom-Munksjö the financial implications of the pandemic was relatively limited in 2020.

Ahlstrom-Munksjö took numerous actions across the organization to cushion the financial impact of the decline in delivery volumes. Savings from these actions were approximately EUR 24 million in 2020.

The company had no on-going short-term saving actions related to Covid-19 in the first quarter of 2021.

PERSONNEL

Ahlstrom-Munksjö employed in January-March 7,961 (7,964) people. As of March 31, 2021, the highest numbers of employees were in the United States (31%), France (19%), Sweden (10%), Brazil (9%) and Germany (7%).

EVENTS DURING THE REPORTING PERIOD

EXTRAORDINARY GENERAL MEETING OF AHLSTROM-MUNKSJÖ

Please see the section Acquisition of Ahlstrom-Munksjö and Governance.

ISSUANCE OF SECURED NOTES

On March 19, 2021, Spa Holdings 3 Oy issued EUR 350 million senior secured notes and USD 305 million senior secured notes. The proceeds of the notes were used to finance partly the tender offer consideration and to refinance assumed debt of Ahlstrom-Munksjö. The EUR notes and the USD notes bear interest at a rate of 3.625% and 4.875% per annum, respectively. Both notes mature in 2028. For more information, please see note 18 in the Appendix 1.

BUSINESS AREA REVIEWS

FILTRATION & PERFORMANCE SOLUTIONS

The Filtration & Performance Solutions business area develops and produces engine oil, fuel and air filtration materials, as well as industrial filtration. It also produces abrasive backings, glass fiber for flooring products as well nonwoven materials for automotive, construction, textile, hygiene and wallcovering applications.

Market review and highlights January–March 2021

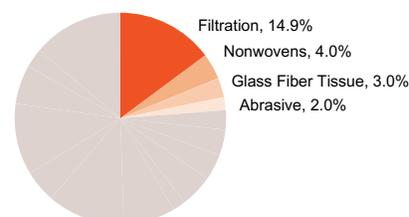
- Demand for filtration materials recovered strongly after Covid-19 related decline in 2020
- Demand for glass fiber flooring, abrasive backings, wallcoverings and plasterboard materials improved
- Partnership with Italian filter producer Virgis S.P.A for the distribution of an innovative HEPA filtration solution produced by Webasto. The innovative solution makes indoor environments safer against COVID-19 as well as other viral and bacterial organisms

Q1/2021 compared with Q1/2020

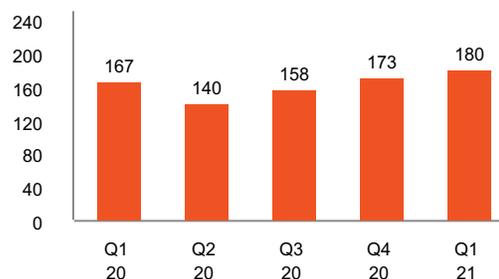
Net sales increased mainly due to higher sales volumes in all businesses.

Comparable EBITDA increased due to higher sales volumes.

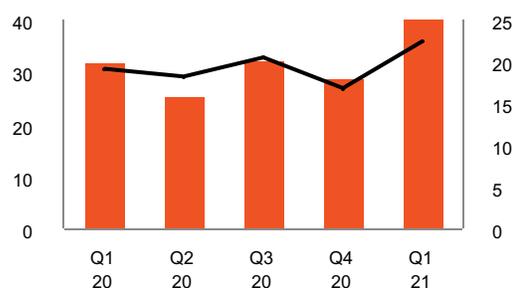
Sales by business



MEUR Net sales



MEUR Comparable EBITDA and margin %



	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	180.5	166.5	172.6	637.1
Comparable EBITDA	40.4	31.8	29.0	118.6
Comparable EBITDA margin, %	22.4	19.1	16.8	18.6
Operating working capital	79.1	83.7	58.8	58.8
Capital expenditure	5.6	6.4	11.1	26.3

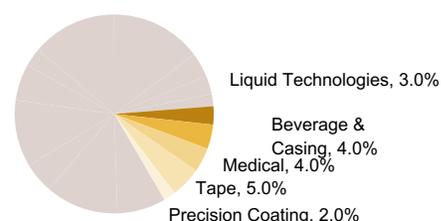
ADVANCED SOLUTIONS

The Advanced Solutions business area develops and produces materials for laboratory filters and life science diagnostics, water filtration, beverage and food processing, tapes and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials as well as specialty release liners.

Market review and highlights January–March 2021

- Strong demand growth for medical and life science products
- Solid demand growth for tape backings, tea and coffee materials, as well as fibrous meat casing materials
- Weak demand for specialty release liners due to low activity in aerospace
- Expansion of TenderGuard™ offering for a full suite of fabrics for medical and civil use face masks, including biodegradable and compostable materials

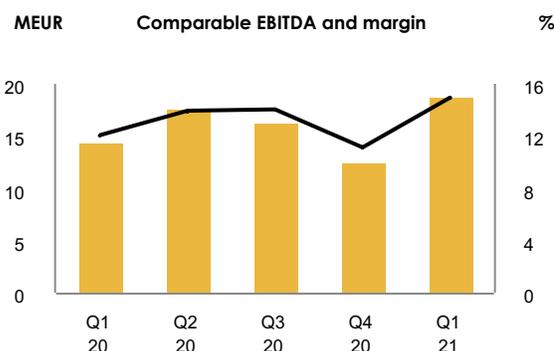
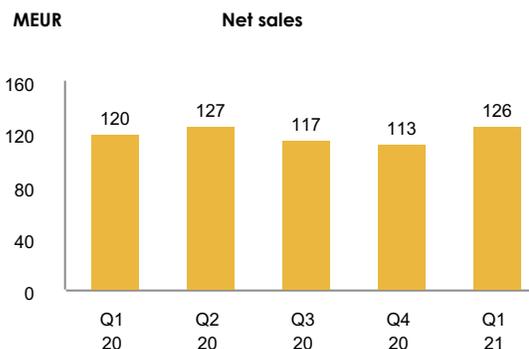
Sales by business



Q1/2021 compared with Q1/2020

Net sales increased as higher volumes and an improved mix more than offset the adverse currency effect. Deliveries increased in all businesses except Precision Coating, where they decreased significantly.

Comparable EBITDA increased mainly due to higher sales volumes and a larger share of medical and life science products. This was partially offset by an adverse currency impact.



	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	125.9	120.1	112.8	476.2
Comparable EBITDA	18.8	14.5	12.6	61.1
Comparable EBITDA margin, %	14.9	12.1	11.1	12.8
Operating working capital	93.0	92.7	73.0	73.0
Capital expenditure	6.3	2.6	4.7	12.5

INDUSTRIAL SOLUTIONS

The Industrial Solutions business area develops and produces release liners, electrotechnical insulation papers as well as flexible packaging and coated label papers. The business area also supplies specialty pulp, interleaving papers as well as office and printing papers.

Market review and highlights January–March 2021

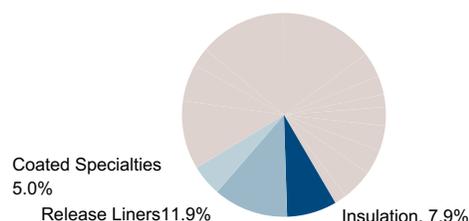
- Continued good demand in release liners
- Demand for electrotechnical and steel interleaving papers improved after the Covid-19 related decline in 2020
- Continued good demand for coated papers

Q1/2021 compared with Q1/2020

Net sales decreased mainly due to an adverse currency effect.

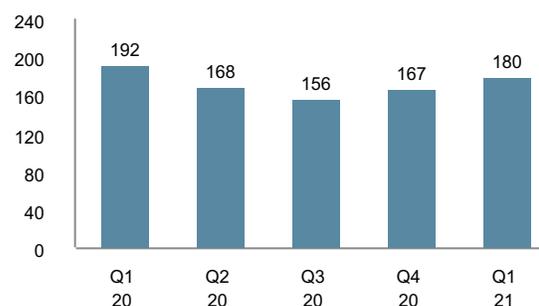
Comparable EBITDA increased as lower variable costs and an improved product mix more than offset a decline in sales volumes, partly driven by lower specialty pulp deliveries.

Sales by business



MEUR

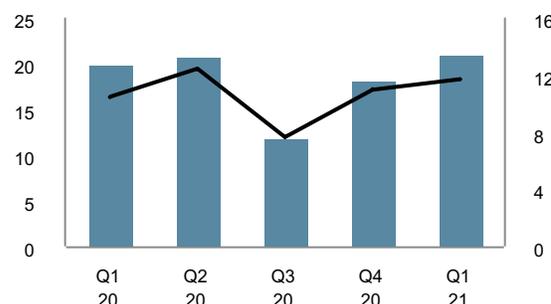
Net sales



MEUR

Comparable EBITDA and margin

%



	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	180.3	192.3	167.3	683.9
Comparable EBITDA	21.1	20.1	18.3	71.3
Comparable EBITDA margin, %	11.7	10.5	11.0	10.4
Operating working capital	51.1	59.3	51.6	51.6
Capital expenditure	3.4	7.1	8.6	32.4

FOOD PACKAGING & TECHNICAL SOLUTIONS

The Food Packaging & Technical Solutions business area develops and produces a wide range of sustainable food packaging and processing papers as well as specialty papers for industrial and construction use.

Market review and highlights January–March 2021

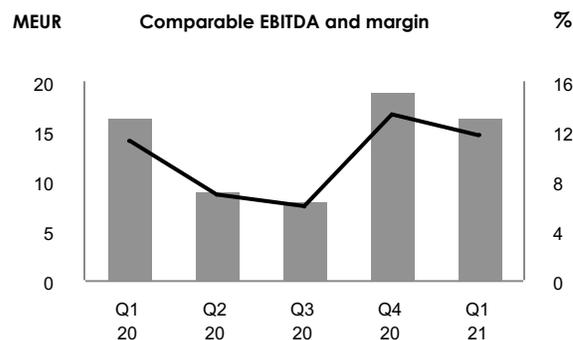
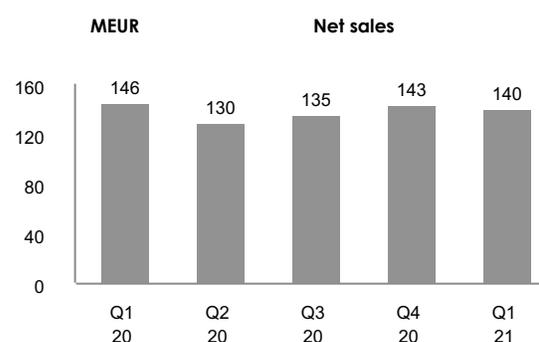
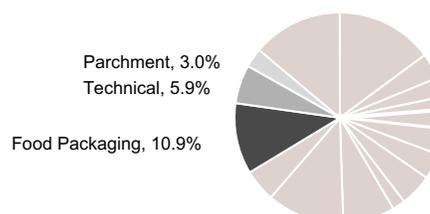
- Demand for food processing and packaging continued to improve, following a rebound in restaurant traffic
- Robust demand for parchment-based cooking and baking papers
- Rebound in demand for specialty papers in industrial and construction applications after the Covid-19 related decline in 2020.
- Launch of Servera@Ultra Quick Service Restaurant paper, complements existing offering of sustainable food packaging by providing grease and water resistance as well as heat retention while being free of fluorochemicals
- Certification from the Biodegradable Products Institute® of CelluStraw™, a biodegradable and renewable fiber-based solution for paper straws

Q1/2021 compared with Q1/2020

Net sales decreased as higher sales volumes were offset by an adverse currency effect.

Comparable EBITDA was on the same level as the positive impact of higher sales volumes was offset by a less favorable product mix and an adverse currency effect.

Sales by business



	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	140.3	145.8	143.2	554.6
Comparable EBITDA	16.3	16.4	19.1	52.5
Comparable EBITDA margin, %	11.6	11.2	13.3	9.5
Operating working capital	81.6	68.7	49.9	49.9
Capital expenditure	2.7	3.3	7.3	17.5

DECOR SOLUTIONS

The Decor Solutions business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

Market review and highlights January–March 2021

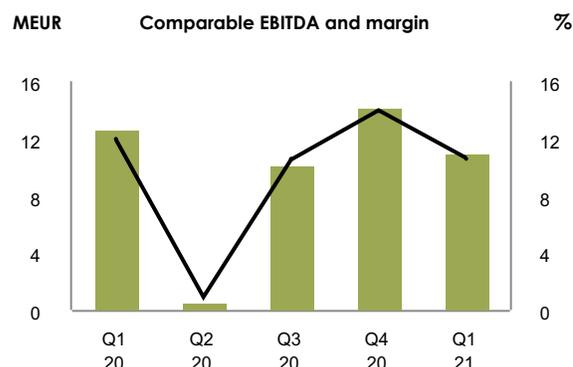
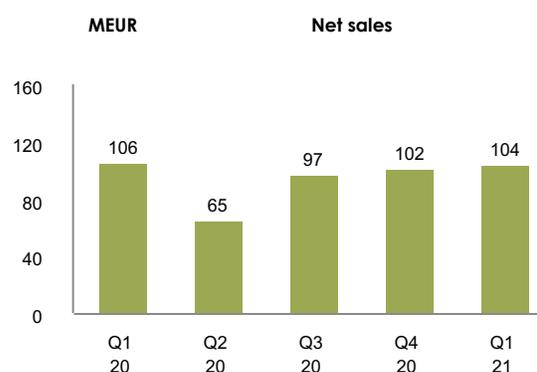
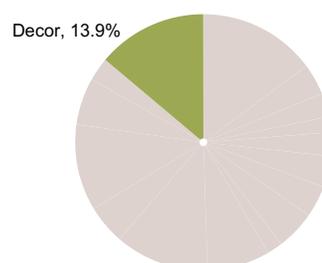
- Strong demand recovery continued at decor paper customers and end customers in the furniture industry after the Covid-19 related decline in the second quarter 2020
- Limited impact for decor paper demand from reimposed restrictions and regional lockdowns at the end of 2020 and in the beginning of 2021
- Continued strong demand in home furniture and home renovation segments, while demand in office and shop furniture remained weak
- Rapidly increasing raw material prices such as pulp, titanium dioxide and other chemicals
- Implemented a first sales price increase with gradual impact as from April
- Strategic review reactivated

Q1/2021 compared with Q1/2020

Net sales were close to last year's level. Higher volumes almost offset lower selling prices and an adverse currency effect.

Comparable EBITDA decreased as the positive impact from higher sales volumes was more than offset by higher costs.

Sales by business



	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q4	Q1-Q4
EUR million, or as indicated	2021	2020	2020	2020
Net sales	103.7	106.2	101.7	369.7
Comparable EBITDA	11.0	12.7	14.2	37.6
Comparable EBITDA margin, %	10.6	11.9	14.0	10.2
Operating working capital	32.4	55.5	33.1	33.1
Capital expenditure	0.9	1.8	4.7	8.9

EVENTS AFTER THE REPORTING PERIOD

REDEMPTION OF EUR 250 MILLION SENIOR UNSECURED 1.875 PERCENT NOTES DUE 2022

On April 12, 2021, Ahlstrom-Munksjö redeemed all of the aggregate principal amount of the notes issued. On the optional redemption date, Ahlstrom-Munksjö redeemed all of the notes (including any notes in respect of which the mandatory prepayment right related to the change of control event has been exercised) at a make-whole redemption amount (as defined in condition 8 of the terms and conditions of the notes) together with accrued but unpaid interest up to (but excluding) the optional redemption date in accordance with the terms and conditions of the notes.

REDEMPTION OF EUR 100 MILLION HYBRID BOND

On February 19, 2021, Ahlstrom-Munksjö announced its intent to exercise its redemption right in respect of the EUR 100 million hybrid bond issued on December 13, 2019 in accordance with clause 7.7 (change of control) of the terms and conditions of the hybrid bond.

On July 29, 2021 Ahlstrom-Munksjö will redeem the hybrid bond in whole at their nominal amount, together with any accrued interest (each as defined in the terms and conditions of the hybrid bond) in accordance with the terms and conditions of the hybrid bond.

STRATEGIC REVIEW OF DECOR BUSINESS REACTIVATED

On May 4, 2021, Ahlstrom-Munksjö announced it had reactivated the exploration of strategic options for its Decor business, including the possibility of divesting the business. The review process, first announced in September 2019, has been impacted by the Covid-19 outbreak.

In the past months, Ahlstrom-Munksjö has progressed with the carve-out of Decor with the objective of enabling the business to operate as a stand-alone entity. Decor has also been discussing opportunities for partnering with leading Chinese suppliers to create a more global leader with strong presence in Europe, South America and Asia.

ANNUAL GENERAL MEETING OF AHLSTROM-MUNKSJÖ

Please see the section Acquisition of Ahlstrom-Munksjö and Governance.

EXPANSION OF GLASS FIBER TISSUE BUSINESS THROUGH A MAJOR INVESTMENT IN NORTH AMERICA

On May 10, 2021, Ahlstrom-Munksjö announced it will invest EUR 58 million in a new glass fiber tissue production line in the U.S. to support the flooring industry in North America. The new line, to be built on the existing Madisonville site in Kentucky, will produce a full range of glass fiber tissue with a main focus on Luxury Vinyl Tiles and Vinyl sheet materials. Customer deliveries are expected to start in mid-2023.

DELISTING OF AHLSTROM-MUNKSJÖ SHARES FROM NASDAQ HELSINKI AND STOCKHOLM

Please see the section Acquisition of Ahlstrom-Munksjö and Governance.

SPA HOLDINGS 3 OY GRANTED A LOAN TO SPA LUX TOPCO SARL

On April 30, 2021, Spa Holdings 3 Oy was issued a Finnish law governed note in an amount of EUR 7,426,666.67 (the "Promissory Note") by, its indirect parent, Spa Lux Topco SARL in exchange for a loan from Spa Holdings 3 Oy for purposes of paying a cash dividend on Spa Lux Topco SARL's preferred equity instrument. The Promissory Note accrues interest at a rate equal to EURIBOR plus 5.13% compounded on the last day of each year and interest on any overdue payment accrues at such rate plus 2.00% subject to any limits in accordance with applicable law. The Promissory Note matures on April 30, 2022, and prior to its maturity is expected to be transferred to the Spa Holdings 3 Oy's direct parent, Spa Holdings 2 Oy, by way of a return on equity. The Promissory Note is prepayable in the case of certain bankruptcy events and contains default provisions allowing the Spa Holdings 3 Oy to require prepayment if Spa Lux Topco SARL materially breaches any material provision of the Promissory Note. The Promissory Note may be amended by agreement of both parties.

SHORT-TERM RISKS

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

The coronavirus pandemic has been the key driver of increased uncertainty globally from an economic and social perspective. However, the risk of a broader economic downturn is less tangible. Globally, the rollout of vaccinations are ongoing and is expected to contain the spread.

The coronavirus pandemic has disrupted consumers' lives across the world. The length and severity of the pandemic will probably be a key determinant for if and how way consumers life will permanently change, as well as affect future business opportunities.

Ahlstrom-Munksjö has assessed carrying amounts of assets and liabilities, such as goodwill and other intangible, tangible assets, inventories, deferred taxes, trade receivables and pension plans and re-assessed the need of impairment. Based on the assessments, the consequences of the pandemic has currently no impact on asset valuations.

The company's significant risks and uncertainty factors mainly consist of developments in demand for and prices of sold products, the cost and availability of significant raw materials and energy, financial risks, as well as other business factors including developments in global politics, regulations and the financial markets.

As a result of the rebound of economic activity, the demand for raw materials has increased, which has led to price increases and tightness of supply in some raw materials. Operational risk relating to employee absences due to quarantine and infections has been mitigated by the implementation of the Ahlstrom-Munksjö Covid-19 Safety Protocol.

The Group's key financial risks include interest rate and currency, liquidity and credit risks. To mitigate short-term risks, methods such as hedging and credit insurance are used. The company has not identified in its assessments any significant increase in the amount of bad debt, and there has currently not been any significant change in payment delays related to Ahlstrom-Munksjö's customer receivables. Exposure to the credit risk, such as delayed payments from the customers, has decreased as the pandemic is gradually being contained.

The Group is exposed to tax risks due to potential changes in tax laws or regulations or their application, or as a result of on-going or future tax audits or claims. The company regularly assesses the best structure for its platform of businesses and systematically evaluates M&A opportunities. In potential business combinations, substantial integration work is needed to realize expected synergies. The company has operations in many countries, and sometimes disputes cannot be avoided in daily operations. The company is sometimes involved in legal actions, disputes, claims for damages and other procedures. The result of these cannot be predicted, but taking into account all the available current information, no significant impact on the financial position of the company is expected.

The pandemic has increased the risk of financiers becoming more cautious and reducing banks' willingness to provide financing. This may have an impact on refinancing and increase financing costs. There are no major short-term refinancing needs.

ADDITIONAL INFORMATION AT AHLSTROM-MUNKSJÖ

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Sakari Ahdekivi, Deputy CEO and CFO, tel. +358 10 888 4760
Johan Lindh, Vice President, Group Communications and Investor Relations, tel. + 358 10 888 4994
Juho Erkheikki, Investor Relations Manager, tel. +358 10 888 4731

COMBINED AUDIOCAST AND TELECONFERENCE

A combined audiocast and teleconference will be held on Thursday, July 1, 2021, at 15:00 EEST (14:00 CEST).

<https://ahlstrom-munksjo.videosync.fi/audiocast-010721>

Finland: +358 9 8171 0310
Sweden: +46 8 5664 2651
United Kingdom: +44 3333 000 804
United States: +1 631 9131 422

Conference ID: 56813859#

To join the conference call, participants are requested to dial into one of the numbers above 5 minutes prior to the start of the event. By dialing in to the conference call, the participant agrees that personal information such as name and company name will be collected. The conference call will be recorded.

Forward-Looking Statements

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

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

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

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

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

APPENDIX 1: CONSOLIDATED FINANCIAL STATEMENTS

This interim report presents the condensed consolidated interim results, financial position and cash flows of Ahlstrom-Munksjö Holding for January-March 2021 ('interim report'). As Ahlstrom-Munksjö Holding was incorporated solely for the purpose of executing the tender offer on Ahlstrom-Munksjö's shares and it did not conduct business operations prior to completion of the tender offer and the acquisition of Ahlstrom-Munksjö on February 4, 2021, this interim report comprises financial information extracted from financial information reported historically by Ahlstrom-Munksjö. This Interim report should be read in conjunction with the following publicly available historical financial information of Ahlstrom-Munksjö:

- Ahlstrom-Munksjö's audited consolidated financial statements for the year 2020
- Ahlstrom-Munksjö's unaudited condensed interim consolidated financial statements January-March 2020.

These interim financial statements are unaudited.

INCOME STATEMENT		Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö
		Q1	Q1	Q1-Q4
EUR million	Note	2021	2020	2020
Net sales	5, 6	461.1	718.1	2,683.3
Cost of goods sold		-408.0	-601.2	-2,269.5
Gross profit		53.1	116.9	413.9
Sales, R&D and administrative expenses		-51.0	-60.2	-229.3
Other operating income	7	1.9	34.5	53.8
Other operating expense	8	-12.0	-17.5	-62.4
Share of profit in equity accounted investments		—	—	0.2
Operating result		-8.0	73.7	176.2
Net financial items	9	-20.2	-9.6	-45.7
Result before taxes		-28.2	64.1	130.4
Income taxes	16,17	4.3	-17.5	-36.0
Net result		-23.9	46.6	94.5

The notes are an integral part of the financial statements.

INCOME STATEMENT	Ahlstrom-Munksjö Holding
EUR million	Q1-Q4
	2020
Sales, R&D and administrative expenses	-35.7
Operating result	-35.7
Net financial items	0.0
Result before taxes	-35.7
Net result	-35.7

The notes are an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME	Ahlstrom- Munksjö Holding	Ahlstrom- Munksjö	Ahlstrom- Munksjö
	Q1	Q1	Q1-Q4
EUR million	2021	2020	2020
Net result	-23.9	46.6	94.5
Other comprehensive income¹			
Items that may be reclassified to income statement			
Exchange differences on translation of foreign operations	15.7	-20.6	-78.3
Hedges of net investments in foreign operations	-12.7	—	—
Change in cash flow hedge reserve	-1.0	-4.6	4.6
Cash flow hedge transferred to this year's result	-0.9	0.6	-2.1
Income taxes to items that may be reclassified	2.9	0.8	-0.5
Items that will not be reclassified to income statement			
Actuarial gains and losses on defined benefit plans	5.6	-6.4	1.1
Income taxes to items that will not be reclassified	-1.3	1.5	-0.7
Comprehensive income	-15.6	17.9	18.6
Net result attributable to			
Parent company's shareholders	-24.1	46.3	93.1
Non-controlling interests	0.2	0.3	1.4
Comprehensive income attributable to			
Parent company's shareholders	-15.9	17.6	17.5
Non-controlling interests	0.2	0.3	1.2

¹No Other comprehensive income items in 2020 for Ahlstrom-Munksjö Holding.

The notes are an integral part of the financial statements.

BALANCE SHEET		Ahlstrom- Munksjö Holding	Ahlstrom- Munksjö Holding	Ahlstrom- Munksjö	Ahlstrom- Munksjö
		Mar 31,	Dec 31,	Mar 31,	Dec 31,
EUR million	Note	2021	2020	2020	2020
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,185.2	—	1,086.8	1,032.3
Right-of-use assets	11	48.9	—	56.8	49.4
Goodwill	12	1,176.0	—	631.9	608.9
Other intangible assets	13	858.9	—	493.0	452.3
Equity accounted investments		1.6	—	1.3	1.6
Other non-current assets		25.4	5.6	14.1	21.3
Deferred tax assets	17	11.5	—	4.7	6.1
Total non-current assets		3,307.4	5.6	2,288.6	2,172.0
Current assets					
Inventories		366.8	—	397.6	366.0
Trade and other receivables	14	368.6	5.2	320.8	264.7
Income tax receivables		14.6	—	7.6	11.9
Cash and cash equivalents	18	440.9	30.7	247.3	308.7
Total current assets		1,190.9	35.9	973.2	951.4
TOTAL ASSETS		4,498.3	41.5	3,261.8	3,123.4
EQUITY AND LIABILITIES					
Equity					
Equity attributable to parent company's shareholders		1,069.4	0.7	1,071.4	1,072.9
Non-controlling interests		11.9	—	10.8	11.7
Hybrid bond		—	—	100.0	100.0
Total equity	20	1,081.3	0.7	1,182.2	1,184.6
Non-current liabilities					
Non-current borrowings	18	1,636.8	—	886.6	744.1
Non-current lease liabilities	18	36.8	—	43.9	37.8
Other non-current liabilities		5.0	—	1.1	5.6
Employee benefit obligations		97.3	—	101.5	93.1
Deferred tax liabilities	17	241.0	—	141.4	141.7
Non-current provisions	15	27.5	—	24.0	21.8
Total non-current liabilities		2,044.4	—	1,198.6	1,044.0
Current liabilities					
Current borrowings	18	483.7	—	157.8	249.3
Current lease liabilities	18	13.6	—	13.3	13.2
Trade and other payables		836.5	40.9	676.4	608.8
Income tax liabilities		19.4	—	20.5	13.4
Current provisions	15	19.5	—	13.1	10.1
Total current liabilities		1,372.6	40.9	881.0	894.8
Total liabilities		3,417.1	40.9	2,079.6	1,938.8
TOTAL EQUITY AND LIABILITIES		4,498.3	41.5	3,261.8	3,123.4

The notes are an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY							
EUR million	Reserve for invested unrestricted equity	Other reserves	Cumulative translation adjustment	Retained earnings	Total equity attributable to parent company's shareholders	Non-controlling interest	Total equity
Equity at formation September 9, 2020	—	—	—	—	—	—	—
Net result	—	—	—	-35.7	-35.7	—	-35.7
Total comprehensive income	—	—	—	-35.7	-35.7	—	-35.7
Equity contribution	36.3	—	—	—	36.3	—	36.3
Equity at December 31, 2020	36.3	—	—	-35.7	0.7	—	0.7
Equity at January 1, 2021	36.3	—	—	-35.7	0.7	—	0.7
Net result	—	—	—	-24.1	-24.1	0.2	-23.9
Other comprehensive income, net of tax	—	-11.6	15.6	4.3	8.2	0.1	8.3
Total comprehensive income	—	-11.6	15.6	-19.8	-15.9	0.2	-15.6
Business combination	—	—	—	—	—	12.0	12.0
Equity contribution	1,084.6	—	—	—	1,084.6	—	1,084.6
Dividends and other	—	—	—	—	—	-0.3	-0.3
Equity at March 31, 2021	1,120.9	-11.6	15.6	-55.5	1,069.4	11.9	1,081.3

The notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1-Q4	Q1	Q1-Q4
EUR million	2021	2020	2020	2020
Cash flow from operating activities				
Net result	-23.9	-35.7	46.6	94.5
Adjustments, total	47.0	—	41.7	224.4
Changes in net working capital	-48.6	35.7	-58.4	17.2
Change in provisions	-0.8	—	-2.1	-6.1
Interest paid	-10.7	—	-9.5	-36.8
Other financial items	-1.8	—	-0.7	-4.9
Income taxes paid	-2.3	—	-5.8	-33.1
Net cash from operating activities	-41.1	—	11.8	255.1
Cash flow from investing activities				
Acquisition of Ahlstrom-Munksjö, net of cash acquired	-1,577.4	—	—	—
Purchases of property, plant and equipment and intangible assets	-16.0	—	-26.3	-117.5
Proceeds from disposal of shares in Group companies and businesses and associated	—	—	41.3	42.1
Other investing activities	0.0	-5.6	0.2	-0.1
Net cash from investing activities	-1,593.4	-5.6	15.1	-75.4
Cash flow from financing activities				
Equity contribution	1,084.6	36.3	—	—
Dividends paid and other (Acquired company)	-2.4	—	-0.4	-45.3
Repurchase of treasury shares	—	—	-4.0	-4.0
Hybrid bond interests (Acquired company)	-4.5	—	—	—
Repayment of borrowings	-624.4	—	-142.5	-355.4
Proceeds from borrowings	1,645.6	—	206.3	375.2
Other financing activities	-54.8	—	—	-0.2
Net cash from financing activities	2,044.1	36.3	59.4	-29.7
Net change in cash and cash equivalents	409.6	30.7	86.4	149.9
Cash and cash equivalents at the beginning of the period	30.7	—	166.1	166.1
Foreign exchange effect on cash and cash equivalents	0.5	—	-5.2	-7.4
Cash and cash equivalents at the end of the period	440.9	30.7	247.3	308.7

1. General information

Spa Holdings 3 Oy is the parent company (the "Issuer", "parent company") of the Spa Holdings 3 Group ("Ahlstrom-Munksjö Holding", "Group", "company"). Spa Holdings 3 Oy was incorporated on September 9, 2020 for the purpose of executing the public tender offer for the shares in Ahlstrom-Munksjö Oyj. The company is a holding, management and finance company with no revenue-generating activities of its own and no business operations, material assets or liabilities other than those acquired or incurred in connection with its incorporation and the acquisition of Ahlstrom-Munksjö Group ("Ahlstrom-Munksjö") and financing for the acquisition.

The tender offer was launched in October 2020 and the first settlement was completed on February 4, 2021 with approximately 81.0% of ownership and following the settlement of the subsequent offer period on February 9, 2021, the Ahlstrom-Munksjö Holding ownership in Ahlstrom-Munksjö reached approximately 90.6% of the shares and voting rights. Following the completion of the tender offer and reaching the 90% threshold, Ahlstrom-Munksjö Holding decided to exercise its redemption right pursuant to the Finnish Companies Act and to redeem all the shares held by any other remaining shareholders in Ahlstrom-Munksjö. On March 9, 2021 a trustee was appointed to supervise the interests of Ahlstrom-Munksjö's minority shareholders during the redemption process.

Ahlstrom-Munksjö submitted applications to Nasdaq Helsinki and to Nasdaq Stockholm on March 26, 2021 for the termination of public trading and for the delisting of the Ahlstrom-Munksjö shares. The last day of trading in Ahlstrom-Munksjö's shares at Nasdaq Stockholm was May 31, 2021. On June 23, 2021 it was announced that Spa Holdings 3 Oy had posted security approved by the arbitral tribunal appointed by the Redemption Board of the Finland Chamber of Commerce in connection with the redemption proceedings concerning the minority shares in Ahlstrom-Munksjö Oy, and thus gained title to all the shares in Ahlstrom-Munksjö in accordance with Chapter 18, Section 6 of the Finnish Companies Act. The shares in Ahlstrom-Munksjö were delisted as of that day from the official list of Nasdaq Helsinki.

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

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

The condensed interim consolidated financial statements ("interim report") January-March 2021, approved by the Board of Directors of Spa Holdings 3 Oy have been prepared solely for the purpose of reporting to the parent company's bondholders. The condensed consolidated interim results, financial position and cash flows of Ahlstrom-Munksjö Holding for January-March 2021 and for the year 2020 presented herein have been prepared in accordance with IFRS, as adopted by the EU. The condensed interim consolidated financial statements have been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU.

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

The parent company was incorporated on September 9, 2020 solely for the purpose of executing the public tender offer for the shares in Ahlstrom-Munksjö and accordingly, it was not engaged in business activities other than arranging for equity and debt financing to consummate the tender offer. The parent company has prepared its first set of statutory financial statements for the period from incorporation to December 31, 2020 in accordance with IFRS. Prior to the completion of the tender offer and acquisition of Ahlstrom-Munksjö on February 4, 2021, the parent company founded a subsidiary SPA US Holdco, Inc in the US and accordingly, this interim report is the first consolidated set of financial statements prepared by the company. Considering the lack of operating history for the company these condensed interim

consolidated financial statements include historical financial information of Ahlstrom-Munksjö as comparative information (titled Ahlstrom-Munksjö).

When comparing the results of Ahlstrom-Munksjö Holding in January-March 2021 and Ahlstrom-Munksjö's in January- March 2020, Ahlstrom-Munksjö's income and expenses have been included in the consolidated financials of Ahlstrom-Munksjö Holding on and forwards of February 4, 2021 which is the date of Ahlstrom-Munksjö Holding acquiring control over Ahlstrom-Munksjö. Accordingly, the income statement disclosures in this interim report omit comparative information due to lack of comparability.

3. Accounting principles

The accounting principles applied are consistent with those followed in the preparation of the Ahlstrom-Munksjö audited consolidated financial statements for the year 2020 except for the following items:

Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Net investment hedges

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

Redemption liability

For accounting purposes, the public exchange offer (comprising of the initial and the subsequent public exchange offer) and the mandatory redemption proceedings for the minority squeeze-out are treated as linked transactions and accounted for as one single transaction resulting in Ahlstrom-Munksjö Holding consolidating 100% of Ahlstrom-Munksjö at the acquisition date when Ahlstrom-Munksjö Holding reached the 90% threshold in voting rights. Accordingly, Ahlstrom-Munksjö Holding recognized a redemption liability as a short-term liability to reflect the obligation to redeem the non-controlling interest.

Management estimates and significant judgement - fair value measurement (PPA)

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

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

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

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

For more information see note 4 Business acquisitions and disposals.

4. Business acquisitions and disposals

Ahlstrom-Munksjö Holding commenced the voluntary public cash tender offer to acquire all of the issued and outstanding shares in Ahlstrom-Munksjö Oyj on October 22, 2020. The tender offer period and a subsequent offer period expired on February 4, 2021. The shares validly tendered and accepted during offer period and the subsequent offer period, together with the shares otherwise acquired through market purchases until February 4, 2021, amounted to approximately 90.6% of all the shares and voting rights carried by the shares in Ahlstrom-Munksjö.

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

Ahlstrom-Munksjö has leading market positions in various niche markets with diversified exposure in terms of customers, end-markets and geographies. Ahlstrom-Munksjö possesses a high quality, well-invested manufacturing base, technical know-how and a diversified and talented pool of approximately 7,800 employees. These underpin the current success and future long-term growth of the business. Ahlstrom-Munksjö Holding sees significant synergies opportunity to accelerate Ahlstrom-Munksjö's operational performance. Ahlstrom-Munksjö is well-positioned to realize its potential and pursue long-term strategic goals along the investment horizon.

A provisional purchase consideration amounts to EUR 2,051.5 million, including the redemption liability for the remaining shares in Ahlstrom-Munksjö. The purchase consideration paid in cash amounted to EUR 1,859.6 million. The redemption liability amounts to EUR 191.9 million and it will be payable after the arbitration proceedings and Ahlstrom-Munksjö Holding is able to exercise its redemption right. The final purchase consideration is contingent on the resolution of the arbitration proceedings related to the mandatory redemption process for the remaining minority shares.

Provisional amounts recognized as of the acquisition date

EUR million	
Non-current assets	
Property, plant and equipment	1,187.1
Right-of-use assets	49.2
Other intangible assets	857.3
Equity accounted investments	1.6
Other non-current assets	21.2
Deferred tax assets	46.2
Current assets	
Inventories	377.2
Trade and other receivables	291.3
Income tax receivables	17.8
Cash and cash equivalents	276.6
Non-current liabilities	
Non-current borrowings	108.4
Other non-current liabilities	5.5
Employee benefit obligations ¹	98.9
Deferred tax liabilities	288.9
Non-current provisions	27.5
Current liabilities	
Current borrowings	1,050.6
Trade and other payables	615.4
Income tax liabilities	16.0
Current provisions	20.2
Total net assets acquired	894.0
Goodwill	1,169.4
Non-controlling interest	12.0
Provisional purchase consideration	2,051.5

¹ For further details please see Note 15 of Ahlstrom-Munksjö's audited consolidated financial statements as of and for the year 2020

The recognized amounts of assets acquired and liabilities assumed are provisional and subject to change until the determination of fair values is complete.

The fair values of the acquired property, plant and equipment amounted to EUR 1,187.1 million, comprising of land and land improvements of EUR 95.2 million, buildings of EUR 221.7 million, machinery and equipment of EUR 789.5 million, other tangible of EUR 10.7 million, construction in progress EUR 70.0 million.

The fair values of the acquired identifiable intangible assets at the date of acquisition amounted to EUR 857.3 million, comprising of customer relationships of EUR 410.0 million, trademarks of EUR 130.0 million, technology of EUR 253.1 million and other intangible assets of EUR 64.2 million.

The fair value of the acquired trade receivables is EUR 244.1 million. The gross contractual amount for trade receivables is EUR 250.5 million of which EUR 6.4 million is expected to be uncollectible. Ahlstrom-Munksjö Holding recognized contingent liabilities for assumed environmental risks and certain legal and customer claims of Ahlstrom-Munksjö at fair value. The total amount of contingent liabilities recognized as an increase in provisions amounted to EUR 16.4 million on the acquisition date.

The non-controlling interest in Ahlstrom-Munksjö amounted to EUR 12.0 million and it was measured based on proportionate share of the entity's net assets.

Total net cash flow	
EUR million	
Purchase consideration paid	1,859.6
Cash and cash equivalents	276.6
Net cash flow	1,583.0

The total net cash flows of EUR 1,583.0 million incurred in connection with the settlement of the tender offer consideration of which EUR 1,577.4 million incurred in January-March 2021 and it is reported in the cash flow from investing activities and EUR 5.6 million incurred in the year 2020.

The residual goodwill of EUR 1,169.4 million arising from the acquisition is attributable to workforce and to the acquirer's expected synergies through various cost initiatives to be implemented throughout the following years. Ahlstrom-Munksjö Holding expects that EUR 32.4 million of the goodwill will be deductible for tax purposes.

Acquisition related costs totals to EUR 50.2 million. EUR 14.5 million of the acquisition related costs have been incurred during January-March 2021 and EUR 35.7 million during the year 2020. Acquisition related costs are included in administrative expenses in the income statement and in net cash from operating activities in cash flow statement.

The acquired business contributed all of the net sales reported from February 4, 2021 to March 31, 2021 and net profit of EUR 5.3 million.

5. Segment information

Ahlstrom-Munksjö Holding continues to be organized into five business areas comprising of Filtration & Performance Solutions, Advanced Solutions, Industrial Solutions, Food Packaging & Technical Solutions and Decor Solutions of Ahlstrom-Munksjö consistent with how the CODM manages the business. The CODM has been determined to be the Group's CEO assisted by the Executive Management Team. The business areas are described below. For internal management reporting purposes, the Group reports on a pro forma basis allowing for full continuum for reporting of revenue and operating results on a business area level despite change in control and reporting entity as a result of the completion of the tender offer. Accordingly, the change in reporting entity and the resulting impact on the cost structure are reflected in Other and eliminations.

Filtration & Performance Solutions

The Filtration & Performance Solutions business area develops and produces engine oil, fuel and air filtration materials, as well as industrial filtration. It also produces abrasive backings, glass fiber for flooring products as well nonwoven materials for automotive, construction, textile, hygiene and wallcovering applications.

Advanced Solutions

The Advanced Solutions business area develops and produces materials for laboratory filters and life science diagnostics, water filtration, beverage and food processing, tapes and medical fabrics. The business area also supplies hot cooking oil and milk filtration materials as well as specialty release liners.

Industrial Solutions

The Industrial Solutions business area develops and produces release liners, electrotechnical insulation papers as well as flexible packaging and coated label papers. The business area also supplies specialty pulp, interleaving papers as well as office and printing papers.

Food Packaging & Technical Solutions

The Food Packaging & Technical Solutions business area develops and produces a wide range of sustainable food packaging and processing papers as well as specialty papers for industrial and construction use.

Decor Solutions

The Decor Solutions business area develops and produces paper-based surfacing for wood-based materials such as laminate flooring, furniture and interiors.

Other and eliminations

Other and eliminations include head office costs comprising the following functions: Group Finance, Corporate Development, Legal, R&D, Group Communications and Investor Relations, as well as Group Human Resources. The head office costs comprise mainly salaries, rent and professional fees. Other and eliminations include holding and sales companies' income and expenses. Other and eliminations also include certain other exceptional costs not used in the assessment of business area performance.

Financial performance by business area, EUR million Q1/2021	Ahlstrom-Munksjö Holding						Pro forma foreign exchange impact	Pro forma/ reported Group total
	Filtration & Performance Solutions	Advanced Solutions	Industrial Solutions	Food Packaging & Technical Solutions	Decor Solutions	Other and eliminations		
Net sales, external	179.0	125.5	177.1	135.4	103.7	1.8	1.0	723.5
Net sales, internal	1.5	0.4	3.2	5.0	0.0	-10.0	—	—
Net sales	180.5	125.9	180.3	140.3	103.7	-8.2	1.0	723.5
Pro forma impact	-60.1	-48.7	-65.1	-54.0	-37.4	3.9	-1.0	-262.4
Net sales Ahlstrom-Munksjö Holding (reported)	120.4	77.2	115.1	86.4	66.3	-4.3	—	461.1
Comparable EBITDA	40.4	18.8	21.1	16.3	11.0	-0.4	0.5	107.7
Pro forma impact								-36.8
Comparable EBITDA (reported)								71.0
Items affecting comparability (reported)								-47.4
Depreciation, amortization and impairment (reported)								-31.5
Operating result (reported)								-8.0
Capital expenditure ¹	5.6	6.3	3.4	2.7	0.9	4.1	—	23.1
Operating working capital	79.1	93.0	51.1	81.6	32.4	-252.6	—	84.6

¹Ahlstrom-Munksjö taken into account from January 1, 2021 onwards

Financial performance by business area, EUR million Q1/2020	Ahlstrom-Munksjö						Group
	Filtration & Performance Solutions	Advanced Solutions	Industrial Solutions	Food Packaging & Technical Solutions	Decor Solutions	Other and eliminations	
Net sales, external	164.3	119.6	191.2	135.2	106.1	1.7	718.1
Net sales, internal	2.2	0.5	1.1	10.6	0.1	-14.5	—
Net sales	166.5	120.1	192.3	145.8	106.2	-12.8	718.1
Comparable EBITDA	31.8	14.5	20.1	16.4	12.7	-3.7	91.7
Items affecting comparability in EBITDA							28.8
Depreciation, amortization and impairment							-46.7
Operating result							73.7
Capital expenditure	6.4	2.6	7.1	3.3	1.8	5.1	26.3
Operating working capital	83.7	92.7	59.3	68.7	55.5	-77.9	282.0

Segment information by quarter	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	2021	2020	2020	2020	2020
EUR million, or as indicated	Q1	Q4	Q3	Q2	Q1
Net sales, total					
Filtration & Performance Solutions	180.5	172.6	157.8	140.2	166.5
Advanced Solutions	125.9	112.8	116.5	126.8	120.1
Industrial Solutions	180.3	167.3	155.9	168.4	192.3
Food Packaging & Technical Solutions	140.3	143.2	135.2	130.4	145.8
Decor Solutions	103.7	101.7	96.7	65.0	106.2
Other and eliminations	-8.2	-8.4	-7.7	-9.2	-12.8
Pro forma foreign exchange impact	1.0	—	—	—	—
Pro forma Group total	723.5	—	—	—	—
Pro forma impact	-262.4	—	—	—	—
Group reported	461.1	689.2	654.5	621.5	718.1
Comparable EBITDA					
Filtration & Performance Solutions	40.4	29.0	32.3	25.5	31.8
Advanced Solutions	18.8	12.6	16.4	17.7	14.5
Industrial Solutions	21.1	18.3	11.9	20.9	20.1
Food Packaging & Technical Solutions	16.3	19.1	8.0	9.0	16.4
Decor Solutions	11.0	14.2	10.2	0.6	12.7
Other and eliminations	-0.4	-3.6	0.2	0.4	-3.7
Pro forma foreign exchange impact	0.5	—	—	—	—
Pro forma Group total	107.7	—	—	—	—
Pro forma impact	-36.8	—	—	—	—
Group reported	71.0	89.6	78.9	74.0	91.7
Comparable EBITDA margin, %					
Filtration & Performance Solutions	22.4	16.8	20.5	18.2	19.1
Advanced Solutions	14.9	11.1	14.0	13.9	12.1
Industrial Solutions	11.7	11.0	7.6	12.4	10.5
Food Packaging & Technical Solutions	11.6	13.3	6.0	6.9	11.2
Decor Solutions	10.6	14.0	10.5	0.9	11.9
Pro forma Group total	14.9	—	—	—	—
Group reported	15.4	13.0	12.1	11.9	12.8
Capital expenditure¹					
Filtration & Performance Solutions	5.6	11.1	4.9	4.0	6.4
Advanced Solutions	6.3	4.7	2.7	2.5	2.6
Industrial Solutions	3.4	8.6	8.0	8.6	7.1
Food Packaging & Technical Solutions	2.7	7.3	3.8	3.1	3.3
Decor Solutions	0.9	4.7	1.1	1.2	1.8
Other and eliminations	4.1	4.9	5.0	5.0	5.1
Group total	23.1	41.2	25.5	24.4	26.3

¹Ahlstrom-Munksjö taken into account from January 1, 2021 onwards.

Segment information by quarter	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	2021	2020	2020	2020	2020
EUR million, or as indicated	Q1	Q4	Q3	Q2	Q1
Operating working capital					
Filtration & Performance Solutions	79.1	58.8	69.4	73.1	83.7
Advanced Solutions	93.0	73.0	85.2	91.3	92.7
Industrial Solutions	51.1	51.6	52.3	67.1	59.3
Food Packaging & Technical Solutions	81.6	49.9	57.4	64.5	68.7
Decor Solutions	32.4	33.1	39.0	63.1	55.5
Other and eliminations	-252.6	-40.3	-47.7	-57.0	-77.9
Group reported	84.6	226.0	255.6	302.2	282.0

Other and eliminations in Q1/2021 includes redemption liability amounting to EUR 191.9 million and accruals related to transaction costs.

6. Net sales by region

	Q1
EUR million	2021
Europe	209.6
North America	148.3
South America	34.1
Asia-Pacific	62.3
Rest of the world	6.7
Total	461.1

7. Other operating income

	Q1
EUR million	2021
Gain on sale of fixed assets	0.0
Sale of scrap and side products	0.9
Government grants	0.5
R&D and other tax credits	0.1
Other	0.3
Total	1.9

8. Other operating expense

EUR million	Q1 2021
Depreciation and amortization arising from PPA ¹	-11.3
Other	-0.7
Total	-12.0

¹Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations.

9. Net financial items

EUR million	Q1 2021
Interest income from loans and receivables	0.1
Exchange rate gains	2.5
Other financial income	0.1
Financial income	2.7
Interest expense from bank loans, pension loan and bonds	-14.5
Interest expenses on lease liabilities	-0.4
Unwinding of discount on provisions and net interest cost on defined benefit plans	-0.2
Exchange rate losses	-5.9
Other financial costs	-1.9
Financial expenses	-22.9
Net financial expenses	-20.2

10. Changes in property, plant and equipment

EUR million	Q1 2021
Net book value at the beginning of period	—
Business combination	1,187.1
Additions	15.5
Disposals	-0.0
Depreciations, amortizations and impairment	-20.8
Translation differences and other changes	3.5
Net book value at the end of period	1,185.2

Net book value of property, plant and equipment amounted to EUR 1,185.2 million, comprising of land and land improvements of EUR 95.3 million, buildings of EUR 219.2 million, machinery and equipment of EUR 779.4 million, other tangible of EUR 10.4 million and construction in progress EUR 81.0 million.

11. Changes in right-of-use assets

EUR million	Q1 2021
Net book value at the beginning of period	—
Business combination	49.2
Additions	1.8
Depreciations, amortizations and impairment	-2.5
Translation differences and other changes	0.3
Net book value at the end of period	48.9

12. Goodwill

The acquisition of Ahlstrom-Munksjö through the public tender offer is accounted for as a business combination in which assets acquired and liabilities assumed are valued at fair value together with the redemption liability recognized on the balance sheet. The excess of the consideration transferred over the Ahlstrom-Munksjö Holding's interest in the fair value of the identifiable net assets acquired at the acquisition date is recognized as goodwill and amounted to EUR 1,169.4 million on February 4, 2021. Change in goodwill until March 31, 2021 comprise solely of translation differences.

13. Changes in other intangible assets

EUR million	Q1 2021
Net book value at the beginning of period	—
Business combination	857.3
Additions	4.2
Depreciations, amortizations and impairment	-8.2
Translation differences and other changes	5.6
Net book value at the end of period	858.9

Net book value of intangible assets amounted to EUR 858.9 million, comprising of customer relationships of EUR 410.5 million, trademarks of EUR 129.3 million, technology of EUR 252.9 million and other intangible assets of EUR 66.2 million.

14. Aging of trade receivables

EUR million	Mar 31, 2021
Not due	257.2
1-30 days overdue	19.3
31-180 days overdue	2.8
181-360 days overdue	0.0
>360 days overdue	0.5
Total	279.8
Loss allowance	6.4

Trade receivables consists mainly of receivables from contracts with customers. The fair value of the trade receivables of acquired Ahlstrom-Munksjö Group was EUR 244.1 million as of February 4, 2021.

15. Provisions

EUR million	Mar 31, 2021			Total
	Environmental	Restructuring	Other	
Opening	—	—	—	—
Business combination	21.9	6.4	19.3	47.7
Unwinding of discount	0.0	—	—	0.0
Provisions made during the year	0.2	—	0.8	1.0
Provisions used during the year	0.0	-0.5	-0.9	-1.4
Provisions reversed	—	-0.1	-0.2	-0.3
Translation differences	0.3	0.0	-0.3	0.0
Closing	22.4	5.8	18.8	47.0
Non-current provisions				27.5
Current provisions				19.5

Environmental provisions of EUR 22.4 million mainly consist of landfill related provisions in the U.S. EUR 10.5 million, future restoration costs of old Fitchburg mill in the U.S. and lake and land in Sweden.

16. Income tax expenses

EUR million	Q1 2021
Result before taxes	-28.2
Current tax income (+)/expense (-)	-8.8
Deferred tax income (+)/expense (-)	13.0
Total income taxes	4.3

17. Change in deferred tax on temporary differences and loss carry forwards

EUR million	Mar 31, 2021					Closing
	Opening	Translation difference/ other	Business combination	Recognized in income statement	Recognized in OCI or directly in equity	
Property, plant and equipment and intangible assets	—	-1.7	-324.2	-2.2	—	-328.1
Employee benefit obligations	—	0.1	14.8	0.4	-1.3	14.1
Provisions	—	0.2	22.0	2.2	—	24.3
Tax losses carried forward	—	—	30.6	-2.5	—	28.1
Other	—	-0.1	14.2	15.1	2.9	32.1
Net of deferred tax liabilities (-) and deferred tax assets (+)	—	-1.6	-242.6	13.0	1.7	-229.5
Assets	—					11.5
Liabilities	—					-241.0

18. Net indebtedness

Net indebtedness is Spa Holdings 3 Oy's key measure to manage external debt funding for the Group. Net indebtedness is defined as borrowings less cash and cash equivalents. The Group's sources for funding and liquidity purposes are primarily term loans, bank loans and senior secured notes, revolving credit facility, committed and uncommitted lines and a pension loan. The Group has also entered into lease agreements resulting in lease liabilities to secure the availability of key assets used in the production process.

During the first quarter, Spa Holdings 3 Oy has entered into the following debt financing arrangements to finance the tender offer purchase consideration for the acquisition of Ahlstrom-Munksjö, to refinance certain of Ahlstrom-Munksjö's existing debt arrangements and for the other uses described below:

Senior term facilities

Spa Holdings 3 Oy entered into a senior secured credit facilities agreement on January 29, 2021 (as amended and restated on 18 March 2021) with several financial institutions. The senior secured credit facilities agreement provides for (i) senior term loan facilities in principal amounts of EUR 350 million ("TLB1") and USD 363.7 million (EUR 300 million equivalent) ("TLB2" and together with TLB1, "Senior Term Facilities") and (ii) a revolving credit facility in a principal amount of EUR 325 million (the "Revolving Credit Facility"). On March 18, 2021 the TLB 1 principal amount was increased by EUR 250 million to a total amount of EUR 600 million and TLB2 principal amount was increased by USD 183.3 million (EUR 150 million equivalent) to a total amount of USD 547 million (EUR 450 million equivalent).

The Senior Term Facilities will mature on February 4, 2028 and the Revolving Credit Facility matures six months before the Senior Term Facilities (as defined below).

The TLB1 term loans carry interest of EURIBOR (with zero floor) plus 3.75% p.a. and will be repaid in full at the maturity date. The TLB2 term loans carry interest of LIBOR (with 0.75% floor) plus 4.0% p.a. and will be repaid in installments on a quarterly basis (i.e. the last day of each full quarter) by 0.25 per cent of their outstanding principal amount, with the remaining balance to be repaid in full at the maturity date. The Revolving Credit Facility carries interest of IBOR (with zero floor) plus 3.75% p.a. for drawn commitment. For the undrawn commitment, 30% of margin (i.e. 1.1250%) is charged as commitment fee.

As at March 31, 2021, Senior Term Facilities (TLB1 and TLB2) have been drawn in full and there were no cash drawings under the Revolving Credit Facility. The principal amount of outstanding guarantees from ancillary facilities under the Revolving Credit Facility were EUR 64.8 million. The Revolving Credit Facility may be utilized from (and including) the date that TLB1 was initially utilized to (and including) the date falling 1 month prior to the maturity date of the Revolving Credit Facility.

Senior secured notes

On March 19, 2021, Spa Holdings 3 Oy issued EUR 350 million senior secured notes (the "EUR Notes") and USD 305 million senior secured notes (the "USD Notes" and together with the EUR Notes, the "Notes"). The proceeds of the Notes, together with a portion of the proceeds of the Senior Term Facilities, were used to refinance the Bridge Facilities (as defined below) and to pay costs associated with the refinancing. The EUR Notes and the USD Notes bear interest at a rate of 3.625% and 4.875% per annum, respectively. The Notes will mature on February 4, 2028. Prior to February 4, 2024, Spa Holdings 3 Oy will be entitled, at its option, to redeem all or a portion of the Notes by paying a "make-whole" premium. At any time on or after February 4, 2024, Spa Holdings 3 Oy may redeem all or part of the Notes at the redemption prices set forth in the Notes. Interests on the Notes is paid semi-annually in arrears on April 1 and October 1 of each year. The Notes were admitted on the Official List of The International Stock Exchange on May 25, 2021.

Bridge facilities

On January 29, 2021, Spa Holdings 3 Oy entered into a senior secured bridge facilities agreement, which provided for an EUR Bridge Facility of EUR 600 million and an USD Bridge Facility of USD 484.9 million (EUR 400 million equivalent) (the "Bridge Facilities"). The proceeds from the Bridge Facilities, together with the equity contributions and a portion of the proceeds under the Senior Term Facilities, were used to pay a portion of the tender offer consideration, refinance certain existing debt, for cash overfunding and to pay certain fees and expenses in connection with the acquisition. The Bridge Facilities were repaid in full on March 19, 2021 with the proceeds from the Senior Term Facilities and Notes offering and cash on hand.

Repayment of Ahlstrom-Munksjö debt arrangements

Spa Holdings 3 Oy assumed in the acquisition of Ahlstrom-Munksjö a total of 1,159.0 of debt, including a EUR 100 million hybrid bond and leasing liabilities. Various of these assumed debt arrangements either have been, or will be, repaid or cancelled through voluntary repayment or through exercise of mandatory prepayment or cancellation rights based on customary change of control terms in the assumed financing arrangements. These repayments during the three month period ended March 31, 2021 totaled to EUR 607.4 million (including accrued interest) comprising of senior term facilities of EUR 303.5 million, SEK 602 million (EUR 59.4 million equivalent), USD 296.2 million (EUR 244.3 million equivalent) and EUR 0.2 million of RCF commitment fees.

Accordingly, as at March 31, 2021, assumed debt amounts to EUR 2 170.9 million of which Group expects to repay the EUR 100 million hybrid bond, EUR 256.4 million Ahlstrom-Munksjö senior unsecured notes and refinance EUR 49.0 bank loan which are presented as short-term debt on the balance sheet. Debt funding rolled over from the acquisition comprise of a pension loan, certain local lines, leases and other bank loans totaling to EUR 93.0 million.

Net indebtedness EUR million	Mar 31, 2021
Cash and cash equivalents	440.9
Senior secured credit facilities	1,037.8
Senior secured notes	584.3
Senior secured net indebtedness	1,181.2
Bank loans	116.0
Senior unsecured note	256.4
Hybrid bond	100.0
Pension loan	20.0
Other financial liabilities	6.0
Lease liabilities	50.5
Net indebtedness	1,730.0

Reconciliation of net debt EUR million	Mar 31, 2021					
	Opening	Business combinations	Movements in cash flow	Non-cash movements ¹	Translation differences	Closing
Gross borrowings	—	1,159.0	966.4	44.1	1.4	2,170.9
Cash and cash equivalents	30.7	276.6	133.0	—	0.5	440.9
Net indebtedness	-30.7	882.4	833.4	44.1	0.9	1,730.0

¹EUR 44.1 million is including EUR 30 million of movement relating to purposes of paying a cash dividend on Spa Lux Topco SARL's preferred equity instruments.

Notes	Mar 31, 2021			
	Initial notional amount, EUR million	Maturity	Coupon %	Carrying value, EUR million
Notional currency				
EUR	250.0	April 12, 2021	1.9	256.4
EUR	350.0	February 4, 2028	3.6	335.8
USD	260.1	February 4, 2028	4.9	248.6

Bank loans	Mar 31, 2021	
	Weighted average interest rate, %	Carrying value, EUR million
Notional currency		
Committed loans from banks grouped by currency		
EUR	3.7	588.1
USD	4.8	452.5
CNY	5.2	52.3
BRL	7.4	49.0
Uncommitted loans from banks grouped by currency		
BRL	8.2	11.9

Sensitivity analysis of Ahlstrom-Munksjö Holding position to changes in interest rates

The impact of reasonably possible interest rate fluctuation on the Group's result before tax is shown in the table below.

Interest rate sensitivity	Mar 31, 2021
EUR million	
Variable rate cash equivalents	440.9
Variable rate bank loans	-1,181.1
Position used in sensitivity analysis	
Interest +1% impact on net result	-5.8
Interest +2% impact on net result	-13.2

19. Financial risk management

Group's financial risks consist of credit risk, funding risk, liquidity risk and market risks. Market risks are further divided to currency risk, interest rate risk and commodity risk.

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

Currency transaction exposure for Ahlstrom-Munksjö which arises from commercial and finance-related transactions and payments in a currency other than an operation's functional currency i.e. from internal purchases, sales between manufacturing units and market companies, external sales and purchases as well as from financing transactions in foreign currencies are hedged on a net exposure basis in accordance with the rules set out in the Treasury Policy. The Group's risk management strategy in terms of currency risk is to hedge 75% (+/-10%) of the forecasted cash flows for a period up to 9 months if the total exposure to forecasted net flows of foreign currency exceeds the equivalent of 2% of the total turnover of Ahlstrom-Munksjö.

Group's income statement and balance sheet are both exposed to foreign exchange fluctuations, as these affect the translation of subsidiaries' assets and liabilities denominated in foreign currencies. The Group aims to minimize currency risk related to translation exposure by aiming to balance assets and liabilities of subsidiaries so that the foreign exchange risk is minimized in the consolidated balance sheet, and Spa Holdings 3 Oy's Board of Directors have decided to allow for the use of non-derivative financial instruments such as foreign currency borrowings to hedge foreign currency risk on net investments in foreign operations. Derivative instruments are not allowed to be used to hedge this risk and equity hedging needs to be approved by the Board of Directors.

In accordance with the current treasury policy, in order to mitigate funding risk, the Group aims to spread its debt across different lenders and different forms of financing. The Group aims to ensure that the average maturity of the long-term finance should be at least 2 years.

Spa Holdings 3 Oy's Senior Secured Notes and Term Facilities contain certain customary covenants related to indebtedness and other limitations.

Liquidity risk is the risk that Group will not have sufficient funds to pay foreseen committed obligations in addition to unforeseen expenditures. In order to mitigate this risk, Group Treasury monitors the Group's cash pools, bank agreements and liquidity to ensure that there is sufficient liquidity at all times. The Group's cash accounts are included in the cash pools.

Group translation exposure, net investment in subsidiaries	
EUR million	Mar 31, 2021
USD ¹	643.3
SEK	252.5
KRW	115.2
GBP	97.0
RUB	93.0
CNY	89.8
BRL	87.8
INR	71.2

¹At the end of the reporting period the net investment hedge has a hedge ratio of 79%.

Maturity of financial liabilities		Mar 31, 2021				
EUR million	2021	2022	2023	2024-	Total	Carrying value
Non-derivative financial liabilities						
Notes ¹	350.0	—	—	610.1	960.1	940.7
Term loans ²	3.5	4.6	4.6	1,053.9	1,066.5	1,037.8
Bank loans	113.9	1.0	1.0	—	116.0	116.0
Pension loan	5.0	10.0	5.0	—	20.0	20.0
Lease liabilities	13.9	11.1	7.9	17.6	50.5	50.5
Other financial liabilities	3.2	2.8	—	—	6.0	6.0
Trade payables	440.4	—	—	—	440.4	440.4
Total	930.0	29.5	18.5	1,681.5	2,659.5	2,611.3
Future interests on financial liabilities	82.2	72.1	70.7	293.3	518.2	518.2
Derivative financial liabilities						
Forward exchange contracts used for hedging						
Outflow	-208.9	—	—	—	-208.9	-208.9
Inflow	209.4	—	—	—	209.4	209.4

¹ Group expects to repay the EUR 100 million hybrid bond, EUR 256.4 million Ahlstrom-Munksjö senior unsecured notes and ² refinance EUR 49.0 bank loan (carrying values) which are presented as short-term debt on the balance sheet.

Liquidity position	
EUR million	Mar 31, 2021
Available committed bank overdrafts	36.8
Cash and cash equivalents	440.9
Committed revolving credit facilities	260.2
Available uncommitted bank overdrafts	35.3
Liquidity position	773.2

Fair values of financial assets and liabilities	Mar 31, 2021	
	Carrying value	Fair value
EUR million		
Non-current financial instruments measured at amortized cost		
Notes	584.3	610.1
Term loans	1,033.1	1,061.9
Bank loans	2.0	2.0
Pension loan	15.0	15.0
Other financial liabilities	2.3	2.3
Lease liabilities	36.8	36.8
Financial instruments measured at fair value		
Forward contracts - cash flow hedge accounting	0.2	0.2
Forward contracts - fair value through income statement	0.3	0.3

Carrying values for bank loans are considered to approximate fair value. As both the senior term facilities and the Notes were issued just before the balance sheet date for the interim period, their nominal amounts are considered to approximate fair value.

Nominal values of derivatives	Mar 31, 2021
EUR million	
Forward contracts - cash flow hedge accounting	130.5
Forward contracts - fair value through income statement	79.2

20. Equity

Parent company Spa Holdings 3 Oy has one series of shares issued under Finnish Law with 1,000 shares outstanding as of the balance sheet date. The shares have no nominal value and the parent company has no share capital. Each share entitles the holder to one vote at the general meetings of shareholders of the parent company. All shares were fully paid.

The reserve for invested unrestricted equity

The reserve for invested unrestricted equity comprise of capital contributions made by the shareholders through the parent companies. Any consideration received for the issue of new shares is recognized directly to the reserve for invested unrestricted equity unless otherwise decided. The reserve was increased by EUR 1,084.6 million in January- March 2021 to obtain capital to execute the tender offer and to settle the tender offer consideration in connection with the acquisition of Ahlstrom-Munksjö and by EUR 36.3 million in the financial year 2020 in connection with the company's incorporation.

Cumulative translation adjustment

Translation differences consist of translation differences arising from translation of foreign Group companies' assets and liabilities into euro which is the presentation currency of the company. In addition, gains and losses from effective net investment hedges are recorded against the underlying translation difference

designated as a hedged item, net of taxes. On disposal of all or a part of a foreign Group company, the cumulative amount of translation differences, net of any hedge result, is recognized as income or expense in the income statement when the gain or loss on disposal is recognized.

Hedging reserve

The hedging reserve comprises the unrealized fair value changes of cash flow hedges, net of taxes, qualifying for hedge accounting. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. Gains and losses accumulated in equity are reclassified to income statement when the underlying hedged cash flows are realized.

Retained earnings

Retained earnings include the accumulated net results of Ahlstrom-Munksjö Holding. The Group has defined benefit plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions for these defined benefit plans are charged or credited to retained earnings.

21. Off-balance sheet commitments

EUR million	Mar 31, 2021
Assets pledged	
Pledges	0.9
Commitments	
Guarantees and commitments given on behalf of Group companies	67.0
Capital expenditure commitments	43.9
Other guarantees and commitments	48.6

22. Subsidiaries, associates and related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or to exercise significant influence or joint control over the other party in making financial and operational decisions. Ahlstrom-Munksjö Holding's related parties comprise of several parent companies of which the ultimate parent company for the Group is Spa Lux Topco SARL, whose owners exercise significant influence in Ahlstrom-Munksjö Holding, the members of the Board of Directors of the Spa Holdings 3 Oy (parent company) and the Board of Directors of publicly listed subsidiary Ahlstrom-Munksjö Oyj and the Executive Management Team of Ahlstrom-Munksjö and their closely related family members and the entities over which they have control or joint control. In addition, the Group's investments in associated companies are related parties.

Parent companies

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

Owners

The ultimate parent company Spa Lux Topco SARL is owned by a consortium comprising of:

- Spa (BC) Lux Holdco SARL (entity owned and controlled by funds managed and/or advised by Bain Capital Private Equity (Europe), LLP, and/or its affiliates). Bain Capital indirectly owns 55% of the Spa Holdings 3 Oy,
- Ahlstrom Invest B.V., a company owned by individual members of the Ahlström family and Ahlstrom Capital BV, a wholly owned subsidiary of Ahlström Capital Oy. Ahlstrom Invest B.V. (including through its affiliates) own 36.4% of the Spa Holdings 3 Oy.

- Viknum AB, a wholly-owned subsidiary of Nidoco AB, which is indirectly owned by Alexander Ehrnrooth, a member of the company's and Ahlstrom-Munksjö Oyj's Board of Directors. Viknum AB owns 8.6% of the Spa Holdings 3 Oy.

Key Management

Board of Directors - SPA Holdings 3 Oy (the parent company)

SPA Holdings 3 Oy's members of the Board of Directors are Ivano Sessa (chair), Andrej Busch, Alexander Ehrnrooth, Lasse Heinonen, Halvor Meyer Horten, Peter Seligson and Michael Siefke.

Board of Directors - Ahlstrom-Munksjö Oyj

Alexander Ehrnrooth and Lasse Heinonen were re-elected as members of the Board of Directors and Halvor Meyer Horten, Peter Seligson, Ivano Sessa, Michael Siefke and Karl-Henrik Sundström were elected as new members of the Board of Directors. All members of the Board of Directors were elected for a term of office starting at the close of the Extraordinary General Meeting ("EGM") held on February 19, 2021 and ending at the close of the Annual General Meeting ("AGM") 2021 held on May 6, 2021. The AGM resolved that Alexander Ehrnrooth, Lasse Heinonen, Halvor Meyer Horten, Peter Seligson, Ivano Sessa, Michael Siefke and Karl-Henrik Sundström were re-elected as members of the Board of Directors.

Executive Management Team of Ahlstrom-Munksjö

The Group's Executive Management Team consists of the CEO, Deputy CEO, Business Area Executive Vice Presidents (EVPs) and EVPs responsible for Group Functions. It has remained unchanged from Ahlstrom-Munksjö's Executive Management December 31, 2020.

Associated companies

Ahlstrom-Munksjö Holding has, through its subsidiary Ahlstrom-Munksjö, a 33% share of the equity and 33% share of the voting rights of an associate investee in Sweden, Sydved AB.

Related party transactions	Mar 31, 2021	
	Trade and other payables	Non-restricted equity
EUR million		
Associated companies	5.8	—
Parent companies	—	1,120.9
Owners	3.5	—
Total	9.4	1,120.9

Related party transactions	Mar 31, 2021	
	Cost of goods sold	Sales, R&D and administrative expense
EUR million		
Associated companies	-5.5	—
Key management	—	-1.0
Owners	—	-0.7
Total	-5.5	-1.7

Description of the Group's related party balances

The Group conducts transactions with related parties on an arm's length basis.

Transactions with parent companies

The parent companies provided an equity contribution of EUR 1,120.9 million of which EUR 1,084.6 million during January-March 2021. The equity contribution was provided to obtain capital to execute the tender offer and to settle the tender offer consideration in connection with the acquisition of Ahlstrom-Munksjö.

Transactions with owners

Transactions mainly relate to expenses related to the acquisition of Ahlstrom-Munksjö Oyj shares incurred by the consortium and recharged to Spa Holdings 3 Oy. The costs incurred amounted to EUR 0.7 million during January-March 2021 and EUR 4.6 million during 2020 (fully accrued).

Transactions with the members of the Board of Directors

Spa Holdings 3 Oy issued equity in exchange of services provided by Karl-Henrik Sundström, through Alma Patria AB, an entity controlled by him, in connection with the tender offer process. The costs incurred amounted to EUR 1.0 million of which EUR 0.3 million was paid in cash and EUR 0.8 million was settled against invested equity.

Key management compensation

Members of Board of Directors of Spa Holdings 3 Oy were not paid any remuneration in January-March 2021.

Members of Board of Directors of Ahlstrom-Munksjö have received remuneration until May 6, 2021 (the date of the most recent AGM), as resolved by the AGM of Ahlstrom-Munksjö held on March 25, 2020.

The AGM held on May 6, 2021 resolved that the annual remuneration of the Board of Directors and the Board Committees (at their request) is as follows:

- The Chairman of the Board shall receive EUR 130,000 a year, the Vice Chairman EUR 90,000 and the ordinary members EUR 65,000 each.
- The Chairman of the Audit Committee shall receive EUR 15,000 and the ordinary members of the committee EUR 7,500 each on an annual basis.
- The Chairman of the Human Resources Committee shall receive EUR 10,000 a year and the ordinary members EUR 5,000 each.

The remuneration of those Board members that were not re-elected in the EGM held on February 19, 2021 were paid as resolved by the AGM of Ahlstrom-Munksjö held on March 25, 2020 as if their term would have ended at the close of the AGM May 6, 2021. The remuneration of those Board members elected as new members of the Board of Directors as of February 19, 2021 shall be paid as resolved by the AGM of Ahlstrom-Munksjö in proportion to the length of their term.

Ahlstrom-Munksjö Holding does not currently have share-based incentive schemes for the key management.

Associated companies

The Group purchases wood and wood chips from associated company Sydved AB amounting to 116,570 m³. Share of profit of the associated company is EUR 0.0 million.

List of subsidiaries

Company name	Registered Office	Share of equity %
SPA holdings 3 Oy	Finland	Parent
SPA US Holdco Inc	USA	100
Ahlstrom-Munksjö Oyj	Finland	100
Ahlstrom-Munksjö AB	Sweden	100
Ahlstrom-Munksjö Aspa Bruk AB	Sweden	100
Ahlstrom-Munksjö Spain Holding, S.L	Spain	100
Ahlstrom-Munksjö Paper S.A.	Spain	100
Ahlstrom-Munksjo Paper (Taicang) Co. Ltd	China	100
Ahlstrom-Munksjö Germany Holding GmbH	Germany	100
Ahlstrom-Munksjö Paper GmbH	Germany	100
Kraftwerksgesellschaft Unterkochen GmbH	Germany	60
Ahlstrom-Munksjö Deffingen GmbH	Germany	100
Ahlstrom-Munksjo Paper Inc.	USA	100
Munksjö Paper S.p.A.	Italy	100

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

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

EVENTS AFTER THE REPORTING PERIOD

REDEMPTION OF EUR 250 MILLION SENIOR UNSECURED 1.875 PERCENT NOTES DUE 2022

On April 12, 2021, Ahlstrom-Munksjö redeemed all of the aggregate principal amount of the notes issued. On the optional redemption date, Ahlstrom-Munksjö redeemed all of the notes (including any notes in respect of which the mandatory prepayment right related to the change of control event has been exercised) at a make-whole redemption amount (as defined in condition 8 of the terms and conditions of the notes) together with accrued but unpaid interest up to (but excluding) the optional redemption date in accordance with the terms and conditions of the notes.

REDEMPTION OF EUR 100 MILLION HYBRID BOND

On February 19, 2021, Ahlstrom-Munksjö announced its intent to exercise its redemption right in respect of the EUR 100 million hybrid bond issued on December 13, 2019 in accordance with clause 7.7 (change of control) of the terms and conditions of the hybrid bond.

On July 29, 2021 Ahlstrom-Munksjö will redeem the hybrid bond in whole at their nominal amount, together with any accrued interest (each as defined in the terms and conditions of the hybrid bond) in accordance with the terms and conditions of the hybrid bond.

STRATEGIC REVIEW OF DECOR BUSINESS REACTIVATED

On May 4, 2021, Ahlstrom-Munksjö announced it had reactivated the exploration of strategic options for its Decor business, including the possibility of divesting the business. The review process, first announced in September 2019, has been impacted by the Covid-19 outbreak.

In the past months, Ahlstrom-Munksjö has progressed with the carve-out of Decor with the objective of enabling the business to operate as a stand-alone entity. Decor has also been discussing opportunities for partnering with leading Chinese suppliers to create a more global leader with strong presence in Europe, South America and Asia.

ANNUAL GENERAL MEETING OF AHLSTROM-MUNKSJÖ

Please see the section Acquisition of Ahlstrom-Munksjö and Governance.

EXPANSION OF GLASS FIBER TISSUE BUSINESS THROUGH A MAJOR INVESTMENT IN NORTH AMERICA

On May 10, 2021, Ahlstrom-Munksjö announced it will invest EUR 58 million in a new glass fiber tissue production line in the U.S. to support the flooring industry in North America. The new line, to be built on the existing Madisonville site in Kentucky, will produce a full range of glass fiber tissue with a main focus on Luxury Vinyl Tiles and Vinyl sheet materials. Customer deliveries are expected to start in mid-2023.

DELISTING OF AHLSTROM-MUNKSJÖ SHARES FROM NASDAQ HELSINKI AND STOCKHOLM

Please see the section Acquisition of Ahlstrom-Munksjö and Governance.

SPA HOLDINGS 3 OY GRANTED A LOAN TO SPA LUX TOPCO SARL

On April 30, 2021, Spa Holdings 3 Oy was issued a Finnish law governed note in an amount of EUR 7,426,666.67 (the "Promissory Note") by its indirect parent, Spa Lux Topco SARL in exchange for a loan from Spa Holdings 3 Oy for purposes of paying a cash dividend on Spa Lux Topco SARL's preferred equity instrument. The Promissory Note accrues interest at a rate equal to EURIBOR plus 5.13% compounded on the last day of each year and interest on any overdue payment accrues at such rate plus 2.00% subject to any limits in accordance with applicable law. The Promissory Note matures on April 30, 2022, and prior to its maturity is expected to be transferred to the Spa Holdings 3 Oy's direct parent, Spa Holdings 2 Oy, by way of a return on equity. The Promissory Note is prepayable in the case of certain bankruptcy events and contains default provisions allowing the Spa Holdings 3 Oy to require prepayment if Spa Lux Topco SARL materially breaches any material provision of the Promissory Note. The Promissory Note may be amended by agreement of both parties.

APPENDIX 2: KEY FIGURES

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

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

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

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- they do not reflect any cash income taxes that we may be required to pay;
- they do not reflect the impact of earnings or charges resulting from certain matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA-based measures do not reflect any cash requirements that would be required for such replacements;
- they may include adjustments for non-cash items and not adjust for all items that impact cash flows;
- some of the items that we eliminate in calculating certain EBITDA-based measures reflect cash payments that were made, or will in the future be made; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Alternative performance measures are unaudited.

KEY FIGURES	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q1-Q4
EUR million, or as indicated	2021	2020	2020
Employee benefit expenses	-89.3	-148.9	-573.9
Depreciation and amortization	-31.5	-42.6	-169.1
Impairment loss	—	-4.2	-9.2
Net sales	461.1	718.1	2,683.3
Operating result	-8.0	73.7	176.2
Operating result margin, %	-1.7	10.3	6.6
Net result	-23.9	46.6	94.5
EBITDA	23.5	120.5	354.5
EBITDA margin, %	5.1	16.8	13.2
Comparable EBITDA	71.0	91.7	334.2
Comparable EBITDA margin, %	15.4	12.8	12.5
Items affecting comparability in EBITDA	-47.4	28.8	20.3
Adjusted EBITDA	453.1		
Adjusted EBITDA margin, %	16.9		
Comparable operating result	39.4	49.1	165.1
Comparable operating result margin, %	8.6	6.8	6.2
Items affecting comparability in operating result	-47.4	24.6	11.1
MOVC/ton, EUR ¹	622.6	711.8	721.5
MOVC margin, % ¹	35.9	41.4	42.2
Cash and cash equivalents	440.9	247.3	308.7
Net senior secured indebtedness	1,181.2	—	—
Net indebtedness	1,730.0	854.3	735.8
Interest expense (LTM)	-90.1		
Ratio of net senior secured indebtedness to adjusted EBITDA (LTM)	2.6		
Ratio of net indebtedness to adjusted EBITDA (LTM)	3.8		
Ratio of adjusted EBITDA to interest expense	5.0		
Capital expenditure	16.0	26.3	117.5
Operating working capital ²	84.6	282.0	226.0
Free cash flow	63.3		
Cash conversion, %	89.2		
Sales volumes, thousands of tons	266	418	1,570

¹ Q1 2021 Impacted by an inventory adjustment arising from purchase price allocation (PPA) accounting of EUR 31.7 million

² Q1 2021 impacted by redemption liability amounting to EUR 191.9 million and accruals related to transaction costs.

Reconciliation of certain key performance measures	Ahlstrom-Munksjö Holding	Ahlstrom-Munksjö	Ahlstrom-Munksjö
	Q1	Q1	Q1-Q4
EUR million or as indicated	2021	2020	2020
Items affecting comparability			
Transaction costs	-15.6	-1.2	-6.5
Inventory fair value	-31.7	—	—
Integration costs	0.1	-0.5	-0.5
Restructuring costs	0.1	-0.5	-2.6
Gain/Loss on business disposal and other related items	—	31.0	31.8
Other	-0.3	-0.0	-1.9
Total items affecting comparability in EBITDA	-47.4	28.8	20.3
Impairment loss	—	-4.2	-9.2
Total items affecting comparability in operating result	-47.4	24.6	11.1
Net result	-23.9	46.6	94.5
Taxes	4.3	-17.5	-36.0
Net financial items	-20.2	-9.6	-45.7
Operating result	-8.0	73.7	176.2
Depreciation, amortization and impairment	31.5	46.7	178.4
EBITDA	23.5	120.5	354.5
Total items affecting comparability in EBITDA	47.4	-28.8	-20.3
Comparable EBITDA	71.0	91.7	334.2
Adjusted EBITDA (LTM)			
Comparable EBITDA (LTM) Pro forma	350.2		
Pro forma foreign exchange impact	-0.5		
Comparable EBITDA, (LTM)	349.8		
One off and other adjustments ¹	1.0		
COVID-19 normalization ²	12.4		
Full year estimate of FY20 initiatives ³	4.4		
FY21 initiatives ⁴	69.8		
FY22 initiatives ⁵	15.7		
Adjusted EBITDA (LTM)	453.1		
Comparable operating result			
Operating result	-8.0	73.7	176.2
Total items affecting comparability in operating result	47.4	-24.6	-11.1
Comparable operating result	39.4	49.1	165.1
Free cash flow			
Comparable EBITDA	71.0		
Maintenance capital expenditure	7.6		
Free cash flow	63.3		

APPENDIX 3: UNAUDITED VOLUNTARY PRO FORMA FINANCIAL INFORMATION

Basis of Compilation

General

The following voluntary pro forma combined financial information (the "pro forma Information") is presented for illustrative purposes only to give effect to the acquisition of Ahlstrom-Munksjö Oyj ("Ahlstrom-Munksjö") by SPA Holdings 3 Oyj (the "Issuer", "parent company") on the business performance of SPA Holdings 3 Group ("Ahlstrom-Munksjö Holding", the "Group") and the financing for the acquisition to Ahlstrom-Munksjö Holding's financial information as if the acquisition had been completed at an earlier date. The pro forma Information is unaudited.

The unaudited pro forma combined income statements ("pro forma income statement") for January-March 2021 and for the year 2020 give effect to the acquisition as if it had taken place on January 1, 2020. Pro forma adjustments that do not have a continuing impact on Ahlstrom-Munksjö Holding's results are presented in the pro forma income statement for the year 2020. No balance sheet is presented as the March 31, 2021 consolidated balance sheet reflects the impacts of the acquisition and the financing for the acquisition.

The pro forma information has been presented for illustrative purposes only. The pro forma Information addresses a hypothetical situation and is not therefore necessarily indicative of what the combined companies' financial performance would have been had the acquisition been completed on January 1, 2020. The pro forma information does not either purport to project the operating results of the combined companies as of any future date.

The pro forma income statements do not reflect any expected cost savings, synergy benefits or future integration costs that are expected to be generated or may be incurred as a result of the acquisition. The pro forma effective tax rate differs from the historical tax rates of Ahlstrom-Munksjö Holding and Ahlstrom-Munksjö and from the expected 2021 effective tax for the Group as pro forma income tax impact is calculated based on the deductibility of the adjustment and using the actual enacted applicable tax rates in the respective jurisdiction. Further actual effective tax rates may also be significantly different in the future depending on the post-acquisition activities, including cash needs and funding activities, geographical mix of income and integration and tax planning strategies.

The pro forma information presented herein is prepared based on the historical results of Ahlstrom-Munksjö Holding and Ahlstrom-Munksjö prepared in accordance with IFRS and on a basis consistent with the EU prospectus regulation's pro forma guidance. The pro forma Information has been prepared on a basis consistent with the accounting principles applied in Ahlstrom-Munksjö Holding's consolidated interim report.

The acquisition of Ahlstrom-Munksjö has been accounted for as business combination using the acquisition method of accounting under the provisions of IFRS with Ahlstrom-Munksjö Holding determined as the acquirer. The acquisition method of accounting applies the fair value concepts and requires, among other things, that the identifiable assets acquired and liabilities assumed in a business combination are recognized at their fair values as of the acquisition date, with any excess of the purchase consideration over the fair value of identifiable net assets acquired recognized as goodwill.

The pro forma information reflects the application of pro forma adjustments that are based upon certain assumptions, described in the accompanying notes herein, that management believes are reasonable under the circumstances. Pro forma adjustments to historical financial information are prepared to give pro forma effect to events that are directly attributable to the acquisition and the financing for the acquisition and are factually supportable. Actual results may differ materially from the assumptions within the accompanying pro forma Information.

Acquisition of Ahlstrom-Munksjö

On October 22, 2020, the Issuer commenced a voluntary public cash tender offer to acquire all the issued and outstanding shares in Ahlstrom-Munksjö. The first settlement was completed on February 4, 2021 with approximately 81.0% of ownership and following the settlement of the subsequent offer period on February

9, 2021, the Ahlstrom-Munksjö Holding ownership in Ahlstrom-Munksjö reached approximately 90.6% of the shares and voting rights. Following the completion of the tender offer and reaching the 90% threshold, Ahlstrom-Munksjö Holding decided to exercise its redemption right pursuant to the Finnish Companies Act and to redeem all the shares held by any other remaining shareholders in Ahlstrom-Munksjö.

The purchase consideration amounts to EUR 2,051.5 million, including the redemption liability for the remaining shares in Ahlstrom-Munksjö. The purchase consideration paid in cash amounted to EUR 1,859.6 million. The redemption liability recognized at the date of acquisition amounts to EUR 191.9 million which will be payable after the arbitration proceedings and the redemption process are completed.

Historical Financial Information

The pro forma Information has been derived from the following historical financial information:

- Ahlstrom-Munksjö's audited consolidated financial statements for the year 2020 and from the accounting records of Ahlstrom-Munksjö for period ended February 4, 2021 (the "acquisition date");
- Ahlstrom-Munksjö Holding's financial statements for the year 2020 and unaudited interim report for the January-March 2021.

This pro forma information should be read in conjunction with note 4 in the appendix 2 of the interim report.

Other Considerations

The pro forma adjustments which have continuing impact on the Ahlstrom-Munksjö Holding's results, have been translated to euros using historical average exchange rates in 2020 and January-March 2021 for respective currencies. The pro forma adjustments for income taxes have been calculated based on the tax deductibility of the underlying pro forma adjustments in the respective jurisdiction and accordingly, tax rates used for pro forma purposes differ depending on the nature of the underlying pro forma adjustment.

All amounts are rounded and presented in millions of euros unless otherwise noted. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

Consolidated Pro Forma Income Statement Information for Q1 2021

	Ahlstrom-Munksjö Holding historical	Ahlstrom-Munksjö historical January - February 4, 2021	Pro forma adjustments	Pro forma total Q1 2021
Net sales	461.1	262.4	—	723.5
Cost of goods sold	-408.0	-216.7	31.7	-593.0
Gross profit	53.1	45.7	31.7	130.5
Sales, R&D and administrative expenses	-51.0	-44.2	14.9	-80.3
Other operating income	1.9	1.3	—	3.3
Other operating expense	-12.0	-4.2	-1.7	-18.0
Operating result	-8.0	-1.5	44.9	35.5
Net financial items	-20.2	-3.6	-4.4	-28.2
Result before taxes	-28.2	-5.0	40.5	7.3
Income taxes	4.3	1.4	-7.3	-1.6
Net result	-23.9	-3.7	33.2	5.6

Consolidated Pro Forma Income Statement Information for the year 2020

	Ahlstrom-Munksjö Holding historical	Ahlstrom-Munksjö historical	Pro forma adjustments	Pro forma total Q1-Q4 2020
Net sales	—	2,683.3	—	2,683.3
Cost of goods sold	—	-2,269.5	-31.7	-2,301.2
Gross profit	—	413.9	-31.7	382.2
Sales, R&D and administrative expenses	-35.7	-229.3	-10.9	-275.9
Other operating income	—	53.8	—	53.8
Other operating expense	—	-62.4	-18.2	-80.6
Share of profit in equity accounted investments	—	0.2	—	0.2
Operating result	-35.7	176.2	-60.8	79.7
Net financial items	—	-45.7	-58.5	-104.2
Result before taxes	-35.7	130.4	-119.3	-24.5
Income taxes	—	-36.0	23.8	-12.1
Net result	-35.7	94.5	-95.4	-36.6

Notes to the Pro Forma information

Note 1 – Pro Forma adjustments

The following table presents the pro forma adjustments for the January-March 2021 period:

	Q1 2021			Total pro forma adjustments
	Fair value adjustments (Note 1a)	Transaction costs (Note 1b)	Financing arrangements (Note 1c)	
Net sales	—	—	—	—
Cost of goods sold	31.7	—	—	31.7
Gross profit	31.7	—	—	31.7
Sales, R&D and administrative expenses	0.5	14.5	—	14.9
Other operating income	—	—	—	—
Other operating expense	-1.7	—	—	-1.7
Operating result	30.5	14.5	—	44.9
Net financial items	—	—	-4.4	-4.4
Result before taxes	30.5	14.5	-4.4	40.5
Income taxes	-8.2	—	0.9	-7.3
Net result	22.3	14.5	-3.5	33.2

The following table presents the pro forma adjustments for the year 2020:

	Q1-Q4 2020			Total pro forma adjustments
	Fair value adjustments (Note 1a)	Transaction costs (Note 1b)	Financing arrangements (Note 1c)	
Net sales	—	—	—	—
Cost of goods sold	-31.7	—	—	-31.7
Gross profit	-31.7	—	—	-31.7
Sales, R&D and administrative expenses	3.6	-14.5	—	-10.9
Other operating income	—	—	—	—
Other operating expense	-18.2	—	—	-18.2
Operating result	-46.3	-14.5	—	-60.8
Net financial items	—	—	-58.5	-58.5
Result before taxes	-46.3	-14.5	-58.5	-119.3
Income taxes	12.0	—	11.9	23.8
Net result	-34.3	-14.5	-46.6	-95.4

Note 1a – Fair value adjustments

Upon the completion of the acquisition, the parent company prepared the provisional detailed valuation of Ahlstrom-Munksjö's assets acquired and liabilities assumed as of the acquisition date. As a result, acquired intangible assets were fair valued at EUR 857.3 million comprising of customer relationships, technology, trademarks and other intangible assets. The useful lives for the acquired intangible assets range between 20-38 years. In addition, Ahlstrom-Munksjö's property, plant and equipment fair value as at the acquisition date amounted to EUR 1,187.1 million. The useful lives for the acquired property, plant and equipment range from 8 to 16 years.

The pro forma income statements reflect the additional amortization and depreciation charge arising from the fair value adjustments as if the acquisition had taken place on January 1, 2020 and accordingly, as if the acquired assets would have been depreciated and amortized from that date onwards based on their new fair value basis. Adjustments for amortization and depreciation will have a continuing impact on the results over the remaining useful lives of the acquired assets.

An adjustment of EUR 31.7 million has been recognized to finished goods inventory to reflect the acquisition date fair value of acquired inventories which was recorded as an expense in the January-March 2021 interim period reflecting the turnover. This fair value adjustment recorded has been eliminated from the January-March 2021 pro forma income statement and presented as an expense in cost of goods sold for the year 2020. The inventory fair value adjustment will not have a continuing impact on the results.

Note 1b – Transaction costs

Transaction costs amounting to EUR 50.2 million expensed in connection with the acquisition primarily comprise financial, legal and advisory costs (excluding financing transaction costs). These transactions costs have been recorded as administrative expenses in the pro forma income statement as if they have been incurred on January 1, 2020. For pro forma purposes, costs amounting to EUR 14.5 million recorded as an expense in January-March 2021, have accordingly been eliminated. This adjustment does not have a continuing impact on the results.

Note 1c – Financing arrangements

Ahlstrom-Munksjö's historical results have been adjusted to eliminate financing expenses related to financial liabilities that were assumed by Ahlstrom-Munksjö Holding in the acquisition but either have been, or will be, as a result of the acquisition, refinanced during 2021. The pro forma adjustment for the financing arrangements comprise the elimination of the historical interest expenses and other financial costs incurred on the refinanced assumed Ahlstrom-Munksjö's borrowings amounting to EUR 2.0 million in January-March 2021 and EUR 24.1 million for the year 2020 as if the refinancing transactions had taken place on January 1, 2020.

To finance the tender offer and to refinance certain of Ahlstrom-Munksjö's existing debt arrangements, the Issuer entered into a senior credit facilities agreement including senior term loan facilities in principal amounts of EUR 600 million ("TLB1") and USD 547 million (EUR 450 million equivalent) ("TLB2" and together with TLB1, "Senior Term Facilities") and a revolving credit facility in a principal amount of EUR 325 million (the "Revolving Credit Facility"). In addition, the Issuer issued EUR 350 million senior secured notes (the "EUR Notes") and USD 305 million senior secured notes (the "USD Notes" and together with the EUR Notes, the "Notes").

Before the issue of the Notes, to finance part of the tender offer consideration, refinance certain existing debt, for cash overfunding and to pay certain fees and expenses, the issuer also entered into a senior secured bridge facilities amounting to EUR 1,000 million (equivalent) (the "Bridge Facilities"). The Bridge Facilities were fully repaid on the Notes issuance day with the proceeds from the Senior Term Facilities and Notes offering and cash on hand. Interest expenses from the Bridge Facilities are not reflected in the pro forma adjustments as Bridge Facilities were used as interim financing before securing long-term financing.

The pro forma interest expenses arising from the Senior Term Facilities and Notes are recognized as financing expenses in the pro forma income statements for both periods presented. The pro forma adjustment reflects the interest calculated using the effective interest rate method for the Senior Term Facilities, EUR Notes and USD Notes as if they were issued on January 1, 2020. The expenses arising from the Revolving Credit Facility are reflected in the pro forma income statement based on an assumption that the facility remains undrawn. The pro forma adjustments from the financing arrangements will have a continuing impact on the results and financial position until their maturities or early extinguishment.

Note 2 – Additional Pro Forma Information

Pro Forma Financial Key Figures

EUR million	Q1 2021	Q1-Q4 2020
EBITDA	82.5	272.7
Comparable EBITDA	107.7	334.2
Comparable EBITDA Margin	14.9	12.5

Reconciliation of Pro Forma Comparable EBITDA and Pro Forma EBITDA to Pro Forma Operating Result

EUR million	Q1 2021			
	Ahlstrom-Munksjö Holding historical	Ahlstrom-Munksjö historical January-February 4, 2021	Pro forma adjustments	Pro forma total
Net Result	-23.9	-3.7	33.2	5.6
Taxes	4.3	1.4	-7.3	-1.6
Net financial items	-20.2	-3.6	-4.4	-28.2
Operating result	-8.0	-1.5	44.9	35.5
Depreciation, amortisation and impairment	-31.5	-14.2	-1.3	-47.0
EBITDA	23.5	12.8	46.2	82.5
Transaction costs	-15.6	-23.9	14.5	-25.0
Integration costs	0.1	—	—	0.1
Inventory fair value	-31.7	—	31.7	—
Restructuring costs	0.1	-0.0	—	0.0
Environmental provision	—	—	—	—
Net (gain)/loss on business disposal	—	—	—	—
Other	-0.3	—	—	-0.3
Items affecting Comparability in EBITDA	-47.4	-24.0	46.2	-25.2
Comparable EBITDA	71.0	36.8	—	107.7

EUR million	Q1-Q4 2020			
	Ahlstrom-Munksjö Holding historical	Ahlstrom-Munksjö historical January-February 4, 2021	Pro forma adjustments	Pro forma total
Net Result	-35.7	94.5	-95.4	-36.6
Taxes	—	-36.0	23.8	-12.1
Net financial items	—	-45.7	-58.5	-104.2
Operating result	-35.7	176.2	-60.8	79.7
Depreciation, amortisation and impairment	—	-178.4	-14.6	-193.0
EBITDA	-35.7	354.5	-46.2	272.7
Transaction costs	-35.7	-6.5	-14.5	-56.6
Integration costs	—	-0.5	—	-0.5
Inventory fair value	—	—	-31.7	-31.7
Restructuring costs	—	-2.6	—	-2.6
Net (gain)/loss on business disposal	—	31.8	—	31.8
Other	—	-1.9	—	-1.9
Items affecting Comparability in EBITDA	-35.7	20.3	-46.2	-61.6
Comparable EBITDA	—	334.2	—	334.2

CALCULATION OF KEY FIGURES

Key figure	Definitions	Reason for use of the key figure
Operating result	Net result before taxes and net financial items	Operating result shows result generated by the operating activities
Operating result margin, %	Operating result / net sales	
EBITDA	Operating result before depreciation, amortization and impairment	EBITDA is the indicator to measure the performance of Ahlstrom-Munksjö Holding.
EBITDA margin, %	EBITDA / net sales	EBITDA margin is a key measure in our long-term financial targets.
Comparable EBITDA	EBITDA excluding items affecting comparability in EBITDA	Comparable EBITDA, comparable EBITDA margin, comparable operating result, comparable operating result margin, comparable operating result
Comparable EBITDA margin, %	Comparable EBITDA / net sales	comparable operating result excluding depreciation and amortization arising from PPA, comparable net result, comparable earnings per share, comparable net result excluding depreciation and amortization arising from PPA and comparable earnings per share
Comparable operating result	Operating result excluding items affecting comparability in operating result	excluding depreciation and amortization arising from PPA, comparable net result, comparable earnings per share, comparable net result excluding depreciation and amortization arising from PPA and comparable earnings per share
Comparable operating result margin, %	Comparable operating result / net sales	excluding depreciation and amortization arising from PPA are presented in addition to EBITDA, operating result, net result and earnings per share to reflect the underlying business performance and to enhance comparability from period to period. Ahlstrom-Munksjö Holding believes that these comparable performance measures provide meaningful supplemental information by excluding items outside ordinary course of business including PPA related depreciation and amortization, which reduce comparability between the periods.
Items affecting comparability in operating result	Material items outside ordinary course of business, such as gains and losses on business disposals, direct transaction costs related to business acquisitions, costs for closure of business operations and restructurings including redundancy payments, impairment losses, one-off items arising from purchase price allocation such as inventory fair value adjustments, compensation related to environmental damages arising from unexpected or rare events and other items including fines (such as VAT tax audit fines) or other similar stipulated payments and litigations.	
Items affecting comparability in EBITDA	Items affecting comparability in operating result excluding impairment losses.	
Adjusted EBITDA (LTM)	Represents comparable EBITDA as adjusted for additional sponsor adjustments certain cost savings programs, certain post-acquisition savings programs and a COVID-19 normalization	
Adjusted EBITDA margin (LTM), %	Adjusted EBITDA/Net sales	
MOVC/ton, EUR	Net sales minus variable costs of sales/ sales tons	
MOVC margin, %	Net sales minus variable costs of sales/ net sales	

Key figure	Definitions	Reason for use of the key figure
Net indebtedness	Non-current and current borrowings and non-current and current lease liability less securitization liability less cash and cash equivalents	
Net senior secured indebtedness	includes as adjusted indebtedness, consisting of the Notes offered hereby and borrowings under the Senior Term Facilities but excludes any existing debt of Ahlstrom-Munksjo at the date of the acquisition that will be secured on the Collateral, net of as adjusted cash and cash equivalents. Non-current and current borrowings and non-current and current lease liability less securitization liability	Net indebtedness and net senior secured indebtedness debt and total debt are indicators to measure the total external debt financing of Ahlstrom-Munksjö Holding
Ratio of net indebtedness to adjusted EBITDA¹⁾	Net indebtedness/adjusted EBITDA	
Ratio of net senior secured indebtedness to adjusted EBITDA¹⁾	Net senior secured indebtedness/adjusted EBITDA	
Ratio of adjusted EBITDA¹⁾ to interest expense	Adjusted EBITDA (LTM)/interest expense (LTM)	
Capital expenditure	Purchases for property, plant and equipment and intangible assets as presented in the cash flow statement.	Capital expenditure provides additional information of the cash flow needs of the operations.
Operating working capital	Inventories plus operative receivables before factoring less operating payables	
Free cash flow	Comparable EBITDA minus maintenance capital expenditure	
Cash conversion	Free cash flow divided by comparable EBITDA	

¹⁾ Calculated as if the transaction of acquiring Ahlstrom-Munksjö Oyj had been completed in the beginning of 2020.