

FINANCIAL STATEMENTS RELEASE 2020

STRONG RESULT IMPROVEMENT AND CASH FLOW

HIGHLIGHTS DURING THE REPORTING PERIOD

- Strong improvement in comparable EBITDA and increased margin, all business areas improved
- Lower variable costs more than offset slightly lower selling prices, sales volumes increased
- Net sales impacted by an adverse currency effect
- Strong cash flow, and financial position further strengthened
- Broad-based demand recovery, limited impact from resurgence of global Covid-19 infections
- Very good Employee Engagement Index of 80 in employee survey
- Public tender offer launched in Q4/2020 and concluded in February 2021

Q4/2020 compared with Q4/2019

- Net sales decreased by 1.7% to EUR 689.2 million (701.3). At constant currency rates, net sales increased by 3.5% on higher volumes
- Comparable EBITDA improved to EUR 89.6 million (70.5), representing 13.0% (10.1) of net sales, supported by lower variable costs and higher volumes
- Operating result improved to EUR 43.7 million (16.0), supported by higher comparable EBITDA and lower items affecting comparability (IAC)
- Net result EUR 23.3 million (1.9)
- Earnings per share (basic) EUR 0.19 (0.01)
- Comparable EPS excluding depreciation and amortization arising from PPA EUR 0.31 (0.16).
- Net cash from operating activities increased to EUR 130.5 million (68.4), supported by the improved result and reduction in working capital

Q1–Q4/2020 compared with Q1–Q4/2019

- Net sales decreased by 8.0% to EUR 2,683.3 million (2,915.3). At constant currency rates, net sales decreased by 5.3% due to lower selling prices and a less favorable product mix.
- Comparable EBITDA increased to EUR 334.2 million (312.9), representing 12.5% (10.7) of net sales, supported by lower costs
- Operating result improved to EUR 176.2 million (103.2), supported by a capital gain of EUR 32.0 million from the sale of the fine art paper business and lower items affecting comparability (IAC)
- Net result EUR 94.5 million (32.8)
- Earnings per share (basic) EUR 0.78 (0.27)
- Comparable EPS excluding depreciation and amortization arising from PPA EUR 1.03 (0.84)
- Net cash from operating activities amounted to EUR 255.1 million (286.7)

PPA = purchase price allocation

Q4/2020

COMPARABLE
EBITDA EUR 90M,
13.0% OF NET SALES

STRONG CASH
FLOW

PUBLIC TENDER
OFFER FOR
AHLSTROM-
MUNKSJÖ SHARES
COMPLETED

KEY FIGURES

| Key figures | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|---|-------|-------|-------|---------|---------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net sales | 689.2 | 701.3 | 654.5 | 2,683.3 | 2,915.3 |
| Comparable EBITDA | 89.6 | 70.5 | 78.9 | 334.2 | 312.9 |
| Comparable EBITDA margin, % | 13.0 | 10.1 | 12.1 | 12.5 | 10.7 |
| EBITDA | 90.6 | 63.3 | 74.4 | 354.5 | 279.4 |
| Comparable operating result | 46.7 | 25.5 | 37.5 | 165.1 | 139.0 |
| Operating result | 43.7 | 16.0 | 32.9 | 176.2 | 103.2 |
| Net result | 23.3 | 1.9 | 15.5 | 94.5 | 32.8 |
| Earnings per share (basic), EUR | 0.19 | 0.01 | 0.13 | 0.78 | 0.27 |
| Comparable earnings per share (basic), EUR | 0.23 | 0.08 | 0.16 | 0.70 | 0.50 |
| Comparable EPS excl. depreciation and amortization arising from PPA, EUR* | 0.31 | 0.16 | 0.24 | 1.03 | 0.84 |
| Return on equity (ROE), rolling 12 months, % | 7.9 | 2.9 | 6.2 | 7.9 | 2.9 |
| Comparable ROE, rolling 12 months, % | 7.1 | 5.2 | 5.6 | 7.1 | 5.2 |
| Return on capital employed (ROCE), rolling 12 months, % | 7.7 | 4.4 | 6.4 | 7.7 | 4.4 |
| Comparable ROCE, rolling 12 months, % | 7.2 | 5.9 | 6.2 | 7.2 | 5.9 |
| Net cash from operating activities | 130.5 | 68.4 | 104.3 | 255.1 | 286.7 |
| Capital expenditure | 41.2 | 36.3 | 25.5 | 117.5 | 161.1 |
| Net debt | 735.8 | 885.0 | 804.2 | 735.8 | 885.0 |
| Gearing ratio, % | 62.1 | 71.8 | 68.9 | 62.1 | 71.8 |

*Depreciation and amortization arising from PPA (purchase price allocation) comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from 2013.

Ahlstrom-Munksjö 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), or purchase price allocation (PPA,) and they are called "comparable". More details on APMs and key figures are available in the appendix 2.

CEO COMMENTS

In 2020, we were successful in improving our result and developing our business despite the challenges caused by the coronavirus pandemic. Our quick response to the pandemic demonstrated our agility, teamwork and business mindset.

Customer activity improved gradually during the second half of the year as countries and markets adapted to the pandemic. The surge in the number of infections caused countries to reimpose restrictions, but they had no material impact on demand in the fourth quarter as they did earlier in the year.

I'm satisfied with our financial performance in the unpredictable market environment. Our profitability improvement was supported by lower costs, partly driven by our own measures. We also made good progress in innovation as sales generated from new products increased to 12%, nearing our long-term target of 15%.

The positive results of our customer and employee surveys signal that we are doing the right things. The customer survey results show that we have further reinforced our position as a global leader in fiber-based solutions. We scored particularly well in categories such as personal contact and technical service, as well as in innovation and sustainability. These are essential for strengthening our partnership with our customers. Likewise the 2020 employee survey results demonstrate very good employee engagement.

On September 24, 2020 a consortium consisting of Ahlström Capital, funds managed or advised by Bain Capital as well as Viknum and Belgrano Inversiones announced a public recommended cash tender offer for all shares in Ahlstrom-Munksjö. On February 9, 2021, it was announced that the consortium's holdings will exceed 90% and that it intends to initiate compulsory redemption proceedings and apply for the shares to be delisted.

I consider the offer evidence of the good and hard work we have done, and our success in creating an attractive business. Thanks to our joint efforts in 2020, our business is doing well. I am confident that by continuing to work together as one team, we can further accelerate our value creation and create long-term success.



"I'm satisfied with our financial performance in the unpredictable market environment. Our profitability improvement was underpinned by lower costs, partly driven by our own measures."

*Hans Sohlström,
President and CEO*

OUTLOOK FOR Q1/2021

Ahlstrom-Munksjö expects demand for its products to remain at the current level.

FINANCIAL PERFORMANCE

NET SALES DEVELOPMENT

| Net sales by business area | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|--------------------------------------|--------------|--------------|--------------|----------------|----------------|
| EUR million | 2020 | 2019 | 2020 | 2020 | 2019 |
| Filtration & Performance Solutions | 172.6 | 178.6 | 157.8 | 637.1 | 724.0 |
| Advanced Solutions | 112.8 | 111.7 | 116.5 | 476.2 | 470.2 |
| Industrial Solutions | 167.3 | 175.6 | 155.9 | 683.9 | 765.7 |
| Food Packaging & Technical Solutions | 143.2 | 141.3 | 135.2 | 554.6 | 582.4 |
| Decor Solutions | 101.7 | 103.7 | 96.7 | 369.7 | 419.6 |
| Other and eliminations | -8.4 | -9.7 | -7.7 | -38.1 | -46.5 |
| Group | 689.2 | 701.3 | 654.5 | 2,683.3 | 2,915.3 |

PROFIT AND PROFITABILITY DEVELOPMENT

| EBITDA by business area | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|--------------------------------------|-------------|-------------|-------------|--------------|--------------|
| EUR million | 2020 | 2019 | 2020 | 2020 | 2019 |
| Filtration & Performance Solutions | 32.7 | 26.7 | 31.8 | 149.2 | 121.7 |
| Advanced Solutions | 12.5 | 10.0 | 16.4 | 60.8 | 50.2 |
| Industrial Solutions | 17.3 | 8.2 | 11.7 | 69.7 | 52.9 |
| Food Packaging & Technical Solutions | 19.1 | 15.7 | 7.9 | 52.1 | 51.3 |
| Decor Solutions | 13.9 | 9.9 | 10.1 | 36.7 | 25.0 |
| Other and eliminations | -4.9 | -7.2 | -3.4 | -14.0 | -21.6 |
| Group | 90.6 | 63.3 | 74.4 | 354.5 | 279.4 |

| Items affecting comparability in EBITDA by business area | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|--|------------|-------------|-------------|-------------|--------------|
| EUR million | 2020 | 2019 | 2020 | 2020 | 2019 |
| Filtration & Performance Solutions | 3.7 | -1.7 | -0.5 | 30.6 | -4.4 |
| Advanced Solutions | -0.1 | -0.2 | 0.0 | -0.3 | -0.4 |
| Industrial Solutions | -1.1 | -3.0 | -0.2 | -1.5 | -8.2 |
| Food Packaging & Technical Solutions | 0.0 | -0.5 | -0.2 | -0.4 | -2.1 |
| Decor Solutions | -0.3 | -0.6 | -0.1 | -0.9 | -9.5 |
| Other and eliminations | -1.3 | -1.1 | -3.5 | -7.2 | -8.8 |
| Group | 1.0 | -7.2 | -4.6 | 20.3 | -33.4 |

| Comparable EBITDA by business area | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|--------------------------------------|-------------|-------------|-------------|--------------|--------------|
| EUR million | 2020 | 2019 | 2020 | 2020 | 2019 |
| Filtration & Performance Solutions | 29.0 | 28.5 | 32.3 | 118.6 | 126.1 |
| Advanced Solutions | 12.6 | 10.2 | 16.4 | 61.1 | 50.6 |
| Industrial Solutions | 18.3 | 11.2 | 11.9 | 71.3 | 61.1 |
| Food Packaging & Technical Solutions | 19.1 | 16.2 | 8.0 | 52.5 | 53.4 |
| Decor Solutions | 14.2 | 10.4 | 10.2 | 37.6 | 34.5 |
| Other and eliminations | -3.6 | -6.0 | 0.2 | -6.8 | -12.9 |
| Group | 89.6 | 70.5 | 78.9 | 334.2 | 312.9 |

| Comparable EBITDA margin by business area | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|---|-------------|-------------|-------------|-------------|-------------|
| % | 2020 | 2019 | 2020 | 2020 | 2019 |
| Filtration & Performance Solutions | 16.8 | 15.9 | 20.5 | 18.6 | 17.4 |
| Advanced Solutions | 11.1 | 9.1 | 14.0 | 12.8 | 10.8 |
| Industrial Solutions | 11.0 | 6.4 | 7.6 | 10.4 | 8.0 |
| Food Packaging & Technical Solutions | 13.3 | 11.5 | 6.0 | 9.5 | 9.2 |
| Decor Solutions | 14.0 | 10.1 | 10.5 | 10.2 | 8.2 |
| Group | 13.0 | 10.1 | 12.1 | 12.5 | 10.7 |

OCTOBER–DECEMBER 2020

Comparison with October–December 2019

Net sales decreased by 1.7% to EUR 689.2 million (701.3). At constant currency rates, net sales increased by 3.5% on higher sales volumes.

Customer activity continued to recover across the company's extensive product offering.

Comparable EBITDA increased to EUR 89.6 million (70.5), representing 13.0% of net sales (10.1). This was driven by lower variable costs, which more than offset the negative impact of lower selling prices, and higher sales volumes. Variable costs were reduced due to both the company's cost-saving measures and lower raw material prices. Fixed costs rose slightly.

EBITDA was EUR 90.6 million (63.3). Items affecting comparability (IACs) in EBITDA totaled EUR 1.0 million (-7.2), and included costs related to the tender offer and adjustment to the costs related to the finalization of the sale of the fine arts paper business.

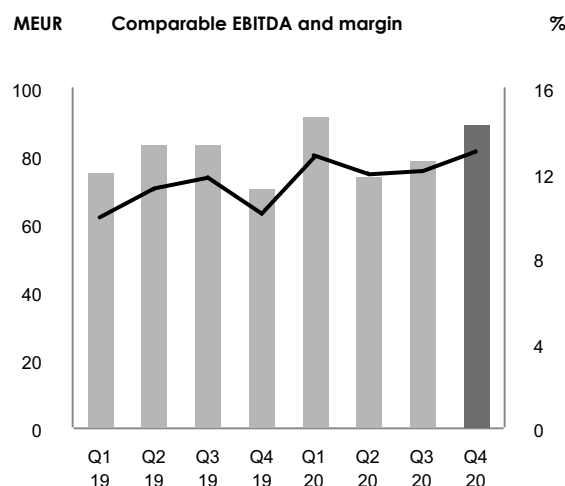
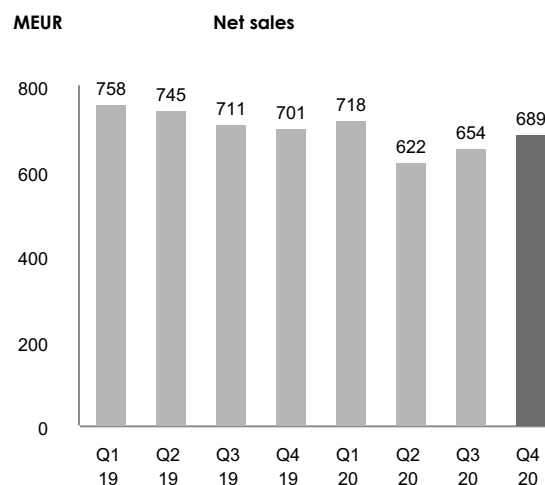
The operating result was EUR 43.7 million (16.0). Depreciation, amortization and impairment amounted to EUR -46.9 million (-47.4), including depreciation and amortization arising from PPA of EUR -12.3 million (-13.1) and an impairment loss of EUR -4.0 million (-2.4), which is an item affecting comparability in the operating result.

Net financial items decreased to EUR -10.0 million (-13.4). This figure includes net interest expenses of EUR -8.1 million (-11.5), a currency exchange loss of EUR -1.0 million (-0.2) and other financial expenses of EUR -0.9 million (-1.7). Net interest expenses decreased due to lower interest rates.

The result before taxes was EUR 33.6 million (2.6). Taxes amounted to EUR -10.3 million (-0.6). The net result was EUR 23.3 million (1.9), and earnings per share (basic) were EUR 0.19 (0.01).

Comparison with July–September 2020

Comparable EBITDA increased mainly due to higher sales volumes.



| Reconciliation of EBITDA to comparable EBITDA | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|--|-------------|-------------|-------------|--------------|--------------|
| EUR million | 2020 | 2019 | 2020 | 2020 | 2019 |
| EBITDA | 90.6 | 63.3 | 74.4 | 354.5 | 279.4 |
| Transaction costs | -0.7 | -0.8 | -3.6 | -6.5 | -2.7 |
| Integration costs | — | -0.5 | — | -0.5 | -11.7 |
| Restructuring costs | -1.2 | -3.6 | -0.4 | -2.6 | -15.4 |
| Gain/Loss on business disposal and other related items | 3.7 | -1.6 | — | 31.8 | -1.6 |
| Other | -0.7 | -0.8 | -0.6 | -1.9 | -2.1 |
| Total items affecting comparability in EBITDA | 1.0 | -7.2 | -4.6 | 20.3 | -33.4 |
| Comparable EBITDA | 89.6 | 70.5 | 78.9 | 334.2 | 312.9 |

Full reconciliation is available in the appendix 2.

JANUARY–DECEMBER 2020

Comparison with January–December 2019

Net sales decreased by 8.0% to EUR 2,683.3 million (2,915.3). At constant currency rates, the decrease was 5.3%, driven mainly by lower selling prices and a more adverse product mix. Deliveries increased significantly in health-care- and life science-related end uses, and grew modestly in consumer goods-related end uses. Deliveries decreased in transportation and industrial related applications and fell slightly in home building- and furniture-related end uses.

Comparable EBITDA increased to EUR 334.2 million (312.9), representing 12.5% of net sales (10.7). Lower variable costs more than offset the negative impact of lower selling prices. Variable costs were reduced due to both lower raw material prices and cost-saving measures.

EBITDA was EUR 354.5 million (279.4). Items affecting comparability (IACs) in EBITDA totaled EUR 20.3 million (-33.4) and included a capital gain of EUR 32.0 million from the sale of the fine arts paper business, as well as costs related to the tender offer. The previous year's figure included costs related to the integration of Expera Specialty Solutions, as well as restructuring costs. The operating result was EUR 176.2 million (103.2). Depreciation, amortization and impairment amounted to EUR -178.4 million (-176.2), including depreciation and amortization arising from PPA of EUR -51.0 million (-52.1), and an impairment loss of EUR -9.2 million (-2.4), which is an item affecting comparability in the operating result.

Net financial items decreased to EUR -45.7 million (-51.6). The figure includes net interest expenses of EUR -36.5 million (-47.6), a currency exchange loss of EUR -2.2 million (2.8 gain) and other financial expenses of EUR -7.0 million (-6.7). Net interest expenses decreased due to lower interest rates.

The result before taxes was EUR 130.4 million (51.6). Taxes amounted to EUR -36.0 million (-18.8). The net result was EUR 94.5 million (32.8), and earnings per share (basic) were EUR 0.78 (0.27).

CASH FLOW AND FINANCING

CASH FLOW

In October–December 2020, net cash from operating activities amounted to EUR 130.5 million (68.4) and was supported by the improved result and reduction in working capital.

In January–December 2020, net cash from operating activities amounted to EUR 255.1 million (286.7) and was mainly supported by the improved result. Working capital decreased although not as significantly as in the comparison period.

CAPITAL EXPENDITURE

Capital expenditure excluding acquisitions totaled EUR 41.2 million in October–December 2020 (36.3) and 117.5 million in January–December 2020 (161.1). The investments were related to maintenance, cost and efficiency improvements, as well as growth initiatives and improved environmental performance and safety.

On September 23, 2020, Ahlstrom-Munksjö announced a EUR 7 million investment in a more sustainable coating machine in Billingsfors, Sweden to enable formaldehyde free balancing and finish foils for furniture, as well as the building and construction industries. The new machine is expected to be fully commissioned in the fourth quarter of 2021.

In December, a new power co-generation investment was completed at the Turin plant in Italy. The new plant allows the combined and efficient power and steam generation needed for the site's processes.

The company is progressing with its EUR 190 million investment program, including a total of 13 projects, of which 11 have been completed. The remaining two are expected to be completed in 2021 and 2022. A full list of completed and on-going investments is available at www.ahlstrom-munksjo.com/Investors.

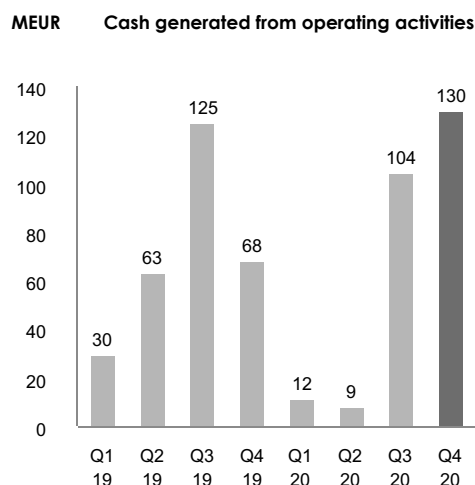
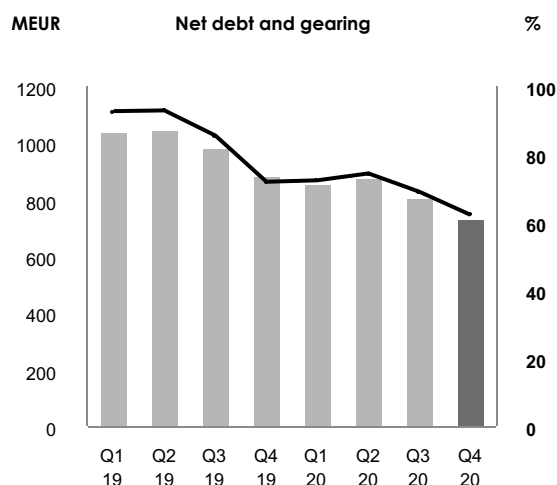
FINANCING

Net debt decreased to EUR 735.8 million at the end of the reporting period (885.0 on December 31, 2019) and was supported by the sale of the fine arts business in the first quarter and strong cash flow in the second half of the year. Gearing stood at 62.1% (71.8 on December 31, 2019).

The company's liquidity continues to be strong. At the end of the reporting period, the total cash position was EUR 308.7 million (166.1 on December 31, 2019). In addition, it had undrawn committed credit facilities and committed cash pool overdrafts of EUR 261.0 million at its disposal. At the end of the reporting period, the weighted average interest rate, excluding lease liabilities and the hybrid bond, was 2.7% (3.4 on December 31, 2019).

The public tender offer for Ahlstrom-Munksjö shares was completed on February 4, 2021 which will have an impact on the Group's financing structure. EUR 249.5 million of the bonds and EUR 602.9 million of the bank loans will become redeemable during the first half of 2021 at the lenders' option based on the customary change of control terms in the existing financing agreements. Any repayments will be financed using committed facilities of SPA Holdings 3 Oy, the new parent company for Ahlstrom-Munksjö Oyj. Further details are described in Events after the reporting period.

On December 31, 2020, equity was EUR 1,184.6 million (1,232.0 on December 31, 2019). The equity was impacted by a EUR 60 million dividend to be paid in four installments, EUR 15 million each. Cash flow impact for 2020 has been EUR 45 million and the last installment has been paid on January 11, 2021.



TENDER OFFER FOR ALL AHLSTROM-MUNKSJÖ SHARES

On September 24, 2020, 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.

Below is a summary of the process. .

SUMMARY OF THE TENDER OFFER (based on the announcement day information)

- The offer price is EUR 18.10 in cash for each share. The offer price represents a premium of approximately:
 - 24% compared to EUR 14.56, the closing price on September 23, 2020, the last trading day immediately preceding the announcement of the tender offer
 - 37% compared to EUR 13.20, the closing price on July 31, 2020, the last trading day prior to the consortium submitting its non-binding proposal to Ahlstrom-Munksjö
 - 30% compared to EUR 13.96, the three-month volume-weighted average trading price preceding the announcement of the tender offer
 - 41% compared to EUR 12.87, the twelve-month volume-weighted average trading price preceding the announcement of the tender offer
- The offer price implies an enterprise value multiple of approximately 10.0 times Ahlstrom-Munksjö's Comparable EBITDA for the 12 months ended June 30, 2020, which is attractive when compared to similar M&A transactions in the fiber-based engineered materials sector, and the historical trading multiple of Ahlstrom-Munksjö over the cycle
- The tender offer values Ahlstrom-Munksjö's total equity at approximately EUR 2.1 billion
- The Board of Directors of Ahlstrom-Munksjö, represented by a quorum of non-conflicted members, has unanimously decided to recommend that the shareholders of Ahlstrom-Munksjö accept the tender offer
- Certain major shareholders of Ahlstrom-Munksjö, i.e. Ahlström Capital, Viknum, Belgrano Inversiones, Varma Mutual Pension Insurance Company, and Ilmarinen Mutual Pension Insurance Company, together representing over 35% of all the shares and votes in Ahlstrom-Munksjö, have irrevocably undertaken to accept the tender offer. Varma Mutual Pension Insurance Company's and Ilmarinen Mutual Pension Insurance Company's undertakings are subject to certain customary conditions.

BACKGROUND AND STRATEGIC RATIONALE OF THE TENDER OFFER

- The consortium believes that under private ownership Ahlstrom-Munksjö will be best placed to fulfil its potential from its diversified product portfolio, substantial technical know-how as well as its leading positions in attractive niches. However, the consortium recognizes that the sector is becoming increasingly competitive.
- The consortium intends to invest significant time, resources and capital to support the company's strategy for long-term profitable growth, to maintain and further strengthen the company's existing market positions in its core areas, as well as to invest in new business opportunities. Under private ownership, the company would be ideally positioned to invest further and faster in initiatives to support organic growth as well as benefiting from additional expansionary capital expenditures and acquisitions to strengthen selected areas of the portfolio.
- The consortium believes that Ahlstrom-Munksjö, in a private setting, will more effectively manage all above mentioned initiatives as well as current market challenges as management can devote its full attention to business performance without the constraints imposed by its current balance sheet and the public market.
- The consortium is well-positioned to support the transformation of the company due to Bain Capital's considerable experience in the industry and distinctive approach to investments, working alongside management in the pursuit of long-term strategic goals, with the benefit of continuity from the families' prominent participation in the consortium. Together this unique group of investors is best equipped with the appropriate long-term investment horizon, expertise and capital required to realize Ahlstrom-Munksjö's potential.

On September 30, 2020, the Board of Directors of Ahlstrom-Munksjö resolved on a dividend in the amount of EUR 0.13 per each outstanding share. In accordance with the announcement of the tender offer, the offer price per share was reduced on a euro-for-euro basis as a result. Following the adjustment of the offer price, the price offered for each share in the tender offer was EUR 17.97, subject to any further adjustments.

On October 16, 2020, the Board of Directors of Ahlstrom-Munksjö, represented by a quorum of non-conflicted members, issued a statement regarding the tender offer, unanimously recommending that the shareholders of Ahlstrom-Munksjö to accept the tender offer.

On October 22, 2020, at 9:30 a.m. (Finnish time) the offer period for the tender offer commenced, and it was announced to expire on December 30, 2020, at 4:00 p.m. (Finnish time).

On December 8, 2020, the offeror decided to extend the offer period to expire on January 14, 2021, at 4:00 p.m. (Finnish time), unless the offer period was extended further or any extended offer period was discontinued in accordance with the terms and conditions of the tender offer.

On December 17, 2020, the Board of Directors of Ahlstrom-Munksjö resolved on a dividend in the amount of EUR 0.13 per each outstanding share. In accordance with the announcement of the tender offer, the offer price per share was further reduced on a euro-for-euro basis as a result. Following the adjustment of the offer price, the price offered was EUR 17.84, subject to any further adjustments.

For information about final result and completion of the public tender offer see section Events after the reporting period.

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 during 2020, except for a few temporary shutdowns caused by government lockdowns or employee absences related to quarantine or infections. Production has not been interrupted to any significant extent due to raw material supply issues.

SIGNIFICANT 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.

Since the first quarter of 2020, the company has experienced strong demand in the healthcare and life science end-use segments. Solutions for personal protection equipment, such as face masks, drapes and gowns, as well as diagnostics materials for rapid test kits and venting filters for devices used in the treatment of patients with respiratory disorders, were in strong demand. The exceptional circumstances, with regional lockdowns and limited mobility for citizens, also increased demand for packaging-related release liner and tape backings. In the second quarter, demand decreased clearly in the home building and furniture, transportation and industrial end-uses due to a large portion of the global population being in lockdown. 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. However, it has varied depending on end use. The surge in the number of infections in the fall caused countries to reimpose restrictions, but these lighter and more regional lockdowns did not have a material impact on demand in the fourth quarter.

CAPACITY EXPANSION IN RESPONSE TO GROWING DEMAND

The pandemic has created an exceptional situation globally and a strong demand for healthcare goods in general, and particularly for protective medical products made from Ahlstrom-Munksjö's fabrics. Ahlstrom-Munksjö has long been an established manufacturer of nonwoven fabrics, which are used to construct protective medical fabrics such as surgical gowns and drapes, pleated surgical face masks, protective apparel and sterile barrier systems. The company has been producing the inner and outer coverstock used for pleated surgical face masks, while the middle filter media was something Ahlstrom-Munksjö has not produced until recently. Thanks to its in-depth knowledge of filtration materials and common manufacturing platform, the company could respond swiftly to growing demand by expanding the manufacture of face mask fabrics to lines normally used for producing other fiber-based materials. As of the second quarter of 2020, the company's offering includes a full range of protective face mask fabrics for civil, surgical and respiratory masks.

During the second half of 2020, delivery volumes of face mask fabrics gradually decreased, as production and export of face masks from China resumed, and global availability and price competition increased.

ACTIONS TO MITIGATE THE NEGATIVE FINANCIAL IMPACT

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.

Implemented actions have included temporary layoffs, reduction of working hours and the minimization of the use of external personnel and services. Spending was reduced and certain projects were postponed. Members of the Executive Management Team and the CEO took a 50% and 100% reduction, respectively, on one month's salary during the second quarter. The Board of Directors also decided to forgo their compensation for one month in the second quarter.

Savings from these actions were approximately EUR 24 million in 2020.

MEASURES TO IMPROVE COMPETITIVENESS

EXPERA AND CAEIRAS COST SYNERGIES ACHIEVED – BUSINESS SYNERGIES AHEAD

In 2019, the company achieved the targeted cost synergy run rate of EUR 21 million from the Expera and Caieiras acquisitions, exceeding the initial target of EUR 14 million. The Expera acquisition is also expected to generate annual business synergies of at least EUR 10 million with a gradual impact from 2020 onwards. Cross-selling opportunities are related to the broader product offering and expanded presence, particularly in food processing and packaging, such as specialty paper to wrap and package processed and quick service restaurant prepared foods. Technology sharing is expected to generate benefits in the manufacture of e.g. interleaving papers and release liner. The expanded production platform provides production optimization opportunities e.g. in the tape products segment.

However, coronavirus-related lockdowns and travel restrictions have delayed the implementation of some of the planned actions, and implemented actions generated synergy benefits of EUR 2 million in 2020.

PROGRAM TO LOWER MANUFACTURING FIXED COSTS

Ahlstrom-Munksjö has expanded its businesses and ability to meet customer needs through a merger and acquisitions in recent years. This strategic transformation has proven successful, and the company has captured the promised synergy benefits. The market environment has been challenging, impacted by volatile raw material prices, lower demand and intensified competition. The company's continuous improvement measures and the synergy benefits realized from the acquisitions have reduced both variable and fixed costs. However, the company's cost-effectiveness can be further improved.

Ahlstrom-Munksjö introduced a new longer-term profit improvement program in April 2020. The annualized target from the program is in the range of EUR 20 million. The majority of the savings are expected to come from manufacturing fixed costs. Implemented actions delivered savings of EUR 7 million in 2020.

DECOR EXPLORING STRATEGIC ALTERNATIVES IN CHINA

On September 17, 2019, Ahlstrom-Munksjö announced it was exploring potential acquisitions, mergers and joint-ventures with decor paper suppliers in China to speed up the development of the business into a stand-alone leading operation globally. In addition, the company is investigating the interest of capital investment in the Decor business.

The opportunities being explored are based on strong strategic and financial rationales. Partnering with a Chinese decor paper supplier would create a global leader with a strong presence in the world's two largest markets. It would strengthen the business and its ability to serve customers as well as leverage from an industry-leading brand with premium quality and service. Outside capital would enable investments to grow and develop the business into a stand-alone operation.

On November 27, 2019, Ahlstrom-Munksjö signed a non-binding letter of intent to acquire Hebei Minglian New Materials Technology Co., Ltd. as part of this process. The company comprises a state-of-the-art greenfield decor paper plant in the city of Xingtai, Hebei Province, China. The debt-free purchase price is approximately EUR 60 million. The transaction is subject to further due diligence as well as final and

binding transaction agreements. Coronavirus related lockdowns and travel restrictions are delaying the negotiation and signing of the transaction is expected during the first half of 2021.

PERSONNEL

Ahlstrom-Munksjö employed in January-December 2020 an average of 7,814 (8,078) people in full-time equivalents. As of December 31, 2020, the highest numbers of employees were in the United States (31%), France (19%), Sweden (10%), Brazil (9%) and Germany (7%).

HEALTH AND SAFETY

The health and safety of employees is a top priority at Ahlstrom-Munksjö. The company has chosen three priority metrics to track performance in this field in 2020: Total Recordable Incidents Rate (TRIR), Near Miss Rate, and hours of Tailored Safety Training. Ahlstrom-Munksjö believes that a goal of zero accidents is achievable, and our long-term target for TRI is zero.

Targets in 2020 were as follows: Total Recordable Incidents Rate 1.6; Near Miss Rate 5.5; Tailored Safety Training 15. The number of hours of tailored safety training per employee each year reached 17 in 2020, down from 20 in 2019. The Total Recordable Incidents Rate decreased by 12 % to 1.42 (1.62 in 2019, adjusted for divested entities). In 2020, the company achieved a near miss rate of 6.0, up from 5.0 in 2019, meaning that risks are being reported and responded to swiftly.

CHANGES IN THE EXECUTIVE MANAGEMENT TEAM

On August 21, 2020, Anna Bergquist, Executive Vice President, Strategy, Sustainability and Innovation and a member of the Group Executive Management Team, decided to leave Ahlstrom-Munksjö to pursue career opportunities outside the company.

On October 28, 2020, Mikko Lankinen was appointed Executive Vice President, Corporate Strategy and Development, and a member of the Group Executive Management Team as of October 28, 2020. He reports to Hans Sohlström, President and CEO.

On October 28, 2020, Robin Guillaud was appointed Executive Vice President, Innovation, Sustainability and Communication, and a member of the Group Executive Management Team as of October 28, 2020. He reports to Hans Sohlström, President and CEO.

EVENTS DURING THE REPORTING PERIOD

On September 24, 2020, a consortium of investors made a public recommended cash tender offer for all shares in Ahlstrom-Munksjö. For information about the offer see section Tender offer for all Ahlstrom-Munksjö shares.

CHANGE IN THE REPORTING LANGUAGE

On December 18, 2020, Ahlstrom-Munksjö decided to discontinue the use of Swedish as a reporting language as of January 1, 2021. The official reporting languages used in the company's regulatory disclosures will be Finnish and English. By discontinuing the use of Swedish as a reporting language, Ahlstrom-Munksjö aims to ensure speed and efficiency in the company's financial reporting and in the publishing of releases.

SUSTAINABILITY WORK AWARDED WITH ECOVADIS GOLD RATING

Ahlstrom-Munksjö was awarded the EcoVadis Gold rating for the company's sustainability management and performance for the fourth consecutive year in June 2020. Compared with the results from the previous year, progress was especially made in sustainable procurement.

EcoVadis is a globally recognized business sustainability rating provider. The Corporate Social Responsibility assessment criteria include four themes: environment, labor practices, sustainable procurement and fair business practices. The EcoVadis method is based on internationally adopted principles for sustainability reporting, such as the Global Reporting Initiative, United Nations Global Compact and ISO 26000, and is audited by independent sustainability experts.

DIVESTMENT OF THE FINE ART PAPER BUSINESS

On March 3, 2020, Ahlstrom-Munksjö completed the sale of fine art paper business ARCHES® to Italian based F.I.L.A. Group, Fabbrica Italiana Lapis ed Affini S.p.A., for a debt and cash free price of EUR 43.6 million. The company booked a capital gain of EUR 32.0 million from the sale. The fine art paper business is small and has limited synergies within Ahlstrom-Munksjö's portfolio of businesses. F.I.L.A. is a strategic and industrial owner, a leading global player in its field, for which the ARCHES paper product range is complementary and provides further growth opportunities. The standalone pro forma net sales of the fine

art paper business were approximately EUR 13 million and comparable EBITDA in excess of EUR 4 million in 2019. The transaction was first announced on October 30, 2019.

NEW PLAN PERIODS IN THE SHARE-BASED LONG-TERM PLANS AND A NEW MATCHING SHARE PLAN

On February 13, 2020, the Board of Directors decided on a new performance period under the long-term share-based incentive plan announced on October 24, 2017. The Board of Directors has, in addition, decided on the establishment of a fixed matching share plan as well as on the establishment of a new earning period in the restricted share plan that was announced on March 28, 2019. The aim of the plans is to align the objectives of the company's shareholders and key personnel to increase the company's value and to commit the key personnel to the company through an incentive system based on the ownership of Ahlstrom-Munksjö shares. The full release is available at www.ahlstrom-munksjo.com/Media/releases.

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–December 2020

- Demand for filtration materials gradually recovered from a low level in Q2
- Demand for glass fiber flooring, abrasive backings, wallcoverings and plasterboard materials improved
- Face mask material deliveries compensated for temporarily lower demand in Q2–Q3
- Launch of Ahlstrom-Munksjö FibRoc®, a new product platform of high-performance solutions for durable applications. FibRoc® Flooring product portfolio was the first introduction under the portfolio.
- Launch of product portfolio for lead acid batteries under the Ahlstrom-Munksjö FortiCell range of fiber-based solutions for energy storage applications

Q4/2020 compared with Q4/2019

The decline in net sales was mainly driven by the divestments of the glass fiber reinforcement and fine arts businesses, as well as an adverse currency effect, more than offsetting the positive impact of higher sales volumes. The divestments had an impact of about EUR 11 million on net sales.

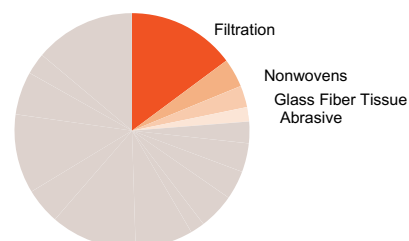
Comparable EBITDA remained stable.

Q1–Q4/2020 compared with Q1–Q4/2019

The decline in net sales was mainly driven by lower sales volumes, particularly in the Filtration business, and the divestments of the glass fiber reinforcement and fine arts businesses. The divestments had a negative impact of about EUR 43 million on net sales.

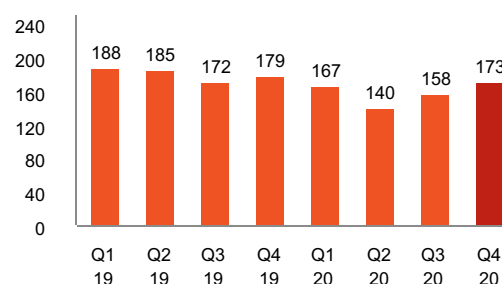
The decline in comparable EBITDA was mainly driven by lower sales volumes. This was partially offset by improved cost efficiency.

Sales by business



MEUR

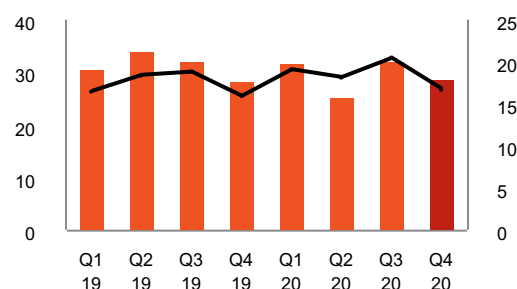
Net sales



MEUR

Comparable EBITDA and margin

%



| | Q4 2020 | Q4 2019 | Q3 2020 | Q1-Q4 2020 | Q1-Q4 2019 |
|---|---------|---------|---------|------------|------------|
| EUR million, or as indicated | | | | | |
| Net sales | 172.6 | 178.6 | 157.8 | 637.1 | 724.0 |
| EBITDA | 32.7 | 26.7 | 31.8 | 149.2 | 121.7 |
| Items affecting comparability in EBITDA | 3.7 | -1.7 | -0.5 | 30.6 | -4.4 |
| Comparable EBITDA | 29.0 | 28.5 | 32.3 | 118.6 | 126.1 |
| Comparable EBITDA margin, % | 16.8 | 15.9 | 20.5 | 18.6 | 17.4 |
| Capital expenditure | 11.1 | 6.9 | 4.9 | 26.3 | 35.5 |

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–December 2020

- Strong demand 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
- Launch of Trustshield Biological, a personal protective apparel medical fabric designed to shield against hazardous pathogens
- Partnership with BUFF, a producer of sport and lifestyle accessories, for the supply of replaceable filter media in face masks.

Q4/2020 compared with Q4/2019

Net sales were stable, as higher volumes and selling prices were offset by an adverse currency effect. Deliveries increased in all businesses except Precision Coating, where they decreased significantly.

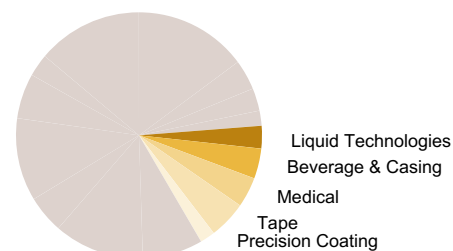
Comparable EBITDA increased mainly due to higher sales volumes and a larger share of medical and life science products, more than offsetting the negative impact of lower specialty release liner deliveries.

Q1–Q4/2020 compared with Q1–Q4/2019

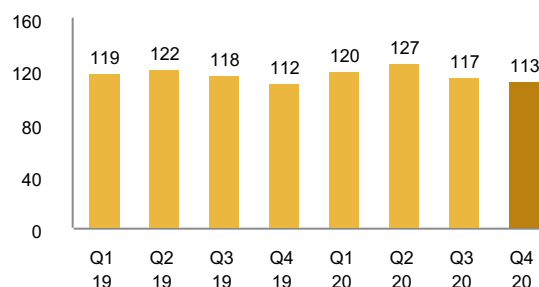
Net sales increased as higher selling prices and volumes were almost offset by an adverse currency effect. Deliveries increased in all businesses except Precision Coating, where they decreased significantly.

Comparable EBITDA increased mainly due to a larger share of sales of medical and life science products, more than offsetting the negative impact of lower specialty release liner deliveries.

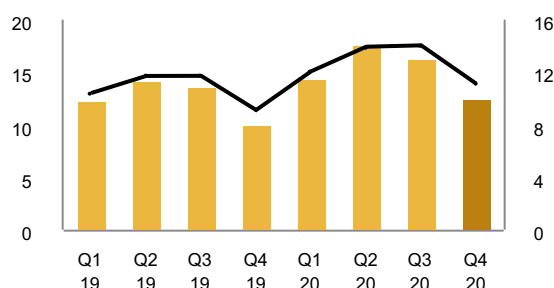
Sales by business



MEUR Net sales



MEUR Comparable EBITDA and margin %



| | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|---|-------|-------|-------|-------|-------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net sales | 112.8 | 111.7 | 116.5 | 476.2 | 470.2 |
| EBITDA | 12.5 | 10.0 | 16.4 | 60.8 | 50.2 |
| Items affecting comparability in EBITDA | -0.1 | -0.2 | 0.0 | -0.3 | -0.4 |
| Comparable EBITDA | 12.6 | 10.2 | 16.4 | 61.1 | 50.6 |
| Comparable EBITDA margin, % | 11.1 | 9.1 | 14.0 | 12.8 | 10.8 |
| Capital expenditure | 4.7 | 1.7 | 2.7 | 12.5 | 10.5 |

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–December 2020

- Good demand growth in release liners for labels, with improving demand for industrial grades from a weak Q2
- Recovery in demand for electrotechnical and steel interleaving papers in Q4
- Demand for coated papers improved, particularly in Brazil, after a decline in Q2
- Ahlstrom-Munksjö joined CELAB (Circular Economy for Labels), a global coalition to promote the development of the circular economy for self-adhesive label materials
- Decision to invest in a more sustainable coating machine in Billingsfors, Sweden to enable formaldehyde free balancing and finishing foils for furniture, as well as the building and construction industries
- A new power co-generation investment was completed at the Turin site in Italy. The new plant allows the combined and efficient power and steam generation needed for the site's processes.

Q4/2020 compared with Q4/2019

Net sales decreased due to lower selling prices and an adverse currency effect, more than offsetting growth in delivery volumes.

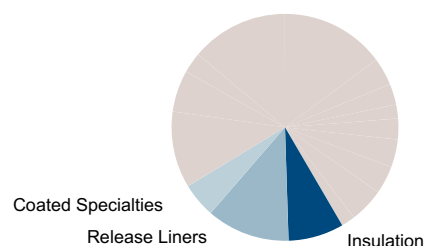
Comparable EBITDA increased due to higher delivery volumes, and because lower variable costs more than offset lower selling prices. In the previous year the annual maintenance shutdown of the Aspa pulp mill was carried out in the fourth quarter, whereas in 2020, this occurred in the third quarter.

Q1–Q4/2020 compared with Q1–Q4/2019

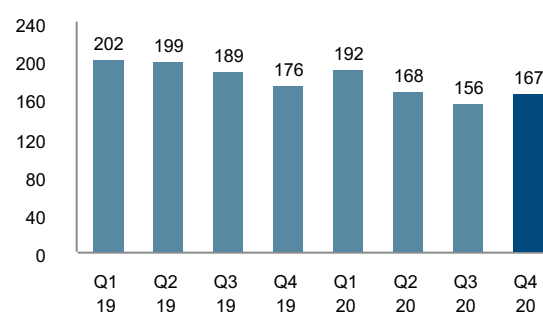
Net sales declined mainly due to lower selling prices and an adverse currency effect.

Comparable EBITDA increased mainly due to lower costs, more than offsetting lower selling prices. Costs were reduced partly due to internal initiatives.

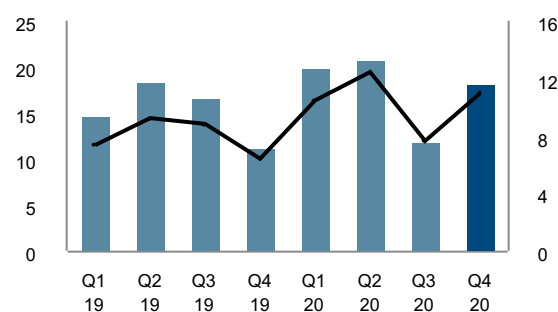
Sales by business



MEUR Net sales



MEUR Comparable EBITDA and margin %



| | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|---|-------|-------|-------|-------|-------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net sales | 167.3 | 175.6 | 155.9 | 683.9 | 765.7 |
| EBITDA | 17.3 | 8.2 | 11.7 | 69.7 | 52.9 |
| Items affecting comparability in EBITDA | -1.1 | -3.0 | -0.2 | -1.5 | -8.2 |
| Comparable EBITDA | 18.3 | 11.2 | 11.9 | 71.3 | 61.1 |
| Comparable EBITDA margin, % | 11.0 | 6.4 | 7.6 | 10.4 | 8.0 |
| Capital expenditure | 8.6 | 14.5 | 8.0 | 32.4 | 63.1 |

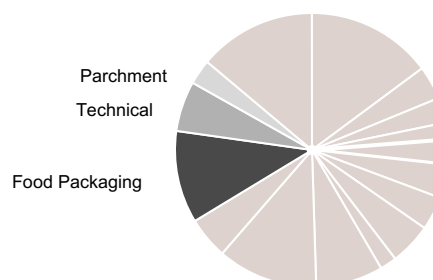
FOOD PACKAGING & TECHNICAL SOLUTIONS

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–December 2020

- Demand for food processing and packaging continued to improve, following a mild rebound in restaurant traffic
- Robust demand for parchment cooking and baking papers in North America and flexible packaging products sold in grocery stores continued
- Rebound in demand for specialty papers in industrial and construction applications in Q4.

Sales by business



Q4/2020 compared with Q4/2019

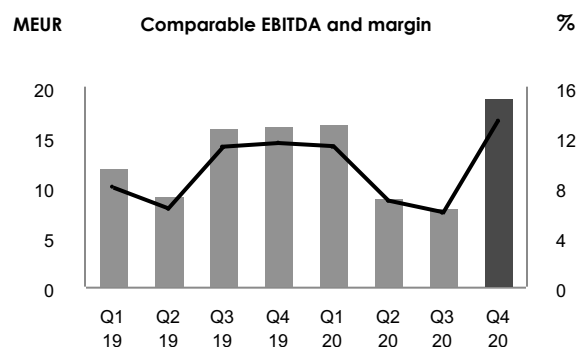
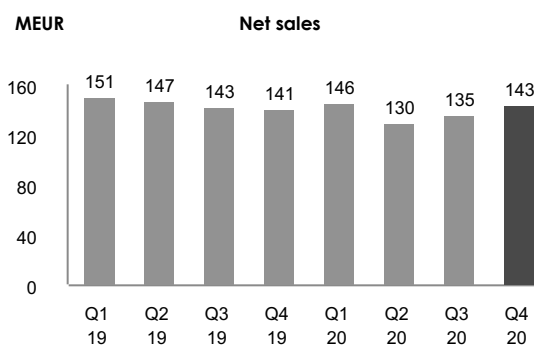
Net sales were stable, as higher sales volumes were offset by an adverse currency effect.

Comparable EBITDA increased and was driven by higher sales volumes. Fixed costs rose slightly.

Q1–Q4/2020 compared with Q1–Q4/2019

Net sales decreased due to lower delivery volumes, particularly in the Technical business, and an adverse currency effect. Average selling prices were lower and were partly impacted by a less favorable product mix.

Comparable EBITDA decreased. Lower variable costs more than offset the negative impacts of lower sales volumes and average selling prices. Fixed costs increased, partly driven by maintenance activity.



| | Q4 2020 | Q4 2019 | Q3 2020 | Q1-Q4 2020 | Q1-Q4 2019 |
|---|---------|---------|---------|------------|------------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net sales | 143.2 | 141.3 | 135.2 | 554.6 | 582.4 |
| EBITDA | 19.1 | 15.7 | 7.9 | 52.1 | 51.3 |
| Items affecting comparability in EBITDA | 0.0 | -0.5 | -0.2 | -0.4 | -2.1 |
| Comparable EBITDA | 19.1 | 16.2 | 8.0 | 52.5 | 53.4 |
| Comparable EBITDA margin, % | 13.3 | 11.5 | 6.0 | 9.5 | 9.2 |
| Capital expenditure | 7.3 | 5.4 | 3.8 | 17.5 | 20.3 |

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–December 2020

- After a market recovery in the first quarter, demand for decor paper dropped at the end of March, following the closures of retail furniture outlets. In the second half of the year, there was a strong market recovery, following their re-opening.
- Broad-based downtime at decor paper customers and end customers in the furniture industry from mid-March to mid-June. Strong demand recovery in the second half of the year
- Very strong demand in home furniture and home renovation segments during the summer and fall driving good order inflow in the second half of the year, while demand in office and shop furniture remained weak
- Strategic review of the business proceeding, although delayed due to the coronavirus outbreak

Q4/2020 compared with Q4/2019

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

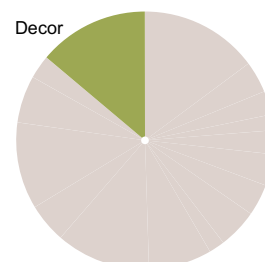
Comparable EBITDA increased due to an improved product mix, lower variable costs and higher delivery volumes, more than offsetting lower selling prices. Raw material and operational efficiency improved across the business.

Q1–Q4/2020 compared with Q1–Q4/2019

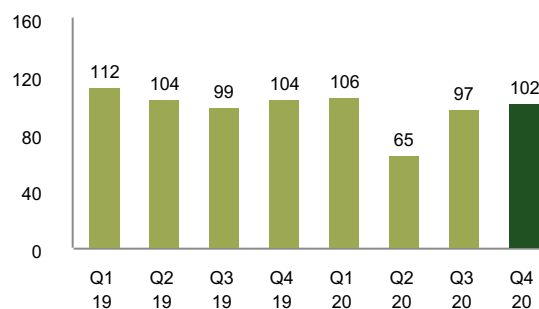
Net sales decreased due to significantly lower delivery volumes in Q2, lower selling prices and adverse currency effect.

Comparable EBITDA increased as lower variable costs, partly driven by higher raw material efficiency, more than offset the negative impacts of lower selling prices and volumes.

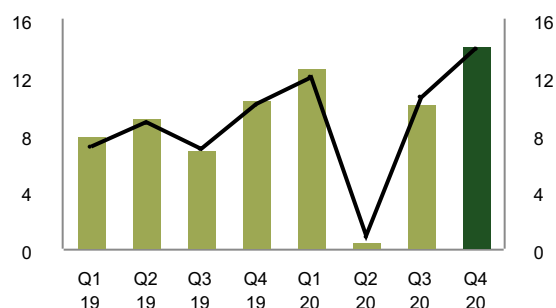
Sales by business



MEUR Net sales



MEUR Comparable EBITDA and margin %



| | Q4 | Q4 | Q3 | Q1-Q4 | Q1-Q4 |
|---|-------|-------|------|-------|-------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2020 | 2019 |
| Net sales | 101.7 | 103.7 | 96.7 | 369.7 | 419.6 |
| EBITDA | 13.9 | 9.9 | 10.1 | 36.7 | 25.0 |
| Items affecting comparability in EBITDA | -0.3 | -0.6 | -0.1 | -0.9 | -9.5 |
| Comparable EBITDA | 14.2 | 10.4 | 10.2 | 37.6 | 34.5 |
| Comparable EBITDA margin, % | 14.0 | 10.1 | 10.5 | 10.2 | 8.2 |
| Capital expenditure | 4.7 | 2.5 | 1.1 | 8.9 | 9.4 |

SHARES AND SHARE CAPITAL

Ahlstrom-Munksjö's shares are listed on the Nasdaq Helsinki and Nasdaq Stockholm. All shares carry one vote and have equal voting rights. The trading code is AM1 in Helsinki and AM1S in Stockholm. On December 31, 2020, Ahlstrom-Munksjö's share capital amounted to EUR 85.0 million and the total number of shares was 115,653,315.

The company had a total of 15,938 shareholders at the end of the reporting period (14,742 as of December 31, 2019) according to Euroclear Finland Ltd. and Euroclear Sweden Ltd.

At the end of the reporting period, Ahlstrom-Munksjö held 664,862 own shares, corresponding to approximately 0.6% of total shares and votes.

SHARE PRICE PERFORMANCE AND TRADING

| | Nasdaq Helsinki | | Nasdaq Stockholm | |
|--|-----------------|------------|------------------|------------|
| | Q1-Q4/2020 | Q1-Q4/2019 | Q1-Q4/2020 | Q1-Q4/2019 |
| Share price at the end of the period, EUR/SEK | 18.10 | 14.32 | 181.40 | 149.60 |
| Highest share price, EUR/SEK | 18.42 | 15.18 | 192.60 | 165.00 |
| Lowest share price, EUR/SEK | 8.12 | 11.90 | 90.50 | 121.40 |
| Market capitalization at the end of the period*, EUR million | 2,081.3 | 1,650.9 | N/A | N/A |
| Trading value, EUR/SEK million | 417.9 | 184.5 | 354.7 | 214.3 |
| Trading volume, shares million | 28.6 | 13.3 | 2.3 | 1.5 |
| Average daily trading volume, shares | 113,384 | 53,330 | 9,014 | 5,847 |

*Excluding the shares held by Ahlstrom-Munksjö

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Ahlstrom-Munksjö Oyj's Annual General Meeting (AGM) was held on March 25, 2020. The AGM adopted the Financial Statements for 2019 and discharged the members of the Board of Directors and the President and CEO from liability for the financial year 2019.

The AGM resolved to distribute a dividend of EUR 0.52 per share (EUR 59,793,995.56 in total) for the fiscal year that ended on December 31, 2019 in accordance with the proposal of the Board of Directors. The dividend will be paid in four installments. The first installment of EUR 0.13 per share was paid on April 3, 2020, the second installment of EUR 0.13 was paid on July 9, 2020 the third installment of EUR 0.13 was paid on October 9, 2020, and the fourth installment of EUR 0.13 was paid on January 11, 2021.

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

PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The distributable funds on the balance sheet of Ahlstrom-Munksjö Oyj as of December 31, 2020 amounted to EUR 901,057,524.65. The Board of Directors' dividend proposal to the Annual General Meeting will be decided after the Extraordinary General Meeting to be held on February 19, 2021.

EVENTS AFTER THE REPORTING PERIOD

On September 24, 2020, 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. The offer period for the tender offer commenced on October 22, 2020 and expired on January 14, 2021. The consortium's intention is to eventually acquire all the shares in Ahlstrom-Munksjö and apply for a delisting of the shares from Nasdaq Helsinki and Nasdaq Stockholm to develop the company in a private domain.

On January 18, 2021 based on the preliminary result, the offeror decided that it will waive the minimum acceptance condition and complete the tender offer in accordance with its terms and conditions provided that the final result of the tender offer confirms that the tender offer has been validly accepted with respect to shares representing, together with any shares otherwise held by the offeror prior to the date of the announcement of the final result of the tender offer, on a fully diluted basis at least 75% of the shares and voting rights of the company. On January 20, 2021 the consortium declared the tender offer unconditional with approximately 81% of shares validly tendered and accepted in the tender offer.

On January 20, 2021, the offeror also announced the commencement of a subsequent offer period in accordance with the terms and conditions of the tender offer. The subsequent offer period commenced on January 21, 2021 and expired on February 4, 2021. According to the final result of the subsequent offer period, the shares validly tendered and accepted during the subsequent offer period, together with the shares validly tendered and accepted during the initial offer period (as extended) and otherwise acquired by the offeror through market purchases until February 8, 2021, represent approximately 90.6% of all the shares and voting rights carried by the shares in Ahlstrom-Munksjö. The offeror's intention is to apply for the shares in Ahlstrom-Munksjö to be delisted from Nasdaq Helsinki Ltd ("Nasdaq Helsinki") and from Nasdaq Stockholm AB ("Nasdaq Stockholm"), respectively, as soon as permitted and reasonably practicable under the applicable laws and regulations and the rules of Nasdaq Helsinki and Nasdaq Stockholm. As the offeror's holdings in Ahlstrom-Munksjö will exceed 90% of all the shares and voting rights carried by the shares in Ahlstrom-Munksjö after the settlement of the shares tendered in the tender offer, the offeror will initiate compulsory redemption proceedings to acquire the remaining shares in accordance with the Finnish Companies Act.

EXTRAORDINARY GENERAL MEETING

On January 25, 2021, notice was given to the shareholders of Ahlstrom-Munksjö to Extraordinary General Meeting to be held on February 19, 2021 to resolve on the election of new Board of Directors and certain other matters.

CHANGE IN AHLSTROM-MUNKSJÖ GROUP OWNERSHIP

Following the completion of the Tender Offer on February 4, 2021, Spa (BC) Lux Holdco S.à r.l. (entity owned and controlled by funds managed and/or advised by Bain Capital Private Equity (Europe), LLP, and/or its affiliates), Ahlstrom Invest B.V., Viknum AB (an entity in which Alexander Ehrnrooth, a member of the Board of Directors, exercises influence) and Belgrano Inversiones Oy (an entity in which Alexander Ehrnrooth, a member of the Board of Directors, exercises control) together indirectly owned 81.0% of all the shares and voting rights in Ahlstrom-Munksjö Oyj through Spa Holdings 3 Oy, a private limited liability company incorporated and existing under the laws of Finland. The ultimate new parent company for Ahlstrom-Munksjö Oyj is SPA Lux TopCo Sárl, an entity domiciled in Luxembourg.

TRANSACTION COSTS

Ahlstrom-Munksjö will pay approximately EUR 9 million of transaction costs resulting from the successful closing of the Tender Offer, which will be recognized as expenses during first quarter of 2021. These expenses will be reported as items affecting comparability in the Company's results for the first quarter 2021.

LONG-TERM INCENTIVE PLANS

Ahlstrom-Munksjö's Board of Directors decided on February 9, 2021 following the closing of the Tender Offer to prematurely terminate all existing long-term share-based incentive plans and to settle them in cash. Matching share plans (2019-2021, 2020-2022) reward payments are made to the participants immediately and long-term share-based incentive plans (LTI 2019-2021, LTI 2020-2022) rewards payments are made to the participants in three months from closing of the Tender Offer. The estimated amount of cash payments (including social security costs) is approximately EUR 18.6 million during the first half of the year of 2021. The income statement impact over the first quarter of 2021 resulting from accelerated vesting is approximately EUR 15.8 million. The income statement impact will be reported as items affecting comparability in the Group's results.

CHANGE OF CONTROL EVENTS IMPACT TO AHLSTROM-MUNKSJÖ'S LONG-TERM FUNDING

As a result of the settlement of the tender offer on February 4, 2021, the EUR 249.5 million senior bond and EUR 602.9 million of the bank loans (amounts reported as carrying values as of December 31, 2020) will become redeemable during the first half of 2021 to the extent the financing providers exercise their mandatory prepayment rights based on the customary change of control terms in the existing financing documents.

In addition, unless Ahlstrom-Munksjö at its option decides to redeem the hybrid bond within six months from the date of completion of the tender offer, the interest rate of the hybrid bond will increase by an additional margin of 5.0% p.a.

For purposes of the refinancing of Ahlstrom-Munksjö's existing debt, financing the Tender Offer and other agreed purposes, SPA Holdings 3 Oy and SPA US Holdco, Inc have committed senior term facilities and senior bridge facilities totaling to EUR 1,650 million (nominal) provided on a customary certain funds basis, with maturities of 7 years. Any repayments required by the existing Ahlstrom-Munksjö financing providers are expected to be initially funded using proceeds from an intercompany loan provided to Ahlstrom-Munksjö by SPA Holdings 3 Oy and Ahlstrom-Munksjö USA Inc by SPA US Holdco, Inc and cash on balance sheet in each case, in all material respects reflecting the terms of the committed facilities of SPA

Holdings 3 Oy and SPA US Holdco, Inc described above with the exception of a 12 month maturity, customary margin step-up and other customary changes for such intercompany loan instrument.

In addition, the existing committed EUR 200 million multicurrency revolving facility agreement and the committed EUR 50 million revolving credit facility, which both were undrawn at the balance sheet date, may be cancelled at the lender's option. SPA Holdings 3 Oy and SPA US Holdco, Inc also have a committed EUR 325 million revolving credit facility under its senior facilities agreement to replace these facilities and to provide ongoing working capital and general corporate funding requirements for the Group.

SHORT-TERM RISKS

As 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 a materially adverse effect on the Group's financial results, operations and financial position.

Recently, the coronavirus pandemic has been the key driver of increased uncertainty globally from an economic and social perspective. The risk of a broader economic downturn is less tangible. However, if it materializes, it may weaken demand for a wide range of Ahlstrom-Munksjö products for a longer period. The full impact of the pandemic cannot be foreseen at this stage. It will depend on both the duration and severity of the pandemic, and the measures taken to contain it. The resurgence in the number of infections during the fall of 2020 has caused countries to reimpose temporary and regional restrictions.

The coronavirus pandemic has disrupted consumers' lives across the world. The length of the pandemic will probably be a key determinant for if and how our way of life will permanently change and affect companies' future business opportunities. Globally, the rollout of coronavirus vaccinations has started, which is expected to contain the spread.

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. The company's financial performance may be impacted by the timing of possible raw material price increases and its ability to raise selling prices. On-going trade disputes pose a threat to the global economy, which may have an effect on Ahlstrom-Munksjö's markets.

Operational risks such as personnel absences, supply of key raw materials and deliveries to customers have also increased due to the pandemic. These risks have been mitigated by a rapid and coordinated response, and the implementation of the Ahlstrom-Munksjö Covid-19 Safety Protocol. However, if the pandemic continues for a longer period, the exposure to the operational risks may increase.

The company'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. Additional credit risk assessment has been implemented for customer receivables to evaluate the potential implications of the coronavirus pandemic. Based on the assessment, the company has not identified 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. However, if the pandemic continues for a longer period, the exposure to the credit risk, such as delayed payments from the customers, may increase.

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. Ahlstrom-Munksjö's liquidity continues to be good, and during the second quarter, the company has signed additional financing facilities to further strengthen its liquidity position. There are no major short-term refinancing needs.

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.

More information about risks and uncertainty factors related to Ahlstrom-Munksjö's business and the company's risk management is available at www.ahlstrom-munksjo.com.

The actual numbers in this report have been prepared in accordance with International Financial Reporting Standards (IFRS). Comparable figures refer to the same period in the previous year, unless otherwise stated. The report contains certain forward-looking statements that reflect the present views of the company's management. The statements contain uncertainties and risks and are thus subject to changes in the general economic situation and in the company's business.

Ahlstrom-Munksjö Oyj
Board of Directors

ADDITIONAL INFORMATION

Hans Sohlström, President and CEO, tel. +358 10 888 2520

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

APPENDIX 1: CONSOLIDATED FINANCIAL STATEMENTS

The annual figures presented in this release are based on the audited financial statements.

| INCOME STATEMENT | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---|--------------|--------------|----------------|----------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Net sales | 689.2 | 701.3 | 2,683.3 | 2,915.3 |
| Cost of goods sold | -574.0 | -618.3 | -2,269.5 | -2,544.1 |
| Gross profit | 115.3 | 83.0 | 413.9 | 371.2 |
| Sales, R&D and administrative expenses | -60.9 | -55.2 | -229.3 | -233.0 |
| Other operating income | 6.2 | 3.5 | 53.8 | 20.7 |
| Other operating expense | -17.1 | -15.5 | -62.4 | -55.9 |
| Share of profit in equity accounted investments | 0.2 | 0.2 | 0.2 | 0.2 |
| Operating result | 43.7 | 16.0 | 176.2 | 103.2 |
| Net financial items | -10.0 | -13.4 | -45.7 | -51.6 |
| Result before taxes | 33.6 | 2.6 | 130.4 | 51.6 |
| Income taxes | -10.3 | -0.6 | -36.0 | -18.8 |
| Net result | 23.3 | 1.9 | 94.5 | 32.8 |

| STATEMENT OF COMPREHENSIVE INCOME | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|--|-------------|--------------|-------------|-------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Net result | 23.3 | 1.9 | 94.5 | 32.8 |
| Other comprehensive income | | | | |
| Items that may be reclassified to income statement | | | | |
| Exchange differences on translation of foreign operations | -12.3 | -12.9 | -78.3 | 8.2 |
| Change in cash flow hedge reserve | 5.0 | 2.1 | 4.6 | -2.2 |
| Cash flow hedge transferred to this year's result | -1.9 | 0.6 | -2.1 | 3.2 |
| Items that will not be reclassified to income statement | | | | |
| Actuarial gains and losses on defined benefit plans | 4.5 | -5.4 | 1.1 | -8.3 |
| Tax attributable to other comprehensive income | -2.1 | 0.2 | -1.2 | 1.1 |
| Comprehensive income | 16.5 | -13.4 | 18.6 | 34.9 |
| Net result attributable to | | | | |
| Parent company's shareholders | 23.1 | 1.7 | 93.1 | 31.7 |
| Non-controlling interests | 0.2 | 0.2 | 1.4 | 1.2 |
| Comprehensive income attributable to | | | | |
| Parent company's shareholders | 16.4 | -13.5 | 17.5 | 33.7 |
| Non-controlling interests | 0.2 | 0.2 | 1.2 | 1.2 |
| Earnings per share | | | | |
| Weighted average number of outstanding shares | 114,988,453 | 115,288,453 | 115,034,656 | 115,288,453 |
| Weighted average number of outstanding shares, diluted | 115,082,352 | 115,320,715 | 115,115,532 | 115,320,715 |
| Basic earnings per share, EUR | 0.19 | 0.01 | 0.78 | 0.27 |
| Diluted earnings per share, EUR | 0.19 | 0.01 | 0.78 | 0.27 |

| BALANCE SHEET | Dec 31, | Dec 31, |
|--|----------------|----------------|
| EUR million | 2020 | 2019 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 1,032.3 | 1,131.5 |
| Right-of-use assets | 49.4 | 57.0 |
| Goodwill | 608.9 | 642.7 |
| Other intangible assets | 452.3 | 499.1 |
| Equity accounted investments | 1.6 | 1.4 |
| Other non-current assets | 21.3 | 19.3 |
| Deferred tax assets | 6.1 | 9.9 |
| Total non-current assets | 2,172.0 | 2,360.8 |
| Current assets | | |
| Inventories | 366.0 | 387.6 |
| Trade and other receivables | 264.7 | 278.9 |
| Income tax receivables | 11.9 | 7.7 |
| Cash and cash equivalents | 308.7 | 166.1 |
| Total current assets | 951.4 | 840.4 |
| TOTAL ASSETS | 3,123.4 | 3,201.2 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Equity attributable to parent company's shareholders | 1,072.9 | 1,121.2 |
| Non-controlling interests | 11.7 | 10.8 |
| Hybrid bond | 100.0 | 100.0 |
| Total equity | 1,184.6 | 1,232.0 |
| Non-current liabilities | | |
| Non-current borrowings | 744.1 | 899.0 |
| Non-current lease liabilities | 37.8 | 44.2 |
| Other non-current liabilities | 5.6 | 1.4 |
| Employee benefit obligations | 93.1 | 97.2 |
| Deferred tax liabilities | 141.7 | 147.5 |
| Non-current provisions | 21.8 | 24.3 |
| Total non-current liabilities | 1,044.0 | 1,213.5 |
| Current liabilities | | |
| Current borrowings | 249.3 | 94.8 |
| Current lease liabilities | 13.2 | 13.1 |
| Trade and other payables | 608.8 | 621.7 |
| Income tax liabilities | 13.4 | 13.2 |
| Current provisions | 10.1 | 12.8 |
| Total current liabilities | 894.8 | 755.6 |
| Total liabilities | 1,938.8 | 1,969.2 |
| TOTAL EQUITY AND LIABILITIES | 3,123.4 | 3,201.2 |

STATEMENT OF CHANGES IN EQUITY
EUR million

- 1) Share capital
- 2) Reserve for invested unrestricted equity
- 3) Other reserves
- 4) Treasury shares
- 5) Cumulative translation adjustment
- 6) Retained earnings
- 7) Total equity attributable to parent company's shareholders**
- 8) Non-controlling interest
- 9) Hybrid bond
- 10) Total equity**

| EUR million | 1) | 2) | 3) | 4) | 5) | 6) | 7) | 8) | 9) | 10) |
|--|-------------|--------------|--------------|--------------|---------------|--------------|----------------|-------------|--------------|----------------|
| Equity at December 31, 2018 | 85.0 | 661.8 | 385.1 | -6.3 | -76.7 | 103.5 | 1,152.3 | 9.9 | — | 1,162.2 |
| Restatement due to IFRIC 23 | — | — | — | — | — | -2.6 | -2.6 | — | — | -2.6 |
| Equity at January 1, 2019 | 85.0 | 661.8 | 385.1 | -6.3 | -76.7 | 100.9 | 1,149.7 | 9.9 | — | 1,159.6 |
| Net result | — | — | — | — | — | 31.7 | 31.7 | 1.2 | — | 32.8 |
| Other comprehensive income, net of tax | — | — | 0.8 | — | 8.1 | -6.9 | 2.0 | 0.0 | — | 2.1 |
| Total comprehensive income | — | — | 0.8 | — | 8.1 | 24.7 | 33.7 | 1.2 | — | 34.9 |
| Dividends and other | — | — | — | — | — | -60.1 | -60.1 | -0.3 | — | -60.4 |
| Transaction costs on rights issue | — | 0.0 | — | — | — | — | 0.0 | — | — | 0.0 |
| Hybrid bond | — | — | — | — | — | -0.6 | -0.6 | — | 100.0 | 99.4 |
| Long term incentive plans | — | — | — | — | — | -1.6 | -1.6 | — | — | -1.6 |
| Equity at December 31, 2019 | 85.0 | 661.8 | 385.9 | -6.3 | -68.5 | 63.4 | 1,121.2 | 10.8 | 100.0 | 1,232.0 |
| Equity at January 1, 2020 | 85.0 | 661.8 | 385.9 | -6.3 | -68.5 | 63.4 | 1,121.2 | 10.8 | 100.0 | 1,232.0 |
| Net result | — | — | — | — | — | 93.1 | 93.1 | 1.4 | — | 94.5 |
| Other comprehensive income, net of tax | — | — | 2.0 | — | -78.1 | 0.4 | -75.7 | -0.2 | — | -75.9 |
| Total comprehensive income | — | — | 2.0 | — | -78.1 | 93.5 | 17.5 | 1.2 | — | 18.6 |
| Dividends and other | — | — | — | — | — | -59.9 | -59.9 | -0.3 | — | -60.3 |
| Repurchase of treasury shares | — | — | — | -4.0 | — | — | -4.0 | — | — | -4.0 |
| Interest on hybrid bond | — | — | — | — | — | -3.7 | -3.7 | — | — | -3.7 |
| Long term incentive plans | — | — | — | — | — | 1.9 | 1.9 | — | — | 1.9 |
| Equity at December 31, 2020 | 85.0 | 661.8 | 387.9 | -10.4 | -146.6 | 95.2 | 1,072.9 | 11.7 | 100.0 | 1,184.6 |

| STATEMENT OF CASH FLOWS | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---|--------------|--------------|--------------|---------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Cash flow from operating activities | | | | |
| Net result | 23.3 | 1.9 | 94.5 | 32.8 |
| Adjustments, total | 65.5 | 58.1 | 224.4 | 240.5 |
| Changes in net working capital | 64.6 | 30.5 | 17.2 | 93.5 |
| Change in provisions | -1.6 | -0.1 | -6.1 | -2.3 |
| Financial items | -3.7 | -11.9 | -41.7 | -49.7 |
| Income taxes paid | -17.8 | -10.1 | -33.1 | -28.0 |
| Net cash from operating activities | 130.5 | 68.4 | 255.1 | 286.7 |
| Cash flow from investing activities | | | | |
| Payment for acquisition of businesses and subsidiaries, net of cash acquired | — | -9.3 | — | -10.8 |
| Purchases of property, plant and equipment and intangible assets | -41.2 | -36.3 | -117.5 | -161.1 |
| Proceeds from disposal of shares in Group companies and businesses and associated companies | 0.2 | 1.4 | 42.1 | 1.4 |
| Other investing activities | 0.4 | 0.2 | -0.1 | 0.0 |
| Net cash from investing activities | -40.6 | -44.0 | -75.4 | -170.4 |
| Cash flow from financing activities | | | | |
| Dividends paid and other | -14.9 | -30.1 | -45.3 | -60.4 |
| Rights issue | — | — | — | -5.7 |
| Repurchase of treasury shares | — | — | -4.0 | — |
| Hybrid bond | — | 99.3 | — | 99.3 |
| Changes in loans and other financing activities | -72.2 | -154.6 | 19.6 | -135.6 |
| Net cash from financing activities | -87.1 | -85.4 | -29.7 | -102.4 |
| Net change in cash and cash equivalents | 2.8 | -61.0 | 149.9 | 13.9 |
| Cash and cash equivalents at the beginning of the period | 305.3 | 227.7 | 166.1 | 151.0 |
| Foreign exchange effect on cash and cash equivalents | 0.6 | -0.5 | -7.4 | 1.2 |
| Cash and cash equivalents at the end of the period | 308.7 | 166.1 | 308.7 | 166.1 |

Accounting principles

This consolidated financial statements release has been prepared in accordance with "IAS 34 Interim Financial Reporting", as adopted by the EU. The annual financial statements figures presented in this release are based on the audited financial statements. All figures in the accounts have been rounded and consequently the total of individual figures can deviate from the presented total figure. Furthermore, all percentages are subject to possible rounding differences. The accounting principles applied are consistent with those followed in the preparation of the Group's Annual Report 2019.

Public tender offer

On September 24, 2020, 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.

On September 30, 2020, the Board of Directors of Ahlstrom-Munksjö resolved on a dividend in the amount of EUR 0.13 per each outstanding share. In accordance with the announcement of the tender offer, the offer price per share was reduced on a euro-for-euro basis as a result. Following the adjustment of the offer price, the price offered for each share in the tender offer was EUR 17.97, subject to any further adjustments.

On October 16, 2020, the Board of Directors of Ahlstrom-Munksjö, represented by a quorum of non-conflicted members, issued a statement regarding the tender offer, unanimously recommending that the shareholders of Ahlstrom-Munksjö to accept the tender offer.

On October 22, 2020, at 9:30 a.m. (Finnish time) the offer period for the tender offer commenced, and it was announced to expire on December 30, 2020, at 4:00 p.m. (Finnish time).

On December 8, 2020, the offeror decided to extend the offer period to expire on January 14, 2021, at 4:00 p.m. (Finnish time), unless the offer period was extended further or any extended offer period was discontinued in accordance with the terms and conditions of the tender offer.

On December 17, 2020, the Board of Directors of Ahlstrom-Munksjö resolved on a dividend in the amount of EUR 0.13 per each outstanding share. In accordance with the announcement of the tender offer, the offer price per share was further reduced on a euro-for-euro basis as a result. Following the adjustment of the offer price, the price offered was EUR 17.84, subject to any further adjustments.

For information about final result and completion of the public tender offer see section Events after the reporting period.

Share based payments

Ahlstrom-Munksjö's Board of Directors decided in February 2020 on a new performance period under the long-term share-based incentive plan announced in October 2017. The Board of Directors has, in addition, decided on the establishment of a fixed matching share plan as well as on the establishment of a new earning period in the restricted share plan that was announced in March 28, 2019.

Long term Incentive Share-based Plan - Fourth performance period 2020-2022 ("LTI 2020-2022")

Ahlstrom-Munksjö's Board of Directors decided on February 13, 2020 a new performance period under the long-term share-based incentive plan announced in October 2017. The fourth performance period is 2020-2022 and the possible reward will be paid out in the spring 2023. The reward will be paid in the form of Ahlstrom-Munksjö shares. The maximum aggregate number of shares to be paid based on this plan period is approximately 625,400 shares.

The performance criterion for the 2020-2022 performance period will be the Total Shareholder Return (TSR) including share price change and profit distribution during the performance period and earnings per share (EPS).

The fair value of the rewards at the grant date was EUR 0.8 million. The fair value is calculated based on the probability of achieving each individual (TSR) threshold at the end of the performance period between the minimum and maximum thresholds set by the Group.

The following inputs have been used in the fair valuation model to determine the fair value:

| Input used in determining fair value of rewards | LTI 2020-2022 |
|---|----------------|
| Share price at grant date, EUR | 11.82 |
| Grant date | May 15, 2020 |
| End of restriction period | March 15, 2023 |
| Expected average yearly volatility, % | 34.4 |

The average annual volatility has been estimated based on the historic volatility of the Group's share price.

Service condition as well as the probability of achieving the earnings per share performance criteria are used to calculate the annual expense and cumulative amount recognized in equity relating the share-based payment scheme and are reviewed at the end of every reporting period. The input used regarding the service condition is set out in the table below.

| Service condition | LTI 2020-2022 |
|---|---------------|
| Estimated retention rate of participants, % | 90.0 |

Accounting policies for LTI 2020-2022

Please see Group's Annual report 2019. The only difference being the non-market performance condition. For LTI 2020-2022 it is earnings per share instead of comparable EBITDA.

Matching Share Plan

The Fixed Matching Share Plan is from 2020 onwards based on a rolling structure and its first plan period covers the years 2020 - 2022. A precondition of an eligible individual's participation is a personal investment in Ahlstrom-Munksjö shares.

In the Matching Share Plan the participant will in the spring 2023 receive one matching share for each two invested shares free of charge after an approximately three-year restriction period in the spring 2023. A precondition for the receipt of the share reward is the continued holding of the invested shares and continued employment with Ahlstrom-Munksjö throughout the plan.

If all the individuals eligible to participate in the Matching Share Plan make the share investment in full, the maximum aggregate amount of matching shares to be delivered based on the plan is approximately 127,450 shares.

The fair value of the rewards at the grant date was EUR 0.8 million.

The following inputs have been used in the fair valuation model to determine the fair value:

| Input used in determining fair value of rewards | Matching share plan |
|---|---------------------|
| Share purchase price (avg), EUR | 14.00 |
| Number of matching shares, pcs | 68,451 |
| Grant date | May 15, 2020 |
| End of restriction period | March 31, 2023 |

Service condition criteria is used to calculate the annual expense and cumulative amount recognized in equity relating the share-based payment scheme. The input used regarding the service condition is set out in the table below and is reviewed at the end of every reporting period.

| Service condition | Matching share plan |
|---|---------------------|
| Estimated retention rate of participants, % | 90.0 |

Business acquisitions and disposals

2020

Divestment of Fine Arts in Arches

On March 3, 2020 Ahlstrom-Munksjö completed the sale of its fine art paper business ARCHES® to Italian based F.I.L.A. Group, Fabbrica Italiana Lapis ed Affini S.p.A., at a debt and cash free price of EUR 43.6 million.

Gain on sale and cash flow

| EUR million | |
|-----------------------|-------------|
| Total net assets sold | 10.3 |
| Sale consideration | 42.3 |
| Gain on sale | 32.0 |

Cash flow

| | |
|------------------------|------|
| Consideration received | 42.3 |
|------------------------|------|

The last part of the disposal was completed in the second quarter of 2020. Total book value of sold net assets were EUR 10.3 million and the gain on sale was EUR 32.0 million.

2019

Details related to business acquisitions and disposals done during the year 2019 are available in Group's annual report 2019, note 3.

Segment information

Ahlstrom-Munksjö is organized into five business areas which are Filtration & Performance Solutions, Advanced Solutions, Industrial Solutions, Food Packaging & Technical Solutions and Decor Solutions. Ahlstrom-Munksjö's business areas are described below.

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-Q4/2020 | Filtration & Performance Solutions | Advanced Solutions | Industrial Solutions | Food Packaging & Technical Solutions | Decor Solutions | Other and eliminations | Group |
|--|------------------------------------|--------------------|----------------------|--------------------------------------|-----------------|------------------------|----------------|
| Net sales, external | 630.0 | 473.7 | 676.8 | 526.2 | 369.2 | 7.5 | 2,683.3 |
| Net sales, internal | 7.1 | 2.5 | 7.1 | 28.4 | 0.5 | -45.5 | — |
| Net sales | 637.1 | 476.2 | 683.9 | 554.6 | 369.7 | -38.1 | 2,683.3 |
| Comparable EBITDA | 118.6 | 61.1 | 71.3 | 52.5 | 37.6 | -6.8 | 334.2 |
| Items affecting comparability in EBITDA | 30.6 | -0.3 | -1.5 | -0.4 | -0.9 | -7.2 | 20.3 |
| EBITDA | 149.2 | 60.8 | 69.7 | 52.1 | 36.7 | -14.0 | 354.5 |
| Depreciation, amortization and impairment | | | | | | | -178.4 |
| Operating result | | | | | | | 176.2 |
| Capital expenditure | 26.3 | 12.5 | 32.4 | 17.5 | 8.9 | 20.0 | 117.5 |

| Financial performance by business area, EUR million Q1-Q4/2019 | Filtration & Performance Solutions | Advanced Solutions | Industrial Solutions | Food Packaging & Technical Solutions | Decor Solutions | Other and eliminations | Group |
|--|------------------------------------|--------------------|----------------------|--------------------------------------|-----------------|------------------------|----------------|
| Net sales, external | 717.1 | 468.2 | 758.2 | 545.3 | 418.8 | 7.8 | 2,915.3 |
| Net sales, internal | 6.9 | 2.1 | 7.4 | 37.1 | 0.8 | -54.3 | — |
| Net sales | 724.0 | 470.2 | 765.7 | 582.4 | 419.6 | -46.5 | 2,915.3 |
| Comparable EBITDA | 126.1 | 50.6 | 61.1 | 53.4 | 34.5 | -12.9 | 312.9 |
| Items affecting comparability in EBITDA | -4.4 | -0.4 | -8.2 | -2.1 | -9.5 | -8.8 | -33.4 |
| EBITDA | 121.7 | 50.2 | 52.9 | 51.3 | 25.0 | -21.6 | 279.4 |
| Depreciation, amortization and impairment | | | | | | | -176.2 |
| Operating result | | | | | | | 103.2 |
| Capital expenditure | 35.5 | 10.5 | 63.1 | 20.3 | 9.4 | 22.2 | 161.1 |

| Segment information by quarter | 2020 | 2020 | 2020 | 2020 | 2019 |
|--|--------------|--------------|--------------|--------------|--------------|
| EUR million, or as indicated | Q4 | Q3 | Q2 | Q1 | Q4 |
| Net sales, external | | | | | |
| Filtration & Performance Solutions | 170.4 | 156.4 | 138.8 | 164.3 | 177.4 |
| Advanced Solutions | 112.3 | 115.8 | 126.0 | 119.6 | 111.2 |
| Industrial Solutions | 165.0 | 153.8 | 166.8 | 191.2 | 174.5 |
| Food Packaging & Technical Solutions | 137.6 | 130.3 | 123.1 | 135.2 | 132.3 |
| Decor Solutions | 101.6 | 96.6 | 64.9 | 106.1 | 103.7 |
| Other and eliminations | 2.3 | 1.5 | 1.9 | 1.7 | 2.2 |
| Group | 689.2 | 654.5 | 621.5 | 718.1 | 701.3 |
| Net sales, internal | | | | | |
| Filtration & Performance Solutions | 2.1 | 1.3 | 1.4 | 2.2 | 1.2 |
| Advanced Solutions | 0.5 | 0.7 | 0.7 | 0.5 | 0.5 |
| Industrial Solutions | 2.3 | 2.1 | 1.6 | 1.1 | 1.2 |
| Food Packaging & Technical Solutions | 5.6 | 5.0 | 7.2 | 10.6 | 9.0 |
| Decor Solutions | 0.1 | 0.1 | 0.2 | 0.1 | 0.0 |
| Other and eliminations | -10.6 | -9.2 | -11.1 | -14.5 | -11.8 |
| Group | — | — | — | — | — |
| Net sales, total | | | | | |
| Filtration & Performance Solutions | 172.6 | 157.8 | 140.2 | 166.5 | 178.6 |
| Advanced Solutions | 112.8 | 116.5 | 126.8 | 120.1 | 111.7 |
| Industrial Solutions | 167.3 | 155.9 | 168.4 | 192.3 | 175.6 |
| Food Packaging & Technical Solutions | 143.2 | 135.2 | 130.4 | 145.8 | 141.3 |
| Decor Solutions | 101.7 | 96.7 | 65.0 | 106.2 | 103.7 |
| Other and eliminations | -8.4 | -7.7 | -9.2 | -12.8 | -9.7 |
| Group | 689.2 | 654.5 | 621.5 | 718.1 | 701.3 |
| EBITDA | | | | | |
| Filtration & Performance Solutions | 32.7 | 31.8 | 22.1 | 62.6 | 26.7 |
| Advanced Solutions | 12.5 | 16.4 | 17.7 | 14.3 | 10.0 |
| Industrial Solutions | 17.3 | 11.7 | 20.7 | 20.1 | 8.2 |
| Food Packaging & Technical Solutions | 19.1 | 7.9 | 8.6 | 16.6 | 15.7 |
| Decor Solutions | 13.9 | 10.1 | 0.5 | 12.2 | 9.9 |
| Other and eliminations | -4.9 | -3.4 | -0.5 | -5.3 | -7.2 |
| Group | 90.6 | 74.4 | 69.1 | 120.5 | 63.3 |
| Items affecting comparability in EBITDA | | | | | |
| Filtration & Performance Solutions | 3.7 | -0.5 | -3.3 | 30.8 | -1.7 |
| Advanced Solutions | -0.1 | 0.0 | — | -0.2 | -0.2 |
| Industrial Solutions | -1.1 | -0.2 | -0.2 | — | -3.0 |
| Food Packaging & Technical Solutions | 0.0 | -0.2 | -0.4 | 0.2 | -0.5 |
| Decor Solutions | -0.3 | -0.1 | -0.1 | -0.4 | -0.6 |
| Other and eliminations | -1.3 | -3.5 | -0.8 | -1.5 | -1.1 |
| Group | 1.0 | -4.6 | -4.9 | 28.8 | -7.2 |

| Segment information by quarter | 2020 | 2020 | 2020 | 2020 | 2019 |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|
| EUR million, or as indicated | Q4 | Q3 | Q2 | Q1 | Q4 |
| Comparable EBITDA | | | | | |
| Filtration & Performance Solutions | 29.0 | 32.3 | 25.5 | 31.8 | 28.5 |
| Advanced Solutions | 12.6 | 16.4 | 17.7 | 14.5 | 10.2 |
| Industrial Solutions | 18.3 | 11.9 | 20.9 | 20.1 | 11.2 |
| Food Packaging & Technical Solutions | 19.1 | 8.0 | 9.0 | 16.4 | 16.2 |
| Decor Solutions | 14.2 | 10.2 | 0.6 | 12.7 | 10.4 |
| Other and eliminations | -3.6 | 0.2 | 0.4 | -3.7 | -6.0 |
| Group | 89.6 | 78.9 | 74.0 | 91.7 | 70.5 |
| Comparable EBITDA margin, % | | | | | |
| Filtration & Performance Solutions | 16.8 | 20.5 | 18.2 | 19.1 | 15.9 |
| Advanced Solutions | 11.1 | 14.0 | 13.9 | 12.1 | 9.1 |
| Industrial Solutions | 11.0 | 7.6 | 12.4 | 10.5 | 6.4 |
| Food Packaging & Technical Solutions | 13.3 | 6.0 | 6.9 | 11.2 | 11.5 |
| Decor Solutions | 14.0 | 10.5 | 0.9 | 11.9 | 10.1 |
| Group | 13.0 | 12.1 | 11.9 | 12.8 | 10.1 |
| Capital expenditure | | | | | |
| Filtration & Performance Solutions | 11.1 | 4.9 | 4.0 | 6.4 | 6.9 |
| Advanced Solutions | 4.7 | 2.7 | 2.5 | 2.6 | 1.7 |
| Industrial Solutions | 8.6 | 8.0 | 8.6 | 7.1 | 14.5 |
| Food Packaging & Technical Solutions | 7.3 | 3.8 | 3.1 | 3.3 | 5.4 |
| Decor Solutions | 4.7 | 1.1 | 1.2 | 1.8 | 2.5 |
| Other and eliminations | 4.9 | 5.0 | 5.0 | 5.1 | 5.4 |
| Group | 41.2 | 25.5 | 24.4 | 26.3 | 36.3 |

| Net sales by region | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---------------------|--------------|--------------|----------------|----------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Europe | 305.6 | 310.0 | 1,158.4 | 1,275.0 |
| North America | 228.4 | 237.7 | 932.0 | 984.2 |
| South America | 55.0 | 55.7 | 197.1 | 233.5 |
| Asia-Pacific | 91.5 | 88.7 | 356.9 | 382.9 |
| Rest of the world | 8.8 | 9.2 | 38.9 | 39.7 |
| Total | 689.2 | 701.3 | 2,683.3 | 2,915.3 |

| Other operating income | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|--|------------|------------|-------------|-------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Gain on business disposal | — | — | 32.0 | — |
| Gain on sale of fixed assets | 0.0 | 0.2 | 0.3 | 0.9 |
| Sale of scrap and side products | 1.2 | 0.5 | 4.8 | 5.5 |
| Government grants | 3.7 | 1.0 | 9.4 | 3.3 |
| R&D and other tax credits | 0.2 | 0.5 | 1.1 | 1.4 |
| Gain on sale of emission rights and other environmental rights | -0.0 | 0.2 | 0.0 | 6.2 |
| Other | 1.1 | 1.2 | 6.2 | 3.5 |
| Total | 6.2 | 3.5 | 53.8 | 20.7 |

Gain on business disposal is related to the divestment of Fine Arts in Arches. See more details in section business acquisitions and disposals.

| Other operating expense | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---|--------------|--------------|--------------|--------------|
| EUR million | 2020 | 2019 | 2020 | 2019 |
| Depreciation and amortization arising from PPA* | -12.3 | -13.1 | -51.0 | -52.1 |
| Impairment loss | -4.0 | -2.4 | -9.2 | -2.4 |
| Other | -0.8 | 0.0 | -2.2 | -1.5 |
| Total | -17.1 | -15.5 | -62.4 | -55.9 |

*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.

Impairment loss is related to machinery and equipment in Stenay, France, an old gas turbine in Turin, Italy and a right-of-use asset office building in Sweden.

| Changes in property, plant and equipment | Q1-Q4 | Q1-Q4 |
|--|----------------|----------------|
| EUR million | 2020 | 2019 |
| Net book value at the beginning of period | 1,131.5 | 1,117.2 |
| Reclassification to right-of-use assets | — | -5.8 |
| Business combination | — | 0.6 |
| Additions | 87.6 | 145.5 |
| Disposals | -3.5 | -3.2 |
| Depreciations, amortizations and impairment | -124.7 | -125.7 |
| Translation differences and other changes | -58.6 | 2.9 |
| Net book value at the end of period | 1,032.3 | 1,131.5 |

| Changes in right-of-use assets | Q1-Q4 | Q1-Q4 |
|---|-------------|-------------|
| EUR million | 2020 | 2019 |
| Net book value at the beginning of period | 57.0 | — |
| Reclassification from property, plant and equipment | — | 5.8 |
| Impact of IFRS 16 on the opening balance | — | 57.0 |
| Additions | 11.7 | 11.8 |
| Depreciations, amortizations and impairment | -16.1 | -15.4 |
| Translation differences and other changes | -3.3 | -2.2 |
| Net book value at the end of period | 49.4 | 57.0 |

| Ageing of trade receivables | Dec 31, | Dec 31, |
|-----------------------------|--------------|--------------|
| EUR million | 2020 | 2019 |
| Not due | 189.5 | 186.1 |
| 1-30 days overdue | 22.3 | 29.0 |
| 31-180 days overdue | 2.0 | 3.7 |
| 181-360 days overdue | 0.1 | -0.7 |
| >360 days overdue | 0.6 | 0.5 |
| Total | 214.5 | 218.6 |
| Loss allowance | 6.3 | 6.4 |

| Net debt | Dec 31, | Dec 31, |
|-------------------------------|--------------|--------------|
| EUR million | 2020 | 2019 |
| Assets | | |
| Cash and cash equivalents | 308.7 | 166.1 |
| Liabilities | | |
| Non-current borrowings | 744.1 | 899.0 |
| Non-current lease liabilities | 37.8 | 44.2 |
| Current borrowings | 249.3 | 94.8 |
| Current lease liabilities | 13.2 | 13.1 |
| Net debt | 735.8 | 885.0 |

Ahlstrom-Munksjö's parent company in Finland has a commercial paper program amounting to EUR 300 million of which nothing was utilized in December 31, 2020.

The public tender offer for Ahlstrom-Munksjö shares was completed on February 4, 2021 which will have an impact on the Group's financing structure. EUR 249.5 million of the bonds and EUR 602.9 million of the bank loans will become redeemable during the first half of 2021 at the lenders' option based on the customary change of control terms in the existing financing agreements. Any repayments will be financed using committed facilities of SPA Holdings 3 Oy, the new parent company for Ahlstrom-Munksjö Oyj. Further details are described in Events after the reporting period.

| Fair values of financial assets and liabilities | Dec 31, 2020 | | Dec 31, 2019 | |
|---|----------------|------------|----------------|------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| EUR million | | | | |
| Non-current financial instruments measured at amortized cost | | | | |
| Bond | 249.5 | 252.0 | 249.2 | 257.7 |
| Bank loans and pension loan | 494.6 | 494.6 | 649.8 | 649.8 |
| Lease liabilities | 37.8 | 37.8 | 44.2 | 44.2 |
| Financial instruments measured at fair value | | | | |
| Forward contracts - cash flow hedge accounting | 4.2 | 4.2 | 1.3 | 1.3 |
| Forward contracts - fair value through income statement | -0.0 | -0.0 | -0.1 | -0.1 |
| Interest rate swap contracts - cash flow hedge accounting | -0.4 | -0.4 | — | — |

The fair value hierarchy level for bond is 1 and for derivative instruments the level is 2. The fair value of other financial assets and liabilities is close to the carrying value.

| Nominal values of derivatives | Dec 31, | Dec 31, |
|---|---------|---------|
| EUR million | 2020 | 2019 |
| Forward contracts - cash flow hedge accounting | 118.1 | 93.0 |
| Forward contracts - fair value through income statement | 47.6 | 36.8 |
| Interest rate swap contracts - cash flow hedge accounting | 155.9 | — |

| Off-balance sheet commitments | Dec 31, | Dec 31, |
|---|---------|---------|
| EUR million | 2020 | 2019 |
| Assets pledged | | |
| Pledges | 1.0 | 0.9 |
| Commitments | | |
| Guarantees and commitments given on behalf of Group companies | 67.0 | 56.5 |
| Capital expenditure commitments | 38.4 | 15.7 |
| Other guarantees and commitments | 50.6 | 40.9 |

EVENTS AFTER THE REPORTING PERIOD

On September 24, 2020, 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. The offer period for the tender offer commenced on October 22, 2020 and expired on January 14, 2021. The consortium's intention is to eventually acquire all the shares in Ahlstrom-Munksjö and apply for a delisting of the shares from Nasdaq Helsinki and Nasdaq Stockholm to develop the company in a private domain.

On January 18, 2021 based on the preliminary result, the offeror decided that it will waive the minimum acceptance condition and complete the tender offer in accordance with its terms and conditions provided that the final result of the tender offer confirms that the tender offer has been validly accepted with respect to shares representing, together with any shares otherwise held by the offeror prior to the date of the announcement of the final result of the tender offer, on a fully diluted basis at least 75% of the shares and voting rights of the company. On January 20, 2021 the consortium declared the tender offer unconditional with approximately 81% of shares validly tendered and accepted in the tender offer.

On January 20, 2021, the offeror also announced the commencement of a subsequent offer period in accordance with the terms and conditions of the tender offer. The subsequent offer period commenced on January 21, 2021 and expired on February 4, 2021. According to the final result of the subsequent offer period, the shares validly tendered and accepted during the subsequent offer period, together with the shares validly tendered and accepted during the initial offer period (as extended) and otherwise acquired by the offeror through market purchases until February 8, 2021, represent approximately 90.6% of all the shares and voting rights carried by the shares in Ahlstrom-Munksjö. The offeror's intention is to apply for the shares in Ahlstrom-Munksjö to be delisted from Nasdaq Helsinki Ltd ("Nasdaq Helsinki") and from Nasdaq Stockholm AB ("Nasdaq Stockholm"), respectively, as soon as permitted and reasonably practicable under the applicable laws and regulations and the rules of Nasdaq Helsinki and Nasdaq Stockholm. As the offeror's holdings in Ahlstrom-Munksjö will exceed 90% of all the shares and voting rights carried by the shares in Ahlstrom-Munksjö after the settlement of the shares tendered in the tender offer, the offeror will initiate compulsory redemption proceedings to acquire the remaining shares in accordance with the Finnish Companies Act.

EXTRAORDINARY GENERAL MEETING

On January 25, 2021, notice was given to the shareholders of Ahlstrom-Munksjö to Extraordinary General Meeting to be held on February 19, 2021 to resolve on the election of new Board of Directors and certain other matters.

CHANGE IN AHLSTROM-MUNKSJÖ GROUP OWNERSHIP

Following the completion of the Tender Offer on February 4, 2021, Spa (BC) Lux Holdco S.à r.l. (entity owned and controlled by funds managed and/or advised by Bain Capital Private Equity (Europe), LLP, and/or its affiliates), Ahlstrom Invest B.V., Viknum AB (an entity in which Alexander Ehrnrooth, a member of the Board of Directors, exercises influence) and Belgrano Inversiones Oy (an entity in which Alexander Ehrnrooth, a member of the Board of Directors, exercises control) together indirectly owned 81.0% of all the shares and voting rights in Ahlstrom-Munksjö Oyj through Spa Holdings 3 Oy, a private limited liability company

incorporated and existing under the laws of Finland. The ultimate new parent company for Ahlstrom-Munksjö Oyj is SPA Lux TopCo Sàrl, an entity domiciled in Luxembourg.

TRANSACTION COSTS

Ahlstrom-Munksjö will pay approximately EUR 9 million of transaction costs resulting from the successful closing of the Tender Offer, which will be recognized as expenses during first quarter of 2021. These expenses will be reported as items affecting comparability in the Company's results for the first quarter 2021.

LONG-TERM INCENTIVE PLANS

Ahlstrom-Munksjö's Board of Directors decided on February 9, 2021 following the closing of the Tender Offer to prematurely terminate all existing long-term share-based incentive plans and to settle them in cash. Matching share plans (2019-2021, 2020-2022) reward payments are made to the participants immediately and long-term share-based incentive plans (LTI 2019-2021, LTI 2020-2022) rewards payments are made to the participants in three months from closing of the Tender Offer. The estimated amount of cash payments (including social security costs) is approximately EUR 18.6 million during the first half of the year of 2021. The income statement impact over the first quarter of 2021 resulting from accelerated vesting is approximately EUR 15.8 million. The income statement impact will be reported as items affecting comparability in the Group's results.

CHANGE OF CONTROL EVENTS IMPACT TO AHLSTROM-MUNKSJÖ'S LONG-TERM FUNDING

As a result of the settlement of the tender offer on February 4, 2021, the EUR 249.5 million senior bond and EUR 602.9 million of the bank loans (amounts reported as carrying values as of December 31, 2020) will become redeemable during the first half of 2021 to the extent the financing providers exercise their mandatory prepayment rights based on the customary change of control terms in the existing financing documents.

In addition, unless Ahlstrom-Munksjö at its option decides to redeem the hybrid bond within six months from the date of completion of the tender offer, the interest rate of the hybrid bond will increase by an additional margin of 5.0% p.a.

For purposes of the refinancing of Ahlstrom-Munksjö's existing debt, financing the Tender Offer and other agreed purposes, SPA Holdings 3 Oy and SPA US Holdco, Inc have committed senior term facilities and senior bridge facilities totaling to EUR 1,650 million (nominal) provided on a customary certain funds basis, with maturities of 7 years. Any repayments required by the existing Ahlstrom-Munksjö financing providers are expected to be initially funded using proceeds from an intercompany loan provided to Ahlstrom-Munksjö by SPA Holdings 3 Oy and Ahlstrom-Munksjö USA Inc by SPA US Holdco, Inc and cash on balance sheet in each case, in all material respects reflecting the terms of the committed facilities of SPA Holdings 3 Oy and SPA US Holdco, Inc described above with the exception of a 12 month maturity, customary margin step-up and other customary changes for such intercompany loan instrument.

In addition, the existing committed EUR 200 million multicurrency revolving facility agreement and the committed EUR 50 million revolving credit facility, which both were undrawn at the balance sheet date, may be cancelled at the lender's option. SPA Holdings 3 Oy and SPA US Holdco, Inc also have a committed EUR 325 million revolving credit facility under its senior facilities agreement to replace these facilities and to provide ongoing working capital and general corporate funding requirements for the Group.

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. The Group believes that the alternative performance measures provide significant additional information on Ahlstrom-Munksjö's results of operations, financial position and cash flows, and are widely used by analysts, investors and other parties and provide additional information to analyze our performance and capital structure.

Alternative performance measures should not be viewed in isolation or as a substitute to measures presented in our IFRS financial statements. Companies do not calculate alternative performance measures in a uniform way, and therefore Ahlstrom-Munksjö's alternative performance measures may not be comparable with similarly named measures presented by other companies.

Alternative performance measures are unaudited.

| KEY FIGURES | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---|-------------|-------------|-------------|-------------|
| EUR million, or as indicated | 2020 | 2019 | 2020 | 2019 |
| Employee benefit expenses | -150.9 | -146.8 | -573.9 | -583.1 |
| Depreciation and amortization | -42.9 | -45.0 | -169.1 | -173.9 |
| Impairment loss | -4.0 | -2.4 | -9.2 | -2.4 |
| Net sales | 689.2 | 701.3 | 2,683.3 | 2,915.3 |
| Operating result | 43.7 | 16.0 | 176.2 | 103.2 |
| Operating result margin, % | 6.3 | 2.3 | 6.6 | 3.5 |
| Net result | 23.3 | 1.9 | 94.5 | 32.8 |
| EBITDA | 90.6 | 63.3 | 354.5 | 279.4 |
| EBITDA margin, % | 13.1 | 9.0 | 13.2 | 9.6 |
| Comparable EBITDA | 89.6 | 70.5 | 334.2 | 312.9 |
| Comparable EBITDA margin, % | 13.0 | 10.1 | 12.5 | 10.7 |
| Items affecting comparability in EBITDA | 1.0 | -7.2 | 20.3 | -33.4 |
| Comparable operating result | 46.7 | 25.5 | 165.1 | 139.0 |
| Comparable operating result margin, % | 6.8 | 3.6 | 6.2 | 4.8 |
| Comparable operating result excl. depreciation and amortization arising from PPA | 59.0 | 38.7 | 216.1 | 191.1 |
| Items affecting comparability in operating result | -3.0 | -9.6 | 11.1 | -35.8 |
| Return on capital employed (ROCE), rolling 12 months, % | 7.7 | 4.4 | 7.7 | 4.4 |
| Comparable return on capital employed, rolling 12 months, % | 7.2 | 5.9 | 7.2 | 5.9 |
| Capital employed average for 12 months | 2,301.1 | 2,363.3 | 2,301.1 | 2,363.3 |
| Total equity | 1,184.6 | 1,232.0 | 1,184.6 | 1,232.0 |
| Return on equity (ROE), rolling 12 months, % | 7.9 | 2.9 | 7.9 | 2.9 |
| Comparable return on equity, rolling 12 months, % | 7.1 | 5.2 | 7.1 | 5.2 |
| Total equity average for 12 months | 1,189.7 | 1,149.3 | 1,189.7 | 1,149.3 |
| Net debt | 735.8 | 885.0 | 735.8 | 885.0 |
| Gearing ratio, % | 62.1 | 71.8 | 62.1 | 71.8 |
| Equity/assets ratio, % | 37.9 | 38.5 | 37.9 | 38.5 |
| Earnings per share (basic), EUR | 0.19 | 0.01 | 0.78 | 0.27 |
| Earnings per share (diluted), EUR | 0.19 | 0.01 | 0.78 | 0.27 |
| Comparable net result | 27.1 | 9.0 | 84.6 | 59.3 |
| Comparable earnings per share (basic), EUR | 0.23 | 0.08 | 0.70 | 0.50 |
| Comparable net result excl. depreciation and amortization arising from PPA | 36.4 | 18.8 | 122.8 | 98.0 |
| Comparable earnings per share excl. depreciation and amortization arising from PPA, EUR | 0.31 | 0.16 | 1.03 | 0.84 |
| Operating cash flow per share, EUR | 1.13 | 0.59 | 2.22 | 2.49 |
| Shareholders' equity per share, EUR | 9.33 | 9.73 | 9.33 | 9.73 |
| Number of shares outstanding at the end of the period | 114,988,453 | 115,288,453 | 114,988,453 | 115,288,453 |
| Weighted average number of outstanding shares | 114,988,453 | 115,288,453 | 115,034,656 | 115,288,453 |
| Capital expenditure | 41.2 | 36.3 | 117.5 | 161.1 |
| Average number of employees, FTE | 7,824 | 8,001 | 7,814 | 8,078 |
| Sales volumes, thousands of tons | 408 | 389 | 1,570 | 1,592 |

| Reconciliation of certain key performance measures | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|---|-------------|-------------|--------------|--------------|
| EUR million or as indicated | 2020 | 2019 | 2020 | 2019 |
| Items affecting comparability | | | | |
| Transaction costs | -0.7 | -0.8 | -6.5 | -2.7 |
| Integration costs | — | -0.5 | -0.5 | -11.7 |
| Restructuring costs | -1.2 | -3.6 | -2.6 | -15.4 |
| Gain/Loss on business disposal and other related items | 3.7 | -1.6 | 31.8 | -1.6 |
| Other | -0.7 | -0.8 | -1.9 | -2.1 |
| Total items affecting comparability in EBITDA | 1.0 | -7.2 | 20.3 | -33.4 |
| Impairment loss | -4.0 | -2.4 | -9.2 | -2.4 |
| Total items affecting comparability in operating result | -3.0 | -9.6 | 11.1 | -35.8 |
| Comparable EBITDA | | | | |
| Operating result | 43.7 | 16.0 | 176.2 | 103.2 |
| Depreciation, amortization and impairment | 46.9 | 47.4 | 178.4 | 176.2 |
| EBITDA | 90.6 | 63.3 | 354.5 | 279.4 |
| Total items affecting comparability in EBITDA | -1.0 | 7.2 | -20.3 | 33.4 |
| Comparable EBITDA | 89.6 | 70.5 | 334.2 | 312.9 |
| Comparable operating result excl. depreciation and amortization arising from PPA | | | | |
| Operating result | 43.7 | 16.0 | 176.2 | 103.2 |
| Total items affecting comparability in operating result | 3.0 | 9.6 | -11.1 | 35.8 |
| Comparable operating result | 46.7 | 25.5 | 165.1 | 139.0 |
| Depreciation and amortization arising from PPA* | 12.3 | 13.1 | 51.0 | 52.1 |
| Comparable operating result excl. depreciation and amortization arising from PPA | 59.0 | 38.7 | 216.1 | 191.1 |
| Comparable net result excl. depreciation and amortization arising from PPA | | | | |
| Net result | 23.3 | 1.9 | 94.5 | 32.8 |
| Total items affecting comparability in operating result | 3.0 | 9.6 | -11.1 | 35.8 |
| Taxes relating to items affecting comparability in operating result | 0.8 | -2.5 | 1.2 | -9.3 |
| Comparable net result | 27.1 | 9.0 | 84.6 | 59.3 |
| Depreciation and amortization arising from PPA* | 12.3 | 13.1 | 51.0 | 52.1 |
| Taxes relating to depreciation and amortization arising from PPA | -3.1 | -3.4 | -12.8 | -13.4 |
| Comparable net result excl. depreciation and amortization arising from PPA | 36.4 | 18.8 | 122.8 | 98.0 |
| Comparable earnings per share (basic), EUR | | | | |
| Comparable net result | 27.1 | 9.0 | 84.6 | 59.3 |
| Net result attributable to non-controlling interest | -0.2 | -0.2 | -1.4 | -1.2 |
| Comparable net result attributable to parent company shareholders | 26.9 | 8.8 | 83.3 | 58.2 |
| Interest on hybrid bond for the period, after taxes | -0.8 | -0.2 | -3.2 | -0.2 |
| Weighted average number of outstanding shares | 114,988,453 | 115,288,453 | 115,034,656 | 115,288,453 |
| Comparable earnings per share (basic), EUR | 0.23 | 0.08 | 0.70 | 0.50 |

*Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013.

| Reconciliation of certain key performance measures | Q4 | Q4 | Q1-Q4 | Q1-Q4 |
|--|-------------|-------------|-------------|-------------|
| EUR million or as indicated | 2020 | 2019 | 2020 | 2019 |
| Comparable EPS excl. depreciation and amortization arising from PPA, EUR | | | | |
| Comparable net result excl. depreciation and amortization arising from PPA | 36.4 | 18.8 | 122.8 | 98.0 |
| Net result attributable to non-controlling interest | -0.2 | -0.2 | -1.4 | -1.2 |
| Comparable net result excl. depreciation and amortization arising from PPA attributable to parent company shareholders | 36.2 | 18.6 | 121.5 | 96.8 |
| Interest on hybrid bond for the period, after taxes | -0.8 | -0.2 | -3.2 | -0.2 |
| Weighted average number of outstanding shares | 114,988,453 | 115,288,453 | 115,034,656 | 115,288,453 |
| Comparable EPS excl. depreciation and amortization arising from PPA, EUR | 0.31 | 0.16 | 1.03 | 0.84 |
| Return on equity (ROE), rolling 12 months, % | | | | |
| Net result for the last 12 months | 94.5 | 32.8 | 94.5 | 32.8 |
| Total equity, average for the last 12 months | 1,189.7 | 1,149.3 | 1,189.7 | 1,149.3 |
| Return on equity, rolling 12 months, % | 7.9 | 2.9 | 7.9 | 2.9 |
| Comparable return on equity, rolling 12 months, % | | | | |
| Comparable net result for the last 12 months | 84.6 | 59.3 | 84.6 | 59.3 |
| Total equity, average for the last 12 months | 1,189.7 | 1,149.3 | 1,189.7 | 1,149.3 |
| Comparable return on equity, rolling 12 months, % | 7.1 | 5.2 | 7.1 | 5.2 |
| Return on capital employed (ROCE), rolling 12 months, % | | | | |
| Operating result for the last 12 months | 176.2 | 103.2 | 176.2 | 103.2 |
| Capital employed, average for the last 12 months | 2,301.1 | 2,363.8 | 2,301.1 | 2,363.3 |
| Return on capital employed (ROCE), rolling 12 months, % | 7.7 | 4.4 | 7.7 | 4.4 |
| Comparable return on capital employed, rolling 12 months, % | | | | |
| Comparable operating result for the last 12 months | 165.1 | 139.0 | 165.1 | 139.0 |
| Capital employed, average for the last 12 months | 2,301.1 | 2,363.3 | 2,301.1 | 2,363.3 |
| Comparable return on capital employed, rolling 12 months, % | 7.2 | 5.9 | 7.2 | 5.9 |

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. |
| 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 margin, % | Comparable EBITDA / net sales | |
| Comparable operating result | Operating result excluding items affecting comparability in operating result | |
| Comparable operating result margin, % | Comparable operating result / net sales | |
| Comparable operating result excluding depreciation and amortization arising from PPA | Operating result excluding items affecting comparability in operating result and depreciation and amortization arising from PPA Depreciation and amortization arising from PPA comprise depreciation and amortization charges from fair value adjustments relating to the business combinations starting from the year 2013. | Comparable EBITDA, comparable EBITDA margin, comparable operating result, comparable operating result margin, 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 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 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. |
| Comparable net result | Net result excluding items affecting comparability in operating result, net of tax | |
| Comparable earnings per share (basic), EUR | Comparable net result - net result attributable to non-controlling interests - Interest on hybrid bond for the period after taxes/ weighted average number of shares outstanding during the period | |
| Comparable net result excluding depreciation and amortization arising from PPA | Net result excluding items affecting comparability in operating result, net of tax, and depreciation and amortization arising from PPA, net of tax | |
| Comparable earnings per share excluding depreciation and amortization arising from PPA, EUR | Comparable net result excluding depreciation and amortization arising from PPA - net result attributable to non-controlling interests - Interest on hybrid bond for the period after taxes/ weighted average number of shares outstanding during the period | |
| 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. | |

| Key figure | Definitions | Reason for use of the key figure |
|---|---|---|
| Items affecting comparability in EBITDA | Items affecting comparability in operating result excluding impairment losses. | See comparable operating result |
| Earnings per share (EPS), basic, EUR | Net result for the period attributable to parent company's shareholders - Interest on hybrid bond for the period after taxes / weighted average number of outstanding shares during the period | |
| Earnings per share (EPS), diluted, EUR | Net result for the period attributable to parent company's shareholders - Interest on hybrid bond for the period after taxes / weighted average number of outstanding shares during the period + dilution effect from share based incentive plans | |
| Net debt | Non-current and current borrowings and non-current and current lease liability less securitization liability less cash and cash equivalents | Net debt and total debt are indicators to measure the total external debt financing of Ahlstrom-Munksjö |
| Total debt | Non-current and current borrowings and non-current and current lease liability less securitization liability | |
| Capital employed average for 12 months | Total equity and total debt (average of the last 12 months) | Capital employed average for 12 months, Return on capital employed, rolling 12 months and Comparable return on capital employed, rolling 12 months measure capital tied up in operations and return on capital tied up in operations. |
| Return on capital employed (ROCE), rolling 12 months, % | Operating result (for the last 12 months) / capital employed (average of the last 12 months) | |
| Comparable return on capital employed, rolling 12 months, %/ Comparable ROCE, rolling 12 months, % | Comparable operating result (for the last 12 months) / capital employed (average of the last 12 months) | |
| Total equity for 12 months | Total equity (average of the last 12 months) | Total equity for 12 months, Return on equity, rolling 12 months and Comparable return on equity, rolling 12 months measures the equity available and the ability to generate income from it. |
| Return on equity (ROE), rolling 12 months, % | Net result (for the last 12 months) / total equity (average of the last 12 months) | |
| Comparable return on equity, rolling 12 months, %/ Comparable ROE, rolling 12 months, % | Comparable net result (for the last 12 months) / total equity (average of the last 12 months) | |
| Gearing ratio, % | Net debt / total equity | Ahlstrom-Munksjö believes that Gearing ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Ahlstrom-Munksjö's indebtedness. Gearing ratio is also one of the Ahlstrom-Munksjö's long-term financial targets measure. |
| Equity/assets ratio, % | Total equity / total assets | Ahlstrom-Munksjö believes that Equity/assets ratio helps to show financial risk level and it is a useful measure for management to monitor the level of Group's capital used in the operations. |
| Shareholders' equity per share, EUR | Equity attributable to parent company's shareholders / number of shares outstanding at the end of the period | |
| 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 cash flow per share, EUR | Net cash from operating activities / weighted average number of shares outstanding during the period | |