

Registered number: 04033572

**AHLSTROM CHIRNSIDE LIMITED (FORMALLY KNOWN AS AHLSTROM-  
MUNKSJÖ CHIRNSIDE LIMITED)**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**AHLSTROM CHIRNSIDE LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	S Nixon P Sevoz
<b>Company secretary</b>	JTC (UK) Limited
<b>Registered number</b>	04033572
<b>Registered office</b>	The Scalpel 18th Floor, 52 Lime Street London EC3M 7AF
<b>Independent auditors</b>	KPMG LLP Statutory Auditor Saltire Court, 20 Castle Terrace Edinburgh EH1 2EG

**AHLSTROM CHIRNSIDE LIMITED**

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## AHLSTROM CHIRNSIDE LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

#### Introduction

The directors present their strategic report on the Company for the year ended 31 December 2023.

#### Business review

The principal activity of the Company continued to be the manufacture and sale of specialty paper and non-woven materials.

The Company continued to build its competitive position despite ongoing challenges in the business environment, operating loss increased from £10.310 million in the previous year to £11.427 million in 2023. Loss before taxation increased from £11.592 million to £14.703 million. Turnover at £72.933 million was down 7.37% in comparison to the previous year.

The Company's financial position at the end of the year was net current assets of £3.200 million (2022: net current assets £8.593 million) and net assets of £24.958 million (2022: £39.587 million) respectively.

#### Financial risk management

The Company's operations expose it to a number of financial risks, which include the effects of the currency market, raw material availability and prices. The Company continues to ensure policies and practices are in place to minimize the effects of such risk.

#### Principal risks and uncertainties

The principal risks and uncertainties affecting the business include the following:

- **Raw material availability and prices:** the Company monitors raw material sources on a global basis and negotiates forward purchase contracts where appropriate with key suppliers.
- **Sustainability risks:** Ahlstrom places considerable emphasis upon sustainability including all aspects relating to Environment, Social & Governance compliance in each of its businesses, and not only seeks to ensure on-going compliance with relevant legislation but also strives to ensure that best practice is incorporated into its key processes. In addition, a Sustainability Report setting out the Company's approach to sustainability is prepared and issued annually and is made available to all stakeholders on request.
- **Debtor recoverability:** the Company maintains strong relationships with each of its key customers and has established credit control parameters. Appropriate credit terms are agreed with all customers and these are closely managed.
- **Major disruption/disaster:** business continuity planning is reviewed regularly. In addition, a formal Business Continuity Plan has been implemented.
- **The effect of legislation or other regulatory activities:** the Company monitors forthcoming and current legislation regularly.
- **New product, project and technology risk:** the Company develops new technologies and introduces new products to the market. All new technologies and products involve business risk both in terms of possible abortive expenditure, reputational risk and potential customer claims or onerous contracts. Such risks may materially impact the Company.
- **Litigation:** the Company may be subject to litigation from time to time. The outcome of legal action is always uncertain and there is always the risk that it may prove more costly and time consuming than expected. There is a risk that litigation could be instigated in the future which could materially impact the Company. In some liability cases legal expenses are covered by insurance.

## AHLSTROM CHIRNSIDE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### Principal risks and uncertainties (continued)

- **Competitive risk:** The Company operates in highly competitive markets. Product innovations or technical advances by competitors could adversely affect the Company.
- The geopolitical situation has changed in Europe as a result of the war in Ukraine. Although the Company's direct exposure to Russia and Ukraine is limited, repercussions can be significant from possible sanctions, including any Russian response.

#### Key performance indicators

Key financial performance indicators include the monitoring of the management of profitability and working capital.

Key non-financial performance indicators include the monitoring of our employees' health and safety, in addition to the Company's environmental impact and energy consumption. Some key figures are reported below as part of the Directors report.

	2023	2022	Measure
<b>Financial</b>			
Loss on capital	(59)%	(29)%	Loss before taxation/net assets
Working capital days of sales	16	40	Working capital/turnover x 365
Sales per employee (£'000)	365	388	Turnover/average number of employees
<b>Non-financial</b>			
Accident frequency rate	5	0.90	Total lost time accidents/hours worked x 1,000,000
Total waste removed from site	1,489	1,489	Tonnes (000)
Total waste to landfill	0.0	0.0	Tonnes
Specific effluent discharge	348.6	379.2	M3 per tonne produced

## AHLSTROM CHIRNSIDE LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

#### SECTION 172(1) STATEMENT & STAKEHOLDER ENGAGEMENT

The Board of Ahlstrom Chirnside Limited consider that we have adhered to the requirements of section 172 of the Companies Act 2006 and have, in good faith, acted in a way that we consider would be most likely to promote the success of Ahlstrom Chirnside Limited for the benefit of its shareholders as a whole. In doing so, we have recognised the importance of considering all stakeholders and other matters (as set out in s.172(1)(a-f) of the Act) in its decision-making.

The new reporting legislation around stakeholder engagement is welcomed by the Board and the commentary and table below sets out our s.172(1) statement. This statement provides details of key stakeholder engagement undertaken by the Board during the year and how this helps the Board to factor potential impacts on stakeholders in the decision making process. Additional details of the Company's key stakeholders and why they are important to us are set out below.

#### General

Ahlstrom Chirnside Limited and its board are determined to ensure good governance of the Company. We are fortunate that the Ahlstrom Group has comprehensive and strict policies which enable its subsidiaries to ensure compliance and deliver robust governance of their activities. Our policy is to comply throughout the organisation with all applicable laws and regulations and to maintain an ethical workplace for our officers and employees as well as an ethical relationship with our customers, suppliers and other business partners.

Ahlstrom's Board of Directors has approved the code of conduct and the key compliance policies for Ahlstrom. In addition, the whole senior management team of Ahlstrom Chirnside Ltd has signed a personal commitment to ensure compliance with our code of conduct and this is prominently displayed on site. Our compliance approach is based on the following elements:

- Our Management's commitment and leadership to compliance
- Ahlstrom's code of conduct and other key compliance policies
- Compliance controls, monitoring, communication, education and training
- Whistleblowing channel
- Disciplinary actions where needed

In addition to the Code of Conduct, the Company's key compliance policies include an Approval and Signing Policy which lays out the various levels of oversight and responsibility required to sign on behalf of the Company, the Competition Compliance Policy and Manual, the Anti-Bribery Policy, the Trade Compliance Policy, the Data Protection Policy, the Risk Management Policy, the Treasury Policy and the Insider Rules.

Corporate governance underpins how we conduct ourselves as a Board, our culture, values, behaviours and how we do business. As a Board we are conscious of the impact that our business and decisions have on our direct stakeholders as well as our wider societal impact.

As part of the director induction process, directors are informed of their duties, including their statutory duties under s.172 of the Companies Act 2006. The directors are entitled to request from the Company all such information they may reasonably require in order to be able to perform their duties as directors, including professional advice from either the Company Secretary or from an independent advisor at the Company's expense. On-going training is provided to the directors, as required, to ensure that their knowledge remains up to date and they continue to be able to discharge their duties as directors and this training is regularly refreshed.

**AHLSTROM CHIRNSIDE LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Principle decisions**

For the year ending 31 December 2023, the Board consider that the following are examples of principal decisions that it made in the period:

The board determined to continue work on the investment of about EUR 42.8 million in the new line designed to reinforce our market position in biodegradable and compostable tea bag, coffee and meat casing materials. The machine was commissioned in Q3/2022.

Major grade designs were completed and finalised in mid-2022 with successful customer trials and commercial scale up achieved in Q4/2022 and progressing during 2023. The board continue to work to its strategic objectives and further grade development, roll out and scale up continues.

The table below sets out our key stakeholders and how we have engaged with them in the period, as well as demonstrating stakeholder consideration in the decision-making process.

Stakeholders & their importance to us	The Board's approach to stakeholder engagement	Stakeholder consideration in the Board's decision making
<p><b>Shareholders</b></p> <p>Our shareholders are vital to the future success of our business, providing funds which aid business growth and the generation of sustainable returns.</p>	<p>Ahlstrom Chirnside Limited is wholly owned by its parent company Ahlstrom Oyj and there are no minority shareholders.</p> <p>Engagement with our owner is continual via various business processes</p>	<p>The board of Ahlstrom Chirnside Limited are employees of the Ahlstrom group and therefore our business processes ensure that shareholders are considered in our decision making.</p>
<p><b>Customers</b></p> <p>Listening to our customers helps us to better understand their needs and provide suitable and reliable products and services.</p>	<p>Our customers are at the heart of our business and we make considerable effort to ensure we understand their needs via regular contact and analysis. We have extensive and multi-faceted engagement with our customers at different touch points across our business to ensure we are able to meet our customers' needs and understand our markets.</p>	<p>The board uses the market intelligence from its customers and various other sources to inform board decision making.</p>
<p><b>Suppliers</b></p> <p>Interaction with our suppliers and treating our suppliers fairly allows us to drive high standards and reduce risk in our supply chain whilst also benefitting from cost efficiencies and generating positive impacts for the environment and wider society.</p>	<p>Our governance processes include many provisions regarding the interaction with suppliers.</p> <p>We expect all of our suppliers to abide by our dedicated Supplier Code of Conduct. We operate in partnership with key suppliers and ensure regular and meaningful contact with them in respect of our business together.</p>	<p>Decisions taken by the board are informed by our supplier discussions in order to ensure that our critical relationships are secured.</p>

AHLSTROM CHIRNSIDE LIMITED

STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023

<p><b>Workforce</b></p> <p>Engaging with our people enables us to create an inclusive company culture and a positive working environment.</p>	<p>Our employees are our greatest asset. Engagement with our employees occurs via many different paths. In particular we have operated a Works Council for more than 20 years to ensure good communication with the workforce. The Works Council has elected representative from across the business. A sub-group from the representatives are also members of Ahlstrom's European Works Council.</p> <p>We hold regular crew meetings on site and these are augmented by regular presentations by senior group and business staff meetings to the whole workforce. Other engagement activities include Plant Safety Walks by senior staff, Scheduled Employee training days, regular employee surveys and the provision of question boxes as well as the provision of a confidential 'whistleblowing' help line.</p>	<p>Feedback from our workforce garnered by the pathways listed to the right serve to inform the decision-making process of the board.</p>
<p><b>Community/wider society</b></p> <p>Contributing positively to wider society enables us to create stronger communities and have a positive environmental impact.</p>	<p>Ahlstrom Chirnside Limited recognises that it has a significant role to play within our community and wider society. As a large local employer we understand that our operations have the potential for significant impact within our community and we take our responsibilities seriously in this regard. We continue to regularly engage with the wider community where many of our employees are drawn from. Examples of this are continued support to local charitable concerns (local football teams, Youth Charities). We continue to host annual Family Fun Days for employees and stakeholders where visitors can learn about our operations and tour our facilities. We regular attend employability functions at the two local area high schools. We routinely attend two large annual events where primary school children from Berwickshire and North Northumberland learn about the various types of employment available in the broader area. Each of these has attendance of 1000-1500 children at each event. We continue to successfully employ apprentices within our mechanical and electrical departments. Our sites have been Zero Waste to Landfill since 2013.</p>	<p>The impact of our activities within our local community is always considered in decision making. Many of our products are designed to have a positive environmental impact and we consider that we lead the industry in terms of the sustainable products we produce and market.</p>

This report was approved by the board on

and signed on its behalf.

*Stuart Nixon*

S Nixon  
Director

Stuart Nixon  
Digitally signed  
by Stuart Nixon  
Date:  
2024.12.18  
20:13:28 Z

## **AHLSTROM CHIRNSIDE LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors present their report and the audited financial statements of the Company for the year ended 31 December 2023 (referred to as "2023" or "year" throughout the financial statements).

#### **Research and development**

The Company continues to invest in research and development of new product ranges to promote new and replacement business. New markets have been developed in line with the Company's strategy; key customer relationships are monitored on a regular basis.

#### **Going concern**

The directors have considered the Company's strategy and, based on the responses to enquiries, the directors, at the time of approving the financial statements, have determined there is reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. See note 2 for further details.

#### **Future developments**

The Company will continue to manufacture and sell speciality paper and non-woven materials, and the directors expect to experience improved financial results in the future.

#### **Dividends**

The directors do not recommend payment of a dividend (2022: £Nil).

#### **Directors**

The directors of the Company who were in office during the year and up to the date of signing of the financial statements were:

S Nixon  
P Sevoz

#### **Political contributions**

The Company made no political donations or incurred any political expenditure during the current or prior years.

#### **Streamlined Energy and Carbon Reporting (SECR)**

The Streamlined Energy and Carbon Reporting (SECR) regulations were implemented on 1 April 2019. This is the fourth report prepared by the Company and encompasses information in relation to energy and carbon usage for the period from 1 January 2023 to 31 December 2023.

The reporting parameters are the financial year ended 31 December 2023 and cover the operations of the Company in both our Chirnside and Radcliffe plants.

The reporting intensity ratio used is tonnes of CO<sub>2</sub> emission per £million turnover. It is considered that this provides the best representation of activity across the Company and comparison through the industry sector.

**AHLSTROM CHIRNSIDE LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Streamlined Energy and Carbon Reporting (SECR) (continued)**

**Energy consumption and greenhouse gas emissions**

The table below shows the total electricity, natural gas, gas oil and transport fuel consumed by the Company listed above for the period 1 January 2023 to 31 December 2023, as well as details from the prior year for comparison purposes.

**Energy Consumption**

	2023	2022	Change from 2022	
	kWh/annum		kWh/annum	%
Grid electricity	44,024,712	45,576,630	(1,551,918)	-3%
Natural gas	138,236,695	112,881,670	25,355,025	22%
Gas oil	137,899	22,533,952	(22,396,053)	-99%
Transport	277,000	277,614	(614)	0%
<b>Totals</b>	<b>182,676,306</b>	<b>181,269,866</b>	<b>1,406,440</b>	<b>-0.8%</b>

**Greenhouse Gas Emissions**

	2023	2022	Change from 2022	
	tCO2e/annum		tCO2e/annum	%
Grid electricity	9,116	8,813	303	3.4%
Natural gas	25,287	20,703	4,584	22.1%
Gas oil	35	5,714	(5,679)	-99.4%
Transport	64	65	(1)	-1.5%
<b>Totals</b>	<b>34,502</b>	<b>35,295</b>	<b>(793)</b>	<b>-2.2%</b>

**Intensity Ratio**

The energy intensity metric being reported is tCO2e/£million turnover and the results are shown below:

	Emissions	Turnover	Intensity Ratio
	tCO2e/annum	£m	tCO2e/£m turnover
<b>2023</b>	<b>34,502</b>	<b>72.9</b>	<b>473.29</b>
<b>2022</b>	<b>35,295</b>	<b>78.7</b>	<b>448.48</b>

**Methodology used for data collection**

This methodology follows the Greenhouse Gas (GHG) Reporting Protocol and uses the 2023 Government emission conversion factors for greenhouse gas. Measurement of total energy consumption has focused on the supply of all electricity, natural gas, gas oil/diesel, and transportation fuel. This includes all site consumption related to production activities, office buildings and road vehicle transportation for the business. Estimations and conversions have been undertaken in accordance with the guidelines provided by the Department for Business, Energy and Industrial Strategy.

**AHLSTROM CHIRNSIDE LIMITED**

**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**Energy efficiency**

The Company takes the reduction of its use of fossil fuels and carbon emissions very seriously and energy efficiency plays an important role in the decision-making process. The Company participates in the Energy Saving Opportunities Scheme (ESOS), and strives to introduce more energy efficient technology in its processes.

Actions and initiatives currently underway include:

- Efficiency improvements on machinery to reduce energy usage
- Insulation of production machinery.
- Energy awareness training programme for employees.

These are just a few examples of activities planned or underway in order that that the Company continues to reduce its reliance on fossil fuels through being as energy efficient as possible and to ensure that carbon emissions are minimised.

**Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

**Auditors**

Pursuant to section 487 of the companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

This report was approved by the board on

and signed on its behalf.

*Stuart Nixon*

**S Nixon**  
Director

**Stuart**  
**Nixon**

Digitally signed  
by Stuart Nixon  
Date:  
2024.12.18  
20:13:07 Z

The Scalpel  
18th Floor, 52 Lime Street  
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**AHLSTROM CHIRNSIDE LIMITED**

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## AHLSTROM CHIRNSIDE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHLSTROM CHIRNSIDE LIMITED

#### Opinion

We have audited the financial statements of Ahlstrom Chirnside Limited (the 'Company') for the year ended 31 December 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2023, and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

#### Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

## AHLSTROM CHIRNSIDE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHLSTROM CHIRNSIDE LIMITED (CONTINUED)

#### **Fraud and breaches of laws and regulations – ability to detect**

##### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, and internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading company board minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as those used in pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there are no complexities or significant areas of estimation or judgement.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

##### *Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors (as required by auditing standards), and from inspection of the Company's regulatory and legal correspondence and discussed with the directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

## AHLSTROM CHIRNSIDE LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHLSTROM CHIRNSIDE LIMITED (CONTINUED)

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law recognising the nature of the Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

#### *Context of the ability of the audit to detect fraud or breaches of law or regulation.*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

#### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

#### **Matters on which we are required to report by exception**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

**AHLSTROM CHIRNSIDE LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AHLSTROM CHIRNSIDE LIMITED  
(CONTINUED)**

**Directors' responsibilities**

As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

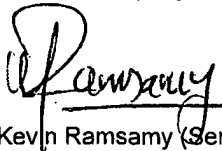
**Auditors' responsibilities**

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Kevin Ramsamy (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Saltire Court,  
20 Castle Terrace  
Edinburgh  
EH1 2EG

Date: 19 December 2024

**AHLSTROM CHIRNSIDE LIMITED**

**PROFIT AND LOSS ACCOUNT AND COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £000	2022 £000
Turnover	4	72,933	78,737
Cost of sales		<u>(78,481)</u>	<u>(80,481)</u>
<b>Gross loss</b>		<b>(5,548)</b>	<b>(1,744)</b>
Distribution costs		(1,227)	(1,154)
Administrative expenses		(6,716)	(9,569)
Other operating income	5	<u>2,064</u>	<u>2,157</u>
<b>Operating loss</b>		<b>(11,427)</b>	<b>(10,310)</b>
Interest receivable and similar income	9	52	21
Interest payable and similar expenses	10	<u>(3,328)</u>	<u>(1,303)</u>
<b>Loss before tax</b>		<b>(14,703)</b>	<b>(11,592)</b>
Tax on loss	11	-	-
<b>Loss for the financial year</b>		<b><u>(14,703)</u></b>	<b><u>(11,592)</u></b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurements of defined benefit liability		74	(347)
<b>Other comprehensive gain/(loss) for the year, net of income tax</b>		<u>74</u>	<u>(347)</u>
<b>Total comprehensive loss for the year</b>		<b><u>(14,629)</u></b>	<b><u>(11,939)</u></b>

The notes on pages 17 to 39 form part of these financial statements.

AHLSTROM CHIRNSIDE LIMITED  
REGISTERED NUMBER: 04033572

BALANCE SHEET  
AS AT 31 DECEMBER 2023

	Note	2023 £000	As restated 2022* £000
<b>Fixed assets</b>			
Tangible fixed assets	13	47,495	46,927
		<u>47,495</u>	<u>46,927</u>
<b>Current assets</b>			
Stocks	14	14,619	19,258
Debtors: amounts due within one year	15	10,767	8,207
Cash at bank and in hand	16	3,502	775
		<u>28,888</u>	<u>28,240</u>
Creditors: amounts due within one year	17	(25,688)	(19,647)
<b>Net current assets</b>		<u>3,200</u>	<u>8,593</u>
<b>Total assets less current liabilities</b>		<u>50,695</u>	<u>55,520</u>
Creditors: amounts due after more than one year	18	(26,236)	(16,379)
		<u>24,459</u>	<u>39,141</u>
<b>Net assets excluding pension asset</b>		<u>24,459</u>	<u>39,141</u>
Pension asset	21	499	446
<b>Net assets</b>		<u>24,958</u>	<u>39,587</u>
<b>Capital and reserves</b>			
Called up share capital	20	128,000	128,000
Profit and loss account		(103,042)	(88,413)
<b>Shareholders' funds</b>		<u>24,958</u>	<u>39,587</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*Stuart Nixon*

S Nixon  
Director

Stuart  
Nixon

Digitally signed  
by Stuart Nixon  
Date:  
2024.12.18  
20:12:42 Z

The notes on pages 17 to 39 form part of these financial statements.

\* The balances have been restated as a result of prior year adjustment, refer to Note 23

**AHLSTROM CHIRNSIDE LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital £000	Profit and loss account £000	Total Shareholder s' funds £000
At 1 January 2023	128,000	(88,413)	39,587
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(14,703)	(14,703)
Other comprehensive income	-	74	74
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(14,629)</b>	<b>(14,629)</b>
<b>At 31 December 2023</b>	<b>128,000</b>	<b>(103,042)</b>	<b>24,958</b>

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital £000	Profit and loss account £000	Total Shareholder s' funds £000
At 1 January 2022	128,000	(76,474)	51,526
<b>Comprehensive income for the year</b>			
Loss for the financial year	-	(11,592)	(11,592)
Other comprehensive income	-	(347)	(347)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(11,939)</b>	<b>(11,939)</b>
<b>At 31 December 2022</b>	<b>128,000</b>	<b>(88,413)</b>	<b>39,587</b>

The notes on pages 17 to 39 form part of these financial statements.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 1. General information

Ahlstrom Chirnside Limited (formally known as Ahlstrom-Munksjö Chirnside Limited) ("the Company") is a private company incorporated, domiciled and registered in the UK. The registered number of the Company is 04033572 and its registered office address is The Scalpel, 18th Floor, 52 Lime Street, London EC3M 7AF.

The principal activity of the Company continued to be the manufacture and sale of specialty paper and non-woven materials.

#### 2. Accounting policies

##### 2.1 Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") except as noted below.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the UK ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The presentation currency of the financial statements is sterling. All amounts have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, Ahlstrom Holding 3 Oy includes the Company in its consolidated financial statements. The consolidated financial statements of Ahlstrom Holding 3 Oy are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Ahlstrom Corporation, PO Box 329, 00101 Helsinki, Finland.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Certain disclosures regarding revenue;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transaction with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel;
- The requirements to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

As the consolidated financial statements of Ahlstrom Holding 3 Oy include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

\* Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 3.

#### 2.2 Going concern

Notwithstanding the loss for the year ended 31 December 2023 of £14.7 million, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

In 2022 the company has received a loan of £15m from its immediate parent company Ahlstrom Oyj repayable in March 2027. In 2023, the Company has received an additional loan of £10m from the parent company, Ahlstrom Oyj, repayable in June 2028. Since the year end, the parent company has recapitalized the company by £20m. These fundings have enabled the company to finalise and ramp-up the investment in the new machine which is expected to considerably increase both the capacity and efficiency of production of the current product range and expand the capabilities of the company to gain additional growth in existing markets which its original assets are not capable of serving.

The directors have prepared cash flow forecasts in order to assess going concern for a period of at least 12 months from the date of approval of these financial statements. These indicate that, taking account of reasonably possible downsides, the company will have sufficient funds, through its existing cash and inter-company loans and bank account overdraft limit to meet its liabilities as they fall due during the going concern assessment period. This assessment is dependent on Ahlstrom Oyj not seeking repayment of amounts currently due to the group, which at 31 December 2023 amounted to £25m of loan and £14.7m of amounts owed to group undertakings that are repayable on demand. Ahlstrom Oyj has indicated that it intends to provide financial support as needed by the company and therefore that it does not intend to seek repayment of the amounts currently due to the group during the going concern assessment period.

The severe but plausible downside scenario considers the potential business impacts of slower than anticipated sales activity from the Company's new asset, along with the impact of increased levels of inflation throughout the going concern period. The Company continually monitors current trade activity and reassesses cash flow forecasts to actual trading results throughout the year. The directors have also performed risk assessments over employees, customers and suppliers and expect to continue to trade at increased capacity.

As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.3 New standards, amendments and IFRIC interpretations

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2023 that have had a material impact on the company's financial statements.

##### 2.4 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### 2.5 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.6 Leased assets: the Company as lessee

The Company applied IFRS 16 using the modified retrospective approach on transition. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

###### *As a lessee*

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise,
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### *Short-term leases and leases of low-value assets*

The Company has elected not to recognise right-of-use assets and lease liabilities for lease of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

#### 2.7 Government grants

Government grants received on capital expenditure are initially recognised within deferred income on the Company's Balance Sheet and are subsequently recognised in the Statement of Comprehensive Income on a systematic basis over the useful life of the related capital expenditure.

Grants for revenue expenditure are presented as part of the the Statement of Comprehensive Income in the periods in which the expenditure is recognised.

#### 2.8 Pensions

##### **Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

##### **Defined benefit pension plan**

The Company operates a a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company, being invested in managed pension funds. This scheme was closed on 28 February 2007.

The defined benefit scheme is a post-employment benefit scheme other than a defined contribution scheme. The Company's net obligation in respect of defined benefit pension schemes is calculated separately for each scheme by estimating the amount of future benefit that employees have earned *in return for their service in the current and prior periods*; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit schemes comprise actuarial gains and losses, the return on scheme assets (greater or less than discount rate) and the change in irrecoverable surplus, other than interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the statement of comprehensive income.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.8 Pensions (continued)

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

##### *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### 2.9 Provisions for liabilities

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Increases in provisions are generally charged as an expense to the Statement of Comprehensive Income

##### 2.10 Impairment

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.11 Expenses

###### *Research and development expenditure*

Expenditure on research activities is recognised in the Statement of Comprehensive Income as an expense as incurred.

###### *Interest receivable and Interest payable*

Interest payable and similar expenses include interest payable, finance expense on shares classified as liabilities and finance expense on lease liabilities recognised in the Statement of Comprehensive Income using the effective interest method and the unwinding of the discount on provisions.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Other interest receivable and similar income includes interest receivable on funds invested.

Interest income and interest payable is recognised in the Statement of Comprehensive Income as it accrues, using the effective interest method

##### 2.12 Taxation

Tax is recognised in the Statement of Comprehensive Income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### 2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 2. Accounting policies (continued)

##### 2.13 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 5-40 years
Plant and equipment	- 3-20 years

Depreciation is only charged on assets under construction once they are brought into use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

##### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined using the weighted average purchase price. In the case of work in progress and finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a saleable condition. Provision is made for obsolete, slow moving and defective stocks. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

##### 2.15 Debtors

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

##### 2.16 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

The Company makes estimates and judgements concerning the future and the resulting estimates may, by definition, vary from the related actual results. The directors considered the critical accounting estimates and judgements used in the financial statements and concluded that the main areas are as follows:

##### *Employee benefits – defined benefit pension plans*

The Company is in the process of a buy-out of the defined pension scheme. The assumptions associated with the pension scheme are explained in note 21.

##### *Property plant and equipment*

During the previous year a new production line was commissioned. The directors have prepared a business plan for the company which demonstrates the positive impact this new machine will have on financial performance. Performance against this plan are monitored to assess whether the net book value of the machine should be subject to a formal impairment review.

#### 4. Turnover

The turnover and pre-tax loss, which arises in the UK, is attributable to one activity, the manufacture and sale of speciality paper and non-woven materials.

Analysis of turnover by geographical market:

	2023 £000	2022 £000
UK	5,625	5,547
EU	45,147	46,805
Rest of the world	22,161	26,385
	<u>72,933</u>	<u>78,737</u>

#### 5. Other operating income

	2023 £000	2022 £000
Other income	239	255
Government grants receivable	1,825	1,902
	<u>2,064</u>	<u>2,157</u>

Government grants relate to the Government's exemption and compensation scheme for Energy Intensive industries.

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**6. Auditors' remuneration**

During the year, the Company obtained the following services from the Company's auditors and their associates:

	2023 £000	2022 £000
Fees payable to the Company's auditors and their associates for the audit of the Company's financial statements	100	95

**7. Employees**

Staff costs, including directors' remuneration, were as follows:

	2023 £000	2022 £000
Wages and salaries	9,581	9,161
Social security costs	1,100	1,103
Other pension and health insurance costs	903	1,084
	<u>11,584</u>	<u>11,348</u>

Included within other pension and health insurance costs are past service costs related to Ahlstrom Pension Scheme of £40,000 (2022: £296,000).

The average monthly number of employees, including the directors, during the year was as follows:

	2023 No.	2022 No.
Production	181	182
Selling and distribution	10	9
Administration	9	12
	<u>200</u>	<u>203</u>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**8. Directors' remuneration**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Directors' emoluments	121	147
Company contributions to money purchase pension schemes	11	12
	<u>132</u>	<u>159</u>

Retirement benefits are accruing to 1 (2022: 1) director under money purchase pension schemes.

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £121,000 (2022: £147,000), and Company pension contributions of £11,490 (2022: £12,219) were made to a money purchase scheme on his behalf. He is a member of a defined benefit scheme, under which his accrued pension at year end was £5,074 (2022: £4,375), and his accrued lump sum was £0 (2022:£0).

**9. Interest receivable**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Other interest	33	3
Net interest on defined benefit pension asset	19	18
	<u>52</u>	<u>21</u>

**10. Interest payable and similar expenses**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Net foreign exchange loss	198	42
Amounts owed to group undertakings	2,592	904
Interest on lease liabilities	97	109
Interest on factoring program	441	248
	<u>3,328</u>	<u>1,303</u>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**11. Taxation**

	2023 £000	2022 £000
<b>Current tax</b>		
Current tax on loss for the year	-	-
<b>Total current tax</b>	<u>-</u>	<u>-</u>
<b>Deferred tax (see Note 12)</b>		
Origination and reversal of timing differences	-	-
<b>Total deferred tax</b>	<u>-</u>	<u>-</u>
<b>Tax on loss</b>	<u>-</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2022 - the same as) the standard rate of corporation tax in the UK of 25% (2022 - 19%) as set out below:

	2023 £000	2022 £000
Loss for the financial year	<u>(14,703)</u>	<u>(11,592)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.52% (2022 - 19%)	(3,458)	(2,202)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	822	633
Tax losses carried forward and not recognised	2,636	1,569
<b>Total tax charge for the financial year</b>	<u>-</u>	<u>-</u>

Tax losses are deemed recoverable against future profits. Total unrecognised tax losses in the group are £71,367,065 (2022: £60,159,663).

**12. Deferred tax assets and liabilities**

The deferred tax assets in respect of employee benefits and tax losses carried forwards are not recognised, as the directors consider that there is uncertainty with regards to the probability and also the timing that they are likely to be recovered through future taxable profits. The outstanding net amount of deferred tax assets not recognised as of 31 December, 2023 is £17,717,016 (2022: £11,345,596).

AHLSTROM CHIRNSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

13. Tangible fixed assets

	Land and buildings £000	Plant and equipment £000	Under construction £000	Total £000
<b>Cost or valuation</b>				
At 1 January 2023	11,239	98,784	1,018	111,041
Additions	-	99	4,297	4,396
Disposals	(38)	(129)	-	(167)
Transfers between classes	-	1,809	(1,809)	-
At 31 December 2023	<u>11,201</u>	<u>100,563</u>	<u>3,506</u>	<u>115,270</u>
<b>Depreciation</b>				
At 1 January 2023	8,292	55,822	-	64,114
Charge for the year on owned assets	208	3,620	-	3,828
Disposals	(38)	(129)	-	(167)
At 31 December 2023	<u>8,462</u>	<u>59,313</u>	<u>-</u>	<u>67,775</u>
<b>Net book value</b>				
At 31 December 2023	<u>2,739</u>	<u>41,250</u>	<u>3,506</u>	<u>47,495</u>
At 31 December 2022	<u>2,947</u>	<u>42,962</u>	<u>1,018</u>	<u>46,927</u>

**Capital Commitments**

As 31 December 2023, the commitment related to contracts to purchase property, plant and equipment amounts to £499,072 (2022: £1,467,835).

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2023 £000	2022 £000
Tangible fixed assets owned	45,882	45,110
Right-of-use tangible fixed assets	1,613	1,817
	<u>47,495</u>	<u>46,927</u>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**13. Tangible fixed assets (continued)**

Information about right-of-use assets is summarised below:

**Net book value**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Land and buildings	1,002	1,032
Plant and machinery	611	785
Assets under construction	-	-
	<u>1,613</u>	<u>1,817</u>

**Depreciation charge for the year ended**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Land and buildings	(30)	(56)
Plant and machinery	(273)	(321)
	<u>(303)</u>	<u>(377)</u>

**Additions to right-of-use assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Additions to right-of-use assets	99	99
	<u>99</u>	<u>99</u>

**14. Stocks**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Raw materials and consumables	7,572	10,750
Work in progress	2,335	2,335
Finished goods	4,712	6,173
	<u>14,619</u>	<u>19,258</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £39.9 million (2022: £46.2 million). The write-down of stocks to net realisable value amounted to £385,173 (2022: £343,929). The reversal of write-downs in the current year amounted to £343,929 (2022: £172,199).

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**15. Debtors: Amounts due within one year**

	2023	<i>As restated</i>
	£000	2022* £000
Trade debtors	3,998	4,678
Amounts owed by group undertakings	2,011	1
Other debtors	3,147	2,870
Prepayments and accrued income	1,237	151
Deposits	374	507
	<u>10,767</u>	<u>8,207</u>

Amounts owed by group undertakings are unsecured, payable on demand and have no interest payable on them. As at 31 December 2023, a credit loss provision of £105,796 (2022: £122,947) is included within trade debtors.

The deposit relates to the factoring guarantee fund which is a percentage of the accounts receivable assigned to the factor and held with the factor. The entity is part of a group wide factoring arrangement.

\* The balances have been restated as a result of prior year adjustment, refer to Note 23.

**16. Cash and cash equivalents**

	2023	<i>As restated</i>
	£000	2022* £000
Cash at bank and in hand	3,502	775
	<u>3,502</u>	<u>775</u>

\* The balances have been restated as a result of prior year adjustment, refer to Note 23.

**17. Creditors: Amounts due within one year**

	2023	<i>As restated</i>
	£000	2022* £000
Trade creditors	7,364	12,251
Amounts owed to group undertakings	15,166	5,337
Other taxation and social security	858	739
Lease liabilities	222	299
Other creditors	963	914
Accruals and deferred income	1,115	107
	<u>25,688</u>	<u>19,647</u>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**17. Creditors: Amounts due within one year (continued)**

Amounts owed to group undertakings are unsecured, payable on demand and have no interest payable on them.

\* The balances have been restated as a result of prior year adjustment, refer to Note 23.

**18. Creditors: Amounts due after more than one year**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Lease liabilities	1,236	1,379
Amounts owed to group undertakings	25,000	15,000
	<u>26,236</u>	<u>16,379</u>

Lease liabilities as at 31 December 2023, calculated in accordance with IFRS 16, are repayable as follows:

	<b>2023</b>		<b>2023</b>
	<b>Minimum</b>		<b>Principal</b>
	<b>lease</b>	<b>2023</b>	<b>£'000</b>
	<b>payments</b>	<b>Interest</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Within one year (note 19)	311	89	222
	<u>311</u>	<u>89</u>	<u>222</u>

**19. Leases**

**Leases as a lessee (IFRS 16)**

**Right-of-use assets**

Right-of-use assets related to lease properties that do not meet the definition of investment properties are presented as property, plant and equipment (see note 13):

Contractual undiscounted cash flows are due as follows:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Not later than one year	311	392
Between one year and five years	452	592
Later than five years	3,239	3,311
	<u>4,002</u>	<u>4,295</u>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**19. Leases (continued)**

The following amounts in respect of leases, where the Company is a lessee, have been recognised in the Statement of Comprehensive Income:

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liabilities	97	109
Depreciation of right-of-use assets	303	377
	<u>400</u>	<u>486</u>

	<b>Land and buildings</b>	<b>Plant and equipment</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Balance at 1 January 2023	1,032	785	1,817
Additions to right-of-use assets	-	99	99
Depreciation charge for the year	(30)	(273)	(303)
Balance at 31 December 2023	<u>1,002</u>	<u>611</u>	<u>1,613</u>

**20. Share capital**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
<b>Allotted, called up and fully paid</b>		
128,000,000 (2022 - 128,000,000) Ordinary shares of £1.00 each	<u>128,000</u>	<u>128,000</u>

Issued and Allotted, Called up and Fully Paid Share Capital increased by £36,000,000 on 27th November 2020 by converting existing intercompany loan amounts to equity of £20,000,000 and issuance of equity for cash of £16,000,000. All shares were taken up by Ahlstrom Oyj. Ordinary shares rank pari passu as to voting rights and distribution of capital.

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### 21. Pension commitments

##### Money Purchase Pension Scheme

The Company operates a money purchase pension scheme.

The total expense relating to this scheme in the current year was £567,447 (2022: £561,778).

The Company participates in The Ahlstrom Pension Scheme which is now closed to further contributions. The latest actuarial valuation as at 31 December 2023 was carried out on 12 December 2023, by Broadstone, independent qualified actuaries.

The duration of the defined benefit obligation is 13 years.

##### Defined benefit scheme

	2023 £000	2022 £000
Defined benefit asset	(35,347)	(40,659)
Effect of net asset ceiling	<u>800</u>	<u>800</u>
Total defined benefit asset	(34,547)	(39,859)
Total defined benefit liability	<u>34,048</u>	<u>39,413</u>
<b>Net liability/(asset) for defined benefit obligations</b>	<u>(499)</u>	<u>(446)</u>

AHLSTROM CHIRNSIDE LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023

21. Pension commitments (continued)

	Defined Benefit Obligation		Fair value of plan assets		Effect of Asset Ceiling		Net defined benefit Liability	
	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000	2023 £000	2022 £000
Balance at 1 January	39,413	60,207	(40,659)	(62,078)	800	800	(446)	(1,071)
<b>Included in profit or loss</b>	-	-	-	-	-	-	-	-
Scheme Expenses	-	-	40	369	-	-	40	369
Settlement (gain)/loss	-	-	-	-	-	-	-	-
Interest cost/(income)	1,695	993	(1,748)	(1,024)	34	13	(19)	(18)
	41,108	61,200	(42,367)	(62,733)	834	813	(425)	(720)
<b>Included in OCI</b>								
Remeasurements loss/(gain):								
Actuarial loss/(gain) arising from								
- Changes in demographic assumptions	(1,603)	(76)	-	-	-	-	(1,603)	(76)
- Change in financial assumptions	(4,501)	(20,510)	-	-	-	-	(4,501)	(20,510)
- Experience adjustment	908	835	-	-	-	-	908	835
Return on scheme assets (less)/greater than discount rate	-	-	5,156	20,038	-	-	5,156	20,038
Change in irrecoverable surplus other than interest	-	-	-	-	(34)	(13)	(34)	(13)
	(5,196)	(19,751)	5,156	20,038	(34)	(13)	(74)	274
<b>Other</b>								
Contributions paid by the employer	-	-	-	-	-	-	-	-
Disbursements paid from scheme assets	(1,864)	(2,036)	1,864	2,036	-	-	-	-
<b>Balance at 31 December</b>	<b>34,048</b>	<b>39,413</b>	<b>(35,347)</b>	<b>(40,659)</b>	<b>800</b>	<b>800</b>	<b>(499)</b>	<b>(446)</b>

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**21. Pension commitments (continued)**

**Scheme assets**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Bonds	935	966
Cash and cash equivalents	1,564	1,580
Insured Pensioner Asset	32,848	38,113
<b>Total</b>	<b>35,347</b>	<b>40,659</b>

**Duration**

The estimated duration of the liabilities under the DB Pension Scheme are around 13 years.

**Assumptions**

Any assumptions used for pension increases are derived from scheme RPI and CPI assumptions as appropriate. In particular, the factors used for 2023 are:

Pre 6 April 1988 Guaranteed Minimum Pension (GMP) – nil

Post 5 April 1988 GMP – the lower of CPI and 3% p.a. For 2023, the figure used is 2.25%

Pension accrued prior to 1 January 1991 in excess of GMP – nil

Pension accrued from 1 January 1991 to 31 May 2005 in excess of GMP – the lower of RPI and 5% p.a. For 2023, the figure used is 3.25%

Pension accrued from 1 June 2005 – the lower of RPI and 2.5%, the figure used for 2023 is 2.15%

Inflation-linked assumptions for 2023 have been derived using the Black-Scholes model with a volatility parameter of 1.85%

**Employer Contribution**

No employer contributions are expected to be paid in the accounting year beginning on 1 January 2024 due to the full insurance Buy-in transaction that took place in September 2021.

**Interest cost/(income) recognised in profit or loss**

	<b>2023</b>	<b>2022</b>
	<b>£000</b>	<b>£000</b>
Interest (income)	(53)	(52)
Interest cost on irrecoverable surplus	34	34
<b>Interest cost/(Income) (note 9)</b>	<b>(19)</b>	<b>(18)</b>

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

Scheme assets do not include any of Ahlstrom Chirnside Limited's own financial instruments, or any property occupied by Ahlstrom Chirnside Limited.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date. Expected returns on equity investments reflect long-term real rates on return experiences in the respective markets.

There is no interest rate, investment or longevity risk remaining in the scheme due to the full scheme buy-in transaction that took place in September 2021.

The Scheme is governed by the Trustees, the Trustees of the Scheme comprises of three Company Nominated Trustees, two Member Nominated Trustees and one Independent Chairman. The Trustees are responsible for the administration and investment policy of the Scheme.

As the scheme is in surplus, there are no expected contributions to be made to the scheme for the next annual reporting period.

The Company considers that it has an unconditional right to a refund of surplus, the company's judgement is that the trustees right do not prevent the company from recognising an unconditional right to a refund and therefore a surplus

#### Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date:

	2023 £000	2022 £000
Discount rate at 31 December	5.1%	4.3%
Expected rate of return on assets	5.1%	4.3%
Price inflation - RPI	3.5%	3.6%
Price inflation - CPI	3%	3.1%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 22 years
- Future retiree upon reaching 65: 22.6 years.

The liabilities can be very sensitive to changes in the assumptions however, following the bulk annuity purchase in September 2021, the liabilities are matched by a corresponding insured asset. As such, changes in assumptions do not change the overall funding position and sensitivity figures have therefore been excluded from the pensions note.

#### Pension commitments (continued)

##### Mortality Assumptions

The mortality assumptions for the Ahlstrom Pension Scheme are based on the latest Self-Administered Pension Scheme (SAPS) mortality tables, known as S3PXA. Future improvements are based on the CMI 2022 tables with core parameters (CMI 2021 tables were used in 2022). A long-term improvement rate of 1.5% pa for males and 1.25% pa for females was assumed (the same assumption was made in 2022).

## AHLSTROM CHIRNSIDE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

#### Buy-out Policy

On 17 September 2021, the Trustees of the UK Pension Plan (the Ahlstrom Pension Scheme) signed a Bulk Annuity Policy with Legal & General. This provides insurance for pension liabilities under the UK Pension Plan. The terms of the buy-out policy provide for Legal & General to issue individual policies to beneficiaries under the UK Pension Plan which will replace the obligations of the UK Pension Plan to pay benefits for members. Once the individual policies are issued, members' benefits will be fully insured and full buy-out achieved, which will enable the wind-up of the UK Pension Plan.

As there is a high degree of confidence that full buy-out will be achieved, the purchase of the buy-out policy has been recognized as a settlement through profit and loss at 17 September 2021.

Whilst the UK Pension Plan is in the buy-in phase of the transaction with Legal & General, the Group is obliged to continue to engage a firm of actuaries to carry out an independent valuation of Plan liabilities for accounting purposes, and to disclose the gross assets and liabilities of the UK Pension Plan. As the buy-in insurance policy covers the whole of the defined benefit obligation, it offsets the value of the obligation, generating a £499,000 surplus (2022: £446,000) (before allowance for deferred tax) after allowing for other remaining assets and estimated wind up expenses. Once the buy-out phase is complete and the Trustee has fully discharged its liabilities to Plan members and received any refund of surplus, the Group will no longer recognize any asset or obligation relating to the UK Pension Plan.

#### Virgin Media Case

A recent High Court case (Virgin Media vs NTL) found that amending deeds signed between 1997 and 2016 that affected contracted-out benefits, would be void if no appropriate written actuarial confirmation (s37 confirmation / certificate) was given at the time. An appeal, heard in June 2024, was dismissed by the Court of Appeal and the original ruling upheld. This case and also the Court of Appeal ruling in the BBC case in July 2024, may impact on the past and future service rights of scheme members on the basis of previous amendments to scheme rules.

The Trustees, Scheme Actuary and Company Actuary are aware of the issue. The Trustees, Scheme Actuary and Company Actuary are planning to engage their legal advisers in due course to determine a suitable way forward. No legal advice has been received by the Trustees, Scheme Actuary and Company Actuary on this point, however it may be noted that the scheme has already consulted a Queens (now Kings) council in recent years to fully review the documentation for the scheme deeds with no issues raised. The Trustees, Scheme Actuary and Company Actuary will investigate the possible implications with the Scheme's advisers when further guidance is available, including whether the DWP will intervene to resolve the issues arising from the cases. The Trustees, Scheme Actuary and Company Actuary do not believe that it is possible at present to estimate the potential impact, if any, on the scheme, therefore no assessment of the impact, if any, has been carried out to date nor has any allowance been made in the liability calculations for this ruling. The case may yet be subject to further clarification, appeal and/or government intervention and the matter will be reviewed in due course.

#### 22. Related party transactions

The Company has applied the exemption available under FRS 101 in respect of the requirement to disclose related party transactions with other wholly owned group members.

**AHLSTROM CHIRNSIDE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**23. Prior year adjustment**

The directors have identified that in prior year a factoring guarantee fund of £507,000 was included within cash and cash equivalents when it should have been classified as a deposit. The deposit relates to the factoring guarantee fund which is a percentage of the accounts receivable assigned to the factor and held with the factor. The comparatives have been restated for this re-classification. The impact is a decrease in cash and cash equivalents of £507,000 at 31 December 2022 from £1,282,000 as previously reported to £775,000 and a corresponding increase in deposits from £nil as previously reported to £507,000.

The directors have also identified in prior year that amounts owed to group undertakings of £5,330,000 were included within trade creditors when they should have been classified as amounts owed to group undertakings. The comparatives have been restated for this re-classification. The impact is a decrease in trade creditors of £5,330,000 at 31 December 2022 from £17,581,000 as previously reported to £12,251,000 and a corresponding increase in amounts owed to Group undertakings from £7,000 as previously reported to £5,337,000.

There is no impact on the Company's net assets position or to its results for the year ended 31 December 2022 from these prior year adjustments.

**24. Post balance sheet events**

On 28 February 2024, the parent company has approved a share capital increase of £20 million.

Issued and Allotted, Called up and Fully Paid Share Capital increased by £20,000,000 on 03 April 2024 by issuance of equity for cash of £20,000,000. No shares were allotted other than for cash. All shares were taken up by Ahlstrom Oyj. Ordinary shares rank pari passu as to voting rights and distribution of capital.

**25. Controlling party**

The Company is a subsidiary undertaking of Ahlstrom Oyj which is incorporated in Finland. The ultimate controlling party is Ahlstrom Holding 1.

The smallest and largest group in which the results of the Company are consolidated is that headed by Ahlstrom Holding 3 Oy. The consolidated financial statements of this company are available to the public and may be obtained from Ahlstrom Corporation, PO Box 329, 00101 Helsinki, Finland.