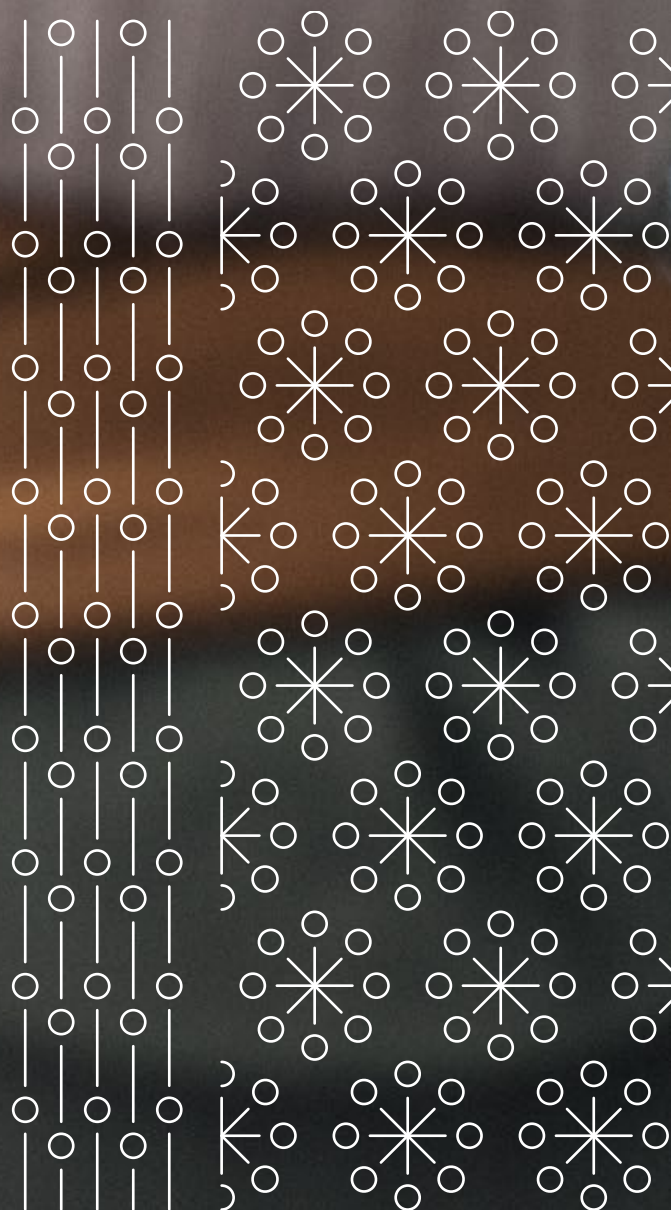




# Q3 | INTERIM REPORT

JANUARY 1 – SEPTEMBER 30, 2021



Suominen Corporation Interim Report      October 28, 2021 at 9:30 a.m. (EET)

Suominen Corporation's Interim Report for January 1–September 30, 2021:

## Q3 volumes low as expected, recovery already ongoing

### KEY FIGURES

	<b>7-9/ 2021</b>	7-9/ 2020	<b>1-9/ 2021</b>	1-9/ 2020	1-12/ 2020
Net sales, EUR million	<b>98.7</b>	115.4	<b>327.6</b>	347.8	458.9
Comparable EBITDA	<b>4.2</b>	18.1	<b>38.1</b>	47.4	60.9
Comparable EBITDA, %	<b>4.3</b>	15.7	<b>11.6</b>	13.6	13.3
EBITDA	<b>4.2</b>	18.1	<b>38.1</b>	47.4	60.9
Operating profit, EUR million	<b>-0.8</b>	12.9	<b>23.1</b>	31.0	39.5
Operating profit, %	<b>-0.9</b>	11.2	<b>7.0</b>	8.9	8.6
Profit for the period, EUR million	<b>-1.7</b>	10.9	<b>18.2</b>	22.8	30.1
Cash flow from operations, EUR million	<b>-8.9</b>	20.1	<b>8.2</b>	39.1	57.0
Cash flow from operations per share, EUR	<b>-0.16</b>	0.35	<b>0.14</b>	0.68	0.99
Earnings per share, basic, EUR	<b>-0.03</b>	0.19	<b>0.32</b>	0.40	0.52
Return on invested capital, rolling 12 months, %	–	–	<b>11.8</b>	13.8	16.7
Gearing, %	–	–	<b>30.2</b>	29.9	25.4

In this interim report, figures shown in brackets refer to the comparison period last year if not otherwise stated.

#### July–September 2021 in brief:

- Net sales decreased 14.5% from the corresponding period of 2020 and were EUR 98.7 million (115.4)
- Comparable EBITDA decreased to EUR 4.2 million (18.1)
- Cash flow from operations declined and was EUR -8.9 million (20.1)

#### January–September 2021 in brief:

- Net sales decreased 5.8% and were EUR 327.6 million (347.8)
- Comparable EBITDA decreased to EUR 38.1 million (47.4)
- Cash flow from operations declined and was EUR 8.2 million (39.1)

**Outlook for 2021**

Suominen repeats its outlook for 2021 but in light of the volatility of the markets and Suominen's results, gives further detail on the outlook.

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in the second half of 2021 as well as some continuing volatility in the raw material and transportation markets and will amount to EUR 47–53 million. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

**Petri Helsky, President & CEO:**

"Suominen's net sales were EUR 98.7 million (115.4) in the third quarter of 2021. As expected, sales volumes decreased clearly from the comparison period due to the sudden deceleration of demand we discussed in Suominen's previous interim report.

Our comparable EBITDA was EUR 4.2 million (18.1). The result was impacted especially by the lower sales and production volumes but also by higher raw material costs for which higher sales prices could compensate only partially. Cost savings actions supported the result to some extent.

Our earlier expectation was that the drop in demand would be temporary in nature. This indeed seems to be the case and the demand recovery has started already in late Q3, in some cases even quicker than previously assumed. We estimate that Suominen's Q4 volumes will be slightly short of Q2/2021 but clearly above pre-COVID-19 levels. Also the global market expectation is that in the long run the end user demand for wipes will remain above pre-COVID-19 levels.

The investment project to upgrade and restart one of our existing production lines in Cressa was completed during the quarter slightly ahead of the original plan. This investment strengthens our capabilities in Europe and is made in line with our strategy aiming for growth. The two other ongoing investment projects, one in Italy and the other in the US, are proceeding as planned and will be finalized before the end of the year.

We have made strong progress towards our sustainability targets. As part of our continuous work to reduce our greenhouse gas (GHG) emissions we are shifting entirely to fossil-free electricity in all our European plants. In our product offering we are targeting to launch at least 10 sustainable products per year. In 2021 we are well ahead of the target as we have already launched 13 sustainable products by the end of Q3. Thirdly, we are also actively researching new sustainable fibers to be able to serve the needs of our customers even better. In Q3 we have conducted test runs for example with hemp and have received excellent feedback from our customers on the products.

For the second consecutive year we were recognized by Rockline, one of our major customers. We were granted their RRITE Supplier Award 2021, which is given to the supplier who exemplifies their values of renew, respect, integrity, teamwork and excellence.

Our financial performance was disappointing in the third quarter, but we are pleased that the recovery is already ongoing. We will diligently continue to focus on serving our customers, running our operations safely and efficiently, and improving our result in Q4 and beyond."

## **NET SALES**

### **July–September 2021**

In July–September 2021, Suominen’s net sales decreased from the comparison period by 14.5% to EUR 98.7 million (115.4). Currencies impacted the net sales by EUR 0.7 million.

Suominen has two business areas, Americas and Europe. Net sales of the Americas business area amounted to EUR 57.0 million (71.9) and net sales of the Europe business area to EUR 41.6 million (43.5).

### **January–September 2021**

In January–September 2021, Suominen’s net sales decreased from the comparison period by 5.8% and amounted to EUR 327.6 million (347.8). Currencies impacted the net sales by EUR -13.9 million.

Net sales of the Americas business area amounted to EUR 196.4 million (222.3) and net sales of the Europe business area to EUR 131.3 million (125.6).

## **EBITDA, OPERATING PROFIT AND RESULT**

### **July–September 2021**

EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 4.2 million (18.1). Currency impact on EBITDA was EUR -0.2 million.

Operating profit decreased from the comparison period and amounted to EUR -0.8 million (12.9).

Profit before income taxes was EUR -1.8 million (11.1), and profit for the reporting period was EUR -1.7 million (10.9). Income taxes for the period were EUR 0.1 million (-0.3). The income taxes of the comparison period were positively impacted by recognition of additional deferred tax assets from previous years’ losses as the possibility to utilize the losses had increased.

### **January–September 2021**

EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 38.1 million (47.4). Currency impact on EBITDA was EUR -1.9 million.

Operating profit decreased and was EUR 23.1 million (31.0).

Profit before income taxes was EUR 23.8 million (25.4), and profit for the reporting period was EUR 18.2 million (22.8).

Income taxes for the period were EUR -5.6 million (-2.6). The income taxes of the comparison period were positively impacted by the recognition of additional deferred tax assets from previous years’ losses as the possibility to utilize the losses had increased. The corporate income taxes of 2020 were also positively impacted by the US tax reliefs enacted as a result of the COVID-19 pandemic.

## FINANCING

The Group's net interest-bearing liabilities at nominal value amounted to EUR 48.2 million (43.1) at the end of the review period. The gearing ratio was 30.2% (29.9%) and the equity ratio 42.5% (46.0%).

In January–September, net financial expenses were EUR +0.7 million (-5.5), or +0.2% (-1.6%) of net sales. Fluctuations in exchange rates decreased the net financial expenses by EUR 1.2 million (in 2020, increased by EUR 1.6 million).

Suominen sold its minority share in Amerplast (Bright Maze Oy) in March. The transaction impacted Suominen's net financial expenses positively by EUR 3.7 million. The amount consists of the gain on the sale of the shares as well as of the reversal of bad debt provisions recognized of the loan receivables. The effect on cash flow was EUR 11.6 million, consisting of the sales price of the shares and payment of the loan receivables and accrued interests.

Cash flow from operations in July–September was EUR -8.9 million (20.1) and in January–September EUR 8.2 million (39.1), representing a cash flow per share of EUR 0.14 (0.68). The decline in the cash flow from operations for January–September was driven by more cash being tied up in net working capital as well as the weaker result.

In the third quarter the change in net working capital was negative by EUR 11.4 million (+6.4). The change in net working capital in January–September was EUR -23.2 million (-2.3).

In May 2021, Suominen announced that it has extended by one year the maturity of the EUR 100 million syndicated revolving credit facility agreement signed in July 2020. The maturity of the facility is now extended to July 2024.

In June 2021, Suominen issued a senior unsecured bond of EUR 50 million. The six-year bond matures on June 11, 2027 and it carries a coupon interest of 1.5%. The offering was allocated to 19 investors. The bond is listed on the official list of Nasdaq Helsinki Ltd. The debenture bond issued in 2017 will fall due in October 2022.

## CAPITAL EXPENDITURE

In January–September, the gross capital expenditure totaled EUR 14.0 million (4.9) and the largest items were related to the growth investment initiatives in Italy and at the Bethune plant in the USA. Other investments were mainly for maintenance. Depreciation and amortization for the review period amounted to EUR 15.0 million (16.4).

## IMPACTS OF THE COVID-19 PANDEMIC ON SUOMINEN

The pandemic has increased the demand for our products in all our markets. Towards the end of the second quarter of 2021 the demand started to decelerate especially in North America, but the demand has started to recover in late Q3. In the long run the market and Suominen's expectation is that demand will remain above pre-COVID-19 levels.

Suominen's financial position has remained strong throughout the pandemic.

The risks related to COVID-19 are described in the short-term risk and uncertainties section.

## **PROGRESS IN SUSTAINABILITY**

We progressed well with the actions defined in our sustainability agenda during the third quarter.

We have strong focus on safety and accident prevention, and our long-term target is to have zero lost-time accidents. In the third quarter of 2021, there was zero lost-time accidents (LTA) at Suominen sites (0 in Q3/2020). In total by end of September the amount of LTA's is 3 (1 in Q1-Q3/2020).

Our employee engagement survey, Suominen Vibe, is a tool to systematically measure and develop engagement. This year's survey is now ongoing.

We are committed to continuously improving our production efficiency and the efficient utilization of natural resources. We continued our active measures towards our targets to reduce energy consumption, greenhouse gas emissions, water consumption and waste to landfill by 20% per ton of product by 2025 compared to the base year of 2019. As part of our active work to reduce greenhouse gas (GHG) emissions, we are shifting entirely to fossil-free electricity in all our European plants.

We offer a comprehensive portfolio of sustainable nonwovens to our customers and we are continuously developing new and innovative solutions with a reduced environmental impact. Our target is a 50% increase in sales of sustainable nonwovens by 2025 compared to 2019, and to have at least 10 sustainable product launches per year. During the third quarter of the year, we launched four sustainable products. In 2021 we have launched 13 sustainable products in total.

A mandatory training program regarding our renewed Code of Conduct is ongoing and the target is that all Suominen employees will have completed the training by end of November.

Suominen reports progress in its key sustainability KPIs annually.

As part of our Annual Report 2020 published on March 3, 2021 we reported on the progress of our sustainability performance. Our sustainability reporting in 2020 is in accordance with the Core option of the GRI Standards by the Global Reporting Initiative.

## **INFORMATION ON SHARES AND SHARE CAPITAL**

### **Share capital**

The number of Suominen's registered shares was 58,259,219 shares on September 30, 2021, equaling to a share capital of EUR 11,860,056.00.

### **Share trading and price**

The number of Suominen Corporation shares traded on Nasdaq Helsinki from January 1 to September 30, 2021 was 15,570,116 shares, accounting for 27.0% of the average number of shares (excluding treasury shares). The highest price was EUR 6.41, the lowest EUR 4.37 and the volume-weighted average price EUR 5.57. The closing price at the end of review period was EUR 4.41. The market capitalization (excluding treasury shares) was EUR 254.1 million on September 30, 2021.

### **Treasury shares**

On September 30, 2021, Suominen Corporation held 634,661 treasury shares.

As a share-based payment plan vested, in total 34,872 shares were transferred to the participants of the plan in February. In accordance with the decision made in the Annual General Meeting on March 25, 2021, 4,049 shares, which were still in the joint account, were transferred to Suominen Corporation's treasury shares.

In accordance with the resolution by the Annual General Meeting, in total 16,042 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

In accordance with the matching share-based payment program, 9,352 shares were transferred to the participants of the program in September 2021.

### **The portion of the remuneration of the members of the Board of Directors which shall be paid in shares**

The Annual General Meeting held on March 25, 2021 decided that the remuneration payable to the members of the Board remains unchanged. 60% of the annual remuneration is paid in cash and 40% in Suominen Corporation's shares.

The number of shares forming the remuneration portion payable in shares was determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume-weighted average quotation of the share during the one month period immediately following the date on which the Interim Report of January–March 2021 of the company was published. The shares were given out of the treasury shares held by the company by the decision of the Board of Directors on May 31, 2021.

### **Share-based incentive plans for the management and key employees**

The Group management and key employees participate in the company's share-based long-term incentive plans. The plans are described in more details in the Financial Statements and in the Remuneration Report, available on the company's website [www.suominen.fi](http://www.suominen.fi).

Company's Performance Share Plan currently includes three 3-year performance periods, calendar years 2019–2021, 2020–2022 and 2021–2023. The aim of the Performance Share Plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of the company in long-term, to build loyalty to the company and to offer them competitive reward plans based on earning and accumulating the company's shares.

#### Performance Share Plan: Ongoing performance periods

Performance Period	2019–2021	2020–2022	2021–2023
Incentive based on	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)
Potential reward payment	Will be paid partly in Suominen shares and partly in cash in spring 2022	Will be paid partly in Suominen shares and partly in cash in spring 2023	Will be paid partly in Suominen shares and partly in cash in spring 2024
Participants	16 people	17 people	19 people

Maximum number of shares	546,000	756,500	470,000
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The President & CEO of the company must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of his or her annual gross salary. A member of the Executive Team must hold 50% of the net number of shares given on the basis of the plan, as long as his or her shareholding in total corresponds to the value of half of his or her annual gross salary. Such a number of shares must be held as long as the participant's employment or service in a group company continues.

#### Matching Restricted Share Plan 2019–2021

Suominen also had a Matching Restricted Share Plan for selected key employees in the Suominen Group. The aim of the MRSP was to align the objectives of the shareholders and key employees in order to increase the value of the company in the long-term, to retain key employees at the company, and to offer them a competitive reward plan that is based on acquiring, receiving and accumulating the company's shares.

The second vesting period of the Matching Restricted Share Plan ended in September 2021 and in total 9,352 shares were transferred to the participants.

#### **ANNUAL GENERAL MEETING**

The Annual General Meeting (AGM) of Suominen Corporation was held on March 25, 2021.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2020 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2020. The AGM approved the Remuneration Report for the governing bodies and the Board of Directors' proposals concerning forfeiture of the shares entered in a joint book-entry account and of the rights attached to such shares.

The AGM decided, in accordance with the proposal by the Board of Directors, that a dividend of EUR 0.10 and in addition, a return of capital of EUR 0.10 per share will be paid.

The AGM confirmed the remuneration of the Board of Directors remains unchanged. The Chair will be paid an annual fee of EUR 66,000 and the Deputy Chair and other Board members an annual fee of EUR 31,000. Chair of the Audit Committee will be paid an additional fee of EUR 10,000. Further, the members of the Board will receive a fee for each Board and Committee meeting as follows: EUR 500 for each meeting held in the home country of the respective member, EUR 1,000 for each meeting held elsewhere than in the home country of the respective member and EUR 500 for each meeting held as a telephone conference.

60% of the remuneration is paid in cash and 40% in Suominen Corporation's shares. Compensation for expenses is paid in accordance with the company's valid travel policy.

The AGM decided that the number of Board members remains unchanged at six (6). Mr. Andreas Ahlström, Mr. Björn Borgman, Ms. Nina Linander, Ms. Sari Pajari-Sederholm and Ms. Laura Raitio were re-elected as members of the Board. Mr. Jaakko Eskola was elected as a new member of the Board.

Mr. Jaakko Eskola was elected as the new Chair of the Board of Directors.



Ernst & Young Oy, Authorised Public Accountant firm, was re-elected as the auditor of the company for the next term of office in accordance with the Articles of Association. Ernst & Young Oy appointed Mr. Toni Halonen, Authorised Public Accountant, as the principally responsible auditor of the company.

The AGM authorized the Board of Directors to decide on the repurchase of the company's own shares and to resolve on the issuance of shares and granting of options and the issuance of special rights entitling to shares. The terms and conditions of the authorization are explained later in this interim report.

Suominen published a stock exchange release on March 25, 2021 concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and an introduction of the new Board members can be viewed on Suominen's website at [www.suominen.fi](http://www.suominen.fi).

In compliance with the resolution of the Annual General Meeting, on April 8, 2021 Suominen paid out dividends and return of capital in total of EUR 11.5 million for 2020, corresponding to EUR 0.20 per share.

### **Organizing meeting and permanent committees of the Board of Directors**

In its organizing meeting held after the AGM, the Board of Directors elected Andreas Ahlström as Deputy Chair of the Board.

The Board of Directors elected from among its members the members for the Audit Committee and Personnel and Remuneration Committee. Nina Linander was re-elected as the Chair of the Audit Committee and Andreas Ahlström and Laura Raitio were re-elected as members. Jaakko Eskola was elected as the Chair of the Personnel and Remuneration Committee and Björn Borgman and Sari Pajari-Sederholm were re-elected as members.

### **Authorizations of the Board of Directors**

The Annual General Meeting (AGM) held on March 25, 2021 authorized the Board of Directors to decide on the repurchase a maximum of 400,000 of the company's own shares. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The repurchase authorization shall be valid until June 30, 2022 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 25, 2021 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. New shares may be issued, and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company; or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as, for example, using the shares as consideration in possible acquisitions or other arrangements related to the

company's business, as financing for investments, using shares as part of the company's incentive program or using the shares for disbursing the portion of the Board members' remuneration that is to be paid in shares. The new shares may also be issued without payment to the company itself. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate.

The Board of Directors may grant options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act, which carry the right to receive against payment new shares or own shares held by the company. The right may also be granted to the company's creditor in such a manner that the right is granted on condition that the creditor's receivable is used to set off the subscription price ("Convertible Bond"). However, options and other special rights referred to in Chapter 10, Section 1 of the Companies Act cannot be granted as part of the company's remuneration plan.

The maximum number of new shares that may be subscribed and own shares held by the company that may be conveyed by virtue of the options and other special rights granted by the company is 5,000,000 shares in total which number is included in the maximum number stated above.

The authorizations shall revoke all earlier authorizations regarding share issue and issuance of special rights entitling to shares. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until June 30, 2022.

#### **NOTIFICATIONS UNDER CHAPTER 9, SECTION 5 OF THE SECURITIES MARKET ACT**

During the review period Suominen received no notifications under Chapter 9, Section 5 of the Securities Market Act.

#### **NOMINATION BOARD**

Suominen's three largest registered shareholders Ahlstrom Capital B.V., Oy Etra Invest Ab and Nordea Nordic Small Cap Fund have nominated the following members to the Shareholders' Nomination Board:

- Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by Ahlstrom Capital B.V.;
- Mikael Etola, CEO, Etola-Yhtiöt, as a member appointed by Oy Etra Invest Ab;
- Jukka Perttula, Chair of Board of Directors, Nordea Funds, as a member appointed by Nordea Nordic Small Cap Fund.

Jaakko Eskola, Chair of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. The shareholders entitled to appoint members to the Nomination Board were determined on the basis of the registered holdings in the company's shareholders' register on September 1, 2021.

#### **SHORT TERM RISKS AND UNCERTAINTIES**

The COVID-19 pandemic continues to cause uncertainty in Suominen's business environment. The key risks related to the virus concern the health and safety of Suominen personnel and customers, possible shortages of raw materials and issues linked to logistics, as well as potential closures of customers' or our own plants due to virus infections or authority decisions remain valid at least until there is broad enough vaccination coverage in the countries relevant to Suominen's business.

We have implemented extensive precautions to protect the health and safety of our employees and to ensure business continuity and progress of our strategic projects during the pandemic. We continuously monitor the raw material situation closely and we have identified risk mitigation measures such as utilization of supplementary raw material sources.

The very recent demand slowdown has naturally affected some of our customers. So far we have not experienced significant issues with customer payments and hence we do not see that our customer credit risks would have materially increased. We continue to monitor the financial positions and payment behavior of our customers. The COVID-19 pandemic has not increased Suominen's risk of impairment losses on non-current assets.

Suominen's other risks and uncertainties include, but are not limited to: risks related to manufacturing, competition, raw material prices and availability and customer specific volumes and credits, changes in legislation, political environment or economic conditions and investments, and financial risks.

A more detailed description of risks is available in Suominen's Annual Report 2020 at [suominen.fi/investors](https://suominen.fi/investors).

## **BUSINESS ENVIRONMENT**

Suominen's nonwovens are, for the most part, used in daily consumer goods such as wet wipes as well as in hygiene and medical products. In these target markets of Suominen the general economic situation determines the development of consumer demand even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. In addition, the company operates in the South American markets. The growth in the demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points.

The market expectation is that in the long run the end user demand for wipes will remain above pre-COVID-19 levels. However, towards the end of the second quarter, especially our North American customers started to experience a sudden deceleration of demand, which in combination with extraordinary stockpiling throughout the entire supply chain created an imbalance of inventories. This impacted also Suominen's orders, although in several cases we were able to benefit from our position as the preferred supplier of our customers. The demand started to recover already in late Q3, in some cases even quicker than previously assumed.

In Europe, another specific factor impacting demand has been the earlier uncertainty regarding the final formulation of the Single-Use Plastic Directive (SUPD) that postponed our customers' development projects. Now that the formulation became clear, our orders were affected as converters and retailers sought to sell out their existing stocks.

## **OUTLOOK FOR 2021**

Suominen repeats its outlook for 2021 but in light of the volatility of the markets and Suominen's results, gives further detail on the outlook.

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in the second half of 2021 as well as some continuing volatility in the raw material and transportation markets and will amount to EUR 47–53 million. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

## **CORPORATE GOVERNANCE AND REMUNERATION REPORT**

Suominen has prepared a separate Corporate Governance Statement and a Remuneration Report for 2020, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. The statements also cover other central areas of corporate governance. The statements have been published on Suominen's website, separately from the Report of the Board of Directors, at [www.suominen.fi](http://www.suominen.fi)

## **AUDIOCAST AND CONFERENCE CALL**

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the result in English in an audiocast for analyst, investors and media on October 28 at 11:00 a.m. (EEST). The audiocast can be followed at <https://suominen.videosync.fi/2021-q3-results>. The recording of the audiocast and the presentation material will be available after the event at [www.suominen.fi](http://www.suominen.fi).

Conference call participants are requested to dial on:

Sweden: +46 856642651

United Kingdom: +44 3333000804

United States: +1 6319131422

The confirmation code for joining the conference call is 25932019#.

## **NEXT FINANCIAL REPORT**

Suominen Corporation will publish its Financial Statements Release 2021 on February 3, 2022 approximately at 9:30 a.m. (EET)

## **SUOMINEN GROUP JANUARY 1 – SEPTEMBER 30, 2021**

The figures in this interim report are mainly presented in EUR thousands. As a result of rounding differences, the figures presented in the tables do not necessarily add up to total.

This interim report has not been audited.

This interim report has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting. The principles for preparing the interim report are the same as those used for preparing the consolidated financial statements for 2020, with the exception of the effect of the new accounting standards and interpretations which have been applied from 1.1.2021.

The new or amended standards or interpretations applicable from 1.1.2021 are not material for Suominen Group.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	30.9.2021	30.9.2020	31.12.2020
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	15,496	15,496	15,496
Intangible assets	14,320	17,613	16,748
Property, plant and equipment	113,162	106,082	104,666
Right-of-use assets	16,344	14,309	17,784
Loan receivables	–	3,650	3,978
Equity instruments	421	777	768
Other non-current receivables	71	69	73
Deferred tax assets	1,299	2,647	4,034
<b>Total non-current assets</b>	<b>161,112</b>	<b>160,642</b>	<b>163,548</b>
<b>Current assets</b>			
Inventories	50,714	37,977	35,431
Trade receivables	52,959	53,671	51,128
Loan receivables	–	3,256	3,476
Other current receivables	5,615	5,693	5,675
Assets for current tax	2,855	3,652	247
Cash and cash equivalents	103,182	48,742	57,877
<b>Total current assets</b>	<b>215,325</b>	<b>152,991</b>	<b>153,833</b>
<b>Total assets</b>	<b>376,437</b>	<b>313,633</b>	<b>317,381</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	75,692	81,361	81,361
Treasury shares	–	-44	-44
Fair value and other reserves	-7	2	-7
Exchange differences	-7,801	-8,131	-13,933
Retained earnings	55,257	34,344	41,962
<b>Total equity attributable to owners of the parent</b>	<b>159,682</b>	<b>144,074</b>	<b>145,882</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities	14,006	13,444	13,320
Liabilities from defined benefit plans	662	769	774
Non-current provisions	1,885	1,665	1,797
Non-current lease liabilities	13,706	10,914	14,892
Other non-current liabilities	4	17	17

Debentures	<b>132,857</b>	82,563	82,862
Total non-current liabilities	<b>163,119</b>	109,372	113,662
<b>Current liabilities</b>			
Current provisions	–	–	250
Current lease liabilities	<b>2,723</b>	2,817	2,539
Liabilities for current tax	<b>1,018</b>	787	415
Trade payables and other current liabilities	<b>49,894</b>	56,584	54,634
Total current liabilities	<b>53,636</b>	60,188	57,838
<b>Total liabilities</b>	<b>216,755</b>	169,559	171,499
<b>Total equity and liabilities</b>	<b>376,437</b>	313,633	317,381

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousand	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Net sales</b>	<b>98,654</b>	115,435	<b>327,634</b>	347,808	458,893
Cost of goods sold	<b>-93,182</b>	-95,751	<b>-285,220</b>	-295,320	-389,123
<b>Gross profit</b>	<b>5,472</b>	19,684	<b>42,414</b>	52,488	69,770
Other operating income	<b>696</b>	694	<b>2,404</b>	2,031	2,584
Sales, marketing and administration expenses	<b>-6,034</b>	-6,450	<b>-19,562</b>	-20,740	-27,946
Research and development expenses	<b>-678</b>	-807	<b>-1,872</b>	-2,131	-2,767
Other operating expenses	<b>-298</b>	-215	<b>-317</b>	-685	-2,150
<b>Operating profit</b>	<b>-842</b>	12,907	<b>23,067</b>	30,962	39,492
Net financial expenses	<b>-969</b>	-1,761	<b>684</b>	-5,518	-5,582
<b>Profit before income taxes</b>	<b>-1,811</b>	11,146	<b>23,751</b>	25,444	33,910
Income taxes	<b>112</b>	-270	<b>-5,554</b>	-2,622	-3,794
<b>Profit for the period</b>	<b>-1,699</b>	10,877	<b>18,197</b>	22,822	30,116
<b>Earnings per share, EUR</b>					
Basic	<b>-0.03</b>	0.19	<b>0.32</b>	0.40	0.52
Diluted	<b>-0.03</b>	0.19	<b>0.31</b>	0.40	0.52

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	7-9/2021	7-9/2020	1-9/2021	1-9/2020	1-12/2020
<b>Profit for the period</b>	<b>-1,699</b>	10,877	<b>18,197</b>	22,822	30,116
<b>Other comprehensive income:</b>					

**Other comprehensive income that will be subsequently reclassified to profit or loss**

Exchange differences	1,968	-5,976	6,691	-9,252	-15,504
Reclassified to profit or loss	-	-	-	-327	-327
Income taxes related to other comprehensive income	-255	447	-559	479	929
<b>Total</b>	<b>1,713</b>	<b>-5,529</b>	<b>6,132</b>	<b>-9,100</b>	<b>-14,902</b>
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>					
Fair value changes of equity instruments	-	-	-	-	-8
Remeasurements of defined benefit plans	-	-	-	-	-10
Income taxes related to other comprehensive income	-	-	-	-	3
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-15</b>
<b>Total other comprehensive income</b>	<b>1,713</b>	<b>-5,529</b>	<b>6,132</b>	<b>-9,100</b>	<b>-14,917</b>
<b>Total comprehensive income for the period</b>	<b>14</b>	<b>5,347</b>	<b>24,329</b>	<b>13,722</b>	<b>15,199</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2021</b>	<b>11,860</b>	<b>24,681</b>	<b>81,361</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	90	44
Dividends and return of capital	-	-	-5,759	-
<b>Equity 30.9.2021</b>	<b>11,860</b>	<b>24,681</b>	<b>75,692</b>	<b>-</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2021</b>	<b>-13,933</b>	<b>-7</b>	<b>41,962</b>	<b>145,882</b>
Profit for the period	-	-	18,197	18,197
Other comprehensive income	6,132	-	-	6,132
<b>Total comprehensive income</b>	<b>6,132</b>	<b>-</b>	<b>18,197</b>	<b>24,329</b>
Share-based payments	-	-	900	900
Conveyance of treasury shares	-	-	-44	90
Dividends and return of capital	-	-	-5,759	-11,519
<b>Equity 30.9.2021</b>	<b>-7,801</b>	<b>-7</b>	<b>55,257</b>	<b>159,682</b>

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	92	-
Dividends paid	-	-	-	-
<b>Equity 30.9.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,361</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2020</b>	<b>707</b>	<b>264</b>	<b>13,715</b>	<b>132,452</b>
Profit for the period	-	-	22,822	22,822
Other comprehensive income	-8,838	-262	-	-9,100
<b>Total comprehensive income</b>	<b>-8,838</b>	<b>-262</b>	<b>36,537</b>	<b>13,722</b>
Share-based payments	-	-	684	684
Conveyance of treasury shares	-	-	-	92
Dividends paid	-	-	-2,876	-2,876
<b>Equity 30.9.2020</b>	<b>-8,131</b>	<b>2</b>	<b>34,344</b>	<b>144,074</b>



EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	92	-
Dividends paid	-	-	-	-
<b>Equity 31.12.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,361</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2020</b>	<b>707</b>	<b>264</b>	<b>13,715</b>	<b>132,452</b>
Profit for the period	-	-	30,116	30,116
Other comprehensive income	-14,640	-270	-7	-14,917
<b>Total comprehensive income</b>	<b>-14,640</b>	<b>-270</b>	<b>30,109</b>	<b>15,199</b>
Share-based payments	-	-	1,015	1,015
Conveyance of treasury shares	-	-	-	92
Dividends paid	-	-	-2,876	-2,876
<b>Equity 31.12.2020</b>	<b>-13,933</b>	<b>-7</b>	<b>41,962</b>	<b>145,882</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-9/2021	1-9/2020	1-12/2020
<b>Cash flow from operations</b>			
Profit for the period	<b>18,197</b>	22,822	30,116
Total adjustments to profit for the period	<b>20,919</b>	25,672	34,626
Cash flow before changes in net working capital	<b>39,116</b>	48,494	64,742
Change in net working capital	<b>-23,203</b>	-2,251	-1,023
Financial items	<b>-2,272</b>	-3,224	-4,289
Income taxes	<b>-5,449</b>	-3,882	-2,438
<b>Cash flow from operations</b>	<b>8,192</b>	39,137	56,991

**Cash flow from investments**

Investments in property, plant and equipment and intangible assets	<b>-13,609</b>	-6,474	-10,885
Sales proceeds from property, plant and equipment and intangible assets	<b>4</b>	-	12
Sales proceeds sale of equity investments	<b>2,123</b>	-	-
<b>Cash flow from investments</b>	<b>-11,482</b>	-6,474	-10,873

**Cash flow from financing**

Drawdown of non-current interest-bearing liabilities	<b>50,000</b>	-	-
Issuance costs of the bonds	<b>-939</b>	-	-
Drawdown of current interest-bearing liabilities	-	15,000	15,000
Repayment of current interest-bearing liabilities	<b>-1,998</b>	-31,316	-31,968
Repayment in loan receivables	<b>9,301</b>	-	-
Dividends and return of capital paid	<b>-11,520</b>	-2,876	-2,876
<b>Cash flow from financing</b>	<b>44,845</b>	-19,192	-19,845

**Change in cash and cash equivalents** **41,555** 13,471 26,274

Cash and cash equivalents at the beginning of the period	<b>57,877</b>	37,741	37,741
Effect of changes in exchange rates	<b>3,750</b>	-2,470	-6,138
Change in cash and cash equivalents	<b>41,555</b>	13,471	26,274
<b>Cash and cash equivalents at the end of the period</b>	<b>103,182</b>	48,742	57,877

**KEY RATIOS**

	<b>7-9/ 2021</b>	7-9/ 2020	<b>1-9/ 2021</b>	1-9/ 2020	1-12/ 2020
Change in net sales, % *	<b>-14.5</b>	11.7	<b>-5.8</b>	9.7	11.5
Gross profit, as percentage of net sales, %	<b>5.5</b>	17.1	<b>12.9</b>	15.1	15.2
Comparable EBITDA, as percentage of net sales, %	<b>4.3</b>	15.7	<b>11.6</b>	13.6	13.3
Operating profit, as percentage of net sales, %	<b>-0.9</b>	11.2	<b>7.0</b>	8.9	8.6
Net financial items, as percentage of net sales, %	<b>-1.0</b>	-1.5	<b>0.2</b>	-1.6	-1.2
Profit before income taxes, as percentage of net sales, %	<b>-1.8</b>	9.7	<b>7.2</b>	7.3	7.4
Profit for the period, as percentage of net sales, %	<b>-1.7</b>	9.4	<b>5.6</b>	6.6	6.6
Gross capital expenditure, EUR thousand	<b>3,343</b>	2,411	<b>14,016</b>	4,867	10,406

Depreciation and amortization, EUR thousand	<b>5,082</b>	5,200	<b>14,984</b>	16,416	21,432
Return on equity, rolling 12 months, %	–	–	<b>16.7</b>	15.7	21.6
Return on invested capital, rolling 12 months, %	–	–	<b>11.8</b>	13.8	16.7
Equity ratio, %	–	–	<b>42.5</b>	46.0	46.0
Gearing, %	–	–	<b>30.2</b>	29.9	25.4
Average number of personnel	–	–	<b>709</b>	687	689
Earnings per share, EUR, basic	<b>-0.03</b>	0.19	<b>0.32</b>	0.40	0.52
Earnings per share, EUR, diluted	<b>-0.03</b>	0.19	<b>0.31</b>	0.40	0.52
Cash flow from operations per share, EUR	<b>-0.16</b>	0.35	<b>0.14</b>	0.68	0.99
Equity per share, EUR	–	–	<b>2.77</b>	2.50	2.53
Number of shares, end of period, excluding treasury shares	–	–	<b>57,624,558</b>	57,568,341	57,568,341
Share price, end of period, EUR	–	–	<b>4.41</b>	4.95	5.08
Share price, period low, EUR	–	–	<b>4.37</b>	2.00	2.00
Share price, period high, EUR	–	–	<b>6.41</b>	5.36	5.36
Volume weighted average price during the period, EUR	–	–	<b>5.57</b>	3.66	4.29
Market capitalization, EUR million	–	–	<b>254.1</b>	285.0	292.4
Number of traded shares during the period	–	–	<b>15,570,116</b>	6,483,441	12,937,753
Number of traded shares during the period, % of average number of shares	–	–	<b>27.0</b>	11.3	22.5

\* Compared with the corresponding period in the previous year.

	<b>30.9.2021</b>	30.9.2020	31.12.2020
<b>Interest-bearing net debt, EUR thousands</b>			
Non-current interest-bearing liabilities, nominal value	<b>148,706</b>	95,914	99,892
Current interest-bearing liabilities, nominal value	<b>2,723</b>	2,817	2,539
Interest-bearing receivables and cash and cash equivalents	<b>-103,182</b>	-55,648	-65,331
<b>Interest-bearing net debt</b>	<b>48,247</b>	43,084	37,101

## CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

Key ratios per share are either IFRS key ratios (earnings per share) or required by Ordinance of the Ministry of Finance in Finland or alternative performance measures (cash flow from operations per share).

Some of the other key ratios Suominen publishes are alternative performance measures. An alternative performance measure is a key ratio which has not been defined in IFRS standards. Suominen believes that the use of alternative performance measures provides useful information for example to investors regarding the Group's financial and operating performance and makes it easier to make comparisons between the reporting periods.

The link between the components of the key ratios per share and the consolidated financial statements is presented in the consolidated financial statements of 2020. The link between the components of the alternative performance measures and the consolidated financial statements is presented in Suominen's Annual Report for 2020.

### Calculation of key ratios per share

#### Earnings per share

$$\text{Basic earnings per share (EPS)} = \frac{\text{Profit for the period adjusted with interest on hybrid bond, net of tax}}{\text{Share-issue adjusted average number of shares excluding treasury shares}}$$

$$\text{Diluted earnings per share (EPS)} = \frac{\text{Profit for the period}}{\text{Average diluted share-issue adjusted number of shares excluding treasury shares}}$$

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Profit for the period	18,197	22,822	30,116

Average share-issue adjusted number of shares	57,601,008	57,543,631	57,549,842
Average diluted share-issue adjusted number of shares excluding treasury shares	58,019,324	57,727,013	57,796,591

#### Earnings per share

EUR			
Basic	0.32	0.40	0.52
Diluted	0.31	0.40	0.52

### Cash flow from operations per share

$$\text{Cash flow from operations per share} = \frac{\text{Cash flow from operations}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$$

	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Cash flow from operations, EUR thousand	8,192	39,137	56,991
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,624,558	57,568,341	57,568,341
Cash flow from operations per share, EUR	0.14	0.68	0.99

### Equity per share

$$\text{Equity per share} = \frac{\text{Total equity}}{\text{Share-issue adjusted number of shares excluding treasury shares, end of reporting period}}$$

	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Total equity attributable to owners of the parent, EUR thousand	159,682	144,074	145,882
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,624,558	57,568,341	57,568,341
Equity per share, EUR	2.77	2.50	2.53

### Market capitalization

$$\text{Market capitalization} = \text{Number of shares at the end of reporting period excluding treasury shares} \times \text{share price at the end of period}$$

	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Number of shares at the end of reporting period excluding treasury shares	57,624,558	57,568,341	57,568,341
Share price at end of the period, EUR	4.41	4.95	5.08
Market capitalization, EUR million	254.1	285.0	292.4

### Share turnover

Share turnover = The proportion of number of shares traded during the period to weighted average number of shares excluding treasury shares

	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Number of shares traded during the period	15,570,116	6,483,441	12,937,753
Average number of shares excluding treasury shares	57,601,008	57,543,631	57,549,842
Share turnover, %	27.0	11.3	22.5

### Calculation of key ratios and alternative performance measures

#### Operating profit and comparable operating profit

Operating profit (EBIT) = Profit before income taxes + net financial expenses

Comparable operating profit (EBIT) = Profit before income taxes + net financial expenses, adjusted with items affecting comparability

In order to improve the comparability of result between reporting periods, Suominen presents comparable operating profit as an alternative performance measure. Operating profit is adjusted with material items that are considered to affect comparability between reporting periods. These items include, among others, impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs. Suominen did not have any items affecting comparability in 2021 or 2020

#### EBITDA and comparable EBITDA

EBITDA = EBIT + depreciation, amortization and impairment losses

Comparable EBITDA = EBIT + depreciation, amortization and impairment losses, adjusted with items affecting comparability

EUR thousand	<b>30.9.2021</b>	<b>30.9.2020</b>	<b>31.12.2020</b>
Operating profit	23,067	30,962	39,492
+ Depreciation, amortization and impairment losses	14,984	16,416	21,432
EBITDA	38,051	47,378	60,924

### Gross capital expenditure

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Increases in intangible assets	122	283	306
Increases in property, plant and equipment	13,894	4,583	10,100
Gross capital expenditure	14,016	4,867	10,406

### Interest-bearing net debt

It is the opinion of Suominen that presenting interest-bearing liabilities not only at amortized cost but also at nominal value gives relevant additional information to the investors.

Interest-bearing net debt = Interest-bearing liabilities at nominal value - interest-bearing receivables - cash and cash equivalents

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Interest-bearing liabilities	149,286	96,295	100,293
Tender and issuance costs of the debentures	2,143	2,437	2,138
Interest bearing receivables	-	-6,905	-7,454
Cash and cash equivalents	-103,182	-48,742	-57,877
Interest-bearing net debt	48,247	43,084	37,101

Interest-bearing liabilities	149,286	96,295	100,293
Tender and issuance costs of the debentures	2,143	2,437	2,138
Nominal value of interest-bearing liabilities	151,429	98,731	102,431

### Return on equity (ROE), %

Return on equity (ROE), % =  $\frac{\text{Profit for the reporting period (rolling 12 months)} \times 100}{\text{Total equity (quarterly average)}}$

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Profit for the reporting period (rolling 12 months)	25,491	21,627	30,116
Total equity attributable to owners of the parent 30.9.2020 / 30.9.2019 / 31.12.2019	144,074	136,871	132,452
Total equity attributable to owners of the parent 31.12.2020 / 31.12.2019 / 31.3.2020	145,882	132,452	135,868
Total equity attributable to owners of the parent 31.3.2021 / 31.3.2020 / 30.6.2020	152,227	135,868	138,551
Total equity attributable to owners of the parent 30.6.2021 / 30.6.2020 / 30.9.2020	159,386	138,551	144,074

Total equity attributable to owners of the parent 30.9.2021 / 30.9.2020 / 31.12.2020	159,682	144,074	145,882
Average	152,250	137,563	139,365
Return on equity (ROE), %	16.7	15.7	21.6

### Invested capital

Invested capital = Total equity + interest-bearing liabilities

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Total equity attributable to owners of the parent	159,682	144,074	145,882
Interest-bearing liabilities	149,286	96,295	100,293
Invested capital	308,968	240,368	246,175

### Return on invested capital (ROI), %

Return on invested capital (ROI), % = 
$$\frac{\text{Operating profit} + \text{financial income (rolling 12 months)}}{\text{Invested capital, quarterly average}} \times 100$$

Financial income does not include fair value changes of assets at fair value through profit or loss.

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Operating profit (rolling 12 months)	31,596	32,367	39,492
Financial income (rolling 12 months)	476	942	925
Total	32,073	33,310	40,416
Invested capital 30.9.2020 / 30.9.2019 / 31.12.2019	240,368	246,660	241,615
Invested capital 31.12.2021 / 31.12.2019 / 31.3.2020	246,175	241,615	240,761
Invested capital 31.3.2021 / 31.3.2020 / 30.6.2020	252,608	240,761	238,195
Invested capital 30.6.2021 / 30.6.2020 / 30.9.2020	308,615	238,195	240,368
Invested capital 30.9.2021 / 30.9.2020 / 31.12.2020	308,968	240,368	246,175
Average	271,347	241,520	241,423
Return on invested capital (ROI), %	11.8	13.8	16.7



**Equity ratio, %**

$$\text{Equity ratio, \%} = \frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$$

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Total equity attributable to owners of the parent	159,682	144,074	145,882
Total assets	376,437	313,633	317,381
Advances received	-430	-248	-23
	376,008	313,385	317,358
Equity ratio, %	42.5	46.0	46.0

**Gearing, %**

$$\text{Gearing, \%} = \frac{\text{Interest-bearing net debt} \times 100}{\text{Total equity}}$$

EUR thousand	30.9.2021	30.9.2020	31.12.2020
Interest-bearing net debt	48,247	43,084	37,101
Total equity attributable to owners of the parent	159,682	144,074	145,882
Gearing, %	30.2	29.9	25.4

**NET SALES BY GEOGRAPHICAL MARKET AREA**

EUR thousand	1-9/2021	1-9/2020	1-12/2020
Finland	<b>2,087</b>	2,473	3,180
Rest of Europe	<b>124,512</b>	115,215	156,060
North and South America	<b>199,523</b>	227,180	295,975
Rest of the world	<b>1,512</b>	2,941	3,678
Total	<b>327,634</b>	347,808	458,893

**QUARTERLY SALES DEVELOPMENT BY BUSINESS AREA**

EUR thousand	2021			2020			
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Americas	57,048	67,402	71,904	66,829	71,947	77,162	73,170
Europe	41,634	46,251	43,432	44,276	43,542	45,047	37,054
Unallocated exchange differences and eliminations	-28	-6	-2	-19	-54	-38	-21
Total	98,654	113,647	115,333	111,086	115,435	122,170	110,203

**QUARTERLY DEVELOPMENT**

EUR thousand	2021			2020			
	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	98,654	113,647	115,333	111,086	115,435	122,170	110,203
Comparable EBITDA	4,240	15,277	18,534	13,546	18,107	17,989	11,282
as % of net sales	4.3	13.4	16.1	12.2	15.7	14.7	10.2
EBITDA	4,240	15,277	18,534	13,546	18,107	17,989	11,282
as % of net sales	4.3	13.4	16.1	12.2	15.7	14.7	10.2
Items affecting comparability	-	-	-	-	-	-	-
Operating profit	-842	10,317	13,592	8,530	12,907	12,391	5,664
as % of net sales	-0.9	9.1	11.8	7.7	11.2	10.1	5.1
Net financial items	-969	-1,613	3,266	-64	-1,761	-1,813	-1,945
Profit before income taxes	-1,811	8,704	16,858	8,466	11,146	10,579	3,719
as % of net sales	-1.8	7.7	14.6	7.6	9.7	8.7	3.4

**RELATED PARTY INFORMATION**

The related parties of Suominen include the members of the Board of Directors, President & CEO and the members of the Executive Team as well as their family members and their controlled companies. In addition, shareholders who have a significant influence in Suominen through share ownership are included in related parties. Suominen has no associated companies.

In its transactions with related parties Suominen follows the same commercial terms as in transactions with third parties.

The Annual General Meeting held on March 25, 2021 resolved that 40% of the annual remuneration for the Board of Directors is paid in Suominen Corporation's shares. The number of shares transferred to the members of the Board of Directors as their remuneration payable in shares for 2021 was 16,042 shares. The shares were transferred on May 31, 2021 and the value of the transferred shares totaled EUR 90,445.

One of Suominen's share-based plans vested and shares were transferred to the participants of the plan in February. The President & CEO received 12,002 shares, and the value of the shares and portion settled in cash totaled EUR 128 thousand. The number of the shares transferred to other members of the Executive Team was 14,742 shares. The value of the shares and the portion settled in cash was EUR 146 thousand.

In accordance with the terms and conditions of the matching restricted share plan 2019, Suominen Corporation transferred a total of 9,352 shares without consideration to the participants of the plan's vesting period 2020-2021. Of the total number of transferred shares, 4,676 shares were transferred to President & CEO Petri Helsky and 4,676 shares to another member of the Executive Team.

**CHANGES IN PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS**

EUR thousand	30.9.2021		30.9.2020		31.12.2020	
	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	<b>104,666</b>	<b>16,748</b>	121,584	20,020	121,584	20,020
Capital expenditure and increases	<b>13,894</b>	<b>122</b>	4,583	283	10,100	306
Disposals and decreases	-	-	0	-	0	-
Depreciation, amortization and impairment losses	<b>-9,969</b>	<b>-2,615</b>	-11,077	-2,675	-14,354	-3,549
Exchange differences and other changes	<b>4,571</b>	<b>65</b>	-9,008	-15	-12,664	-29
Carrying amount at the end of the period	<b>113,162</b>	<b>14,320</b>	106,082	17,613	104,666	16,748

Goodwill is not included in intangible assets.

EUR thousand	30.9.2021	30.9.2020	31.12.2020
	Right-of-use assets	Right-of-use assets	Right-of-use assets
Carrying amount at the beginning of the period	<b>17,784</b>	14,319	14,319
Increases	<b>599</b>	2,852	7,410
Disposals and decreases	<b>-59</b>	-9	-80
Depreciation, amortization and impairment losses	<b>-2,399</b>	-2,664	-3,530
Exchange differences and other changes	<b>419</b>	-190	-335
Carrying amount at the end of the period	<b>16,344</b>	14,309	17,784

**CHANGES IN INTEREST-BEARING LIABILITIES**

EUR thousand	1-9/2021	1-9/2020	1-12/2020
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>100,293</b>	109,163	109,163
Current liabilities at the beginning of the period	<b>2,539</b>	16,986	16,986
Repayment of current liabilities, cash flow items	<b>-1,998</b>	-31,316	-31,968
Drawdown of current liabilities, cash flow items	-	15,000	15,000

Increases in current liabilities, non-cash flow items	<b>226</b>	201	276
Decreases of current liabilities, non-cash flow items	<b>-41</b>	-291	-625
Reclassification from non-current liabilities	<b>1,936</b>	2,309	3,001
Exchange rate difference, non-cash flow item	<b>61</b>	-72	-130
<b>Current liabilities at the end of the period</b>	<b>2,723</b>	2,817	2,539
<b>Non-current liabilities at the beginning of the period</b>	<b>14,892</b>	10,464	10,464
Increases in non-current liabilities, non-cash flow items	<b>380</b>	2,929	7,744
Decreases of non-current liabilities, non-cash flow items	<b>-29</b>	-	-3
Reclassification to current liabilities	<b>-1,936</b>	-2,309	-3,001
Exchange rate difference, non-cash flow item	<b>399</b>	-169	-312
<b>Non-current liabilities at the end of the period</b>	<b>13,706</b>	10,914	14,892
<b>Non-current debentures at the beginning of the period</b>	<b>82,862</b>	81,714	81,714
Increases in debentures	<b>50,000</b>	-	-
Periodization of debentures to amortized cost, non-cash flow items	<b>933</b>	850	1,148
Tender and issuance costs of the debentures, cash flow items	<b>-939</b>	-	-
<b>Non-current debentures at the end of the period</b>	<b>132,857</b>	82,564	82,862
<b>Total interest-bearing liabilities at the end of the period</b>	<b>149,286</b>	96,294	100,293

## CONTINGENT LIABILITIES

EUR thousands	<b>30.9.2021</b>	30.9.2020	31.12.2020
<b>Other commitments</b>			
Leasing commitments	<b>101</b>	135	104
Contractual commitments to acquire property, plant and equipment	<b>1,883</b>	4,872	6,586
Commitments to leases not yet commenced	<b>251</b>	-	34
<b>Guarantees</b>			
On own behalf	<b>3,967</b>	8,083	4,317
Other own commitments	<b>26,911</b>	28,055	33,452
	<b>30,878</b>	36,137	37,769

## NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

EUR thousand	<b>30.9.2021</b>		<b>30.9.2020</b>		<b>31.12.2020</b>	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts						

Hedge accounting not applied      1,917      -43 |      3,965      -12 |      2,991      60

## FINANCIAL ASSETS BY CATEGORY

- a. Fair value through profit or loss
- b. Financial assets at amortized cost
- c. Financial assets at fair value through other comprehensive income
- d. Carrying amount
- e. Fair value

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	-	-	421	421	421
Trade receivables	-	52,959	-	52,959	52,959
Derivative receivables	5	-	-	5	5
Interest and other financial receivables	-	284	-	284	284
Cash and cash equivalents	-	103,182	-	103,182	103,182
<b>Total 30.9.2021</b>	<b>5</b>	<b>156,426</b>	<b>421</b>	<b>156,851</b>	<b>156,851</b>

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	347	-	421	768	768
Loan receivables	3,476	3,978	-	7,454	7,454
Trade receivables	-	51,128	-	51,128	51,128
Derivative receivables	61	-	-	61	61
Interest and other financial receivables	-	378	-	378	378
Cash and cash equivalents	-	57,877	-	57,877	57,877
<b>Total 31.12.2020</b>	<b>3,885</b>	<b>113,360</b>	<b>421</b>	<b>117,666</b>	<b>117,666</b>

Principles in estimating fair value of financial assets for 2021 are the same as those used for preparing the consolidated financial statements for 2020.

## FINANCIAL LIABILITIES

EUR thousand	30.9.2021			31.12.2020		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value

**Non-current financial liabilities**

Debentures	132,857	136,738	135,000	82,862	87,661	85,000
Lease liabilities	13,706	13,706	13,706	14,892	14,892	14,892
<b>Total non-current financial liabilities</b>	<b>146,562</b>	<b>150,444</b>	<b>148,706</b>	<b>97,754</b>	<b>102,553</b>	<b>99,892</b>

**Current financial liabilities**

Lease liabilities	2,723	2,723	2,723	2,539	2,539	2,539
Interest accruals	2,353	2,353	2,353	522	522	522
Derivative liabilities	47	47	47	1	1	1
Other current liabilities	679	679	679	552	552	552
Trade payables	36,158	36,158	36,158	42,024	42,024	42,024
<b>Total current financial liabilities</b>	<b>41,961</b>	<b>41,961</b>	<b>41,961</b>	<b>45,639</b>	<b>45,639</b>	<b>45,639</b>

<b>Total</b>	<b>188,523</b>	<b>192,405</b>	<b>190,667</b>	143,393	148,191	145,531
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Principles in estimating fair value for financial liabilities for 2021 are the same as those used for preparing the consolidated financial statements for 2020.

**FAIR VALUE MEASUREMENT HIERARCHY**

EUR thousands	Level 1	Level 2	Level 3
<b>Financial assets and liabilities at fair value</b>			
Currency forward contracts, receivables	-	5	-
Equity instruments	-	-	421
<b>Total</b>	<b>-</b>	<b>5</b>	<b>421</b>
<b>Derivatives at fair value</b>			
Currency forward contracts, liabilities	-	-47	-
<b>Total</b>	<b>-</b>	<b>-47</b>	<b>-</b>

Principles in estimating fair value of financial assets and their hierarchies for 2021 are the same as those used for preparing the consolidated financial statements for 2020.

There were no transfers in the fair value measurement hierarchy levels during the reporting period.

SUOMINEN CORPORATION  
Board of Directors

For additional information, please contact:  
Petri Helsky, President & CEO, tel. +358 (0)10 214 3080  
Toni Tamminen, CFO, tel. +358 (0)10 214 3051

*Suominen manufactures nonwovens as roll goods for wipes and other applications. Our vision is to be the frontrunner for nonwovens innovation and sustainability. The end products made of Suominen's nonwovens are present in people's daily life worldwide. Suominen's net sales in 2020 were EUR 458.9 million and we have nearly 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at [www.suominen.fi](http://www.suominen.fi).*

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