

Q1 | INTERIM REPORT

JANUARY 1 – MARCH 31, 2023



Suominen Corporation's Interim Report on May 4, 2023 at 9:30 a.m. (EEST)

Suominen Corporation's Interim Report for January 1 – March 31, 2023:

Challenging start for the year, despite market uncertainty outlook unchanged

KEY FIGURES	1-3/ 2023	1-3/ 2022	1-12/ 2022
Net sales, EUR million	116.8	110.3	493.3
Comparable EBITDA, EUR million	2.6	3.3	15.3
Comparable EBITDA, %	2.3	3.0	3.1
EBITDA, EUR million	2.6	3.3	14.3
EBITDA, %	2.3	3.0	2.9
Comparable operating profit, EUR million	-2.0	-1.3	-4.2
Comparable operating profit, %	-1.7	-1.2	-0.8
Operating profit, EUR million	-2.1	-1.3	-9.0
Operating profit, %	-1.8	-1.2	-1.8
Profit for the period, EUR million	-3.9	-2.3	-13.9
Cash flow from operations, EUR million	3.3	-2.7	14.0
Cash flow from operations per share, EUR	0.06	-0.05	0.24
Earnings per share, basic, EUR	-0.07	-0.04	-0.24
Return on invested capital, rolling 12 months, %	-4.7	6.1	-4.2
Gearing, %	39.1	35.0	37.4

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

January–March 2023 in brief:

- Net sales increased by 6% and amounted to EUR 116.8 million (110.3)
- Comparable EBITDA declined to EUR 2.6 million (3.3)
- Cash flow from operations was EUR 3.3 million (-2.7)

Outlook for 2023

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2023 will increase from 2022. In 2022, Suominen's comparable EBITDA was EUR 15.3 million.

Tommi Björnman, President & CEO:

“For Suominen the beginning of 2023 has been challenging. Even though the raw material prices started to decline in the first quarter of 2023, they are still significantly higher than in the comparison period. Our net sales were EUR 116.8 million (110.3) in the first quarter. Sales prices increased and sales volumes were at the same level as in the comparison period despite the strikes in the Finnish ports and at our Mozzate plant in Italy.

Our quarterly EBITDA declined to EUR 2.6 million (3.3). Our raw material costs increased more than the sales prices which react to the cost increases with a lag due to our price mechanism.

In January 2023 we started a consultation procedure regarding a plan to permanently close manufacturing at our Mozzate plant in Italy. The consultation procedure has now been concluded and the production at Mozzate ended in April 2023.

As the frontrunner in sustainable nonwovens Suominen organized a Sustainability & New Fiber Seminar in Nakkila at end of February 2023. The Seminar gathered around fifty participants from across the nonwoven production value chain and received excellent feedback. Our innovation and sustainability work was also recognized as our HYDRASPUN® Circula won EDANA’s INDEX™23 Award at INDEX™23 exhibition showcasing how innovation and sustainability are driving the nonwovens industry forward.

The near future continues to look challenging and the competition is fierce. The market remains unstable, and the same applies to raw material, energy and freight costs. However, we are more optimistic about the second half of the year. The raw material prices declined in Q1/2023 from the previous quarter (Q4/2022) and we are seeing signs that the raw material prices remain close to Q1/2023 level in the foreseeable future. It remains to be seen how the current economic climate impacts the end consumer demand and consumer preferences regarding wipes. Historically, the wipes market has been rather steady despite the general economic situation. All in all, we expect that our comparable EBITDA in 2023 will increase from 2022.

I am happy to join Suominen and work together with the team to repositioning the company toward a profitable growth journey.”

NET SALES

In January–March 2023, Suominen’s net sales increased by 6% from the comparison period to EUR 116.8 million (110.3). Sales volumes were on the same level as in Q1/2022 despite the strikes in the Finnish ports and at our Mozzate plant in Italy. Sales prices increased following the higher raw material prices. Currencies impacted net sales positively by EUR 3.4 million.

Suominen has two business areas, Americas and Europe. Net sales of the Americas business area were EUR 75.0 million (61.7) and net sales of the Europe business area were EUR 41.8 million (48.5).

EBITDA, OPERATING PROFIT AND RESULT

EBITDA (earnings before interest, taxes, depreciation and amortization) declined to EUR 2.6 million (3.3). Our raw material costs increased more than the sales prices which react to the cost increases with a lag due to our price mechanism. The positive impact from currencies on EBITDA was EUR 0.1 million.

Comparable operating profit decreased to EUR -2.0 million (-1.3). Operating profit was EUR -2.1 million (-1.3). Items affecting comparability were EUR -0.1 million, consisting of impairment of assets in Italy related to the planned closure of Mozzate production.

Result before income taxes was EUR -3.6 million (-2.2), and result for the reporting period was EUR -3.9 million (-2.3).

FINANCING

The Group's net interest-bearing liabilities at nominal value amounted to EUR 54.8 million (53.8) at the end of the review period. The gearing ratio was 39.1% (35.0%) and the equity ratio 42.5% (39.8%).

In January–March, net financial expenses were EUR -1.5 million (-0.9), or -1.3% (-0.8%) of net sales. Fluctuations in exchange rates increased the net financial items by EUR 0.3 million. In the comparison period the fluctuations in exchange rates decreased the net financial items by EUR 0.7 million.

Cash flow from operations was EUR 3.3 million (-2.7), representing a cash flow per share of EUR 0.06 (-0.05). The improvement in the cash flow from operations was mainly due to the change in net in working capital, as EUR 3.1 million was released from the working capital (in Q1 2022: tied up additional EUR 4.3 million).

CAPITAL EXPENDITURE

The gross capital expenditure totaled EUR 1.5 million (1.8) and was mainly related to normal maintenance investments as well as to the upgrading of one of the production lines in Nakkila, Finland.

Depreciation, amortization for the review period amounted to EUR 4.6 million (4.6) and impairment losses EUR 0.1 million.

PROGRESS IN SUSTAINABILITY

We have strong focus on safety and accident prevention, and our long-term target is to have zero lost time accidents. In the first quarter two LTA's occurred at Suominen sites.

The employee-manager performance and development discussions, conducted in February–March, covered 97% of the white-collar employees. We continue implementing a globally harmonized performance and development process for our blue-collar employees globally.

We are committed to continuously improving our production efficiency and the efficient utilization of natural resources. In the first quarter 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.

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 over 10 sustainable product launches per year.

Suominen reports progress in its sustainability KPIs annually.

As part of our Annual Report 2022 published on March 9, 2023 we reported on the progress of our sustainability performance. Our sustainability reporting in 2022 was done in accordance with the GRI standards and it was assured by an external partner.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

The number of Suominen's registered shares was 58,259,219 shares on March 31, 2023, 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 March 31, 2023 was 346,667 shares, accounting for 0.6% of the average number of shares (excluding treasury shares). The highest price was EUR 3.34, the lowest EUR 2.83 and the volume-weighted average price EUR 3.09. The closing price at the end of review period was EUR 3.03. The market capitalization (excluding treasury shares) was EUR 174.7 million on March 31, 2023.

Treasury shares

On March 31, 2023, Suominen Corporation held 588,709 treasury shares. As a share-based payment plan vested, in total 189,783 shares were transferred to the participants of the plan in February.

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 April 3, 2023 decided that 75% of the annual remuneration of the members of the Board of Directors is paid in cash and 25% in Suominen Corporation's shares.

The shares will be transferred out of the own shares held by the company by the decision of the Board of Directors within two weeks from the date on which the interim report of January–March 2023 of the company is published.

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 detail in the Financial Statements and in the Remuneration Report, available on the company's website www.suominen.fi.

Company's Performance Share Plan currently includes three 3-year performance periods, calendar years 2021–2023, 2022–2024 and 2023–2025. 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	2021–2023	2022–2024	2023–2025
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 2024	Will be paid partly in Suominen shares and partly in cash in spring 2025	Will be paid partly in Suominen shares and partly in cash in spring 2026
Participants	16 people	22 people	24 people
Maximum number of shares	284,500	262,500	778,500

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 number of shares must be held as long as the participant's employment or service in a group company continues.

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.

CHANGES IN THE EXECUTIVE TEAM

Suominen announced on March 30, 2023 that **Tommi Björnman** will start as the President & CEO on April 1, 2023.

Suominen announced on March 6, 2023 that **Janne Silonsaari** was appointed as the CFO and a member of the Executive Team. He will start latest in June 2023.

SHORT TERM RISKS AND UNCERTAINTIES

Regarding the war in Ukraine, the direct impact to Suominen's business is minor as we have no customers nor suppliers in Russia, Belarus or Ukraine. Suominen as a company is mostly affected by the indirect economic impacts of the war.

Suominen's other risks and uncertainties include but are not limited to: risks related to manufacturing, competition, raw material prices and availability, 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 2022 at suominen.fi/investors.

BUSINESS ENVIRONMENT

Suominen's nonwovens are, for the most part, used in daily consumer goods, such as 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 near future continues to look challenging and the competition is fierce. The market remains unstable, and the same applies to raw material, energy and freight costs. However, we are more optimistic about the second half of the year. The raw material prices declined in Q1/2023 from the previous quarter (Q4/2022) and we are seeing signs that the raw material prices remain close to Q1/2023 level in the foreseeable future. It remains to be seen how the current economic climate impacts the end consumer demand and consumer preferences regarding wipes. Historically, the wipes market has been rather steady despite the general economic situation.

OUTLOOK FOR 2023

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2023 will increase from 2022. In 2022, Suominen's comparable EBITDA was EUR 15.3 million.

EVENTS AFTER THE REPORTING PERIOD

Suominen has completed the consultation procedure concerning its plan to permanently close manufacturing at its Mozzate plant in Italy (April 14, 2023)

Suominen announced on January 10, 2023 that it will start consultation with local trade unions regarding a plan to permanently close manufacturing at its Mozzate plant. According to the plan, the production would end during the second quarter of 2023.

Suominen has now completed the consultation procedure. Following the completion of the process, Suominen will move forward with its plan which will lead to closure of manufacturing and termination of employment of 54 employees in Mozzate.

The terminations will incur an approximately EUR 2.3 million one-off expense that will be recognized in the second quarter of 2023.

Annual General Meeting (April 3, 2023)

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2022 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2022. The AGM approved the Remuneration Report for the governing bodies. The AGM also approved the amendment of the company's Articles of Association in such a way that it enables the organization of General Meetings in the future also entirely without a meeting venue as a remote meeting.

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

The AGM confirmed the remuneration of the Board of Directors. The Chair will be paid an annual fee of EUR 70,000 and the Deputy Chair and other Board members an annual fee of EUR 33,000. 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.

75% of the remuneration is paid in cash and 25% 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. Aaron Barsness, Mr. Björn Borgman, Mr. Jaakko Eskola, Ms. Nina Linander were re-elected as members of the Board. Ms. Laura Remes was elected as a new member of the Board.

Mr. Jaakko Eskola was re-elected as the 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 April 3, 2023 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 member can be viewed on Suominen's website at www.suominen.fi.

In compliance with the resolution of the Annual General Meeting, on April 14, 2023 Suominen paid out dividends in total of EUR 5.8 million for 2022, corresponding to EUR 0.10 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 was re-elected as member. Laura Remes was elected as a new member. Jaakko Eskola was re-elected as the Chair of the Personnel and Remuneration Committee and Björn Borgman and Aaron Barsness were re-elected as members.

Authorizations of the Board of Directors

The AGM authorized the Board of Directors to decide on the repurchase a maximum of 1,000,000 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, 2024 and it revokes all earlier authorizations to repurchase company's own shares.

The AGM 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, 2024.

CORPORATE GOVERNANCE STATEMENT AND REMUNERATION REPORT

Suominen has prepared a separate Corporate Governance Statement and a Remuneration Report for 2022, 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

AUDIOCAST AND CONFERENCE CALL

Tommi Björnman, President & CEO, and **Sirpa Koskinen**, Interim CFO, will present the result in English in an audiocast and a conference call for analyst, investors, and media on May 4, 2023 at 11:00

a.m. (EEST). The audiocast can be followed at <https://suominen.videosync.fi/2023-q1/>. The recording of the audiocast and the presentation material will be available after the event at www.suominen.fi.

Conference call participants can access the teleconference by registering at <https://palvelu.flik.fi/teleconference/?id=10010545>. The phone numbers and a conference ID to access the conference will be provided after the registration.

NEXT FINANCIAL REPORT

Suominen Corporation will publish its Half Year Report 2023 on August 9, 2023 approximately at 9:30 a.m. (EEST).

SUOMINEN GROUP 1.1–31.3.2023

The figures in these interim financial statements 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 2022, with the exception of the effect of the new accounting standards and interpretations which have been applied from January 1, 2023.

The new or amended standards or interpretations applicable from January 1, 2023 are not material for Suominen Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	8,798	12,503	9,709
Property, plant and equipment	113,232	116,643	116,195
Right-of-use assets	12,322	15,465	11,902
Equity instruments	421	421	421
Other non-current receivables	73	101	93
Deferred tax assets	544	1,665	693
Total non-current assets	150,886	162,295	154,510
Current assets			
Inventories	55,385	49,005	63,261
Trade receivables	63,172	66,740	66,648
Other current receivables	9,442	9,007	8,857
Assets for current tax	1,108	2,439	662

Cash and cash equivalents	49,681	97,046	49,508
Total current assets	178,788	224,237	188,935
Total assets	329,674	386,532	343,445
Equity and liabilities			
Equity			
Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	75,692	75,692	75,692
Fair value and other reserves	265	80	265
Exchange differences	1,156	-680	2,678
Retained earnings	26,476	41,871	30,740
Total equity attributable to owners of the parent	140,131	153,504	145,916
Liabilities			
Non-current liabilities			
Deferred tax liabilities	10,867	13,421	11,730
Liabilities from defined benefit plans	397	596	424
Non-current provisions	1,970	1,948	1,950
Non-current lease liabilities	11,440	12,917	11,215
Other non-current liabilities	-	1	-
Debentures	49,333	49,181	49,295
Total non-current liabilities	74,007	78,064	74,614
Current liabilities			
Current lease liabilities	3,068	2,882	2,855
Other current interest-bearing liabilities	40,000	-	40,000
Debentures	-	84,368	-
Liabilities for current tax	371	729	289
Trade payables and other current liabilities	72,098	66,985	79,771
Total current liabilities	115,536	154,964	122,915
Total liabilities	189,543	233,028	197,529
Total equity and liabilities	329,674	386,532	343,445

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousand	1-3/2023	1-3/2022	1-12/2022
Net sales	116,793	110,269	493,298
Cost of goods sold	-111,939	-103,687	-474,718
Gross profit	4,854	6,582	18,579
Other operating income	1,101	315	5,739
Sales, marketing and administration expenses	-7,337	-7,255	-28,932
Research and development expenses	-880	-795	-3,503
Other operating expenses	169	-116	-841
Operating profit	-2,093	-1,268	-8,958
Net financial expenses	-1,537	-930	-2,923
Profit before income taxes	-3,630	-2,198	-11,881
Income taxes	-319	-138	-1,983
Profit for the period	-3,949	-2,336	-13,863
Earnings per share, EUR			
Basic	-0.07	-0.04	-0.24
Diluted	-0.07	-0.04	-0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-3/2023	1-3/2022	1-12/2022
Profit for the period	-3,949	-2,336	-13,863
Other comprehensive income:			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Exchange differences	-1,757	5,103	8,873
Income taxes related to other comprehensive income	234	-206	-618
Total	-1,522	4,897	8,255
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	137
Income taxes related to other comprehensive income	-	-	-125
Total	-	-	12

Total other comprehensive income	-1,522	4,897	8,267
Total comprehensive income for the period	-5,472	2,561	-5,596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences
Equity 1.1.2022	11,860	24,681	75,692	2,678
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-1,522
Total comprehensive income	-	-	-	-1,522
Share-based payments	-	-	-	-
Equity 31.3.2023	11,860	24,681	75,692	1,156

EUR thousand	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1.1.2022	265	30,740	145,916
Profit for the period	-	-3,949	-3,949
Other comprehensive income	-	-	-1,522
Total comprehensive income	-	-3,949	-5,472
Share-based payments	-	-314	-314
Equity 31.3.2023	265	26,476	140,131

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences
Equity 1.1.2022	11,860	24,681	75,692	-5,577
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	4,897
Total comprehensive income	-	-	-	4,897
Distribution of dividend	-	-	-	-
Share-based payments	-	-	-	-
Acquisition of treasury shares	-	-	-	-
Transfers	-	-	-	-

Equity 31.3.2022	11,860	24,681	75,692	-680
EUR thousand	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent	
Equity 1.1.2022	-7	56,549	163,199	
Profit for the period	-	-2,336	-2,336	
Other comprehensive income	-	-	4,897	
Total comprehensive income	-	-2,336	2,561	
Distribution of dividend	-	-11,492	-11,492	
Share-based payments	-	-412	-412	
Acquisition of treasury shares	-	-352	-352	
Transfers	87	-87	-	
Equity 31.3.2022	80	41,871	153,504	

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Exchange differences
Equity 1.1.2022	11,860	24,681	75,692	-5,577
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	8,255
Total comprehensive income	-	-	-	8,255
Distribution of dividend	-	-	-	-
Share-based payments	-	-	-	-
Acquisition of treasury shares	-	-	-	-
Conveyance of treasury shares	-	-	-	-
Transfers	-	-	-	-
Equity 31.12.2022	11,860	24,681	75,692	2,678

EUR thousand	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent	
Equity 1.1.2022	-7	56,549	163,199	
Profit for the period	-	-13,863	-13,863	
Other comprehensive income	-	12	8,267	
Total comprehensive income	-	-13,851	-5,596	
Distribution of dividend	-	-11,492	-11,492	

Share-based payments	–	106	106
Acquisition of treasury shares	–	-352	-352
Conveyance of treasury shares	–	52	52
Transfers	272	-272	–
Equity 31.12.2022	265	30,740	145,916

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-3/2023	1-3/2022	1-12/2022
Cash flow from operations			
Profit for the period	-3,949	-2,336	-13,863
Total adjustments to profit for the period	6,229	5,276	28,037
Cash flow before changes in net working capital	2,279	2,941	14,174
Change in net working capital	3,080	-4,313	7,753
Financial items	-1,131	-466	-4,745
Income taxes	-958	-840	-3,156
Cash flow from operations	3,269	-2,679	14,027
Cash flow from investments			
Investments in property, plant and equipment and intangible assets	-1,864	-2,235	-9,764
Sales proceeds from property, plant and equipment and intangible assets	28	–	30
Cash flow from investments	-1,836	-2,235	-9,734
Cash flow from financing			
Drawdown of current interest-bearing liabilities	120,000	–	40,000
Repayment of non-current interest-bearing liabilities	–	–	-85,000
Repayment of current interest-bearing liabilities	-120,780	-709	-3,003
Acquisition of treasury shares	–	-379	-379
Dividends paid	–	–	-11,492
Cash flow from financing	-780	-1,088	-59,875
Change in cash and cash equivalents	653	-6,002	-55,582
Cash and cash equivalents at the beginning of the period	49,508	101,357	101,357
Effect of changes in exchange rates	-479	1,691	3,732
Change in cash and cash equivalents	653	-6,002	-55,582
Cash and cash equivalents at the end of the period	49,681	97,046	49,508

KEY RATIOS

	1-3/ 2023	1-3/ 2022	1-12/ 2022
Change in net sales, % *	5.9	-4.4	11.3
Gross profit, as percentage of net sales, %	4.2	6.0	3.8
Comparable EBITDA, as percentage of net sales, %	2.3	3.0	3.1
EBITDA, as percentage of net sales, %	2.3	3.0	2.9
Comparable operating profit, as percentage of net sales, %	-1.7	-1.2	-0.8
Operating profit, as percentage of net sales, %	-1.8	-1.2	-1.8
Net financial items, as percentage of net sales, %	-1.3	-0.8	-0.6
Profit before income taxes, as percentage of net sales, %	-3.1	-2.0	-2.4
Profit for the period, as percentage of net sales, %	-3.4	-2.1	-2.8
Gross capital expenditure, EUR thousand	1,538	1,768	9,713
Depreciation, amortization and impairment losses, EUR thousand	4,741	4,566	23,245
Return on equity, rolling 12 months, %	-10.1	2.9	-8.8
Return on invested capital, rolling 12 months, %	-4.7	6.1	-4.2
Equity ratio, %	42.5	39.8	42.5
Gearing, %	39.1	35.0	37.4
Average number of personnel (FTE - full time equivalent)	714	710	707
Earnings per share, EUR, basic	-0.07	-0.04	-0.24
Earnings per share, EUR, diluted	-0.07	-0.04	-0.24
Cash flow from operations per share, EUR	0.06	-0.05	0.24
Equity per share, EUR	2.43	2.67	2.54
Number of shares, end of period, excluding treasury shares	57,670,510	57,462,142	57,480,727
Share price, end of period, EUR	3.03	3.55	3.00
Share price, period low, EUR	2.83	3.02	2.36
Share price, period high, EUR	3.34	5.27	5.27
Volume weighted average price during the period, EUR	3.09	3.85	3.57
Market capitalization, EUR million	174.7	204.0	172.4
Number of traded shares during the period	346,667	7,195,433	10,902,032
Number of traded shares during the period, % of average number of shares	0.6	12.6	19.0

* Compared with the corresponding period in the previous year.

	31.3.2023	31.3.2022	31.12.2022
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities, nominal value	61,440	62,917	61,215
Current interest-bearing liabilities, nominal value	43,068	87,882	42,855
Interest-bearing receivables and cash and cash equivalents	-49,681	-97,046	-49,508
Interest-bearing net debt	54,826	53,753	54,562

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 2022. The link between the components of the alternative performance measures and the consolidated financial statements is presented in Suominen's Annual Report for 2022.

Calculation of key ratios per share

Earnings per share

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

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

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Profit for the period	-3,949	-2,336	-13,863

Average share-issue adjusted number of shares	57,554,532	57,323,494	57,439,615
Average diluted share-issue adjusted number of shares excluding treasury shares	57,680,202	57,419,946	57,533,196

Earnings per share

EUR

Basic	-0.07	-0.04	-0.24
Diluted	-0.07	-0.04	-0.24

Cash flow from operations per share

Cash flow from operations per share	=	$\frac{\text{Cash flow from operations}}{\text{Share-issue adjusted number of shares excluding treasury shares. end of reporting period}}$
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	31.3.2023	31.3.2022	31.12.2022
Cash flow from operations, EUR thousand	3,269	-2,679	14,027
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,670,510	57,462,142	57,480,727
Cash flow from operations per share, EUR	0.06	-0.05	0.24

Equity per share

Equity per share	=	$\frac{\text{Total equity attributable to owners of the parent}}{\text{Share-issue adjusted number of shares excluding treasury shares. end of reporting period}}$
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	31.3.2023	31.3.2022	31.12.2022
Total equity attributable to owners of the parent, EUR thousand	140,131	153,504	145,916
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,670,510	57,462,142	57,480,727
Equity per share, EUR	2.43	2.67	2.54

Market capitalization

Market capitalization = Number of shares at the end of reporting period excluding treasury shares x share price at the end of period

	31.3.2023	31.3.2022	31.12.2022
Number of shares at the end of reporting period excluding treasury shares	57,670,510	57,462,142	57,480,727
Share price at end of the period, EUR	3.03	3.55	3.00
Market capitalization, EUR million	174.7	204.0	172.4

Share turnover

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

	31.3.2023	31.3.2022	31.12.2022
Number of shares traded during the period	346,667	7,195,433	10,902,032
Average number of shares excluding treasury shares	57,554,532	57,323,494	57,439,615
Share turnover, %	0.6	12.6	19.0

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.

Comparable EBIT

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Operating profit	-2,093	-1,268	-8,958
+ Impairment losses of property, plant and equipment, affecting comparability of result	-	-	2,288
+ Impairment losses of right-of-use assets, affecting comparability of result	108	-	1,536
+ Impairment losses of inventories, affecting comparability of result	-	-	971
Comparable operating profit	-1,985	-1,268	-4,163

EBITDA and comparable EBITDA

EBITDA is an important measure that focuses on the operating performance excluding the effect of depreciation and amortization, financial items and income taxes, in other words what is the margin on net sales after deducting operating expenses.

EBITDA = EBIT + depreciation, amortization and impairment losses

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

EBITDA

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Operating profit	-2,093	-1,268	-8,958
+ Depreciation, amortization and impairment losses	4 741	4,566	23,245
EBITDA	2,648	3,298	14,287

Comparable EBITDA

EBITDA	2,648	3,298	14,287
+ Impairment losses of inventories, affecting comparability of result	-	-	971
Comparable EBITDA	2,648	3,298	15,257

Gross capital expenditure

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Increases in intangible assets	49	261	438
Increases in property, plant and equipment	1,489	1,508	9,275
Gross capital expenditure	1,538	1,768	9,713

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	31.3.2023	31.3.2022	31.12.2022
Interest-bearing liabilities	103,841	149,348	103,365
Tender and issuance costs of the debentures	667	1,451	705
Cash and cash equivalents	-49,681	-97,046	-49,508
Interest-bearing net debt	54,826	53,753	54,562

Interest-bearing liabilities	103,841	149,348	103,365
Tender and issuance costs of the debentures	667	1,451	705
Nominal value of interest-bearing liabilities	104,508	150,799	104,069

Return on equity (ROE), %

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

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Profit for the reporting period (rolling 12 months)	-15,477	4,625	-13,863
Total equity attributable to owners of the parent 31.3.2022 / 31.3.2021 / 31.12.2021	153,504	152,227	163,199
Total equity attributable to owners of the parent 30.6.2022 / 30.6.2021 / 31.3.2022	158,098	159,386	153,504
Total equity attributable to owners of the parent 30.9.2022 / 30.9.2021 / 30.6.2022	165,188	159,682	158,098
Total equity attributable to owners of the parent 31.12.2022 / 31.12.2021 / 30.9.2022	145,916	163,199	165,188
Total equity attributable to owners of the parent 31.3.2023 / 31.3.2022 / 31.12.2022	140,131	153,504	145,916
Average	152,567	157,600	157,181
Return on equity (ROE), %	-10.1	2.9	-8.8

Invested capital

Invested capital = Total equity + interest-bearing liabilities – cash and cash equivalents

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Total equity attributable to owners of the parent	140,131	153,504	145,916
Interest-bearing liabilities	103,841	149,348	103,365
Cash and cash equivalents	-49,681	-97,046	-49,508
Invested capital	194,290	205,806	199,773

Return on invested capital (ROI), %

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

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Operating profit (rolling 12 months)	-9,783	12,081	-8,958
Invested capital 31.3.2022 / 31.3.2021 / 31.12.2021	205,806	170,609	210,975

Invested capital 30.6.2022 / 30.6.2021 / 31.3.2022	210,561	192,651	205,806
Invested capital 30.9.2022 / 30.9.2021 / 30.6.2022	230,264	205,786	210,561
Invested capital 31.12.2022 / 31.12.2021 / 30.9.2022	199,773	210,975	230,264
Invested capital 31.3.2023 / 31.3.2022 / 31.12.2022	194,290	205,806	199,773
Average	208,139	197,165	211,476
Return on invested capital (ROI), %	-4.7	6.1	-4.2

Equity ratio, %

$$\text{Equity ratio, \%} = \frac{\text{Total equity attributable to owners of the parent} \times 100}{\text{Total assets} - \text{advances received}}$$

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Total equity attributable to owners of the parent	140,131	153,504	145,916
Total assets	329,674	386,532	343,445
Advances received	-215	-788	-74
	329,458	385,744	343,371
Equity ratio, %	42.5	39.8	42.5

Gearing, %

$$\text{Gearing, \%} = \frac{\text{Interest-bearing net debt} \times 100}{\text{Total equity attributable to owners of the parent}}$$

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Interest-bearing net debt	54,826	53,753	54,562
Total equity attributable to owners of the parent	140,131	153,504	145,916
Gearing, %	39.1	35.0	37.4

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	1-3/2023	1-3/2022	1-12/2022
Finland	848	787	3,522
Rest of Europe	40,174	45,709	193,673
North and South America	75,584	62,922	294,367
Rest of the world	187	851	1,736
Total	116,793	110,269	493,298

QUARTERLY SALES BY BUSINESS AREA

EUR thousand	2023	2022			
	1-3	10-12	7-9	4-6	1-3
Americas	75,044	81,714	80,308	64,226	61,726
Europe	41,756	51,401	51,701	53,819	48,530
Unallocated exchange differences and eliminations	-8	-43	-72	-26	12
Total	116,793	133,072	131,937	118,019	110,269

QUARTERLY DEVELOPMENT

EUR thousand	2023	2022			
	1-3	10-12	7-9	4-6	1-3
Net sales	116,793	133,072	131,937	118,019	110,269
Comparable EBITDA	2,648	4,973	5,124	1,863	3,298
<i>as % of net sales</i>	2.3	3.7	3.9	1.6	3.0
Items affecting comparability	-	-971	-	-	-
EBITDA	2,648	4,003	5,124	1,863	3,298
<i>as % of net sales</i>	2.3	3.0	3.9	1.6	3.0
Comparable operating profit	-1,985	-194	202	-2,903	-1,268
<i>as % of net sales</i>	-1.7	-0.1	0.2	-2.5	-1.2
Items affecting comparability	-108	-4,795	-	-	-
Operating profit	-2,093	-4,989	202	-2,903	-1,268

<i>as % of net sales</i>	-1.8	-3.7	0.2	-2.5	-1.2
Net financial items	-1,537	-2,639	-78	723	-930
Profit before income taxes	-3,630	-7,628	125	-2,180	-2,198
<i>as % of net sales</i>	-3.1	-5.7	0.1	-1.8	-2.0

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.

One of Suominen's share-based plans vested and shares were transferred to the participants of the plan in February. The number of the shares transferred to the members of the Executive Team was 91,443 shares. The value of the shares and the portion settled in cash was EUR 552 thousand.

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

EUR thousand	31.3.2023		31.3.2022		31.12.2022	
	Property, plant and equip.	Intangible assets	Property, plant and equip.	Intangible assets	Property, plant and equip.	Intangible assets
Carrying amount at the beginning of the period	116,195	9,709	115,478	13,176	115,478	13,176
Capital expenditure and increases	1,489	49	1,508	261	9,275	438
Disposals and decreases	-	-	-	-	-	-
Depreciation, amortization and impairment losses	-2,969	-958	-2,767	-955	-14,393	-3,869
Exchange differences and other changes	-1,483	-2	2,425	22	5,835	-36
Carrying amount at the end of the period	113,232	8,798	116,643	12,503	116,195	9,709

Goodwill is not included in intangible assets.

EUR thousand	31.3.2023 Right-of-use assets	31.3.2022 Right-of-use assets	31.12.2022 Right-of-use assets
Carrying amount at the beginning of the period	11,902	15,741	15,741
Increases	1,352	419	705
Disposals and decreases	-5	-2	-27
Depreciation, amortization and impairment losses	-814	-843	-4,983
Exchange differences and other changes	-113	150	466
Carrying amount at the end of the period	12,322	15,465	11,902

CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousand	1-3/2023	1-3/2022	1-12/2022
Total interest-bearing liabilities at the beginning of the period	103,365	149,134	149,134
Current liabilities at the beginning of the period	42,855	86,823	86,823
Repayment of current liabilities, cash flow items	-120,780	-709	-88,003
Drawdown of current liabilities, cash flow items	120,000	-	40,000
Increases in current liabilities, non-cash flow items	311	115	260
Decreases of current liabilities, non-cash flow items	-3	-2	-15
Reclassification from non-current liabilities	710	680	2,770
Periodization of debentures to amortized cost, non-cash flow items	-	306	938
Exchange rate difference, non-cash flow item	-25	37	83
Current liabilities at the end of the period	43,068	87,250	42,855
Non-current liabilities at the beginning of the period	11,215	13,167	13,167
Increases in non-current liabilities, non-cash flow items	1,041	304	445
Decreases of non-current liabilities, non-cash flow items	-2	-	-12
Reclassification to current liabilities	-710	-680	-2,770
Exchange rate difference, non-cash flow item	-104	127	385
Non-current liabilities at the end of the period	11,440	12,917	11,215
Non-current debentures at the beginning of the period	49,295	49,144	49,144
Periodization of debentures to amortized cost, non-cash flow items	38	37	151
Non-current debentures at the end of the period	49,333	49,181	49,295
Total interest-bearing liabilities at the end of the period	103,841	149,348	103,365

CONTINGENT LIABILITIES

EUR thousand	31.3.2023	31.3.2022	31.12.2022
Other commitments			
Rental obligations	88	83	98
Contractual commitments to acquire property, plant and equipment	2,507	1,117	2,641
Commitments to leases not yet commenced	297	332	429
Guarantees			
On own behalf	3,049	3,558	3,102
Other own commitments	24,117	23,466	16,755
Total	27,167	27,025	19,857

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31.3.2023		31.3.2022		31.12.2022	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
EUR thousand						
Currency forward contracts						
Hedge accounting not applied	-	-	2,675	-17	-	-

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	-	63,172	-	63,172	63,172

Interest and other financial receivables	-	301	-	301	301
Cash and cash equivalents	-	49,681	-	49,681	49,681
Total 31.3.2023	-	113,154	421	113,575	113,575

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	-	-	421	421	421
Trade receivables	-	66,648	-	66,648	66,648
Interest and other financial receivables	-	334	-	334	334
Cash and cash equivalents	-	49,508	-	49,508	49,508
Total 31.12.2022	-	116,490	421	116,911	116,911

Principles in estimating fair value of financial assets for 2023 are the same as those used for preparing the consolidated financial statements for 2022.

FINANCIAL LIABILITIES

EUR thousand	31.3.2023			31.12.2022		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
Non-current financial liabilities						
Debentures	49,333	40,125	50,000	49,295	39,425	50,000
Lease liabilities	11,440	11,440	11,440	11,215	11,215	11,215
Total non-current financial liabilities	60,773	51,565	61,440	60,510	50,640	61,215
Current financial liabilities						
Current loans from financial institutions	40,000	40,000	40,000	40,000	40,000	40,000
Lease liabilities	3,068	3,068	3,068	2,855	2,855	2,855
Interest accruals	788	788	788	734	734	734
Other current liabilities	459	459	459	353	353	353

Trade payables	57,077	57,077	57,077	64,565	64,565	64,565
Total current financial liabilities	101,392	101,392	101,392	108,506	108,506	108,506
Total	162,164	152,956	162,831	169,016	159,146	169,721

Principles in estimating fair value for financial liabilities for 2023 are the same as those used for preparing the consolidated financial statements for 2023.

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Equity instruments	–	–	421
Total	–	–	421

Principles in estimating fair value of financial assets and their hierarchies for 2023 are the same as those used for preparing the consolidated financial statements for 2022.

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

SUOMINEN CORPORATION

Board of Directors

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Sirpa Koskinen, interim CFO, tel. +358 10 214 300

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 2022 were EUR 493.3 million and we have over 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at www.suominen.fi.

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