Financial Statement Release

January 1 – December 31, 2019

Suominen Corporation   Financial Statements Release on January 29, 2020 at 12:00 noon (EET)

Suominen Corporation's Financial Statements Release for January 1–December 31, 2019:

Profitability improved, strong cash flow continued

Key figures

	10-12/ 2019	10-12/ 2018	**1-12/ 2019**	1-12/ 2018
Net sales, EUR million	**94.5**	109.8	**411.4**	431.1
Comparable operating profit, EUR million	**1.4**	-0.4	**8.1**	4.6
Operating profit, EUR million	**1.4**	-0.4	**8.1**	4.6
Profit for the period, EUR million	**-1.2**	-2.0	**0.2**	-1.7
Earnings per share, basic, EUR	**-0.02**	-0.04	**0.00**	-0.03
Earnings per share, diluted, EUR	**-0.02**	-0.04	**0.00**	-0.03
Cash flow from operations per share, EUR	**0.10**	-0.15	**0.52**	0.56
Return on invested capital, rolling 12 months, %	**–**	–	**3.7**	2.3
Gearing, %	**–**	–	**50.7**	54.2
Dividend per share, EUR *	**–**	–	**0.05**	–

* 2019 proposal to the Annual General Meeting

In this Financial Statement Release, the figures shown in brackets refer to the comparison period last year if not otherwise stated.

October–December 2019 in brief:

- Net sales decreased by 13.9% and were EUR 94.5 million (109.8)
- Operating profit improved to EUR 1.4 million (-0.4)
- Cash flow from operations decreased from 2018 and was EUR 5.7 million (8.5)

Financial year 2019 in brief:

- Net sales decreased by 4.6% and were EUR 411.4 million (431.1)
- Operating profit improved by 77% to EUR 8.1 million (4.6)
- Cash flow from operations remained strong and was EUR 29.9 million (32.1)
- Petri Helsky started as President and CEO on January 7, 2019
- New business areas, Americas and Europe, started on July 1, 2019
- Board of Directors proposes a dividend of EUR 0.05 per share

Outlook for 2020:

Suominen gave its long term net sales target for the strategy period 2020–2025 on January 8, 2020, which is that our net sales growth will be above relevant market growth. Suominen will no longer give short-term net sales guidance.

Suominen expects that in 2020, its comparable operating profit will improve from 2019. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2019 and 2018 Suominen had no items affecting the comparability of the operating profit. The calculation of comparable operating profit is explained in the disclosures of this release.

Board proposal on distribution of dividend:

Suominen's Board of Directors proposes to the Annual General Meeting a dividend of EUR 0.05 per share from the financial year 2019. On January 29, 2020, the company had 57,529,868 issued shares, excluding treasury shares. With this number of shares, the total amount of the dividend would be EUR 2,876,493.40.

Petri Helsky, President and CEO:

"In 2019, our operating profit improved and amounted to EUR 8.1 million (4.6), mainly due to improvement in gross profit, thanks to positive development in raw material prices, sales prices and raw material efficiency.

In 2019, our net sales was at the level of 2018, EUR 411.4 million (431.1). Our sales volumes decreased from the comparison period, whilst sales prices increased slightly. The strengthening of the USD compared to EUR increased the net sales by EUR 12.5 million.

During the year we made good progress in many areas. The Group-wide ICT systems renewal came to a successful end in the second quarter of the year. Our systematic improvement actions in operations have led to improvement in operational performance. We did also see good results from our variable cost optimization program launched in early 2019.

We announced our new strategy in the beginning of January 2020 targeting growth by creating innovative and more sustainable nonwovens for our customers. We will also improve our profitability through more efficient operations and by building a high performance culture. Our vision is to be the frontrunner for nonwovens innovation and sustainability. The organizational changes made in July will support our new strategy.

Sustainability is one of the key areas in our new strategy and we revised our sustainability agenda as part of the business strategy work. Our approach towards sustainability does not concentrate only on developing more sustainable products and decreasing our own production's environmental impacts, but also highlights the importance of responsible business practices throughout the value chain.

Overall, we made good progress in 2019 and going forward Suominen is in a good position as the leader in nonwovens for wipes. The market for sustainable products is growing globally and we are well placed to respond to this increasing demand. Our new strategy gives us a good starting point for 2020."

NET SALES

October–December 2019

In the fourth quarter, Suominen's net sales decreased by 13.9% from the comparison period to EUR 94.5 million (109.8), due to lower sales volumes as well as lower sales prices driven by declining raw material prices.

Since July 1, Suominen has two business areas, Americas and Europe. Net sales of the Americas business area amounted to EUR 62.2 million (65.9) and net sales of the Europe business area EUR 32.3 million (43.9).

Financial year 2019

In 2019, Suominen's net sales decreased by 4.6% from the comparison period to EUR 411.4 million (431.1), Our sales volumes decreased from the comparison period, whilst sales prices increased slightly. The strengthening of the USD compared to EUR increased the net sales by EUR 12.5 million.

Net sales of Americas business area were EUR 261.7 million (259.9) and net sales of Europe business area EUR 149.8 million (171.3).

In 2019, the share of nonwovens for baby wipes was 40% (39%), for personal care wipes 22% (22%), for home care wipes 20% (20%), for workplace wipes 9% (9%) and for medical & hygiene applications 8% (8%).

OPERATING PROFIT AND RESULT

October–December 2019

Operating profit improved from the corresponding period of the previous year and was EUR 1.4 million (-0.4). The result impact of foreign exchange rates was minor.

Result before income taxes in the fourth quarter was EUR -0.5 million (-1.9) and profit for the period EUR -1.2 million (-2.0). The income taxes for the period were EUR -0.7 million (-0.1).

Financial year 2019

Operating profit improved by 77% and amounted to EUR 8.1 million (4.6). The application of IFRS 16 leases improved the operating profit by EUR 0.2 million. The negative impact of foreign exchange rates was approximately EUR -1.8 million. Due to the reorganization operating profit included EUR 0.5 million restructuring costs.

In 2019, profit before income taxes was EUR 2.1 million (-1.0). Income taxes were EUR -1.9 million (-0.8), and the profit for the period improved to EUR 0.2 million (-1.7).

FINANCING

The Group's net interest-bearing liabilities, calculated with the nominal value of the interest-bearing liabilities at the end of the review period, December 31, 2019, amounted to EUR 67.2 million (70.8). Gearing was 50.7% (54.2%) and equity ratio 42.7% (40.7%, restated).

In 2019, net financial expenses were EUR -6.0 million (-5.6), or 1.5% (1.3%) of net sales. Net effect of changes in foreign exchange rates in financial items were EUR 0.2 million (+0.3). In addition, a bad debt provision based on expected credit losses totaling EUR 0.5 million (0.6) was recognized from loan receivables.

Cash flow from operations in the fourth quarter was EUR 5.7 million (8.5) and in full year 2019 EUR 29.9 million (32.1). Cash flow from operations per share in 2019 was EUR 0.52 (0.56). The financial items in the cash flow from operations, in total EUR -5.2 million (-4.7), were principally impacted by the interests paid during the reporting period. The change in the net working capital was EUR 1.6 million positive (EUR 5.6 million positive).

In September the remaining part, EUR 15.7 million, of the debenture bond issued in 2014 was repaid in accordance with the terms of the bond.

CAPITAL EXPENDITURE

In 2019, the gross capital expenditure totaled EUR 11.2 million (13.6). Gross capital investments were mainly related to the growth investment initiative at the Green Bay plant, WI, USA as well as to the Group-wide renewal of ICT systems. All of Suominen's eight plants are now operating with the renewed ICT systems as the implementation of the new systems was conducted successfully during the second quarter of 2019 at the Paulínia, Brazil and Bethune, USA, plants. The other investments were mainly for maintenance.

Depreciation and amortization for the review period amounted to EUR -25.5 million (-21.0).

PERSONNEL

During 2019, Suominen employed 685 people (676) on average, and 669 people (690) at the end of 2019. The decrease in the number of personnel was primarily in the Operations function.

HEALTH, SAFETY AND ENVIRONMENT

Suominen aims to provide a safe and healthy working environment for all its employees. In 2019, Suominen had 6 (4) lost time accidents. Suominen has processes in place to improve its safety performance. Suominen has established Life Saving rules and Behavior Based Safety Program to enforce its safety culture.

For Suominen the material aspects of environmental responsibility include the targets to minimize the environmental impacts of products throughout their life cycle, reduce the environmental impacts of operations and continuously develop responsible sourcing practices. Suominen is committed to developing more sustainable products by using raw materials with smaller environmental footprint as well as continuously minimizing environmental impacts of its operations.

SHARE INFORMATION

Share capital

The number of Suominen's registered shares was 58,259,219 on December 31, 2019, equaling to a share capital of EUR 11,860,056.00. Suominen has one series of shares. Each share carries one vote in the Shareholders' Meeting and right to an equally-sized dividend. Suominen's shares are affiliated in a book-entry system.

Share trading and price

The number of Suominen Corporation shares (SUY1V) traded on Nasdaq Helsinki from January 1 to December 31, 2019 was 4,655,863 shares, accounting for 8.1% of the average number of shares (excluding treasury shares). The highest price was EUR 2.70, the lowest EUR 2.04 and the volume-weighted average price EUR 2.38. The closing price at the beginning of the review period, on January 2, 2019, was EUR 2.14 and the closing price on the last trading date of the review period, on December 30, 2019, was EUR 2.31.

The market capitalization (excluding treasury shares) was EUR 132.9 million on December 31, 2019.

Treasury shares

On December 31, 2019, Suominen Corporation held 729,351 treasury shares.

In accordance with the resolution by the Annual General Meeting, in total 33,619 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on March 19, 2019 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, 2020 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 19, 2019 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, 2020.

On May 29, 2019 Suominen announced about the portion of the annual remuneration of the members of the Board of Directors which was paid in shares. The aggregate number of the shares that were granted out of the Company's treasury shares was 33,619 shares. After this, the maximum amount of authorization is 4,966,381 shares in aggregate.

Remuneration of the Board payable in shares

The Annual General Meeting held on March 19, 2019 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 which is 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 2019 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, 2019.

Since the decision taken by the Board of Directors was essentially an execution of a detailed resolution taken by the AGM, the Board did not exercise independent discretion when it decided on the transfer of the shares. The transferred shares are of the same class as the company's other shares.

Share-based incentive plans for the management and key employees valid in 2019

<u>Performance Share Plan 2015-2019</u>

The last vesting period (2017–2019) of the Performance Share Plan 2015-2019 ended in 2019. The potential reward of the Plan from the period 2017–2019 was based on the Suominen Group's net sales growth, earnings before interest and taxes (EBIT%) and return on invested capital (ROI %). The rewards to be paid on the basis of the performance period 2017–2019 corresponded to the value of an approximate maximum total of 480,000 Suominen Corporation shares (including also the proportion to be settled in cash). No rewards will be paid for the vesting period of 2017–2019.

<u>Performance Share Plan 2018</u>

The Performance Share Plan 2018 currently includes two 3-year performance periods, calendar years 2018–2020 and 2019–2021. The Performance Share Plan is directed to approximately 20 people. The Plan includes a share price cap mechanism which cuts the reward if the limits set by the Board of Directors for the share price are reached. The potential reward of the Plan from the performance period 2018–2020 is based on the Relative Total Shareholder Return (TSR) and earnings before interest and taxes margin (EBIT %). The potential rewards to be paid on the basis of the performance period 2018–2020 correspond to the value of an approximate maximum total of 502,000 Suominen shares, of which the maximum portion of the President & CEO would be the value of 88,000 shares (both including also the proportion to be paid in cash). The potential reward of the Plan from the performance period 2019–2021 is based on the Relative Total Shareholder Return (TSR). The potential rewards to be paid on the basis of the performance period 2019–2021 correspond to the value of an approximate maximum total of 729,000 Suominen shares, of which the maximum portion of the President & CEO would be the value of 151,500 shares (both including also the proportion to be paid in cash).

The potential rewards from the performance periods 2018–2020 and 2019–2021 will be paid partly in the Company's shares and partly in cash in 2021 and 2022, respectively. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment. 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. Such number of shares must be held as long as his or her employment or service in a group Company continues.

Matching Restricted Share Plan 2019-2021

The Matching Restricted Share Plan is directed to selected key employees in the Suominen Group. The prerequisite for receiving a reward from the plan is that a participant acquires the company's shares, amounting to the number resolved by the Board.

If the prerequisites set for a participant have been fulfilled and his or her employment or service in a company belonging to the Suominen Group is in force at the time of the reward payment, he or she will receive matching shares as a reward.

The plan includes vesting periods, the duration of which is resolved by the Board. The potential reward will be paid partly in shares and partly in cash after a vesting period. The cash proportion is intended to cover taxes and tax-related costs arising from the rewards to the plan participants.

The prerequisite for reward payment is that a participant's employment or service is in force upon reward payment. The plan rewards to be allocated in 2019–2021 will amount to a maximum total of 200,000 Suominen Corporation shares including also the proportion to be paid in cash.

SHAREHOLDERS

At the end of the review period, on December 31, 2019, Suominen Corporation had in total 3,710 shareholders. Suominen is not aware of any shareholder agreements related with the shareholding or use of voting rights. Detailed information on the management shareholding and a table presenting the largest shareholders is available in the notes of this Financial Statement Release.

Notifications under Chapter 9, Section 5 of the Securities Market Act

Suominen Corporation received on December 13, 2019 a notification referred to in Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of Bolero Holdings SARL (Luxembourg) in Suominen Corporation crossed the 5% flagging threshold and was 5.81%. The number of shares owned by Bolero Holdings SARL is 3,382,052. Bolero Holdings SARL is 100% owned by Gondelero Holdings SARL, which is 100% owned by Bolero Trust.

Suominen Corporation received on December 13, 2019 a notification referred to in Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of TVF TopCo Limited in Suominen Corporation fell below the threshold of 5%. TVF TopCo Limited is ultimately owned by the Triton Value Fund (TVF).

COMPOSITION OF THE NOMINATION BOARD

In accordance with the decision taken by the Annual General Meeting of Suominen Corporation, the representatives notified by the company's three largest shareholders have been elected to Suominen Corporation's permanent Nomination Board. In addition, Chair of the company's Board of Directors shall serve as the fourth member. The shareholders entitled to appoint members to the Nomination Board during financial year 2019 were determined on the basis of the registered holdings in the company's shareholder register on September 1, 2018 and on September 2, 2019. The Nomination Board shall submit its proposals to the Board of Directors no later than February 1 prior to the Annual General Meeting.

From January 1 to September 2, 2019, the members of the Nomination Board were:

- Lasse Heinonen, President & CEO of Ahlström Capital, nominated by AC Invest Two B.V.;

- Roger Hagborg, Investment Advisory Professional, TVF TopCo Limited, nominated by Oy Etra Invest Ab;
- Reima Rytsölä, Executive Vice-President, Investments of Varma Mutual Pension Insurance Company; nominated by Varma Mutual Pension Insurance Company;
- Jan Johansson, Chair of Suominen's Board of Directors.

Suominen's three largest registered shareholders on the basis of the registered holdings in the company's shareholders' register on September 2, 2019, AC Invest Two B.V., Oy Etra Invest Ab and Varma Mutual Pension Insurance Company, nominated the following members to the Shareholders' Nomination Board from September 3, 2019:

- Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by AC Invest Two B.V.;
- Erik Malmberg, Investment Advisory Professional, Triton Advisers AB, as a member appointed by Oy Etra Invest Ab;
- Hanna Kaskela, Director of Responsible Investments, Varma Mutual Pension Insurance Company;
- Jan Johansson, Chair of Suominen's Board of Directors

CHANGES IN MANAGEMENT

Petri Helsky started as the President & CEO of Suominen on January 7, 2019. Tapio Engström, Senior Vice President & CFO acted as Suominen's interim President & CEO from August 3, 2018 until January 7, 2019.

Suominen announced on January 9, 2019, that the CFO of Suominen Corporation and a member of Suominen Executive Team Tapio Engström will leave Suominen. His last day at Suominen was May 3. Toni Tamminen, D.Sc. (Tech.), M.Sc. (Econ.) started as CFO and a member of Suominen Executive Team on July 30, 2019. Sirpa Koskinen, VP, Group Controller acted as interim CFO until Toni Tamminen started.

On April 24, 2019 Suominen announced its new business areas and changes in the Executive Team. Various changes in the Executive Team responsibilities were announced simultaneously. Ernesto Levy was appointed Senior Vice President, Americas business area, previously SVP, Convenience business area. Markku Koivisto was appointed interim Senior Vice President, Europe business area, he continues also in his role as CTO. Lynda Kelly was appointed Senior Vice President, Business Development, previously SVP, Care business area. Larry Kinn, SVP Operational Excellence, retired in July. At the same time Suominen announced that the Corporate Leadership Team was discontinued.

On May 20, 2019 Suominen announced that Hannu Sivula, Senior Vice President, Human Resources will leave the company. Klaus Korhonen (LL.M) started as Senior Vice President, Human Resources and Legal Affairs and as a member of Suominen's Executive Team on August 19, 2019.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Suominen Corporation was held on March 19, 2019.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2018 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2018.

The AGM decided that no dividend will be distributed and no capital will be returned from the reserve for invested unrestricted equity for the financial year 2018, and the profit shall be transferred to retained earnings.

The AGM decided that the remuneration payable to the members of the Board remains unchanged. The Chair will be paid an annual fee of EUR 60,000, Deputy Chair of the Board an annual fee of EUR 37,500 and other Board members an annual fee of EUR 28,000. Further, the members of the Board will receive a fee of EUR 500 for each meeting of the Board of Directors held in the home country of the respective member and a fee of EUR 1,000 per each meeting of the Board of Directors held elsewhere than in the home country of the respective member. 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). Jan Johansson was re-elected as Chair of the Board of Directors and Andreas Ahlström, Risto Anttonen, Hannu Kasurinen and Laura Raitio were re-elected as members of the Board of Directors. Sari Pajari was elected as a new member of the Board.

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 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 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 in this Financial Statements Release.

Constitutive meeting and permanent committees of the Board of Directors

In its organizing meeting held after the AGM, the Board of Directors re-elected Risto Anttonen 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. Hannu Kasurinen was re-elected as the Chair of the Audit Committee and Andreas Ahlström and Laura Raitio were re-elected as members. Jan Johansson was re-elected as the Chair of the Personnel and Remuneration Committee and Risto Anttonen was re-elected as a member. Sari Pajari was elected as a new member to the Personnel and Remuneration Committee.

Suominen published a stock exchange release on March 19, 2019 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 Board members can be viewed on Suominen's website at www.suominen.fi.

BUSINESS RISKS AND UNCERTAINTIES

Manufacturing risks

Suominen has production plants in several European countries, United States and Brazil. Interruptions at the plants caused for example by machinery breakdown can cause production losses and delivery problems. Ongoing maintenance and investments aiming to extend the lifetime of the assets are an essential part of ensuring the operational efficiency of the existing production lines.

Suominen's operations could be disrupted due to abrupt and unforeseen events beyond the company's control, such as power outages or fire and water damage. Suominen may not be able to control such events through predictive actions, which could lead to interruptions in business. Risks of this type are insured in order to guarantee the continuity of operations. As Suominen has valid damage and business interruption insurance, it is expected that the damage would be compensated, and the financial losses caused by the interruption of business would be covered.

Suominen uses certain technologies in its production. In the management's view, the chosen technologies are competitive and there is no need to make major investments in new technologies. However, it cannot be excluded that the company's technology choices could prove wrong, and the development of new or substitute technologies would then require investments.

Competition
Suominen has numerous regional, national and international competitors in its different product groups. There is currently oversupply in some product groups in Suominen's principal markets. Products based on new technologies and imports from countries of lower production costs may reduce Suominen's competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

Price and availability of raw materials
Suominen purchases significant amounts of pulp- and oil-based raw materials. Raw materials are the largest cost item for operations. Changes in the global market prices of raw materials can have an impact on the company's profitability. Suominen's stocks equal two to four weeks' consumption and passing on the price changes of these raw materials to the prices Suominen charges its contract customers takes two to five months.

Extended interruptions in the supply of Suominen's main raw materials could disrupt production and have a negative impact on the Group's overall business operations. As Suominen sources most of its raw materials from a number of major international suppliers, significant interruptions in the production of the majority of Suominen's products are unlikely.

Market and customer risks
Suominen's customer base is fairly concentrated, which increases the potential impact of changes in customer specific sales volumes. In 2019, the Group's ten largest customers accounted for 65% (65%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a credit policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history.

The demand for Suominen's products depends on the development of consumer preferences. Historically, changes in global consumer preferences have had mainly positive impact on Suominen, as they have resulted in the growing demand for products made of nonwovens. However, certain factors, including consumers' attitude towards the use of products made even partially of oil-based raw materials, or their perception on the sustainability of disposable products in general, might rapidly change the consumers' preferences and buying habits. Suominen monitors the consumer trends proactively and develops its product offering accordingly. The company has had biodegradable, 100% plant-based nonwovens in its portfolio for over 10 years.

Changes in legislation, political environment or economic conditions
Suominen's business and products can be affected directly or indirectly by political decisions and changes in government regulations for example in areas such as environmental policy or waste legislation. An example of such legislation is the EU's Single-Use Plastics Directive that focuses on reducing marine litter. The potential exists for similar regulations to expand worldwide. This creates demand for more sustainable products, and Suominen is well placed to respond to this increasing demand.

Global political developments could have an adverse effect on Suominen. For instance, a political decision that constrains the global free trade may significantly impact the availability and price of certain raw materials, which would in turn affect Suominen's business and profitability. Suominen's geographical and customer-industry diversity provide partial protection against this risk.

The relevance of the United States in Suominen's business operations increases the significance of the foreign exchange rate risk related to USD in the Group's total exchange risk position. Suominen hedges this foreign exchange position in accordance with its hedging policy.

The risks that are characteristic to South American region, including significant changes in political environment or exchange rates, could have an impact on Suominen's operations in Brazil.

Investments
Suominen continuously invests in its manufacturing facilities. The deployment of the investments may delay from what was planned, the costs of the investments may increase from what has been expected or the investments may create less business benefits than anticipated. The deployment phase of investments may cause temporary interruptions in operations.

Cyber and information security
Suominen's operations are dependent on the integrity, security and stable operation of its ICT systems and software as well as on the successful management of cyber attack risks. If Suominen's ICT systems and software were to become unusable or significantly impaired for an extended period of time, or the cyber attack risks are realized, Suominen's reputation as well as ability to deliver products at the appointed time, order raw materials and handle inventory could be adversely impacted.

Financial risks
The Group is exposed to several financial risks, such as foreign exchange, interest rate, counterparty, liquidity and credit risks. The Group's financial risks are managed in line with a policy confirmed by the Board of Directors. The financial risks are described in the note 3 of the Financial Statements.

Suominen is subject to corporate income taxes in numerous jurisdictions. Significant judgment is required to determine the total amount of corporate income tax at Group level. There are many transactions and calculations that leave room for uncertainty as to the final amount of the income tax. Tax risks relate also to changes in tax rates or tax legislation or misinterpretations, and materialization of the risks could result in increased payments or sanctions by the tax authorities, which in turn could lead to financial loss. Deferred tax assets included in the statement of financial position require that the deferred tax assets can be recovered against the future taxable income.

Suominen performs goodwill impairment testing annually. In impairment testing the recoverable amounts are determined as the value in use, which comprises of the discounted projected future cash flows. Actual cash flows can differ from the discounted projected future cash flows. Uncertainties related to the projected future cash flows include, among others, the long economic useful life of the assets and changes in the forecast sales prices of Suominen's products, production costs as well as discount rates used in testing. Due to the uncertainty inherent in the future, it is possible that Suominen's recoverable amounts will be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognize an impairment loss, which, when implemented, will weaken the result and equity. Goodwill impairment testing has been described in the consolidated financial statements.

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 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 consumer confidence indexes in euro area and in the United States fluctuated slightly throughout the year, staying strong in both geographical areas the whole time. Suominen assesses the trend in the demand for its products on the bases of both the general market situation and, above all, on the basis of the framework agreements drawn up with its customers. There is currently overcapacity on the market, mainly in nonwovens for baby wipes and flushables.

At large, the growth in the demand in Suominen's target markets is expected to continue in 2020 on average, at the pace of 2019.

CHANGES IN THE GROUP STRUCTURE

Suominen Spain Holding S.A.U. merged into Alicante Nonwovens S.A.U. in December 2019.

OUTLOOK FOR 2020

Suominen gave its long term net sales target for the strategy period 2020–2025 on January 8, 2020, which is that our net sales growth will be above relevant market growth. Suominen will no longer give short-term net sales guidance.

Suominen expects that in 2020, its comparable operating profit will improve from 2019. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2019 and 2018 Suominen had no items affecting the comparability of the operating profit. The calculation of comparable operating profit is explained in the disclosures of this release.

PROPOSAL ON DISTRIBUTION OF FUNDS

The loss of the financial year 2019 of Suominen Corporation, the parent company of Suominen Group, was EUR -1,268,595.40. The funds distributable as dividends, including the loss for the period, were EUR 8,386,647 and total distributable funds were EUR 89,655,609.

The Board of Directors proposes that a dividend of EUR 0.05 per share shall be distributed for the financial year 2019 and that the loss shall be transferred to retained earnings. On January 29, 2020 the company had 57,529,868 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 2,876,493.40.

There have been no significant changes in the company's financial position after the end of the review period.

The record date is March 23, 2020 and the dividend would be paid on April 3, 2020.

DISCLOSURE OF THE CORPORATE GOVERNANCE STATEMENT, REMUNERATION STATEMENT, THE FINANCIAL STATEMENTS, THE REPORT BY THE BOARD OF DIRECTORS, NON-FINANCIAL REPORT AND REMUNERATION POLICY

Suominen will publish its Financial Statements, Report by the Board of Directors, Auditor's Report, Corporate Governance Statement, Remuneration Statement and Non-Financial Report concerning the financial year 2019, as part of the Annual Report, as well as Remuneration Policy during the week commencing February 24, 2019. The above documents will be published as a Stock Exchange Release and they will be available also at www.suominen.fi.

ANNUAL GENERAL MEETING 2020

The Annual General Meeting of Suominen Corporation will be held on March 19, 2020 at the Finlandia Hall, Helsinki. The Board of Directors will convene the Annual General Meeting by issuing a Notice to the Annual General Meeting as a Stock Exchange Release. The notice to the Annual General Meeting will also be published at www.suominen.fi.

EVENTS AFTER THE REPORTING PERIOD

New strategy and financial targets

On January 8, 2020 Suominen announced its new strategy and financial targets for years 2020-2025. According to its new strategy Suominen will grow by creating innovative and more sustainable nonwovens for its customers and improve its profitability through more efficient operations, and by building a high performance culture. Suominen's main focus is on wipes. Suominen's vision is to be the frontrunner for nonwovens innovation and sustainability.

Suominen's five focus areas to achieve its strategic targets are Operational excellence, Sustainability leadership, Differentiate with innovation and commercial excellence, Great place to work, Dual operating model.

Suominen's Board of Directors has set the following financial targets for the strategy period 2020-2025:

- Net sales growth during the period: above relevant market growth
- EBITDA margin by 2025: above 12%
- Gearing during the period: 40-80%, including the effect of IFRS 16 Leases

Revised sustainability agenda

On January 13, 2020 Suominen announced its revised Sustainability agenda for 2020–2025. A thorough stakeholder survey, interviews with stakeholder representatives, as well as internal workshop with management served as the basis for renewing the agenda. Suominen's Sustainability agenda has four themes which represent the topics that are defined the most important to its business and stakeholders. Sustainability themes are People and safety, Sustainable nonwovens, Low-impact manufacturing and Corporate citizenship.

Nomination Board proposals to the Annual General Meeting

On January 27, 2020 the Shareholders' Nomination Board (Nomination Board) gave its proposal covering the composition of the Board of Directors and remuneration of the Board members to the next Annual General Meeting to be held on March 19, 2020.

Proposal on the number of the members, on the composition, and on the Chair of the Board of Directors

The Nomination Board of Suominen Corporation's shareholders proposes to the Annual General Meeting that the number of Board members remains unchanged and would be six (6).

The Nomination Board proposes to the Annual General Meeting that Mr. Jan Johansson, Mr. Andreas Ahlström, Ms. Sari Pajari and Ms. Laura Raitio would be re-elected as members of Suominen Corporation's Board of Directors.

Out of the current Board members, both Mr. Risto Anttonen and Mr. Hannu Kasurinen have informed that they are not available as a candidate for the Board of Directors.

In addition, the Nomination Board proposes that Mr. Björn Borgman and Ms. Nina Linander would be elected as new members of the Board of Directors.

Björn Borgman (born 1975, M.Sc. Industrial Engineering) currently works as Group Commercial Director at HL Display AB and prior to that has held several international positions at Reckitt Benckiser, including Vice President Sales Canada and Country Manager Sweden. Borgman is Swedish citizen.

Nina Linander (born 1959, B.Sc. (Econ.), MBA) is a professional board member. She has previously worked in various roles at Stanton Chase International, Electrolux and Vattenfall. Linander is Swedish citizen.

All candidates have given their consent to the election. All candidates are independent of the company. The candidates are also independent of Suominen's significant shareholders, with the exception of Andreas Ahlström who acts currently as Investment Director at Ahlström Capital Oy. The largest shareholder of Suominen Corporation, AC Invest Two B.V. is a group company of Ahlström Capital Oy. The candidate information relevant considering their service for the Board of Directors is presented at the company website www.suominen.fi.

The Nomination Board proposes to the Annual General Meeting that Jan Johansson would be re-elected as the Chair of the Board of Directors.

Proposal on the Board remuneration

The Nomination Board of the shareholders of Suominen Corporation proposes to the Annual General Meeting that the remuneration of the Board of Directors would be as follows: the Chair would be paid an annual fee of EUR 66,000 (2019: EUR 60,000) and the Deputy Chair and other Board members an annual fee of EUR 31,000 (2019: EUR 37,500 for the Deputy Chair and EUR 28,000 for other members). The Nomination Board also proposes that the Chair of the Audit Committee would be paid an additional fee of EUR 10,000. The annual fees have not been increased for the Chair since 2017 and for the members since 2012.

Further, the Nomination Board proposes that the fees payable for each Board and Committee meeting would be 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 250 for each meeting held as telephone conference. No fee is paid for decisions made without a separate meeting. In 2019 no meeting fees were paid for Committee meetings or Board meetings held as a telephone conference. Otherwise the meeting fees are proposed to remain unchanged.

60% of the annual fees is paid in cash and 40% in Suominen Corporation's shares. The number of shares to be transferred will be 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 2020 of the company is published. The shares will be transferred out of the own shares held by the company by the decision of the Board of Directors by May 31, 2020 at the latest.

Compensation for expenses will be paid in accordance with the company's valid travel policy.

The composition of the Nomination Board

The members of the Nomination Board are, as of September 3, 2019, Mr. Lasse Heinonen, Managing Director, Ahlström Capital, nominated by AC Invest Two B.V., Mr. Erik Malmberg, Investment Advisory

Professional, Triton Advisers AB, nominated by Oy Etra Invest Ab, and Ms. Hanna Kaskela, Director of Responsible Investments, Varma Mutual Pension Insurance Company, nominated by Varma. Jan Johansson, Chair of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. Lasse Heinonen acts as the Chair of the Nomination Board. All of the proposals made by the Nomination Board were unanimous.

New earnings period for management's and key employees' incentive plan

On January 29, 2020 Suominen announced that the Board of Directors of Suominen resolved to continue Group management's and key employees' share-based incentive plan with a new earnings period.

The new three-year earnings period of the Performance Share Plan includes calendar years 2020-2022 and is directed to approximately 20 people.

The potential reward of the Plan from the performance period 2020–2022 will be based on the Relative Total Shareholder Return (TSR). The rewards to be paid on the basis of the performance period 2020–2022 correspond to the value of an approximate maximum total of 893,000 Suominen Corporation shares (including also the proportion to be paid in cash). The Board of Directors will be entitled to reduce the rewards agreed in the Performance Share Plan if the limits set by the Board of Directors for the share price are reached.

The potential rewards from the performance period 2020–2022 will be paid partly in the company's shares and partly in cash in 2023. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

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

THE NEXT FINANCIAL REPORT

Suominen Corporation will publish its Interim Report for January–March 2020 on Thursday, April 23, 2020.

ANALYST AND NEWS CONFERENCE

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the financial result in English at a news conference in Helsinki on Wednesday, January 29, 2020 at 13.30 pm (EET). The conference will be held at Suominen's Head Office, address Karvaamokuja 2B, Helsinki.

Kindly enroll in to Eeva Oinonen at eeva.oinonen@suominencorp.com or by phone at +358 10 214 3551.

The news conference can also be followed through live webcast at https://suominen.videosync.fi/2019-results. The live webcast starts at 13.30 p.m. (EET) and a recording of the webcast and the presentation material will be available shortly after the event at www.suominen.fi.

The event can also be followed in Finnish on Twitter at www. twitter.com/SuominenOyj

SUOMINEN GROUP JANUARY 1 – DECEMBER 31, 2019

The consolidated financial statements of Suominen have been audited. The Auditor’s report has been signed on January 29, 2020. Quarterly information, half-year report and interim reports have not been audited.

As a result of rounding differences, the figures presented in the tables do not necessarily add up to total.

ACCOUNTING PRINCIPLES

The consolidated financial statements of Suominen Group are prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). International Financial Reporting Standards are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

This financial statement release has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting as approved by the European Union. Financial statement release does not include all information required for full financial statements.

The principles for preparing consolidated financial statements are the same as those used for preparing the consolidated financial statements for 2018, except that the following standards and interpretations have been applied from January 1, 2019:

- IFRS 16 Leases
- IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

Other new or amended standard, annual improvements or interpretations applicable from January 1, 2019 are not material for Suominen Group.

IFRS 16 Leases

If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the contract is or contains a lease. Suominen assesses at each contract inception whether a contract is or contains a lease. If the contract is a lease, Suominen, as a lessee, recognizes in accordance with IFRS 16 Leases the right-of-use assets and lease liabilities for the rights and obligations created by leases.

Suominen owns the majority of its production facilities (ie. buildings and land) as well as all of its production lines. The most significant leasing agreements Suominen has consist of the leased production facilities in Italy and Windsor Locks, USA. In addition, part of the production facility in Spain is leased. Other lease contracts are mainly lease contracts of offices, smaller machinery and equipment, such as forklifts and office equipment, as well as leases of vehicles.

Suominen has applied the modified retrospective approach in the initial application of IFRS 16. With this approach the comparative information is not restated and the lease liabilities at transition date equaled the present value of remaining lease payments. In addition, IFRS 16 was not applied to leases ending within 12 months from the transition date of January 1, 2019 nor to low value leases. At transition, IFRS 16 has also been applied only to contracts which had previously been identified as leases. The discount rates used in calculation of the lease liabilities were the discount rates at transition date. The discount rates used were incremental borrowing rates, and the weighted average of these rates was 6.42% p.a.

In applying IFRS 16 Suominen applies the recognition exemptions allowed by the standard. This means that low value asset leases are recognized as rental expenses on straight-line basis in the statement of profit or loss. Based on the standard as well as the materiality principle, Suominen has defined that an asset is of low value if its value as new is EUR 5,000 or less. Such assets are for example computers and other smaller office equipment.

The recognition exemptions allow also that leases, where the lease term is initially 12 months or less and the leases do not contain purchase options, are recognized as rental expenses on straight-line basis in the statement of profit or loss. The election for short-term leases has to be made by the class of the underlying asset. In Suominen, for example leases of temporary warehouses as well as short-term leases of machinery and equipment and vehicles are included in short-term leases. In addition, the lease and non-lease components are not separated for all asset classes, such as vehicles and forklifts.

Gains arising from modifications in lease contracts are recognized as other operating income and losses as other operating expenses.

Lease liabilities
At the commencement date of a lease, Suominen recognizes a lease liability measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate and amounts expected to be paid under residual value guarantees. If the lease contract contains a purchase option and it is reasonable certain that the option will be exercised, the exercise price is included in the lease payments. Also, if it is reasonable certain that the lease will be terminated, the termination penalties are included in the lease payments.

In calculating the present value of the lease liabilities, Suominen uses either the interest rate implicit in the lease or, if that is not easily attainable, the incremental borrowing rate at the commencement date of the lease. The majority of the lease liabilities are calculated with the incremental borrowing rate, defined separately for each group company taking into account the geographical location and credit worthiness of each company.

After the commencement date, the carrying amount of lease liabilities is reduced for the lease payments made and increased to reflect interest on the lease liability. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments, such as a change to future payments resulting from a change in an index or rate used to determine the lease payments or a change in the assessment of an option to purchase the asset.

Part of the Group's lease contracts continue with a new lease term unless the contract is terminated during the termination period defined in the contract. As both the lessee and the lessor have a right to terminate the contract without the other party's consent and without sanctions, the recognized lease terms of these contracts do not include the use of the option to extend the lease. In addition there are some lease contracts which include options to extend the lease, but it is unlikely that these options are exercised. The lease period taken into account of these lease contract is the initial lease term excluding the use of the option.

The lease contracts of all Suominen's leased production facilities include either an option to extend the lease or they continue automatically, if they are not terminated during the termination period. If neither of the contract parties has terminated the contract during the termination period, Suominen redefines the remaining lease period.

When the lease contract includes variable lease payments based on an index, the lease liability is initially measured using the index at the commencement date of the lease. The lease liabilities arising from these lease contracts are remeasured when the lease payments change due to the change in the index.

Right-of-use assets
Suominen recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are subsequently measured at cost, less cumulative depreciation and impairment losses, and are adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognized, initial direct cost incurred, and lease payment made or before the commencement date less any lease incentives received.

Some of the lease contracts of the production facilities include an obligation to restore the underlying asset to the condition required by the terms and conditions of the lease. These restoration obligations are recognized as provisions in the statement of financial position and the initial amount is included in the cost of the right-of-use asset.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If the ownership of the leased asset transfers to Suominen at the end of the lease or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

IFRIC Interpretation 23: Uncertainty over Income Tax Treatments

IFRIC 23 Interpretation clarified the accounting of uncertainty in accounting for income taxes. Under IFRIC 23 the key test is whether it is probable that the tax authority will accept the company's chosen tax treatment. If it is probable that the tax authority accepts the company's chosen tax treatment in the tax return, there is no uncertainty which would have to be recognized in the financial statements. If it is not probable, then the uncertainty is reflected in the measurement of current or deferred tax. The uncertainty is reflected in the measurement by using either the most likely amount or the expected value, which ever predicts the outcome better.

The judgements and estimates applied in estimating the uncertainty over an income tax treatment are reassessed if facts and circumstances change. In accordance with the interpretation, the company has to determine, whether to consider each tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty in tax treatments has to be followed.

Suominen has applied the interpretation without restating comparative information.

New and amended IFRS standards and IFRIC interpretations published but mandatory in 2020 or later:

The new or amended standards or interpretations applicable from January 1, 2020 or later are not material for Suominen Group.

STATEMENT OF FINANCIAL POSITION

EUR thousand	**31.12.2019**	31.12.2018
Assets		
Non-current assets		
Goodwill	**15,496**	15,496
Intangible assets	**20,020**	21,231
Property, plant and equipment	**121,584**	129,391
Right-of-use assets	**14,319**	–
Loan receivables	**3,650**	3,348
Equity instruments	**777**	777
Other non-current receivables	**70**	1,393
Deferred tax assets	**2,091**	2,540
Total non-current assets	**178,007**	174,175
Current assets		
Inventories	**39,257**	51,583
Trade receivables	**46,728**	58,097
Loan receivables	**3,845**	4,017
Other current receivables	**3,820**	4,118
Assets for current tax	**701**	974
Cash and cash equivalents	**37,741**	27,757
Total current assets	**132,093**	146,545
Total assets	**310,100**	320,720
Equity and liabilities		
Equity		
Share capital	**11,860**	11,860
Share premium account	**24,681**	24,681
Reserve for invested unrestricted equity	**81,269**	81,185
Treasury shares	**-44**	-44
Fair value and other reserves	**264**	264
Exchange differences	**707**	-669
Retained earnings	**13,715**	13,237
Total equity attributable to owners of the parent	**132,452**	130,513
Liabilities		
Non-current liabilities		

Deferred tax liabilities	**12,786**	12,373
Liabilities from defined benefit plans	**788**	847
Provisions	**1,608**	–
Non-current lease liabilities	**10,464**	84
Other non-current liabilities	**17**	17
Debentures	**81,714**	80,615
Total non-current liabilities	**107,375**	93,935
Current liabilities		
Debentures	**–**	15,687
Current lease liabilities	**2,986**	78
Other current interest-bearing liabilities	**14,000**	5,000
Liabilities for current tax	**5**	121
Trade payables and other current liabilities	**53,282**	75,386
Total current liabilities	**70,273**	96,272
Total liabilities	**177,648**	190,207
Total equity and liabilities	**310,100**	320,720

STATEMENT OF PROFIT OR LOSS

EUR thousand	**10-12/2019**	10-12/2018	**1-12/2019**	1-12/2018
Net sales	**94,459**	109,764	**411,412**	431,109
Cost of goods sold	**-86,658**	-102,974	**-377,255**	-399,826
Gross profit	**7,801**	6,790	**34,157**	31,283
Other operating income	**607**	397	**2,903**	2,528
Sales and marketing expenses	**-1,600**	-1,838	**-7,273**	-7,048
Research and development	**-794**	-823	**-3,376**	-3,515
Administration expenses	**-4,200**	-4,371	**-17,240**	-17,599
Other operating expenses	**-408**	-516	**-1,041**	-1,055
Operating profit	**1,405**	-361	**8,129**	4,594
Net financial expenses	**-1,926**	-1,547	**-5,998**	-5,557
Profit before income taxes	**-521**	-1,908	**2,132**	-963
Income taxes	**-675**	-108	**-1,907**	-757
Profit / loss for the period	**-1,195**	-2,016	**225**	-1,720
Earnings per share, EUR				
Basic	**-0.02**	-0.04	**0.00**	-0.03
Diluted	**-0.02**	-0.04	**0.00**	-0.03

STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	**10-12/ 2019**	10-12/ 2018	**1-12/ 2019**	1-12/ 2018
Profit for the period	**-1,195**	-2,016	**225**	-1,720
Other comprehensive income:				
Other comprehensive income that will be subsequently reclassified to profit or loss				
Exchange differences	**-3,561**	1,897	**1,570**	2,936
Income taxes related to other comprehensive income	**324**	-109	**-193**	-454
Total	**-3,237**	1,788	**1,377**	2,482
Other comprehensive income that will not be subsequently reclassified to profit or loss				
Remeasurements of defined benefit plans	**75**	-41	**75**	-41
Income taxes related to other comprehensive income	**-21**	11	**-21**	11
Total	**54**	-29	**54**	-29
Total other comprehensive income	**-3,237**	1,758	**1,431**	2,452
Total comprehensive income for the period	**-4,432**	-258	**1,656**	732

STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1 January 2019	**11,860**	**24,681**	**81,185**	**-44**
Profit / loss for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–
Conveyance of treasury shares	–	–	84	–
Equity 31 December 2019	**11,860**	**24,681**	**81,269**	**-44**

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1 January 2019	**-669**	**264**	**13,237**	**130,513**
Profit / loss for the period	–	–	225	225
Other comprehensive income	1,377	–	54	1,431
Total comprehensive income	**1,377**	**–**	**279**	**1,656**
Share-based payments	–	–	198	198
Conveyance of treasury shares	–	–	–	84
Equity 31 December 2019	**707**	**264**	**13,715**	**132,452**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1 January 2018	**11,860**	**24,681**	**87,423**	**-44**
Profit / loss for the period	–	–	–	–
Other comprehensive income	–	–	–	–
Total comprehensive income	**–**	**–**	**–**	**–**
Share-based payments	–	–	–	–
Return of capital	–	–	-6,322	–
Unpaid return of capital, booking back to equity	–	–	0	–
Conveyance of treasury shares	–	–	84	–
Equity 31 December 2018	**11,860**	**24,681**	**81,185**	**-44**

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1 January 2018	**-3,151**	**264**	**15,761**	**136,794**
Profit / loss for the period	–	–	-1,720	-1,720
Other comprehensive income	2,482	–	-29	2,452
Total comprehensive income	**2,482**	**–**	**-1,749**	**732**
Share-based payments	–	–	-775	-775
Return of capital	–	–	–	-6,322
Unpaid return of capital, booking back to equity	–	–	–	0
Conveyance of treasury shares	–	–	–	84
Equity 31 December 2018	**-669**	**264**	**13,237**	**130,513**

STATEMENT OF CASH FLOWS

EUR thousand	**1-12/2019**	1-12/2018
Cash flow from operations		
Profit for the period	**225**	-1,720
Total adjustments to profit for the period	**34,585**	27,210
Cash flow before changes in net working capital	**34,810**	25,490
Change in net working capital	**1,631**	5,621
Financial items	**-5,222**	-4,677
Income taxes	**-1,324**	5,715
Cash flow from operations	**29,895**	32,148
Cash flow from investments		
Investments in property, plant and equipment and intangible assets	**-10,520**	-15,039
Cash flow from disposed businesses	–	198
Sales proceeds from property, plant and equipment and intangible assets	**73**	4
Cash flow from investments	**-10,447**	-14,837
Cash flow from financing		
Drawdown of current interest-bearing liabilities	**38,000**	25,000
Repayment of current interest-bearing liabilities	**-47,572**	-35,118
Return of capital	–	-6,322
Cash flow from financing	**-9,572**	-16,440
Change in cash and cash equivalents	**9,875**	871
Cash and cash equivalents at the beginning of the period	**27,757**	27,240
Effect of changes in exchange rates	**109**	-355
Change in cash and cash equivalents	**9,875**	871
Cash and cash equivalents at the end of the period	**37,741**	27,757

KEY RATIOS

	10-12/ 2019	10-12/ 2018	**1-12/ 2019**	1-12/ 2018
Change in net sales, % *	**-13.9**	11.2	**-4.6**	1.2
Gross profit, as percentage of net sales, %	**8.3**	6.2	**8.3**	7.3
Operating profit, as percentage of net sales, %	**1.5**	-0.3	**2.0**	1.1
Comparable operating profit, as percentage of net sales, %	**1.5**	-0.3	**2.0**	1.1
Net financial items, as percentage of net sales, %	**-2.0**	-1.4	**-1.5**	-1.3
Profit before income taxes, as percentage of net sales, %	**-0.6**	-1.7	**0.5**	-0.2
Profit for the period, as percentage of net sales, %	**-1.3**	-1.8	**0.1**	-0.4
Gross capital expenditure, EUR thousand	**2,632**	3,822	**11,198**	13,580
Depreciation and amortization, EUR thousand	**6,032**	5,594	**25,539**	21,018
Return on equity, rolling 12 months, %	**–**	–	**0.2**	-1.3
Return on invested capital, rolling 12 months, %	**–**	–	**3.7**	2.3
Equity ratio, %	**–**	–	**42.7**	40.7
Gearing, %	**–**	–	**50.7**	54.2
Average number of personnel	**–**	–	**685**	676
Earnings per share, EUR, basic	**-0.02**	-0.04	**0.00**	-0.03
Earnings per share, EUR, diluted	**-0.02**	-0.04	**0.00**	-0.03
Cash flow from operations per share, EUR	**0.10**	0.15	**0.52**	0.56
Equity per share, EUR	**–**	–	**2.30**	2.27
Dividend per share, EUR **	**–**	–	**0.05**	–
Price per earnings per share (P/E) ratio	**–**	–	**590.63**	–
Dividend payout ratio, %	**–**	–	**1,278.4**	–
Dividend yield, %	**–**	–	**2.16**	–
Number of shares, end of period, excluding treasury shares	**–**	–	**57,529,868**	57,496,249
Share price, end of period, EUR	**–**	–	**2.31**	2.05
Share price, period low, EUR	**–**	–	**2.04**	1.80
Share price, period high, EUR	**–**	–	**2.70**	4.60
Volume weighted average price during the period, EUR	**–**	–	**2.38**	3.10
Market capitalization, EUR million	**–**	–	**132.9**	117.9
Number of traded shares during the period	**–**	–	**4,655,863**	3,643,880
Number of traded shares during the period, % of average number of shares	**–**	–	**8.1**	6.3

* Compared with the corresponding period in the previous year.

** Dividend per share 2019 is the proposal by the Board of Directors.

	31.12.2019	31.12.2018
Interest-bearing net debt, EUR thousands		
Non-current interest-bearing liabilities, nominal value	**95,464**	85,084
Current interest-bearing liabilities, nominal value	**16,986**	20,808
Interest-bearing receivables and cash and cash equivalents	**-45,236**	-35,122
Interest-bearing net debt	**67,213**	70,770

CALCULATION OF KEY RATIOS

Key ratios per share

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).

Earnings per share

Basic earnings per share are calculated by dividing the net result attributable to owners of the parent by the weighted share-issue adjusted average number of shares outstanding during the reporting period, excluding shares acquired by the Group and held as treasury shares.

When calculating diluted earnings per share the number of shares is adjusted with the effects of the share-based incentive plans.

EUR thousand	**31.12.2019**	31.12.2018
Profit for the period	225	-1 720
Average share-issue adjusted number of shares	57,515,960	57,468,939
Average diluted share-issue adjusted number of shares excluding treasury shares	57,301,340	57,508,720

Earnings per share

EUR		
Basic	0.00	-0.03
Diluted	0.00	-0.03

Cash flow from operations per share

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

	31.12.2019	31.12.2018
Cash flow from operations, EUR thousand	29,894	32,148
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249
Cash flow from operations per share, EUR	0.52	0.56

Equity per share

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

	31.12.2019	31.12.2018
Total equity attributable to owners of the parent, EUR thousand	132,452	130,513
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249
Equity per share, EUR	2.30	2.27

Dividend per share

$$\text{Dividend per share} = \frac{\text{Dividend paid for the reporting period}}{\text{Number of issued shares at end of the period excluding treasury shares}}$$

	31.12.2019	31.12.2018
Dividend paid for the reporting period, EUR thousand	2,876	–
Number of issued shares at end of the period excluding treasury shares	57 529 868	57,496,249
Dividend per share, EUR	0.05	–

Dividend payout ratio, %

$$\text{Dividend payout ratio, \%} = \frac{\text{Dividend per share x 100}}{\text{Basic earnings per share}}$$

	31.12.2019	31.12.2018
Dividend per share x 100	5.00	–

Basic earnings per share, EUR	0.00	–
Dividend payout ratio, %	1,278.4	–

Dividend yield, %

Dividend yield, % = Dividend per share x 100 / Share price at end of the period

	31.12.2019	31.12.2018
Dividend per share x 100	5.00	–
Share price at end of the period, EUR	2.31	–
Dividend yield, %	2.16	–

Price per earnings per share (P/E)

Price per earnings per share (P/E) = Share price at end of the period / Basic earnings per share

	31.12.2019	31.12.2018
Share price at end of the period, EUR	2.31	2.05
Basic earnings per share, EUR	0,00	-0.03
Price per earnings per share (P/E)	590.63	-68.49

Market capitalization

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

	31.12.2019	31.12.2018
Number of shares at the end of reporting period excluding treasury shares	57,529,868	57,496,249
Share price at end of the period, EUR	2.31	2.05
Market capitalization, EUR million	132.9	117.9

Share turnover

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

	31.12.2019	31.12.2018

Number of shares traded during the period	4,655,863	3,643,880
Average number of shares excluding treasury shares	57,515,960	57,468,939
Share turnover, %	8.1	6.3

Alternative performance measures

Some of Suominen's key ratios 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 comparison between the reporting periods.

Operating profit and comparable operating profit

Operating profit, or earnings before interest and taxes (EBIT) is an important measure of profitability as by ignoring income taxes and financial items it focuses solely on the company's ability to generate profit from operations. Operating profit is presented as a separate line item in the consolidated statement of profit or loss.

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 2019 or 2018.

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

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

EUR thousand	**31.12.2019**	31.12.2018
Operating profit	8,129	4,594
+ Depreciation, amortization and impairment losses	25,539	21,018
EBITDA	33,668	25,613

Gross capital expenditure

Suominen considers gross capital expenditure as a relevant measure in order to understand for example how the Group maintains and renews its production machinery and facilities. Gross capital expenditure includes also capitalized borrowing costs and capitalized cash flow hedges. Gross capital expenditure (gross investments) does not include increases in right-of-use assets.

EUR thousand	**31.12.2019**	31.12.2018
Increases in intangible assets	2,224	6,157
Increases in property, plant and equipment	8,974	7,423
Gross capital expenditure	11,198	13,580

Interest-bearing net debt

Suominen considers interest-bearing net debt to be an important measure for investors to be able to understand the Group's indebtedness. 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	**31.12.2019**	31.12.2018
Interest-bearing liabilities	109,163	101,463
Tender and issuance costs of the debentures	3,286	4,429
Interest bearing receivables	-7,495	-7,365
Cash and cash equivalents	-37 741	-27,757
Interest-bearing net debt	67,213	70,770
Interest-bearing liabilities	109,163	101,463
Tender and issuance costs of the debentures	3,286	4,429
Nominal value of interest-bearing liabilities	112,450	105,892

Return on equity (ROE), %

The return on equity is one of the most important profitability ratios used by owners and investors. The ratio measures the ability of a company to generate profits from its shareholders' investments in the company and it defines the yield on the company's equity during the reporting period.

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

EUR thousand	**31.12.2019**	31.12.2018
Profit for the reporting period (rolling 12 months)	225	-1,720
Total equity attributable to owners of the parent 31 December 2018 / 2017	130,513	136,794
Total equity attributable to owners of the parent 31 March 2019 / 2018	133,776	126,866
Total equity attributable to owners of the parent 30 June 2019 / 2018	133,178	132,631
Total equity attributable to owners of the parent 30 September 2019 / 2018	136,871	130,981
Total equity attributable to owners of the parent 31 December 2019 / 2018	132,452	130,513
Average	133,358	131,557
Return on equity (ROE), %	0.2	-1.3

Invested capital

Invested capital = Total equity attributable to owners of the parent + interest-bearing liabilities

EUR thousand	**31.12.2019**	31.12.2018
Total equity attributable to owners of the parent	132,452	130,513
Interest-bearing liabilities	109,163	101,463
Invested capital	241,615	231,977

Return on invested capital (ROI), %

Return on invested capital is one of the most important key ratios. It measures the relative profitability of the company, ie. the yield on the capital invested in the company.

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

EUR thousand	**31.12.2019**	31.12.2018
Operating profit (rolling 12 months)	8,129	4,594
Financial income (rolling 12 months)	981	801
Total	9,110	5,395
Invested capital 31 December 2018 / 2017	231,977	247,266
Invested capital 31 March 2019 / 2018	250,259	232,580
Invested capital 30 June 2019 / 2018	249,752	238,589

Invested capital 30 September 2019 / 2018	246,660	227,186
Invested capital 31 December 2019 / 2018	241,615	231,977
Average	244,053	235,520
Return on invested capital (ROI), %	3.7	2.3

(* Restated

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

Equity ratio, %

Equity ratio is an important key ratio as it measures the solidity of the company, the company's tolerance for losses and ability to cover its long-term commitments. The performance measure shows how much of the company's assets are financed with equity. The equity creates a buffer against potential losses, and equity ratio represents the level of this buffer.

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

EUR thousand	**31.12.2019**	31.12.2018
Total equity attributable to owners of the parent	132,452	130,513
Total assets	310,100	320,720
Advances received	-58	-27
	310,042	320,693
Equity ratio, %	42.7	40.7

Gearing, %

Gearing represents the ratio between the equity invested by the owners of the company and the interest-bearing liabilities borrowed from financiers. Gearing is an important performance measure in assessing the financial position of a company. A high gearing is a risk factor which might limit the possibilities for growth of a company and narrow its financial freedom.

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

EUR thousand	**31.12.2019**	31.12.2018
Interest-bearing net debt	67,213	70,770
Total equity attributable to owners of the parent	132,452	130,513
Gearing, %	50.7	54.2

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	**1-12/2019**	1-12/2018
Finland	**2,527**	2,415
Rest of Europe	**145,055**	153,133
North and South America	**259,560**	268,188
Rest of the world	**4,270**	7,372
Total	**411,412**	431,109

QUARTERLY DEVELOPMENT

	2019				**2018**			
EUR thousand	**10-12**	**7-9**	**4-6**	**1-3**	**10-12**	**7-9**	**4-6**	**1-3**
Net sales	94,459	103,363	103,824	109,766	109,764	104,768	109,961	106,616
Comparable operating profit	1,405	1,108	2,655	2,961	-361	488	2,919	1,548
as % of net sales	1.5	1.1	2.6	2.7	-0.3	0.5	2.7	1.5
Items affecting comparability	–	–	–	–	–	–	–	–
Operating profit	1,405	1,108	2,655	2,961	-361	488	2,919	1,548
as % of net sales	1.5	1.1	2.6	2.7	-0.3	0.5	2.7	1.5
Net financial items	-1,926	-1,080	-1,695	-1,297	-1,547	-1,626	-507	-1,876
Profit before income taxes	-521	28	960	1,665	-1,908	-1,138	2,411	-328
as % of net sales	-0.6	0.0	0.9	1.5	-1.7	-1.1	2.2	-0.3

QUARTERLY SALES BY BUSINESS AREA

	2019				**2018**			
EUR thousand	**10-12**	**7-9**	**4-6**	**1-3**	**10-12**	**7-9**	**4-6**	**1-3**
Americas	62,180	66,161	65,011	68,326	65,916	63,896	66,855	63,210
Europe	32,294	37,233	38,798	41,466	43,857	40,908	43,086	43,441
Unallocated exchange differences and group eliminations	-15	-30	14	-25	-9	-36	21	-35
Total	94,459	103,363	103,824	109,766	109,764	104,768	109,961	106,616

INFORMATION ON RELATED PARTIES

Suominen Group's related parties include the parent of the Group (Suominen Corporation) and subsidiaries. In addition, 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.

Management remuneration

The Annual General Meeting held on March 19, 2019 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 2019 was 33,619 shares. The shares were transferred on May 31, 2019 and the value of the transferred shares totaled EUR 83,796, or approximately EUR 2.49 per share.

Other salaries paid to the related parties, including fringe benefits during January-December 2019 amounted to EUR 2,222 thousand, obligatory pension payments to EUR 242 thousand, voluntary pension payments to EUR 71 thousand. The net of accruals and reversals of the accruals based on the non-vested share-based incentive plans was EUR 157 thousand.

Management share ownership

Number of shares

Board of Directors	**December 31, 2019**
Jan Johansson, Chair of the Board of Directors	21,243
Risto Anttonen, Deputy Chair of the Board	42,107
Hannu Kasurinen	29,122
Andreas Ahlström	15,272
Laura Raitio	15,272
Sari Pajari	4,493
Total	**127,509**
Total % of shares and votes	0.22%

Executive Team	
Petri Helsky	10,000
Toni Tamminen	–
Klaus Korhonen	10,000
Lynda Kelly	18,759
Ernesto Levy	27,834
Mimoun Saïm	29,060
Markku Koivisto	14,822
Total	**110,475**
Total % of shares and votes	0.19%

THE LARGEST SHAREHOLDERS ON DECEMBER 31, 2019

	Shareholder	Number of shares	% of shares and votes
1.	AC Invest Two BV	13,953,357	23.95%
2.	Oy Etra Invest Ab	7,770,000	13.34%
3.	Varma Mutual Pension Insurance Company	4,500,000	7.72%
4.	Nordea Bank ABP	3,729,456	6.40%
5.	Ilmarinen Mutual Pension Insurance Company	3,046,892	5.23%
6.	Pension Insurance Company Elo	3,024,651	5.19%
7.	Mandatum Life Insurance Company	1,876,957	3.22%
8.	Oy H. Kuningas & Co. AB	1,567,416	2.69%
9.	Nordea Life Assurance Finland Ltd	1,272,000	2.18%
10.	Nissi Evald and Hilda Fund	1,000,000	1.72%
11.	Nordea Nordic Small Cap Fund	989,909	1.70%
12.	Heikki Bergholm	979,841	1.68%
13.	Mikko Maijala	855,147	1.47%
14.	Juhani Maijala	794,026	1.36%
15.	Tiiviste-Group Ltd	665,404	1.14%
	15 largest total	46,025,056	79.00%
	Other shareholders	7,004,022	12.02%
	Nominee registered	4,496,741	7.72%
	Treasury shares	729,351	1.25%
	In joint account (not in the book-entry securities system)	4,049	0.01%
	Total	**58,259,219**	**100.00%**

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

Intangible assets excluding goodwill.

	31.12.2019		31.12.2018	
EUR thousand	**Property, plant and equipment**	**Intangible assets**	Property, plant and equipment	Intangible assets
Carrying amount at the beginning of the period	**129,391**	**21,231**	136,649	17,470
Application of IFRS 16	**-149**	**–**	–	–
Capital expenditure and increases	**8,974**	**2,224**	7,423	6,157
Disposals and decreases	**-1**	**–**	,0	0
Depreciation, amortization and impairment losses	**-18,608**	**-3,448**	-18,648	-2,371
Exchange differences and other changes	**1,977**	**12**	3,967	-25
Carrying amount at the end of the period	**121,584**	**20,020**	129,391	21,231

EUR thousand	31.12.2019 **Right-of-use assets**	1.1.2019 Right-of-use assets
Carrying amount at the beginning of the period	**16,946**	–
Capital expenditure and increases	**946**	–
Application of IFRS 16	–	16,946
Disposals and decreases	**-215**	–
Depreciation, amortization and impairment losses	**-3,483**	–
Exchange differences and other changes	**125**	–
Carrying amount at the end of the period	**14,319**	16,946

CONTINGENT LIABILITIES

Guarantees and other commitments	**2019**	**2018**
On own commitments	9,906	10,516
Other own commitments	2,203	2,863
Total	**12,108**	**13,378**

Other contingencies		
Contractual commitments to acquire property, plant and equipment	–	1,128
Commitments to leases not yet commenced	33	–
Total	**33**	**1,128**

Rental obligations		
Within one year	90	3,991
Between 1 - 5 years	89	9,545
After 5 years	–	2,180
Total	**179**	**15,716**

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31.12.2019		**31.12.2018**	
EUR thousand	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Currency forward contracts hedge accounting not applied	–	–	1,397	9

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	a.	b.	c.	d.	e.
Equity instruments	347	–	429	777	777
Loan receivables	3,845	3,650	–	7,495	7,495
Trade receivables	–	46,728	–	46,728	46,728
Interest and other financial receivables	–	313	–	313	313
Cash and cash equivalents	–	37,741	–	37,741	37,741
Total 31 December 2019	**4,193**	**88,432**	**429**	**93,054**	**93,054**

EUR thousand	a.	b.	c.	d.	e.
Equity instruments	347	–	429	777	777
Loan receivables	4,017	3,348	–	7,365	7,365
Trade receivables	–	58,097	–	58,097	58,097
Derivatives	9	–	–	9	9
Interest and other financial receivables	–	491	–	491	491
Cash and cash equivalents	–	27,757	–	27,757	27,757
Total 31 December 2018	**4,373**	**89,693**	**429**	**94,496**	**94,496**

Principles in estimating fair value for financial assets for 2019 are the same as those used in consolidated financial statements for 2018.

CHANGES IN INTEREST-BEARING LIABILITIES

	2019	2018
Total interest-bearing liabilities at the beginning of the period	**101,463**	**110,472**
Current liabilities at the beginning of the period	20,765	15,118
Application of IFRS 16	2,664	–
Repayment of current liabilities, cash flow items	-47,572	-35,118
Drawdown of current liabilities, cash flow items	38,000	25,000
Increases in current liabilities, non-cash flow items (*	218	–
Decreases of current liabilities, non-cash flow items	-99	–
Reclassification from non-current liabilities	2,942	15,749
Periodization of debenture to amortized cost, non-cash flow items	43	16
Exchange rate difference, non-cash flow item	25	–
Current liabilities at the end of the period	16,986	20,765
Non-current liabilities at the beginning of the period	84	162
Application of IFRS 16	12,622	–
Increases in non-current liabilities, non-cash flow items	733	–
Decreases of non-current liabilities, non-cash flow items	-121	–

Reclassification to current liabilities	-2,942	-78
Exchange rate difference, non-cash flow item	88	–
Non-current liabilities at the end of the period	10,464	84
Non-current debentures at the beginning of the period	80,615	95,192
Reclassification to current liabilities	–	-15,671
Periodization of debenture to amortized cost, non-cash flow items	1,099	1,093
Non-current debentures at the end of the period	81,714	80,615
Total interest-bearing liabilities at the end of the period	**109,163**	**101,463**

FINANCIAL LIABILITIES

	31.12.2019			31.12.2018		
EUR thousand	**Carrying amount**	**Fair value**	**Nominal value**	Carrying amount	Fair value	Nominal value
Non-current financial liabilities						
Debentures	81,714	86,063	85,000	80,615	80,750	85,000
Lease liabilities	10,464	10,464	10,464	84	84	84
Total non-current financial liabilities	92,177	96,526	95,464	80,699	80,834	85,084
Current financial liabilities						
Debentures	–	–	–	15,687	16,156	15,730
Current loans from financial institutions	14,000	14,000	14,000	5,000	5,000	5,000
Lease liabilities	2,986	2,986	2,986	78	78	78
Interest accruals	551	551	551	725	725	725
Other current liabilities	440	440	440	308	308	308
Trade payables	44,495	44,495	44,495	66,677	66,677	66,677
Total current financial liabilities	62,473	62,473	62,473	88,475	88,944	88,518
Total	**154,650**	**158,999**	**157,936**	169,173	169,778	173,602

The financial liabilities in the table above are measured at amortized cost.

Principles in estimating fair value for financial liabilities for 2019 are the same as those used in consolidated financial statements for 2018.

FAIR VALUE MEASUREMENT HIERARCHY

Fair value hierarchy in 2019

Financial assets at fair value	Level 1	Level 2	Level 3
Equity instruments	–	–	777
Loan receivables	–	–	3,845
Total in 2019	**–**	**–**	**4,622**

Fair value hierarchy in 2018

Financial assets at fair value	Level 1	Level 2	Level 3
Equity instruments	–	–	777
Loan receivables	–	–	4,017
Currency derivatives	–	9	–
Total in 2018	**–**	**9**	**4,793**

Principles in estimating fair value for financial assets for 2019 are 9the same as those used in consolidated financial statements for 2018.

RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES

Statement of financial position

EUR thousand	Basis for restatement	**Published** 31.12.2018	Restatement	**Restated** 1.1.2019
Assets				
Non-current assets				
Goodwill		15,496	–	15,496
Intangible assets		21,231	–	21,231
Property, plant and equipment	IFRS 16	129,391	-149	129,242
Right-of-use assets	IFRS 16	–	16,946	16,946
Loan receivables		3,348	–	3,348
Equity instruments		777	–	777
Other non-current receivables		1,393	–	1,393
Deferred tax assets		2,540	–	2,540
Total non-current assets		**174,175**	**16,797**	**190,972**
Current assets				
Inventories		51,583	–	51,583
Trade receivables		58,097	–	58,097
Loan receivables		4,017	–	4,017
Other current receivables		4,118	–	4,118
Assets for current tax		974	–	974
Cash and cash equivalents		27,757	–	27,757
Total current assets		**146,545**	**–**	**146,545**

Total assets		**320,720**	**16,797**	**337,517**
Equity and liabilities				
Equity				
Share capital		11,860	–	11,860
Share premium account		24,681	–	24,681
Reserve for invested unrestricted equity		81,185	–	81,185
Treasury shares		-44	–	-44
Fair value and other reserves		264	–	264
Exchange differences		-669	–	-669
Retained earnings		13,237	–	13,237
Total equity attributable to owners of the parent		**130,513**	**–**	**130,513**
Liabilities				
Non-current liabilities				
Deferred tax liabilities		12,373	–	12,373
Liabilities from defined benefit plans		847	–	847
Provisions	IFRS 16	–	1,511	1,511
Non-current lease liabilities	IFRS 16	84	12,622	12,706
Other non-current liabilities		17	–	17
Debentures		80,615	–	80,615
Total non-current liabilities		93,935	14,132	108,067
Current liabilities				
Debentures		15,687	–	15,687
Current lease liabilities	IFRS 16	78	2,664	2,742
Other current interest-bearing liabilities		5,000	–	5,000
Liabilities for current tax		121	–	121
Trade payables and other current liabilities		75,386	–	75,386
Total current liabilities		96,272	2,664	98,936
Total liabilities		**190,207**	**16,796**	**207,003**
Total equity and liabilities		**320,720**	**16,796**	**337,517**

Alternative performance measures – restatement of the comparison period

Interest-bearing net debt

	Published	Restated
EUR thousand	**31 December 2018**	**1 January 2019**
Interest-bearing liabilities	101,463	116,749
Tender and issuance costs of the debentures	4,429	4,429
Interest bearing receivables	-7,365	-7,365
Cash and cash equivalents	-27 757	-27,757
Interest-bearing net debt	70,770	86,056

Interest-bearing liabilities	101,463	116,749
Tender and issuance costs of the debentures	4,429	4,429
Nominal value of interest-bearing liabilities	105,892	116,749

Invested capital

EUR thousand	Published **31 December 2018**	Restated **1 January 2019**
Total equity attributable to owners of the parent	130,513	130,513
Interest-bearing liabilities	101,463	116,749
Invested capital	231,977	247,263

Return on invested capital (ROI), %

EUR thousand	Published **31 December 2018**	Restated **1 January 2019**
Operating profit (rolling 12 months)	4,594	4,594
Financial income (rolling 12 months)	801	801
Total	5,395	5,395
Invested capital 31 December 2017	247,266	247,266
Invested capital 31 March 2018	232,580	232,580
Invested capital 30 June 2018	238,589	238,589
Invested capital 30 September 2018	227,186	227,186
Invested capital 31 December 2018	231,977	247,263
Average	235,520	238,577
Return on invested capital (ROI), %	2.3	2.3

Equity ratio, %

EUR thousand	Published **31 December 2018**	Restated **1 January 2019**
Total equity attributable to owners of the parent	130,513	130,513
Total assets	320,720	337,517
Advances received	-27	-27
	320,694	337,490
Equity ratio, %	40.7	38.7

Gearing, %

EUR thousand	Published **31 December 2018**	Restated **1 January 2019**
Interest-bearing net debt	70,770	86,056
Total equity attributable to owners of the parent	130,513	130,513
Gearing, %	54.2	65.9

SUOMINEN CORPORATION
Board of Directors

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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, such as wet wipes, feminine care products and swabs, are present in people's daily life worldwide. Suominen's net sales in 2019 were EUR 411.4 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.

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