



Q1 | Interim Report

JANUARY 1 – MARCH 31, 2020



Suominen Corporation's Interim Report on April 23, 2020 at 9:30 a.m. (EEST)

Suominen Corporation's Interim Report for January 1 – March 31, 2020:
Operating profit nearly doubled, strong cash flow

KEY FIGURES

	1-3/ 2020	1-3/ 2019	1-12/ 2019
Net sales, EUR million	110.2	109.8	411.4
EBITDA	11.3	9.3	33.7
EBITDA, %	10.2	8.5	8.2
Comparable operating profit, EUR million	5.7	3.0	8.1
Comparable operating profit, %	5.1	2.7	2.0
Operating profit, EUR million	5.7	3.0	8.1
Profit for the period, EUR million	3.5	1.1	0.2
Cash flow from operations, EUR million	9.4	-2.4	29.9
Earnings per share, basic, EUR	0.06	0.02	0.00
Cash flow from operations per share, EUR	0.16	-0.04	0.52
Return on invested capital, rolling 12 months, %	4.8	2.9	3.7
Gearing, %	43.7	68.3	50.7

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

January–March 2020 in brief:

- Net sales increased by 0.4% and amounted to EUR 110.2 million (109.8)
- Operating profit nearly doubled to EUR 5.7 million (3.0)
- Cash flow from operations improved to EUR 9.4 million (-2.4)

Outlook for 2020 updated

Suominen expects that in 2020 its comparable operating profit will improve clearly from 2019. However, it should be noted that the result estimate for the second half of the year is uncertain due to the COVID-19 pandemic. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2020 and 2019 Suominen had no items affecting the comparability of the operating profit.

Previous outlook for 2020 on January 29, 2020:

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.

Petri Helsky, President & CEO:

“Suominen’s operating profit nearly doubled to EUR 5.7 million (3.0) in the first quarter of 2020, mainly due to higher sales volumes, improved production efficiency, better raw material efficiency, and favorable raw material prices. The growth investment project concluded last year at our plant in Green Bay, WI, USA, was one of the factors enabling higher output. Currencies had a negative impact of EUR 0.6 million.

Our net sales remained at the same level as in the comparison period and amounted to EUR 110.2 million (109.8). Sales volumes increased but sales prices decreased following the lower raw material prices. The positive impact from currencies on net sales was EUR 1.4 million.

The COVID-19 pandemic increased sales volumes in all our markets towards the end of the quarter and in the short term the higher demand is expected to continue. However in the second half of the year this COVID-19 caused demand surge may already have calmed down. In the longer term the COVID-19 pandemic may lead to continued increased demand for nonwovens for cleaning and disinfection applications. The main risks posed by the pandemic for Suominen are possible shortages of raw materials, potential closures of customers’ or our own plants due to virus infections or authority decisions, and issues linked to logistics. So far we have been able to run our operations with limited impacts. This has been enabled by implementing, at a very early stage, strict safety procedures to minimize the risk of infection at workplace. Also the authorities have classified our nonwovens production as essential in fighting the pandemic in the jurisdictions where other business activities have been shut down. Regarding the raw material risks, we continuously monitor our raw material supply closely and we have identified risk mitigation measures such as utilization of supplementary raw material sources.

We have made progress in line with our new strategy which was published in January 2020. One of the cornerstones of our new strategy is sustainability and to strengthen our leadership in sustainable nonwovens we have concluded a multi-year commercial cooperation agreement with Ahlstrom-Munksjö regarding our products made at the Ställdalen plant in Sweden. We also announced an investment to enhance one of our production lines in Italy. Both of these actions will increase our ability to respond to the growing demand for sustainable nonwovens.

During the quarter we received the first Fine to Flush certification granted to a nonwovens substrate manufacturer from Water UK with our HYDRASPUN® Royal, which is a dispersible nonwoven material especially designed for moist toilet tissues. Our HYDRASPUN® product line was the first dispersible product in the market, and producing sustainable, dispersible products is one of our core competencies.

Financially the year has started well and now our full focus is on keeping our people safe and healthy, supporting our customers, and continuing to implement our new strategy.”

NET SALES

In January–March 2020, Suominen’s net sales increased by 0.4% from the comparison period to EUR 110.2 million (109.8). Sales volumes increased but sales prices decreased following the lower raw material prices. The positive impact from currencies on net sales was EUR 1.4 million.

Suominen has two business areas, Americas and Europe. Net sales of the Americas business area were EUR 73.2 million (68.3) and net sales of the Europe business area were EUR 37.1 million (41.5).

OPERATING PROFIT AND RESULT

Operating profit nearly doubled from the corresponding period in the previous year and amounted to EUR 5.7 million (3.0) mainly due to higher sales volumes, improved production efficiency, better raw material efficiency, and favorable raw material prices. Currencies had a negative impact of EUR 0.6 million.

Profit before income taxes was EUR 3.7 million (1.7), and profit for the reporting period was EUR 3.5 million (1.1). Corporate income taxes were positively impacted by the US tax reliefs enacted in the first quarter as a result of the COVID-19 pandemic.

FINANCING

The Group's net interest-bearing liabilities at nominal value amounted to EUR 59.3 million (91.4) at the end of the review period. The gearing ratio was 43.7% (68.3%) and the equity ratio 43.1% (39.9%).

In January–March, net financial expenses were EUR -1.9 million (-1.3), or 1.8% (1.2%) of net sales. Fluctuations in exchange rates increased the financial items by EUR 0.7 million. In the comparison period the fluctuations in exchange rates decreased the financial items by EUR 0.3 million. In addition, a bad debt provision based on expected credit losses totaling EUR 0.1 million was recognized from loan receivables.

Cash flow from operations was EUR 9.4 million (-2.4), representing a cash flow per share of EUR 0.16 (-0.04). The improvement in the cash flow from operations was mainly due to the improved result and change in net working capital. Additional EUR 0.9 million was tied up in working capital (in Q1 2019: tied up additional EUR 10.4 million).

CAPITAL EXPENDITURE

The gross capital expenditure totaled EUR 0.8 million (3.8) and was mainly related to normal maintenance investments.

Depreciation and amortization for the review period amounted to EUR 5.6 million (6.3).

PROGRESS IN SUSTAINABILITY

A safe workplace is one of our top priorities. We have strong focus on safety and accident prevention, and our long term target is to have zero lost-time accidents. In the first quarter of 2020 zero LTAs occurred at Suominen sites.

During the COVID-19 pandemic we have taken strict proactive measures to protect our employees' safety and wellbeing and to ensure our operations can be run safely.

As part of its Annual Report 2019 published on February 26, 2020 Suominen reported on the progress of its sustainability performance in 2019. Suominen's sustainability reporting in 2019 is in accordance with the Core option of the GRI Standards from the Global Reporting Initiative.

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

The number of Suominen's registered shares was 58,259,219 shares on March 31, 2020, equaling to a share capital of EUR 11,860,056.00.

Share trading and price

The number of Suominen Corporation shares traded on Nasdaq Helsinki from January 1 to March 31, 2020 was 1,404,870 shares, accounting for 2.4% of the average number of shares (excluding treasury shares). The highest price was EUR 2.65, the lowest EUR 2.00 and the volume-weighted average price EUR 2.27. The closing price at the end of review period was EUR 2.45. The market capitalization (excluding treasury shares) was EUR 140.9 million on March 31, 2020.

Treasury shares

On March 31, 2020, Suominen Corporation held 729,351 treasury shares.

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

The Annual General Meeting held on March 19, 2020 decided that 60% of the annual remuneration of the members of the Board of Directors is paid in cash and 40% in Suominen Corporation's shares.

The number of shares forming the remuneration portion which is payable in shares 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 given out of the own shares held by the company by the decision of the Board of Directors by May 31, 2020 at the latest.

Share-based incentive plans for the management and key employees

The Group management and key employees participate in the company's share-based incentive plan. The plans are described in detail in the Financial Statements 2019 and in the Remuneration Statement 2019, available on the company's website www.suominen.fi.

Share-based Incentive Plan 2019-2021

The Board of Directors of Suominen Corporation approved on January 30, 2019 a new share-based incentive plan for the Group management and Group key employees. The aim of the new plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of the company in the long-term, to bind the participants to the company, and to offer them competitive reward plans based on earning and accumulating the company's shares. The new plan is a continuation of the share-based incentive plan, resolved by the Board of Directors in December 2017.

The new three-year earnings period of the plan includes calendar years 2019–2021. The Board of Directors decides on the plan's performance criteria and required performance levels for each criterion at the beginning of an earnings period. The plan is directed to approximately 20 people.

The potential reward of the plan from the performance period 2019–2021 will be based on the relative Total Shareholder Return (TSR). The 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 Corporation shares (including also the proportion to be settled 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 periods 2019–2021 will be settled partly in the company's shares and partly in cash in 2022. 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 Corporate 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.

Matching Restricted Share Plan 2019-2021

The Board of Directors of Suominen Corporation approved on June 4, 2019 a new share-based incentive plan for selected Group key employees. The aim is to align the objectives of the shareholders and key employees in order to increase the value of the Company in the long-term, to retain key employees at the Company, and to offer them a competitive reward plan that is based on acquiring, receiving and accumulating the company's shares.

The 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.

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.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Suominen Corporation was held on March 19, 2020.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2019 and discharged the members of the Board of Directors and the President & CEO from liability for the financial year 2019. The AGM approved the Remuneration Policy for the governing bodies.

The AGM decided, in accordance with the proposal by the Board of Directors, that a dividend of EUR 0.05 per share will be paid.

The AGM confirmed the remuneration of the Board of Directors. The Chair will be paid an annual fee of EUR 66,000 and the Deputy Chair and other Board members an annual fee of EUR 31,000. Chair of the Audit Committee will be paid an additional fee of EUR 10,000. Further, the members of the Board will receive a fee for each Board and Committee meeting as follows: EUR 500 for each meeting held in the home country of the respective member, EUR 1,000 for each meeting held elsewhere than in the home country of the respective member and EUR 250 for each meeting held as telephone conference. 60% of the remuneration is paid in cash and 40% in Suominen Corporation's shares. Compensation for expenses is paid in accordance with the company's valid travel policy.

The AGM decided that the number of Board members remains unchanged at six (6). Mr. Jan Johansson was re-elected as Chair of the Board of Directors and Mr. Andreas Ahlström, Ms. Sari Pajari and Ms. Laura Raitio were re-elected as members of the Board. Mr. Björn Borgman and Ms. Nina Linander were elected as new members 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 Mr. Toni Halonen, Authorised Public Accountant, as the principally responsible auditor of the company.

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

Suominen published a stock exchange release on March 19, 2020 concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and an introduction of the new Board members can be viewed on Suominen's website at www.suominen.fi.

In compliance with the resolution of the Annual General Meeting, on April 3, 2020 Suominen paid out dividends of EUR 2.9 million for 2019, corresponding to EUR 0.05 per share.

Organizing meeting and permanent committees of the Board of Directors

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

The Board of Directors elected from among its members the members for the Audit Committee and Personnel and Remuneration Committee. Nina Linander was 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 Sari Pajari was re-elected as a member. Björn Borgman was elected as a new member to the Personnel and Remuneration Committee.

Authorizations of the Board of Directors

The Annual General Meeting (AGM) held on March 19, 2020 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, 2021 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 19, 2020 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, 2021.

CHANGES IN THE EXECUTIVE TEAM

Suominen announced on March 19, 2020 that Ernesto Levy, SVP Americas business area and member of the Executive Team will leave Suominen on April 6, 2020. Process to recruit a successor has already been initiated. Lynda Kelly will act as interim SVP, Americas business area in addition to her role as SVP, Business Development.

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

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

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.

The main risks to our manufacturing posed by COVID-19 pandemic are the potential closures of our plants due to virus infections or authority decisions. So far we have been able to run our operations with limited impacts. This has been enabled by implementing, at a very early stage, strict safety procedures to minimize the risk of infection at workplace. Also the authorities have classified our nonwovens production as essential in fighting the pandemic in jurisdictions where other business activities have been shut down. 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.

The COVID-19 pandemic might pose a risk of possible raw material shortage to Suominen. We continuously monitor the situation closely and we have identified risk mitigation measures such as utilization of supplementary raw material sources.

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. Successful cyber attacks could also have a direct financial impact due to loss of funds.

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 demand for nonwovens for medical and disinfection purposes has increased due to COVID-19 pandemic. We at Suominen have also seen the increase in demand and in the short term the higher demand is expected to continue. However, in the second half of the year this COVID-19 caused demand surge may already have calmed down. In the longer term the COVID-19 pandemic may lead to continued increased demand for nonwovens for cleaning and disinfection applications.

OUTLOOK FOR 2020

Suominen expects that in 2020 its comparable operating profit will improve clearly from 2019. However, it should be noted that the result estimate for the second half of the year is uncertain due to the COVID-19 pandemic. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2020 and 2019 Suominen had no items affecting the comparability of the operating profit.

CORPORATE GOVERNANCE AND REMUNERATION STATEMENTS

Suominen has prepared a separate Corporate Governance Statement and a Remuneration Statement for 2019, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. The statements also cover other central areas of corporate governance. The statements have been published on Suominen's website, separately from the Report of the Board of Directors, at www.suominen.fi

AUDIOCAST AND CONFERENCE CALL

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the result in English in an audiocast and a conference call for analyst, investors and media on April 23, 2020 at 11:30 a.m. (EEST). The audiocast can be followed at <https://suominen.videosync.fi/2020-q1-results>. The recording of the audiocast and the presentation material will be available after the event at www.suominen.fi.

Conference call participants are requested to dial on:

SE: +46 856 642 651

UK: +44 333 300 0804

US: +1 855 857 0686

The confirmation code for joining the conference call is 49472689#.

NEXT FINANCIAL REPORT

Suominen Corporation will publish its Half Year Report 2020 on Wednesday, August 12, 2020 approximately at 9:30 a.m. (EEST).

SUOMINEN GROUP 1.1–31.3.2020

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

This interim report has not been audited.

This interim report has been prepared in accordance with the principles defined in IAS 34 Interim Financial Reporting. The principles for preparing the interim report are the same as those used for preparing the consolidated financial statements for 2019, with the exception of the effect of the new accounting standards and interpretations which have been applied from 1.1.2020.

The new or amended standards or interpretations applicable from 1.1.2020 are not material for Suominen Group.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	19,151	21,478	20,020
Property, plant and equipment	116,181	129,366	121,584
Right-of-use assets	13,654	16,257	14,319
Loan receivables	3,650	3,348	3,650
Equity instruments	777	777	777
Other non-current receivables	65	1,040	70
Deferred tax assets	1,894	2,298	2,091
Total non-current assets	170,867	190,060	178,007
Current assets			
Inventories	38,609	50,699	39,257
Trade receivables	54,661	63,255	46,728
Loan receivables	3,753	4,017	3,845
Other current receivables	4,954	4,184	3,820
Assets for current tax	1,739	1,038	701
Cash and cash equivalents	41,190	21,881	37,741
Total current assets	144,905	145,074	132,093
Total assets	315,772	335,135	310,100

Equity and liabilities
Equity

Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	81,269	81,185	81,269
Treasury shares	-44	-44	-44
Fair value and other reserves	264	264	264
Exchange differences	499	1,377	707
Retained earnings	17,339	14,453	13,715
Total equity attributable to owners of the parent	135,868	133,776	132,452

Liabilities
Non-current liabilities

Deferred tax liabilities	14,367	12,495	12,786
Liabilities from defined benefit plans	773	841	788
Provisions	1,640	1,539	1,608
Non-current lease liabilities	9,834	12,109	10,464
Other non-current liabilities	17	17	17
Debentures	81,994	80,883	81,714
Total non-current liabilities	108,624	107,883	107,375

Current liabilities

Debentures	-	15,701	-
Current lease liabilities	3,066	2,791	2,986
Other current interest-bearing liabilities	10,000	5,000	14,000
Liabilities for current tax	69	196	5
Trade payables and other current liabilities	58,145	69,788	53,282
Total current liabilities	71,280	93,476	70,273

Total liabilities

Total liabilities	179,904	201,359	177,648
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Total equity and liabilities

Total equity and liabilities	315,772	335,135	310,100
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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousand	1-3/2020	Restated 1-3/2019	Restated 1-12/2019
Net sales	110,203	109,766	411,412
Cost of goods sold	-96,914	-100,142	-374,501
Gross profit	13,289	9,624	36,911
Other operating income	552	919	2,903
Sales, marketing and administration expenses	-7,144	-6,661	-27,268
Research and development	-680	-809	-3,376
Other operating expenses	-353	-111	-1,041
Operating profit	5,664	2,961	8,129
Net financial expenses	-1,945	-1,297	-5,998
Profit before income taxes	3,719	1,665	2,132
Income taxes	-174	-539	-1,907
Profit / loss for the period	3,546	1,126	225
Earnings per share, EUR			
Basic	0.06	0.02	0.00
Diluted	0.06	0.02	0.00

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Profit for the period	3,546	1,126	225
Other comprehensive income:			
Other comprehensive income that will be subsequently reclassified to profit or loss			
Exchange differences	-468	2,238	1,570
Income taxes related to other comprehensive income	259	-192	-193
Total	-208	2,046	1,377
Other comprehensive income that will not be subsequently reclassified to profit or loss			
Remeasurements of defined benefit plans	-	-	75
Income taxes related to other comprehensive income	-	-	-21
Total	-	-	54

Total other comprehensive income	-208	2,046	1,431
Total comprehensive income for the period	3,337	3,172	1,656

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1.1.2020	11,860	24,681	81,269	-44
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Share-based payments	-	-	-	-
Equity 31.3.2020	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 1.1.2020	707	264	13,715	132,452
Profit / loss for the period	-	-	3,546	3,546
Other comprehensive income	-208	-	-	-208
Total comprehensive income	-208	-	17,260	3,337
Share-based payments	-	-	79	79
Equity 31.3.2020	499	264	17,339	135,868

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1.1.2019	11,860	24,681	81,185	-44
Profit / loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Share-based payments	-	-	-	-
Equity 31.3.2019	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 1.1.2019	-669	264	13,237	130,513
Profit / loss for the period	-	-	1,126	1,126
Other comprehensive income	2,046	-	-	2,046
Total comprehensive income	2,046	-	1,126	3,172
Share-based payments	-	-	91	91
Equity 31.3.2019	1,377	264	14,453	133,776

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1.1.2019	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 31.12.2019	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 1.1.2019	-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 31.12.2019	707	264	13,715	132,452

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Cash flow from operations			
Profit for the period	3,546	1,126	225
Total adjustments to profit for the period	8,224	8,467	34,585
Cash flow before changes in net working capital	11,770	9,592	34,810
Change in net working capital	-879	-10,443	1,631
Financial items	-1,399	-944	-5,222
Income taxes	-82	-557	-1,324
Cash flow from operations	9,410	-2,352	29,895
Cash flow from investments			
Investments in property, plant and equipment and intangible assets	-1,666	-3,160	-10,520
Sales proceeds from property, plant and equipment and intangible assets	-	0	73
Cash flow from investments	-1,666	-3,160	-10,447
Cash flow from financing			
Drawdown of current interest-bearing liabilities	10,000	5,000	38,000
Repayment of current interest-bearing liabilities	-14,779	-5,715	-47,572
Cash flow from financing	-4,779	-715	-9,572
Change in cash and cash equivalents	2,965	-6,226	9,875
Cash and cash equivalents at the beginning of the period	37,741	27,757	27,757
Effect of changes in exchange rates	485	351	109
Change in cash and cash equivalents	2,965	-6,226	9,875
Cash and cash equivalents at the end of the period	41,190	21,881	37,741

KEY RATIOS

	1-3/2020	1-3/2019	1-12/2019
Change in net sales, % *	0.4	3.0	-4.6
Gross profit, as percentage of net sales, %**	12.1	8.8	9.0
Operating profit, as percentage of net sales, %	5.1	2.7	2.0
Comparable operating profit, as percentage of net sales, %	5.1	2.7	2.0
Net financial items, as percentage of net sales, %	-1.8	-1.2	-1.5
Profit before income taxes, as percentage of net sales, %	3.4	1.5	0.5
Profit for the period, as percentage of net sales, %	3.2	1.0	0.1
Gross capital expenditure, EUR thousand	849	3,794	11,198
Depreciation and amortization, EUR thousand	5,618	6,347	25,539
Return on equity, rolling 12 months, %	2.0	-0.2	0.2
Return on invested capital, rolling 12 months, %	4.8	2.9	3.7
Equity ratio, %	43.1	39.9	42.7
Gearing, %	43.7	68.3	50.7
Average number of personnel	678	690	685
Earnings per share, EUR, basic	0.06	0.02	0.00
Earnings per share, EUR, diluted	0.06	0.02	0.00
Cash flow from operations per share, EUR	0.16	-0.04	0.52
Equity per share, EUR	2.36	2.33	2.30
Number of shares, end of period, excluding treasury shares	57,529,868	57,496,249	57,529,868
Share price, end of period, EUR	2.45	2.24	2.31
Share price, period low, EUR	2.00	2.04	2.04
Share price, period high, EUR	2.65	2.69	2.70
Volume weighted average price during the period, EUR	2.27	2.40	2.38
Market capitalization, EUR million	140.9	128.8	132.9
Number of traded shares during the period	1,404,870	2,444,510	4,655,863
Number of traded shares during the period, % of average number of shares	2.4	4.3	8.1

* Compared with the corresponding period in the previous year.

** Restated

	31.3.2020	31.3.2019	31.12.2019
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities, nominal value	94,834	97,109	95,464
Current interest-bearing liabilities, nominal value	13,066	23,521	16,986
Interest-bearing receivables and cash and cash equivalents	-48,593	-29,247	-45,236
Interest-bearing net debt	59,307	91,383	67,213

CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

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

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

The link between the components of the key ratios per share and the consolidated financial statements is presented in the consolidated financial statements of 2019. The link between the components of the alternative performance measures and the consolidated financial statements is presented in Suominen's Annual Report for 2019.

Calculation of key ratios per share

Earnings per share

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

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Profit for the period	3,546	1,126	225

Average share-issue adjusted number of shares	57,529,868	57,496,249	57,515,960
Average diluted share-issue adjusted number of shares excluding treasury shares	57,609,586	57,518,997	57,601,340

Earnings per share

EUR			
Basic	0.06	0.02	0.00
Diluted	0.06	0.02	0.00

Cash flow from operations per share

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

	31.3.2020	31.3.2019	31.12.2019
Cash flow from operations, EUR thousand	9,410	-2,351	29,894
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,529,868
Cash flow from operations per share, EUR	0.16	-0.04	0.52

Equity per share

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

	31.3.2020	31.3.2019	31.12.2019
Total equity attributable to owners of the parent, EUR thousand	135,868	133,776	132,452
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,529,868	57,496,249	57,529,868
Equity per share, EUR	2.36	2.33	2.30

Market capitalization

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

	31.3.2020	31.3.2019	31.12.2019
Number of shares at the end of reporting period excluding treasury shares	57,529,868	57,496,249	57,529,868
Share price at end of the period, EUR	2.45	2.24	2.31
Market capitalization, EUR million	140.9	128.8	132.9

Share turnover

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

	31.3.2020	31.3.2019	31.12.2019
Number of shares traded during the period	1,404,870	2,444,510	4 655 863
Average number of shares excluding treasury shares	57,529,868	57,496,249	57,515,960
Share turnover, %	2.4	4.3	8.1

Calculation of key ratios and alternative performance measures

Operating profit and comparable operating profit

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

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

In order to improve the comparability of result between reporting periods, Suominen presents comparable operating profit as an alternative performance measure. Operating profit is adjusted with material items that are considered to affect comparability between reporting periods. These items include, among others, impairment losses or reversals of impairment losses, gains or losses from the sales of property, plant and equipment or intangible assets or other assets and restructuring costs. Suominen did not have any items affecting comparability in 2020 or 2019.

EBITDA

EBITDA = EBIT + depreciation, amortization and impairment losses

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Operating profit	5,664	2,961	8,129
+ Depreciation, amortization and impairment losses	5,618	6,347	25,539
EBITDA	11,282	9,309	33,668

Gross capital expenditure

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Increases in intangible assets	21	1,000	2,224
Increases in property, plant and equipment	828	2,794	8,974
Gross capital expenditure	849	3,794	11,198

Interest-bearing net debt

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

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Interest-bearing liabilities	104,893	116,483	109,163
Tender and issuance costs of the debentures	3,006	4,146	3,286
Interest bearing receivables	-7,403	-7,365	-7,495
Cash and cash equivalents	-41 190	-21,881	-37,741
Interest-bearing net debt	59,307	91,383	67,213

Interest-bearing liabilities	104,893	116,483	109,163
Tender and issuance costs of the debentures	3,006	4,429	3,286
Nominal value of interest-bearing liabilities	107,900	120,912	112,450

Return on equity (ROE). %

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Profit for the reporting period (rolling 12 months)	2,645	-222	225
Total equity attributable to owners of the parent 31.3.2019 / 31.3.2018 / 31.12.2018	133,776	126,866	130,513
Total equity attributable to owners of the parent 30.6.2019 / 30.6.2018 / 31.3.2019	133,178	132,631	133,776
Total equity attributable to owners of the parent 30.9.2019 / 30.9.2018 / 30.6.2019	136,871	130,981	133,178
Total equity attributable to owners of the parent 31.12.2019 / 31.12.2018 / 30.9.2019	132,452	130,513	136,871
Total equity attributable to owners of the parent 31.3.2020 / 31.3.2019 / 31.12.2019	135,868	133,776	132,452
Average	134,429	130,954	133,358

Return on equity (ROE), %	2.0	-0.2	0.2
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Invested capital

Invested capital = Total equity + interest-bearing liabilities

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Total equity attributable to owners of the parent	135,868	133,776	132,452
Interest-bearing liabilities	104,893	116,483	109,163
Invested capital	240,761	250,259	241,615

Return on invested capital (ROI). %

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Operating profit (rolling 12 months)	10,832	6,008	8,129
Financial income (rolling 12 months)	1,005	827	981
Total	11,837	6,834	9,110
Invested capital 31.3.2019 / 31.3.2018 / 31.12.2018	250,259	232,580	231,977
Invested capital 30.6.2019 / 30.6.2018 / 31.3.2019	249,752	238,589	250,259
Invested capital 30.9.2019 / 30.9.2018 / 30.6.2019	246,660	227,186	249,752
Invested capital 31.12.2019 / 31.12.2018 / 30.9.2019	241,615	231,977	246,660
Invested capital 31.3.2020 / 31.3.2019 / 31.12.2019	240,761	250,259	241,615
Average	245,809	236,118	244,053
Return on invested capital (ROI), %	4.8	2.9	3.7

Equity ratio. %

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Total equity attributable to owners of the parent	135,868	133,776	132,452

Total assets	315,772	335,135	310,100
Advances received	-313	-48	-58
	315,459	335,087	310,042
Equity ratio, %	43.1	39.9	42.7

Gearing. %

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

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Interest-bearing net debt	59,307	91,383	67,213
Total equity attributable to owners of the parent	135,868	133,776	132,452
Gearing, %	43.7	68.3	50.7

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Finland	804	671	2,527
Rest of Europe	34,919	39,064	145,055
North and South America	73,677	69,037	259,560
Rest of the world	803	994	4,270
Total	110,203	109,766	411,412

NET SALES BY BUSINESS AREA

	2020	2019			
EUR thousand	1-3	10-12	7-9	4-6	1-3
Americas	73,170	62,180	66,161	65,011	68,326
Europe	37,054	32,294	37,233	38,798	41,466
Unallocated exchange differences and eliminations	-21	-15	-30	14	-25
Total	110,203	94,459	103,363	103,824	109,766

QUARTERLY DEVELOPMENT

EUR thousand	2020		2019		
	1-3	10-12	7-9	4-6	1-3
Net sales	110,203	94,459	103,363	103,824	109,766
Comparable operating profit as % of net sales	5,664 5.1	1,405 1.5	1,108 1.1	2,655 2.6	2,961 2.7
Items affecting comparability	-	-	-	-	-
Operating profit as % of net sales	5,664 5.1	1,405 1.5	1,108 1.1	2,655 2.6	2,961 2.7
Net financial items	-1,945	-1,926	-1,080	-1,695	-1,297
Profit before income taxes as % of net sales	3,719 3.4	-521 -0.6	28 0.0	960 0.9	1,665 1.5

RELATED PARTY INFORMATION

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

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

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

EUR thousand	31.3.2020		31.3.2019		31.12.2019	
	Property, plant and equipment	Intang. assets	Property, plant and equipment	Intang. assets	Property, plant and equipment	Intang. assets
Carrying amount at the beginning of the period	121,584	20,020	129,391	21,231	129,391	21,231
Application of IFRS 16	-	-	-149	-	-149	-
Capital expenditure and increases	828	21	2,794	1,000	8,974	2,224
Disposals and decreases	-	-	-1	-	-1	-
Depreciation, amortization and impairment losses	-3,822	-898	-4,728	-762	-18,608	-3,448
Exchange differences and other changes	-2,410	9	1,910	10	1,977	12
Carrying amount at the end of the period	116,181	19,151	129,217	21,478	121,584	20,020

Goodwill is not included in intangible assets.

EUR thousand	31.3.2020 Right-of-use assets	31.3.2019 Right-of-use assets	31.12.2019 Right-of-use assets
Carrying amount at the beginning of the period	14,319	16,797	16,797
Application of IFRS 16	–	149	149
Increases	145	114	946
Disposals and decreases	–	-60	-215
Depreciation, amortization and impairment losses	-897	-857	-3,483
Exchange differences and other changes	87	264	125
Carrying amount at the end of the period	13,654	16,406	14,319

CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousand	1-3/2020	1-3/2019	1-12/2019
Total interest-bearing liabilities at the beginning of the period	109,163	101,463	101,463
Current liabilities at the beginning of the period	16,986	20,765	20,765
Application of IFRS 16	–	2,664	2,664
Repayment of current liabilities, cash flow items	-14,779	-5,715	-47,572
Drawdown of current liabilities, cash flow items	10,000	5,000	38,000
Increases in current liabilities, non-cash flow items	66	29	218
Decreases of current liabilities, non-cash flow items	–	-1	-99
Reclassification from non-current liabilities	770	710	2,942
Periodization of debenture to amortized cost, non-cash flow items	–	14	43
Exchange rate difference, non-cash flow item	23	25	25
Current liabilities at the end of the period	13,066	23,492	16,986
Non-current liabilities at the beginning of the period	10,464	84	84
Application of IFRS 16	–	12,622	12,622
Increases in non-current liabilities, non-cash flow items	79	84	733
Decreases of non-current liabilities, non-cash flow items	–	-59	-121
Reclassification to current liabilities	-770	-710	-2,942
Exchange rate difference, non-cash flow item	61	88	88
Non-current liabilities at the end of the period	9,835	12,109	10,464
Non-current debentures at the beginning of the period	81,714	80,615	80,615
Periodization of debenture to amortized cost, non-cash flow items	280	268	1,099
Non-current debentures at the end of the period	81,994	80,883	81,714
Total interest-bearing liabilities at the end of the period	104,893	116,483	109,163

CONTINGENT LIABILITIES

EUR thousand	31.3.2020	31.3.2019	31.12.2019
Other commitments			
Leasing commitments	181	473	179
Contractual commitments to acquire property, plant and equipment	–	886	–
Commitments to leases not yet commenced	–	428	33
Guarantees			
On own behalf	8,492	10,584	9,906
Other own commitments	32,197	2,701	2,203
Total	40,689	13,285	12,108

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	31.3.2020		31.3.2019		31.12.2019	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
EUR thousand						
Currency forward contracts						
Hedge accounting not applied	4,431	-44	2,777	-24	–	–

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	3,753	3,650	–	7,403	7,403
Trade receivables	–	54,661	–	54,661	54,661
Interest and other financial receivables	–	442	–	442	442
Cash and cash equivalents	–	41,190	–	41,190	41,190
Total 31.3.2020	4,100	99,943	429	104,472	104,472

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 31.12.2019	4,193	88,432	429	93,054	93,054

Principles in estimating fair value of financial assets for 2020 are the same as those used for preparing the consolidated financial statements for 2019.

FINANCIAL LIABILITIES

EUR thousand	31.3.2020			31.12.2019		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
Non-current financial liabilities						
Debentures	81,994	77,775	85,000	81,714	86,063	85,000
Lease liabilities	9,834	9,834	9,834	10,464	10,464	10,464
Total non-current financial liabilities	91,828	87,609	94,834	92,177	96,526	95,464
Current financial liabilities						
Current loans from financial institutions	10,000	10,000	10,000	14,000	14,000	14,000
Lease liabilities	3,066	3,066	3,066	2,986	2,986	2,986
Interest accruals	1,078	1,078	1,078	551	551	551
Derivative liabilities	44	44	44	–	–	–
Other current liabilities	591	591	591	440	440	440
Trade payables	48,387	48,387	48,387	44,495	44,495	44,495
Total current financial liabilities	63,165	63,165	63,165	62,473	62,473	62,473
Total	154,993	150,774	157,999	154,650	158,999	157,936

Principles in estimating fair value for financial liabilities for 2020 are the same as those used for preparing the consolidated financial statements for 2019.

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value			
Loan receivables	–	–	3,753
Equity instruments	–	–	777
Total	–	–	4,530
Derivatives at fair value			
Currency forward contracts, liabilities	–	-44	–
Total	–	-44	–

Principles in estimating fair value of financial assets and their hierarchies for 2020 are the same as those used for preparing the consolidated financial statements for 2019.

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

RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES

Suominen has reclassified some overhead expenses from cost of goods sold to sales, marketing and administration expenses.

Consolidated statement of profit or loss

EUR thousand	Published 1-3/2019	Restatement 1-3/2019	Restated 1-3/2019
Net sales	109,766	–	109,766
Cost of goods sold	-100,822	679	-100,143
Gross profit	8,944	679	9,623
Other operating income	919	–	919
Sales, marketing and administration expenses	-5,982	-679	-6,661
Research and development	-809	–	-809
Other operating expenses	-111	–	-111
Operating profit	2,961	–	2,961
Net financial expenses	-1,297	–	-1,297
Profit before income taxes	1,665	–	1,665
Income taxes	-539	–	-539
Profit / loss for the period	1,126	–	1,126

EUR thousand	Published 1-12/2019	Restatement 1-12/2019	Restated 1-12/2019
Net sales	411,412	–	411,412
Cost of goods sold	-377,255	2,754	-374,501

Gross profit	34,157	2,754	36,911
Other operating income	2,903	–	2,903
Sales, marketing and administration expenses	-24,513	-2,754	-27,267
Research and development	-3,376	–	-3,376
Other operating expenses	-1,041	–	-1,041
Operating profit	8,129	–	8,129
Net financial expenses	-5,998	–	-5,998
Profit before income taxes	2,132	–	2,132
Income taxes	-1,907	–	-1,907
Profit / loss for the period	225	–	225

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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