



# FINANCIAL STATEMENTS RELEASE

**JANUARY 1 – DECEMBER 31, 2022**



Suominen Corporation Financial Statements Release on February 3, 2023 at 9:30 a.m. (EET)

Suominen Corporation's Financial Statements Release for January 1 – December 31, 2022:

## A difficult year characterized by cost inflation and US demand challenges

### Key figures

	<b>10-12/ 2022</b>	10-12/ 2021	<b>1-12/ 2022</b>	1-12/ 2021
Net sales, EUR million	<b>133.1</b>	115.6	<b>493.3</b>	443.2
Comparable EBITDA, EUR million	<b>5.0</b>	9.0	<b>15.3</b>	47.0
Comparable EBITDA, %	<b>3.7</b>	7.8	<b>3.1</b>	10.6
EBITDA, EUR million	<b>4.0</b>	9.0	<b>14.3</b>	47.0
EBITDA, %	<b>3.0</b>	7.8	<b>2.9</b>	10.6
Comparable operating profit, EUR million	<b>-0.2</b>	3.9	<b>-4.2</b>	26.9
Comparable operating profit, %	<b>-0.1</b>	3.4	<b>-0.8</b>	6.1
Operating profit, EUR million	<b>-5.0</b>	3.9	<b>-9.0</b>	26.9
Operating profit, %	<b>-3.7</b>	3.4	<b>-1.8</b>	6.1
Profit for the period, EUR million	<b>-8.8</b>	2.5	<b>-13.9</b>	20.7
Cash flow from operations, EUR million	<b>15.6</b>	2.9	<b>14.0</b>	11.1
Cash flow from operations per share, EUR	<b>0.27</b>	0.05	<b>0.24</b>	0.19
Earnings per share, basic, EUR	<b>-0.15</b>	0.04	<b>-0.24</b>	0.36
Return on invested capital, rolling 12 months, % *	–	–	<b>-4.2</b>	13.9
Gearing, %	–	–	<b>37.4</b>	30.4
Dividend per share, EUR **	–	–	<b>0.10</b>	0.20

\* Restated

\*\* 2022 Proposal of the Board to the Annual General Meeting

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

**October–December 2022 in brief:**

- Net sales increased by 15.1% and were EUR 133.1 million (115.6)
- Comparable EBITDA was EUR 5.0 million (9.0)
- Cash flow from operations was EUR 15.6 million (2.9)

**Financial year 2022 in brief:**

- Net sales increased by 11.3% and were EUR 493.3 million (443.2)
- Comparable EBITDA was EUR 15.3 million (47.0)
- Cash flow from operations totaled to EUR 14.0 million (11.1)
- Board of Directors proposes to the Annual General meeting a dividend of EUR 0.10 per share

**Outlook:**

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

**Board proposal on distribution of dividend:**

The Board of Directors proposes to the Annual General meeting, that a dividend of EUR 0.10 per share shall be distributed for the financial year 2022.

On February 2, 2023, the company had 57,480,727 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 5,748,072.70.

**Klaus Korhonen, interim President and CEO:**

"2022 was a difficult year for Suominen. The unprecedented raw material inflation which impacted us significantly already in 2021 persisted, and additionally also energy costs surged in 2022 after Russia's unlawful invasion of Ukraine in February. Suominen's US business specifically continued to suffer from the high inventory levels in the whole supply chain, where imbalance started to normalize only during the second half of the year.

Our net sales in 2022 reached EUR 493.3 million (443.2). Although sales volumes decreased from 2021, net sales were high driven by higher sales prices and also tailwind from currencies which amounted to EUR 32.9 million. Our comparable EBITDA decreased clearly from the previous year and was EUR 15.3 million (47.0). The higher sales prices could not fully compensate for the volume loss and for the higher raw material and energy costs. To improve our profitability, we took several actions during the year such as implementing energy surcharges in Europe in March and September and a general cost surcharge in North America in August as well as widening our product portfolio in the US.

We announced in June 2022 an investment to enhance and upgrade one of our lines in Nakkila, Finland. The investment strengthens our capabilities in sustainable products and is made in line with our strategy and vision to be the frontrunner in sustainable nonwovens. The investment project is proceeding according to plan and is expected to be completed in the second half of 2023.

We are continuously developing our sustainable product offering and our target is to increase the sales of sustainable products by 50% compared to the base year of 2019 and launch over 10 sustainable products per year. In 2022, the sales of sustainable products were 99% higher than in the baseline year 2019 and during the year we launched 12 sustainable products. One example of new products launched in 2022 is our first carbon neutral product BIOLACE® Zero. We also opened our own compostability test center Green Lab in Nakkila, Finland to support our product development.

In 2022 we completed the EcoVadis sustainability assessment for the first time and received a silver level rating. This result places us in the top 8% of companies in the manufacture of other textiles industry rated by EcoVadis.

Tommi Björnman was appointed Suominen's new President and CEO in November 2022. He currently works as President and CEO of Avgol Nonwovens and will join Suominen in May 2023 at the latest.

In January 2023 we started a consultation procedure regarding a plan to permanently close manufacturing at our Mozzate plant in Italy. The decision was made with a heavy heart but we see it as unavoidable given the market situation in Europe and the ongoing transition to more sustainable nonwovens for wipes. The plan has no impact to Suominen's operations at the Cressa plant in Italy.

Looking at the year ahead we see several market drivers with a positive impact to Suominen. The raw material cost inflation finally turned in Q4/2022, the energy markets show signs of price decline and in the US market the inventory levels have now receded to their normal levels. However, it remains to be seen how the current high consumer price inflation impacts the end consumer demand of wipes. Usually the wipes market has been rather steady despite the general economic situation.

To conclude, I want to thank all our employees for their contribution and hard work and our business partners for excellent cooperation in 2022."

## **NET SALES**

### **October–December 2022**

In the fourth quarter, Suominen's net sales increased by 15.1% from the comparison period to EUR 133.1 million (115.6). Sales volumes were in line with the comparison period and Q3/2022 while sales prices increased. Currencies impacted net sales positively by EUR 9.3 million.

Net sales of the Americas business area amounted to EUR 81.7 million (68.9) and net sales of the Europe business area EUR 51.4 million (46.7).

### **Financial year 2022**

In 2022, Suominen's net sales increased by 11.3% from the comparison period to EUR 493.3 million (443.2). The increase in sales was driven by higher sales prices and tailwind from currencies; sales volumes decreased from 2021. Currencies impacted net sales positively by EUR 32.9 million.

Net sales of Americas business area were EUR 288.0 million (265.2) and net sales of Europe business area EUR 205.5 million (178.1).

## EBITDA, OPERATING PROFIT AND RESULT

### October–December 2022

Comparable EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 5.0 million (9.0). EBITDA was EUR 4.0 million (9.0). The main reasons for the result decline were higher raw material and energy costs versus sales prices and costs related to the CEO change. In addition, in the comparison period the other operating income and expenses included positive onetime items. Currencies impacted EBITDA positively by EUR 0.7 million.

Comparable operating profit decreased from the corresponding period of the previous year and was EUR -0.2 million (3.9). Operating profit was EUR -5.0 million (3.9).

Items affecting comparability were EUR -4.8 million, consisting of impairment of assets in Italy related to the planned closure of Mozzate production.

Result before income taxes in the fourth quarter was EUR -7.6 million (2.8) and profit for the period EUR -8.8 million (2.5). The income taxes for the period were EUR -1.2 million (-0.3).

### Financial year 2022

Comparable EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 15.3 million (47.0). EBITDA was EUR 14.3 million (47.0). EBITDA decreased as the higher sales prices could not fully compensate for the volume loss and the higher raw material and energy costs. Currencies impacted EBITDA positively by EUR 1.0 million.

Comparable operating profit amounted to EUR -4.2 million (26.9). Operating profit amounted to EUR -9.0 million (26.9).

Items affecting comparability were EUR -4.8 million, consisting of impairment of assets in Italy related to the planned closure of Mozzate production.

In 2022, profit before income taxes was EUR -11.9 million (26.6). Income taxes for the financial year were EUR -2.0 million (-5.8). The income taxes of the year were impacted by derecognition of deferred tax assets in certain countries where Suominen operates as the possibility to utilize assets had decreased.

The profit for the period was EUR -13.9 million (20.7).

## 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, 2022, amounted to EUR 54.6 million (49.6). Gearing was 37.4% (30.4%) and equity ratio 42.5% (42.2%).

In 2022, net financial expenses were EUR -2.9 million (-0.4), or 0.6% (0.1%) of net sales. Net effect of changes in foreign exchange rates in financial items were EUR +2.8 million (+1.7).

Suominen sold its minority share in Amerplast (Bright Maze Oy) in March 2021. The transaction impacted Suominen's net financial expenses of the comparison year positively by EUR 3.7 million. The effect on the cash flow in 2021 was EUR 11.6 million.

Cash flow from operations in the fourth quarter was EUR 15.6 million (2.9). Cash flow from operations in 2022 was EUR 14.0 million (11.1). Cash flow from operations per share in 2022 was EUR 0.24 (0.19).

The financial items in the cash flow from operations, in total EUR -4.7 million (-5.3), were principally impacted by the interests paid during the reporting period. The change in the net working capital in 2022 was EUR 7.8 million positive (EUR 25.2 million negative) due to higher payables.

In June 2022, Suominen announced that it has extended by one year the maturity of the EUR 100 million syndicated revolving credit facility agreement signed in July 2020. The maturity of the facility is now extended to July 2025.

The debenture bond of EUR 85 million issued in 2017 fell due and was repaid in full on October 3, 2022.

### **CAPITAL EXPENDITURE**

In 2022, the gross capital expenditure totaled EUR 9.7 million (17.8) and the largest item was related to the growth investment initiatives in Nakkila, Finland. Other investments were mainly for maintenance.

Suominen announced in June that it strengthens its capabilities in sustainable products by enhancing and upgrading one of its production lines in Nakkila, Finland. The investment is made in line with Suominen's strategy and supports company's vision to be the frontrunner in sustainability. The total value of the investment is approximately EUR 6 million and the investment project will be completed in the second half of 2023.

Depreciations and amortizations were EUR -19.4 million (-20.1) and impairment losses were EUR -3.8 million.

### **PERSONNEL**

During 2022, Suominen employed 707 FTEs (709) on average, and 710 (707) FTEs at the end of 2022.

### **PROGRESS IN SUSTAINABILITY**

We have a comprehensive approach to sustainability and our Sustainability agenda 2020–2025 defines our focus areas and their KPIs.

We have strong focus on safety and accident prevention, and our long-term target is to have zero lost-time accidents. In 2022, Suominen had 2 (4) lost time accidents.

Increasing employee engagement is another of our key people-related targets. We conducted a third consecutive global employee engagement survey in 2022 and based on the results our employee engagement index is 65% (66%). The index is a combination of questions concerning our people's retention, likelihood to recommend the company, organizational pride and commitment. Our target is that our engagement index will be 73% by 2025.

We are committed to continuously improving our production efficiency and the efficient utilization of natural resources. Our target is to reduce our energy consumption, greenhouse gas emissions, water consumption and waste to landfill by 20% per ton of product by 2025 compared to the base year of 2019. By the end of 2022, our water consumption has decreased by 6.1%, waste to landfill by 2.5%, energy consumption by 0.6%, and greenhouse gas emissions by 20.0% per ton of product compared to 2019. As examples of our continuous work to decrease our greenhouse gas emissions, we moved

entirely to fossil free electricity in all our European plants and installed solar panels to our Alicante plant in 2022. We monitor our progress regularly and are always seeking new ways to further improve our operations.

Regarding sustainable products, our target is to increase their sales by 50% by 2025 and to have over 10 sustainable product launches per year. In 2022, we launched 12 sustainable products, and the sales of sustainable product sales has increased by 99% compared to the base year of 2019.

As part of our Annual Report 2022 which will be published in the week starting on March 6, 2023, we report the development of our sustainability performance. Our sustainability reporting in 2022 is in accordance with the GRI Standards by the Global Reporting Initiative.

## **SHARE INFORMATION**

### **Share capital**

The number of Suominen's registered shares was 58,259,219 on December 31, 2022, 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, 2022 was 10,902,032 shares, accounting for 19.0% of the average number of shares (excluding treasury shares). The highest price was EUR 5.27, the lowest EUR 2.36 and the volume-weighted average price EUR 3.57. The closing price at the beginning of the review period, on January 3, 2022, was EUR 5.09 and the closing price on the last trading date of the review period, on December 30, 2022, was EUR 3.00.

The market capitalization (excluding treasury shares) was EUR 172.4 million on December 31, 2022.

### **Treasury shares**

On December 31, 2022, Suominen Corporation held 778,492 treasury shares.

The share repurchase program of Suominen commenced on November 3, 2021 and ended on January 21, 2022. Suominen acquired in total 68,677 shares in January 2022.

As a share-based incentive plan vested, in total 237,584 shares were transferred to the participants of the plan in February.

In accordance with the resolution by the Annual General Meeting (AGM), in total 18,585 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

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

The AGM held on March 24, 2022 decided that 75% of the annual remuneration of the members of the Board of Directors is paid in cash and 25% in Suominen Corporation's shares. The shares were given out of the treasury shares held by the company on May 16, 2022 subject to a decision of the

Board of Directors made on May 15, 2022.

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

The AGM held on March 24, 2022 authorized the Board of Directors to decide on the repurchase a maximum of 1,000,000 of the company's own shares. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The repurchase authorization shall be valid until June 30, 2023 and it revokes all previous authorizations to repurchase company's own shares.

The AGM also 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, 2023.

In accordance with the resolution by the Annual General Meeting, in total 18,585 shares were transferred to the members of the Board of Directors as their remuneration payable in shares during the reporting period.

On February 25, 2022, in accordance with the share-based incentive plan 2019–2021, 237,584 shares were transferred to the participants of the plan.

After these transactions, the maximum amount of the authorization is 4,743,831 shares in aggregate.

### Share-based incentive plans for the management and key employees valid in 2022

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

Company's Performance Share Plan currently includes three 3-year performance periods, calendar years 2020–2022, 2021–2023 and 2022–2024. The aim of the Performance Share Plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of the company in long-term, to build loyalty to the company and to offer them competitive reward plans based on earning and accumulating the company's shares.

#### Performance Share Plan: Ongoing performance periods

Performance Period	2020–2022	2021–2023	2022–2024
Incentive based on	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)
Potential reward payment	Will be paid partly in Suominen shares and partly in cash in spring 2023	Will be paid partly in Suominen shares and partly in cash in spring 2024	Will be paid partly in Suominen shares and partly in cash in spring 2025
Participants	16 persons	16 persons	22 persons
Maximum number of shares	684,500	284,500	262,500

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

### SHAREHOLDERS

At the end of the review period, on December 31, 2022, Suominen Corporation had in total 5,710 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 Statements Release.

### Notifications under Chapter 9, Section 10 of the Securities Market Act

June 28, 2022: The shareholding of OP-Henkivakuutus Oy in Suominen Corporation crossed the 5% flagging threshold.

March 8, 2022: The shareholding of Etola Group Oy, controlled by Mr. Erkki Etola, in Suominen Corporation crossed the 10% flagging threshold. At the same time the total holding of Erkki Etola and companies controlled by him in Suominen Corporation crossed the 20% flagging threshold.

February 25, 2022: The shareholding of Etola Group Oy, controlled by Mr. Erkki Etola, in Suominen Corporation crossed the 5% flagging threshold.

January 20, 2022: The shareholding of Ilmarinen Mutual Pension Insurance Company in Suominen Corporation fell below the threshold of 5%.

### **CHANGES IN THE EXECUTIVE TEAM**

Suominen announced on September 6, 2022, that Toni Tamminen, Suominen's CFO and a member of the Executive Team has decided to pursue career opportunities outside the company and will leave Suominen on February 3, 2023. Sirpa Koskinen, VP, Group Controlling was appointed as interim CFO from February 4, 2023 onwards.

Suominen announced on November 30, 2022, that Tommi Björnman has been appointed as Suominen's new President & CEO. He will join Suominen latest in May 2023. Petri Helsky left his position as President & CEO and Klaus Korhonen, SVP, HR & Legal was appointed as interim President & CEO.

### **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, The 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 2022 were determined on the basis of the registered holdings in the company's shareholder register on September 1, 2022 and on September 1, 2021. The Nomination Board shall submit its proposals to the Board of Directors no later than February 1 prior to the Annual General Meeting.

Suominen's three largest registered shareholders on the basis of the registered holdings in the company's shareholders' register on September 1, 2022, Ahlstrom Capital B.V., Oy Etra Invest Ab and Etola Group Oy nominated the following members to the Shareholders' Nomination Board:

- Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by Ahlstrom Capital B.V.;
- Mikael Etola, CEO, Etola Group, as a member appointed by Oy Etra Invest Ab and Etola Group Oy;

Jaakko Eskola, Chair of Suominen's Board of Directors, serves as the third member of the Nomination Board.

### **ANNUAL GENERAL MEETING**

The Annual General Meeting (AGM) of Suominen Corporation was held on March 24, 2022.

The AGM adopted the Financial Statements and the Consolidated Financial Statements for the financial year 2021 and discharged the members of the Board of Directors and the President & CEO

from liability for the financial year 2021. The AGM approved the Remuneration Report for the governing bodies.

The AGM decided, in accordance with the proposal by the Board of Directors, that a dividend of EUR 0.20 per share will be paid.

The AGM confirmed the remuneration of the Board of Directors. The Chair will be paid an annual fee of EUR 70,000 and the Deputy Chair and other Board members an annual fee of EUR 33,000. Chair of the Audit Committee will be paid an additional fee of EUR 10,000. Further, the members of the Board will receive a fee for each Board and Committee meeting as follows: EUR 500 for each meeting held in the home country of the respective member, EUR 1,000 for each meeting held elsewhere than in the home country of the respective member and EUR 500 for each meeting held as a telephone conference. 75% of the remuneration is paid in cash and 25% in Suominen Corporation's shares. Compensation for expenses is paid in accordance with the company's valid travel policy.

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

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

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

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

Suominen published a stock exchange release on March 24, 2022 concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and an introduction of the new Board member can be viewed on Suominen's website at [www.suominen.fi](http://www.suominen.fi).

In compliance with the resolution of the Annual General Meeting, on April 7, 2022 Suominen paid out dividends in total of EUR 11.5 million for 2021, corresponding to EUR 0.20 per share.

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

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

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

## **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 a 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 global competitors in its different product groups. 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 it generally takes two to five months for raw material price changes to be reflected in Suominen's customer pricing either through automatic pricing mechanisms or negotiated price changes.

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.

### **Price and availability of energy**

Energy costs represent a significant portion of Suominen's production costs. Suominen consumes mainly electricity and gas. Higher prices as well as reduced availability of energy could have an impact on Suominen's profitability through increased production costs.

### **Market and customer risks**

Suominen's customer base is fairly concentrated, which increases the potential impact of changes in customer specific sales volumes. In 2022, the Group's ten largest customers accounted for 64% (66%) 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 possible changes in consumer preferences. Historically, such changes have had mainly a positive impact on Suominen, as they have resulted in the growing demand for products made of nonwovens. For example, the COVID-19 pandemic increased the demand for nonwovens for cleaning and disinfecting wipes. 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 change the consumers' 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 15 years and hence is well positioned to respond to changes in customer preferences related to sustainability and climate change.

Generally the demand for nonwovens for wipes has been resilient to changing economic conditions. However, it is conceivable that high consumer price inflation could lead to decline in end consumer demand for wiping products as the consumers' available income effectively decreases.

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

### **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 exchange rate risk related to USD in the Group's total foreign exchange 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 information and communication systems and software as well as on the successful management of cyber attack risks. If Suominen's information and communication 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 consolidated 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 taxes. 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 the South American markets. The growth in the

demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points.

The market expectation is that in the long run the end user demand for wipes will remain above pre-COVID levels. However, towards the end of the second quarter in 2021, especially our North American customers started to experience a sudden deceleration of demand, which in combination with extraordinary stockpiling throughout the entire supply chain created an imbalance of inventories. This impacted also Suominen's orders, although in several cases we were able to benefit from our position as the preferred supplier of our customers. The demand started to recover in H2/2022 with full recovery expected from 2023 onwards.

Looking at the year ahead there are several market drivers with a positive impact to Suominen. The raw material cost inflation finally turned in Q4/2022, and the energy markets show signs of price decline and in the US market the inventory levels have now receded to their normal levels. However, it remains to be seen how the current high consumer price inflation impacts the end consumer demand of wipes. Usually the wipes market has been rather steady despite the general economic situation.

## **OUTLOOK**

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

## **PROPOSAL ON DISTRIBUTION OF FUNDS**

The profit of the financial year 2022 of Suominen Corporation, the parent company of Suominen Group, was EUR 7,988,424.28. The funds distributable as dividends, including the profit for the period, were EUR 16,088,436 and total distributable funds were EUR 91,780,772.

The Board of Directors proposes that a dividend of EUR 0.10 per share shall be distributed for the financial year 2022 and that the profit shall be transferred to retained earnings.

On February 2, 2023, the company had 57,480,727 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 5,748,072.70.

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

The record date is April 5, 2023 and the dividend will be paid on April 12, 2023.

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

Suominen will publish its Financial Statements, Report by the Board of Directors, Auditor's Report, Corporate Governance Statement, Remuneration Report and Non-Financial Report including EU Taxonomy report, concerning the financial year 2022, as part of the Annual Report during the week commencing March 6, 2023. The above documents will be published as a Stock Exchange Release and they will be available also at [www.suominen.fi](http://www.suominen.fi).

## **ANNUAL GENERAL MEETING 2023**

The Annual General Meeting of Suominen Corporation is planned to be held on April 3, 2023. 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](http://www.suominen.fi).

## **EVENTS AFTER THE REPORTING PERIOD**

### **Suominen initiates consultation procedure concerning a plan to permanently close manufacturing at its Mozzate plant in Italy (January 10, 2023)**

Suominen will start consultation with local trade unions regarding a plan to permanently close manufacturing at its Mozzate plant. According to the plan, the production would end during the second quarter of 2023. The consultation will be conducted in accordance with the Italian legislation and applicable National Collective Agreement and is aimed to be completed within 90 days. The Mozzate site currently employs 92 people, working both in production and in office roles.

“Since the normalization of the COVID-induced demand surge, the competition in the European wipes nonwovens market has increased significantly driven mainly by imports from Turkey and China. This is the case especially in the traditional blended fiber products. At the same time energy costs in Italy have increased to record high levels. These two factors combined have created huge challenges for the cost competitiveness of our plant in Mozzate,” says Klaus Korhonen, interim President & CEO.

The wipes nonwovens market is rapidly transitioning towards more sustainable alternatives. In line with its strategy, Suominen has set targets to increase the sales of sustainable products and to continuously innovate new environmentally friendly nonwovens.

“The demand for traditional blended fiber products in Europe is declining. Manufacturing sustainable nonwovens competitively requires production assets and processes optimized specifically for these products. Our lines at the Mozzate plant are not best suited for sustainable fibers, and this combined with high operating costs means that the plant is not competitive and its competitiveness is not expected to improve materially going forward. We are constantly evaluating the performance and profitability of our assets, and in the current situation we have unfortunately come to the conclusion that we need to consider closing the production at Mozzate to improve the competitiveness of our European business,” Klaus Korhonen concludes.

The expected financial impacts of the potential closure are approx. EUR 9 million in one-time cash costs in 2023–24 consisting mainly of severance costs, dismantling the production lines and restoration of leased buildings. One-time net non-cash costs are expected to be approx. EUR 3 million of which approx. EUR 4.5 million will be posted in Q4/2022 and approx. EUR -1.5 million in 2023–24 corresponding to releases of certain provisions. If implemented, the plan is expected to yield a positive EBITDA impact of approx. EUR 3 million on an annualized basis.

### **Proposals by the Nomination Board to the Annual General Meeting 2023 of Suominen (January 13, 2023)**

#### **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 Andreas Ahlström, Aaron Barsness, Björn Borgman, Jaakko Eskola and Nina Linander would be re-elected as members of the Board of Directors and that Laura Remes would be elected as a new member of the Board of Directors.

Out of the current Board members, Laura Raitio has informed that she is no longer available as a candidate for the Board of Directors.

Laura Remes (born 1980, M.Sc. (Technology), Finnish citizen) currently works as Vice President, Strategy and Business Development at UPM Fibres. She has held a number of executive positions at UPM and Nokia.

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, Ahlstrom Capital 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](http://www.suominen.fi).

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

With regard to the selection procedure for the members of the Board of Directors, the Nomination Board recommends that shareholders take a position on the proposal as a whole at the Annual General Meeting. In preparing its proposals the Nomination Board, in addition to ensuring that individual nominees for membership of the Board of Directors possess the required competences, has determined that the proposed Board of Directors as a whole also has the best possible expertise for the company and that the composition of the Board of Directors meets other requirements of the Finnish Corporate Governance Code for listed companies.

### **Proposal on the Board remuneration**

The Nomination Board proposes that the remuneration of the Board of Directors remains unchanged and would be as follows: the Chair would be paid an annual fee of EUR 70,000 and the Deputy Chair and other Board members an annual fee of EUR 33,000. The Nomination Board also proposes that the additional fee paid to the Chair of the Audit Committee would remain unchanged and be EUR 10,000.

Further, the Nomination Board proposes that the fees payable for each Board and Committee meeting would remain unchanged and 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 500 for each meeting attended by telephone or other electronic means. No fee is paid for decisions made without convening a meeting.

75% of the annual fees is paid in cash and 25% in Suominen Corporation's shares. The shares will be transferred out of the treasury shares held by the company by the decision of the Board of Directors within two weeks from the date on which the interim report of January–March 2023 of the company is published.

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 2, 2022, Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by Ahlstrom Capital B.V. and Mikael Etola, CEO of Etola-Yhtiöt, as a member appointed by both Oy Etra Invest Ab and Etola Group Oy. Jaakko Eskola, Chair of Suominen's Board of Directors, serves as the third member of the Nomination Board. Lasse Heinonen acts as the Chair of the Nomination Board. The Nomination Board has decided to invite Jukka Perttula, Chair of Board of Directors of Nordea Funds, to attend the Nomination Board's meetings as an advisor representing Nordea Nordic Small Cap Fund, Suominen's fourth largest shareholder on September 1, 2022.

All of the proposals made by the Nomination Board were unanimous.

The Board of Directors of Suominen Corporation will include the proposals submitted by the Nomination Board to the Notice of the Annual General Meeting of Suominen which will be published at a later date. The Annual General Meeting of Suominen Corporation is scheduled to be held on April 3, 2023.

### **Sirpa Koskinen appointed as the interim CFO of Suominen (January 23, 2023)**

Sirpa Koskinen, VP, Group Controlling has been appointed as the interim CFO of Suominen as of February 4, 2023. Koskinen has worked in the company since 2015. Koskinen will report to the President & CEO but will not be an Executive Team member.

As announced earlier, Suominen's current CFO Toni Tamminen will leave the company. His last working day at Suominen will be February 3, 2023.

### **The Board of Directors of Suominen Corporation resolved on a new share-based Long-Term Incentive Plan for management and key employees (February 3, 2023)**

The Board of Directors of Suominen Corporation has resolved on February 2, 2023 on a new share-based Long-Term Incentive Plan (LTI Plan) for the management and 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 LTI Plan has one three-year Performance Period, which includes calendar years 2023–2025. The LTI Plan is directed to approximately 25 people including the President & CEO of Suominen.

The Board of Directors resolved that the potential reward for the Performance Period 2023–2025 will be based on the relative Total Shareholder Return (TSR). The maximum total amount of potential share rewards to be paid on the basis of the Performance Period 2023–2025 is 793,500 shares of Suominen Corporation, representing the gross reward before the deduction of taxes and tax-related costs arising from the reward.

The Board of Directors will be entitled to reduce the rewards agreed in the LTI Plan if the limits set by the Board of Directors for the share price are reached.

If the targets of the Plan are reached, rewards will be paid to participants in spring 2026 after the end of the Performance Period. The potential rewards from the Performance Period 2023–2025 will be paid partly in the Company's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The Company also has the right to pay the reward fully in cash under certain circumstances. 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 per cent 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 per cent 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 2023 on Thursday, May 4, 2023.

### **ANALYST AND NEWS CONFERENCE**

Klaus Korhonen, interim President & CEO, and Toni Tamminen, CFO, will present the financial result in English in an audiocast and a conference call for analysts, investors and media on February 3, 2023 at 11:00 a.m. (EET).

The audiocast can be followed at <https://suominen.videosync.fi/2022-financial-statements-release/>. Recording of the audiocast and the presentation material will be available after the event at [suominen.fi](https://suominen.fi).

Conference call participants can access the teleconference by registering at <https://palvelu.flik.fi/teleconference/?id=10010544>. The phone numbers and a conference ID to access the conference will be provided after the registration.

The event cannot be attended on the spot.

**SUOMINEN GROUP JANUARY 1 – DECEMBER 31, 2022**

The consolidated financial statements of Suominen have been audited. The Auditor's report has been signed on February 2, 2023. Quarterly information, half-year report and interim reports have not been audited.

As 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 mainly the same as those used for preparing the consolidated financial statements for 2021. The new or amended standard, annual improvements or interpretations applicable from January 1, 2022 are presented below.

**New or amended standard, annual improvements or interpretations applicable from January 1, 2022:**

- Improvements to IFRS (2018–2020 cycle): Improvement to IFRS 9 – Fees in the "10 percent" Test for Derecognition of Financial Liabilities, applicable from January 1, 2022. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The fees include only fees paid or received between the borrower and the lender.

- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use, applicable from January 1, 2022. The amendment prohibits companies deducting from the acquisition cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The sales proceeds of producing such items as well as the expenses of producing the items are to be recognized in profit or loss. The amendment was to be applied retrospectively. For Suominen, the amendment did not result in any restatement of previously published figures.

Other new or amended standard, annual improvements or interpretations applicable from January 1, 2022 were not material for Suominen Group.

**New and amended IFRS standards and IFRIC interpretations published but mandatory from January 1, 2023 or later:**

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, applicable from January 1, 2024. The amendment specifies the requirements for classifying liabilities as current or non-current, by clarifying for example what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period and that classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendment will be applied retrospectively. The amendment has no effect on the consolidated financial statements of Suominen.

- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2, applicable from January 1, 2023. The amendment replaces the requirement to disclose "significant" accounting policies with a requirement to disclose "material" accounting policies. The amendment aims to help companies to disclose accounting policies, which are material for users to understand the information in the company's financial statements. The amendments require judgement in determining whether accounting policies are material or not. The amendment may have some effect on the disclosure of accounting policies in Suominen's consolidated financial statements, as the accounting principles presented in the consolidated financial statements will concentrate on presenting the accounting principles which are material for Suominen.

- Definition of Accounting Estimates – Amendments to IAS 8, applicable from January 1, 2023. The amendments clarify the distinction between the changes in accounting estimates and changes in accounting policies and the correction of errors. The amendment clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The amendment does not have any material impact on Suominen's consolidated financial statements.

- Amendments to IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, applicable from January 1, 2023. The amendments are to be applied to transactions that occur on or after the beginning of the earliest comparative period presented in the financial statements.

The amendment narrowed the scope of the initial recognition exception under IAS 12, so that it no longer applies to taxable and deductible temporary differences. The amendment clarifies deferred tax accounting for transactions and events, such as leases and decommissioning obligations that lead to the initial recognition of both an asset and a liability. The amendments require companies to recognize a separate deferred tax asset and deferred tax liability when the temporary differences arising on the initial recognition of an asset and a liability are equal.

As in the most cases the deferred tax assets and liabilities arising from recognition of leases can be offset with each other, the amendment has not material effect on the consolidated statement of financial position of Suominen. The amendment will, however, change the disclosure information in the consolidated financial statements related to the deferred taxes.

Other new or amended standards, improvements or annual improvements applicable from January 1, 2023 or later are not material for Suominen Group.

## STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2022	31.12.2021
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	15,496	15,496

Intangible assets	<b>9,709</b>	13,176
Property, plant and equipment	<b>116,195</b>	115,478
Right-of-use assets	<b>11,902</b>	15,741
Equity instruments	<b>421</b>	421
Other non-current receivables	<b>93</b>	96
Deferred tax assets	<b>693</b>	1,668
<b>Total non-current assets</b>	<b>154,510</b>	162,077
<b>Current assets</b>		
Inventories	<b>63,261</b>	49,763
Trade receivables	<b>66,648</b>	65,495
Other current receivables	<b>8,857</b>	5,403
Assets for current tax	<b>662</b>	2,564
Cash and cash equivalents	<b>49,508</b>	101,357
<b>Total current assets</b>	<b>188,935</b>	224,583
<b>Total assets</b>	<b>343,445</b>	386,660
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	<b>11,860</b>	11,860
Share premium account	<b>24,681</b>	24,681
Reserve for invested unrestricted equity	<b>75,692</b>	75,692
Fair value and other reserves	<b>265</b>	-7
Exchange differences	<b>2,678</b>	-5,577
Retained earnings	<b>30,740</b>	56,549
<b>Total equity attributable to owners of the parent</b>	<b>145,916</b>	163,199
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>11,730</b>	13,931
Liabilities from defined benefit plans	<b>424</b>	638
Non-current provisions	<b>1,950</b>	1,916
Non-current lease liabilities	<b>11,215</b>	13,167
Other non-current liabilities	<b>-</b>	3
Debentures	<b>49,295</b>	49,144
<b>Total non-current liabilities</b>	<b>74,614</b>	78,799
<b>Current liabilities</b>		
Current lease liabilities	<b>2,855</b>	2,761
Other current interest-bearing liabilities	<b>40,000</b>	-
Debentures	<b>-</b>	84,062

Liabilities for current tax	<b>289</b>	669
Trade payables and other current liabilities	<b>79,771</b>	57,170
Total current liabilities	<b>122,915</b>	144,662
<b>Total liabilities</b>	<b>197,529</b>	223,461
<b>Total equity and liabilities</b>	<b>343,445</b>	386,660

**STATEMENT OF PROFIT OR LOSS**

EUR thousand	<b>10-12/2022</b>	10-12/2021	<b>1-12/2022</b>	1-12/2021
<b>Net sales</b>	<b>133,072</b>	115,585	<b>493,298</b>	443,219
Cost of goods sold	<b>-131,273</b>	-107,170	<b>-474,718</b>	-392,390
<b>Gross profit</b>	<b>1,800</b>	8,415	<b>18,579</b>	50,828
Other operating income	<b>1,636</b>	2,030	<b>5,739</b>	4,434
Sales, marketing and administration expenses	<b>-7,381</b>	-6,676	<b>-28,932</b>	-26,238
Research and development expenses	<b>-932</b>	-806	<b>-3,503</b>	-2,678
Other operating expenses	<b>-112</b>	912	<b>-841</b>	595
<b>Operating profit</b>	<b>-4,989</b>	3,874	<b>-8,958</b>	26,941
Net financial expenses	<b>-2,639</b>	-1,074	<b>-2,923</b>	-390
<b>Profit before income taxes</b>	<b>-7,628</b>	2,800	<b>-11,881</b>	26,551
Income taxes	<b>-1,182</b>	-263	<b>-1,983</b>	-5,816
<b>Profit for the period</b>	<b>-8,810</b>	2,537	<b>-13,863</b>	20,734
<b>Earnings per share, EUR</b>				
Basic	<b>-0.15</b>	0.04	<b>-0.24</b>	0.36
Diluted	<b>-0.15</b>	0.04	<b>-0.24</b>	0.36

**STATEMENT OF COMPREHENSIVE INCOME**

EUR thousand	<b>10-12/2022</b>	10-12/2021	<b>1-12/2022</b>	1-12/2021
<b>Profit for the period</b>	<b>-8,810</b>	2,537	<b>-13,863</b>	20,734

**Other comprehensive income:**

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

Exchange differences	-11,565	2,446	<b>8,873</b>	9,137
Income taxes related to other comprehensive income	<b>1,023</b>	-222	<b>-618</b>	-781
<b>Total</b>	<b>-10,542</b>	2,224	<b>8,255</b>	8,356

**Other comprehensive income that will not be subsequently reclassified to profit or loss**

Remeasurements of defined benefit plans	<b>137</b>	26	<b>137</b>	26
Income taxes related to other comprehensive income	<b>-125</b>	-7	<b>-125</b>	-7
<b>Total</b>	<b>12</b>	19	<b>12</b>	19

<b>Total other comprehensive income</b>	<b>-10,530</b>	2,243	<b>8,267</b>	8,375
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<b>Total comprehensive income for the period</b>	<b>-19,340</b>	4,781	<b>-5,596</b>	29,109
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**STATEMENT OF CHANGES IN EQUITY**

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

EUR thousand	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2022</b>	<b>-7</b>	<b>56,549</b>	<b>163,199</b>
Profit for the period	-	-13,863	-13,863
Other comprehensive income	-	12	8,267
<b>Total comprehensive income</b>	<b>-</b>	<b>-13,851</b>	<b>-5,596</b>
Distribution of dividend	-	-11,492	-11,492
Share-based payments	-	106	106
Acquisition of treasury shares	-	-352	-352
Conveyance of treasury shares	-	52	52
Transfers	272	-272	-
<b>Equity 31.12.2022</b>	<b>265</b>	<b>30,740</b>	<b>145,916</b>

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2021</b>	<b>11,860</b>	<b>24,681</b>	<b>81,361</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Distribution of dividend and return of capital	-	-	-5,759	-
Share-based payments	-	-	-	-
Acquisition of treasury shares	-	-	-	-
Conveyance of treasury shares	-	-	90	44
<b>Equity 31.12.2021</b>	<b>11,860</b>	<b>24,681</b>	<b>75,692</b>	<b>-</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2021</b>	<b>-13,933</b>	<b>-7</b>	<b>41,962</b>	<b>145,882</b>
Profit for the period	-	-	20,734	20,734
Other comprehensive income	8,356	-	19	8,375
<b>Total comprehensive income</b>	<b>8,356</b>	<b>-</b>	<b>20,754</b>	<b>29,109</b>

Distribution of dividend and return of capital	–	–	-5,759	-11,519
Share-based payments	–	–	1,276	1,276
Acquisition of treasury shares	–	–	-1,640	-1,640
Conveyance of treasury shares	–	–	-44	90
<b>Equity 31.12.2021</b>	<b>-5,577</b>	<b>-7</b>	<b>56,549</b>	<b>163,199</b>

## STATEMENT OF CASH FLOWS

EUR thousand	1-12/2022	1-12/2021
<b>Cash flow from operations</b>		
Profit for the period	-13,863	20,734
Total adjustments to profit for the period	28,037	27,585
Cash flow before changes in net working capital	14,174	48,319
Change in net working capital	7,753	-25,242
Financial items	-4,745	-5,258
Income taxes	-3,156	-6,731
<b>Cash flow from operations</b>	<b>14,027</b>	<b>11,088</b>
<b>Cash flow from investments</b>		
Investments in property, plant and equipment and intangible assets	-9,764	-17,628
Sales proceeds from property, plant and equipment and intangible assets	30	4
Sales proceeds from sale of equity investments	–	2,170
<b>Cash flow from investments</b>	<b>-9,734</b>	<b>-15,454</b>
<b>Cash flow from financing</b>		
Drawdown of non-current interest-bearing liabilities	–	50,000
Issuance costs of the bonds	–	-939
Drawdown of current interest-bearing liabilities	40,000	–
Repayment of non-current interest-bearing liabilities	-85,000	–
Repayment of current interest-bearing liabilities	-3,003	-2,757
Repayment of loan receivables	–	9,301
Acquisition of treasury shares	-379	-1,612
Dividends and return of capital paid	-11,492	-11,520
<b>Cash flow from financing</b>	<b>-59,875</b>	<b>42,473</b>
<b>Change in cash and cash equivalents</b>	<b>-55,582</b>	<b>38,106</b>

Cash and cash equivalents at the beginning of the period	<b>101,357</b>	57,877
Effect of changes in exchange rates	<b>3,732</b>	5,374
Change in cash and cash equivalents	<b>-55,582</b>	38,106
<b>Cash and cash equivalents at the end of the period</b>	<b>49,508</b>	101,357

**KEY RATIOS**

	<b>10-12/ 2022</b>	10-12/ 2021	<b>1-12/ 2022</b>	1-12/ 2021
Change in net sales, % *	<b>15.1</b>	4.1	<b>11.3</b>	-3.4
Gross profit, as percentage of net sales, %	<b>1.4</b>	7.3	<b>3.8</b>	11.5
Comparable EBITDA, as percentage of net sales, %	<b>3.7</b>	7.8	<b>3.1</b>	10.6
EBITDA, as percentage of net sales, %	<b>3.0</b>	7.8	<b>2.9</b>	10.6
Comparable operating profit, as percentage of net sales, %	<b>-0.1</b>	3.4	<b>-0.8</b>	6.1
Operating profit, as percentage of net sales, %	<b>-3.7</b>	3.4	<b>-1.8</b>	6.1
Net financial items, as percentage of net sales, %	<b>-2.0</b>	-0.9	<b>-0.6</b>	-0.1
Profit before income taxes, as percentage of net sales, %	<b>-5.7</b>	2.4	<b>-2.4</b>	6.0
Profit for the period, as percentage of net sales, %	<b>-6.6</b>	2.2	<b>-2.8</b>	4.7
Gross capital expenditure, EUR thousand	<b>2,333</b>	3,755	<b>9,713</b>	17,771
Depreciation, amortization and impairment losses, EUR thousand	<b>8,992</b>	5,108	<b>23,245</b>	20,092
Return on equity, rolling 12 months, %	-	-	<b>-8.8</b>	13.3
Return on invested capital, rolling 12 months, % **	-	-	<b>-4.2</b>	13.9
Equity ratio, %	-	-	<b>42.5</b>	42.2
Gearing, %	-	-	<b>37.4</b>	30.4
Average number of personnel (FTE - full time equivalent)	-	-	<b>707</b>	709
Earnings per share, EUR, basic	<b>-0.15</b>	0.04	<b>-0.24</b>	0.36
Earnings per share, EUR, diluted	<b>-0.15</b>	0.04	<b>-0.24</b>	0.36
Cash flow from operations per share, EUR	<b>0.27</b>	0.05	<b>0.24</b>	0.19
Equity per share, EUR	-	-	<b>2.54</b>	2.85
Dividend per share, EUR ***	-	-	<b>0.10</b>	0.20
Price per earnings per share (P/E) ratio	-	-	<b>-12.43</b>	14.38

Dividend payout ratio, %	-	-	<b>-41.4</b>	55.5
Dividend yield, %	-	-	<b>3.33</b>	3.86
Number of shares, end of period, excluding treasury shares	-	-	<b>57,480,727</b>	57,293,235
Share price, end of period, EUR	-	-	<b>3.00</b>	5.18
Share price, period low, EUR	-	-	<b>2.36</b>	4.25
Share price, period high, EUR	-	-	<b>5.27</b>	6.41
Volume weighted average price during the period, EUR	-	-	<b>3.57</b>	5.48
Market capitalization, EUR million	-	-	<b>172.4</b>	296.8
Number of traded shares during the period	-	-	<b>10,902,032</b>	17,714,203
Number of traded shares during the period, % of average number of shares	-	-	<b>19.0</b>	30.8

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

\*\* Restated

\*\*\* 2022 Proposal of the Board

	<b>31.12.2022</b>	31.12.2021
<b>Interest-bearing net debt, EUR thousands</b>		
Non-current interest-bearing liabilities, nominal value	<b>61,215</b>	63,167
Current interest-bearing liabilities, nominal value	<b>42,855</b>	87,761
Interest-bearing receivables and cash and cash equivalents	<b>-49,508</b>	-101,357
<b>Interest-bearing net debt</b>	<b>54,562</b>	49,570

## 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	<b>31.12.2022</b>	<b>31.12.2021</b>
Profit for the period	-13,863	20,734

Average share-issue adjusted number of shares	57,439,615	57,579,440
Average diluted share-issue adjusted number of shares excluding treasury shares	57,533,196	58,023,347

### Earnings per share

#### EUR

Basic	-0.24	0.36
Diluted	-0.24	0.36

### Cash flow from operations per share

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

	<b>31.12.2022</b>	<b>31.12.2021</b>
Cash flow from operations, EUR thousand	14,027	11,088
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,480,727	57,293,235
Cash flow from operations per share, EUR	0.24	0.19

### Equity per share

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

	<b>31.12.2022</b>	<b>31.12.2021</b>
Total equity attributable to owners of the parent, EUR thousand	145,916	163,199
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,480,727	57,293,235
Equity per share, EUR	2.54	2.85

### Dividend payout ratio, %

$$\text{Dividend payout ratio, \%} = \frac{\text{Dividend and return of capital per share} \times 100}{\text{Basic earnings per share}}$$

	<b>31.12.2022</b>	<b>31.12.2021</b>
Dividend and return of capital per share x 100	10.00	20.00
Basic earnings per share, EUR	-0.24	0.36
Dividend payout ratio, %	-41.4	55.5

### Dividend yield, %

$$\text{Dividend yield, \%} = \frac{\text{Dividend and return of capital per share} \times 100}{\text{Share price at end of the period}}$$

	<b>31.12.2022</b>	<b>31.12.2021</b>
Dividend and return of capital per share x 100	10.00	20.00
Share price at end of the period, EUR	3.00	5.18
Dividend yield, %	3.33	3.86

### Price per earnings per share (P/E)

$$\text{Price per earnings per share (P/E)} = \frac{\text{Share price at end of the period}}{\text{Basic earnings per share}}$$

	<b>31.12.2022</b>	<b>31.12.2021</b>
Share price at end of the period, EUR	3.00	5.18
Basic earnings per share, EUR	-0.24	0.36
Price per earnings per share (P/E)	-12.43	14.38

### Market capitalization

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

	<b>31.12.2022</b>	<b>31.12.2021</b>
Number of shares at the end of reporting period excluding treasury shares	57,480,727	57,293,235
Share price at end of the period, EUR	3.00	5.18
Market capitalization, EUR million	172.4	296.8

### Share turnover

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

	<b>31.12.2022</b>	<b>31.12.2021</b>
Number of shares traded during the period	10,902,032	17,714,203
Average number of shares excluding treasury shares	57,439,615	57,579,440
Share turnover, %	19.0	30.8

### 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 2021. In 2022, items affecting comparability of result were impairment losses of property, plant and equipment, right-of-use assets and inventory, arising from the planned closure of the production lines in Italy.

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

EUR thousand	31.12.2022	31.12.2021
Operating profit	-8,958	26,941
+ Impairment losses of property, plant and equipment, affecting comparability of result	2,288	-
+ Impairment losses of right-of-use assets, affecting comparability of result	1,536	-
+ Impairment losses of inventories, affecting comparability of result	971	-
Comparable operating profit	-4,163	26,941

### EBITDA and comparable EBITDA

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

EBITDA = EBIT + depreciation, amortization and impairment losses

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

EUR thousand	31.12.2022	31.12.2021
Operating profit	-8,958	26,941
+ Depreciation, amortization and impairment losses	23 245	20,092
EBITDA	14,287	47,033
<hr/>		
EBITDA	14,287	47,033
+ Impairment losses of inventories, affecting comparability of result	971	-
Comparable EBITDA	15,257	47,033

### 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	31.12.2022	31.12.2021
Increases in intangible assets	438	162
Increases in property, plant and equipment	9,275	17,609
Gross capital expenditure	9,713	17,771

### 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	31.12.2022	31.12.2021
Interest-bearing liabilities	103,365	149,134
Tender and issuance costs of the debentures	705	1,794

Cash and cash equivalents	-49,508	-101,357
Interest-bearing net debt	54,562	49,570
Interest-bearing liabilities	103,365	149,134
Tender and issuance costs of the debentures	705	1,794
Nominal value of interest-bearing liabilities	104,069	150,927

### 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	31.12.2022	31.12.2021
Profit for the reporting period (rolling 12 months)	-13,863	20,734
Total equity attributable to owners of the parent 31.12.2021 / 31.12.2020	163,199	145,882
Total equity attributable to owners of the parent 31.3.2022 / 31.3.2021	153,504	152,227
Total equity attributable to owners of the parent 30.6.2022 / 30.6.2021	158,098	159,386
Total equity attributable to owners of the parent 30.9.2022 / 30.9.2021	165,188	159,682
Total equity attributable to owners of the parent 31.12.2022 / 31.12.2021	145,916	163,199
Average	157,181	156,075
Return on equity (ROE), %	-8.8	13.3

### Invested capital

$$\text{Invested capital} = \text{Total equity} + \text{interest-bearing liabilities} - \text{cash and cash equivalents}$$

EUR thousand	31.12.2022	31.12.2021
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Total equity attributable to owners of the parent	145,916	163,199
Interest-bearing liabilities	103,365	149,134
Cash and cash equivalents	-49,508	-101,357
<b>Invested capital</b>	<b>199,773</b>	<b>210,975</b>

### 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, i.e. the yield on the capital invested in the company.

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

EUR thousand	<b>31.12.2022</b>	<b>31.12.2021</b>
Operating profit (rolling 12 months)	-8,958	26,941
Invested capital 31.12.2021 / 31.12.2020	210,975	188,298
Invested capital 31.3.2022 / 31.3.2021	205,806	170,609
Invested capital 30.6.2022 / 30.6.2021	210,561	192,651
Invested capital 30.9.2022 / 30.9.2021	230,264	205,786
Invested capital 31.12.2022 / 31.12.2021	199,773	210,975
Average	211,476	193,664
<b>Return on invested capital (ROI), %</b>	<b>-4.2</b>	<b>13.9</b>

### 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.

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

EUR thousand	<b>31.12.2022</b>	<b>31.12.2021</b>
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Total equity attributable to owners of the parent	145,916	163,199
Total assets	343,445	386,660
Advances received	-74	-75
	343,371	386,585
Equity ratio, %	42.5	42.2

### 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.

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

EUR thousand	31.12.2022	31.12.2021
Interest-bearing net debt	54,562	49,570
Total equity attributable to owners of the parent	145,916	163,199
Gearing, %	37.4	30.4

### NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	1-12/2022	1-12/2021
Finland	3,522	2,707
Rest of Europe	193,673	168,841
North and South America	294,367	269,247
Rest of the world	1,736	2,424
Total	493,298	443,219

**QUARTERLY DEVELOPMENT**

EUR thousand	2022				2021			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	133,072	131,937	118,019	110,269	115,585	98,654	113,647	115,333
Comparable EBITDA	4,973	5,124	1,863	3,298	8,983	4,240	15,277	18,534
<i>as % of net sales</i>	3.7	3.9	1.6	3.0	7.8	4.3	13.4	16.1
Items affecting comparability	-971	-	-	-	-	-	-	-
EBITDA	4,003	5,124	1,863	3,298	8,983	4,240	15,277	18,534
<i>as % of net sales</i>	3.0	3.9	1.6	3.0	7.8	4.3	13.4	16.1
Comparable operating profit	-194	202	-2,903	-1,268	3,874	-842	10,317	13,592
<i>as % of net sales</i>	-0.1	0.2	-2.5	-1.2	3.4	-0.9	9.1	11.8
Items affecting comparability	-4,795	-	-	-	-	-	-	-
Operating profit	-4,989	202	-2,903	-1,268	3,874	-842	10,317	13,592
<i>as % of net sales</i>	-3.7	0.2	-2.5	-1.2	3.4	-0.9	9.1	11.8
Net financial items	-2,639	-78	723	-930	-1,074	-969	-1,613	3,266
Profit before income taxes	-7,628	125	-2,180	-2,198	2,800	-1,811	8,704	16,858
<i>as % of net sales</i>	-5.7	0.1	-1.8	-2.0	2.4	-1.8	7.7	14.6

**QUARTERLY SALES BY BUSINESS AREA**

EUR thousand	2022				2021			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Americas	81,714	80,308	64,226	61,726	68,858	57,048	67,402	71,904
Europe	51,401	51,701	53,819	48,530	46,747	41,634	46,251	43,432
Unallocated exchange differences and eliminations	-43	-72	-26	12	-20	-28	-6	-2
Total	133,072	131,937	118,019	110,269	115,585	98,654	113,647	115,333

**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 24, 2022 resolved that 25% 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 2022 was 18,585 shares. The shares were transferred on May 16, 2022 and the value of the transferred shares totaled EUR 61,331.

The annual and meeting fees paid to the Board of Directors of Suominen Corporation in 2022 were in total EUR 285 thousand, of which EUR 61 thousand were paid in shares.

One of Suominen's share-based plans was vested and shares were transferred to the participants of the plan in February. The President & CEO received 60,739 shares, and the value of the shares and portion settled in cash totaled EUR 463 thousand. The number of the shares transferred to other members of the Executive Team was 116,755 shares. The value of the shares and the portion settled in cash was EUR 829 thousand.

Salaries paid or accrued, including fringe benefits, to President & CEO and other members of the Executive Team during January-December 2022 amounted to EUR 3,788 thousand, of which EUR 1,292 thousand was the value of the vested share-based payments. Obligatory pension payments and accruals were EUR 291 thousand and voluntary pension payments and accruals EUR 136 thousand. The accrual, excluding social costs, based on the non-vested share-based incentive plans in accordance with IFRS standards was EUR 987 thousand for the related parties for the reporting period. The amounts include severance payments.

### Management share ownership

Number of shares

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
<b>Board of Directors</b>		
Jaakko Eskola, Chair of the Board of Directors	19,894	14,583
Andreas Ahlström, Deputy Chair of the Board	23,836	21,333
Björn Borgman	21,946	15,043
Nina Linander	23,778	20,516
Laura Raitio	23,836	21,333
Aaron Barsness from March 24, 2022	2,503	–
Sari Pajari-Sederholm until March 24, 2022	–	10,554
<b>Total</b>	<b>115,793</b>	<b>103,362</b>
Total % of shares and votes	0.20%	0.18%
<b>Executive Team</b>		
Petri Helsky, President and CEO until November 30, 2022	–	39,354
Klaus Korhonen, interim CEO, from November 30, 2022	36,592	19,352

Lynda Kelly	57,073	24,295
Markku Koivisto	36,482	18,641
Mimoun Säim	65,502	34,447
Toni Tamminen	19,000	3,500
<b>Total</b>	<b>214,649</b>	<b>139,589</b>
Total % of shares and votes	0.37%	0.24%

**THE LARGEST SHAREHOLDERS ON DECEMBER 31, 2022**

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of shares and votes</b>
Ahlstrom Capital B.V.	13,953,357	23.95%
Oy Etra Invest Ab	7,000,000	12.02%
Etola Group Oy	5,850,000	10.04%
OP Life Assurance Company Ltd	3,621,397	6.22%
Nordea Nordic Small Cap Fund	3,435,147	5.90%
Nordea Life Assurance Finland Ltd	2,882,300	4.95%
Mandatum Life Insurance Company	2,878,287	4.94%
Ilmarinen Mutual Pension Insurance Company	1,912,000	3.28%
Varma Mutual Pension Insurance Company	1,689,751	2.90%
Oy H. Kuningas & Co. AB	1,400,000	2.40%
Majjala Investment Oy	1,176,232	2.02%
Skandinaviska Enskilda Banken AB (publ.)	997,750	1.71%
Laakkosen Arvopaperi Oy	900,000	1.54%
Juhani Majjala	794,026	1.36%
Pension Insurance Company Elo	689,430	1.18%
15 largest total	49,179,677	84.41%
Other shareholders	7,057,140	12.11%
Nominee registered	1,243,910	2.14%
Treasury shares	778,492	1.34%
<b>Total</b>	<b>58,259,219</b>	<b>100.00%</b>

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

EUR thousand	31.12.2022			31.12.2021		
	Property, plant and equipment	Intangible assets	Right-of-use assets	Property, plant and equipment	Intangible assets	Right-of-use assets
Carrying amount at the beginning of the period	<b>115,478</b>	<b>13,176</b>	<b>15,741</b>	104,666	16,748	17,784
Capital expenditure and increases	<b>9,275</b>	<b>438</b>	<b>705</b>	17,609	162	719
Disposals and decreases	-	-	<b>-27</b>	-	-	-103
Depreciation, amortization and impairment losses	<b>-14,393</b>	<b>-3,869</b>	<b>-4,983</b>	-13,061	-3,801	-3,230
Exchange differences and other changes	<b>5,835</b>	<b>-36</b>	<b>466</b>	6,264	68	571
Carrying amount at the end of the period	<b>116,195</b>	<b>9,709</b>	<b>11,902</b>	115,478	13,176	15,741

Intangible assets excluding goodwill.

**CONTINGENT LIABILITIES**

<b>Guarantees and other commitments</b>	<b>2022</b>	<b>2021</b>
On own commitments	3,102	3,495
Other own commitments	16,755	24,713
<b>Total</b>	<b>19,857</b>	<b>28,208</b>
<b>Other contingencies</b>		
Contractual commitments to acquire property, plant and equipment	2,641	713
Commitments to leases not yet commenced	429	458
<b>Total</b>	<b>3,069</b>	<b>1,171</b>
<b>Rental obligations</b>		
Within one year	51	42
Between 1-5 years	47	43
After 5 years	-	-
<b>Total</b>	<b>98</b>	<b>85</b>

**NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS**

EUR thousand	31.12.2022		31.12.2021	
	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts hedge accounting not applied	-	-	1,960	-14

**FINANCIAL ASSETS BY CATEGORY**

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

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

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	-	-	421	421	421
Trade receivables	-	65,495	-	65,495	65,495
Derivative receivables	2	-	-	2	2
Interest and other financial receivables	-	259	-	259	259
Cash and cash equivalents	-	101,357	-	101,357	101,357
<b>Total 31.12.2021</b>	<b>2</b>	<b>167,111</b>	<b>421</b>	<b>167,534</b>	<b>167,534</b>

Principles in estimating fair value for financial assets for 2022 are the same as those used in consolidated financial statements for 2021.

**CHANGES IN INTEREST-BEARING LIABILITIES**

	2022	2021
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>149,134</b>	<b>100,293</b>
<b>Current liabilities at the beginning of the period</b>	<b>86,823</b>	<b>2,539</b>
Repayment of current liabilities, cash flow items	-88,003	-2,757
Drawdown of current liabilities, cash flow items	40,000	-
Increases in current liabilities, non-cash flow items	260	309
Decreases of current liabilities, non-cash flow items	-15	-67
Reclassification from non-current liabilities	2,770	86,610
Periodization of debenture to amortized cost, non-cash flow items	938	105
Exchange rate difference, non-cash flow item	83	84
<b>Current liabilities at the end of the period</b>	<b>42,855</b>	<b>86,823</b>
<b>Non-current liabilities at the beginning of the period</b>	<b>13,167</b>	<b>14,892</b>
Increases in non-current liabilities, non-cash flow items	445	418
Decreases of non-current liabilities, non-cash flow items	-12	-47
Reclassification to current liabilities	-2,770	-2,653
Exchange rate difference, non-cash flow item	385	557
<b>Non-current liabilities at the end of the period</b>	<b>11,215</b>	<b>13,167</b>
<b>Non-current debentures at the beginning of the period</b>	<b>49,144</b>	<b>82,862</b>
Periodization of debenture to amortized cost, non-cash flow items	151	1,178
Drawdown of debentures	-	50,000
Transaction costs of debentures, cash flow item	-	-939
Reclassification to current liabilities	-	-83,957
<b>Non-current debentures at the end of the period</b>	<b>49,295</b>	<b>49,144</b>
<b>Total interest-bearing liabilities at the end of the period</b>	<b>103,365</b>	<b>149,134</b>

**FINANCIAL LIABILITIES**

EUR thousand	31.12.2022			31.12.2021		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
<b>Non-current financial liabilities</b>						
Debentures	49,295	39,425	50,000	49,144	49,125	50,000
Lease liabilities	11,215	11,215	11,215	13,167	13,167	13,167
Total non-current financial liabilities	60,510	50,640	61,215	62,311	62,292	63,167
<b>Current financial liabilities</b>						

Debentures	–	–	–	84,062	86,496	85,000
Current loans from financial institutions	40,000	40,000	40,000	–	–	–
Lease liabilities	2,855	2,855	2,855	2,761	2,761	2,761
Interest accruals	734	734	734	936	936	936
Derivative liabilities	–	–	–	15	15	15
Other current liabilities	353	353	353	379	379	379
Trade payables	64,565	64,565	64,565	45,661	45,661	45,661
<b>Total current financial liabilities</b>	<b>108,506</b>	<b>108,506</b>	<b>108,506</b>	<b>133,814</b>	<b>136,248</b>	<b>134,752</b>
<b>Total</b>	<b>169,016</b>	<b>159,146</b>	<b>169,721</b>	<b>196,125</b>	<b>198,540</b>	<b>197,919</b>

The financial liabilities in the table above, with the exception for derivative liabilities, are measured at amortized cost.

Principles in estimating fair value for financial liabilities for 2022 are the same as those used in consolidated financial statements for 2021.

#### FAIR VALUE MEASUREMENT HIERARCHY

EUR thousand

##### **Fair value hierarchy in 2022**

<b>Financial assets at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity instruments	–	–	421
<b>Total in 2022</b>	<b>–</b>	<b>–</b>	<b>421</b>

##### **Fair value hierarchy in 2021**

<b>Financial assets at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity instruments	–	–	421
Currency derivatives	–	2	–
<b>Total in 2021</b>	<b>–</b>	<b>2</b>	<b>421</b>

<b>Financial liabilities at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Currency derivatives	–	15	–
<b>Total in 2021</b>	<b>–</b>	<b>15</b>	<b>–</b>

Principles in estimating fair value for financial assets for 2022 are the same as those used in consolidated financial statements for 2021.

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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 are present in people's daily life worldwide. Suominen's net sales in 2022 were EUR 493.3 million and we have over 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at [www.suominen.fi](http://www.suominen.fi).*

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