



Q2 | HALF YEAR FINANCIAL REPORT

JANUARY 1 – JUNE 30, 2021



Suominen Corporation's Half-Year Financial Report on August 13, 2021 at 9:30 a.m. (EEST)

Suominen Corporation's Half-Year Financial Report for January 1 – June 30, 2021:
Solid profitability in Q2, short-term demand outlook challenging

KEY FIGURES

	4-6/ 2021	4-6/ 2020	1-6/ 2021	1-6/ 2020	1-12/ 2020
Net sales, EUR million	113.6	122.2	229.0	232.4	458.9
Comparable EBITDA	15.3	18.0	33.8	29.3	60.9
Comparable EBITDA, %	13.4	14.7	14.8	12.6	13.3
EBITDA	15.3	18.0	33.8	29.3	60.9
Operating profit, EUR million	10.3	12.4	23.9	18.1	39.5
Operating profit, %	9.1	10.1	10.4	7.8	8.6
Profit for the period, EUR million	6.1	8.4	19.9	11.9	30.1
Cash flow from operations, EUR million	1.2	9.6	17.1	19.0	57.0
Cash flow from operations per share, EUR	0.02	0.17	0.30	0.33	0.99
Earnings per share, basic, EUR	0.11	0.15	0.35	0.21	0.52
Return on invested capital, rolling 12 months, %	–	–	17.9	8.9	16.7
Gearing, %	–	–	22.4	40.9	25.4

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

April–June 2021 in brief:

- Net sales decreased by 7.0% and amounted to EUR 113.6 million (122.2)
- Comparable EBITDA decreased by 15.1% and amounted to EUR 15.3 million (18.0)
- Cash flow from operations was EUR 1.2 million (9.6)

January–June 2021 in brief:

- Net sales decreased by 1.5% and amounted to EUR 229.0 million (232.4)
- Comparable EBITDA increased by 15.5% and amounted to EUR 33.8 million (29.3)
- Cash flow from operations was EUR 17.1 million (19.0)

Outlook for 2021

As announced on August 12, 2021 Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in the second half of 2021 as well as some continuing volatility in the raw material and transportation markets. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

Petri Helsky, President & CEO:

"In the second quarter our net sales decreased by 7.0% from the comparison period to EUR 113.6 million (122.2). Sales volumes decreased from the very high level of Q2/2020, but sales prices increased following higher raw material prices. Our comparable EBITDA (earnings before interest, taxes, depreciation and amortization) was on a good level and reached EUR 15.3 million (18.0). The result was impacted negatively by the higher raw material and logistics costs as expected as well as by the lower sales and production volumes. These were partially compensated by the higher sales prices and improved raw material efficiency.

Going forward Suominen is in a strong position both strategically and financially. The global market expectation is that in the long run the end user demand for wipes will remain above pre-COVID levels. In Europe we see that the EU Single-Use Plastics Directive (SUPD) will benefit Suominen as we are well placed to respond to the growing demand for innovative and sustainable nonwovens with our pioneering fiber-based nonwovens know-how and spunlace technology. We are the leader in sustainable nonwovens and our target is to increase the share of sustainable products by 50% by 2025 compared to 2019 and to have at least ten sustainable product launches per year. By the end of June, we have launched nine sustainable products this year.

However, towards the end of the second quarter, especially our North American customers started to experience a sudden deceleration of demand, which in combination with extraordinary stockpiling throughout the entire supply chain has created an imbalance of inventories. This has impacted also Suominen's orders, although in several cases we have been able to benefit from our position as the preferred supplier of our customers. We expect that the demand for our products will recover once this temporary imbalance is cleared. Our current view is that the recovery will start in the fourth quarter.

In Europe, another specific factor impacting demand has been the earlier uncertainty regarding the final formulation of the SUPD that postponed our customers' development projects and now that the formulation is clear, our orders have been affected as converters and retailers seek to sell out their existing stocks.

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

In June Suominen issued a senior unsecured 6-year bond of EUR 50 million with a coupon rate of 1.50 percent. The net proceeds from the bond offering will be used for general corporate purposes.

In the first half of the year we were able to improve our financial performance versus H1/2020. In the second half the main uncertainty is related to the customer demand, and we also continue to experience some volatility in the raw material and logistics markets. It is now clear that at least the third quarter will be very difficult in terms of sales volumes. Our current expectation is that the demand will start to recover towards the end of the year as the imbalance in the supply chain is being resolved. We are naturally taking all possible measures to mitigate the impacts from this temporary slowdown in demand."

NET SALES

April–June 2021

In April–June 2021, Suominen's net sales decreased by 7.0% from the comparison period to EUR 113.6 million (122.2). Sales volumes decreased from the very high level of Q2/2020, but sales prices increased following higher raw material prices. The impact of currencies on net sales was EUR -6.5 million.

Suominen's business areas are Americas and Europe. The net sales of the Americas business area were EUR 67.4 million (77.2) and of the Europe business area EUR 46.3 million (45.0).

January–June 2021

In January–June 2021, Suominen's net sales decreased by 1.5% from the comparison period to EUR 229.0 million (232.4). Sales volumes were in line with H1/2020 while sales prices were higher. The impact of currencies on net sales was EUR -14.6 million.

The net sales of the Americas business area were EUR 139.3 million (150.3) and of the Europe business area EUR 89.7 million (82.1).

EBITDA, OPERATING PROFIT AND RESULT

April–June 2021

EBITDA (earnings before interest, taxes, depreciation and amortization) declined to EUR 15.3 million (18.0). This was driven by higher raw material and logistics costs as expected as well as the lower sales and production volumes. These were partially compensated by higher sales prices and improved raw material efficiency. The impact of currencies on EBITDA was EUR -0.3 million.

Operating profit decreased from the comparison period and amounted to EUR 10.3 million (12.4).

Profit before income taxes was EUR 8.7 million (10.6), and profit for the reporting period was EUR 6.1 million (8.4).

January–June 2021

EBITDA (earnings before interest, taxes, depreciation and amortization) improved to EUR 33.8 million (29.3). Raw material and logistics costs increased but this was compensated by higher sales prices, improved raw material efficiency, and a positive impact from other operating income and expenses. The impact of currencies on EBITDA was EUR -1.7 million.

Operating profit increased to EUR 23.9 million (18.1).

Profit before income taxes was EUR 25.6 million (14.3), and profit for the reporting period was EUR 19.9 million (11.9). Corporate income taxes in the comparison period were positively impacted by the US tax reliefs enacted in the first quarter of 2020 due to the COVID-19 pandemic.

FINANCING

The Group's net interest-bearing liabilities at nominal value amounted to EUR 35.7 million (56.7) at the end of the review period. The gearing ratio was 22.4% (40.9%) and the equity ratio 40.6% (44.2%).

In January–June, net financial expenses were EUR +1.7 million (-3.8), or +0.7% (-1.6%) of net sales. Fluctuations in exchange rates decreased the net financial expenses by EUR 0.5 million (increased by EUR 1.2 million).

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

Cash flow from operations in April–June was EUR 1.2 million (9.6) and in January–June EUR 17.1 million (19.0), representing a cash flow per share of EUR 0.30 (0.33) and EUR 0.02 (0.17) for the quarter.

In the second quarter the change in working capital was EUR -9.7 million (-7.7).

The decrease in the cash flow from operations in the first half of the year was mainly due to an increase in net working capital. The change in net working capital was EUR -11.8 million (-8.6). In addition, more advance payments of corporate income taxes were paid during the first half of the year compared to the previous year.

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

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

CAPITAL EXPENDITURE

In January–June, the gross capital expenditure totaled EUR 10.7 million (2.5), the largest single items being related to the growth investments at the Cressa plant in Italy and the Bethune plant in the USA. Other investments were mainly for maintenance.

Depreciation and amortization for the review period amounted to EUR 9.9 million (11.2).

IMPACTS OF THE COVID-19 PANDEMIC ON SUOMINEN

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

Both Suominen's financial position and cash flow have remained strong throughout the pandemic.

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

PROGRESS IN SUSTAINABILITY

During the first half of 2021, we progressed with the actions defined in our sustainability agenda.

We have strong focus on safety and accident prevention, and our long-term target is to have zero lost-time accidents. At the end of June, the number of lost-time accidents (LTA) at Suominen sites was 3 (1 in H1/2020).

Our employee engagement survey, Suominen Vibe, is a tool to systematically measure and develop engagement. During the first half of 2021, we continued our development actions based on the results from the survey conducted late last year. The next Vibe survey is set for autumn 2021.

We are committed to continuously improving our production efficiency and the efficient utilization of natural resources. We continued our active measures towards our targets to reduce energy consumption, greenhouse gas emissions, water consumption and waste to landfill by 20% per ton of product by 2025 compared to the base year of 2019.

We offer a comprehensive portfolio of sustainable nonwovens to our customers and we are continuously developing new and innovative solutions with a reduced environmental impact. Our target is a 50% increase in sales of sustainable nonwovens by 2025 compared to 2019, and to have at least 10 sustainable product launches per year. During the first half of the year, nine sustainable product launches were made.

We launched our new Code of Conduct in the beginning of 2021 and a mandatory training program about the Code will be launched in the third quarter of this year.

Suominen reports progress in its key sustainability KPIs annually.

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

INFORMATION ON SHARES AND SHARE CAPITAL

Share capital

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

Share trading and price

The number of Suominen shares traded on Nasdaq Helsinki from January 1 to June 30, 2021 was 11,967,176 shares, accounting for 20.8% of the average number of shares (excluding treasury shares). The highest price was EUR 6.24, the lowest EUR 5.00 and the volume-weighted average price EUR 5.67. The closing price at the end of review period was EUR 5.57. The market capitalization (excluding treasury shares) was EUR 320.9 million on June 30, 2021.

Treasury shares

On June 30, 2021, Suominen Corporation held 644,013 treasury shares.

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

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

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

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

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

Share-based incentive plans for the management and key employees

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

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

Performance Share Plan: Ongoing performance periods

Performance Period	2019–2021	2020–2022	2021-2023
Incentive based on	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)
Potential reward payment	Will be paid partly in Suominen shares and partly in cash in spring 2022	Will be paid partly in Suominen shares and partly in cash in spring 2023	Will be paid partly in Suominen shares and partly in cash in spring 2024
Participants	16 people	18 people	19 people
Maximum number of shares	546,000	756,500	470,000

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

Matching Restricted Share Plan 2019–2021

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

The prerequisite for receiving a reward from the plan is that a participant acquires the company's shares, amounting to the number resolved by the Board.

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

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

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

The first vesting period of the Matching Restricted Share Plan ended in September 2020 and in total 9,352 shares were transferred to the participants.

ANNUAL GENERAL MEETING

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

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

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

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

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

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

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

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

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

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

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

Organizing meeting and permanent committees of the Board of Directors

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

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

Authorizations of the Board of Directors

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

The Annual General Meeting (AGM) held on March 25, 2021 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. New shares may be issued, and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company; or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as, for example, using the shares as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments, using shares as part of the company's incentive program or using the shares for disbursing the portion of the Board members' remuneration that is to be paid in shares. The new shares may also be issued without payment to the company itself. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate.

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

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

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

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

Suominen Corporation received a notification on January 15, 2021 referred to Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of companies controlled by Mr. Erkki Etola in Suominen Corporation has crossed the 15% flagging threshold.

Suominen Corporation received a notification on January 18, 2021 referred to Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of Elo Mutual Pension Insurance Company in Suominen Corporation has fallen under the 5% flagging threshold

Suominen Corporation received a notification on April 16, 2021 referred to in Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of Bolero Holdings SARL in Suominen Corporation has fallen below the 5% flagging threshold.

Suominen Corporation received a notification on April 29, 2021 referred to Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of Nordea Funds Ltd in Suominen Corporation has exceeded the threshold of 5 percent.

SHORT TERM RISKS AND UNCERTAINTIES

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

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

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

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

A more detailed description of risks is available in Suominen's Annual Report 2020 at suominen.fi/investors.

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, especially our North American customers started to experience a sudden deceleration of demand, which in combination with extraordinary stockpiling throughout the entire supply chain has created an imbalance of inventories. This has impacted also Suominen's orders, although in several cases we have been able to benefit from our position as the preferred supplier of our customers. We expect that the demand for our products will recover once this temporary imbalance is cleared. Our current view is that the recovery will start in the fourth quarter.

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

EVENTS AFTER THE REPORTING PERIOD

Profit warning on August 12, 2021: Suominen reduces its outlook for 2021

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

Previous outlook: Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2021 will be in line with 2020. The demand for nonwovens is expected to remain strong, however volatility in the raw material and transportation markets has increased uncertainty and may impact the result negatively. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

OUTLOOK FOR 2021

As announced on August 12, 2021 Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2021 will decrease from 2020 due to the slowdown in the demand for nonwovens in the second half of 2021 as well as some continuing volatility in the raw material and transportation markets. In 2020, Suominen's comparable EBITDA was EUR 60.9 million.

CORPORATE GOVERNANCE AND REMUNERATION STATEMENTS

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

AUDIOCAST AND CONFERENCE CALL

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the result in English in an audiocast for analysts, investors and media on August 13 at 11:00 a.m. (EEST). The audiocast can be followed at <https://suominen.videosync.fi/2021-q2-results>. The recording of the audiocast and the presentation material will be available after the event at www.suominen.fi

Conference call participants are requested to dial on:

SE: +46 856 642 651

UK: +44 333 300 0804

US: +1 631 913 1422

The confirmation code for joining the conference call is 21713834#.

NEXT FINANCIAL REPORT

Suominen Corporation will publish its Interim Report for January–September 2021 on Wednesday October 27, 2020 approximately at 9:30 a.m. (EEST).

SUOMINEN GROUP JANUARY 1 – JUNE 30, 2021

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

This half-year report has not been audited.

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Assets			
Non-current assets			
Goodwill	15,496	15,496	15,496
Intangible assets	15,153	18,335	16,748
Property, plant and equipment	111,482	111,587	104,666
Right-of-use assets	16,738	13,037	17,784
Loan receivables	–	3,650	3,978
Equity instruments	421	777	768
Other non-current receivables	76	61	73
Deferred tax assets	1,226	1,980	4,034
Total non-current assets	160,592	164,922	163,548
Current assets			
Inventories	52,302	38,718	35,431
Trade receivables	56,271	60,693	51,128
Loan receivables	–	3,349	3,476
Other current receivables	5,880	7,207	5,675
Assets for current tax	1,500	581	247
Cash and cash equivalents	115,964	38,666	57,877
Total current assets	231,916	149,214	153,833
Total assets	392,508	314,136	317,381
Equity and liabilities			
Equity			
Share capital	11,860	11,860	11,860
Share premium account	24,681	24,681	24,681
Reserve for invested unrestricted equity	75,692	81,361	81,361
Treasury shares	–	-44	-44
Fair value and other reserves	-7	2	-7
Exchange differences	-9,514	-2,601	-13,933
Retained earnings	56,673	23,291	41,962
Total equity attributable to owners of the parent	159,386	138,551	145,882
Liabilities			
Non-current liabilities			
Deferred tax liabilities	13,750	14,049	13,320
Liabilities from defined benefit plans	724	769	774
Non-current provisions	1,853	1,656	1,797

Non-current lease liabilities	14,040	9,229	14,892
Other non-current liabilities	6	17	17
Debentures	132,560	82,277	82,862
Total non-current liabilities	162,933	107,997	113,662
Current liabilities			
Current provisions	306	–	250
Current lease liabilities	2,628	3,139	2,539
Other current interest-bearing liabilities	–	5,000	–
Liabilities for current tax	772	664	415
Trade payables and other current liabilities	66,483	58,786	54,634
Total current liabilities	70,190	67,588	57,838
Total liabilities	233,123	175,585	171,499
Total equity and liabilities	392,508	314,136	317,381

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

EUR thousand	4-6/ 2021	4-6/ 2020	1-6/ 2021	1-6/ 2020	1-12/ 2020
Net sales	113,647	122,170	228,980	232,373	458,893
Cost of goods sold	-96,913	-102,656	-192,038	-199,569	-389,123
Gross profit	16,733	19,514	36,941	32,803	69,770
Other operating income	863	785	1,707	1,337	2,584
Sales, marketing and administration expenses	-6,905	-7,146	-13,527	-14,290	-27,946
Research and development expenses	-594	-645	-1,194	-1,325	-2,767
Other operating expenses	219	-117	-19	-470	-2,150
Operating profit	10,317	12,391	23,909	18,055	39,492
Net financial expenses	-1,613	-1,813	1,653	-3,757	-5,582
Profit before income taxes	8,704	10,579	25,562	14,298	33,910
Income taxes	-2,581	-2,179	-5,666	-2,353	-3,794
Profit for the period	6,123	8,400	19,896	11,945	30,116
Earnings per share, EUR					
Basic	0.11	0.15	0.35	0.21	0.52
Diluted	0.11	0.15	0.34	0.21	0.52

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	4-6/2021	4-6/2020	1-6/2021	1-6/2020	1-12/2020
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Profit for the period	6,123	8,400	19,896	11,945	30,116
Other comprehensive income:					
Other comprehensive income that will be subsequently reclassified to profit or loss					
Exchange differences	455	-2,808	4,723	-3,276	-15,504
Reclassified to profit or loss	-	-327	-	-327	-327
Income taxes related to other comprehensive income	131	-227	-305	33	929
Total	586	-3,362	4,418	-3,571	-14,902
Other comprehensive income that will not be subsequently reclassified to profit or loss					
Fair value changes of equity instruments	-	-	-	-	-8
Remeasurements of defined benefit plans	-	-	-	-	-10
Income taxes related to other comprehensive income	-	-	-	-	3
Total	-	-	-	-	-15
Total other comprehensive income	586	-3,362	4,418	-3,571	-14,917
Total comprehensive income for the period	6,709	5,038	24,314	8,375	15,199

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1.1.2021	11,860	24,681	81,361	-44
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	90	44
Dividends and return of capital	-	-	-5,759	-
Equity 30.6.2021	11,860	24,681	75,692	-

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1.1.2021	-13,933	-7	41,962	145,882
Profit for the period	-	-	19,896	19,896
Other comprehensive income	4,418	-	-	4,418
Total comprehensive income	4,418	-	19,896	24,314
Share-based payments	-	-	618	618
Conveyance of treasury shares	-	-	-44	90
Dividends and return of capital	-	-	-5,759	-11,519
Equity 30.6.2021	-9,514	-7	56,673	159,386

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
Equity 1.1.2020	11,860	24,681	81,269	-44
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	-	-
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	92	-
Dividends paid	-	-	-	-
Equity 30.6.2020	11,860	24,681	81,361	-44

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
Equity 1.1.2020	707	264	13,715	132,452
Profit for the period	-	-	11,945	11,945
Other comprehensive income	-3,309	-262	-	-3,571
Total comprehensive income	-3,309	-262	25,660	8,375
Share-based payments	-	-	508	508
Conveyance of treasury shares	-	-	-	92
Dividends paid	-	-	-2,876	-2,876
Equity 30.6.2020	-2,601	2	23,291	138,551

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6/2021	1-6/2020	1-12/2020
Cash flow from operations			
Profit for the period	19,896	11,945	30,116
Total adjustments to profit for the period	14,561	18,121	34,626
Cash flow before changes in net working capital	34,457	30,067	64,742
Change in net working capital	-11,845	-8,612	-1,023
Financial items	-1,456	-2,097	-4,289
Income taxes	-4,027	-353	-2,438
Cash flow from operations	17,129	19,005	56,991

Cash flow from investments

Investments in property, plant and equipment and intangible assets	-9,101	-3,923	-10,885
Sales proceeds from property, plant and equipment and intangible assets	-	-	12
Sales proceeds sale of equity investments	2,123	-	-
Cash flow from investments	-6,978	-3,923	-10,873

Cash flow from financing

Drawdown of non-current interest-bearing liabilities	50,000	-	-
Issuance costs of the bonds	-898	-	-
Drawdown of current interest-bearing liabilities	-	15,000	15,000
Repayment of current interest-bearing liabilities	-1,326	-25,585	-31,968
Repayment in loan receivables	9,301	-	-
Dividends and return of capital paid	-11,520	-2,876	-2,876
Cash flow from financing	45,557	-13,462	-19,845

Change in cash and cash equivalents

Cash and cash equivalents at the beginning of the period	57,877	37,741	37,741
Effect of changes in exchange rates	2,379	-696	-6,138
Change in cash and cash equivalents	55,709	1,621	26,274
Cash and cash equivalents at the end of the period	115,964	38,666	57,877

KEY RATIOS

	4-6/ 2021	4-6/ 2020	1-6/ 2021	1-6/ 2020	1-12/ 2020
Change in net sales, % *	-7.0	17.7	-1.5	8.8	11.5
Gross profit, as percentage of net sales, %	14.7	16.0	16.1	14.1	15.2
Comparable EBITDA, as percentage of net sales, %	13.4	14.7	14.8	12.6	13.3
Operating profit, as percentage of net sales, %	9.1	10.1	10.4	7.8	8.6
Net financial items, as percentage of net sales, %	-1.4	-1.5	0.7	-1.6	-1.2
Profit before income taxes, as percentage of net sales, %	7.7	8.7	11.2	6.2	7.4
Profit for the period, as percentage of net sales, %	5.4	6.9	8.7	5.1	6.6
Gross capital expenditure, EUR thousand	5,448	1,606	10,673	2,455	10,406
Depreciation and amortization, EUR thousand	4,960	5,598	9,902	11,215	21,432

Return on equity, rolling 12 months, %	-	-	25.7	7.9	21.6
Return on invested capital, rolling 12 months, %	-	-	17.9	8.9	16.7
Equity ratio, %	-	-	40.6	44.2	46.0
Gearing, %	-	-	22.4	40.9	25.4
Average number of personnel	-	-	709	685	689
Earnings per share, EUR, basic	0.11	0.15	0.35	0.21	0.52
Earnings per share, EUR, diluted	0.11	0.15	0.34	0.21	0.52
Cash flow from operations per share, EUR	0.02	0.17	0.30	0.33	0.99
Equity per share, EUR	-	-	2.77	2.41	2.53
Number of shares, end of period, excluding treasury shares	-	-	57,615,206	57,558,989	57,568,341
Share price, end of period, EUR	-	-	5.57	3.87	5.08
Share price, period low, EUR	-	-	5.00	2.00	2.00
Share price, period high, EUR	-	-	6.24	3.99	5.36
Volume weighted average price during the period, EUR	-	-	5.67	2.84	4.29
Market capitalization, EUR million	-	-	320.9	222.8	292.4
Number of traded shares during the period	-	-	11,967,176	3,573,603	12,937,753
Number of traded shares during the period, % of average number of shares	-	-	20.8	6.2	22.5

* Compared with the corresponding period in the previous year.

	30.6.2021	30.6.2020	31.12.2020
Interest-bearing net debt, EUR thousands			
Non-current interest-bearing liabilities, nominal value	149,040	94,229	99,892
Current interest-bearing liabilities, nominal value	2,628	8,139	2,539
Interest-bearing receivables and cash and cash equivalents	-115,964	-45,665	-65,331
Interest-bearing net debt	35,705	56,703	37,101

CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

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

Some of the other key ratios Suominen publishes are alternative performance measures. An alternative performance measure is a key ratio, which has not been defined in IFRS standards. Suominen believes that the use of alternative performance measures provides useful information for example to investors

regarding the Group's financial and operating performance and makes it easier to make comparisons between the reporting periods.

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

Calculation of key ratios per share

Earnings per share

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

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Profit for the period	19,896	11,945	30,116
Average share-issue adjusted number of shares	57,592,913	57,535,148	57,549,842
Average diluted share-issue adjusted number of shares excluding treasury shares	57,981,212	57,687,192	57,796,591

Earnings per share

EUR

Basic	0.35	0.21	0.52
Diluted	0.34	0.21	0.52

Cash flow from operations per share

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

	30.6.2021	30.6.2020	31.12.2020
Cash flow from operations, EUR thousand	17,129	19,005	56,991

Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,615,206	57,558,989	57,568,341
Cash flow from operations per share, EUR	0.30	0.33	0.99

Equity per share

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

	30.6.2021	30.6.2020	31.12.2020
Total equity attributable to owners of the parent, EUR thousand	159,386	138,551	145,882
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,615,206	57,558,989	57,568,341
Equity per share, EUR	2.77	2.41	2.53

Market capitalization

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

	30.6.2021	30.6.2020	31.12.2020
Number of shares at the end of reporting period excluding treasury shares	57,615,206	57,558,989	57,568,341
Share price at end of the period, EUR	5.57	3.87	5.08
Market capitalization, EUR million	320.9	222.8	292.4

Share turnover

$$\text{Share turnover} = \frac{\text{The proportion of number of shares traded during the period}}{\text{weighted average number of shares excluding treasury shares}}$$

	30.6.2021	30.6.2020	31.12.2020
Number of shares traded during the period	11,967,176	3,573,603	12,937,753
Average number of shares excluding treasury shares	57,592,913	57,535,148	57,549,842
Share turnover, %	20.8	6.2	22.5

Calculation of key ratios and alternative performance measures

Operating profit and comparable operating profit

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

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

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

EBITDA and comparable EBITDA

EBITDA = EBIT + depreciation, amortization and impairment losses

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Operating profit	23,909	18,055	39,492
+ Depreciation, amortization and impairment losses	9,902	11,215	21,432
EBITDA	33,811	29,270	60,924

Gross capital expenditure

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Increases in intangible assets	70	105	306
Increases in property, plant and equipment	10,604	2,350	10,100
Gross capital expenditure	10,673	2,455	10,406

Interest-bearing net debt

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

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Interest-bearing liabilities	149,229	99,645	100,293
Tender and issuance costs of the debentures	2,440	2,723	2,138
Interest bearing receivables	-	-6,999	-7,454
Cash and cash equivalents	-115,964	-38,666	-57,877
Interest-bearing net debt	35,705	56,703	37,101
Interest-bearing liabilities	149,229	99,645	100,293
Tender and issuance costs of the debentures	2,440	2,723	2,138
Nominal value of interest-bearing liabilities	151,669	102,368	102,431

Return on equity (ROE), %

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Profit for the reporting period (rolling 12 months)	38,067	10,670	30,116
Total equity attributable to owners of the parent 30.6.2020 / 30.6.2019 / 31.12.2019	138,551	133,178	132,452
Total equity attributable to owners of the parent 30.9.2020 / 30.9.2019 / 31.3.2020	144,074	136,871	135,868
Total equity attributable to owners of the parent 31.12.2020 / 31.12.2019 / 30.6.2020	145,882	132,452	138,551
Total equity attributable to owners of the parent 31.3.2021 / 31.3.2020 / 30.9.2020	152,227	135,868	144,074
Total equity attributable to owners of the parent 30.6.2021 / 30.6.2020 / 31.12.2020	159,386	138,551	145,882
Average	148,024	135,384	139,365
Return on equity (ROE), %	25.7	7.9	21.6

Invested capital

$$\text{Invested capital} = \text{Total equity attributable to owners of the parent} + \text{interest-bearing liabilities}$$

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Total equity attributable to owners of the parent	159,386	138,551	145,882
Interest-bearing liabilities	149,229	99,645	100,293
Invested capital	308,615	238,195	246,175

Return on invested capital (ROI), %

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Operating profit (rolling 12 months)	45,345	20,568	39,492
Financial income (rolling 12 months)	652	1,001	925
Total	45,997	21,569	40,416
Invested capital 30.6.2020 / 30.6.2019 / 31.12.2019	238,195	249,752	241,615
Invested capital 30.9.2020 / 30.9.2019 / 31.3.2020	240,368	246,660	240,761
Invested capital 31.12.2020 / 31.12.2019 / 30.6.2020	246,175	241,615	238,195
Invested capital 31.3.2021 / 31.3.2020 / 30.9.2020	252,608	240,761	240,368
Invested capital 30.6.2021 / 30.6.2020 / 31.12.2020	308,615	238,195	246,175
Average	257,192	243,397	241,423
Return on invested capital (ROI), %	17.9	8.9	16.7

Equity ratio, %

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Total equity attributable to owners of the parent	159,386	138,551	145,882
Total assets	392,508	314,136	317,381
Advances received	-190	-442	-23
	392,318	313,694	317,358
Equity ratio, %	40.6	44.2	46.0

Gearing, %

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

EUR thousand	30.6.2021	30.6.2020	31.12.2020
Interest-bearing net debt	35,705	56,703	37,101

Total equity attributable to owners of the parent	159,386	138,551	145,882
Gearing, %	22.4	40.9	25.4

NET SALES BY GEOGRAPHICAL MARKET AREA

EUR thousand	1-6/2021	1-6/2020	1-12/2020
Finland	1,367	1,692	3,180
Rest of Europe	85,473	76,184	156,060
North and South America	141,096	152,515	295,975
Rest of the world	1,044	1,982	3,678
Total	228,980	232,373	458,893

QUARTERLY SALES DEVELOPMENT BY BUSINESS AREA

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

QUARTERLY DEVELOPMENT

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

RELATED PARTY INFORMATION

The related parties of Suominen include the members of the Board of Directors, President & CEO and the

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

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

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

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

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

EUR thousand	30.6.2021		
	Property, plant and equipment	Intangible assets	Right-of-use assets
Carrying amount at the beginning of the period	104,666	16,748	17,784
Capital expenditure and increases	10,604	70	325
Disposals and decreases	–	–	-17
Depreciation, amortization and impairment losses	-6,590	-1,719	-1,593
Exchange differences and other changes	2,802	55	239
Carrying amount at the end of the period	111,482	15,153	16,738

EUR thousand	30.6.2020			31.12.2020		
	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	121,584	20,020	14,319	121,584	20,020	14,319
Capital expenditure and increases	2,350	105	536	10,100	306	7,410
Disposals and decreases	–	–	–	–	–	-80
Depreciation, amortization and impairment losses	-7,616	-1,791	-1,808	-14,354	-3,549	-3,530
Exchange differences and other changes	-4,732	1	-10	-12,664	-29	-335

Carrying amount at the end of the period	111,586	18,335	13,037	104,666	16,748	17,784
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Goodwill is not included in intangible assets.

CHANGES IN INTEREST-BEARING LIABILITIES

EUR thousand	1-6/2021	1-6/2020	1-12/2020
Total interest-bearing liabilities at the beginning of the period	100,293	109,163	109,163
Current liabilities at the beginning of the period	2,539	16,986	16,986
Repayment of current liabilities, cash flow items	-1,326	-25,585	-31,968
Drawdown of current liabilities, cash flow items	-	15,000	15,000
Increases in current liabilities, non-cash flow items	114	186	276
Decreases of current liabilities, non-cash flow items	-20	-5	-625
Reclassification from non-current liabilities	1,285	1,566	3,001
Exchange rate difference, non-cash flow item	37	-10	-130
Current liabilities at the end of the period	2,628	8,139	2,539
Non-current liabilities at the beginning of the period	14,892	10,464	10,464
Increases in non-current liabilities, non-cash flow items	218	350	7,744
Decreases of non-current liabilities, non-cash flow items	-5	-	-3
Reclassification to current liabilities	-1,285	-1,566	-3,001
Exchange rate difference, non-cash flow item	220	-18	-312
Non-current liabilities at the end of the period	14,040	9,229	14,892
Non-current debentures at the beginning of the period	82,862	81,714	81,714
Increases in debentures	50,000	-	-
Periodization of debentures to amortized cost, non-cash flow items	596	563	1,148
Tender and issuance costs of the debentures, cash flow items	-898	-	-
Non-current debentures at the end of the period	132,560	82,277	82,862
Total interest-bearing liabilities at the end of the period	149,229	99,645	100,293

CONTINGENT LIABILITIES

EUR thousands	30.6.2021	30.6.2020	31.12.2020
Other commitments			
Leasing commitments	121	158	104

Contractual commitments to acquire property, plant and equipment	2,840	1,877	6,586
Commitments to leases not yet commenced	65	152	34
Guarantees			
On own behalf	3,875	7,649	4,317
Other own commitments	29,107	30,127	33,452
	32,982	37,776	37,769

NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

	30.6.2021		30.6.2020		31.12.2020	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
EUR thousand						
Currency forward contracts						
Hedge accounting not applied	2,777	-48	2,480	-46	2,991	60

FINANCIAL ASSETS BY CATEGORY

- Fair value through profit or loss
- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income
- Carrying amount
- Fair value

EUR thousand	Classification				
	a.	b.	c.	d.	e.
Equity instruments	–	–	421	421	421
Trade receivables	–	56,271	–	56,271	56,271
Interest and other financial receivables	–	310	–	310	310
Cash and cash equivalents	–	115,964	–	115,964	115,964
Total 30.6.2021	–	172,545	421	172,966	172,966

EUR thousand	a.	b.	c.	d.	e.
Equity instruments	347	–	421	768	768
Loan receivables	3,476	3,978	–	7,454	7,454
Trade receivables	–	51,128	–	51,128	51,128
Derivative receivables	61	–	–	61	61
Interest and other financial receivables	–	378	–	378	378

Cash and cash equivalents	-	57,877	-	57,877	57,877
Total 31.12.2020	3,885	113,360	421	117,666	117,666

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

FINANCIAL LIABILITIES

EUR thousand	30.6.2021			31.12.2020		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
Non-current financial liabilities						
Debentures	132,560	137,067	135,000	82,862	87,661	85,000
Lease liabilities	14,040	14,040	14,040	14,892	14,892	14,892
Total non-current financial liabilities	146,601	151,107	149,040	97,754	102,553	99,892
Current financial liabilities						
Lease liabilities	2,628	2,628	2,628	2,539	2,539	2,539
Interest accruals	1,612	1,612	1,612	522	522	522
Derivative liabilities	48	48	48	1	1	1
Other current liabilities	502	502	502	552	552	552
Trade payables	54,362	54,362	54,362	42,024	42,024	42,024
Total current financial liabilities	59,152	59,152	59,152	45,639	45,639	45,639
Total	205,753	210,259	208,192	143,393	148,191	145,531

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

FAIR VALUE MEASUREMENT HIERARCHY

EUR thousands	Level 1	Level 2	Level 3
Financial assets and liabilities at fair value			
Equity instruments	-	-	421
Total	-	-	421

Derivatives at fair value

Currency forward contracts, liabilities	–	-48	–
Total	–	-48	–

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

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

SUOMINEN CORPORATION

Board of Directors

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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 2020 were EUR 458.9 million and we have nearly 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at www.suominen.fi.

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