



# Half-Year Financial Report

JANUARY 1 – JUNE 30, 2020



Suominen Corporation's Half-Year Financial Report on August 12, 2020 at 9:30 a.m. (EEST)

Suominen Corporation's Half-Year Financial Report for January 1 – June 30, 2020:  
Record high net sales and operating profit in Q2

#### KEY FIGURES

	<b>4-6/ 2020</b>	4-6/ 2019	<b>1-6/ 2020</b>	1-6/ 2019	1-12/ 2019
Net sales, EUR million	<b>122.2</b>	103.8	<b>232.4</b>	213.6	411.4
EBITDA	<b>18.0</b>	9.1	<b>29.3</b>	18.4	33.7
EBITDA, %	<b>14.7</b>	8.8	<b>12.6</b>	8.6	8.2
Comparable operating profit, EUR million	<b>12.4</b>	2.7	<b>18.1</b>	5.6	8.1
Comparable operating profit, %	<b>10.1</b>	2.6	<b>7.8</b>	2.6	2.0
Operating profit, EUR million	<b>12.4</b>	2.7	<b>18.1</b>	5.6	8.1
Profit for the period, EUR million	<b>8.4</b>	0.4	<b>11.9</b>	1.5	0.2
Cash flow from operations, EUR million	<b>9.6</b>	9.1	<b>19.0</b>	6.7	29.9
Cash flow from operations per share, EUR	<b>0.17</b>	0.16	<b>0.33</b>	0.12	0.52
Earnings per share, basic, EUR	<b>0.15</b>	0.01	<b>0.21</b>	0.03	0.00
Return on invested capital, rolling 12 months, %	–	–	<b>8.9</b>	2.7	3.7
Gearing, %	–	–	<b>40.9</b>	65.0	50.7

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

#### April–June 2020 in brief:

- Net sales increased by 18% and amounted to EUR 122.2 million (103.8)
- Operating profit increased significantly to EUR 12.4 million (2.7)
- Cash flow from operations was EUR 9.6 million (9.1)

#### January–June 2020 in brief:

- Net sales increased by 9% and amounted to EUR 232.4 million (213.6)
- Operating profit increased significantly to EUR 18.1 million (5.6)
- Cash flow from operations was EUR 19.0 million (6.7)

#### Outlook for 2020 unchanged

Suominen reiterates the outlook presented on June 17, 2020, in which Suominen expects that in 2020 its comparable operating profit will improve significantly from 2019. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2020 and 2019 Suominen had no items affecting the comparability of the operating profit.

**Petri Helsky, President & CEO:**

“Suominen achieved record high quarterly net sales and operating profit in the second quarter of 2020. Our net sales increased by 18% and amounted to EUR 122.2 million (103.8). Sales volumes increased considerably but sales prices decreased following lower raw material prices. The main driver for the volume increase was higher demand of wipes due to the COVID-19 pandemic. We were able to respond to the increased demand by running our production efficiently despite the challenges caused by the pandemic.

Our operating profit increased significantly to EUR 12.4 million (2.7) in the second quarter mainly due to higher production and sales volumes. Also margins increased as the lower sales prices were compensated by lower raw material and other direct product costs, while fixed costs were kept well under control.

The first half of 2020 was characterized by the COVID-19 pandemic. Throughout this time our primary focus has been to safeguard the health and safety of our employees and to maintain business continuity. We also ensured our financial position and liquidity by renewing our revolving credit facility for which the agreement was signed right after the reporting period in early July.

The pandemic increased sales volumes in all our markets also in the second quarter. Even though we expect the higher demand to continue for the coming months, our production volumes during H2 will be impacted negatively by scheduled maintenance stoppages at several of our plants. In the longer term the COVID-19 pandemic may lead to a continued increase in demand for nonwovens for cleaning and disinfection products.

In June we upgraded our outlook for the year due to stronger than anticipated development in all our markets. The outlook for 2020 states that we expect that our comparable operating profit will improve significantly from 2019.

During the first half of the year we launched a nonwoven material for the manufacturing of face mask applications, FIBRELLA<sup>®</sup> Shield. This material fulfills the requirements for Type II facemasks that are used by e.g. healthcare professionals. I am proud of our team and the ultra-fast innovation process that enabled us to launch this new material to the markets in such a short time. This is an important addition, although minor in net sales, to our overall product offering helping to fight the pandemic.

The first half of the year was financially very strong and we continue to focus on keeping our personnel safe and healthy, serving our customers, and implementing our strategy. I would like to thank everyone in the Suominen team for their hard work, flexibility and adaptability in these exceptional circumstances.”

**NET SALES****April–June 2020**

In April–June 2020, Suominen’s net sales increased by 18% from the comparison period to EUR 122.2 million (103.8). The impact of currencies on net sales was EUR -0.4 million.

Suominen’s business areas are Americas and Europe. The net sales of the Americas business area were EUR 77.2 million (65.0) and of the Europe business area EUR 45.0 million (38.8).

**January–June 2020**

In January–June 2020, Suominen's net sales increased by 9% from the comparison period to EUR 232.4 million (213.6). The impact of currencies on net sales was EUR 1.3 million.

The net sales of the Americas business area were EUR 150.3 million (133.3) and of the Europe business area EUR 82.1 million (80.3).

**OPERATING PROFIT AND RESULT****April–June 2020**

Operating profit increased from the comparison period and amounted to EUR 12.4 million (2.7). The impact of currencies on operating profit was EUR -0.8 million.

Profit before income taxes was EUR 10.6 million (1.0), and profit for the reporting period was EUR 8.4 million (0.4).

**January–June 2020**

Operating profit increased to EUR 18.1 million (5.6). The impact of currencies on operating profit was EUR -1.3 million.

Profit before income taxes was EUR 14.3 million (2.6), and profit for the reporting period was EUR 11.9 million (1.5). Corporate income taxes were positively impacted in the first quarter by the US tax reliefs enacted as a result of the COVID-19 pandemic.

**FINANCING**

The Group's net interest-bearing liabilities at nominal value amounted to EUR 56.7 million (86.5) at the end of the review period. The gearing ratio was 40.9% (65.0%) and the equity ratio 44.2% (40.3%). Our financial position and liquidity improved during the first half of the year.

In January–June, net financial expenses were EUR -3.8 million (-3.0), or -1.6% (-1.4%) of net sales. Fluctuations in exchange rates increased the net financial expenses by EUR 1.3 million (decreased by EUR 0.1 million). The net financial expenses include a bad debt provision based on expected credit losses of loan receivables totaling EUR -0.5 million and a fair value change of assets of EUR +0.3 million.

Cash flow from operations in April–June was EUR 9.6 million (9.1) and in January–June EUR 19.0 million (6.7), representing a cash flow per share of EUR 0.33 (0.12) and EUR 0.17 (0.16) for the quarter. In the second quarter the change in working capital was EUR -7.7 million (+0.7). Increased net sales affected the net working capital as trade receivables grew in line with net sales.

The increase in the cash flow from operations in the first half of the year was mainly due to better result than in the previous year. The change in working capital was EUR -8.6 million (-9.8).

## **CAPITAL EXPENDITURE**

In January–June, the gross capital expenditure totaled EUR 2.5 million (6.3) the largest single item being the enhancement of a production line at one of Suominen’s plants in Italy. Other investments were mainly for maintenance.

Depreciation and amortization for the review period amounted to EUR 11.2 million (12.8).

## **IMPACTS OF THE COVID-19 PANDEMIC ON SUOMINEN**

The health and safety of Suominen’s employees is a key priority. Suominen has secured the health and safety of its employees by various measures and is closely monitoring the COVID-19 situation. Thanks to our proactive approach, there has been a limited impact on our ability to serve our customers and run our operations so far.

As a nonwovens manufacturer Suominen is an integral part of the supply chain making disinfecting and cleaning products, facemasks and protective clothing available to everyone around the world. The authorities have classified our nonwovens production as essential in fighting the pandemic in the jurisdictions where other business activities were shut down.

The pandemic has increased demand for our products in all our markets and the higher demand is expected to continue in the coming months. In the longer term the COVID-19 pandemic may lead to a continued increase in demand for nonwovens for cleaning and disinfection products.

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

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

## **PROGRESS IN SUSTAINABILITY - PERSONNEL**

During the first half of the year, one lost-time accident (LTA) occurred at Suominen sites (2 in H1/2019). We have strong focus on safety and accident prevention, and our long-term target is to have zero lost-time accidents.

We continued to implement our global coronavirus management measures to protect our employees’ safety and wellbeing and to ensure our operations can be run safely.

Many of the core people related processes were completed during the first half of 2020. Target setting and performance evaluations were finalized for approximately 90% of the white collar employees in scope. An employee pulse survey was also conducted during second quarter asking questions relating to engagement and performance, and also few questions on COVID-19 in order to understand the current situation. The results indicated that our people are engaged and feeling well at Suominen. A large majority of the respondents also felt that they were able to work effectively during the pandemic.

We continued our work in finalizing concrete targets and KPI’s for our renewed Sustainability agenda.

## **INFORMATION ON SHARES AND SHARE CAPITAL**

### **Share capital**

The number of Suominen’s registered shares was 58,259,219 shares on June 30, 2020, 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, 2020 was 3,573,603 shares, accounting for 6.2% of the average number of shares (excluding treasury shares). The highest price was EUR 3.99, the lowest EUR 2.00 and the volume-weighted average price EUR 2.84. The closing price at the end of review period was EUR 3.87. The market capitalization (excluding treasury shares) was EUR 222.8 million on June 30, 2020.

### Treasury shares

On June 30, 2020, Suominen Corporation held 700,230 treasury shares.

In accordance with the resolution by the Annual General Meeting, in total 29,121 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 which shall be paid in shares

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

The number of shares forming the remuneration portion which is payable in shares was determined based on the share value in the stock exchange trading maintained by Nasdaq Helsinki Ltd, calculated as the trade volume weighted average quotation of the share during the one month period immediately following the date on which the Interim Report of January–March 2020 of the company is published. The shares were given out of the treasury shares held by the company by the decision of the Board of Directors on May 28, 2020.

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

The Group management and key employees participate in the company's share-based incentive plan. The earlier plans are described in detail in the Financial Statements 2019 and in the Remuneration Statement 2019 of Suominen Corporation, available on the company's website [www.suominen.fi](http://www.suominen.fi)

On December 11, 2017 the Board of Directors approved a share-based incentive plan for the Group management and key employees. The aim of the 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. The plan includes three 3-year performance periods, calendar years 2018-2020, 2019-2021 and 2020-2022.

#### Performance Share Plan performance periods

Period	2018-2020	2019-2021	2020-2022
Incentive based on	Total Shareholder Return (TSR) and EBIT %	Total Shareholder Return (TSR)	Total Shareholder Return (TSR)

Potential reward payment	Will be paid partly in Suominen shares and partly in cash in spring 2021	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
Participants	Approx. 20 people	Approx. 20 people	Approx. 20 people
Maximum number of shares	502,000	729,000	893,000

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

#### Matching Restricted Share Plan 2019-2021

The Board of Directors of Suominen Corporation approved on June 4, 2019 a Matching Restricted Share Plan for selected key employees in the Suominen Group. The prerequisite for receiving a reward from the plan is that a participant acquires the company's shares, amounting to the number resolved by the Board.

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

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

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

### **ANNUAL GENERAL MEETING**

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

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

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

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

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

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

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

Suominen published a stock exchange release on March 19, 2020 concerning the resolutions of the Annual General Meeting and the organizing meeting of the Board of Directors. The stock exchange release and the meeting materials 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 3, 2020 Suominen paid out dividends of EUR 2.9 million for 2019, corresponding to EUR 0.05 per share.

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

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

The Board of Directors elected from among its members the members for the Audit Committee and Personnel and Remuneration Committee. Nina Linander was elected as the Chair of the Audit Committee and Andreas Ahlström and Laura Raitio were re-elected as members. Jan Johansson was re-elected as the Chair of the Personnel and Remuneration Committee and Sari Pajari was re-elected as a member. Björn Borgman was elected as a new member to the Personnel and Remuneration Committee.

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

The Annual General Meeting (AGM) held on March 19, 2020 authorized the Board of Directors to decide on the repurchase a maximum of 400,000 of the company's own shares. The company's own shares shall be repurchased otherwise than in proportion to the holdings of the shareholders by using the non-restricted equity through trading on regulated market organized by Nasdaq Helsinki Ltd at the market price prevailing at the time of acquisition. The shares shall be repurchased and paid in accordance with the rules of Nasdaq Helsinki Ltd and Euroclear Finland Ltd. The shares shall be repurchased to be used in company's share-based incentive programs, in order to disburse the remuneration of the members of the Board of Directors, for use as consideration in acquisitions related to the company's business, or to be held by the company, to be conveyed by other means or to be cancelled. The Board of Directors shall decide on other terms and conditions related to the repurchase of the company's own shares. The repurchase authorization shall be valid until June 30, 2021 and it revokes all earlier authorizations to repurchase company's own shares.

The Annual General Meeting (AGM) held on March 19, 2020 authorized the Board of Directors to decide on issuing new shares and/or conveying the company's own shares held by the company and/or granting options and other special rights referred to in Chapter 10, Section 1 of the Finnish Companies Act. New shares may be issued, and the company's own shares may be conveyed to the company's shareholders in proportion to their current shareholdings in the company; or by waiving the shareholder's pre-emption right, through a directed share issue if the company has a weighty financial reason to do so, such as, for



example, using the shares as consideration in possible acquisitions or other arrangements related to the company's business, as financing for investments, using shares as part of the company's incentive program or using the shares for disbursing the portion of the Board members' remuneration that is to be paid in shares. The new shares may also be issued without payment to the company itself. New shares may be issued and/or company's own shares held by the company or its group company may be conveyed at the maximum amount of 5,000,000 shares in aggregate.

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

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

The authorizations shall revoke all earlier authorizations regarding share issue and issuance of special rights entitling to shares. The Board of Directors shall decide on all other terms and conditions related to the authorizations. The authorizations shall be valid until June 30, 2021.

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

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

#### **SHORT TERM RISKS AND UNCERTAINTIES**

Currently the COVID-19 pandemic is causing uncertainty. The key risks related to the virus have concerned the health and safety of Suominen personnel and customers, possible shortages of raw materials as well as potential closures of customers' or our own plants due to virus infections or authority decisions and issues linked to logistics. In the latter half of the year, the biggest risks related to the coronavirus are potential new waves of the epidemic in Suominen's operating countries and the resulting impacts on our operations.

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 vast majority of our customers have also experienced increased demand for their products and thus our customer credit risks have not materially increased. 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 and Q1/2020 Interim report at [suominen.fi/investors](http://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 South American markets. The growth in the demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points.

The demand for nonwovens has increased due to COVID-19 pandemic. In the short term, the higher demand is expected to continue. In the longer term, the COVID-19 pandemic may lead to a continued increase in demand for nonwovens for cleaning and disinfection products.

## **EVENTS AFTER THE REPORTING PERIOD**

### New revolving credit facility agreement linked to sustainability targets

On July 13, 2020 Suominen announced a single-currency syndicated revolving credit facility agreement of EUR 100 million with a maturity of three years with two one-year extension options. The lenders for the facility are Danske Bank A/S, Finland Branch and Nordea. The new credit facility includes leverage ratio and gearing as financial covenants.

The margin of the facility will increase or decrease dependent on Suominen meeting two sustainability key performance indicators ("KPI"), namely:

- Increase in the sales of sustainable products
- Reduction of greenhouse gas emissions

The new credit facility replaces the existing EUR 100 million syndicated revolving credit facility agreement of Suominen provided by Nordea and Svenska Handelsbanken AB (publ), Branch Operation in Finland as the lenders.

## **OUTLOOK FOR 2020**

Suominen repeats its outlook, disclosed on June 17, 2020 that Suominen expects that its comparable operating profit will improve significantly from 2019. In 2019, Suominen's operating profit amounted to EUR 8.1 million. In financial years 2020 and 2019 Suominen had no items affecting the comparability of the operating profit. The calculation of comparable operating profit is explained in the disclosures of this release.

## **CORPORATE GOVERNANCE AND REMUNERATION STATEMENTS**

Suominen has prepared a separate Corporate Governance Statement and a Remuneration Statement for 2019, which comply with the recommendations of the Finnish Corporate Governance Code for listed companies. The statements also cover other central areas of corporate governance. The statements have been published on Suominen's website, separately from the Report of the Board of Directors, at [www.suominen.fi](http://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 analyst, investors and media on August 12 at 11:00 a.m. (EEST). The audiocast can be followed at <https://suominen.videosync.fi/2020-q2>. The recording of the audiocast and the presentation material will be available after the event at [www.suominen.fi](http://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 56242138#.

## **NEXT FINANCIAL REPORT**

Suominen Corporation will publish its Interim Report for January–September 2020 on Thursday October 22, 2020 approximately at 9:30 a.m. (EEST).

## **SUOMINEN GROUP JANUARY 1 – JUNE 30, 2020**

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 interim report are the same as those used for preparing the consolidated financial statements for 2019, with the exception of the effect of the new accounting standards and interpretations which have been applied from 1.1.2020.

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR thousand	<b>30.6.2020</b>	30.6.2019	31.12.2019
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	<b>15,496</b>	15,496	15,496
Intangible assets	<b>18,335</b>	21,572	20,020
Property, plant and equipment	<b>111,587</b>	124,956	121,584
Right-of-use assets	<b>13,037</b>	15,891	14,319
Loan receivables	<b>3,650</b>	3,348	3,650
Equity instruments	<b>777</b>	777	777
Other non-current receivables	<b>61</b>	43	70
Deferred tax assets	<b>1,980</b>	2,374	2,091
<b>Total non-current assets</b>	<b>164,922</b>	184,456	178,007
<b>Current assets</b>			
Inventories	<b>38,718</b>	47,294	39,257
Trade receivables	<b>60,693</b>	61,282	46,728
Loan receivables	<b>3,349</b>	4,017	3,845
Other current receivables	<b>7,207</b>	5,864	3,820
Assets for current tax	<b>581</b>	965	701
Cash and cash equivalents	<b>38,666</b>	26,530	37,741
<b>Total current assets</b>	<b>149,214</b>	145,952	132,093
<b>Total assets</b>	<b>314,136</b>	330,408	310,100
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	<b>11,860</b>	11,860	11,860
Share premium account	<b>24,681</b>	24,681	24,681
Reserve for invested unrestricted equity	<b>81,361</b>	81,269	81,269
Treasury shares	<b>-44</b>	-44	-44
Fair value and other reserves	<b>2</b>	264	264
Exchange differences	<b>-2,601</b>	284	707
Retained earnings	<b>23,291</b>	14,865	13,715
<b>Total equity attributable to owners of the parent</b>	<b>138,551</b>	133,178	132,452

**Liabilities**
**Non-current liabilities**

Deferred tax liabilities	<b>14,049</b>	12,411	12,786
Liabilities from defined benefit plans	<b>769</b>	815	788
Provisions	<b>1,656</b>	1,557	1,608
Non-current lease liabilities	<b>9,229</b>	11,827	10,464
Other non-current liabilities	<b>17</b>	17	17
Debentures	<b>82,277</b>	81,154	81,714
<b>Total non-current liabilities</b>	<b>107,997</b>	107,780	107,375

**Current liabilities**

Debentures	-	15,716	-
Current lease liabilities	<b>3,139</b>	2,877	2,986
Other current interest-bearing liabilities	<b>5,000</b>	5,000	14,000
Liabilities for current tax	<b>664</b>	317	5
Trade payables and other current liabilities	<b>58,786</b>	65,540	53,282
<b>Total current liabilities</b>	<b>67,588</b>	89,450	70,273

<b>Total liabilities</b>	<b>175,585</b>	197,230	177,648
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<b>Total equity and liabilities</b>	<b>314,136</b>	330,408	310,100
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**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

EUR thousand	4-6/2020	Restated 4-6/2019	1-6/2020	Restated 1-6/2019	Restated 1-12/2019
<b>Net sales</b>	<b>122,170</b>	103,824	<b>232,373</b>	213,590	411,412
Cost of goods sold	<b>-102,656</b>	-93,347	<b>-199,569</b>	-193,489	-374,501
<b>Gross profit</b>	<b>19,514</b>	10,477	<b>32,803</b>	20,101	36,911
Other operating income	<b>785</b>	684	<b>1,337</b>	1,603	2,903
Sales, marketing and administration expenses	<b>-7,146</b>	-7,200	<b>-14,290</b>	-13,862	-27,268
Research and development expenses	<b>-645</b>	-914	<b>-1,325</b>	-1,722	-3,376
Other operating expenses	<b>-117</b>	-392	<b>-470</b>	-504	-1,041
<b>Operating profit</b>	<b>12,391</b>	2,655	<b>18,055</b>	5,616	8,129
Net financial expenses	<b>-1,813</b>	-1,695	<b>-3,757</b>	-2,992	-5,998
<b>Profit before income taxes</b>	<b>10,579</b>	960	<b>14,298</b>	2,625	2,132
Income taxes	<b>-2,179</b>	-585	<b>-2,353</b>	-1,124	-1,907
<b>Profit for the period</b>	<b>8,400</b>	375	<b>11,945</b>	1,500	225

**Earnings per share, EUR**

Basic	<b>0.15</b>	0.01	<b>0.21</b>	0.03	0.00
Diluted	<b>0.15</b>	0.01	<b>0.21</b>	0.03	0.00

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

EUR thousand	<b>4-6/ 2020</b>	4-6/ 2019	<b>1-6/ 2020</b>	1-6/ 2019	1-12/ 2019
<b>Profit for the period</b>	<b>8,400</b>	375	<b>11,945</b>	1,500	225
<b>Other comprehensive income:</b>					
<b>Other comprehensive income that will be subsequently reclassified to profit or loss</b>					
Exchange differences	<b>-2,808</b>	-1,223	<b>-3,276</b>	1,015	1,570
Reclassified to profit or loss	<b>-327</b>	-	<b>-327</b>	-	-
Income taxes related to other comprehensive income	<b>-227</b>	130	<b>33</b>	-62	-193
<b>Total</b>	<b>-3,362</b>	-1,093	<b>-3,571</b>	953	1,377
<b>Other comprehensive income that will not be subsequently reclassified to profit or loss</b>					
Remeasurements of defined benefit plans	-	-	-	-	75
Income taxes related to other comprehensive income	-	-	-	-	-21
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>54</b>
<b>Total other comprehensive income</b>	<b>-3,362</b>	-1,093	<b>-3,571</b>	953	1,431
<b>Total comprehensive income for the period</b>	<b>5,038</b>	-718	<b>8,375</b>	2,453	1,656

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-

<b>Total comprehensive income</b>	-	-	-	-
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	92	-
Dividends paid	-	-	-	-
<b>Equity 30.6.2020</b>	<b>11,860</b>	<b>24,681</b>	<b>81,361</b>	<b>-44</b>

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

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 30.6.2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2019</b>	<b>-669</b>	<b>264</b>	<b>13,237</b>	<b>130,513</b>
Profit for the period	-	-	1,500	1,500
Other comprehensive income	953	-	-	953
<b>Total comprehensive income</b>	<b>953</b>	<b>-</b>	<b>1,500</b>	<b>2,453</b>
Share-based payments	-	-	128	128

Conveyance of treasury shares	-	-	-	84
<b>Equity 30.6.2019</b>	<b>284</b>	<b>264</b>	<b>14,865</b>	<b>133,178</b>

EUR thousand	Share capital	Share premium account	Reserve for invested unrestricted equity	Treasury shares
<b>Equity 1.1.2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,185</b>	<b>-44</b>
Profit for the period	-	-	-	-
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	84	-
<b>Equity 31.12.2019</b>	<b>11,860</b>	<b>24,681</b>	<b>81,269</b>	<b>-44</b>

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2019</b>	<b>-669</b>	<b>264</b>	<b>13,237</b>	<b>130,513</b>
Profit for the period	-	-	225	225
Other comprehensive income	1,377	-	54	1,431
<b>Total comprehensive income</b>	<b>1,377</b>	<b>-</b>	<b>279</b>	<b>1,656</b>
Share-based payments	-	-	198	198
Conveyance of treasury shares	-	-	-	84
<b>Equity 31.12.2019</b>	<b>707</b>	<b>264</b>	<b>13,715</b>	<b>132,452</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	1-6/2020	1-6/2019	1-12/2019
<b>Cash flow from operations</b>			
Profit for the period	<b>11,945</b>	1,500	225
Total adjustments to profit for the period	<b>18,121</b>	17,468	34,585
Cash flow before changes in net working capital	<b>30,067</b>	18,969	34,810
Change in net working capital	<b>-8,612</b>	-9,780	1,631
Financial items	<b>-2,097</b>	-1,620	-5,222
Income taxes	<b>-353</b>	-829	-1,324
<b>Cash flow from operations</b>	<b>19,005</b>	6,739	29,895



**Cash flow from investments**

Investments in property, plant and equipment and intangible assets	-3,923	-6,581	-10,520
Sales proceeds from property, plant and equipment and intangible assets	-	0	73

<b>Cash flow from investments</b>	<b>-3,923</b>	<b>-6,581</b>	<b>-10,447</b>
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**Cash flow from financing**

Drawdown of current interest-bearing liabilities	15,000	10,000	38,000
Repayment of current interest-bearing liabilities	-25,585	-11,394	-47,572
Dividends paid	-2,876	-	-

<b>Cash flow from financing</b>	<b>-13,462</b>	<b>-1,394</b>	<b>-9,572</b>
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<b>Change in cash and cash equivalents</b>	<b>1,621</b>	<b>-1,235</b>	<b>9,875</b>
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Cash and cash equivalents at the beginning of the period	37,741	27,757	27,757
Effect of changes in exchange rates	-696	9	109
Change in cash and cash equivalents	1,621	-1,235	9,875
<b>Cash and cash equivalents at the end of the period</b>	<b>38,666</b>	<b>26,530</b>	<b>37,741</b>

**KEY RATIOS**

	<b>4-6/ 2020</b>	4-6/ 2019	<b>1-6/ 2020</b>	1-6/ 2019	1-12/ 2019
Change in net sales, % *	<b>17.7</b>	-5.6	<b>8.8</b>	-1.4	-4.6
Gross profit, as percentage of net sales, %	<b>16.0</b>	10.1	<b>14.1</b>	9.4	9.0
EBITDA, as percentage of net sales, %	<b>14.7</b>	8.8	<b>12.6</b>	8.6	8.2
Operating profit, as percentage of net sales, %	<b>10.1</b>	2.6	<b>7.8</b>	2.6	2.0
Comparable operating profit, as percentage of net sales, %	<b>10.1</b>	2.6	<b>7.8</b>	2.6	2.0
Net financial items, as percentage of net sales, %	<b>-1.5</b>	-1.6	<b>-1.6</b>	-1.4	-1.5
Profit before income taxes, as percentage of net sales, %	<b>8.7</b>	0.9	<b>6.2</b>	1.2	0.5
Profit for the period, as percentage of net sales, %	<b>6.9</b>	0.4	<b>5.1</b>	0.7	0.1
Gross capital expenditure, EUR thousand	<b>1,606</b>	2,495	<b>2,455</b>	6,289	11,198
Depreciation and amortization, EUR thousand	<b>5,598</b>	6,434	<b>11,215</b>	12,781	25,539
Return on equity, rolling 12 months, %	-	-	<b>7.9</b>	-1.3	0.2
Return on invested capital, rolling 12 months, %	-	-	<b>8.9</b>	2.7	3.7

Equity ratio, %	–	–	<b>44.2</b>	40.3	42.7
Gearing, %	–	–	<b>40.9</b>	65.0	50.7
Average number of personnel	–	–	<b>685</b>	691	685
Earnings per share, EUR, basic	<b>0.15</b>	0.01	<b>0.21</b>	0.03	0.00
Earnings per share, EUR, diluted	<b>0.15</b>	0.01	<b>0.21</b>	0.03	0.00
Cash flow from operations per share, EUR	<b>0.17</b>	0.16	<b>0.33</b>	0.12	0.52
Equity per share, EUR	–	–	<b>2.41</b>	2.31	2.30
Number of shares, end of period, excluding treasury shares	–	–	<b>57,558,989</b>	57,529,868	57,529,868
Share price, end of period, EUR	–	–	<b>3.87</b>	2.36	2.31
Share price, period low, EUR	–	–	<b>2.00</b>	2.04	2.04
Share price, period high, EUR	–	–	<b>3.99</b>	2.70	2.70
Volume weighted average price during the period, EUR	–	–	<b>2.84</b>	2.41	2.38
Market capitalization, EUR million	–	–	<b>222.8</b>	135.8	132.9
Number of traded shares during the period	–	–	<b>3,573,603</b>	2,775,156	4,655,863
Number of traded shares during the period, % of average number of shares	–	–	<b>6.2</b>	4.8	8.1

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

	<b>30.6.2020</b>	30.6.2019	31.12.2019
<b>Interest-bearing net debt, EUR thousands</b>			
Non-current interest-bearing liabilities, nominal value	<b>94,229</b>	96,827	95,464
Current interest-bearing liabilities, nominal value	<b>8,139</b>	23,607	16,986
Interest-bearing receivables and cash and cash equivalents	<b>-45,665</b>	-33,895	-45,236
<b>Interest-bearing net debt</b>	<b>56,703</b>	86,539	67,213

## CALCULATION OF KEY RATIOS AND ALTERNATIVE PERFORMANCE MEASURES

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

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

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

### **Calculation of key ratios per share**

#### **Earnings per share**

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

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

EUR thousand	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Profit for the period	11,945	1,500	225
Average share-issue adjusted number of shares	57,535,148	57,501,821	57,515,960
Average diluted share-issue adjusted number of shares excluding treasury shares	57,687,192	57,540,782	57,601,340

#### **Earnings per share**

<b>EUR</b>			
Basic	0.21	0.03	0.00
Diluted	0.21	0.03	0.00

#### **Cash flow from operations per share**

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

	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Cash flow from operations, EUR thousand	19,005	6,739	29,894
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,558,989	57,529,868	57,529,868
Cash flow from operations per share, EUR	0.33	0.12	0.52

### Equity per share

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

	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Total equity attributable to owners of the parent, EUR thousand	138,551	133,178	132,452
Share-issue adjusted number of shares excluding treasury shares, end of reporting period	57,558,989	57,529,868	57,529,868
Equity per share, EUR	2.41	2.31	2.30

### Market capitalization

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

	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Number of shares at the end of reporting period excluding treasury shares	57,558,989	57,529,868	57,529,868
Share price at end of the period, EUR	3.87	2.36	2.31
Market capitalization, EUR million	222.8	135.8	132.9

### Share turnover

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

	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Number of shares traded during the period	3,573,603	2,775,156	4,655,863
Average number of shares excluding treasury shares	57,535,148	57,501,821	57,515,960
Share turnover, %	6.2	4.8	8.1

### Calculation of key ratios and alternative performance measures

#### Operating profit and comparable operating profit

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

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

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

#### EBITDA

EBITDA = EBIT + depreciation, amortization and impairment losses

EUR thousand	30.6.2020	30.6.2019	31.12.2019
Operating profit	18,055	5,616	8,129
+ Depreciation, amortization and impairment losses	11,215	12,781	25,539
EBITDA	29,271	18,397	33,668

#### Gross capital expenditure

EUR thousand	30.6.2020	30.6.2019	31.12.2019
Increases in intangible assets	105	1,883	2,224
Increases in property, plant and equipment	2,350	4,406	8,974
Gross capital expenditure	2,455	6,289	11,198

#### Interest-bearing net debt

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

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

EUR thousand	30.6.2020	30.6.2019	31.12.2019
Interest-bearing liabilities	99,645	116,573	109,163
Tender and issuance costs of the debentures	2,723	3,860	3,286
Interest bearing receivables	-6,999	-7,365	-7,495
Cash and cash equivalents	-38,666	-26,530	-37,741
Interest-bearing net debt	56,703	86,539	67,213
Interest-bearing liabilities	99,645	116,573	109,163
Tender and issuance costs of the debentures	2,723	3,860	3,286
Nominal value of interest-bearing liabilities	102,368	120,434	112,450

### 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	30.6.2020	30.6.2019	31.12.2019
Profit for the reporting period (rolling 12 months)	10,670	-1,660	225
Total equity attributable to owners of the parent 30.6.2019 / 30.6.2018 / 31.12.2018	133,178	132,631	130,513
Total equity attributable to owners of the parent 30.9.2019 / 30.9.2018 / 31.3.2019	136,871	130,981	133,776
Total equity attributable to owners of the parent 31.12.2019 / 31.12.2018 / 30.6.2019	132,452	130,513	133,178
Total equity attributable to owners of the parent 31.3.2020 / 31.3.2019 / 30.9.2019	135,868	133,776	136,871
Total equity attributable to owners of the parent 30.6.2020 / 30.6.2019 / 31.12.2019	138,551	133,178	132,452
Average	135,384	132,216	133,358
Return on equity (ROE), %	7.9	-1.3	0.2

### Invested capital

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

EUR thousand	30.6.2020	30.6.2019	31.12.2019
Total equity attributable to owners of the parent	138,551	133,178	132,452
Interest-bearing liabilities	99,645	116,573	109,163
Invested capital	238,195	249,752	241,615

**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	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Operating profit (rolling 12 months)	20,568	5,744	8,129
Financial income (rolling 12 months)	1,001	829	981
Total	21,569	6,573	9,110
Invested capital 30.6.2019 / 30.6.2018 / 31.12.2018	249,752	238,589	231,977
Invested capital 30.9.2019 / 30.9.2018 / 31.3.2019	246,660	227,186	250,259
Invested capital 31.12.2019 / 31.12.2018 / 30.6.2019	241,615	231,977	249,752
Invested capital 31.3.2020 / 31.3.2019 / 30.9.2019	240,761	250,259	246,660
Invested capital 30.6.2020 / 30.6.2019 / 31.12.2019	238,195	249,752	241,615
Average	243,397	239,553	244,053
Return on invested capital (ROI), %	8.9	2.7	3.7

**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	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Total equity attributable to owners of the parent	138,551	133,178	132,452
Total assets	314,136	330,408	310,100
Advances received	-442	-179	-58
	313,694	330,229	310,042
Equity ratio, %	44.2	40.3	42.7

**Gearing, %**

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

EUR thousand	<b>30.6.2020</b>	<b>30.6.2019</b>	<b>31.12.2019</b>
Interest-bearing net debt	56,703	86,539	67,213
Total equity attributable to owners of the parent	138,551	133,178	132,452
Gearing, %	40.9	65.0	50.7

**NET SALES BY GEOGRAPHICAL MARKET AREA**

EUR thousand	<b>1-6/2020</b>	1-6/2019	1-12/2019
Finland	<b>1,692</b>	1,338	2,527
Rest of Europe	<b>76,184</b>	76,251	145,055
North and South America	<b>152,515</b>	133,833	259,560
Rest of the world	<b>1,982</b>	2,168	4,270
<b>Total</b>	<b>232,373</b>	213,590	411,412

**QUARTERLY SALES DEVELOPMENT BY BUSINESS AREA**

EUR thousand	<b>2020</b>		<b>2019</b>			
	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Americas	77,162	73,170	62,180	66,161	65,011	68,326
Europe	45,047	37,054	32,294	37,233	38,798	41,466
Unallocated exchange differences and eliminations	-38	-21	-15	-30	14	-25
<b>Total</b>	<b>122,170</b>	<b>110,203</b>	<b>94,459</b>	<b>103,363</b>	<b>103,824</b>	<b>109,766</b>

**QUARTERLY DEVELOPMENT**

EUR thousand	<b>2020</b>		<b>2019</b>			
	<b>4-6</b>	<b>1-3</b>	<b>10-12</b>	<b>7-9</b>	<b>4-6</b>	<b>1-3</b>
Net sales	122,170	110,203	94,459	103,363	103,824	109,766
EBITDA	17,989	11,282	7,437	7,834	9,089	9,309
as % of net sales	14.7	10.2	7.9	7.6	8.8	8.5
Comparable operating profit	12,391	5,664	1,405	1,108	2,655	2,961
as % of net sales	10.1	5.1	1.5	1.1	2.6	2.7
Items affecting comparability	-	-	-	-	-	-
Operating profit	12,391	5,664	1,405	1,108	2,655	2,961
as % of net sales	10.1	5.1	1.5	1.1	2.6	2.7
Net financial items	-1,813	-1,945	-1,926	-1,080	-1,695	-1,297
Profit before income taxes	10,579	3,719	-521	28	960	1,665
as % of net sales	8.7	3.4	-0.6	0.0	0.9	1.5

**RELATED PARTY INFORMATION**

The related parties of Suominen include the members of the Board of Directors, President & CEO and the members of the 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 19, 2020 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 2020 was 29,121 shares. The shares were transferred on May 28, 2020 and the value of the transferred shares totaled EUR 92,400, or approximately EUR 3.17 per share.

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

EUR thousand	30.6.2020		30.6.2019		31.12.2019	
	Property, plant and equipment	Intang. assets	Property, plant and equipment	Intang. assets	Property, plant and equipment	Intang. assets
Carrying amount at the beginning of the period	<b>121,584</b>	<b>20,020</b>	129,391	21,231	129,391	21,231
Application of IFRS 16	-	-	-149	-	-149	-
Capital expenditure and increases	<b>2,350</b>	<b>105</b>	4,406	1,883	8,974	2,224
Disposals and decreases	-	-	-1	0	-1	-
Depreciation, amortization and impairment losses	<b>-7,616</b>	<b>-1,791</b>	-9,523	-1,546	-18,608	-3,448
Exchange differences and other changes	<b>-4,732</b>	<b>1</b>	832	4	1,977	12
Carrying amount at the end of the period	<b>111,587</b>	<b>18,335</b>	124,956	21,572	121,584	20,020

Goodwill is not included in intangible assets.

EUR thousand	30.6.2020	30.6.2019	31.12.2019
	Right-of-use assets	Right-of-use assets	Right-of-use assets
Carrying amount at the beginning of the period	<b>14,319</b>	16,946	16,946
Increases	<b>536</b>	717	946
Disposals and decreases	-	-103	-215
Depreciation, amortization and impairment losses	<b>-1,808</b>	-1,712	-3,483
Exchange differences and other changes	<b>-10</b>	44	125
Carrying amount at the end of the period	<b>13,037</b>	15,892	14,319

**CHANGES IN INTEREST-BEARING LIABILITIES**

EUR thousand	1-6/2020	1-6/2019	1-12/2019
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>109,163</b>	101,463	101,463
Current liabilities at the beginning of the period	<b>16,986</b>	20,765	20,765
Application of IFRS 16	–	2,664	2,664
Repayment of current liabilities, cash flow items	<b>-25,585</b>	-11,394	-47,572
Drawdown of current liabilities, cash flow items	<b>15,000</b>	10,000	38,000
Increases in current liabilities, non-cash flow items	<b>186</b>	148	218
Decreases of current liabilities, non-cash flow items	<b>-5</b>	-20	-99
Reclassification from non-current liabilities	<b>1,566</b>	1,393	2,942
Periodization of debenture to amortized cost, non-cash flow items	–	29	43
Exchange rate difference, non-cash flow item	<b>-10</b>	8	25
Current liabilities at the end of the period	<b>8,139</b>	23,592	16,986
Non-current liabilities at the beginning of the period	<b>10,464</b>	84	84
Application of IFRS 16	–	12,622	12,622
Increases in non-current liabilities, non-cash flow items	<b>350</b>	570	733
Decreases of non-current liabilities, non-cash flow items	–	-84	-121
Reclassification to current liabilities	<b>-1,566</b>	-1,393	-2,942
Exchange rate difference, non-cash flow item	<b>-18</b>	28	88
Non-current liabilities at the end of the period	<b>9,229</b>	11,827	10,464
Non-current debentures at the beginning of the period	<b>81,714</b>	80,615	80,615
Periodization of debenture to amortized cost, non-cash flow items	<b>563</b>	539	1,099
Non-current debentures at the end of the period	<b>82,277</b>	81,154	81,714
<b>Total interest-bearing liabilities at the end of the period</b>	<b>99,645</b>	116,573	109,163

**CONTINGENT LIABILITIES**

EUR thousands	30.6.2020	30.6.2019	31.12.2019
<b>Other commitments</b>			
Leasing commitments	<b>158</b>	298	179
Contractual commitments to acquire property, plant and equipment	<b>1,877</b>	892	–
Commitments to leases not yet commenced	<b>152</b>	–	33
<b>Guarantees</b>			
On own behalf	<b>7,649</b>	10,472	9,906
Other own commitments	<b>30,127</b>	2,583	2,203
	<b>37,776</b>	13,010	12,108

**NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS**

	<b>30.6.2020</b>		30.6.2019		31.12.2019	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
EUR thousand						
Currency forward contracts						
Hedge accounting not applied	2,480	-46	2,891	-6	-	-

**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	<b>Classification</b>				
	<b>a.</b>	<b>b.</b>	<b>c.</b>	<b>d.</b>	<b>e.</b>
Equity instruments	347	-	429	777	777
Loan receivables	3,349	3,650	-	6,999	6,999
Trade receivables	-	60,693	-	60,693	60,693
Interest and other financial receivables	-	572	-	572	572
Cash and cash equivalents	-	38,666	-	38,666	38,666
<b>Total 30.6.2020</b>	<b>3,696</b>	<b>103,580</b>	<b>429</b>	<b>107,706</b>	<b>107,706</b>

EUR thousand	<b>Classification</b>				
	<b>a.</b>	<b>b.</b>	<b>c.</b>	<b>d.</b>	<b>e.</b>
Equity instruments	347	-	429	777	777
Loan receivables	3,845	3,650	-	7,495	7,495
Trade receivables	-	46,728	-	46,728	46,728
Interest and other financial receivables	-	313	-	313	313
Cash and cash equivalents	-	37,741	-	37,741	37,741
<b>Total 31.12.2019</b>	<b>4,193</b>	<b>88,432</b>	<b>429</b>	<b>93,054</b>	<b>93,054</b>

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

Suominen monitors constantly the open balances of the customers and takes action if payments are delayed. The COVID-19 pandemic has increased the credit risk of certain customers depending on the markets in which they operate, but as a whole, also the customers have experienced increased demand of their products and thus their credit risks and Suominen's expected credit losses arising from trade receivables have not materially increased.

**FINANCIAL LIABILITIES**

EUR thousand	30.6.2020			31.12.2019		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
<b>Non-current financial liabilities</b>						
Debentures	82,277	83,300	85,000	81,714	86,063	85,000
Lease liabilities	9,229	9,229	9,229	10,464	10,464	10,464
Total non-current financial liabilities	91,506	92,529	94,229	92,177	96,526	95,464
<b>Current financial liabilities</b>						
Current loans from financial institutions	5,000	5,000	5,000	14,000	14,000	14,000
Lease liabilities	3,139	3,139	3,139	2,986	2,986	2,986
Interest accruals	1,607	1,607	1,607	551	551	551
Derivative liabilities	46	46	46	–	–	–
Other current liabilities	846	846	846	440	440	440
Trade payables	47,166	47,166	47,166	44,495	44,495	44,495
Total current financial liabilities	57,804	57,804	57,804	62,473	62,473	62,473
<b>Total</b>	<b>149,310</b>	<b>150,333</b>	<b>152,033</b>	154,650	158,999	157,936

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

**FAIR VALUE MEASUREMENT HIERARCHY**

EUR thousands	Level 1	Level 2	Level 3
<b>Financial assets and liabilities at fair value</b>			
Loan receivables	–	–	3,349
Equity instruments	–	–	777
<b>Total</b>	–	–	<b>4,426</b>
<b>Derivatives at fair value</b>			
Currency forward contracts, liabilities	–	-46	–
<b>Total</b>	–	<b>-46</b>	–

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

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

**RESTATEMENT OF PREVIOUSLY PUBLISHED FIGURES**

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

EUR thousand	Published 1-6/2019	Restatement 1-6/2019	Restated 1-6/2019
<b>Net sales</b>	<b>213,590</b>	–	<b>213,590</b>
Cost of goods sold	<b>-194,920</b>	1,431	<b>-193,489</b>
<b>Gross profit</b>	<b>18,670</b>	1,431	<b>20,101</b>
Other operating income	<b>1,603</b>	–	<b>1,603</b>
Sales, marketing and administration expenses	<b>-12,431</b>	-1,431	<b>-13,862</b>
Research and development	<b>-1,722</b>	–	<b>-1,722</b>
Other operating expenses	<b>-504</b>	–	<b>-504</b>
<b>Operating profit</b>	<b>5,616</b>	–	<b>5,616</b>
Net financial expenses	<b>-2,992</b>	–	<b>-2,992</b>
<b>Profit before income taxes</b>	<b>2,625</b>	–	<b>2,625</b>
Income taxes	<b>-1,124</b>	–	<b>-1,124</b>
<b>Profit / loss for the period</b>	<b>1,500</b>	–	<b>1,500</b>

EUR thousand	Published 1-12/2019	Restatement 1-12/2019	Restated 1-12/2019
<b>Net sales</b>	<b>411,412</b>	–	<b>411,412</b>
Cost of goods sold	<b>-377,255</b>	2,754	<b>-374,501</b>
<b>Gross profit</b>	<b>34,157</b>	2,754	<b>36,911</b>
Other operating income	<b>2,903</b>	–	<b>2,903</b>
Sales, marketing and administration expenses	<b>-24,513</b>	-2,754	<b>-27,267</b>
Research and development	<b>-3,376</b>	–	<b>-3,376</b>
Other operating expenses	<b>-1,041</b>	–	<b>-1,041</b>
<b>Operating profit</b>	<b>8,129</b>	–	<b>8,129</b>
Net financial expenses	<b>-5,998</b>	–	<b>-5,998</b>
<b>Profit before income taxes</b>	<b>2,132</b>	–	<b>2,132</b>
Income taxes	<b>-1,907</b>	–	<b>-1,907</b>
<b>Profit / loss for the period</b>	<b>225</b>	–	<b>225</b>

SUOMINEN CORPORATION  
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*Suominen manufactures nonwovens as roll goods for wipes and other applications. Our vision is to be the frontrunner for nonwovens innovation and sustainability. The end products made of Suominen's nonwovens, such as wet wipes, feminine care products and swabs, are present in people's daily life worldwide. Suominen's net sales in 2019 were EUR 411.4 million and we have nearly 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at [www.suominen.fi](http://www.suominen.fi).*

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