



# FINANCIAL STATEMENTS RELEASE

JANUARY 1 – DECEMBER 31, 2021



Suominen Corporation Financial Statements Release on February 3, 2022 at 9:30 a.m. (EET)

Suominen Corporation's Financial Statements Release for January 1–December 31, 2021:

## Strong annual result in a challenging year

### Key figures

	<b>10-12/ 2021</b>	10-12/ 2020	<b>1-12/ 2021</b>	1-12/ 2020
Net sales, EUR million	<b>115.6</b>	111.1	<b>443.2</b>	458.9
Comparable EBITDA	<b>9.0</b>	13.5	<b>47.0</b>	60.9
Comparable EBITDA, %	<b>7.8</b>	12.2	<b>10.6</b>	13.3
EBITDA	<b>9.0</b>	13.5	<b>47.0</b>	60.9
Operating profit, EUR million	<b>3.9</b>	8.5	<b>26.9</b>	39.5
Operating profit, %	<b>3.4</b>	7.7	<b>6.1</b>	8.6
Profit for the period, EUR million	<b>2.5</b>	7.3	<b>20.7</b>	30.1
Cash flow from operations, EUR million	<b>2.9</b>	17.9	<b>11.1</b>	57.0
Cash flow from operations per share, EUR	<b>0.05</b>	0.31	<b>0.19</b>	0.99
Earnings per share, basic, EUR	<b>0.04</b>	0.13	<b>0.36</b>	0.52
Return on invested capital, rolling 12 months, %	–	–	<b>9.5</b>	16.7
Gearing, %	–	–	<b>30.4</b>	25.4
Dividend and return of capital per share, EUR *	–	–	<b>0.20*</b>	0.20

\* 2021 proposal to the Annual General Meeting

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

### October–December 2021 in brief:

- Net sales increased by 4% and were EUR 115.6 million (111.1)
- Comparable EBITDA was EUR 9.0 million (13.5)
- Cash flow from operations decreased to EUR 2.9 million (17.9)

### Financial year 2021 in brief:

- Net sales decreased by 3% and were EUR 443.2 million (458.9)
- Comparable EBITDA was EUR 47.0 million (60.9)
- Cash flow from operations totaled to EUR 11.1 million (57.0)
- Board of Directors proposes to the Annual General meeting a dividend of EUR 0.20 per share

**Outlook:**

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2022 will decrease from 2021. The main reasons are inventory levels which still remain high at certain customers as well as operational issues in the entire supply chain due to the current COVID-19 situation, both of which will impact the result negatively especially in the first quarter. In 2021, Suominen's comparable EBITDA was EUR 47.0 million.

**Board proposal on distribution of dividend:**

The Board of Directors proposes to the Annual General meeting, that a dividend of EUR 0.20 per share shall be distributed for the financial year 2021.

On February 2, 2022, the company had 57,224,558 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 11,444,911.60.

**Petri Helsky, President and CEO:**

"The second year of the COVID-19 pandemic was for Suominen twofold. In the first half of the year Suominen's sales volumes and results continued on the record levels of 2020. Suddenly in the third quarter the volumes dropped temporarily due to overstocking in the supply chain followed by partial recovery in the fourth quarter.

Our EBITDA in 2021 was EUR 47.0 million (60.9) which was the third best annual result in Suominen's history. The result declined from record high 2020 mainly due to lower sales volumes and the increases in raw material, freight and energy costs which we were not fully able to push through to our sales prices. Our net sales were EUR 443.2 million (458.9). Our strong ability to innovate and meet the market needs is reflected in the share of new products of our net sales which was above 25% in 2021.

We continued executing our strategy published in 2020. During 2021 we completed three investment projects. Two of them were in Italy, one to increase the capacity by restarting a line and another to increase our capabilities in sustainable nonwovens. The third project was in the USA to increase our capabilities to offer new innovative products.

The cornerstone of our strategy is sustainability, and we are continuously developing our offering and operations accordingly. We are targeting to increase the sales of sustainable products by 50% compared to the base year of 2019 and launch 10 sustainable products per year. In 2021, the sales of sustainable products were 47% higher than in the baseline year 2019 and during the year we launched 16 sustainable products. In our operations we want to use resources efficiently and to operate with the smallest possible impact on the environment. We have concrete reduction targets for our greenhouse gas emissions, energy consumption, water consumption and waste to landfill and we progressed steadily towards these targets in 2021. For example, as part of our work to reduce greenhouse gas emissions, we made the decision to shift entirely to fossil-free electricity in all our European sites.

In June we issued a EUR 50 million six-year bond with a coupon rate of 1.50% to be used for general corporate purposes.

Looking at the year ahead we see challenges especially in the coming months. Certain major customers still struggle with their inventory levels. Combined with the recent surge of COVID-19 cases which impacts both our and our customers' operations, the near-term demand picture seems very volatile. We also continue to have a lag between the rising raw material, energy and logistics costs and our sales prices. We expect the

demand for our products to stabilize starting from the second quarter of the year as the end consumer demand is expected to remain above pre-pandemic levels.

To conclude, I want to thank all our employees for their contribution and hard work and our customers and vendors for excellent cooperation in 2021."

## **NET SALES**

### **October–December 2021**

In the fourth quarter, Suominen's net sales increased by 4% from the comparison period to EUR 115.6 million (111.1). Sales volumes decreased from the comparison period but increased from Q3/2021 while sales prices increased following the higher raw material prices. Currencies impacted net sales positively by EUR 2.7 million.

Net sales of the Americas business area amounted to EUR 68.9 million (66.8) and net sales of the Europe business area EUR 46.7 million (44.3).

### **Financial year 2021**

In 2021, Suominen's net sales decreased by 3% from the comparison period to EUR 443.2 million (458.9). Sales volumes decreased while sales prices increased following the higher raw material prices. Currencies impacted net sales negatively by EUR 11.1 million.

Net sales of Americas business area were EUR 265.2 million (289.1) and net sales of Europe business area EUR 178.1 million (169.9).

## **EBITDA, OPERATING PROFIT AND RESULT**

### **October–December 2021**

EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 9.0 million (13.5). The main drivers for the result decline were lower sales volumes and higher raw material, freight and energy prices for which the higher sales prices could not fully compensate. Manufacturing and SG&A cost savings actions impacted the result positively. Other operating income and expenses were positively impacted by insurance compensations and adjustments to certain previous year accruals. Currencies impacted EBITDA negatively by EUR 0.5 million.

Operating profit decreased from the corresponding period of the previous year and was EUR 3.9 million (8.5).

Result before income taxes in the fourth quarter was EUR 2.8 million (8.5) and profit for the period EUR 2.5 million (7.3). The income taxes for the period were EUR -0.3 million (-1.2).

### **Financial year 2021**

EBITDA (earnings before interest, taxes, depreciation and amortization) was EUR 47.0 million (60.9). EBITDA decreased mainly due to lower sales volumes. The increases in raw material, freight and energy costs were not fully compensated by higher sales prices. Manufacturing and SG&A cost savings actions impacted the result positively. Other operating income and expenses were positively impacted by insurance compensations and adjustments to certain previous year accruals. Currencies impacted EBITDA negatively by EUR 2.4 million.

Operating profit amounted to EUR 26.9 million (39.5).

In 2021, profit before income taxes was EUR 26.6 million (33.9). Income taxes for the financial year were EUR -5.8 million (-3.8). The income taxes of the comparison year were positively impacted by recognition of additional deferred tax assets from previous years' losses as the possibility to utilize the losses had increased. The corporate income taxes of 2020 were also positively impacted by the US tax reliefs enacted as a result of the COVID-19 pandemic.

The profit for the period was EUR 20.7 million (30.1).

## **FINANCING**

The Group's net interest-bearing liabilities, calculated with the nominal value of the interest-bearing liabilities at the end of the review period, December 31, 2021, amounted to EUR 49.6 million (37.1). Gearing was 30.4% (25.4%) and equity ratio 42.2% (46.0%).

In 2021, net financial expenses were EUR -0.4 million (-5.6), or 0.1% (1.2%) of net sales. Net effect of changes in foreign exchange rates in financial items were EUR +1.7 million (-0.4).

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 the fourth quarter was EUR 2.9 million (17.9). Cash flow from operations in 2021 was EUR 11.1 million (57.0). Cash flow from operations per share in 2021 was EUR 0.19 (0.99). The financial items in the cash flow from operations, in total EUR -5.3 million (-4.3), were principally impacted by the interests paid during the reporting period. The change in the net working capital in 2021 was EUR 25.2 million negative (EUR 1.0 million negative) due to higher inventories and receivables.

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 1.50%. The offering was allocated to 19 investors. The bond is listed on the official list of Nasdaq Helsinki Ltd. The debenture bond issued in 2017 will fall due in October 2022.

## **CAPITAL EXPENDITURE**

In 2021, the gross capital expenditure totaled EUR 17.8 million (10.4) and the largest items were related to the growth investment initiatives in Italy and at the Bethune plant in the USA. Other investments were mainly for maintenance.

Depreciations and amortizations were EUR -20.1 million (-21.4).

## **PERSONNEL**

During 2021, Suominen employed 709 FTEs (689) on average, and 707 (691) FTEs at the end of 2021. The increase was primarily in the Operations function, as a new production line was taken into use in Italy.

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

The health and safety of Suominen's employees is our key priority. When the COVID-19 pandemic started, we implemented several safety and other precautionary measures which remained active in 2021. Thanks to our proactive approach, in 2021 there was only limited impact on our ability to serve our customers and run our operations. As a nonwovens manufacturer Suominen is an integral part of the supply chain making disinfecting and cleaning products for fighting the coronavirus.

The pandemic has increased the demand for our products in all our markets. At the end of the second quarter of 2021 the demand started to decelerate especially in North America, but started to recover in late Q3. The latest surge of COVID-19 cases will have a negative effect on our and our customers' operations and hence the short-term demand in the early part of 2022. In the long run the market and Suominen's expectation is that demand will remain above pre-COVID-19 levels.

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

The key risks caused by COVID-19 are related to the health and safety of Suominen personnel and customers, possible shortages of raw materials, issues linked to logistics as well as potential closures of customers' or our own plants due to virus infections or authority decisions. These risks remain valid in the beginning of 2022. Some of these risks have materialized as lately our and our customers' operations have been impacted because of sickness absences.

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 these unusual times. We 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 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.

## **PROGRESS IN SUSTAINABILITY**

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

We have strong focus on safety and accident prevention, and our long-term target is to have zero lost-time accidents. In 2021, Suominen had 4 (1) lost time accidents.

Increasing employee engagement is another of our key people-related targets. We conducted a second consecutive global employee engagement survey in 2021 and based on the results our employee engagement index is 66% (69%). The index is a combination of questions concerning our people's retention, likelihood to recommend the company, organizational pride and commitment. Our target is that our engagement index will be 73% by 2025.

We are committed to continuously improving our production efficiency and the efficient utilization of natural resources. Our target is to reduce our energy consumption, greenhouse gas emissions, water consumption and waste to landfill by 20% per ton of product by 2025 compared to the base year of 2019. By the end of 2021, our water consumption has decreased by 20.3%, waste to landfill by 16.4%, energy consumption by 7.1%, and greenhouse gas emissions by 8.8% per ton of product compared to 2019. As one example of our continuous work to decrease our greenhouse gas emissions, a decision to move entirely to fossil free

electricity in all our European plans was made in 2021. We monitor our progress regularly and are always seeking new ways to further improve our operations.

Regarding sustainable products, our target is to increase their sales by 50% by 2025 and to have over 10 sustainable product launches per year. In 2021, we launched 16 sustainable products and the sales of sustainable product sales has increased by 47% compared to the base year of 2019.

We launched our renewed Code of Conduct in the beginning of 2021 and a mandatory training about the Code was arranged to all employees.

As part of our Annual Report 2021 which will be published in the week starting on February 28, 2022, we report the development of our sustainability performance. Our sustainability reporting in 2021 is in accordance with the Core option of the GRI Standards by the Global Reporting Initiative.

## **SHARE INFORMATION**

### **Share capital**

The number of Suominen's registered shares was 58,259,219 on December 31, 2021, equaling to a share capital of EUR 11,860,056.00. Suominen has one series of shares. Each share carries one vote in the Shareholders' Meeting and right to an equally-sized dividend. Suominen's shares are affiliated in a book-entry system.

### **Share trading and price**

The number of Suominen Corporation shares (SU1V) traded on Nasdaq Helsinki from January 1 to December 31, 2021 was 17,714,203 shares, accounting for 30.8% of the average number of shares (excluding treasury shares). The highest price was EUR 6.41, the lowest EUR 4.25 and the volume-weighted average price EUR 5.48. The closing price at the beginning of the review period, on January 4, 2021, was EUR 5.06 and the closing price on the last trading date of the review period, on December 30, 2021, was EUR 5.18.

The market capitalization (excluding treasury shares) was EUR 296.8 million on December 31, 2021.

### **Treasury shares**

On December 31, 2021, Suominen Corporation held 965,984 treasury shares, calculated based on the trade date.

As a share-based incentive 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.

In accordance with the matching restricted share plan, 9,352 shares were transferred to the participants of the plan in September 2021.

Suominen announced on November 1, 2021, that the Board of Directors of Suominen Corporation had decided to use the authorization given by the Annual General Meeting held on March 25, 2021 to repurchase the company's own shares. The maximum number of shares to be repurchased in one or more instalments is

400,000 shares, corresponding to approximately 0.7% of the total number of the company's shares, which is 58,259,219. The maximum amount to be spent on the repurchases is EUR 2.5 million. The weighty financial reason for the repurchases is that they are to be used for pay-outs under the share-based incentive programs of Suominen Corporation.

The shares were purchased otherwise than in proportion to shareholders' current holdings using the company's non-restricted shareholders' equity at the market price valid at the time of purchase of the shares through trading in a regulated market arranged by NASDAQ Helsinki Oy. The shares were acquired and paid for according to the rules and instructions of NASDAQ Helsinki Oy and Euroclear Finland Ltd.

The share repurchases commenced on November 3, 2021 and ended on January 21, 2022.

On December 31, 2021, based on the trade date, Suominen had repurchased in total 331,323 shares with the total consideration of EUR 1.6 million. The average purchase price was EUR 4.95 per share.

### **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.

On May 31, 2021 Suominen announced about the portion of the annual remuneration of the members of the Board of Directors which was paid in shares. The total number of the shares that were granted out of the treasury shares was 16,042 shares.

On February 25, 2021, in accordance with the share-based incentive plan 2018–2020, 34,872 shares were transferred to the participants of the plan.

On September 13, 2021, in accordance with the matching restricted share plan, 9,352 shares were transferred to the participants of the plan.

After these transactions, the maximum amount of the authorization is 4,939,734 shares in aggregate.

### **Remuneration of the Board payable in shares**

The AGM held on March 25, 2021 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 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 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 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.

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

### **Share-based incentive plans for the management and key employees valid in 2021**

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](http://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	17 people	19 people
Maximum number of shares	546,000	748,500	456,500

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

Matching Restricted Share Plan 2019–2021

Suominen also had a Matching Restricted Share Plan for selected key employees in the Suominen Group. The aim of the MRSP was 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 second vesting period of the Matching Restricted Share Plan ended in September 2021 and in total 9,352 shares were transferred to the participants.

**SHAREHOLDERS**

At the end of the review period, on December 31, 2021, Suominen Corporation had in total 5,726 shareholders. Suominen is not aware of any shareholder agreements related with the shareholding or use of voting rights. Detailed information on the management shareholding and a table presenting the largest shareholders is available in the notes of this Financial Statement Release.

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

April 29, 2021: The shareholding of Nordea Funds Ltd in Suominen exceeded the threshold of 5%.

April 16, 2021: The shareholding of Bolero Holdings SARL ownership in Suominen decreased to below 5%.

January 18, 2021: The shareholding of Elo Mutual Pension Insurance Company in Suominen decreased to below 5%.

January 15, 2021: The shareholding of Oy Etra Invest Ab and Tiiviste-Group Oy, companies controlled by Mr. Erkki Etola, of the total amount of shares and voting rights in Suominen Corporation increased above 15%.

## COMPOSITION OF THE NOMINATION BOARD

In accordance with the decision taken by the Annual General Meeting of Suominen Corporation, the representatives notified by the company's three largest shareholders have been elected to Suominen Corporation's permanent Nomination Board. In addition, Chair of the company's Board of Directors shall serve as the fourth member. The shareholders entitled to appoint members to the Nomination Board during financial year 2021 were determined on the basis of the registered holdings in the company's shareholder register on September 1, 2021 and on September 1, 2020. The Nomination Board shall submit its proposals to the Board of Directors no later than February 1 prior to the Annual General Meeting.

Suominen's three largest registered shareholders on the basis of the registered holdings in the company's shareholders' register on September 1, 2021, Ahlstrom Capital B.V., Oy Etra Invest Ab and Nordea Nordic Small Cap Fund nominated the following members to the Shareholders' Nomination Board:

- Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by Ahlstrom Capital B.V.;
- Mikael Etola, CEO, Etola Group, as a member appointed by Oy Etra Invest Ab;
- Jukka Perttula, Chair of Board of Directors, Nordea Funds, as a member appointed by Nordea Nordic Small Cap Fund.

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

## 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 earlier in this 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](http://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 re-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.

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 new Board member can be viewed on Suominen's website at [www.suominen.fi](http://www.suominen.fi).

## **BUSINESS RISKS AND UNCERTAINTIES**

### **Manufacturing risks**

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

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

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

### **Competition**

Suominen has numerous regional, national and global competitors in its different product groups. Products based on new technologies and imports from countries of lower production costs may reduce Suominen's

competitive edge. If Suominen is not able to compete with an attractive product offering, it may lose some of its market share. Competition may lead to increased pricing pressure on the company's products.

#### **Price and availability of raw materials**

Suominen purchases significant amounts of pulp- and oil-based raw materials. Raw materials are the largest cost item for operations. Changes in the global market prices of raw materials can have an impact on the company's profitability. Suominen's stocks equal two to four weeks' consumption and it generally takes two to five months for raw material price changes to be reflected in Suominen's customer pricing either through automatic pricing mechanisms or negotiated price changes.

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

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

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

#### **Market and customer risks**

Suominen's customer base is fairly concentrated, which increases the potential impact of changes in customer specific sales volumes. In 2021, the Group's ten largest customers accounted for 66 (67%) of the Group net sales. Long-term contracts are preferred with the largest customers. In practice, the customer relationships are long-term and last for several years. Customer-related credit risks are managed in accordance with a credit policy approved by the Board of Directors. Credit limits are confirmed for customers on the basis of credit ratings and customer history.

The demand for Suominen's products depends on possible changes in consumer preferences. Historically, such changes have had mainly a positive impact on Suominen, as they have resulted in the growing demand for products made of nonwovens. For example, the COVID-19 pandemic increased the demand for nonwovens for cleaning and disinfecting wipes. However, certain factors, including consumers' attitude towards the use of products made even partially of oil-based raw materials, or their perception on the sustainability of disposable products in general, might change the consumers' buying habits. Suominen monitors the consumer trends proactively and develops its product offering accordingly. The company has had biodegradable, 100% plant-based nonwovens in its portfolio for over 10 years and hence is well positioned to respond to changes in customer preferences related to sustainability and climate change.

#### **Changes in legislation, political environment or economic conditions**

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

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

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

foreign exchange position in accordance with its hedging policy.

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

### **Investments**

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

### **Cyber and information security**

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

### **Financial risks**

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

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

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

## **BUSINESS ENVIRONMENT**

Suominen's nonwovens are, for the most part, used in daily consumer goods such as wet wipes as well as in hygiene and medical products. In these target markets of Suominen the general economic situation determines the development of consumer demand even though the demand for consumer goods is not very cyclical in nature. North America and Europe are the largest market areas for Suominen. In addition, the company operates in the South American markets. The growth in the demand for nonwovens has typically exceeded the growth of gross domestic product by a couple of percentage points.

The market expectation is that in the long run the end user demand for wipes will remain above pre-COVID

levels. However, towards the end of the second quarter in 2021, especially our North American customers started to experience a sudden deceleration of demand, which in combination with extraordinary stockpiling throughout the entire supply chain created an imbalance of inventories. This impacted also Suominen's orders, although in several cases we were able to benefit from our position as the preferred supplier of our customers. The demand started to recover in late Q3, in some cases even quicker than previously assumed.

Looking at the year ahead the near-term demand picture seems very volatile due to certain major customers still struggling with their inventory levels combined with the recent surge of COVID-19 cases which impacts both our and our customers' operations. We also continue to have a lag between the rising raw material, energy and logistics costs and our sales prices. We expect the demand situation to stabilize starting from the second quarter of the year.

## **OUTLOOK**

Suominen expects that its comparable EBITDA (earnings before interest, taxes, depreciation and amortization) in 2022 will decrease from 2021. The main reasons are inventory levels which still remain high at certain customers as well as operational issues in the entire supply chain due to the current COVID-19 situation, both of which will impact the result negatively especially in the first quarter. In 2021, Suominen's comparable EBITDA was EUR 47.0 million.

## **PROPOSAL ON DISTRIBUTION OF FUNDS**

The profit of the financial year 2021 of Suominen Corporation, the parent company of Suominen Group, was EUR 15,247,807.51. The funds distributable as dividends, including the profit for the period, were EUR 19,944,482 and total distributable funds were EUR 95,636,818.

The Board of Directors proposes that a dividend of EUR 0.20 per share shall be distributed for the financial year 2021 and that the profit shall be transferred to retained earnings.

On February 2, 2022, the company had 57,224,558 issued shares, excluding treasury shares. With this number of shares, the total amount of dividends to be distributed would be EUR 11,444,911.60.

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

The record date is March 28, 2022 and the dividend will be paid on April 7, 2022.

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

Suominen will publish its Financial Statements, Report by the Board of Directors, Auditor's Report, Corporate Governance Statement, Remuneration Report and Non-Financial Report including EU Taxonomy report, concerning the financial year 2021, as part of the Annual Report during the week commencing February 28, 2022. The above documents will be published as a Stock Exchange Release and they will be available also at [www.suominen.fi](http://www.suominen.fi).

## **ANNUAL GENERAL MEETING 2022**

The Annual General Meeting of Suominen Corporation is planned to be held on March 24, 2022 without the

presence of the shareholders or their proxy representatives. The Board of Directors will convene the Annual General Meeting by issuing a Notice to the Annual General Meeting as a Stock Exchange Release. The notice to the Annual General Meeting will also be published at [www.suominen.fi](http://www.suominen.fi).

## **EVENTS AFTER THE REPORTING PERIOD**

### **Notification of change in holdings according to chapter 9, section 10 of the Securities Market Act**

Suominen received a notification on January 19, 2022 referred to in Chapter 9, Section 5 and 6 of the Securities Market Act. According to the notification, the shareholding of Ilmarinen Mutual Pension Insurance Company in Suominen Corporation has fallen below the threshold of 5%.

### **Proposals by the Nomination Board to the Annual General Meeting 2022 of Suominen**

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

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

The Nomination Board proposes to the Annual General Meeting that Andreas Ahlström, Björn Borgman, Jaakko Eskola, Nina Linander and Laura Raitio would be re-elected as members of Suominen Corporation's Board of Directors.

Out of the current Board members, Sari Pajari-Sederholm has informed that she is not available as a candidate for the Board of Directors.

In addition, the Nomination Board proposes that Aaron Barsness would be elected as a new member of the Board of Directors.

Mr. Aaron Barsness (born 1973, BA (Biology and Environmental Studies), U.S. and Swedish citizen) currently works as the CMO of Fazer Group. He has held a number of senior positions at Fazer, Lynxeye Brand Consultants and Procter & Gamble.

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

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

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



### Proposal on the Board remuneration

The Nomination Board of the shareholders of Suominen Corporation proposes to the Annual General Meeting that the remuneration of the Board of Directors would be as follows: the Chair would be paid an annual fee of EUR 70,000 (2021: EUR 66,000) and the Deputy Chair and other Board members an annual fee of EUR 33,000 (2021: EUR 31,000). The Nomination Board also proposes that the additional fee paid to the Chair of the Audit Committee would remain unchanged and be EUR 10,000.

Further, the Nomination Board proposes that the fees payable for each Board and Committee meeting would remain unchanged and be as follows: EUR 500 for each meeting held in the home country of the respective member, EUR 1,000 for each meeting held elsewhere than in the home country of the respective member and EUR 500 for each meeting attended by telephone or other electronic means. No fee is paid for decisions made without convening a meeting.

75% (2021: 60%) of the annual fees is paid in cash and 25% (2021: 40%) in Suominen Corporation's shares. The shares will be transferred out of the own shares held by the company by the decision of the Board of Directors within two weeks from the date on which the interim report of January-March 2022 of the company is published. Compensation for expenses will be paid in accordance with the company's valid travel policy.

### The composition of the Nomination Board

The members of the Nomination Board are, as of September 2, 2021, Lasse Heinonen, President & CEO of Ahlström Capital Oy, as a member appointed by Ahlstrom Capital B.V., Mikael Etola, CEO, Etola Group, as a member appointed by Oy Etra Invest Ab and Jukka Perttula, Chair of Board of Directors, Nordea Funds, as a member appointed by Nordea Nordic Small Cap Fund. Jaakko Eskola, Chair of Suominen's Board of Directors, serves as the fourth member of the Nomination Board. Lasse Heinonen acts as the Chair of the Nomination Board.

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

### **Suominen completes the repurchases of own shares**

As communicated on November 1, 2021, the Board of Directors of Suominen Corporation decided to use the authorization given by the Annual General Meeting held on March 25, 2021 to repurchase the company's own shares.

The repurchases started on November 3, 2021 and ended on January 21, 2022. During this period, Suominen repurchased 400,000 shares for an average price of EUR 4.9796 per share, corresponding to approximately 0.7% of the total number of the company's shares, which is 58,259,219.

The repurchased shares are to be used for pay-outs under the share-based incentive plans of Suominen Corporation. The shares were repurchased through public trading on Nasdaq Helsinki at the market price prevailing at the time of repurchase.

Following the repurchases, the company holds a total of 1,034,661 shares.

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

The Board of Directors of Suominen Corporation has resolved on February 2, 2022 on a new share-based Long-Term Incentive Plan for the management and key employees. The aim of the new plan is to combine the objectives of the shareholders and the persons participating in the plan in order to increase the value of

the Company in the long-term, to bind the participants to the Company, and to offer them competitive reward plans based on earning and accumulating the Company's shares.

#### Performance Share Plan 2022–2024

The new long-term Performance Share Plan has one three-year Performance Period, which includes calendar years 2022–2024. The Performance Share Plan is directed to approximately 25 people including the President & CEO of Suominen.

The Board of Directors resolved that the potential reward for the Performance Period 2022–2024 will be based on the Relative Total Shareholder Return (TSR). The maximum total amount of potential share rewards to be paid on the basis of the Performance Period 2022–2024 is approximately 401 000 shares of Suominen Corporation, representing the gross reward before the deduction of taxes and tax-related costs arising from the reward.

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

#### Reward payment and ownership obligation for the management

If the targets of the Plan are reached, rewards will be paid to participants in spring 2025 after the end of the Performance Period. The potential rewards from the Performance Period 2022–2024 will be paid partly in the Company's shares and partly in cash. The cash proportion is intended to cover taxes and tax-related costs arising from the reward to the participant. The Company also has the right to pay the reward fully in cash under certain circumstances. As a rule, no reward will be paid, if a participant's employment or service ends before the reward payment.

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

## **THE NEXT FINANCIAL REPORT**

Suominen Corporation will publish its Interim Report for January–March 2022 on Wednesday, May 4, 2022.

## **ANALYST AND NEWS CONFERENCE**

Petri Helsky, President & CEO, and Toni Tamminen, CFO, will present the financial result in English in an audiocast and a conference call for analyst, investors and media on February 3, 2022 at 11:00 a.m. (EET).

The audiocast can be followed at <https://suominen.videosync.fi/2021-q4-results/register>. Recording of the audiocast and the presentation material will be available after the event at [suominen.fi](https://suominen.fi).

Conference call participants are requested to dial on:

Sweden Toll: +46 856 642 651

United Kingdom Toll: +44 333 300 0804

United States Toll: +1 631 913 1422

The confirmation code for joining the conference call is 75190314#.

The event cannot be attended on the spot.

**SUOMINEN GROUP JANUARY 1 – DECEMBER 31, 2021**

The consolidated financial statements of Suominen have been audited. The Auditor's report has been signed on February 2, 2022. Quarterly information, half-year report and interim reports have not been audited.

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

**ACCOUNTING PRINCIPLES**

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

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

The principles for preparing consolidated financial statements are the same as those used for preparing the consolidated financial statements for 2020 as the new or amended standard, annual improvements or interpretations applicable from January 1, 2021 were not material for Suominen Group.

**New and amended IFRS standards and IFRIC interpretations published but mandatory from January 1, 2022 or later:**

- Improvements to IFRS (2018–2020 cycle): Improvement to IFRS 9 – Fees in the "10 percent" Test for Derecognition of Financial Liabilities, applicable from January 1, 2022. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. The fees include only fees paid or received between the borrower and the lender.
- Amendments to IAS 37: Onerous Contracts – Costs of Fulfilling a Contract, applicable from January 1, 2022. The amendment specifies which costs need to be included and which cannot be included in the provision when assessing whether a contract is onerous or loss-making. The amendment applies a directly related cost approach, which means that general and administrative are in most cases excluded from the provisions made of onerous contracts. The amendments must be applied prospectively. The amendment does not change the accounting for onerous contracts in Suominen's financial statements.
- Amendments to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use, applicable from January 1, 2022. The amendment prohibits companies deducting from the acquisition cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The sales proceeds of producing such items as well as the expenses to producing the items are to be recognized in profit or loss. The amendment is to be applied retrospectively. For Suominen, the amendment does not result in any restatement of previously published figures.

- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current, applicable from January 1, 2023. The amendment specifies the requirements for classifying liabilities as current or non-current, by clarifying for example what is meant by a right to defer settlement, that a right to defer must exist at the end of the reporting period and that classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendment will be applied retrospectively. The amendment does not have any effect on the consolidated financial statements of Suominen.

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

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

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

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

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

Other new or amended standards, improvements or annual improvements applicable from January 1, 2022 or later are not material for Suominen Group.

## STATEMENT OF FINANCIAL POSITION

EUR thousand	31.12.2021	31.12.2020
<b>Assets</b>		
<b>Non-current assets</b>		
Goodwill	15,496	15,496
Intangible assets	13,176	16,748

Property, plant and equipment	<b>115,478</b>	104,666
Right-of-use assets	<b>15,741</b>	17,784
Loan receivables	–	3,978
Equity instruments	<b>421</b>	768
Other non-current receivables	<b>96</b>	73
Deferred tax assets	<b>1,668</b>	4,034
<b>Total non-current assets</b>	<b>162,077</b>	163,548
<b>Current assets</b>		
Inventories	<b>49,763</b>	35,431
Trade receivables	<b>65,495</b>	51,128
Loan receivables	–	3,476
Other current receivables	<b>5,403</b>	5,675
Assets for current tax	<b>2,564</b>	247
Cash and cash equivalents	<b>101,357</b>	57,877
<b>Total current assets</b>	<b>224,583</b>	153,833
<b>Total assets</b>	<b>386,660</b>	317,381
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	<b>11,860</b>	11,860
Share premium account	<b>24,681</b>	24,681
Reserve for invested unrestricted equity	<b>75,692</b>	81,361
Treasury shares	–	-44
Fair value and other reserves	<b>-7</b>	-7
Exchange differences	<b>-5,577</b>	-13,933
Retained earnings	<b>56,549</b>	41,962
<b>Total equity attributable to owners of the parent</b>	<b>163,199</b>	145,882
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Deferred tax liabilities	<b>13,931</b>	13,320
Liabilities from defined benefit plans	<b>638</b>	774
Non-current provisions	<b>1,916</b>	1,797
Non-current lease liabilities	<b>13,167</b>	14,892
Other non-current liabilities	<b>3</b>	17
Debentures	<b>49,144</b>	82,862
Total non-current liabilities	<b>78,799</b>	113,662
<b>Current liabilities</b>		
Current provisions	–	250
Current lease liabilities	<b>2,761</b>	2,539
Debenture bonds	<b>84,062</b>	–
Liabilities for current tax	<b>669</b>	415
Trade payables and other current liabilities	<b>57,170</b>	54,634

Total current liabilities	<b>144,662</b>	57,838
<b>Total liabilities</b>	<b>223,461</b>	171,499
<b>Total equity and liabilities</b>	<b>386,660</b>	317,381

## STATEMENT OF PROFIT OR LOSS

EUR thousand	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Net sales</b>	<b>115,585</b>	111,086	<b>443,219</b>	458,893
Cost of goods sold	<b>-107,170</b>	-93,803	<b>-392,390</b>	-389,123
<b>Gross profit</b>	<b>8,415</b>	17,283	<b>50,828</b>	69,770
Other operating income	<b>2,030</b>	553	<b>4,434</b>	2,584
Sales, marketing and administration expenses	<b>-6,676</b>	-7,206	<b>-26,238</b>	-27,946
Research and development expenses	<b>-806</b>	-636	<b>-2,678</b>	-2,767
Other operating expenses	<b>912</b>	-1,465	<b>595</b>	-2,150
<b>Operating profit</b>	<b>3,874</b>	8,530	<b>26,941</b>	39,492
Net financial expenses	<b>-1,074</b>	-64	<b>-390</b>	-5,582
<b>Profit before income taxes</b>	<b>2,800</b>	8,466	<b>26,551</b>	33,910
Income taxes	<b>-263</b>	-1,172	<b>-5,816</b>	-3,794
<b>Profit for the period</b>	<b>2,537</b>	7,294	<b>20,734</b>	30,116
<b>Earnings per share, EUR</b>				
Basic	<b>0.04</b>	0.13	<b>0.36</b>	0.52
Diluted	<b>0.04</b>	0.13	<b>0.36</b>	0.52

## STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	10-12/2021	10-12/2020	1-12/2021	1-12/2020
<b>Profit for the period</b>	<b>2,537</b>	7,294	<b>20,734</b>	30,116
<b>Other comprehensive income:</b>				
<b>Other comprehensive income that will be subsequently reclassified to profit or loss</b>				
Exchange differences	<b>2,446</b>	-6,252	<b>9,137</b>	-15,504
Reclassified to profit or loss	-	-	-	-327
Income taxes related to other comprehensive income	<b>-222</b>	450	<b>-781</b>	929
<b>Total</b>	<b>2,224</b>	-5,802	<b>8,356</b>	-14,902

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

Fair value changes of equity instruments	-	-8	-	-8
Remeasurements of defined benefit plans	26	-10	26	-10
Income taxes related to other comprehensive income	-7	3	-7	3
<b>Total</b>	<b>19</b>	<b>-15</b>	<b>19</b>	<b>-15</b>
<b>Total other comprehensive income</b>	<b>2,243</b>	<b>-5,817</b>	<b>8,375</b>	<b>-14,917</b>
<b>Total comprehensive income for the period</b>	<b>4,781</b>	<b>1,477</b>	<b>29,109</b>	<b>15,199</b>

**STATEMENT OF CHANGES IN EQUITY**

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

EUR thousand	Exchange differences	Fair value and other reserves	Retained earnings	Total equity attributable to owners of the parent
<b>Equity 1.1.2021</b>	<b>-13,933</b>	<b>-7</b>	<b>41,962</b>	<b>145,882</b>
Profit for the period	-	-	20,734	20,734
Other comprehensive income	8,356	-	19	8,375
<b>Total comprehensive income</b>	<b>8,356</b>	<b>-</b>	<b>20,754</b>	<b>29,109</b>
Distribution of dividend and return of capital	-	-	-5,759	-11,519
Share-based payments	-	-	1,276	1,276
Acquisition of treasury shares	-	-	-1,640	-1,640



Conveyance of treasury shares	-	-	-44	90
<b>Equity 31.12.2021</b>	<b>-5,577</b>	<b>-7</b>	<b>56,549</b>	<b>163,199</b>

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>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Distribution of dividend	-	-	-	-
Share-based payments	-	-	-	-
Conveyance of treasury shares	-	-	92	-
<b>Equity 31.12.2020</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	-	-	30,116	30,116
Other comprehensive income	-14,640	-270	-7	-14,917
<b>Total comprehensive income</b>	<b>-14,640</b>	<b>-270</b>	<b>30,109</b>	<b>15,199</b>
Distribution of dividend	-	-	-2,876	-2,876
Share-based payments	-	-	1,015	1,015
Conveyance of treasury shares	-	-	-	92
<b>Equity 31.12.2020</b>	<b>-13,933</b>	<b>-7</b>	<b>41,962</b>	<b>145,882</b>

## STATEMENT OF CASH FLOWS

EUR thousand	1-12/2021	1-12/2020
<b>Cash flow from operations</b>		
Profit for the period	<b>20,734</b>	30,116
Total adjustments to profit for the period	<b>27,585</b>	34,626
Cash flow before changes in net working capital	<b>48,319</b>	64,742
Change in net working capital	<b>-25,242</b>	-1,023
Financial items	<b>-5,258</b>	-4,289
Income taxes	<b>-6,731</b>	-2,438
<b>Cash flow from operations</b>	<b>11,088</b>	56,991

<b>Cash flow from investments</b>		
Investments in property, plant and equipment and intangible assets	-17,628	-10,885
Sales proceeds from property, plant and equipment and intangible assets	4	12
Sales proceeds from sale of equity investments	2,170	-
<b>Cash flow from investments</b>	<b>-15,454</b>	<b>-10,873</b>
<b>Cash flow from financing</b>		
Drawdown of non-current interest-bearing liabilities	50,000	-
Issuance costs of the bonds	-939	-
Drawdown of current interest-bearing liabilities	-	15,000
Repayment of current interest-bearing liabilities	-2,757	-31,968
Repayment of loan receivables	9,301	-
Acquisition of treasury shares	-1,612	-
Dividends and return of capital paid	-11,520	-2,876
<b>Cash flow from financing</b>	<b>42,473</b>	<b>-19,845</b>
<b>Change in cash and cash equivalents</b>	<b>38,106</b>	<b>26,274</b>
Cash and cash equivalents at the beginning of the period	57,877	37,741
Effect of changes in exchange rates	5,374	-6,138
Change in cash and cash equivalents	38,106	26,274
<b>Cash and cash equivalents at the end of the period</b>	<b>101,357</b>	<b>57,877</b>

## KEY RATIOS

	10-12/ 2021	10-12/ 2020	1-12/ 2021	1-12/ 2020
Change in net sales, % *	4.1	17.6	-3.4	11.5
Gross profit, as percentage of net sales, %	7.3	15.6	11.5	15.2
Comparable EBITDA, as percentage of net sales, %	7.8	12.2	10.6	13.3
Operating profit, as percentage of net sales, %	3.4	7.7	6.1	8.6
Net financial items, as percentage of net sales, %	-0.9	-0.1	-0.1	-1.2
Profit before income taxes, as percentage of net sales, %	2.4	7.6	6.0	7.4
Profit for the period, as percentage of net sales, %	2.2	6.6	4.7	6.6
Gross capital expenditure, EUR thousand	3,755	5,539	17,771	10,406
Depreciation and amortization, EUR thousand	5,108	5,017	20,092	21,432
Return on equity, rolling 12 months, %	-	-	13.3	21.6
Return on invested capital, rolling 12 months, %	-	-	9.5	16.7
Equity ratio, %	-	-	42.2	46.0

Gearing, %	–	–	<b>30.4</b>	25.4
Average number of personnel (FTE – full time equivalent)	–	–	<b>709</b>	689
Earnings per share, EUR, basic	<b>0.04</b>	0.13	<b>0.36</b>	0.52
Earnings per share, EUR, diluted	<b>0.04</b>	0.13	<b>0.36</b>	0.52
Cash flow from operations per share, EUR	<b>0.05</b>	0.31	<b>0.19</b>	0.99
Equity per share, EUR	–	–	<b>2.85</b>	2.53
Dividend and return of capital per share, EUR	–	–	<b>0.20</b>	0.20
Price per earnings per share (P/E) ratio	–	–	<b>14.38</b>	9.71
Dividend payout ratio, %	–	–	<b>55.5</b>	38.2
Dividend yield, %	–	–	<b>3.86</b>	3.94
Number of shares, end of period, excluding treasury shares	–	–	<b>57,293,235</b>	57,568,341
Share price, end of period, EUR	–	–	<b>5.18</b>	5.08
Share price, period low, EUR	–	–	<b>4.25</b>	2.00
Share price, period high, EUR	–	–	<b>6.41</b>	5.36
Volume weighted average price during the period, EUR	–	–	<b>5.48</b>	4.29
Market capitalization, EUR million	–	–	<b>296.8</b>	292.4
Number of traded shares during the period	–	–	<b>17,714,203</b>	12,937,753
Number of traded shares during the period, % of average number of shares	–	–	<b>30.8</b>	22.5

**31.12.2021**    31.12.2020

#### **Interest-bearing net debt, EUR thousands**

Non-current interest-bearing liabilities, nominal value	<b>63,167</b>	99,892
Current interest-bearing liabilities, nominal value	<b>87,761</b>	2,539
Interest-bearing receivables and cash and cash equivalents	<b>-101,357</b>	-65,331
<b>Interest-bearing net debt</b>	<b>49,570</b>	37,101

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

\*\* Dividend per share 2021 is the proposal by the Board of Directors.

## **CALCULATION OF KEY RATIOS**

### **Key ratios per share**

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

### **Earnings per share**

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

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

EUR thousand	<b>31.12.2021</b>	<b>31.12.2020</b>
Profit for the period	20,734	30,116

Average share-issue adjusted number of shares	57,579,440	57,549,842
Average diluted share-issue adjusted number of shares excluding treasury shares	58,023,347	57,796,591

### Earnings per share

<b>EUR</b>		
Basic	0.36	0.52
Diluted	0.36	0.52

### Cash flow from operations per share

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

	<b>2021</b>	<b>2020</b>
Cash flow from operations, EUR thousand	11,088	56,991
Share-issue adjusted number of shares excluding treasury shares, end of the reporting period	57,293,235	57,568,341
Cash flow from operations per share, EUR	0.19	0.99

### Equity per share

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

	<b>2021</b>	<b>2020</b>
Total equity attributable to owners of the parent, EUR thousand	163,199	145,882
Share-issue adjusted number of shares excluding treasury shares, end of the reporting period	57,293,235	57,568,341
Equity per share, EUR	2.85	2.53

**Dividend payout ratio, %**

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

	<b>2021</b>	<b>2020</b>
Dividend and return of capital per share x 100	20.00	20.00
Basic earnings per share, EUR	0.36	0.52
Dividend payout ratio, %	55.5	38.2

**Dividend yield, %**

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

	<b>2021</b>	<b>2020</b>
Dividend and return of capital per share x 100	20.00	20.00
Share price at end of the period, EUR	5.18	5.08
Dividend yield, %	3.86	3.94

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

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

	<b>2021</b>	<b>2020</b>
Share price at end of the period, EUR	5.18	5.08
Basic earnings per share, EUR	0.36	0.52
Price per earnings per share (P/E)	14.38	9.71

**Market capitalization**

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

	<b>2021</b>	<b>2020</b>
Number of shares at the end of reporting period excluding treasury shares	57,293,235	57,568,341

Share price at end of the period, EUR	5.18	5.08
Market capitalization, EUR million	296.8	292.4

### Share turnover

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

	<b>2021</b>	<b>2020</b>
Number of shares traded during the period	17,714,203	12,937,753
Average number of shares excluding treasury shares	57,579,440	57,549,842
Share turnover, %	30.8	22.5

### Alternative performance measures

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

### **Operating profit and comparable operating profit**

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

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

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

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

### **EBITDA and comparable EBITDA**

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

EBITDA = EBIT + depreciation, amortization and impairment losses

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

EUR thousand	2021	2020
Operating profit	26,941	39,492
+ Depreciation, amortization and impairment losses	20,092	21,432
EBITDA	47,033	60,924

### Gross capital expenditure

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

EUR thousand	2021	2020
Increases in intangible assets	162	306
Increases in property, plant and equipment	17,609	10,100
Gross capital expenditure	17,771	10,406

### Interest-bearing net debt

Suominen considers interest-bearing net debt to be an important measure for investors to be able to understand the Group's indebtedness. It is the opinion of Suominen that presenting interest-bearing liabilities not only at amortized cost but also at nominal value gives relevant additional information to the investors.

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

EUR thousand	2021	2020
Interest-bearing liabilities	149,134	100,293
Tender and issuance costs of the debentures	1,794	2,138
Interest bearing receivables	-	-7,454
Cash and cash equivalents	-101,357	-57,877
Interest-bearing net debt	49,570	37,101
Interest-bearing liabilities	149,134	100,293
Tender and issuance costs of the debentures	1,794	2,138
Nominal value of interest-bearing liabilities	150,927	102,431

### Return on equity (ROE), %

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

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

EUR thousand	31.12.2021	31.12.2020
Profit for the reporting period (rolling 12 months)	20,734	30,116
Total equity attributable to owners of the parent 31.12.2020 / 2019	145,882	132,452
Total equity attributable to owners of the parent 31.3.2021 / 2020	152,227	135,868
Total equity attributable to owners of the parent 30.6.2021 / 2020	159,386	138,551
Total equity attributable to owners of the parent 30.9.2021 / 2020	159,682	144,074
Total equity attributable to owners of the parent 31.12.2021 / 2020	163,199	145,882
Average	156,075	139,365
Return on equity (ROE), %	13.3	21.6

### Invested capital

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

EUR thousand	31.12.2021	31.12.2020
Total equity attributable to owners of the parent	163,199	145,882
Interest-bearing liabilities	149,134	100,293
Invested capital	312,333	246,175

### Return on invested capital (ROI), %

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

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

EUR thousand	31.12.2021	31.12.2020
Operating profit (rolling 12 months)	26,941	39,492
Financial income (rolling 12 months)	209	925



Total	27,150	40,416
Invested capital 31.12.2020 / 2019	246,175	241,615
Invested capital 31.3.2021 / 2020	252,608	240,761
Invested capital 30.6.2021 / 2020	308,615	238,195
Invested capital 30.9.2021 / 2020	308,968	240,368
Invested capital 31.12.2021 / 2020	312,333	246,175
Average	285,740	241,423
Return on invested capital (ROI), %	9.5	16.7

Financial income does not include fair value changes.

### Equity ratio, %

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

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

EUR thousand	31.12.2021	31.12.2020
Total equity attributable to owners of the parent	163,199	145,882
Total assets	386,660	317,381
Advances received	-75	-23
	386,584	317,358
Equity ratio, %	42.2	46.0

### Gearing, %

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

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

EUR thousand	31.12.2021	31.12.2020
Interest-bearing net debt	49,570	37,101
Total equity attributable to owners of the parent	163,199	145,882
Gearing, %	30.4	25.4

## NET SALES BY GEOGRAPHICAL MARKET AREA

	2021	2020
Finland	2,707	3,180
Rest of Europe	168,841	156,060
Americas	269,247	295,975
Rest of the world	2,424	3,678
<b>Total</b>	<b>443,219</b>	<b>458,893</b>

## QUARTERLY DEVELOPMENT

EUR thousand	2021				2020			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Net sales	115,585	98,654	113,647	115,333	111,086	115,435	122,170	110,203
Comparable EBITDA	8,983	4,240	15,277	18,534	13,546	18,107	17,989	11,282
<i>as % of net sales</i>	7.8	4.3	13.4	16.1	12.2	15.7	14.7	10.2
EBITDA	8,983	4,240	15,277	18,534	13,546	18,107	17,989	11,282
<i>as % of net sales</i>	7.8	4.3	13.4	16.1	12.2	15.7	14.7	10.2
Items affecting comparability	-	-	-	-	-	-	-	-
Operating profit	3,874	-842	10,317	13,592	8,530	12,907	12,391	5,664
<i>as % of net sales</i>	3.4	-0.9	9.1	11.8	7.7	11.2	10.1	5.1
Net financial items	-1,074	-969	-1,613	3,266	-64	-1,761	-1,813	-1,945
Profit before income taxes	2,800	-1,811	8,704	16,858	8,466	11,146	10,579	3,719
<i>as % of net sales</i>	2.4	-1.8	7.7	14.6	7.6	9.7	8.7	3.4

## QUARTERLY SALES BY BUSINESS AREA

EUR thousand	2021				2020			
	10-12	7-9	4-6	1-3	10-12	7-9	4-6	1-3
Americas	68,858	57,048	67,402	71,904	66,829	71,947	77,162	73,170
Europe	46,747	41,634	46,251	43,432	44,276	43,542	45,047	37,054
Unallocated exchange differences and eliminations	-20	-28	-6	-2	-19	-54	-38	-21
<b>Total</b>	<b>115,585</b>	<b>98,654</b>	<b>113,647</b>	<b>115,333</b>	<b>111,086</b>	<b>115,435</b>	<b>122,170</b>	<b>110,203</b>

## INFORMATION ON RELATED PARTIES

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

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

### Management remuneration

The Annual General Meeting held on March 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.

In accordance with the terms and conditions of the matching restricted share plan 2019, Suominen Corporation transferred a total of 9,352 shares without consideration to the participants of the plan's vesting period 2020-2021. Of the total number of transferred shares, 4,676 shares were transferred to President & CEO Petri Helsky and 4,676 shares to another member of the Executive Team.

The annual and meeting fees paid to the Board of Directors of Suominen Corporation in 2021 were in total EUR 258 thousand, of which EUR 90 thousand were paid in shares.

Other salaries paid to the related parties, including fringe benefits during January-December 2021 amounted to EUR 2,442 thousand, of which EUR 371 thousand was the value of the vested share-based payments. Obligatory pension payments were EUR 272 thousand and voluntary pension payments EUR 101 thousand. The accrual, excluding social costs, based on the non-vested share-based incentive plans in accordance with IFRS standards was EUR 1,152 thousand for the related parties for the reporting period.

### Management share ownership

Number of shares

<b>Board of Directors</b>	<b>31.12.2021</b>
Jaakko Eskola, Chair of the Board of Directors	14,583
Andreas Ahlström, Deputy Chair of the Board	21,333
Björn Borgman	15,043
Nina Linander	20,516
Sari Pajari-Sederholm	10,554
Laura Raitio	21,333
<b>Total</b>	<b>103,362</b>
Total % of shares and votes	0.18%

**Executive Team**

Petri Helsky	39,354
Lynda Kelly	24,295
Markku Koivisto	18,641
Klaus Korhonen	19,352
Toni Tamminen	3,500
Mimoun Saïm	34,447
<b>Total</b>	<b>139,589</b>
Total % of shares and votes	0.24%

**THE LARGEST SHAREHOLDERS ON DECEMBER 31, 2021**

<b>Shareholder</b>	<b>Number of shares</b>	<b>% of shares and votes</b>
Ahlstrom Capital B.V.	13,953,357	24.0%
Oy Etra Invest Ab	8,700,000	14.9%
Nordea Nordic Small Cap Fund	3,435,147	5.9%
Ilmarinen Mutual Pension Insurance Company	3,046,892	5.2%
Etola Group Oy	2,900,000	5.0%
Nordea Life Assurance Finland Ltd	2,882,300	4.9%
Mandatum Life Insurance Company	2,881,547	4.9%
Pension Insurance Company Elo	1,944,651	3.3%
Varma Mutual Pension Insurance Company	1,689,751	2.9%
OP Life Assurance Company Ltd	1,688,830	2.9%
Oy H. Kuningas & Co. AB	1,567,416	2.7%
Skandinaviska Enskilda Banken AB (publ.)	1,089,738	1.9%
Mikko Maijala	855,147	1.5%
Juhani Maijala	794,026	1.4%
Laakkosen Arvopaperi Oy	750,000	1.3%
15 largest total	48,178,802	82.70%
Other shareholders	7,781,721	13.36%
Nominee registered	1,337,962	2.30%
Treasury shares <sup>(*)</sup>	960,734	1.65%
<b>Total</b>	<b>58,259,219</b>	<b>100.00%</b>

<sup>(\*)</sup> The difference to the disclosed number of treasury shares is due to the fact that Suominen applies trade day accounting to acquisition of treasury shares.

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

EUR thousand	31.12.2021			31.12.2020		
	<b>Property, plant and equipment</b>	<b>Intangible assets</b>	<b>Right-of-use assets</b>	Property, plant and equipment	Intangible assets	Right-of-use assets

Carrying amount at the beginning of the period	<b>104,666</b>	<b>16,748</b>	<b>17,784</b>	121,584	20,020	14,319
Capital expenditure and increases	<b>17,609</b>	<b>162</b>	<b>719</b>	10,100	306	7,410
Disposals and decreases	–	–	<b>-103</b>	–	–	-80
Depreciation, amortization and impairment losses	<b>-13,061</b>	<b>-3,801</b>	<b>-3,230</b>	-14,354	-3,549	-3,530
Exchange differences and other changes	<b>6,264</b>	<b>68</b>	<b>571</b>	-12,664	-29	-335
Carrying amount at the end of the period	<b>115,478</b>	<b>13,176</b>	<b>15,741</b>	104,666	16,748	17,784

Intangible assets excluding goodwill.

## CONTINGENT LIABILITIES

<b>Guarantees and other commitments</b>	<b>2021</b>	<b>2020</b>
On own commitments	3,495	4,317
Other own commitments	24,713	33,452
<b>Total</b>	<b>28,208</b>	<b>37,769</b>

<b>Other contingencies</b>		
Contractual commitments to acquire property, plant and equipment	713	6,586
Commitments to leases not yet commenced	458	31
<b>Total</b>	<b>1,171</b>	<b>6,620</b>

<b>Rental obligations</b>		
Within one year	42	38
Between 1-5 years	43	66
After 5 years	–	–
<b>Total</b>	<b>85</b>	<b>104</b>

## NOMINAL AND FAIR VALUES OF DERIVATIVE INSTRUMENTS

EUR thousand	31.12.2021		31.12.2020	
	Nominal value	Fair value	Nominal value	Fair value
Currency forward contracts hedge accounting not applied	1,960	-14	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

d. Carrying amount

e. Fair value

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

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
<b>Total 31.12.2020</b>	<b>3,885</b>	<b>113,360</b>	<b>421</b>	<b>117,666</b>	<b>117,666</b>

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

#### CHANGES IN INTEREST-BEARING LIABILITIES

	2021	2020
<b>Total interest-bearing liabilities at the beginning of the period</b>	<b>100,293</b>	<b>109,163</b>
Current liabilities at the beginning of the period	2,539	16,986
Repayment of current liabilities, cash flow items	-2,757	-31,968
Drawdown of current liabilities, cash flow items	–	15,000
Increases in current liabilities, non-cash flow items	309	276
Decreases of current liabilities, non-cash flow items	-67	-625
Reclassification from non-current liabilities	86,610	3,001
Periodization of debenture to amortized cost, non-cash flow items	105	–
Exchange rate difference, non-cash flow item	84	-130
Current liabilities at the end of the period	86,823	2,539
Non-current liabilities at the beginning of the period	14,892	10,464
Increases in non-current liabilities, non-cash flow items	418	7,744
Decreases of non-current liabilities, non-cash flow items	-47	-3
Reclassification to current liabilities	-2,653	-3,001
Exchange rate difference, non-cash flow item	557	-312

Non-current liabilities at the end of the period	13,167	14,892
Non-current debentures at the beginning of the period	82,862	81,714
Periodization of debenture to amortized cost, non-cash flow items	1,178	1,148
Drawdown of debentures	50,000	-
Transaction costs of debentures, cash flow item	-939	-
Reclassification to current liabilities	-83,957	-
Non-current debentures at the end of the period	49,144	82,862
<b>Total interest-bearing liabilities at the end of the period</b>	<b>149,134</b>	<b>100,293</b>

## FINANCIAL LIABILITIES

EUR thousand	31.12.2021			31.12.2020		
	Carrying amount	Fair value	Nominal value	Carrying amount	Fair value	Nominal value
<b>Non-current financial liabilities</b>						
Debentures	49,144	49,125	50,000	82,862	87,661	85,000
Lease liabilities	13,167	13,167	13,167	14,892	14,892	14,892
Total non-current financial liabilities	62,311	62,292	63,167	97,754	102,553	99,892
<b>Current financial liabilities</b>						
Debentures	84,062	86,496	85,000	-	-	-
Lease liabilities	2,761	2,761	2,761	2,539	2,539	2,539
Interest accruals	936	936	936	522	522	522
Derivative liabilities	15	15	15	1	1	1
Other current liabilities	379	379	379	552	552	552
Trade payables	45,661	45,661	45,661	42,024	42,024	42,024
Total current financial liabilities	133,814	136,248	134,752	45,639	45,639	45,639
<b>Total</b>	<b>196,125</b>	<b>198,540</b>	<b>197,919</b>	<b>143,393</b>	<b>148,191</b>	<b>145,531</b>

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

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

## FAIR VALUE MEASUREMENT HIERARCHY

EUR thousand

### Fair value hierarchy in 2021

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

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

#### Fair value hierarchy in 2020

<b>Financial assets at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Equity instruments	–	–	768
Loan receivables	–	–	3,476
Currency derivatives	–	61	–
<b>Total in 2020</b>	<b>–</b>	<b>61</b>	<b>4,244</b>

<b>Financial liabilities at fair value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Currency derivatives	–	1	–
<b>Total in 2020</b>	<b>–</b>	<b>1</b>	<b>–</b>

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

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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 2021 were EUR 443.2 million and we have over 700 professionals working in Europe and in the Americas. Suominen's shares are listed on Nasdaq Helsinki. Read more at [www.suominen.fi](http://www.suominen.fi).*

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