

Tornator Oyj

Half-year report, 1 January – 30 June 2023



Tornator’s net sales up by over 11% – demand for sustainably produced wood raw material remained high

Half-year report –Stock exchange release, 8 am on 24 August 2023

SUMMARY 1 JAN – 30 JUNE 2023 (1 JAN – 30 JUNE 2022)

- Net sales increased by 11.3% to €84.2 million (75.7). The ending of timber imports from Russia and the energy crisis had a positive impact on wood demand and prices.
- Operative operating profit increased by 7.3% to €60.8 (56.7) million. The operating profit as reported in accordance with the International Financial Reporting Standards (IFRS) was €130.1 million (46.0). The increase is explained by the application of the method of calculating the fair value of forestland based on transaction prices in the forest holdings market during the reporting period, and the resulting positive change in value (the method was not yet in use in the reference period).
- Tornator continued to purchase forestland in Finland. Nearly 10,000 hectares of new forestland was acquired, with a total investment of almost €50 million.
- The company increased its investment capacity by agreeing an addition of €100 million to its existing Revolving credit facility. In addition, the company restructured its long-term interest rate hedges to reduce direct financing costs and shorten the average maturity of the hedges. At the same time, the exposure of the interest rate hedge portfolio to changes in fair value due to fluctuations in market interest rates is significantly reduced.
- IFRS profit at fair value for the reporting period was €100.0 million. The change in the fair value of interest rate instruments was +€2.6 million (+94.6) before taxes. The increase in statistical prices in the forestland market had a positive impact of €63.4 million (-10.1) before taxes on the fair value of the growing stock.
- Comparable return on equity was 4.2% (6.3) and 10.1% (16.8) at fair value. The equity ratio was 59.5% (53.3).

Key figures (consolidated)

| | H1/2023 | H1/2022 | Change, % |
|---|---------|---------|-----------|
| Net sales, € million | 84.2 | 75.7 | 11 % |
| Operating profit (IFRS), € million | 131.0 | 46.0 | 185 % |
| Operating profit, % | 155.5 | 60.7 | 156 % |
| Profit for the period (IFRS), € million | 100.0 | 107.8 | -7 % |
| Return on equity, % | 10.1 | 16.8 | -40 % |
| Return on capital employed, % | 9.3 | 4.5 | 108 % |
| Equity ratio, % | 59.5 | 53.3 | 12 % |
| Average number of personnel | 188 | 188 | 0 % |

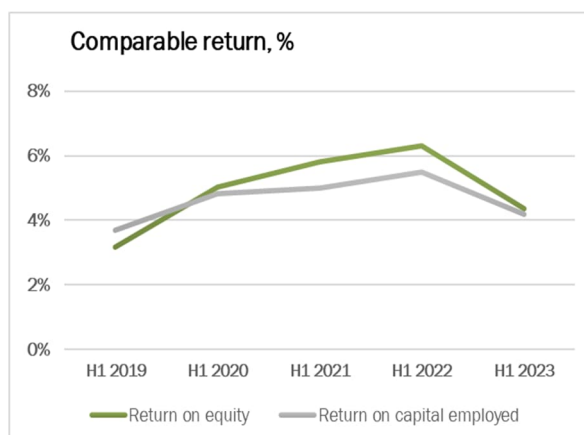
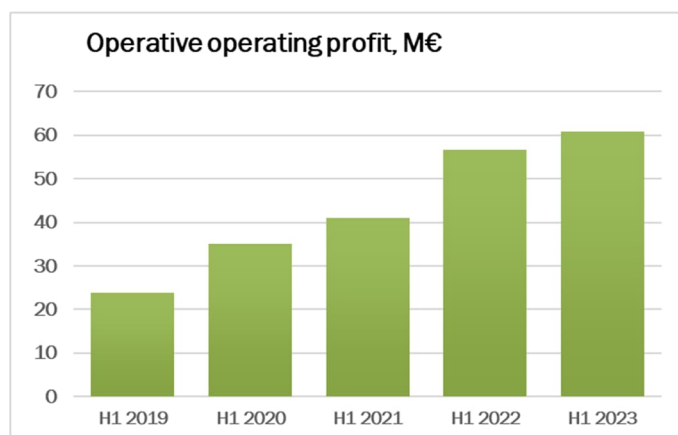
The key figures are calculated according to the International Financial Reporting Standards (IFRS).

Comparable key figures

| | H1/2023 | H1/2022 | Change, % |
|--|---------|---------|-----------|
| Net sales, € million | 84.2 | 75.7 | 11 % |
| Operative operating profit, € million | 60.8 | 56.7 | 7 % |
| Operative operating profit, % | 72.2 | 74.9 | -4 % |
| Comparable net profit, € million | 41.3 | 40.6 | 2 % |
| Comparable return on equity, % | 4.2 | 6.3 | -34 % |
| Comparable return on capital employed, % | 4.4 | 5.5 | -21 % |

In addition to the official key figures presented above, the Tornator Group uses alternative performance measures that are comparable between years, thus better describing the success of operations. The comparable key figures have been calculated without fair value changes and apply to the whole Group. The key figures are calculated as follows:

| | |
|--|--------------|
| Operating profit, IFRS | 131,0 |
| - Change in fair value of biological assets | 63,4 |
| - Change in fair value of provisions and and receivables from additional wind power sales prices | 6,7 |
| = Operative operating profit, comparable | 60,8 |
| | |
| Profit for the period, IFRS | 100,0 |
| - Change in fair value of biological assets | 63,4 |
| - Change in fair value of provisions and long-term receivables | 6,7 |
| - Change in fair value of financial instruments | 2,6 |
| - Share of taxes of above mentioned items | -14,1 |
| = Comparable net profit | 41,3 |



CEO Henrik Nieminen:

“Our strategy, built on long-term sustainability and partnership, is delivering excellent results. Tornator’s net sales increased by 11.3% and its adjusted operating profit by 7.3 % from the comparison period. Timber flow from the forest to our main customer Stora Enso was smooth, and the good market prices contributed to a new six-month record. End of Russian timber imports and the energy crisis, combined with investments in the forest industry in Finland and Sweden, have significantly changed the dynamics of the timber market in the Baltic Sea region. Timber imports from the Baltic countries are not enough to meet the demand for timber in Finland, so Finnish forest owners also have an important role to play in terms of security of supply. Sustainable, active use of forests ensures their health and growth potential and contributes to Finland’s economic and social wellbeing. Climate-smart forestry that safeguards biodiversity gives Finland a major competitive advantage globally.

We continued our growth strategy by acquiring around 10,000 hectares of new forestland in Finland. We increased our investment capacity by agreeing the addition of €100 million to our existing Revolving credit facility. Our forestry services business with Stora Enso took a leap in growth, and collaboration with entrepreneurial partners developed well. The strong momentum in the timber trade also boosted the results of our Estonian and Romanian subsidiaries to record highs. We signed a number of new agreements to promote the construction of wind farms on Tornator’s land, and we are exploring the potential of solar power to grow our business. In line with our Biodiversity Program we carried out prescribed burning and mire restoration, and negotiated about the establishment of new nature conservation areas. As part of our efforts to safeguard biodiversity, we worked with WWF and Stora Enso on projects to improve the condition of Finland’s running waters and protect their species. Tornator also implemented its partnership strategy by being one of the main sponsors of the Carbonwise Jukola project, where we also shared our ideas on the role of forests in mitigating climate change. We updated our scenario work from the previous year and compared the actual events to the fulfilled scenario paths. We could confirm that our strategy responds well to the changes in the operating environment, and that there was no need to reassess it. We continued to help people affected by the war in Ukraine through our Romanian unit.

The government programme of the new Finnish government is positive for the forestry sector. The programme recognises in many ways the importance of sustainable economic use of forests for Finland’s wellbeing and for combating climate change. In the light of recent news and research findings, it is therefore vital that all countries understand the true importance of forests and the effectiveness of different measures for people, the climate and nature. From the point of view of the planet’s climate, solutions are needed for the huge annual forest fires in Canada and Russia, which release large amounts of carbon dioxide into the atmosphere. And when it comes to deforestation, ways must be found to protect Brazil’s rainforests and also to deal with the worldwide pressure to build due to urbanisation. In Europe, a major concern for forest owners is the increasing drought and the resulting increase in damage caused by insects.

A recent Swedish study by the Swedish Forest Agency and the Swedish University of Agricultural Sciences (see *Metsälehti* 6/2023) investigated the impact of different forest management practices and strategies on the development of forest carbon stocks over a 100-year period in relation to current forest management. The six forest management options included, among other things, significant increases in protection, continuous cover growing or extended rotation periods compared to current prevailing methods. The result of the study was clear: current Nordic forest management methods lead to the greatest development of carbon stocks. All other options result in a loss of growing stock or a significant increase in the various risks of damage. It is also important to understand that sustainable forestry does not cause deforestation – on the contrary, there is more wood in the forests every year than ever before. This is the case in all Tornator forests in Finland, Estonia and Romania. In addition to forest certificates, our own Biodiversity Program helps to ensure the conservation of valuable habitats. Like it or not, people and nature are inseparable. Tornator promotes ecological sustainability while also taking care of social and economic sustainability.

The general economic outlook for the rest of the year is hazy, as is the case for the timber processing industry. Tornator has secured timber demand and cash flows through a long-term binding timber sales

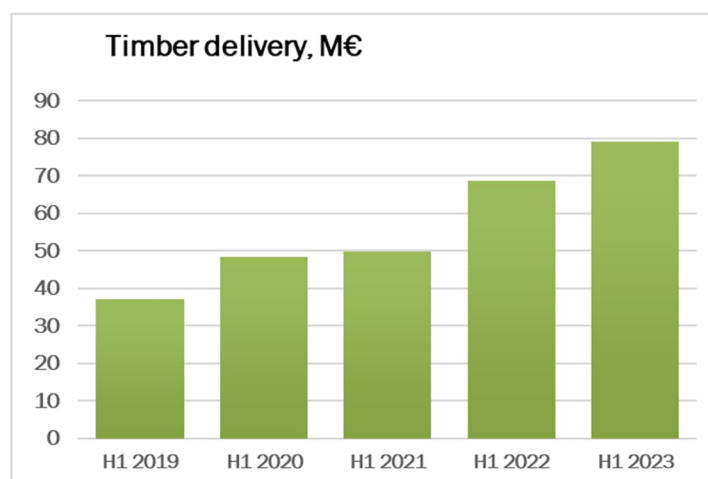
agreement. Naturally, we monitor market developments closely and take care of our own operating efficiency and innovation needs. Forestry is a long-term activity, however, where the most important thing is to ensure overall responsibility over time. The company's personnel have shown that they are motivated and capable of managing the company's forests responsibly and with the highest degree of professionalism. The wellbeing and personal growth of our personnel will remain one of our key strategic priorities. Tornator has an important role to play in leading the way in Finnish forestry, and our current strategy is a good response to this challenge.

Effects of the war in Ukraine

Russia's invasion of Ukraine and the consequent general economic instability did not have any major negative impact on Tornator's performance, balance sheet or cash flows. Tornator's net sales and operating profit were historically high during the reporting period. Cash flow from operating activities was also good. The company's credit losses have not increased, and the company does not envisage higher financial risks or a fall in the value of its assets. Tornator's contractors found replacements for Ukrainian seasonal workers, so forest management measures were not affected.

Notable events during the reporting period

Timber deliveries were at an excellent level, totalling approximately 1.7 million cubic metres (1.8), for a value of €79.0 million (68.7). End of the supply of Russian timber imports and the energy crisis increased the demand and price of renewable wood raw material. Thanks to good customer collaboration, harvesting operations were executed smoothly.



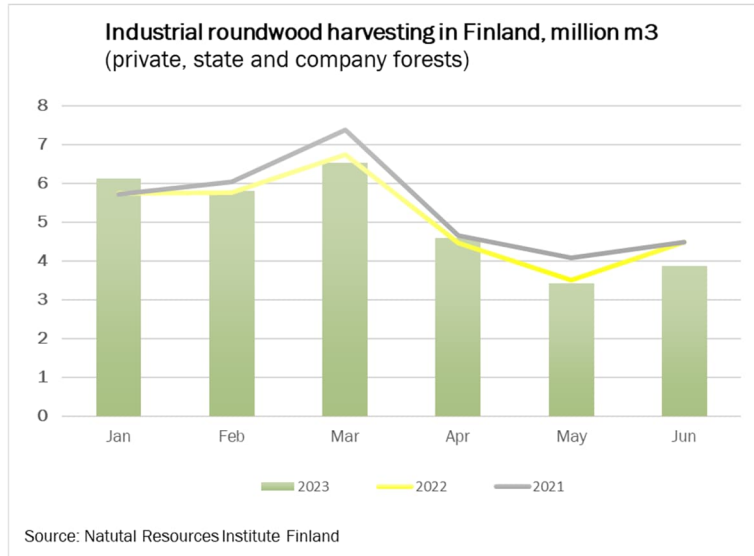
In total, the group recorded €1.0 million (3.6) in real estate sales. Net sales for forestry services totalled €4.2 million (3.5). Other income totalled €2.1 million (€2.6).

The impact on income of changes in the fair value of interest instruments was EUR +2.6 million (+94.6) from the beginning of the year. At the end of June, the fair value of interest rate derivatives totalled +€43.7 million (+€40.7 million on 31 December 2022). The fair value of forests at the end of June was €3,219.5 million (€3,101.0 million on 31 December 2022).

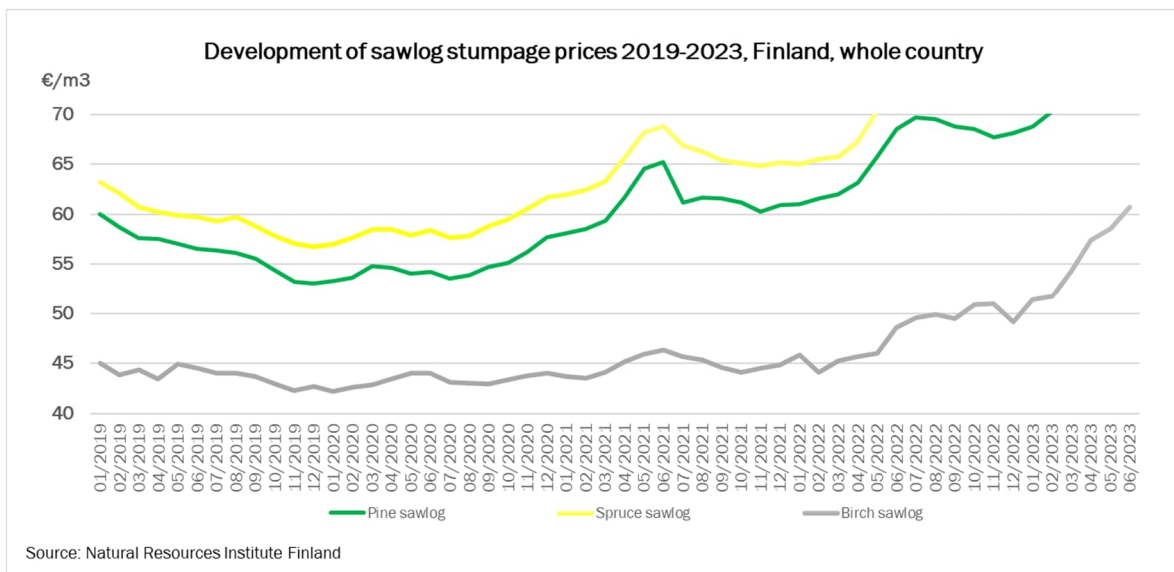
Business environment

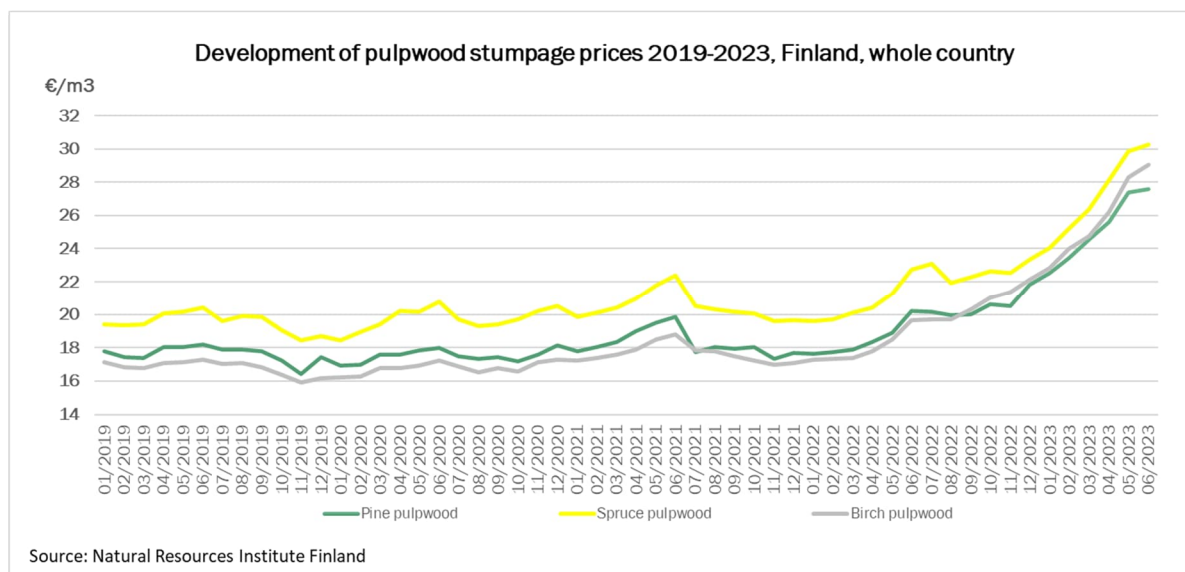
Good demand for timber products pushed up the prices of both sawn timber and pulp from the start of the year. In Finland, a total of approximately 30.3 million cubic metres of industrial wood was cut in the period from January to the end of June. The volume of felling was close to the previous year, but slightly less than in the same period in 2021.

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The good economic cycle in the forest industry has also been reflected in timber prices. The market prices of timber rose exceptionally high from the start of the year. In average prices for January to the end of June, the price of sawlog was on average 15% higher than the previous year, and the price of pulpwood more than 30% higher than the previous year.





Demand for leisure building plots was modest. Supply of forestland was still significantly below demand, but there was a slight slowdown in price increases.

In Estonia, timber market prices started to fall after a boom. Prices in the forestland market remained high.

In Romania, demand for timber and its price increased from the previous year. The forestland markets were quiet.

Finance

The group's financial position remained good, and cash flow from operations before financial items was €47.5 million (29.8).

The group's net financing expenses in January to the end of June were -€8.5 (+87.9) million. Tornator's interest-bearing liabilities totalled €897.5 million (€818.1 million on 31 December 2022), of which €799.1 million were long-term (€749.1 million on 31 December 2022) and €98.4 million were short-term (€69.0 million on 31 December 2022).

The company has used interest rate derivatives to hedge against market interest rate changes. During the reporting period, Tornator modified its derivative contracts by terminating all old interest rate swaps and signing new interest rate cap options to replace them. The positive fair value of the terminated contracts was used to pay option premiums on the new contracts – that is, the arrangement had no cash flow or profit or loss impact at the time it was executed. The change in the fair value of derivatives recognised in the income statement for January to the end of June was +€2.6 million (+94.6), and the change in accrued interest recognised in interest expenditure accounted for +€0.3 million (-0.0) of the change in the fair value of derivatives.

During the reporting period, Tornator's net cash flow from investing activities was -€50.7 million (-22.5). Net cash flow from financing activities was +€19.3 million (+2.8). Liquid financial assets and cash and cash equivalents on 30 June 2023 were €6.5 million (€19.6 million on 31 December 2022). The company has a bank account overdraft of €10 million and a committed standby credit facility of €200 million, of which €50 million is used at the date of reporting. Of Tornator's €300 million commercial paper programme, €99 million was used on the date of reporting.

Estimate of future development

Tornator estimates that its cash flow and debt service capacity will remain stable and solid for the rest of the year.

The company will update its long-term sustainable harvesting plan in the autumn, and the annual fair value update of its forests will be carried out in the final quarter.

The forest industry's sharply weakened profit performance may put pressure on the timber market price in the short term. In the forestland market, prices are likely to remain at the level of the early part of the year. Forest management work will be continued according to the normal annual cycle, and development projects for the digital roadmap will be carried out as planned.

Decisions of the Annual General Meeting

The Annual General Meeting of Tornator Oyj, held on 8 March 2023, decided that dividend be paid as proposed by the Board of Directors to the value of €12.0 per share, totalling €60 million. The AGM approved the financial statements for 2022 and discharged the members of the Board of Directors and the CEO from liability. Price-waterhouseCoopers was chosen to conduct the audit. The AGM elected the following members and deputies to the new Board of Directors:

| <u>Ordinary member</u> | <u>Deputy member</u> |
|------------------------|----------------------|
| Mikko Koivusalo | Markus Aho |
| Tuomas Virtala | Erkko Rynnänen |
| Seppo Toikka | Jari Suvanto |
| Mikko Mursula | Ilja Ripatti |

Organisation of the Board of Directors

On 8 March 2023, the new Board of Directors elected Mikko Koivusalo as Chair and Mikko Mursula as Vice Chair. Tuomas Virtala was elected as a member of the Remuneration Committee in addition to the aforementioned two persons. The committee reports to the board. For the Oversight Committee that oversees agreements between the company and shareholders, the board elected Mikko Mursula as Chair, Mikko Koivusalo and Tuomas Virtala as members and Seppo Toikka as deputy member.

The minutes of the Annual General Meeting are available in full on the company's website at www.tornator.fi/en/investors.

Notable events after the end of the reporting period

In early July, the company issued a 12-year fixed-rate secured Green bond to the value of €50 million. The funds are intended for implementation of the growth strategy.

Major shareholders, 30 June 2023

| Shareholder | % |
|---|-----------------|
| Stora Enso Oyj | 41,00 % |
| Keskinäinen eläkevakuutusyhtiö Ilmarinen | 23,13 % |
| Keskinäinen työeläkevakuutusyhtiö Varma | 15,33 % |
| OP Henkivakuutus Oy | 6,25 % |
| OP-Metsänomistaja -erikoissijoitusrahasto | 5,00 % |
| OP-Eläkesäätiö | 2,08 % |
| Pensionsförsäkringsaktiebolaget Veritas | 2,50 % |
| Finnairin Eläkesäätiö | 2,18 % |
| Pohjola Vakuutus Oy | 1,04 % |
| Riffu Oy | 0,75 % |
| Danilostock Oy | 0,75 % |
| Total | 100,00 % |

For further information, please contact:

Chief Executive Officer (CEO) Henrik Nieminen, tel. +358 40 869 7613

Chief Financial Officer (CFO) Antti Siirtola, tel. +358 40 773 0975

www.tornator.fi/en

Tornator is a leader in sustainable forestry in Europe. It owns forests in Finland, Estonia and Romania. In 2022, the group's turnover was approximately €165 million, and the balance sheet value was about €3.2 billion. The group has around 190 employees. Tornator's own employees, and other companies and their employees working on its forestland, add up to around 1,500 person-years of employment. The owners of the parent company are Finnish, mainly institutional investors. Tornator's mission is to generate sustainable wellbeing from forests.

Tables – Condensed half-year financial statements and notes

| EUR thousand | 30 June 2023 (unaudited) | 30 June 2022 (unaudited) | 31 Dec 2022 (audited) |
|--|-----------------------------|-----------------------------|--------------------------|
| Net sales | 84,204 | 75,672 | 164,641 |
| Other operating income | 4,391 | 2,583 | 11,666 |
| Change in fair value of biological assets and harvesting | 63,420 | -10,121 | 462,166 |
| Change in inventories of finished goods and work in progress | -254 | -993 | -2,488 |
| Materials and services | -12,437 | -10,342 | -30,071 |
| Personnel expenses | -5,584 | -5,170 | -10,301 |
| Depreciation and amortisation | -1,653 | -1,638 | -15,019 |
| Reversal of impairment | 3,400 | | |
| Other operating expenses | -4,528 | -4,032 | -8,577 |
| Operating profit | 130,959 | 45,960 | 572,017 |
| Financial income | 982 | 187 | 480 |
| Financial expenses | -12,088 | -6,830 | -14,118 |
| Change in fair value of financial instruments | 2,636 | 94,572 | 110,902 |
| Net financial items | -8,470 | 87,930 | 97,264 |
| Profit before tax | 122,490 | 133,890 | 669,281 |
| Income taxes | -9,510 | -28,413 | -42,897 |
| Change in deferred taxes | -13,004 | 2,343 | -84,456 |
| Profit for the period | 99,976 | 107,820 | 541,927 |
| Distribution: To shareholders of the parent company | 99,976 | 107,820 | 541,927 |
| Consolidated statement of comprehensive income | | | |
| Profit for the period | 99,976 | 107,820 | 541,927 |
| Other comprehensive income for the period after taxes: <i>Items not recognised later through profit and loss</i> | | | |
| Other items of comprehensive income (after taxes) | | | 31 |
| <i>Items that may later be recognised through profit and loss</i> | | | |
| Translation difference | -29 | 4 | -28 |
| Revaluation of forest land | 2,137 | | 211,424 |
| Comprehensive income for the period total | 102,084 | 107,823 | 753,355 |
| Distribution: To shareholders of the parent company | 102,084 | 107,823 | 753,355 |

Condensed consolidated balance sheet

| EUR thousand | 30 June 2023 (unaudited) | 30 June 2022 (unaudited) | 31 Dec 2022 (audited) |
|--|-----------------------------|-----------------------------|--------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Forest assets | 3,219,492 | 2,329,029 | 3,101,049 |
| Biological assets | 2,844,251 | 2,222,936 | 2,737,264 |
| Bare land | 375,242 | 106,093 | 363,785 |
| Other property, plant and equipment | 15,737 | 15,562 | 16,006 |
| Intangible assets | 1,734 | 1,205 | 1,984 |
| Right-of-use assets | 1,820 | 1,944 | 1,911 |
| Derivatives | 43,692 | 36,130 | 42,352 |
| Other investments | 111 | 111 | 111 |
| Non-current receivables | 10,447 | 18,733 | 7,513 |
| Non-current assets total | 3,293,034 | 2,402,713 | 3,170,926 |
| Current assets | | | |
| Inventories | 90 | 45 | 92 |
| Accounts receivable and other receivables | 62,139 | 51,078 | 53,061 |
| Investments | 932 | 2,323 | 356 |
| Cash and cash equivalents | 5,604 | 2,836 | 19,244 |
| Current assets total | 68,765 | 56,283 | 72,753 |
| Total assets | 3,361,799 | 2,458,997 | 3,243,679 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to shareholders of the parent company | | | |
| Share capital | 50,000 | 50,000 | 50,000 |
| Other equity | 1,943,931 | 1,256,315 | 1,901,847 |
| Total equity | 1,993,931 | 1,306,315 | 1,951,847 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Deferred tax liabilities | 433,361 | 280,224 | 419,823 |
| Financial liabilities | 799,103 | 748,844 | 749,052 |
| Derivatives | 0 | 11,844 | 1,620 |
| Lease liabilities | 1,578 | 1,720 | 1,644 |
| Other non-current liabilities | 186 | 237 | 186 |
| Non-current liabilities total | 1,234,228 | 1,042,869 | 1,172,325 |
| Current liabilities | | | |
| Financial liabilities | 98,351 | 62,858 | 69,016 |
| Accounts payable and other payables | 23,025 | 17,708 | 23,626 |
| Income tax liabilities | 1,646 | 19,824 | 15,188 |
| Lease liabilities | 340 | 303 | 355 |
| Provisions | 10,278 | 9,120 | 11,323 |
| Current liabilities total | 133,640 | 109,813 | 119,508 |
| Total liabilities | 1,367,868 | 1,152,682 | 1,291,833 |
| Total equity and liabilities | 3,361,799 | 2,458,997 | 3,243,679 |

Statement of changes in equity

| EUR thousand | | | | | | |
|--|---------------|---------------|------------------------|---------------------|-------------------|------------------|
| | Share capital | Share premium | Translation difference | Revaluation reserve | Retained earnings | Total equity |
| Equity 1 January 2023 | 50,000 | 29,995 | -10,877 | 211,424 | 1,671,304 | 1,951,847 |
| Comprehensive income | | | | | | |
| Profit for the period | | | | | 99,976 | 99,976 |
| <i>Other items of comprehensive income (after taxes)</i> | | | | | | |
| Revaluation of forest land | | | | 2,137 | | 2,137 |
| Translation difference | | | -29 | | | -29 |
| Comprehensive income for the period | | | -29 | 2,137 | 99,976 | 102,084 |
| Transactions with shareholders | | | | | | |
| Dividends paid | | | | | -60,000 | -60,000 |
| Total transactions with shareholders | | | | | -60,000 | -60,000 |
| Equity 30 June 2023 (unaudited) | 50,000 | 29,995 | -10,906 | 213,562 | 1,711,280 | 1,993,931 |
| Equity 1 January 2022 | 50,000 | 29,995 | -10,849 | | 1,189,346 | 1,258,492 |
| Comprehensive income | | | | | | |
| Profit for the period | | | | | 107,820 | 107,820 |
| <i>Other items of comprehensive income (after taxes)</i> | | | | | | |
| Translation difference | | | 4 | | | 4 |
| Comprehensive income for the period | | | 4 | | 107,820 | 107,823 |
| Transactions with shareholders | | | | | | |
| Dividends paid | | | | | -60,000 | -60,000 |
| Total transactions with shareholders | | | | | -60,000,0 | -60,000,0 |
| Equity 30 June 2022 (unaudited) | 50,000 | 29,995 | -10,845 | | 1,237,166 | 1,306,315 |
| Equity 1 January 2022 | 50,000 | 29,995 | -10,849 | | 1,189,346 | 1,258,492 |
| Comprehensive income | | | | | | |
| Profit for the period | | | | | 541,927 | 541,927 |
| <i>Other items of comprehensive income (after taxes)</i> | | | | | | |
| Revaluation of forest land | | | | 211,424 | | 211,424 |
| Other items of comprehensive income (after taxes) | | | | | 31 | 31 |
| Translation difference | | | -28 | | | -28 |
| Comprehensive income for the period | | | -28 | 211,424 | 541,958 | 753,355 |
| Transactions with shareholders | | | | | | |
| Dividends paid | | | | | -60,000 | -60,000 |
| Total transactions with shareholders | | | | | -60,000,0 | -60,000,0 |
| Equity on 31 Dec 2022 | 50,000 | 29,995 | -10,877 | 211,424 | 1,671,304 | 1,951,847 |

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Condensed statement of cash flows

| EUR thousand | 1 Jan - 30 Jun 2023 | 1 Jan - 30 Jun 2022 | 1 Jan – 31 Dec 2022 |
|---|---------------------|---------------------|---------------------|
| Cash flow from operating activities | | | |
| Cash receipts from transactions in forestry | 72,113 | 46,619 | 140,099 |
| Cash receipts from transactions in land sales | 968 | 3,559 | 5,201 |
| Cash receipts from other operating income | 3,152 | 3,096 | 24,272 |
| Cash paid to suppliers and employees | -28,737 | -23,433 | -49,356 |
| Cash flow from operating activities before financial items and taxes | 47,496 | 29,841 | 120,217 |
| Interest paid, interest-bearing debt | -8,536 | -1,390 | -9,191 |
| Net interest payments from derivatives | -142 | -2,628 | -4,405 |
| Other financial expenses | -1,016 | -540 | -798 |
| Interest received | 788 | 113 | 428 |
| Income taxes | -20,783 | -19,602 | -41,294 |
| Cash flow from operating activities | 17,807 | 5,794 | 64,956 |
| Cash flow from investing activities | | | |
| Investments in biological assets | -43,872 | -23,674 | -67,094 |
| Investments in tangible assets, forestland | -5,422 | -2,926 | -8,293 |
| Investments in other tangible and intangible assets | -868 | -669 | -3,466 |
| Investments in money market funds | -576 | | |
| Proceeds from sale of money market funds | | 4,724 | 6,690 |
| Cash flow from investing activities | -50,738 | -22,545 | -72,162 |
| Cash flow from financing activities | | | |
| Repayment of long-term loans | | | -3 |
| Withdrawal of short-term loans | 79,485 | 62,961 | 70,000 |
| Repayment of leasing liabilities | -174 | -177 | -343 |
| Dividends paid | -60,000 | -60,000 | -60,000 |
| Cash flow from financing activities | 19,311 | 2,784 | 9,654 |
| Net increase/decrease in cash and cash equivalents | -13,620 | -13,967 | 2,448 |
| Cash and cash equivalents at beginning of period | 19,244 | 16,802 | 16,802 |
| Effect of exchange rate changes on cash and cash equivalents | -21 | 1 | -6 |
| Cash and cash equivalents at end of period | 5,604 | 2,836 | 19,244 |

Notes to the half-year report

General Information

Tornator Oyj (Tornator or the company) with its subsidiaries (together, the Group) is a leading company specialised in sustainable forest management in Europe. Tornator's main business is wood production and the sale of cutting rights. It also provides forest management and silviculture services, sells land for recreational use and buys forestland. The Group's main market is Finland, but it also owns forestland in Estonia and Romania. All Tornator Group's forests are FSC® certified. Forestland is split between countries as follows: Finland 669 000 (31 December 2022: 661 000), Estonia 65 000 (65 000) and Romania 12 000 (12 000) hectares. Average number of personnel during the financial period was 188 (188).

Finland FSC-C123368

Estonia FSC-C132610

Romania FSC-C132426

The Group's Half-year financial report for the six months ended 30 June 2023 has been prepared in accordance with the international financial reporting standard IAS 34 Interim Financial Reporting. The half-year report should be read in conjunction with the annual financial statements for the year ended 31 December 2022, which have been prepared in accordance with the International Financial Reporting Standards, IFRS.

The accounting policies adopted are consistent with those of the previous financial year, except for new IFRS standards which have been adopted for financial periods beginning on or after 1 January 2023. Annual amendments to IFRS have had no effects on the preparation of the Half-year report for the period ended 30 June 2023.

The preparation of the Half-year report requires management to make certain estimates and assumptions. Making of these assumptions and estimates has an impact on the assets and liabilities reported on the balance sheet date, the presentation of contingent assets and liabilities in the notes and the income and expenses reported for the half-year period. These estimates are based on the management's best knowledge of the events; thus, the final actual results may differ from the estimates made.

In preparing the Half-year report, the significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

The amounts presented in this half-year report are rounded, so the sums of individual amounts may differ from the total amounts reported.

Operating segments

The Group's main business is wood production and the sale of cutting rights to planned harvesting sites covering normal felling methods and wood assortments. The Group's operations are managed and monitored as a whole and the Group only has one operating segment. Therefore, operating segment information is not presented as it would re-present the income statement and the balance sheet.

Timber delivery (= a customer harvests marked stands and gains ownership of the timber) represented 93.8% of total revenues (90.8 % 1 Jan - 30 June 2022).

The following tables present the geographical distribution of revenues and non-current assets. Sales are attributed to countries on the basis of the geographical location of forests:

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1 Jan – 30 June 2023

| | 1 Jan - 30 Jun 2023 | | 1 Jan - 30 Jun 2022 | | 1 Jan - 31 Dec 2022 | |
|---------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| Revenues: | EUR thousand | % | EUR thousand | % | EUR thousand | % |
| Finland | 71,075 | 84,4 | 68,283 | 90,2 | 147,861,4 | 89,8 |
| Romania and Estonia | 13,129 | 15,6 | 7,389 | 9,8 | 16,779,7 | 10,2 |
| Total | 84,204 | 100,0 | 75,672 | 100,0 | 164,641 | 100,0 |

| | 1 Jan - 30 Jun 2023 | | 1 Jan - 30 Jun 2022 | | 1 Jan - 31 Dec 2022 | |
|---------------------|---------------------|--------------|---------------------|--------------|---------------------|--------------|
| Biological assets: | EUR thousand | % | EUR thousand | % | EUR thousand | % |
| Finland | 2,619,850 | 92,1 | 2,034,627 | 91,5 | 2,867,953,1 | 92,5 |
| Romania and Estonia | 224,400 | 7,9 | 188,308 | 8,5 | 233,095,8 | 7,5 |
| Total | 2,844,250 | 100,0 | 2,222,936 | 100,0 | 3,101,049 | 100,0 |

Forest assets

The value of forest assets comprises growing stock (biological assets) and the value of the land area.

| | Biological assets | | |
|---|-------------------|------------------|------------------|
| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
| Value at the beginning of the period | 2,737,264 | 2,210,215 | 2,210,215 |
| Harvesting | -70,037 | -65,099 | -119,136 |
| Change in fair value of biological assets and growth | 133,458 | 54,978 | 581,302 |
| Change in Income statement | 63,420 | -10,121 | 462,166 |
| Revaluation of land areas, other comprehensive income | | | |
| Purchases | 43,872 | 23,674 | 67,094 |
| Sales | -220 | -848 | -2,208 |
| Translation difference | -85 | 16 | -3 |
| Value at the end of the period | 2,844,251 | 2,222,936 | 2,737,264 |

| | Land areas | | |
|---|----------------|----------------|----------------|
| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
| Value at the beginning of the period | 363,785 | 103,270 | 103,270 |
| Harvesting | | | |
| Change in fair value of biological assets and growth | | | |
| Amortisation of land areas | | | -11,720 |
| Reversal of amortisation of land areas | 3,400 | | |
| Change in Income statement | 3,400 | | -11,720 |
| Revaluation of land areas, other comprehensive income | 2,672 | | 264,216 |
| Purchases | 5,422 | 2,926 | 8,293 |
| Sales | -27 | -105 | -273 |
| Translation difference | -11 | 2 | 0 |
| Value at the end of the period | 375,242 | 106,093 | 363,785 |

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1 Jan – 30 June 2023

| EUR thousand | Total forest assets | | |
|---|---------------------|------------------|------------------|
| | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
| Value at the beginning of the period | 3,101,049 | 2,313,485 | 2,313,485 |
| Harvesting | -70,037 | -65,099 | -119,136 |
| Change in fair value of biological assets and growth | 133,458 | 54,978 | 581,302 |
| Amortisation of land areas | | | -11,720 |
| Reversal of amortisation of land areas | 3,400 | | |
| Change in Income statement | 66,820 | -10,121 | 450,446 |
| Revaluation of land areas, other comprehensive income | 2,672 | | 264,216 |
| Purchases | 49,294 | 26,600 | 75,387 |
| Sales | -247 | -953 | -2,481 |
| Translation difference | -96 | 18 | -3 |
| Value at the end of the period | 3,219,492 | 2,329,029 | 3,101,049 |

Property, Plant and Equipment

| EUR thousand | Buildings | Machinery and equipment | Roads and ditches | Purchases in progress | Total |
|--|--------------|-------------------------|-------------------|-----------------------|----------------|
| Acquisition cost at 1 January 2023 | 1,774 | 3,105 | 39,293 | 3,104 | 47,276 |
| Translation difference | -2 | 27 | -1 | 0 | 24 |
| Increases | | 34 | 314 | 822 | 1,170 |
| Decreases | | -12 | | -199 | -212 |
| Acquisition cost at 30 June 2023 | 1,772 | 3,153 | 39,606 | 3,727 | 48,258 |
| Accrued depreciation and impairment | | | | | |
| Accrued depreciation and impairment at 1 January 2023 | -730 | -2,740 | -27,799 | | -31,269 |
| Depreciation and amortisation expense and impairments | -41 | -70 | -1,071 | -70 | -1,252 |
| Accrued depreciation and impairment at 30 June 2023 | -771 | -2,811 | -28,870 | -70 | -32,521 |
| Book value at 30 June 2023 | 1,001 | 343 | 10,736 | 3,657 | 15,737 |
| Book value at 1 January 2023 | 1,043 | 365 | 11,494 | 3,104 | 16,006 |

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1 Jan – 30 June 2023

| EUR thousand | Buildings | Machinery and equipment | Roads and ditches | Purchases in progress | Total |
|--|--------------|-------------------------|-------------------|-----------------------|----------------|
| Acquisition cost at 1 January 2022 | 1,764 | 2,939 | 37,202 | 3,087 | 44,992 |
| Translation difference | 0 | 12 | 6 | 0 | 18 |
| Increases | 10 | 34 | 1,117 | 528 | 1,689 |
| Decreases | | -4 | | -1,101 | -1,105 |
| Acquisition cost at 30 June 2022 | 1,774 | 2,981 | 38,326 | 2,513 | 45,594 |
| Accrued depreciation and impairment | | | | | |
| Accrued depreciation and impairment at 1 January 2022 | -648 | -2,535 | -25,642 | | -28,825 |
| Depreciation and amortisation expense and impairments | -41 | -96 | -1,070 | | -1,207 |
| Accrued depreciation and impairment at 30 June 2022 | -690 | -2,631 | -26,712 | | -30,032 |
| Book value at 30 June 2022 | 1,084 | 351 | 11,614 | 2,513 | 15,562 |
| Book value at 1 January 2022 | 1,043 | 365 | 11,494 | 3,104 | 16,006 |

| EUR thousand | Buildings | Machinery and equipment | Roads and ditches | Purchases in progress | Total |
|--|--------------|-------------------------|-------------------|-----------------------|----------------|
| Acquisition cost at 1 January 2022 | 1,764 | 2,939 | 37,202 | 3,087 | 44,992 |
| Translation difference | 0 | 0 | 1 | 0 | 1 |
| Increases | 10 | 166 | 2,089 | 3,099 | 5,365 |
| Decreases | | | | -3,082 | -3,082 |
| Acquisition cost at 31 December 2022 | 1,774 | 3,105 | 39,293 | 3,104 | 47,276 |
| Accrued depreciation and impairment | | | | | |
| Accrued depreciation and impairment at 1 January 2022 | -648 | -2,535 | -25,642 | | -28,825 |
| Depreciation and amortisation expense and impairments | -82 | -205 | -2,157 | | -2,444 |
| Accrued depreciation and impairment at 31 December 2022 | -730 | -2,740 | -27,799 | | -31,269 |
| Book value at 31 December 2022 | 1,043 | 365 | 11,494 | 3,104 | 16,006 |
| Book value at 1 January 2022 | 1,115 | 405 | 11,560 | 3,087 | 16,167 |

Intangible assets

| EUR thousand | ICT software | Other intangible rights | Total |
|--|---------------|-------------------------|---------------|
| Acquisition cost at 1 January 2023 | 10,835 | 82 | 10,917 |
| Translation difference | -27 | | -27 |
| Increases | 58 | | 58 |
| Decreases | | | |
| Acquisition cost at 30 June 2023 | 10,866 | 82 | 10,948 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment at 1 January 2023 | -8,851 | -82 | -8,933 |
| Depreciation and amortization expense and impairments | -280 | | -280 |
| Accrued depreciation and impairment at 30 June 2023 | -9,132 | -82 | -9,214 |
| Book value at 30 June 2023 | 1,734 | | 1,734 |
| Book value at 1 January 2023 | 1,378 | | 1,378 |

| EUR thousand | ICT software | Other intangible rights | Total |
|--|---------------|-------------------------|---------------|
| Acquisition cost at 1 January 2022 | 9,743 | 82 | 9,825 |
| Translation difference | -36 | | -36 |
| Increases | 104 | | 104 |
| Decreases | | | |
| Acquisition cost at 30 June 2022 | 9,810 | 82 | 9,892 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment at 1 January 2022 | -8,365 | -82 | -8,447 |
| Depreciation and amortization expense and impairments | -241 | | -241 |
| Accrued depreciation and impairment at 30 June 2022 | -8,606 | -82 | -8,688 |
| Book value at 30 June 2022 | 1,205 | | 1,205 |
| Book value at 1 January 2022 | 1,378 | | 1,378 |

| EUR thousand | ICT software | Other intangible rights | Total |
|--|---------------|-------------------------|---------------|
| Acquisition cost at 1 January 2022 | 9,743 | 82 | 9,825 |
| Translation difference | 0 | | 0 |
| Increases | 1,092 | | 1,092 |
| Decreases | | | |
| Acquisition cost at 31 December 2022 | 10,835 | 82 | 10,917 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment at 1 January 2022 | -8,365 | -82 | -8,447 |
| Depreciation and amortization expense and impairments | -487 | | -487 |
| Accrued depreciation and impairment at 31 December 2022 | -8,851 | -82 | -8,933 |
| Book value at 31 December 2022 | 1,984 | | 1,984 |
| Book value at 1 January 2022 | 1,378 | | 1,378 |

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1 Jan – 30 June 2023

Right-of-use assets

| EUR thousand | Office space | Machinery and equipment | Right-of-use assets, total |
|--|--------------|-------------------------|----------------------------|
| Acquisition cost on 1 January 2023 | 2,092 | 1,256 | 3,348 |
| Increases | 236 | 3 | 239 |
| Decreases | -145 | 0 | -145 |
| Acquisition cost on 30 June 2023 | 2,182 | 1,259 | 3,441 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment on 1 January 2023 | -761 | -676 | -1,437 |
| Depreciation expense and impairment | -69 | -116 | -184 |
| Accrued depreciation and impairment at 30 June 2023 | -830 | -792 | -1,621 |
| Book value at 30 June 2023 | 1,353 | 467 | 1,820 |

| EUR thousand | Office space | Machinery and equipment | Right-of-use assets, total |
|--|--------------|-------------------------|----------------------------|
| Acquisition cost at 1 January 2022 | 2,502 | 816 | 3,318 |
| Increases | 370 | 168 | 538 |
| Decreases | -653 | | -653 |
| Acquisition cost on 30 June 2022 | 2,220 | 984 | 3,204 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment on 1 January 2021 | -587 | -482 | -1,069 |
| Depreciation expense and impairment | -99 | -92 | -191 |
| Accrued depreciation and impairment on 30 June 2022 | -686 | -573 | -1,260 |
| Book value on 30 June 2022 | 1,533 | 411 | 1,944 |

| EUR thousand | Office space | Machinery and equipment | Right-of-use assets, total |
|--|--------------|-------------------------|----------------------------|
| Acquisition cost on 1 January 2022 | 2,502 | 816 | 3,318 |
| Increases | 370 | 440 | 811 |
| Decreases | -781 | | -781 |
| Acquisition cost on 31 December 2022 | 2,092 | 1,256 | 3,348 |
| Accrued depreciation and impairment | | | |
| Accrued depreciation and impairment on 1 January 2022 | -587 | -482 | -1,069 |
| Depreciation expense and impairment | -173 | -194 | -368 |
| Accrued depreciation and impairment on 31 December 2022 | -761 | -676 | -1,437 |
| Book value on 31 December 2022 | 1,331 | 580 | 1,911 |

Financial liabilities

| EUR thousand | 1 January 2023 | Cash flow from financing activities | Financial expenses | Fair value changes | 30 June 2023 |
|------------------------------------|----------------|-------------------------------------|--------------------|--------------------|----------------|
| Bonds | 349,024 | | 127 | | 349,152 |
| Loans from financial institutions | 400,049 | 50,485 | -77 | | 450,458 |
| Commercial paper | 68,994 | 29,000 | -150 | | 97,845 |
| Yhteensä | 818,068 | 79,485 | -99 | | 897,454 |
| Lease liabilities | 1,998 | -174 | | | 1,918 |
| Financial liabilities total | 820,066 | 79,311 | -99 | | 899,372 |

| EUR thousand | 1 January 2022 | Cash flow from financing activities | Financial expenses | Fair value changes | 30 June 2022 |
|------------------------------------|----------------|-------------------------------------|--------------------|--------------------|----------------|
| Bonds | 348,770 | | 127 | | 348,897 |
| Loans from financial institutions | 399,891 | 2,961 | 81 | | 402,933 |
| Commercial paper | | 60,000 | -128 | | 59,872 |
| Yhteensä | 748,661 | 62,961 | 80 | | 811,702 |
| Lease liabilities | 2,349 | -177 | | -148 | 2,024 |
| Financial liabilities total | 751,010 | 62,784 | 80 | -148 | 813,726 |

| EUR thousand | 1 January 2022 | Cash flow from financing activities | Financial expenses | Fair value changes | 31 December 2022 |
|------------------------------------|----------------|-------------------------------------|--------------------|--------------------|------------------|
| Bonds | 348,770 | | 255 | | 349,024 |
| Loans from financial institutions | 399,891 | -3 | 162 | | 400,049 |
| Commercial paper | | 70,000 | -1,006 | | 68,994 |
| Yhteensä | 748,661 | 69,997 | -590 | | 818,068 |
| Lease liabilities | 2,349 | -343 | | -8 | 1,998 |
| Financial liabilities total | 751,010 | 69,654 | -590 | -8 | 820,066 |

Lease Liabilities

| EUR thousand | 30 June 2023 | 30 June 2022 | 31 December 2022 |
|--------------|--------------|--------------|------------------|
| Non-current | 1,578 | 1,720 | 1,644 |
| Current | 340 | 303 | 355 |
| Total | 1,918 | 2,024 | 1,999 |

Derivatives

Tornator uses derivative contracts to hedge against interest rate risk. During the reporting period Tornator replaced old, long-term interest rate swaps with new interest rate cap options that have shorter maturity

Fair value of derivatives

Fair values of derivatives:

| EUR thousand | 30 June 2023 | | | 30 June 2022 | 31 December 2022 | |
|---|---------------|-------------|---------------|--------------|------------------|---------------|
| | Assets | Liabilities | Net | | Net | Net |
| Interest rate swaps | - | - | - | - | 24,286 | 40,731 |
| Interest rate options | 43,692 | - | 43,692 | - | - | - |
| Total fair values of derivatives | 43,692 | - | 43,692 | - | 24,286 | 40,731 |

Nominal value of derivatives

| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|--|--------------|----------------|----------------|
| Interest rate swaps | - | 339,313 | 339,313 |
| Interest rate options | 170,000 | - | - |
| Total nominal values of derivatives | - | 339,313 | 339,313 |

Change in fair value of interest rate derivatives during the reporting period

| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|--|---------------|----------------|----------------|
| Derivatives at the beginning of the period | 40,731 | -70,320 | -70,320 |
| Changes | | | |
| Income statement: | | | |
| Interest rate swaps, income | 6,655 | 94,586 | 110,917 |
| Interest rate swaps, expenses | - | - | - |
| Interest rate options, income | - | - | - |
| Interest rate options, expenses | -3,988 | - | - |
| Portion of the change in accrued interest* | 293 | 20 | 134 |
| Effect in income statement (changes in total) | 2,960 | 94,606 | 111,052 |
| Derivatives at the end of the period | 43,692 | 24,286 | 40,731 |

* Included in financial expenses in the income statement

Book values and fair values of financial assets and liabilities by category at 30 June 2023

Financial assets

| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
|--|----------------|-------------------------------------|---------------|---------------|
| Non-current | | | | |
| Unlisted shares | | 111 | 111 | 111 |
| Derivatives | | 43 692 | 43 692 | 43 692 |
| Additional purchase price of wind power transactions | | 10 447 | 10 447 | 10 447 |
| Total | | 54 250 | 54 250 | 54 250 |
| Current | | | | |
| Investments in money market funds | | 932 | 932 | 932 |
| Accounts receivable | 46 627 | | 46 627 | 46 627 |
| Additional purchase price of wind power transactions | | 15 120 | 15 120 | 15 120 |
| Cash and cash equivalents | 5 604 | | 5 604 | 5 604 |
| Total | 52 231 | 16 052 | 68 282 | 68 282 |

Financial liabilities

| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
|-----------------------|----------------|-------------------------------------|----------------|----------------|
| Non-current | | | | |
| Interest-bearing debt | 799 103 | | 799 103 | 767 151 |
| Total | 799 103 | | 799 103 | 767 151 |
| Current | | | | |
| Interest-bearing debt | 98 351 | | 98 351 | 98 351 |
| Accounts payable | 4 981 | | 4 981 | 4 981 |
| Total | 103 333 | | 103 333 | 103 333 |

Book values and fair values of financial assets and liabilities by category at 30 June 2022

Financial assets

| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
|--|-----------------------|--|-------------------|-------------------|
| Non-current | | | | |
| Unlisted shares | | 111 | 111 | 111 |
| Derivatives | | 36 130 | 36 130 | 36 130 |
| Additional purchase price of wind power transactions | | 18 733 | 18 733 | 18 733 |
| Total | | 54 974 | 54 974 | 54 974 |
| Current | | | | |
| Investments in money market funds | | 2 323 | 2 323 | 2 323 |
| Accounts receivable | 40 361 | | 40 361 | 40 361 |
| Additional purchase price of wind power transactions | | 10 466 | 10 466 | 10 466 |
| Cash and cash equivalents | 2 836 | | 2 836 | 2 836 |
| Total | 43 197 | 12 789 | 55 986 | 55 986 |

Financial liabilities

| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
|-----------------------|-----------------------|--|-------------------|-------------------|
| Non-current | | | | |
| Interest-bearing debt | 748 844 | | 748 844 | 792 086 |
| Derivatives | | 11 844 | 11 844 | 11 844 |
| Total | 748 844 | 11 844 | 760 688 | 803 930 |
| Current | | | | |
| Interest-bearing debt | 62 858 | | 62 858 | 62 858 |
| Accounts payable | 2 960 | | 2 960 | 2 960 |
| Total | 65 818 | | 65 818 | 65 818 |

Book values and fair values of financial assets and liabilities by category at 31 December 2022

| Financial assets | | | | |
|--|-----------------------|--|-------------------|-------------------|
| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
| Non-current | | | | |
| Unlisted shares | | 111 | 111 | 111,248 |
| Derivatives | | 42 352 | 42 352 | 42351,646 |
| Additional purchase price of wind power transactions | | 7 513 | 7 513 | 7 513 |
| Total | | 49 976 | 49 976 | 49 976 |
| Current | | | | |
| Investments in money market funds | | 356 | 356 | 356 |
| Accounts receivable | 36 326 | | 36 326 | 36 326 |
| Additional purchase price of wind power transactions | | 15 868 | | |
| Cash and cash equivalents | 19 244 | | 19 244 | 19 244 |
| Total | 55 570 | 16 224 | 71 794 | 71 794 |
| Financial liabilities | | | | |
| EUR thousand | Amortised cost | Fair value through income statement | Book value | Fair value |
| Non-current | | | | |
| Interest-bearing debt | 749 052 | | 749 052 | 714 403 |
| Derivatives | | 1 620 | 1 620 | 1 620 |
| Total | 749 052 | 1 620 | 750 672 | 716 023 |
| Current | | | | |
| Interest-bearing debt | 69 016 | | 69 016 | 69 016 |
| Accounts payable | 1 527 | | 1 527 | 1 527 |
| Total | 70 542 | | 70 542 | 70 542 |

Fair value hierarchy of assets and liabilities valued at fair value

The fair values for level 1 are based on the quoted prices of similar assets or liabilities in active markets.

The fair values for level 2 instruments, in turn, are based largely on input data other than quoted prices used for level 1. The used information is, however, observable from the market either directly (i.e. as prices) or indirectly (i.e. derived from prices). The Group generally determines the fair value of these instruments using generally accepted valuation models, utilising input data that is largely based on verifiable market data. The fair value of derivatives has been determined as the present value of cash flows arising from the respective contracts.

The fair values of level 3 instruments are calculated based on the input data regarding the asset or liability. This input data is not based on verifiable market data, but rather rests largely on management estimates and utilising these estimates using generally accepted valuation models. The determination of fair values are described in a more detailed in Financial Statements. During the reporting period, there were no transfers made between fair value hierarchy levels 1 and 2, nor to or away from level 3.

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| 30 June 2023 | | | | |
|--|--------------|-----------------|--------------------|--------------------|
| EUR thousand | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Forest assets | | | 3 219 492,3 | 3 219 492,3 |
| Receivables | | | | |
| Additional purchase price of wind power transactions | | | 25 566,3 | 25 566,3 |
| Derivatives | | 43 691,7 | | 43 691,7 |
| Investments | | | | |
| Unlisted shares | | | 111,2 | 111,2 |
| Investments in money market funds | 932,0 | | | 932,0 |
| Total assets | 932,0 | 43 691,7 | 3 245 169,8 | 3 289 793,5 |

| 30 June 2022 | | | | |
|--|----------------|-----------------|--------------------|--------------------|
| EUR thousand | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Forest assets | | | 2 329 028,9 | 2 329 028,9 |
| Receivables | | | | |
| Additional purchase price of wind power transactions | | | 29 198,7 | 29 198,7 |
| Derivatives | | 36 129,6 | | 36 129,6 |
| Investments | | | | |
| Unlisted shares | | | 111,2 | 111,2 |
| Investments in money market funds | 2 323,2 | | | 2 323,2 |
| Total assets | 2 323,2 | 36 129,6 | 2 358 338,9 | 2 396 791,7 |
| Liabilities | | | | |
| Derivatives | | 11 844,0 | | 11 844,0 |
| Total liabilities | | 11 844,0 | | 11 844,0 |

| 31 Dec 2022 | | | | |
|--|--------------|-----------------|--------------------|--------------------|
| EUR thousand | Level 1 | Level 2 | Level 3 | Total |
| Assets | | | | |
| Forest assets | | | 3 101 048,9 | 3 101 048,9 |
| Receivables | | | | |
| Additional purchase price of wind power transactions | | | 23 381,3 | 23 381,3 |
| Derivatives | | 42 351,6 | | 42 351,6 |
| Investments | | | | |
| Unlisted shares | | | 111,2 | 111,2 |
| Investments in money market funds | 355,7 | | | 355,7 |
| Total assets | 355,7 | 42 351,6 | 3 124 541,5 | 3 167 248,8 |
| Liabilities | | | | |
| Derivatives | | 1 620,2 | | 1 620,2 |
| Total liabilities | | 1 620,2 | | 1 620,2 |

Financial covenants

The loan agreements between Tornator and financial institutions include covenants on debt service capacity, gearing and the fair value of the pledged forestlands. The company fulfilled all covenant requirements with a safe margin.

Related party transactions

The following transactions were carried out with related parties:

Stora Enso Group owns 41% of the parent company Tornator's shares, which gives Stora Enso significant influence within the Group. The following transactions were carried out with Stora Enso:

| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|--------------|--------------|--------------|-------------|
| Sales | 75,312 | 63,721 | 141,375 |
| Purchases | 2 | 1 | 17 |
| Receivables | 43,829 | 38,532 | 31,269 |
| Liabilities | 7,219 | 4,773 | 7,536 |

Related party transactions occurred under the same terms and conditions as transactions between unrelated parties.

Employment benefits of management

| EUR thousand | 30 June 2023 | 30 June 2022 | 31 Dec 2022 |
|---|--------------|--------------|-------------|
| Total paid remuneration for management team | 696 | 978 | 1,337 |
| Total amount was divided to following items | | | |
| Short term employment benefits | 454 | 807 | 1,102 |
| Post-employment benefits | 185 | 171 | 235 |
| Other long term employment benefits | 56 | | |
| Board remuneration | 26 | 26 | 53 |