



Tornator Oyj

Half-year Report
1 January–30 June 2022



Tornator’s anniversary year starts well – turnover increased by 29%

Half-year report – Stock exchange release published in Finnish on 26 August 2022

SUMMARY 1 JAN – 30 JUNE 2022 (1 JAN – 30 JUNE 2021)

- Turnover increased by 29% to €75.7 million (58.7). Timber deliveries* accounted for €68.7 million (49.8).
- The adjusted operating profit increased by 38% to €56.7 million (40.9) due to high timber demand. The operating profit as reported in accordance with the International Financial Reporting Standards (IFRS) was €46.0 (42.7) million.
- The higher timber deliveries are explained by an increase in both volume and market prices. Higher demand for end products based on renewable raw materials and the fact that timber imports from Russia stopped had a positive effect on timber demand and prices.
- WWF, Tornator and Stora Enso began collaboration through the three-year Metsäpurojen puolesta (“Saving forest brooks”) project to improve the condition of flowing waters in Finland and help protect species living in and around them.
- Tornator continued to purchase forestland in Finland. Nearly 5,000 hectares of new forests were acquired, with a total investment of almost €27 million.
- Profit for the period according to IFRS was €107.8 million. The rise in market interests resulted in a positive change of €94.6 million (37.5) in the fair value of financial instruments before tax. The increase in timber deliveries had a negative effect of €-10.1 (+1.0) on the fair value of the growing stock.
- Comparable return on equity was 6.3% (5.8) and, at fair value, 16.8% (12.6). The equity ratio was 53.3% (46.6).
- 1 July 2022 marked the 20th anniversary of Tornator.

Key figures (group)

	H1/2022	H1/2021	Change, %
Net sales, € million	75.7	58.7	29%
Operating profit (IFRS), € million	46.0	42.7	8%
Operating profit, % of net sales	60.7	72.7	-16%
Profit for the period (IFRS), € million	107.8	58.5	84%
Return on equity, %	16.8	12.6	33%
Return on capital employed, %	4.5	5.2	-14%
Equity ratio, %	53.3	46.6	14%
Average personnel	188	186	1%

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

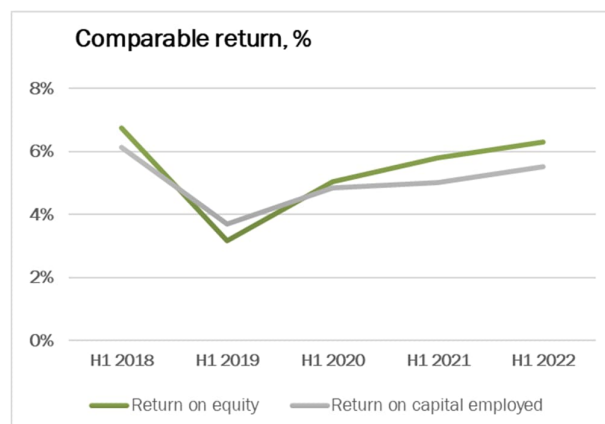
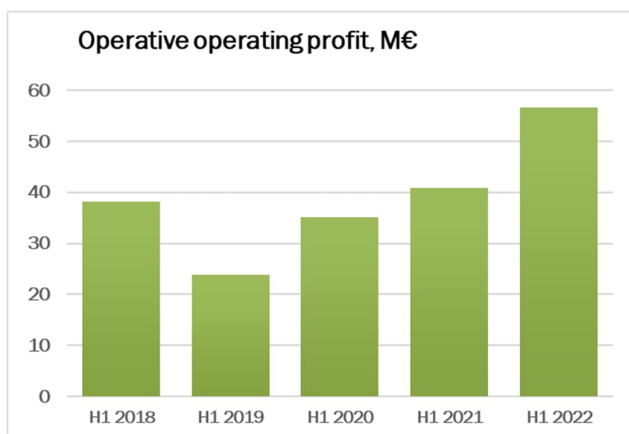
* Timber delivery = Once the customer has felled the stands marked for cutting it has bought, ownership of the timber is transferred to the buyer

Comparable key figures

	H1/2022	H1/2021	Change, %
Net sales, € million	75.7	58.7	29%
Operative operating profit, € million	56.7	40.9	38%
Operative operating profit, %	74.9	69.7	7%
Profit for the period (comparable), € million	40.6	27.1	50%
Return on equity (comparable), %	6.3	5.8	9%
Return on capital employed (comparable), %	5.5	5.0	10%

In addition to official key figures calculated in accordance with IFRS, Tornator Group uses comparable key figures that are calculated without changes in fair value. The figures are comparable between years and therefore describe better the success of operations. The figures are calculated as follows:

Operating profit, official	46.0
- Change in fair value of biological assets	10.1
- Change in the fair value of provisions and long-term receivables	-0.8
= Operative operating profit, comparable	56.7
Profit for the period, official	107.8
- Change in fair value of biological assets	10.1
- Change in the fair value of provisions and long-term receivables	-0.8
- Change in fair value of financial instruments	-94.6
- Share of taxes in the above items	16.7
= Profit for the period, comparable	40.6



CEO Henrik Nieminen:

“We are celebrating the company’s 20th anniversary with a very positive first-half performance. Tornator’s turnover increased by 29% and its adjusted operating profit by 38% from the comparison period. Higher demand for end products based on renewable raw materials and the fact that timber imports from Russia stopped had a positive effect on timber demand and prices. Timber delivery planning was excellent and the favourable winter conditions and smooth cooperation with customers resulted in successful harvesting.

Sustainability, partnership and growth are the key concepts in Tornator’s new strategy. They guide all our goals and operations and we managed to execute several projects under these factors already early in the year. We bought more than 5,000 hectares of new forestland in Finland. We continued our active discussions with various actors to erect wind farms on land that we own. In line with our biodiversity programme, we carried out prescribed burning and mire restoration, and negotiated about the establishment of new nature conservation areas. As part of biodiversity restoration, we started, together with WWF and Stora Enso, three-year Metsäpurojen puolesta (“Saving forest brooks”) cooperation to improve the condition of flowing waters in Finland and the protection of species living in and around them. We provided lean training for our employees as part of process development. In honour of the anniversary year and to promote wellbeing at work, the entire staff was given extra allowance to use on exercise and cultural events. One of the organisation’s goals this year was to increase capability for scenario thinking. A large proportion of the company management took part in a scenario project in the spring, viewing our new strategy with respect to long-term future paths.

Russia’s widely condemned attack to Ukraine also shocked the forestry sector. It became obvious pretty soon, however, that forestry companies are not facing an imminent risk in this external crisis, so true to our company spirit, Tornator decided to help people in distress. In addition to financial aid, we activated our organisation closest to Ukraine – Romania – to provide assistance to Ukrainians. Through the local charity organisation (Kolping Center), Tornator has been sending supplies across the border to Ukraine and getting refugees to safety from Ukraine. We will continue this for as long as necessary. In forestry, our work has a very concrete nature; in this case, our activities took on an entirely new dimension. Tornator’s mission could not be more relevant right now: to create sustainable wellbeing from forests.

The Finnish Government approved a Climate Plan for the land use, land use change and forestry sector (LULUCF), comprising a wide range of measures for reducing emissions from agriculture, forestry and other land use, and increasing the amount of carbon sinks and carbon reservoirs. The Climate Plan stresses the reduction of emissions from the soil and of deforestation and proposes boosting forest growth by means of fertilisation. The Climate Plan also considers it important that we adapt to climate change and ensure that forests are regenerated quickly. This plan is in line with what Tornator is doing, because our goal is to ensure, across generations, that forests remain healthy, grow well and provide carbon sequestration. However, in terms of combating climate change, the most critical thing to do is to reduce emissions, that is, replace fossil raw materials and products with renewable ones, such as sustainably produced wood. This is something in which Finland and Tornator have much to contribute. The Ministry of Agriculture and Forestry is also preparing a National Forest Strategy extending to 2035 (NFS2035). The goals of the strategy include improving the climate resistance of forests and controlling the risk of damage in them. Adjusting to the inevitably warmer climate and its negative effects of this must be taken extremely seriously, and Tornator is already implementing the forest strategy at full speed. Tornator’s climate and biodiversity programmes guide our operations towards our ambitious goals for 2030.

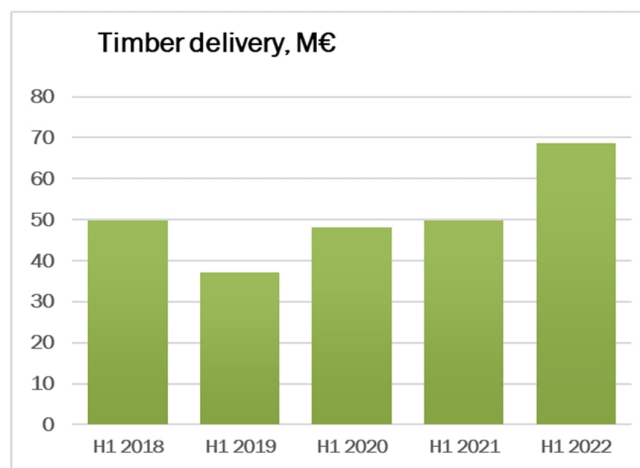
The significance of Tornator’s forests to society has probably never been as great as it is today. The need for national security of supply caused by the war in Ukraine, and the risks posed by climate change ensure that Tornator experts will be keeping busy. Fortunately, as the coronavirus pandemic seems to be abating, at least temporarily, the staff was able to celebrate the company’s 20th anniversary. This was a truly deserved celebration. Tornator enters the next decade of its operation in good shape, with a clear goal of being a forerunner in the sustainable use of forests.”

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 turnover and operating profit were historically high during the reporting period. Cash flow from operating activities was also healthy. The company's credit losses have not increased, and the company does not envisage higher financial risks or a fall in asset value. Tornator's contractors found replacements to Ukrainian seasonal workers, so forest management measures were not affected.

Notable events during the reporting period

Wood deliveries were better than expected, totalling approximately 1.7 million cubic metres (1.4), that is, €68.7 million (49.8). Demand for timber products was high around the world, which increased the demand for and price of renewable wood raw material. Thanks to a favourably cold winter, timber harvesting conditions were good.

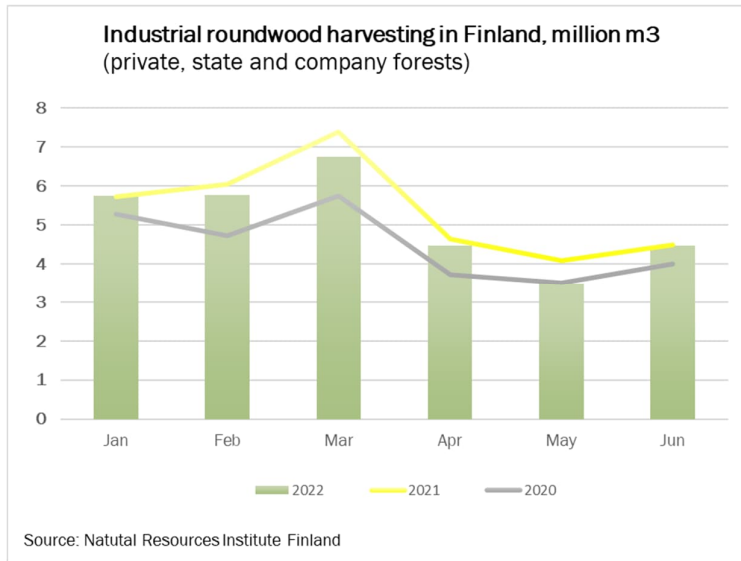


In total, the group recorded €3.6 (5.3) million in real estate turnover. Turnover for silviculture services totalled €3.5 (3.6) million. Other income totalled €2.6 (€3.3) million.

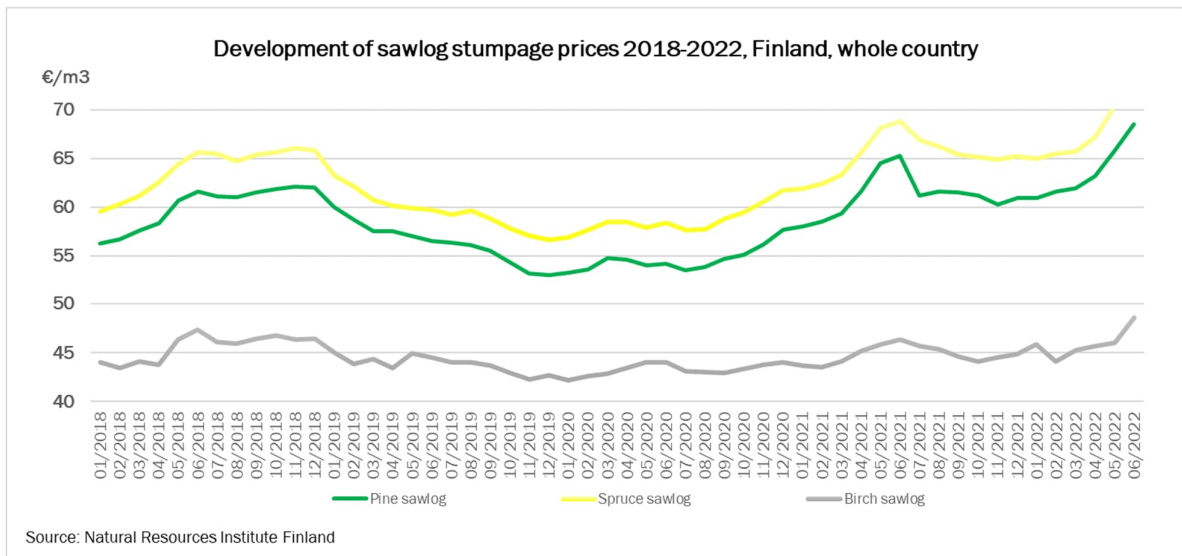
The increase in market interest rates improved the fair values of Tornator's financial instruments significantly. The positive effect on profits since the beginning of the year was +€94.6 (-€37.5) million. At the end of June, the fair value of interest rate derivatives totalled +€24.3 million (-€70.3 million on 31 December 2021). Long-term market interest rates have fallen since the reporting period, which has reduced the fair value of interest rate derivatives. The fair value of forests at the end of June was €2,222.9 million (€2,210.2 million on 31 December 2021).

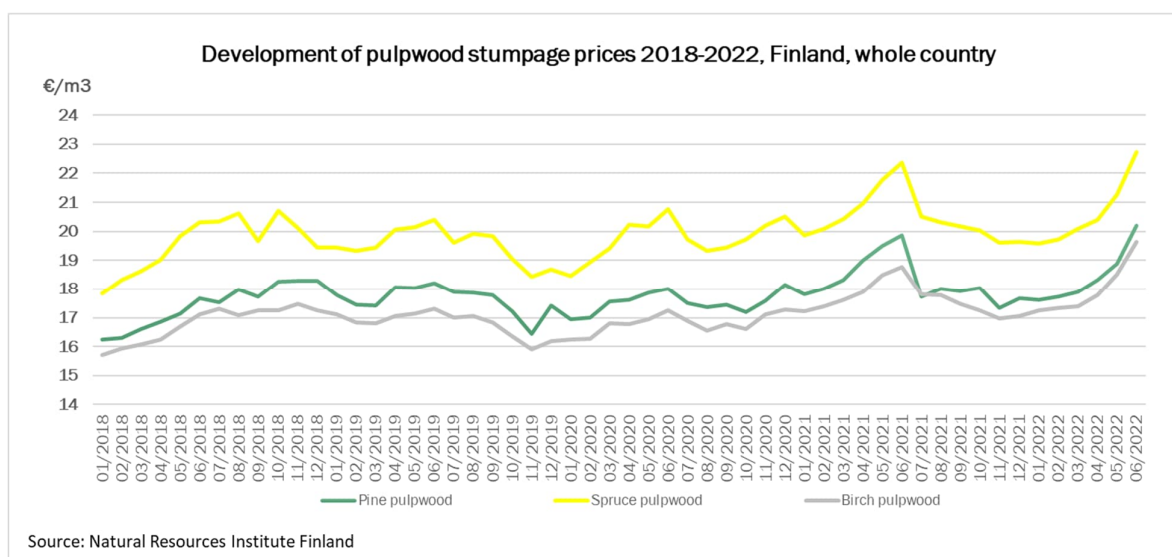
Business environment

A global increase in demand for timber products pushed the prices of both sawn timber and pulp. In Finland, a strike at UPM affected timber sales volumes early in the year, but the timber market picked up significantly towards the summer. A total of approx. 30.7 million cubic metres of industrial wood was cut in the January–June period, a slight decrease year on year.



The good economic cycle in the forest industry has also been reflected in timber prices. The market prices of timber were exceptionally high in June. The average prices of the January–June period are close to the previous year’s level.





Demand for leisure building plots was lower compared to the years of the coronavirus pandemic. Demand for forest estates by forest funds and other forestland investors continued to be very high, while supply lagged significantly behind.

Demand for timber was on the increase in Estonia, and the winter harvesting weather was very favourable. Timber market prices increased sharply compared to the situation at the start of the year. In the forestland market, the price level was very high, as demand clearly exceeded supply.

In Romania, demand for and the price level of timber increased year on year. The forest estate markets were subdued.

Finances

The group's financial position remained good and cash flow from operations before financial items was €29.8 (€36.2) million.

The group's net financial expenses in January–June were €87.9 (€28.6) million. Tornator's interest-bearing liabilities totalled €811.7 million (€748.7 million on 31 December 2021), of which €748.8 million were long-term (€748.6 on 31 December 2021) and €62.9 million short-term (€0.0 on 31 December 2021).

The company has used interest rate derivatives to hedge against market interest rate changes. The value change of derivatives recognised through profit and loss was €94.6 million positive (€37.5 million positive) and the change in accrued interest entered under interest expenses in relation to the fair value change of derivatives was -€0.0 million (+€0.2).

During the reporting period, Tornator's net cash flow from investing activities was €-22.5 (-€19.9) million. Net cash flow from financing activities was €2.8 (€19.8) million. Available-for-sale financial assets and cash and cash equivalents on 30 June 2022 were €5.2 million (€23.9 on 31 December 2021). The company has a €10 million bank account limit and a committed revolving credit facility of €100 million, none of which has been withdrawn. Of Tornator's €300-million commercial paper programme, €60 million was available on the reporting date.

After the end of the reporting period, Tornator made minor adjustments to its derivative contracts by bringing forward the maturity of interest rate swaps from 2031 to 2028, the latter year being when the forward start interest rate swaps concluded last year will enter into force. This arrangement will prevent overlapping cash flows with interest rate hedges between 2028 and 2031.

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 annual cut plan in the autumn, and the annual fair value update of its forests will be carried out in the final quarter.

The situation in the forestland market is expected to remain similar to the first half of the year. Silvicultural work will be continued according to the normal annual cycle, and development projects for the digital roadmap will be carried out as planned. There will be a temporary change in the fertilisation plan: owing to the significant price increase of nitrogen fertilisers, they will be replaced with ash-based remedial fertilisation.

Decisions of the Annual General Meeting

The Annual General Meeting of Tornator Oyj, held on 8 March 2022, decided that dividend be paid as proposed by the Board of Directors: €12 per share, totalling €60 million. The AGM approved the financial statements for 2021 and discharged the members of the Board of Directors and the CEO from liability. PricewaterhouseCoopers was chosen to perform 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 Rynänen
Jorma Länsitalo	Jari Suvanto
Mikko Mursula	Ilja Ripatti

Organisation of the Board of Directors

On 8 March 2022, the new Board of Directors elected Mikko Koivusalo as Chairman and Mikko Mursula as Vice Chairman. In addition to these two board members, Tuomas Virtala was elected as a member of the Remuneration Committee, which reports to the board. On the Oversight Committee that oversees significant agreements between the company and the shareholders, the board elected Mikko Mursula as Chair, Mikko Koivusalo and Tuomas Virtala as members and Jorma Länsitalo as a 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

No notable events occurred after the end of the reporting period.

Major shareholders, 30 June 2022

Shareholder	%
Stora Enso Oyj	41.00%
Ilmarinen Mutual Pension Insurance Company	23.13%
Varma Mutual Pension Insurance Company	15.33%
OP Henkivakuutus Oy	6.25%
OP-Forest Owner Fund	5.00%
Veritas Pension Insurance	2.50%
Finnair Pension Foundation	2.18%
OP-Eläkesäätiö	2.08%
Pohjola Insurance Ltd	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

Tornator is a leader in sustainable forestry in Europe. It owns forests in Finland, Estonia and Romania. In 2021, the group's turnover was approximately €129 million, and the balance sheet value was about €2.4 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

Condensed consolidated income statement

EUR thousand	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 Dec 2021 (audited)
Net sales	75,672	58,714	128,575
Other operating income	2,583	3,270	26,776
Change in inventories of finished goods and work in progress	-993	-1,851	-2,524
Materials and services	-10,342	-9,425	-24,229
Personnel expenses	-5,170	-4,362	-9,571
Depreciation and amortisation	-1,638	-1,634	-3,165
Other operating expenses	-4,032	-2,986	-5,703
Change in fair value of biological assets and harvesting	-10,121	988	329,067
Operating profit	45,960	42,714	439,226
Financial income	187	150	304
Financial expenses	-6,830	-9,061	-15,988
Change in fair value of financial instruments	94,572	37,491	41,947
Net financial items	87,930	28,580	26,263
Profit before tax	133,890	71,294	465,489
Income taxes	-28,413	-12,510	-25,726
Change in deferred taxes	2,343	-288	-62,286
Profit for the period	107,820	58,495	377,477
Distribution: To shareholders of the parent company	107,820	58,495	377,477
Consolidated statement of comprehensive income			
Profit for the period	107,820	58,495	377,477
Other comprehensive income for the period after taxes:			
<i>Items not recognised later through profit and loss</i>			
Items derived from the redefinition of net defined benefit costs (or asset items)			-100
<i>Items that may later be recognised through profit and loss</i>			
Translation difference	4	-480	-622
Comprehensive income for the period total	107,823	58,015	376,755
Distribution: To shareholders of the parent company	107,823	58,015	376,755

TORNATOR OYJ – HALF-YEAR REPORT
1 January – 30 June 2022

Condensed consolidated balance sheet

EUR thousand	30 June 2022 (unaudited)	30 June 2021 (unaudited)	31 Dec 2021 (audited)
ASSETS			
Non-current assets			
Intangible assets	1,205	1,146	1,378
Property, plant and equipment	121,656	115,568	119,437
Right-of-use assets	1,944	2,051	2,249
Biological assets	2,222,936	1,858,220	2,210,215
Derivatives	36,130		
Other investments	111	111	111
Non-current receivables	18,733	8,200	18,733
Non-current assets total	2,402,714	1,985,297	2,352,123
Current assets			
Inventories	45	47	49
Trade and other receivables	51,078	17,510	29,174
Investments in unlisted securities	2,323	5,878	7,061
Cash and cash equivalents	2,836	17,677	16,802
Current assets total	56,283	41,112	53,086
TOTAL ASSETS	2,458,997	2,026,409	2,405,209
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the parent company			
Share capital	50,000	50,000	50,000
Other equity	1,256,315	889,753	1,208,492
Total equity	1,306,315	939,753	1,258,492
Liabilities			
Non-current liabilities			
Deferred tax liabilities	280,224	220,595	282,567
Financial liabilities	748,844	748,378	748,636
Derivatives	11,844	74,764	70,320
Lease liabilities	1,720	1,834	2,046
Other non-current liabilities	237	127	237
Non-current liabilities total	1,042,869	1,045,697	1,103,806
Current liabilities			
Financial liabilities	62,858	24	25
Trade and other payables	37,532	32,680	34,043
Lease liabilities	303	305	303
Provisions	9,120	7,950	8,540
Current liabilities total	109,813	40,959	42,911
Total liabilities	1,152,682	1,086,656	1,146,717
TOTAL EQUITY AND LIABILITIES	2,458,997	2,026,409	2,405,209

Statement of changes in equity

EUR thousand	Share Capital	Share premium	Translation difference	Retained earnings	Total equity
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
Other items of comprehensive income (after taxes)					
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	-60,000
Equity 30 June 2022 (unaudited)	50,000	29,995	-10,845	1,237,166	1,306,315
Equity 1 January 2021	50,000	29,995	-10,227	851,969	921,737
Comprehensive income					
Profit for the period				58,495	58,495
Other items of comprehensive income (after taxes)					
Translation difference			-480		-480
Comprehensive income for the period			-480	58,495	58,015
Transactions with shareholders					
Dividends paid				-40,000	-40,000
Total transactions with shareholders				-40,000	-40,000
Equity 30 June 2021 (unaudited)	50,000	29,995	-10,707	870,464	939,753
Equity 1 January 2021	50,000	29,995	-10,227	851,969	921,737
Comprehensive income					
Profit for the period				377,477	377,477
Other items of comprehensive income (after taxes)					
Translation difference			-622		-622
Remeasurement of net defined benefit liability (or asset)				-100	-100
Comprehensive income for the period			-622	377,377	376,755
Transactions with shareholders					
Dividends paid				-40,000	-40,000
Total transactions with shareholders				-40,000	-40,000
Equity 31 December 2021	50,000	29,995	-10,849	1,189,346	1,258,492

TORNATOR OYJ – HALF-YEAR REPORT
1 January – 30 June 2022

Condensed statement of cash flows

EUR thousand	1 Jan - 30 Jun 2022	1 Jan - 30 Jun 2021	1 Jan – 31 Dec 2021
Cash flow from operating activities			
Cash receipts from customers	46,619	47,022	116,531
Proceeds from sale of tangible assets	3,559	5,258	6,710
Cash receipts from other operating income	3,096	3,362	5,815
Cash paid to suppliers and employees	-23,433	-19,488	-38,823
Cash flow from operating activities before financial items and taxes	29,841	36,154	90,234
Interest paid and other financial expenses	-4,558	-69,016	-77,850
Interest received	113	115	266
Income taxes paid	-19,602	-6,146	-20,883
Net cash flow from operating activities	5,794	-38,893	-8,233
Cash flow from investing activities			
Investments in biological assets	-23,674	-18,027	-42,639
Investments in tangible assets, forestland	-2,926	-2,228	-5,270
Investments in other tangible and intangible assets	-669	-905	-3,414
Proceeds from sale of unlisted securities	4,724	1,233	62
Net cash flow from investing activities	-22,545	-19,927	-51,261
Cash flow from financing activities			
Withdrawal of long-term loans		150,000	150,000
Repayment of long-term loans		-75,036	-75,066
Withdrawal of short-term loans	62,961		
Repayment of short-term loans		-15,000	-15,000
Repayment of leasing liabilities	-177	-174	-340
Dividends paid	-60,000	-40,000	-40,000
Net cash flow from financing activities	2,784	19,790	19,593
Net increase/decrease in cash and cash equivalents	-13,967	-39,030	-39,900
Cash and cash equivalents at beginning of period	16,802	56,717	56,717
Effect of exchange rate changes on cash and cash equivalents	1	-10	-15
Cash and cash equivalents at end of period	2,836	17,677	16,802

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 645 000 (31 December 2021: 640 000), Estonia 66 000 (66 000) and Romania 12 000 (12 000) hectares. Average number of personnel during the financial period was 188 (186).

Finland FSC-C123368
Estonia FSC-C132610
Romania FSC-C132426

The Group's Half-year financial report for the six months ended 30 June 2022 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 2021, 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 2022. Annual amendments to IFRS have had no effects on the preparation of the Half-year report for the period ended 30 June 2022.

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 2021.

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 90.8% of total revenues (84.9 % 1 Jan - 30 June 2021).

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:

	1 Jan - 30 Jun 2022		1 Jan - 30 Jun 2021		1 Jan - 31 Dec 2021	
Revenues:	EUR thousand	%	EUR thousand	%	EUR thousand	%
Finland	68,283	90.2	53,079	90.4	116,554	90.7
Romania and Estonia	7,389	9.8	5,635	9.6	12,021	9.3
Total	75,672	100.0	58,714	100.0	128,575	100.0

	30 June 2022		30 June 2021		31 Dec 2021	
Biological assets:	EUR thousand	%	EUR thousand	%	EUR thousand	%
Finland	2,034,627	91.5	1,688,786	90.9	2,022,262	91.5
Romania and Estonia	188,308	8.5	169,434	9.1	187,953	8.5
Total	2,222,936	100.0	1,858,220	100.0	2,210,215	100.0

Intangible assets

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			0
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	0	1,205
Book value at 1 January 2022	1,378	0	1,378

EUR thousand	ICT software	Other intangible rights	Total
Acquisition cost at 1 January 2021	8,725	82	8,808
Translation difference	-31		-31
Increases	626		626
Decreases	0		0
Acquisition cost at 30 June 2021	9,321	82	9,403
Accrued depreciation and impairment			
Accrued depreciation and impairment at 1 January 2021	-7,970	-82	-8,052
Depreciation and amortization expense and impairments	-205	0	-205
Accrued depreciation and impairment at 30 June 2021	-8,174	-82	-8,257
Book value at 30 June 2021	1,146	0	1,146
Book value at 1 January 2021	756	0	756

EUR thousand	ICT software	Other intangible rights	Total
Acquisition cost at 1 January 2021	8,725	82	8,808
Translation difference	-51		-51
Increases	1,068		1,068
Decreases			0
Acquisition cost at 31 December 2021	9,743	82	9,825
Accrued depreciation and impairment			
Accrued depreciation and impairment at 1 January 2021	-7,970	-82	-8,052
Depreciation and amortization expense and impairments	-395		-395
Accrued depreciation and impairment at 31 December 2021	-8,365	-82	-8,447
Book value at 31 December 2021	1,378		1,378
Book value at 1 January 2021	756		756

Property, plant and equipment

EUR thousand	Land areas	Buildings	Machinery and equipment	Roads and ditches	Purchases in progress	Total
Acquisition cost at 1 January 2022	103,270	1,764	2,939	37,202	3,087	148,262
Translation difference	2	0	12	6	0	20
Increases	2,926	10	34	1,117	528	4,615
Decreases	-105		-4		-1,101	-1,210
Acquisition cost at 30 June 2022	106,093	1,774	2,981	38,326	2,513	151,688
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	106,093	1,084	351	11,614	2,513	121,656
Book value at 1 January 2022	103,270	1,115	405	11,560	3,087	119,437

EUR thousand	Land areas	Buildings	Machinery and equipment	Roads and ditches	Purchases in progress	Total
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Acquisition cost at 1 January 2021	98,333	1,457	2,842	36,016	2,327	140,975
Translation difference	-46	-7	-22	-27	-1	-104
Increases	2,228		55	429	740	3,453
Decreases	-201		0	0	-895	-1,096
Acquisition cost at 30 June 2021	100,314	1,450	2,875	36,419	2,171	143,228
Accrued depreciation and impairment						
Accrued depreciation and impairment at 1 January 2021		-582	-2,331	-23,507		-26,420
Depreciation and amortisation expense and impairments		-32	-105	-1,105		-1,242
Accrued depreciation and impairment at 30 June 2021		-614	-2,435	-24,612		-27,661
Book value at 30 June 2021	100,314	836	439	11,806	2,171	115,567
Book value at 1 January 2021	98,333	875	512	12,509	2,327	114,555

EUR thousand	Land areas	Buildings	Machinery and equipment	Roads and ditches	Purchases in progress	Total
Acquisition cost at 1 January 2021	98,333	1,457	2,842	36,016	2,327	140,975
Translation difference	-62	-10	18	-151	-1	-207
Increases	5,270	316	79	1,338	3,128	10,131
Decreases	-271				-2,367	-2,638
Acquisition cost at 31 December 2021	103,270	1,764	2,939	37,202	3,087	148,262
Accrued depreciation and impairment						0
Accrued depreciation and impairment at 1 January 2021		-582	-2,331	-23,507		-26,420
Depreciation and amortisation expense and impairments		-66	-204	-2,135		-2,405
Accrued depreciation and impairment at 31 December 2021		-648	-2,535	-25,642		-28,825
Book value at 31 December 2021	103,270	1,115	405	11,560	3,087	119,437
Book value at 1 January 2021	98,333	875	512	12,509	2,327	114,555

Right-of-use assets

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	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 2022	-587	-482	-1,069
Depreciation expense and impairment	-99	-92	-191
Accrued depreciation and impairment at 30 June 2022	-686	-573	-1,260
Book value at 30 June 2022	1,533	411	1,944

EUR thousand	Office space	Machinery and equipment	Right-of-use assets, total
Acquisition cost at 1 January 2021	2,280	693	2,973
Increases	0	0	0
Decreases	0	-30	-30
Acquisition cost on 30 June 2021	2,280	663	2,942
Accrued depreciation and impairment			
Accrued depreciation and impairment on 1 January 2021	-393	-311	-704
Depreciation expense and impairment	-98	-90	-187
Accrued depreciation and impairment on 30 June 2021	-490	-401	-892
Book value on 30 June 2021	1,790	261	2,051

EUR thousand	Office space	Machinery and equipment	Right-of-use assets, total
Acquisition cost on 1 January 2021	2,280	693	2,973
Increases	223	154	377
Decreases		-31	-31
Acquisition cost on 31 December 2021	2,502	816	3,318
Accrued depreciation and impairment			
Accrued depreciation and impairment on 1 January 2021	-393	-311	-704
Depreciation expense and impairment	-195	-170	-365
Accrued depreciation and impairment on 31 December 2021	-587	-482	-1,069
Book value on 31 December 2021	1,915	334	2,249

Biological assets

EUR thousand	30 June 2022	30 June 2021	31 Dec 2021
Biological assets at the beginning of the period	2,210,215	1,841,202	1,841,202
Harvesting	-10,121	988	1,783
Valuation difference			327,284
Change in Income statement	-10,121	988	329,067
Increases	23,674	18,027	42,639
Decreases	-848	-1,623	-2,191
Translation difference	16	-373	-502
Biological assets at the end of the period	2,222,936	1,858,220	2,210,215

Financial liabilities

EUR thousand	1 January 2022	Cash flow from financing activities	Financial expenses	30 June 2022
Bonds	348 770		127	348 897
Loans from financial institutions	399 891	2 961	81	402 932
Commercial paper	0	60 000	-128	59 872
Total	748 661	62 961	80	811 702

Lease Liabilities

EUR thousand	30 June 2022	30 June 2021	31 December 2021
Non-current	1,720	1,834	2,046
Current	303	305	303
Total	2,024	2,139	2,349

Derivatives

The Group uses long-term interest rate swaps for hedging its interest rate exposure. Tornator pays the fixed rate in these agreements

Fair value of derivatives

EUR thousand	30 June 2022			30 June 2021			31 December 2021		
	Assets	Liabilities	Net	Assets	Liabilities	Net	Assets	Liabilities	Net
Interest rate swaps	36,130	-11,844	24,286		-74,764	-74,764		-70,320	-70,320
Total fair values of derivatives	36,130	-11,844	24,286	0	-74,764	-74,764	0	-70,320	-70,320

Nominal values of derivatives

EUR thousand	30 June 2022	30 June 2021	31 December 2021
Interest rate swaps	339,313	339,313	339,313
Total nominal values of derivatives	339,313	339,313	339,313

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

EUR thousand	30 June 2022	30 June 2021	31 December 2021
Derivatives at the beginning of the period	-70,320	-174,384	-174,384
Changes			
Income statement:			
Interest rate swaps, income	94,586	37,493	48,645
Interest rate swaps, expenses			-6,708
Portion of the change in accrued interest*	20	206	205
Effect in income statement	94,606	37,698	42,142
Termination of interest rate swaps		61,923	61,923
Changes in total	94,606	99,621	104,064
Derivatives at the end of the period	24,286	-74,764	-70,320

* Income statement includes also €13.5 (-1.7) thousand change in the fair value of investment funds

* Included in financial expenses in the income statement

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

Financial assets

EUR thousand	Amortised cost	Financial items recognized at fair value through the income statement	Book values, total	Fair value
Non-current				
Derivatives		36,130	36,130	36,130
Other receivables		18,733	18,733	18,733
Yhteensä		54,862	54,862	54,862
Current				
Unlisted securities		2,323	2,323	2,323
Trade and other receivables	40,612	10,466	51,078	51,078
Cash and cash equivalents	2,836		2,836	2,836
Total	43,449	12,789	56,238	56,238

Financial liabilities

EUR thousand	Amortised cost	Financial items recognized at fair value through the income statement	Book values, total	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	803,929
Current				
Interest-bearing debt	62,858		62,858	62,858
Trade and other payables	37,532		37,532	37,532
Total	100,390		100,390	100,390

Fair values of financial instruments

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs having a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques which use inputs having a significant effect on the recorded fair values that are not based on observable market data.

The valuation techniques are described in more detail in the financial statements

Fair Value hierarchy	Level 1	Level 2	Level 3	Total
Unlisted securities	2 323	-	-	2 323
Receivables from the additional purchase price of the wind power portfolio	-	-	18 733	18 733
Derivative assets	-	36 130	-	54 862
Derivative liabilities	-	11 844	-	11 844
Interest-bearing debt	-	854 944	-	854 944

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 2022	30 June 2021	31 Dec 2021
Sales	63,721	49,488	99,808
Purchases	1	18	51
Receivables	38,532	12,784	13,300
Liabilities	4,773	7,070	8,896

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

Employment benefits of management

EUR thousand	30 June 2022	30 June 2021	31 Dec 2021
Wages of the Management team (including the CEO) with indirect costs and other short-term employment benefits	976	786	1,128
Board remuneration	26	26	53

Other collateral given on own behalf

The Group has pledged forestland in Finland as collateral for debt, and agreed a limit with a financial institution to verify soil remediation, as follows:

	30 June 2022	30 June 2021	31 Dec 2021
Fair value of pledge, EUR million	1,941	1,607	1,943
Bank guarantee, EUR thousand	193	762	222

Short-term and low value lease contracts

At 30 June 2022 Tornator's lease liabilities from short-term and low-value lease contracts amount to €25 thousand.