

An aerial photograph of a vast forested landscape with several interconnected lakes. The trees are in various shades of green, suggesting a spring or early summer setting. The water in the lakes is dark and reflects the surrounding greenery. The text is overlaid in white, sans-serif font, centered in the middle of the image.

TORNATOR OYJ
CAPITAL MARKETS DAY
18 APRIL 2024

CONTENT

1. Strategy implementation
2. Forest sector outlook
 - Wood products and timber market (AFRY)
 - Wind and solar power (KPMG)
3. Operating environment
4. Financing
5. ESG

An aerial photograph of a vast forested landscape. A large, dark lake occupies the left side of the frame, with several smaller ponds scattered throughout the dense green forest. The terrain is hilly, and the forest extends to the horizon under a clear sky. The text 'Strategy implementation' is overlaid in white on the lake and forest.

Strategy implementation

STRATEGY IMPLEMENTATION IN 2023

SUSTAINABILITY

- └ Achievements of the Biodiversity Programme
- └ New recruitments
- └ Corporate taxes at record level
- └ Investing in occupational safety and well-being

PARTNERSHIP

- └ Business and development projects with Stora Enso
- └ WWF/Stora Enso joint project in biodiversity
- └ Sponsorship of the Jukola Relay
- └ Our support for Ukraine

GROWTH

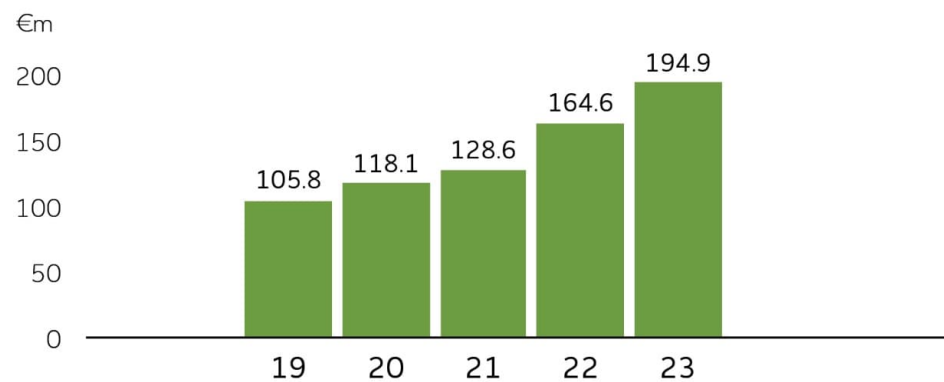
- └ Growth in net sales and operating profit
- └ Value growth of forest assets
- └ Increase in forest area / purchases of new forests
- └ Tree growth (healthy, well-managed forests)
- └ New wind and solar projects/contracts
- └ Increasing the mental capacity of our staff
 - └ Training courses (ESG, AI, etc.)
 - └ Implementation of operational changes
 - └ Recreational events



Concrete examples can easily be found

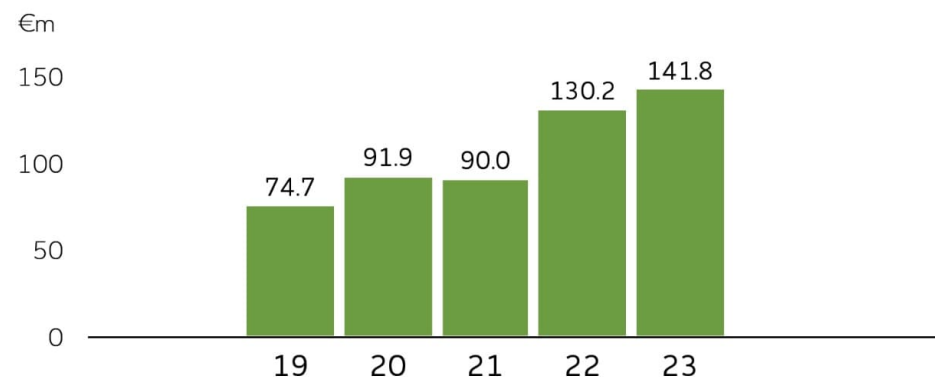
NEW LEVEL IN SALES AND OPERATING PROFIT

NET SALES



OPERATING PROFIT

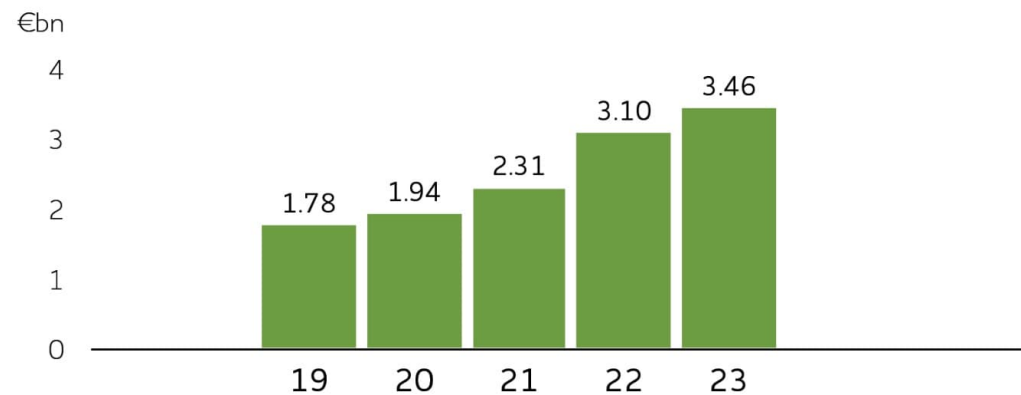
Without effects of fair value changes



FOREST VALUE INCREASE CONTINUES

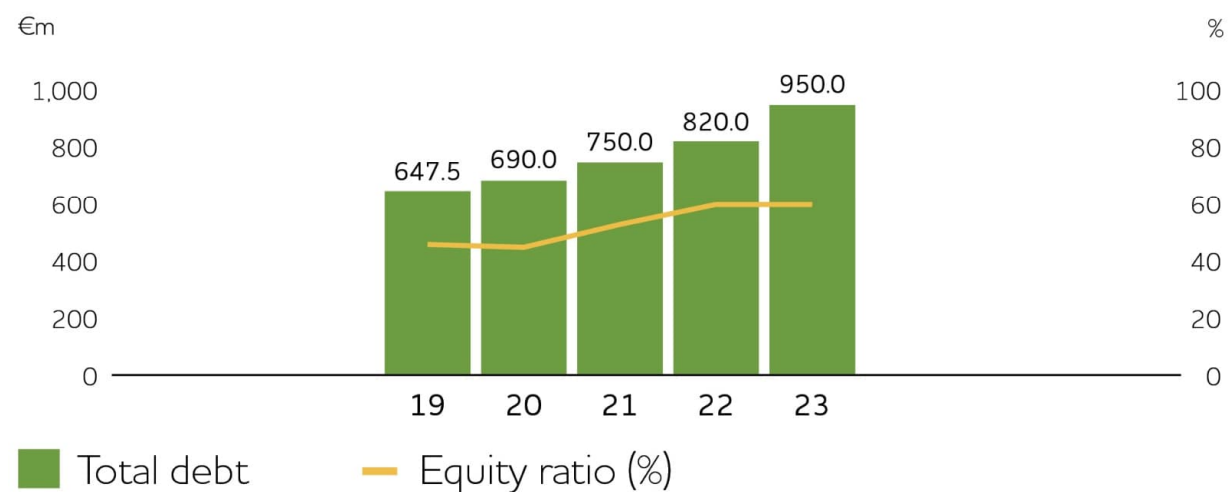
- Fair value of forest assets increased
 - └ Positive development in all 3 countries
 - └ Record amount of new forest acquisitions in 2023, some 24.000 ha / 120 M€

VALUATION OF FORESTS (Fair value)



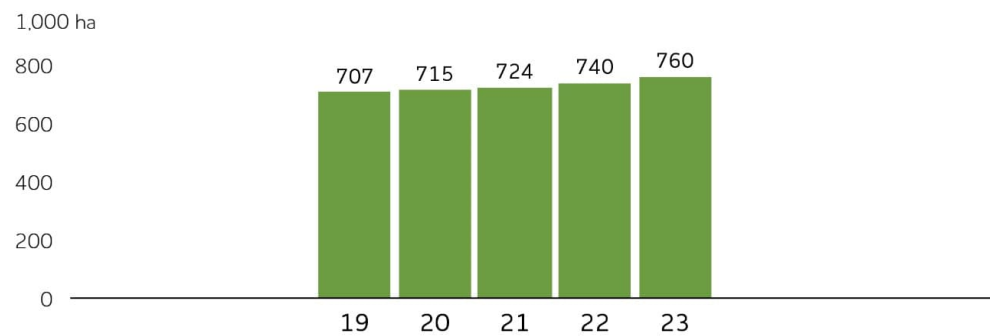
SOLID EQUITY RATIO DESPITE OF INCREASED LEVERAGE

DEVELOPMENT OF TOTAL DEBT AND EQUITY RATIO

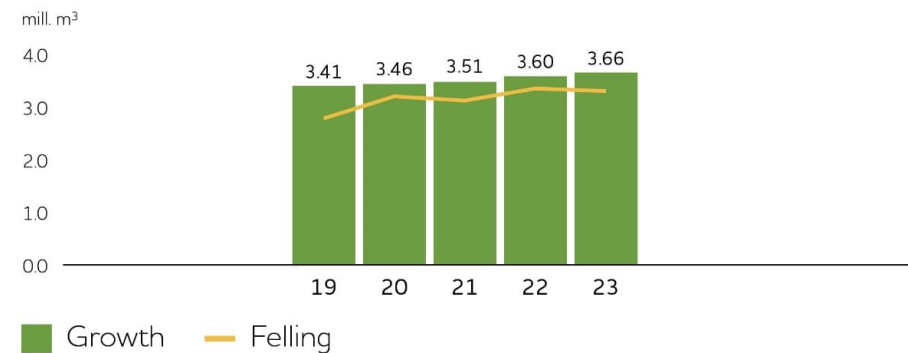


THE AMOUNT OF FOREST HECTARES AND WOOD VOLUME IN FORESTS INCREASE

DEVELOPMENT OF TORNATOR'S FORESTLANDS



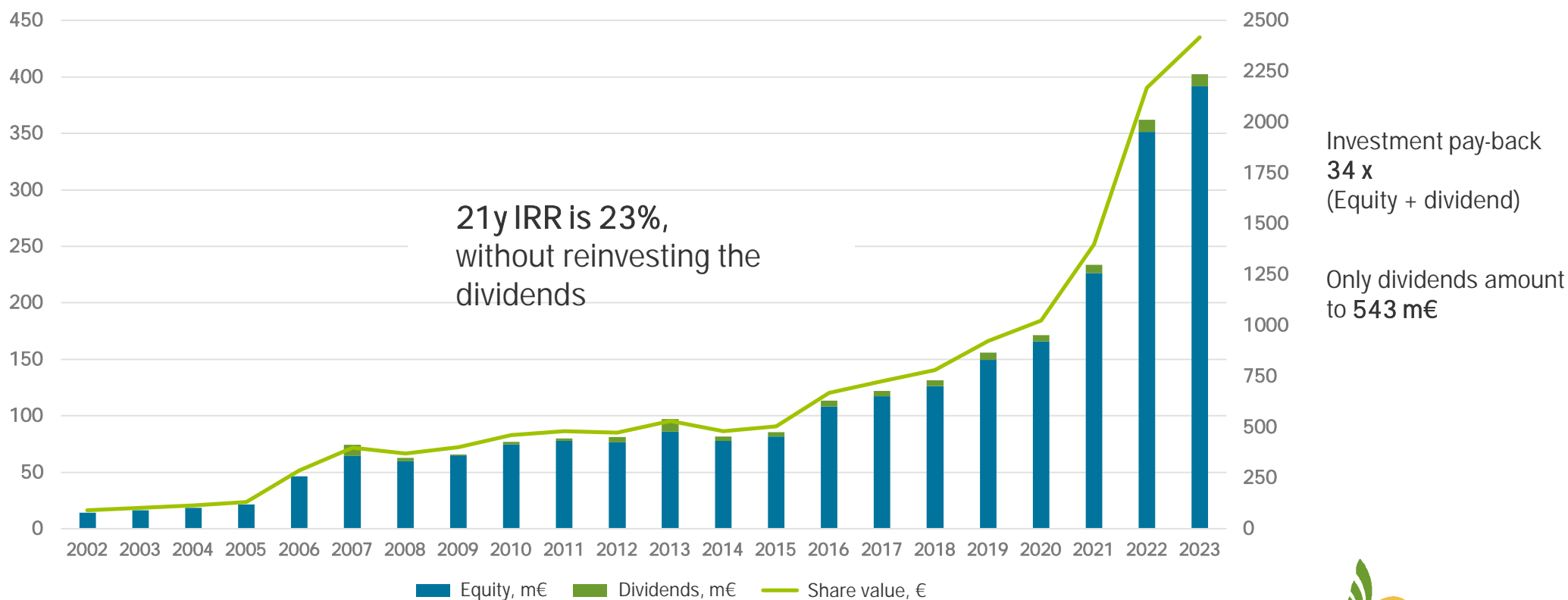
GROWTH AND FELLING IN TORNATOR GROUP'S FORESTS



VALUE OF THE COMPANY IN 2002-23

€/share (NAV)

Equity + dividends m€

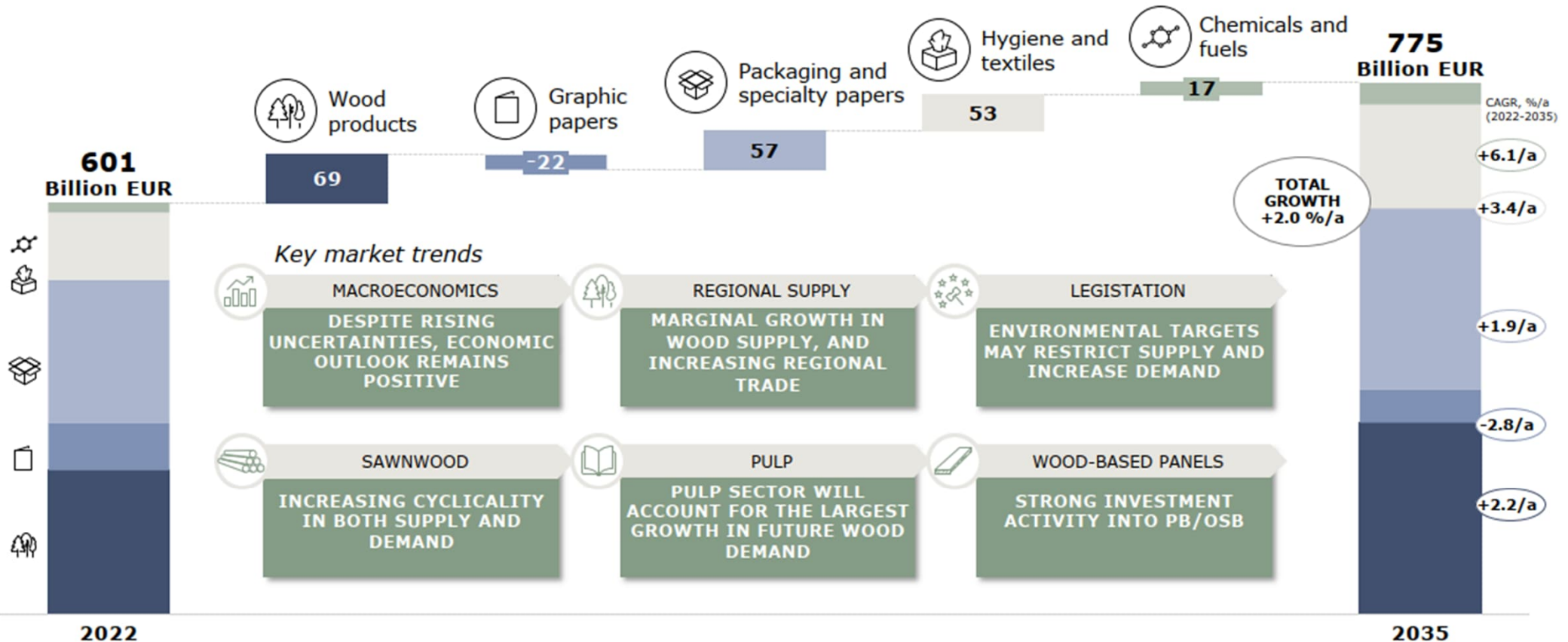


An aerial photograph of a vast forested landscape. A large, dark lake occupies the left side of the frame, with several smaller ponds scattered throughout the dense green forest. The forest extends to the horizon under a clear sky. The text 'Forest sector outlook' is overlaid in white, sans-serif font across the center of the image.

Forest sector outlook

EXECUTIVE SUMMARY

Global megatrends support continuous market growth for forest industry products which is expected to grow globally by 2.0%/year



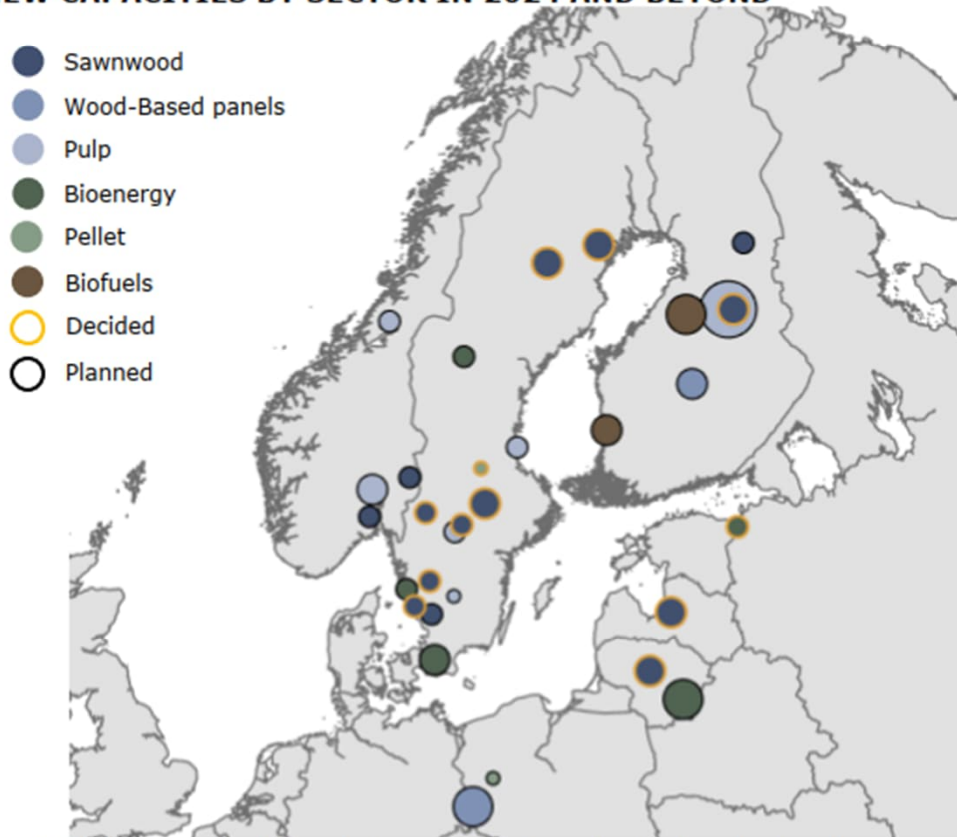
Sources: AFRY analysis

Development in China, North America and Russia shape the forest products market in the Baltic Sea Basin, particularly that of boreal softwoods

Area	Implications to Baltic Sea basin markets
China – the driver of demand	<ul style="list-style-type: none">- China is a key trade partner for the region; however, Russia might be a more cost-efficient source with significant supply and currently limited trade partners- China will remain the largest importer country of lumber and pulp with increasing demand from all wood consuming sectors
North America – supply limitations	<ul style="list-style-type: none">- North America is major softwood source globally, along with Northern Europe and Russia, and will remain as a important supplier of long fiber pulp and increasingly supply softwood (SYP) sawnwood to the markets- However, supply of boreal softwood products is expecting to decline due to wood availability opening up the market for European products, and favoring the producers Baltic Sea Basin with access to such fiber
Russia- the question mark	<ul style="list-style-type: none">- Russia’s market exit has tightened the supply-demand balance in the Baltic sea region facing increasing raw wood demand- Russia is expected to further explore market opportunities in China and East Asia, where Russia’s surplus of sawnwood and chips face great demand

Majority of *decided* investments in the Baltic sea region will increase sawmilling capacity; *planned* investments seek to expand regional pulp and bioenergy sectors

NEW CAPACITIES BY SECTOR IN 2024 AND BEYOND



- **The Baltic sea region** continues to play a major role in global sawnwood and pulp production
 - Raw material is locally available and industrial capacity is growing
- Future investments in the region focus on Finland and Sweden with already advanced forest industry
 - Other examined countries in the region have a key role in raw material supply with some untapped potential
- Stringiness continues to define market conditions also in short term, which is reflected in timber and land prices
- **Central European countries** can introduce sudden over supply in the market in short term by rapidly harvesting large areas affected by pest outbreak
 - In long term, such vast land clearing can result in increased volatility when the harvest potential suddenly drop

Note: decided projects already have the investment decision and quite often already under construction; planned projects do not yet have the investment decision, but the site is confirmed and needed permissions in the process.



EXECUTIVE SUMMARY

Some EU policies can influence regional biomass supply, whereas demand is more likely driven by the overarching EU Green Deal supporting sustainable construction

THE BIODIVERSITY STRATEGY



- The strategy expects **increased protection of forestland areas** and complete protection of all remaining primary and old-growth forests. The impact on biomass supply depend on member states' engagement in non-binding protection which will determine the remaining protection need in the EU.

THE NATURE RESTORATION LAW



- The law aims to **restore forests habitats**, which may lead to decreased biomass availability. The impact depend on member states' needs for restoration, which are in many cases yet unknown.

THE LULUCF REGULATION



- The regulation may require member states to **increase forest carbon sinks** where decreasing wood harvesting would be the fastest way to temporarily meet the objective.

THE EU GREEN DEAL



- The set of policies together with its initiatives for sustainable construction and the circular economy offers many opportunities for **more wood in the construction industry.**

FOREST SECTOR OUTLOOK (PTT)



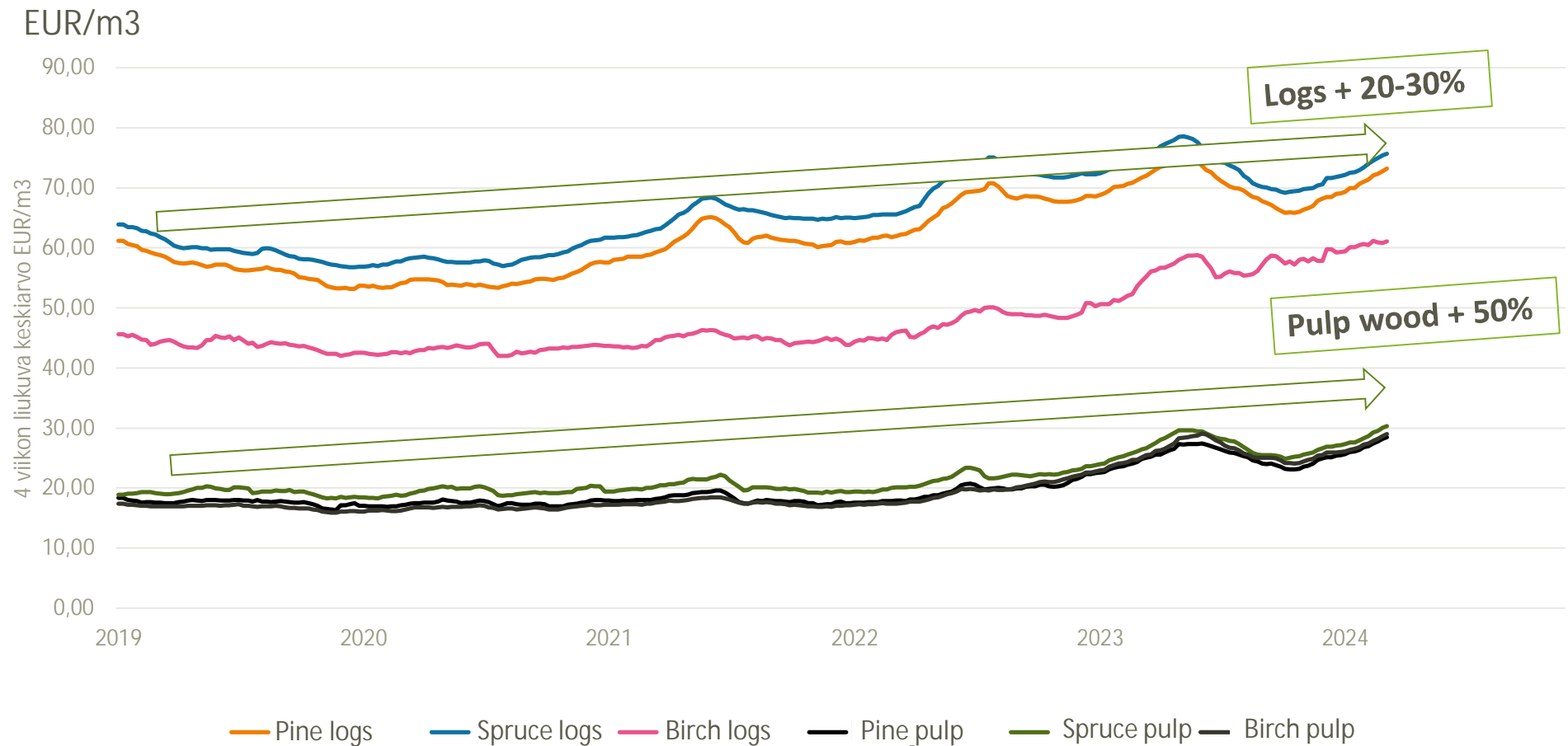
Julktivapaa 10.4. KLO 9.00

PTT:n metsäalan ennuste kevät 2024

Metsäteollisuuden näkymät kääntymässä kohti parempaa – kuitupuun hinta jatkaa nousuaan

Puumarkkinat	2024e	2025e
Metsäteollisuuden puun käyttö	2 %	5 %
Markkinahakkuut	4 %	5 %
Yksityismetsien puukaupat	2 %	4 %
Puun nimellishinta ²		
tukki	1 %	3 %
kuitu	10 %	3 %

STUMPAGE PRICES IN FINLAND 2019-2024



TORNATOR'S POSITION IN TIMBER MARKET

A solid off-take agreement with Stora Enso guarantees steady annual cash flows

- The frame-contract was renewed in 2021, valid at least until 2037
- Binding volumes represent >95% of Tornator's total timber sales in Finland
- 90% of the sold timber is paid by Stora Enso within 12 months, regardless of the harvesting schedule
- "One-customer-risk": Tornator's market share is approx. 3%, so there is quite a healthy demand and a tight market for wood in general in Finland
- In addition: Tornator is an exclusive operator of the silviculture work for all Stora Enso's wood supply customers in private forests => an important strategic alliance and an additional revenue stream for Tornator
- Estonia and Romania represent in total some 10% of Tornator Group sales and assets

THE FINNISH GOVERNMENT PROVIDES STRONG SUPPORT FOR RENEWABLE ENERGY GROWTH

Finland aims to be a leader in clean energy in Europe

Climate Change Act

- The key objective is to ensure that Finland will achieve carbon neutrality **by 2035** and carbon negativity **by 2040**
- Target of 51% of Finnish energy consumption to be produced by RE sources
- Finland aims to cut emissions **at least 60% by 2030**, which is more ambitious than EU's target of 55%
- Finland was the first country to state a target of carbon negativity

Streamlined renewables permit process

- The new Government program states that Government will streamline permitting procedures to create a competitive advantage and attract green investments
- One-stop-shop model where the applications and permits are centralised. Targeted processing times for process steps will be specified
- The Government will ensure that the regulatory and permit processes for solar power parks are uniform, flexible and predictable throughout the country

Eastern Finland in focus

- The Government has announced its intention to speed up the progress of projects in Eastern Finland, aligning with the recommendations of the report by Arto Rätty
- A new **Compensation Act** to promote development of radar systems in Eastern Finland will be prepared
- As the first concrete step, a **cooperation group**, consisting of representatives from Defence Forces and relevant ministries, started its work on 1st February 2024, and will continue until 30th June 2024

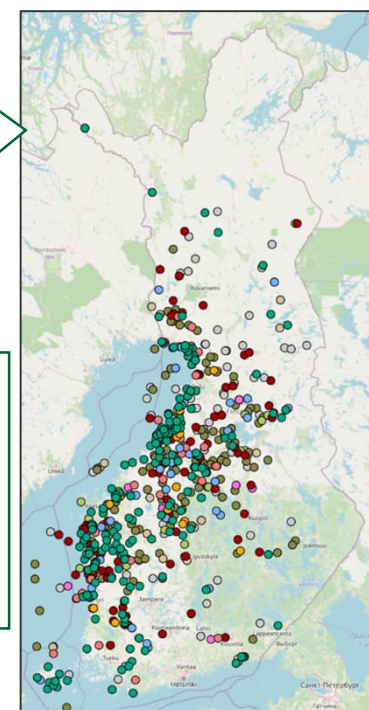
Source: Programme of Prime Minister Petteri Orpo's Government (20 June 2023), Ministry of the Environment, Finnish Wind Power Association

Wind power projects in Finland

Up to now, wind power development and construction have primarily concentrated on Western Finland due to radar impacts from wind farms near the Eastern border

The aim of the cooperation group is to:

- coordinate the mitigation of conflicts between regional supervision and wind power construction
- establish a shared long-term vision of possible locations for wind power

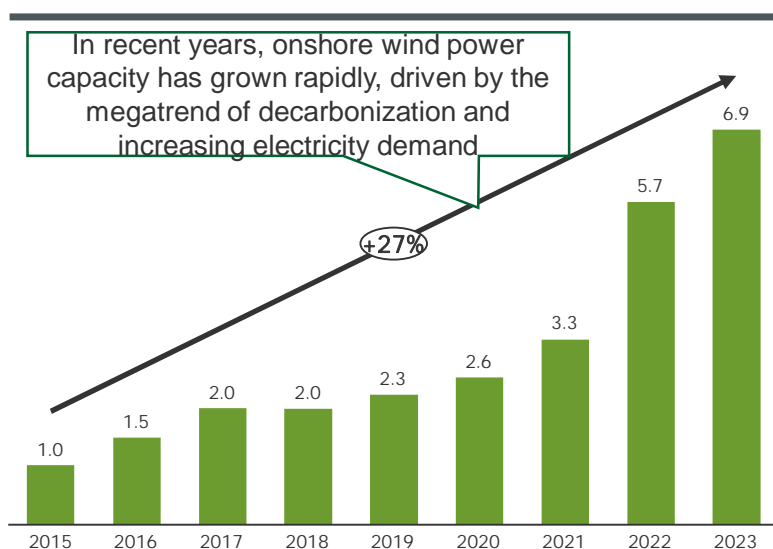


- In production
- Under construction
- Different development stages (various colors)

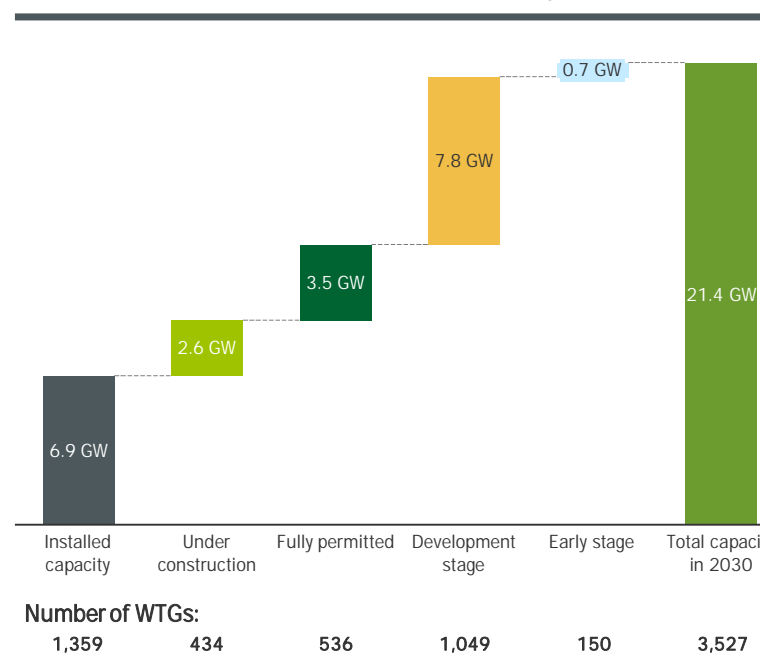
ONSHORE WIND AND SOLAR PV PIPELINE HAVE GROWN SIGNIFICANTLY DURING RECENT YEARS (1/2)

The current Finnish onshore development pipeline estimates a continuity of rapid development of Finnish onshore wind power capacity

Cumulative wind power capacity in Finland (GW)



Development of Finnish onshore wind capacity from the current pipeline¹⁾



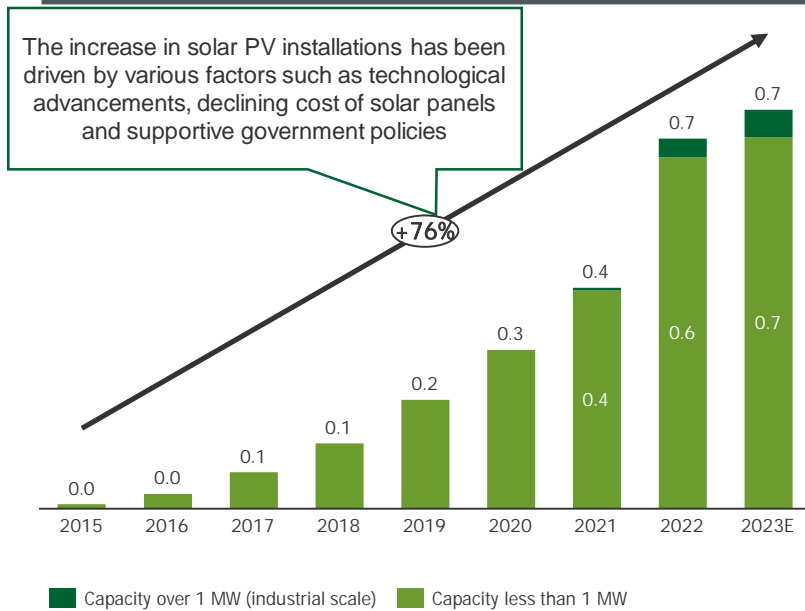
Source: Fingrid Main grid development plan 2024 – 2033 (2023), Finnish Wind Power Association

Note (1): To address the current development pipeline, the possible number of onshore projects which could reach the FID status or be built by 2030 is estimated. The examination is done through using certain assumptions for the project success and timelines

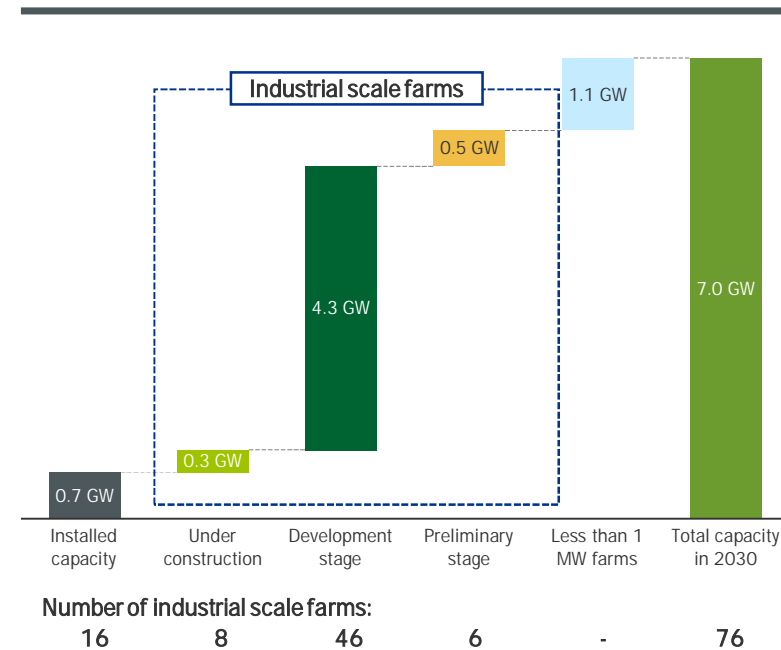
ONSHORE WIND AND SOLAR PV PIPELINE HAVE GROWN SIGNIFICANTLY DURING RECENT YEARS (2/2)

Solar PV is expected to continue the high growth witnessed during the past ten years

Cumulative solar power capacity forecast in Finland (GW)



Development of Finnish solar power capacity from the current pipeline¹⁾



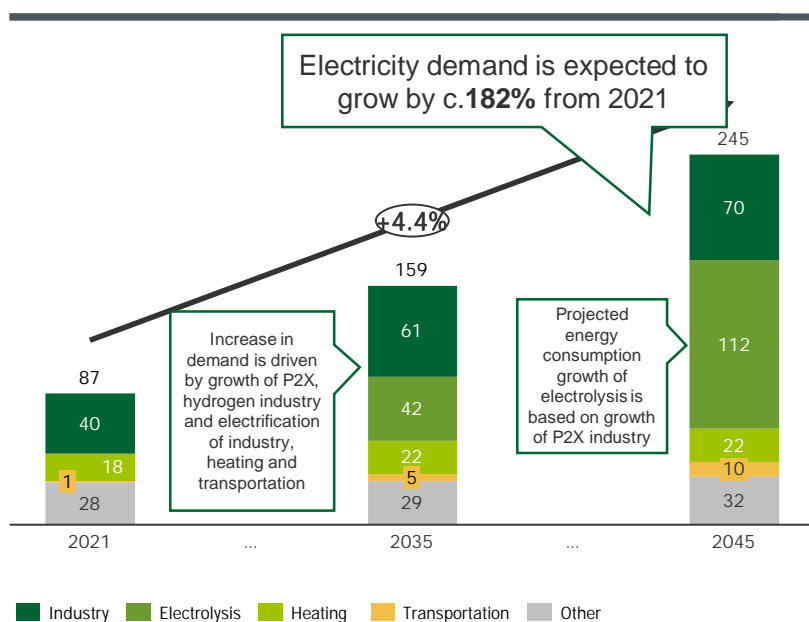
Source: Fingrid Main grid development plan 2024 – 2033 (2023), Finnish Wind Power Association

Note (1): To address the current development pipeline, the possible number of solar PV projects which could be constructed by 2030 is estimated. The examination is done through using certain assumptions for the project success and timelines

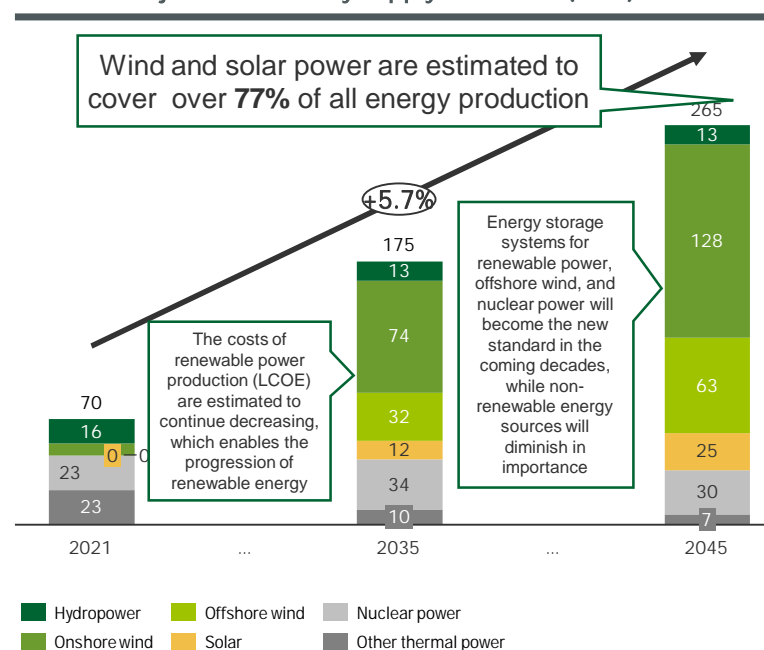
FORECASTS EXPECT SIGNIFICANT GROWTH FOR RENEWABLE ENERGY DEMAND AND SUPPLY IN FINLAND

The geopolitical tensions in Europe have accelerated green transition and pursuit of energy independence, both in Finland and across the continent

Projected electricity demand in Finland (TWh)¹⁾



Projected electricity supply in Finland (TWh)¹⁾



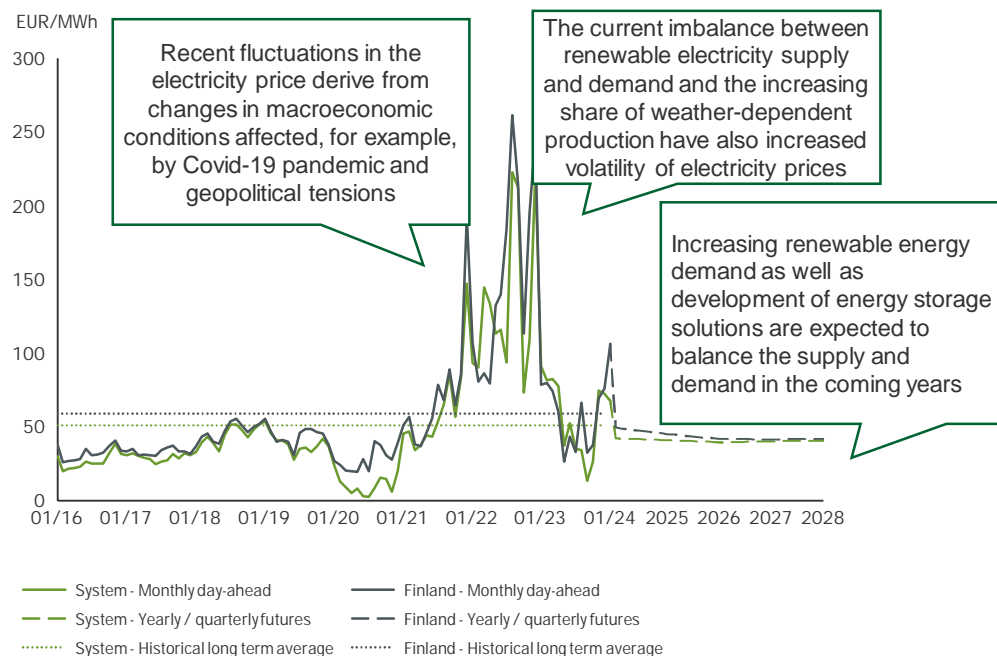
Source: Fingrid's electricity system vision 2023' (March 2023)

Note: (1) Average of Fingrid's four consumption scenarios: power to products, hydrogen from wind, offshore wind, power from close

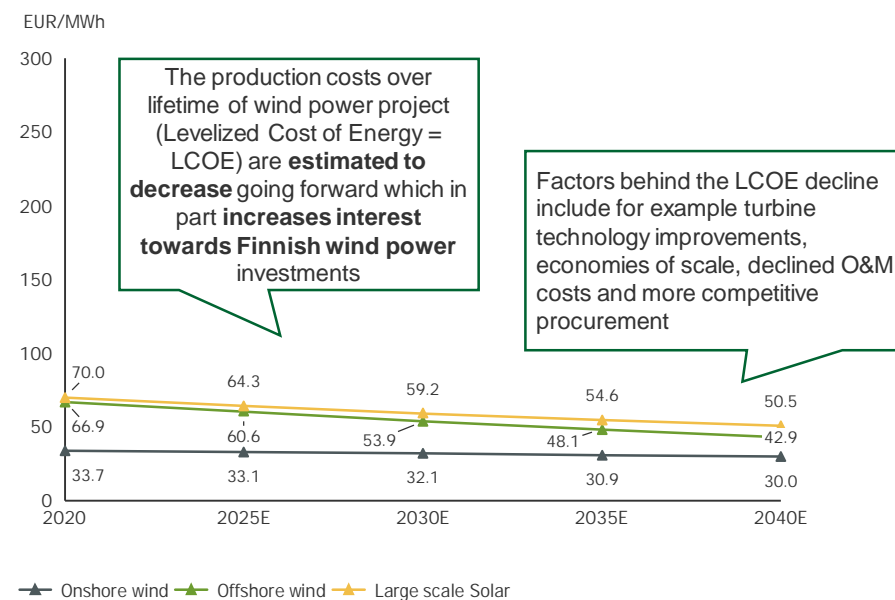
ELECTRICITY PRICES ARE FORECASTED TO REMAIN ATTRACTIVE FOR RENEWABLE ENERGY INVESTMENTS

Especially onshore wind seems to remain as the most financially viable production method

Development of Nordic electricity prices



LCOE development forecast in Finland, 2020-2040E



Source: Nord Pool, Nasdaq, TEM, IRENA

TORNATOR'S POSITION IN RENEWABLE ENERGY

2023 Tornator:

- 27 Wind Turbine Generators (WTGs) operational
- 25 WTGs under construction
- 84 wind power projects at planning stage, incl. some 300 WTGs on Tornator's lands (realistic outcome is 10-20%)
- 15 solar power contracts (rental agreement), all at a development stage
- Solar power contracts between 2 ha and 150 ha
- Biodiversity issues, ao. to be considered carefully in solar power projects

2030 Tornator (estimate):

- >100 WTGs operational
- >1000 ha of solar power operational
- >5 M€ annual rental income
- >50 M€ one-time development fees
- Important contribution to our Climate Program => replacing fossile fuels

An aerial photograph of a vast, lush green forest landscape. A large, dark blue lake is the central focus, surrounded by numerous smaller ponds and streams. The forest is dense and appears to be a mix of deciduous and coniferous trees, with some areas showing early autumn colors. The sky is clear and bright, suggesting a sunny day. The overall scene is peaceful and natural.

Operating environment

TURMOIL IN FINNISH LABOUR MARKET CONTINUES

- The issues and turbulence is hardly over yet
- No impact on Tornator so far
- Customers (=Forest industry) did take a hit

SAK päätti: Lakot loppuvat ensi viikolla

Hallituksen uudistuksia vastustavat poliittiset lakot päättyvät ensi maanantaina. Ne tulevat kestäneeksi neljä viikkoa.

Seuraavan kerran SAK arvioi tilannetta 18. huhtikuuta.

UUTINEN | 4.4.2024 12:50

Lakot päättyvät ensi viikon alussa, nyt ammattiliitoissa odotetaan hallituksen toimia

Vientiliitot painottavat, että lakoista on jo aiheutunut peruuttamattomia haittoja vientiteollisuudelle ja siten koko Suomelle.

5.4.2024 08:35 | päivitetty 5.4.2024 08:35 TYÖMARKKINAT AY-LIIKE

Lähes kuukauden yhtä soittoa jatkuneilla lakoilla on ollut rajut talousvaikutukset. Työmarkkinatilannetta lakot eivät ole kuitenkaan muuttaneet. Työmarkkinapakassa on edelleen monta jokeria.

LAYOFFS ANNOUNCED IN FOREST INDUSTRY

MTV 3.4.2024

Heikon markkinatilanteen kanssa kamppaileva metsäyhtiö Stora Enso käynnisti tänään useissa Suomen pakkausmateriaalitehtaissaan muutosneuvotteluita, jotka voivat enimmillään johtaa 260 henkilön irtisanomiseen.

Oulun, Varkauden, Heinolan, Anjalankosken ja Imatran tehtaiden muutosneuvotteluiden piirissä on yli 2 400 työntekijää.

Muutosneuvottelut liittyvät helmikuussa ilmoitettuun säästökuuriin, joka voi johtaa yhteensä noin tuhannen työntekijään irtisanomiseen tämän ja ensi vuoden aikana kansainvälisesti.

YLE 3.4.2024

Kaasuräjähdyks pysäytti Kemlin jättitehtaan – nyt neuvotellaan lomautuksista

Neuvottelut lomautuksista koskevat Metsä Fibren uuden tehtaan koko henkilöstöä, noin 300:aa henkilöä. Yhtiö arvioi, että tuotantokatkos kestää kesäkuun loppuun asti.

Talous | Metsäteollisuus HS 8.3.2024

UPM valmistautuu jättilomautuksiin – Suunnitelma koskee yli 2000 työntekijää

Yhtiö valmistautuu sopeuttamaan tuotantoa, jos toimintaympäristön epävarmuus jatkuu.

...BUT SOME POSITIVE NEWS AS WELL

Lähde: Talouselämä vk 5/2024

Puun hinta rymistelee jälleen ylös - Metsäteollisuudessa käänne jo edessä?

Barometrit ja suhdannekatsaukset povaavat metsäteollisuudelle käännettä. Alkuvuodesta puun hinnat ovat jo kirineet nousuun.



Lähde: Talouselämä 14.3.2024

Suomen metsäyhtiöille tärkeä tieto: Sellun hintaa heräilee

Metsäyhtiöiden asiakkaiden selluvarastotasot ovat laskeneet. Myös paperipuolen lievä virkoaminen avittaa sellun kysyntää.

Lähde: OP aamukatsaus 6.3.2024

Sellun hinnat ovat nousseet alkuvuoden aikana merkittävästi Euroopassa. Suzanon esiintuomien syiden vuoksi markkinatilannetta on arviomme mukaan tukenut myös eräiden pohjoisamerikkalaisten tuottajien tuotannonrajoitukset ja tuotannon keskeytykset.

Lähde: MT Metsä 14.2.2024

Kuitupuun hinnat jatkanevat nousua tänäkin vuonna, tukkipuun hinnoissa painetta kahteen suuntaan

Kemin biotuotetehdas lisää puun tarvetta pohjoisessa. Kuitupuun kasvava kysyntä hilaa myös tukkipuun hintoja ylöspäin, mutta sahatavaramarkkinat jatkuvat heikkoina vielä tänä vuonna.

...AND MAYBE SOMETHING NEW?

Suomeen tulossa uusi suuri sellutehdas, viimeisetkin luonnonsuojelijoiden valitukset hylättiin

Kaicellin Kainuuseen suunnitteleman sellutehtaan ympäristölupa tuli lainvoimaiseksi. Luontoväkeä huolettaa alueen entisestään kasvava hakkuupaine.

Petja Pelli HS
28.3. 15:06

Lähde: HS 28.3.2024

KAICELLIN suunnitteleman ja luonnonsuojelijoiden viimeiseen asti vastustaman sellutehtaan toteutuminen ei ole enää kiinni kuin rahoituksen löytymisestä. Korkein hallinto-oikeus päätti keskiviikkona, ettei se myönnä asiassa enää valituslupia.



Paltamon sellutehdas kilpailisi puuraaka-aineesta Kemian ja Oulun sellutehtaiden kanssa. Kuva: Ville Kinnunen / Yle

TEKNOLOGIA 04.04. 07:28

Metsä Group selvittää Kuura-kuututehdasta

Japanilainen Itochu on testannut kansainvälisten markkinoiden kiinnostusta Kuura-tekstiilikuituun.

Metsä Group käynnistää esiselvityksen Kuura-tekstiilikuitua tuottavasta tehtaasta. Kuura on yksi Metsä Springin kärkihankkeista, jossa nostetaan sellun jalostusastetta. Tehdas moninkertaistaisi sellun jalostusasteen Suomessa.

Havusellusta valmistettava Kuura-tekstiilikuitu on Metsä Groupin uudenlainen materiaali, jossa puusta jalostetaan korkean jalostusasteen tuotetta ilman fossiilisia polttoaineita. Tekstiilikuitua on kehitetty muun muassa Äänekosken koetehtaalla. Esiselvitys on mahdollisen kaupallisen tehdasprojektin ensimmäinen suunnitteluvaihe.

Lähde: YLE 9/2023

Mahtuuko Suomeen vielä yksi sellutehdas, vaikka valtava Kemian tehdas juuri käynnistyi ja Sunila suljettiin? Analyttikot ovat skeptisiä

FORESTLAND MARKET IN FINLAND 2024

- How does 2024 look like?
 - └ Solid supply, will the demand wake up?
 - └ Strong forecast for stumpage prices
 - └ Foreign investors seem to appreciate Finnish forest assets: Munich Re (GER), Ingka (SWE)

Lähde: Metsälehti

UUTINEN | 5.3.2024 08:48

Saksalaisyhtiö kaupoilla, 33 000 metsähehtaaria vaihtaa omistajaa

United Bankersin hallinnoiman UB Nordic Forest Fund II Ky:n metsäomaisuuden myynnistä on sovittu Munich Re Groupin omaisuudenhoitoyhtiön kanssa.

Lähde: Metsälehti

ARTIKKELI | 8.4.2024 06:53

Metsätiloista maksetaan yhä kovia hintoja, rahastotkin aktivoitumassa

Rahastot heräilevät talviunesta

Ostajaluokkien %-osuudet kauppasummasta

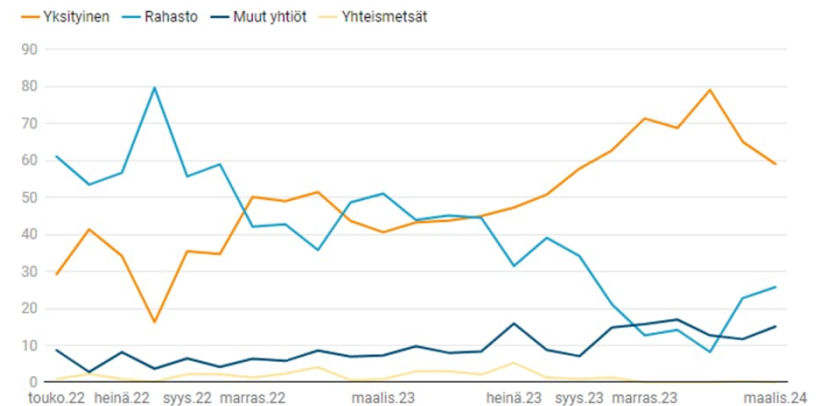


Chart: Sami Karppinen, Metsälehti • Source: Metsätilat.fi • Created with Datawrapper

EU'S NATURE RESTORATION LAW WAS WITHDRAWN

HS 22.3.2024

Politiikka | HS Ympäristö

Ennallistamisasetus törmäsi EU-maiden vastustukseen – Suomi torjui pelastusyrityksen

Asetusta yritettiin pelastaa viime hetken neuvotteluilla Suomen kanssa, mutta hallitus päätti estää asetuksen hyväksymisen.

LOPULLISESTI asetusta ei ole vielä kuopattu, vaan se jää nyt pöydälle.

Asetus palanee aikanaan jäsenmaiden käsittelyyn myöhemmin, mutta minkäänlaista aikataulua jatkokäsittelylle ei ole asetettu, eräs EU-diplomaatti sanoo.

On esimerkiksi mahdollista, että asetukselle yritetään hakea jäsenmaiden enemmistön tuki kesäkuun eurovaalien jälkeen.

ENNALLISTAMISELLA luontoa pyritään saamaan luonnontilaan tai lähelle sitä. Ennallistamisasetuksen mukaan EU-alueella olisi tehtävä ennallistamistoimia vähintään 20 prosentilla maa- ja merialueista vuoteen 2030 mennessä.

Taustalla on huoli luonnon monimuotoisuuden heikkenemisestä ja lajikadosta.

Ehdotuksen vastustajien mielestä EU puuttuu Suomen metsäpolitiikkaan kohtuuttomasti. Puolustajien mielestä tämä on oikein, sillä kyse on unionin yhteisestä ilmasto- ja ympäristöpolitiikasta.

FOREST DAMAGE

SPRUCE ROOT ROT (=kuusenjuurikäppä)

Spruce root rot (caused by rot fungi) is by far the most damaging forest disease in Finnish forests. The impact assessment on the Tornator's long-term sustainable harvest plan is based on the approach presented by the Finnish Natural Resources Agency. The reported results are Tornator specific.

Decline in tree growth

- └ Growth of spruce in the risk area 520 000 m³/a
- └ Incidence: Widespread 15 %, occurs to some extent 7.5 %
- └ Decline in tree growth -20%
- └ **Estimated impact: -8 000 m³ -> -0.4 MEUR/a**

Losses in the wood sales due to quality reductions

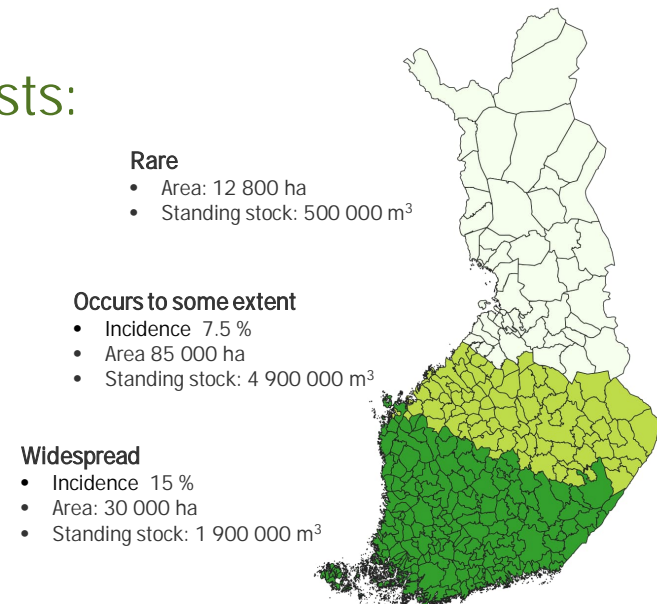
- └ Annual spruce fellings in the risk areas: 210 000 m³/a
- └ Damaged wood: 20 500 m³/a
- └ **Estimated impact: -0.6 MEUR/a**

Total impact for Tornator:

- └ **Tree growth -8 000 m³/a**
- └ **Cash flow -1,0 MEUR/a**

Tornator's forests:
70% pine and
20% spruce

Tornator's spruce dominant forests by root rot risk classification



Standing stock cover only spruce volumes

FOREST DAMAGE BARK BEETLE (=kirjanpainaja)

Bark beetle is the most significant cause for insect-based forest damage in Finland. Bark beetle damages are concentrated in spruce dominant mineral soils in Southern and Central Finland. Infestation typically breaks out in mature forests. So far, the damage areas in have been small but the situation can change rapidly as dry summers and storms become more common.

Key risk mitigation measures are: Selecting right wood species based on the growth conditions, employing available monitoring applications and correct measures on time when identified.

The impact assessment is based on the approach presented by the Finnish Natural Resources Agency. The reported results are Tornator specific.

Assumptions:

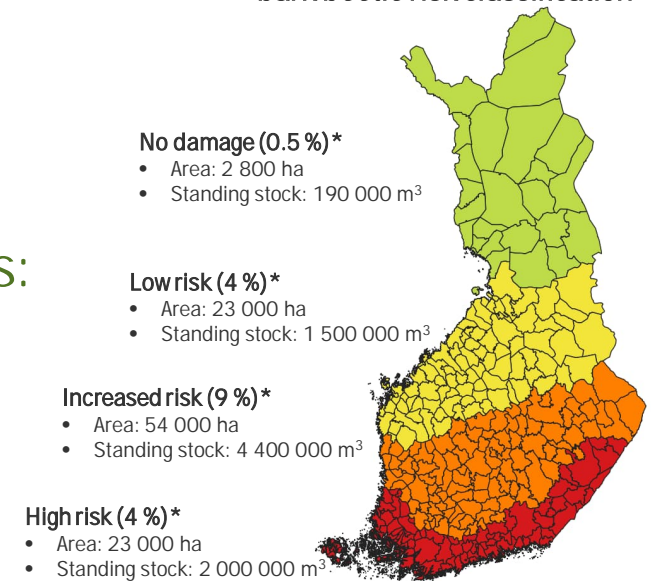
- └ Damage area 150 ha/a
- └ Sanitary cut 15 year before optimal
- └ Quality reductions:
 - └ Sites where response on time 10 %, delayed response 20 %

Total impact for Tornator:

- └ Cash flow -0.3 MEUR/a

Tornator's forests:
70% pine and
20% spruce

Tornator's spruce dominant forests by bark beetle risk classification



*of the total productive forest area owned by Tornator

Financing

TORNATOR'S FINANCING STATUS 12/2023

- Investment capacity was significantly strengthened in 2023:

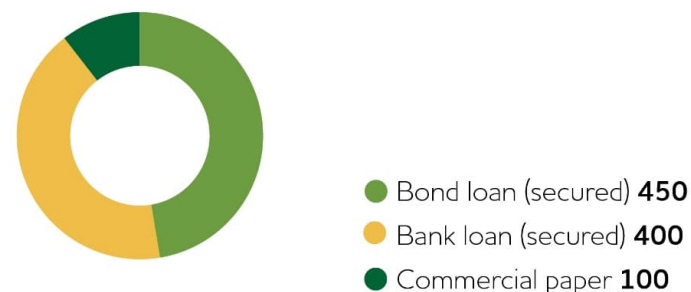
- EUR 100 million increase in Revolving Credit Facility
 - More flexibility in utilising EUR 300 million commercial paper program
- 2 x EUR 50 million Green Bond (private placements)
 - Long maturities: 8 and 12 years
- Total debt withdrawn in the end of 2023: EUR 950 million (EUR 820 million in the end of 2022)
 - Green Bonds: EUR 450 million in total (2022: 350 M€)
 - Green Bank loans: EUR 400 million in total (400 M€)
 - Commercial paper: EUR 100 million (70 M€)
- Committed investment capacity available: EUR 100 million

- Interest expenses and hedging

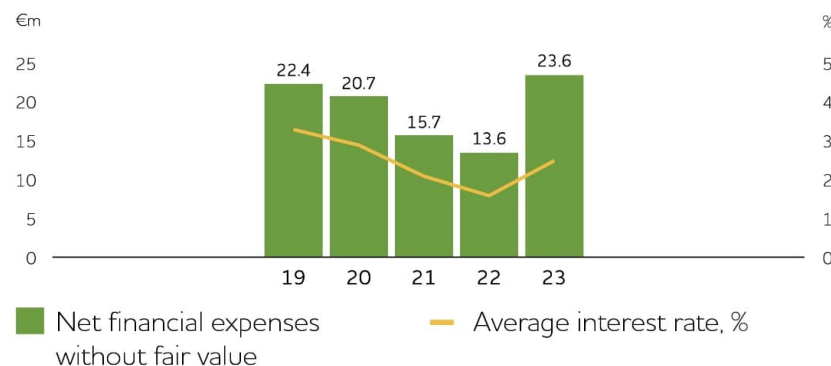
- Hedging strategy was updated when the need for very long interest rate hedging decreased after changing the forest valuation method in 2022 (no more need to stabilize discount rate)
 - Old interest rate swaps with maturities up until 2048 were terminated and replaced by buying new interest rate cap options with 10-year maturity and cap level at ca. 0,2 %
- Interest expenses increased due to both increase in market interest rates and new debt
 - Average interest rate remained at a moderate level of 2,5 %
 - Average interest rate is about to remain at around 3 % level in the coming years thanks to fairly high hedge ratio of 65 %

STRUCTURE OF DEBT, NOMINAL VALUES AT 31 DEC 2023

€m



NET FINANCIAL EXPENSES



OUTLOOK FOR FINANCE

- Outlook for Finance

- └ Refinancing plan for 2025-2026 maturities is currently on the agenda
 - └ EUR 200 million Green Bank loan is due in 2025
 - └ In total EUR 400 million is due in 2026, incl EUR 350 million Green Bond
 - └ Effects and targets of the new strategy period to be considered also in financing

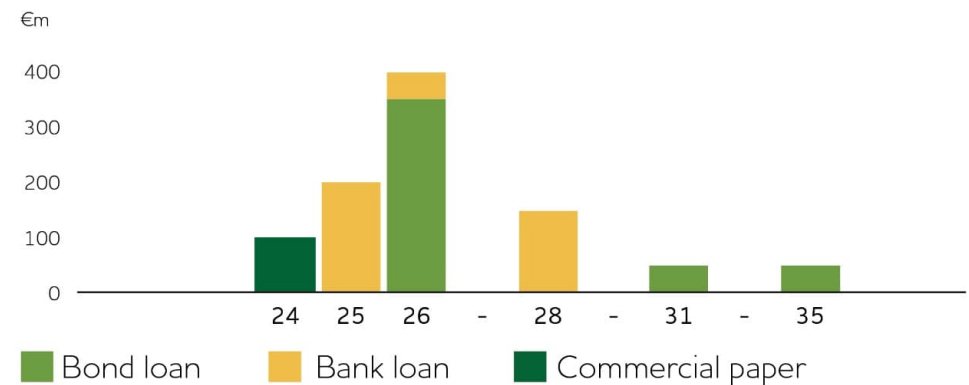
- Green financing

- └ Green Finance Framework was updated in Spring 2023
 - └ No major changes compared to the previous framework from 2019
 - └ Intention is to issue long-term debt as "Green" also in the future
 - └ Portion of Green finance from total debt in the end 2023 was 89 %
 - └ 2023 Green Finance Investor Letter published today (more on the next slide)

- Sustainability reporting

- └ Preparing for CSRD etc. reporting requirements is one of the key topics this year
 - └ Tornator is in the 2nd wave of CSRD adopters so we have a chance of gaining comments and learning from experiences of 1st wave adopters
 - └ Certain preparations, such as double materiality assessments, have already been performed

MATURITY OF DEBT



GREEN FINANCE INVESTOR LETTER

- Tornator's 2023 Green Finance Investor Letter was published today
 - ↳ Content is familiar from previous letters
 - ↳ Additions from inclusion of new transactions in 2023
 - ↳ Use of Green proceeds:
 - ↳ All of the Green proceeds withdrawn in the end of 2023 were allocated to investments in sustainable forestry, in practice in acquisitions of double certified forests in Finland. EUR 850 million green funds at the end of 2023 cover approximately 84 % of the EUR 1,011 million acquisition cost of Tornator's forests in Finland. Green Bonds cover approximately 45 % and Green bank loans cover approximately 40 %.

Climate Impact allocated to transactions	Green Bond 2020, 350 M€	Green Bank loans, 400 M€	Green Bond 50 M€, July 2023	Green Bond 50 M€, Nov 2023	No Green allocation	Finland, total
<u>Nominal amount, € million</u>	350	400	50	50	161	1 011
<u>Portion of Finnish forests' acquisition cost</u>	35 %	40 %	5 %	5 %	16 %	100 %
<u>Allocated hectares</u>	277 780	316 540	16 987	16 987	54 705	683 000
<u>Annual forest growth, m3</u>	1 333 000	1 519 000	67 620	67 620	217 759	3 205 000
<u>Annual cut, m3</u>	1 178 970	1 360 350	82 309	82 309	265 061	2 969 000
<u>Carbon Sequestration, tons of CO2</u>	1 612 500	1 837 500	90 991	90 991	293 019	3 925 000



**STRONGEST IN
FINLAND PLATINUM**
Tornator Oyj
FI01628078 | 2018-2024

ESG



SUSTAINABILITY IN ACTION

ENVIRONMENTAL

- Climate Program
- Biodiversity Program
- FSC® ja PEFC forest certificates
- Green Finance Framework

SOCIAL

- Health and safety
- Employee well-being
- Employment and taxes at rural areas
- Support for Ukraine

ECONOMIC

- Profitable growth
- Equity ratio
- Debt service
- Dividends

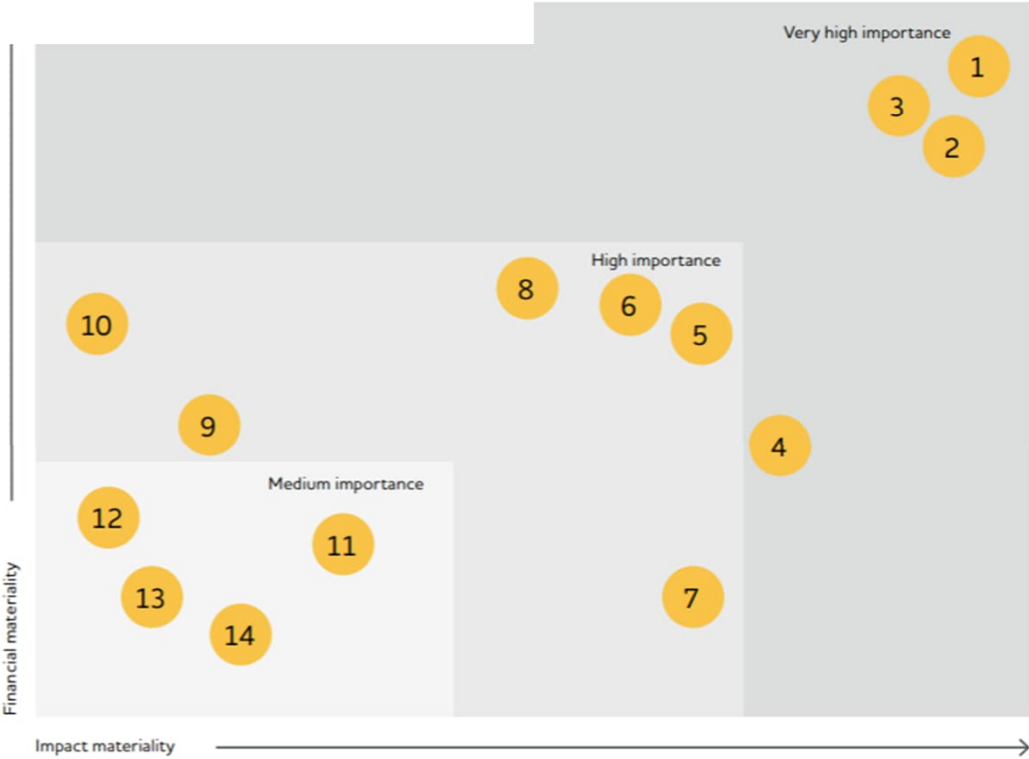
⇒ Aiming to find concrete targets and measures

⇒ Aiming to find a healthy balance between the three sustainability classes

SUSTAINABILITY ASSESSMENT WAS UPDATED

Key sustainability topics updated

In 2023, Tornator carried out an overall assessment of its sustainability in accordance with the double materiality assessment required by the EU Corporate Sustainability Reporting Directive. The materiality of various sustainability aspects were assessed both on the basis of their effect on communities, people and environment, and from the viewpoint of their economic effects on Tornator.



Responsibility topic

1. Biodiversity
2. Climate change mitigation
3. Climate change adaptation
4. Land use opportunities by locals
5. Working conditions of Tornator staff: health and safety, work-life balance, sufficient pay, equality and equal pay
6. Employment and tax footprint
7. Cleanliness of waterways
8. Working conditions of employees in value chains: health and safety, education and skills development
9. Renewable energy
10. Regulatory changes
11. Business relations
12. Accuracy of marketing and communication
13. Corporate culture / political influence
14. Other ecosystem services

CSR IN PRACTICE

Tornator's interactive nature trail for students in Romania



Tornator supports Ukraina via Romanian Kolping Center



Tornator joins the UN Global Compact corporate responsibility initiative

Tornator has previously committed to the sustainability principles of the Global Compact and the UN Sustainable Development Goals in the areas of human rights, working life, the environment and anti-corruption. As a signatory to the UN Global Compact initiative, Tornator commits to further deepening its sustainability efforts, reporting and risk management. In doing so, social responsibility also becomes one of the key priorities alongside the company's Biodiversity Program and Climate Program.

Climate programme 2021–2030

Use of improved nursery stock

Forest fertilisation

Acquisition of additional land

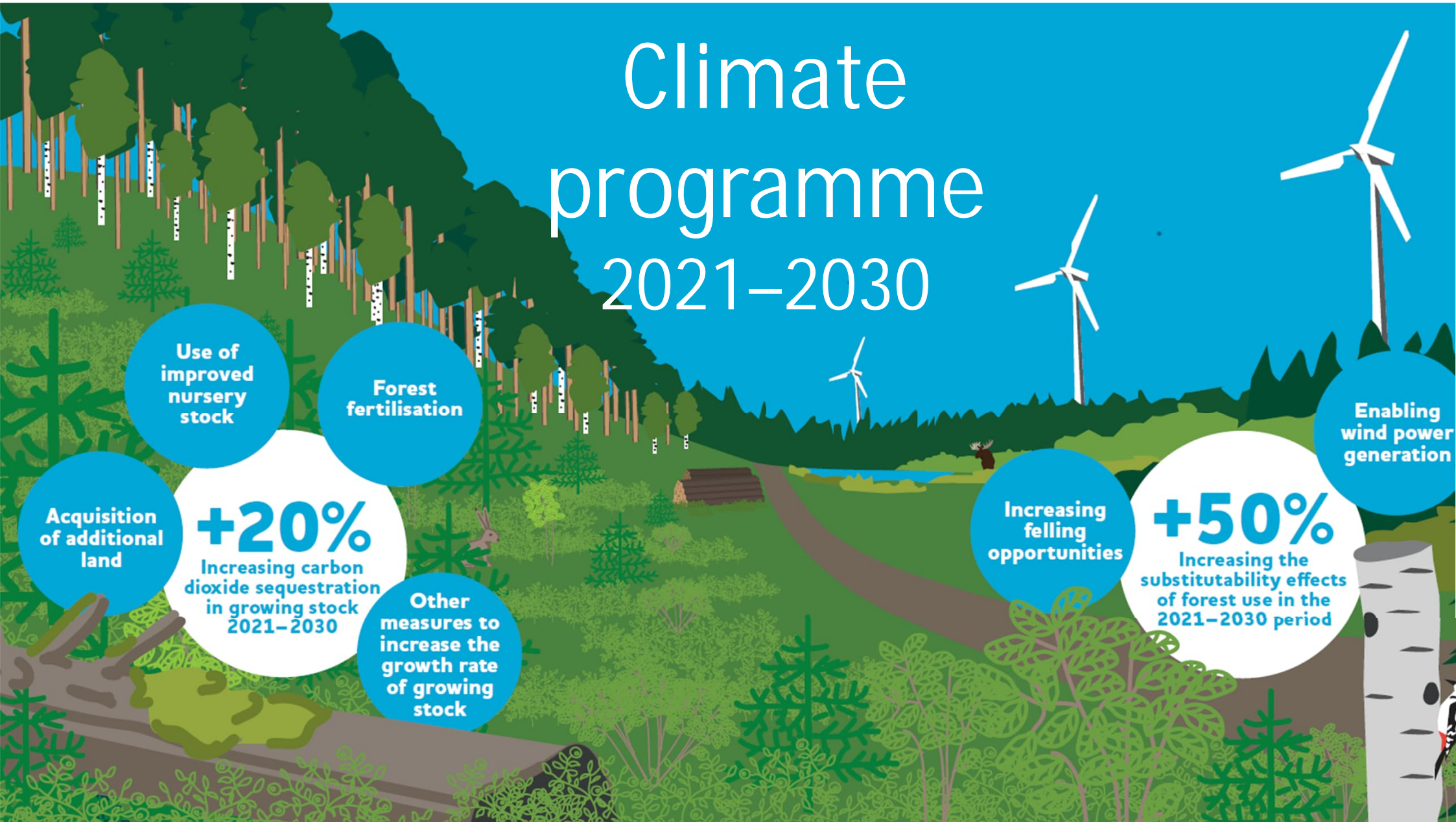
+20%
Increasing carbon dioxide sequestration in growing stock 2021–2030

Other measures to increase the growth rate of growing stock

Increasing felling opportunities

+50%
Increasing the substitutability effects of forest use in the 2021–2030 period

Enabling wind power generation



CLIMATE PROGRAM RESULTS BY 2023

SITUATION IN 2023 / GOAL FOR 2030

0.07 / 0.6 Mt CO₂/year

SUBSTITUTION EFFECTS ENABLED BY WIND
AND SOLAR POWER PRODUCTION

0.07 / 0.2 Mt CO₂/year

SUBSTITUTION EFFECTS CORRESPONDING
TO FELLING VOLUMES

4.5 / 5.1 Mt CO₂/year

CARBON SEQUESTRATION IN THE
COMPANY'S FORESTS

7,000 / 8,000 ha/year

FERTILISATION IN COMPANY FORESTS

Read more about the annual report of
the Climate Program on our website at
www.tornator.fi/en/climate-program

Year 2023 of the Climate Programme

In 2023, the measures in the climate programme were carried out largely as planned. The company's forests were fertilised with fertiliser on about 7,000 hectares (target 8,000 hectares). In contrast, about 750 hectares of forest were remedially fertilised with boron. In line with the objectives, forest planting was carried out with genetically improved seedlings, which have about 20 per cent better growth than unmodified seedlings. The forests continued to grow rich and diverse, and healthy. The company also managed to exceed its land acquisition targets. Overall, the carbon sequestration capacity of the growing stock increased to approximately 4.5 million tonnes of CO₂ per year. However, the substitution effects remained at the same level as in the previous year. Regarding felling opportunities, we are still well within the target schedule. The cumulative calculated substitution effects of felling opportunities were approximately 0.07 million tonnes of CO₂ per year. In the case of wind and solar power production, the substitution effects were also approximately 0.07 million tonnes of CO₂ per year. It had already been previously recognised that the commissioning of additional capacity would be more emphasised towards the end of the programme period.

Restore
3000 hectares
of mire
ecosystems

Conserve
5000 hectares
of valuable areas

200 active
habitat restoration
projects

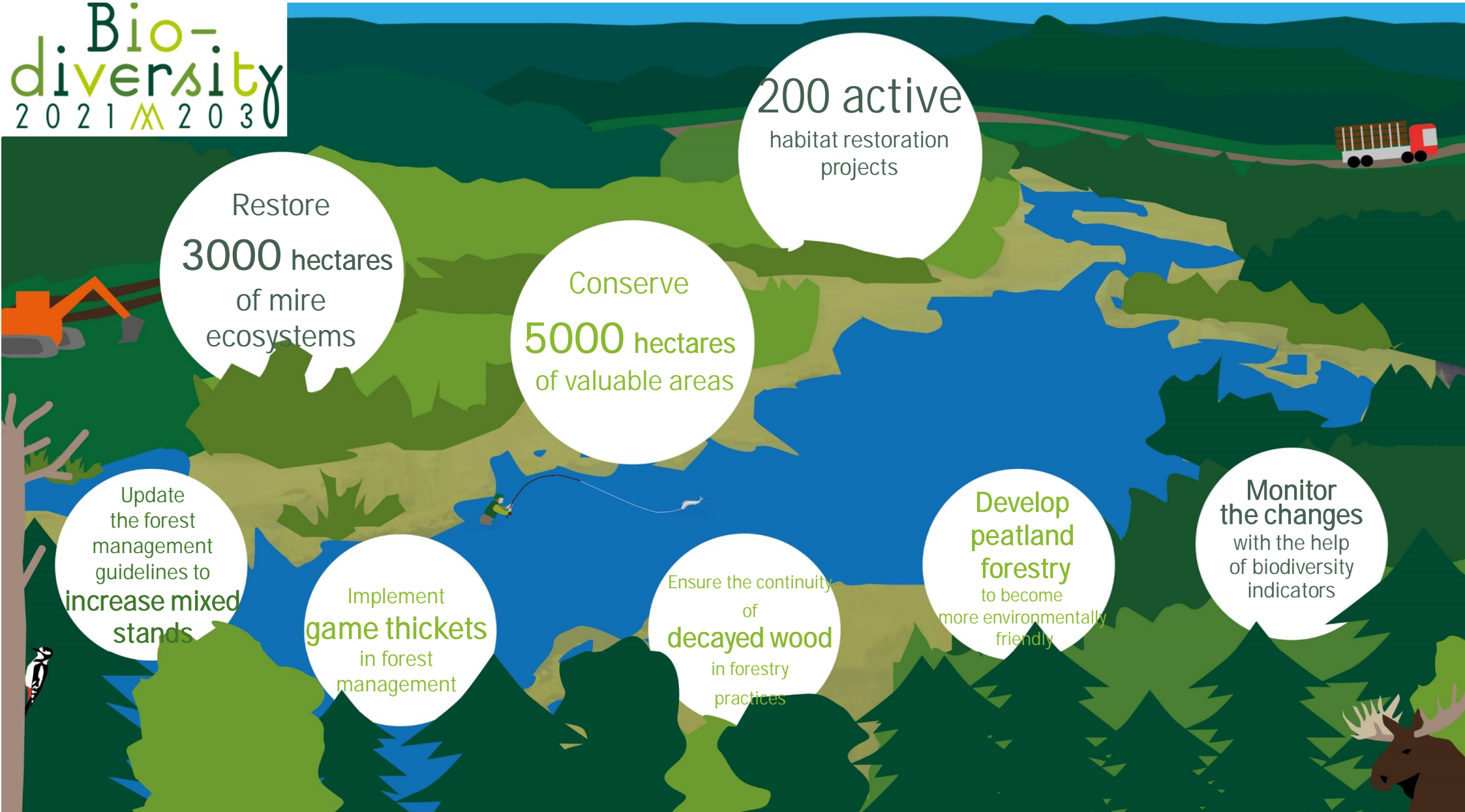
Update
the forest
management
guidelines to
**increase mixed
stands**

Implement
game thickets
in forest
management

Ensure the continuity
of
decayed wood
in forestry
practices

**Develop
peatland
forestry**
to become
more environmentally
friendly

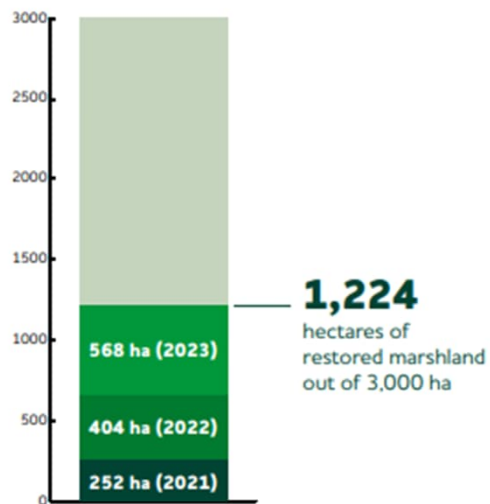
**Monitor
the changes**
with the help
of biodiversity
indicators



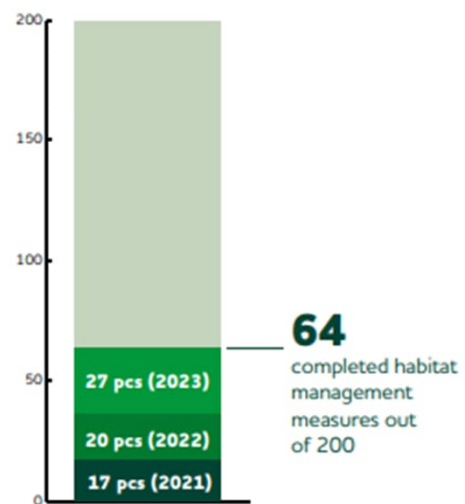
BIODIVERSITY PROGRAM RESULTS BY 2023

ACTIVE NATURE MANAGEMENT MEASURES

MARSHLAND RESTORATION

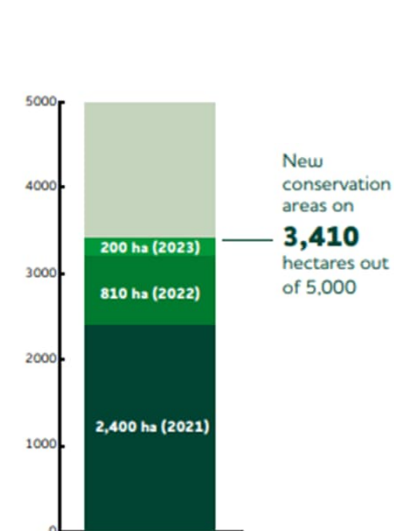


ACTIVE HABITAT MANAGEMENT

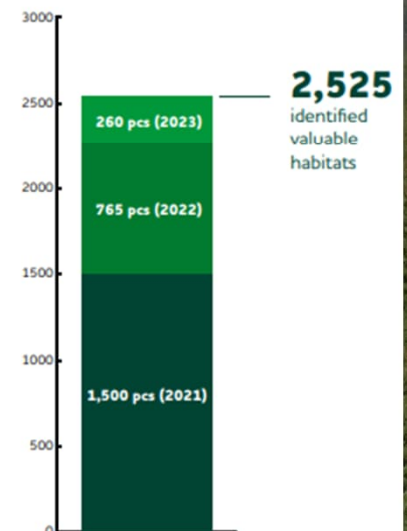


CONSERVATION

NATURE CONSERVATION AREAS



NEW VALUABLE HABITATS



Thank you!

Tornator Oyj
tornator@tornator.fi
tornator.fi



ANNEXES

TORNATOR'S OWNERS AND GROUP STRUCTURE

OWNERS 31 DECEMBER 2023

	Shares, qty	Shares, %
Stora Enso Oyj	2,050,000	41.00
Ilmarinen Mutual Pension Insurance Company	1,156,500	23.13
Varma Mutual Pension Insurance Company	820,625	16.41
OP Life Assurance Company Ltd	312,500	6.25
OP-Forest Owner Fund	250,000	5.00
Veritas Pension Insurance	125,000	2.50
OP-Eläkesäätio pension insurance	104,000	2.08
Finnair Pension Foundation	54,375	1.09
Pohjola Insurance Ltd	52,000	1.04
Riffu Oy	37,500	0.75
Danilostock Oy	37,500	0.75
Total	5,000,000	100.00

TORNATOR TIMBERLAND GROUP

11 shareholders

Tornator Oyj Finland
683,000 ha

SC Tornator SRL Romania
12,000 ha

Tornator Eesti OÜ Estonia
65,000 ha

FORESTS ARE OUR PASSION – WE GROW SUSTAINABLE SOLUTIONS OVER GENERATIONS

VISION: A FORERUNNER IN THE RESPONSIBLE USE OF FORESTS

MISSION: WE GENERATE SUSTAINABLE WELL-BEING FROM FORESTS

VALUES: RESPONSIBILITY, EXPERTISE, PARTNERSHIP

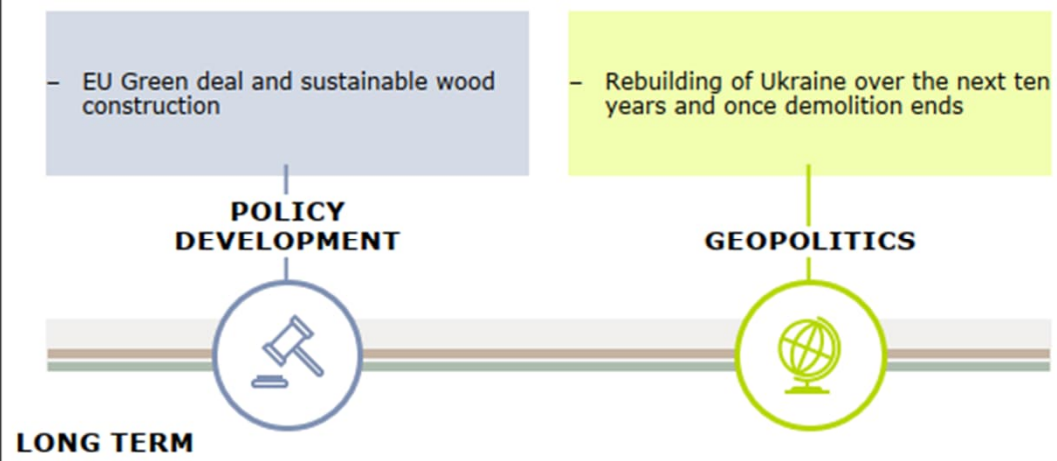
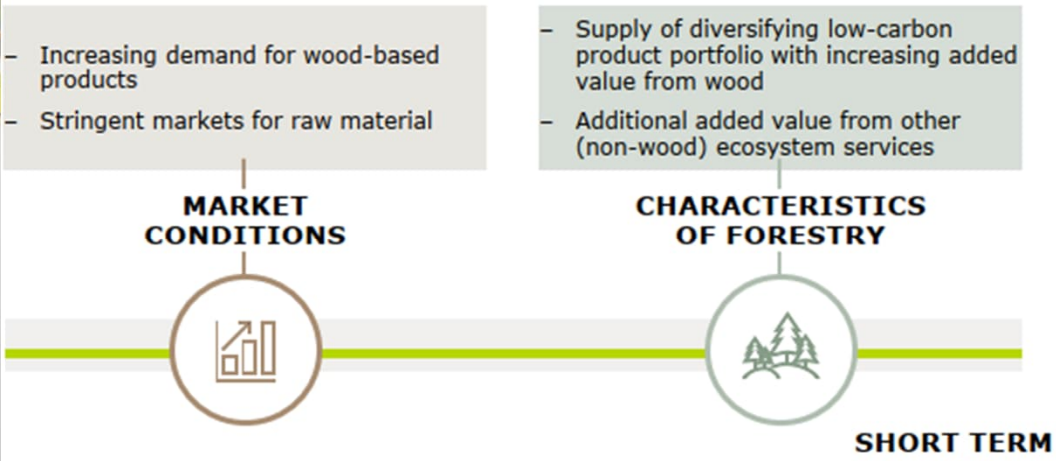


EXECUTIVE SUMMARY

Established markets and diverse added value of forests create opportunities for Tornator both short and long term – uncertainties increase in the long run

The foreseen key trends influence - directly or indirectly - timber market supply, demand and/or price levels which affects Tornator as a forest owner and timber supplier

OPPORTUNITIES



THREATS, CHALLENGES

- Mill closures in Finland due to raw material scarcity with impact on timber market prices
- Accelerated development of substitute materials by increasing timber prices
- Delays in forest management activities influencing timber supply by stringent labor market conditions
- Increased risk of natural hazards by climate change most importantly in Central Europe

- Increased protection and restoration of forest land driven by EU policies
- Changes in competitive landscape in the Baltic sea market by Russia's market entry

NOT MUCH NEWS IN CO2 MARKET

Lähde: Metsälehti

ARTIKKELI | 18.1.2024 07:00

EU:ta odotellaan, vapaaehtoisilla hiilimarkkinoilla eletään luppoaikaa

Metsien hiilensidonnan myynti velloo odottavassa tilassa. EU-lainsäädäntö asettaa hiilimarkkinoille raameja, mutta valmistelu on edelleen kesken.

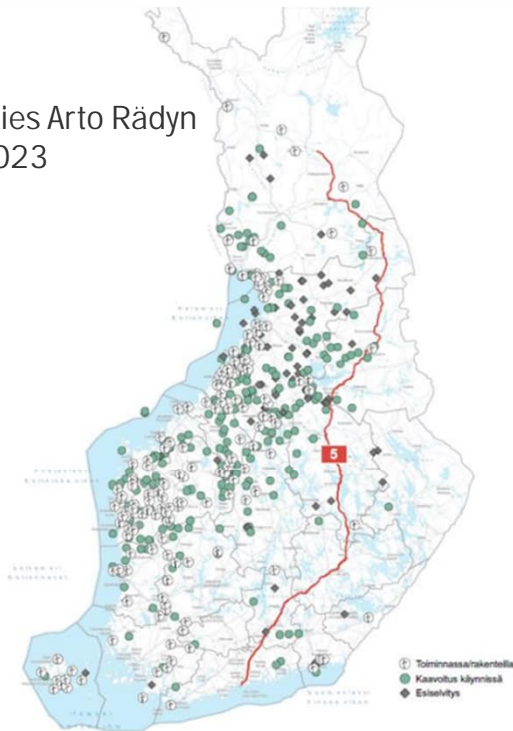
”Lainsäädäntö on kiristymässä merkittävästi. Esimerkiksi osa nykyisin käytössä olevista hiilineutraalisuusväittämistä saatetaan kieltää. Yritykset ovat tämän vuoksi olleet todella varovaisia siinä, millaisia väittämiä ne uskaltavat tehdä, ja millaisia ilmastoyksiköitä ne ostavat”, kertoo Gaia Consulting -yhtiön **Anna Laine** sähköpostitse.

VAPAAEHTOISET HIILIMARKKINAT

- Organisaatio tai yksityinen kuluttaja voi ostaa vapaaehtoisilta hiilimarkkinoilta ilmastoyksiköitä, jotka on tuotettu erilaisin ilmastoteoin, kuten metsien hiilensidontaa lisäämällä.
- Yritys voi ilmastoyksiköitä ostamalla esimerkiksi pyrkiä kompensoimaan omia päästöjään.
- Ongelmana on kaksoislaskenta: päästövähennykset ja nielut lasketaan kuuluviksi valtion ilmastotavoitteisiin. Yritys ei voi käyttää Suomen metsistä ostamaansa hiilensidontaa omien päästöjensä kompensointiin, koska metsänielut ovat jo mukana valtion päästölaskennassa.
- Yritys voi tehdä ilmastotukiväittämän: kertoa ostaneensa ilmastoyksiköitä ja osallistuneensa valtion ilmastotavoitteiden saavuttamiseen.

WIND POWER MAY GAIN SOME ROOM FOR DEVELOPMENT ALSO IN EASTERN FINLAND

Lähde: selvitysmies Arto Rädyn lausunto 14.3.2023



Kuva 1. Tuulivoimapiistojen ja -hankkeiden sijoittuminen 5-tien länsi- ja itäpuolelle (Tuulivoimayhdistys)

Oheisessa Tuulivoimayhdistyksen laatimassa kuvassa on 2022/2023 vuodenvaihteen tilanne Suomessa ja siitä on selvästi nähtävissä, että VT 5:n itäpuolella on tällä hetkellä vain alle 4 % Suomen tuulivoimasta, prosenttiosuus on jotakuinkin sama tarkasteltaessa suunnittelussa olevien tuulivoimapiistojen osuutta.

Työryhmä edistämään tuulivoimahankkeita itäisessä Suomessa

puolustusministeriö, työ- ja elinkeinoministeriö

1.2.2024 11.28 TIEDOTE



Työ- ja elinkeinoministeriö ja puolustusministeriö ovat asettaneet työryhmän selvittämään keinoja aluevalvonnan ja tuulivoimarakentamisen yhteensovittamiseksi. Tavoitteena on parantaa tuulivoimahankkeiden etenemisen edellytyksiä itäisessä Suomessa. Työryhmän toimikausi on 1.2.-30.6.2024.

Tuulivoiman osuus Suomen sähköntuotannosta on kasvanut viime vuosina nopeasti. Tuulivoimarakentaminen on keskittynyt toistaiseksi maamme läntisiin osiin. Yksi vaikuttava tekijä investointien alueelliseen sijoittumiseen ovat puolustusvoimien tarpeet ja aluevalvontajärjestelmän aiheuttamat rajoitteet.