

# Tornator Oyj

Financial period 1 January–31 December 2020



## Tornator reached a new record – the pandemic year was the best in the company's history

Financial Statement Release, 10 February 2021 at 9:00 am

### SUMMARY 1 JAN–31 DEC 2020

- Net sales increased to €118.1 million (+11.6%) and the balance sheet increased to more than €2.0 billion
- Adjusted operating profit amounted to a record €91.9 million (+23.1 %), as did the adjusted net profit: €56.8 million (+33.1%)
- The Group's long-term loans were completely renewed as green loans and bonds
- The company concluded a significant agreement on the expansion of forest services business and sold an extensive wind power project portfolio
- The company acquired almost 12,000 hectares of new forest assets in Finland
- The company carried out several projects that safeguard biodiversity
- The IFRS profit for the period at fair value was €121.1 million, the effect of the change in the value of growing stock being +€121.1 million and in interest rate instruments -€33.3 million before taxes
- Return on equity at fair value was 13.8%

#### CEO Henrik Nieminen:

"Year 2020 was the best in Tornator's history. The Group's net sales increased by 11.6% to €118.1 million (105.8), and comparable operating profit was a record €91.9 million (74.7). Our long-term timber sales agreement with our main customer, Stora Enso, once again proved its strength as the business environment changed suddenly. Operational activities were highly successful in the exceptional circumstances: timber sales volumes were realized as planned and prices were at the level of the comparison year. The fair value of the Group's forests increased by €121 million, and the balance sheet exceeded €2 billion for the first time. The special achievements of the year included the issue of an €350 million Green Bond. The company's solid operating history and the channels to loan funding markets established over the years became extremely valuable once again. In addition, Tornator concluded an agreement with Stora Enso on the expansion of its forest services business and sold a significant wind power project portfolio to OX2. The coronavirus pandemic created demand for building sites, which supported also Tornator's plot sales. The company implemented its growth strategy by purchasing almost 12,000 hectares of forest and concluding its first forest lease agreements in Finland.

The COVID-19 pandemic had no significant negative effects on the company's results, balance sheet or cash flows. The company's investment in customer relationships, digitalisation, forest services, development of wind power and, in particular, the wellbeing of its employees were reflected in success in both operational activities and the implementation of strategic projects. The strong financial position also enabled helping others: Tornator offered additional work, worth around one million euros, in its forests to support forest entrepreneurs struggling to meet the challenges posed by the coronavirus. Our personnel adapted well to the changes in working life brought by the current world situation, and we won the first prize in the occupational wellbeing competition organised by the South Karelia Chamber of Commerce. The culture of honest work, or, Tornameininki, propelled the company to success on a broad front.

Alongside economic and social responsibility, we also did important work in the field of ecological responsibility. The number of our habitats designated for conservation increased as we agreed with the Ministry of the Environment to establish a conservation area of around 750 hectares in Luhtapohja, Joensuu, Finland, within the framework of the Helmi habitat protection programme. Safeguarding biodiversity has been, and will be, a very high priority in Tornator's strategy alongside the fight against climate change. In addition to the conservation measures, the company safeguards biodiversity with, e.g., mire restoration and prescribed burning.

Tornator plays a key role in the fight against climate change. The company's forests act as carbon sinks, provide sustainable raw materials for bioeconomy products, and contribute to maintaining the social sustainability of the welfare state. In 2020, Tornator joined the Climate Leadership Coalition, a Nordic climate business network dedicated to mitigating climate change.

Tornator continued its diverse R&D activities in collaboration with customers, universities, research institutes and other strategic partners. The aim is to further develop the growth potential, efficiency and responsibility of forestry. Examples of development work include the improvement of seedlings, the utilisation of digital forest resource data and the production of carbon sequestration and substitution calculations.

The market environment seems a little clearer than a year ago. Forestry is, however, under a great deal of pressure from the European Union. A new forestry strategy is expected from the Commission, and the so-called sustainable financing taxonomy may create unexpected challenges for forestry practices. Changes in EU legislation can have a major effect on the entire forest sector.

At the beginning of 2021, demand for wood seems to be good. There is market demand for both sawn timber and long-fibre pulp, and the end product demand boosted by megatrends is solid. Compared to the previous year, the labour market situation is calmer, and the weather looks promising for harvesting now that the temperature is below zero. Thus, the prerequisites for sustainable forestry are met.

In 2021, we will continue our strategy of profitable growth, steering our operations in a good balance between economic, social and ecological responsibility. Major efforts in 2021 include building a nationwide forest service organisation in order to provide the company's expertise to private forest owners in Finland. This is a challenge we relish, and I strongly believe that, alongside Stora Enso, we can provide forest owners with an excellent service experience.

After a record year, I have the pleasure and honour of thanking Tornator's staff, contractors, customers and other stakeholders for their constructive partnerships and trust. Together, we have once again generated sustainable wellbeing from the forest!"

## **Net sales and results**

The Group's net sales were €118.1 million (105.8), a change of +11.6%. Timber deliveries were excellent despite the mild weather and labour-market unrest in the early winter. The COVID-19 pandemic did not disrupt the company's operations – the exceptional circumstances even seemed to have a positive effect on activities such as plot sales. A total of 91.7% of net sales, worth €108.3 million, consisted of timber sales income (€101.0 million, or 95.4%). Net sales include proceeds from land and plot sales worth €6.9 million (2.7) and forest service sales of €2.9 million (2.1). Other operating income, €22.7 million (5.7), includes land access and lease revenues, compensation for conservation areas and soil resource sales. In 2020, other income included €17.3 million from actual and estimated future payments related to the sale of the wind power project portfolio.

Operating profit at fair value amounted to €212.4 million (264.6) and profit for the period was €121.1 million (164.8). The fair value of biological assets increased significantly in Finland, which explains the major increase in operating profit. The change in the fair value of biological assets increased operating

profit by €121.1 million (189.9), and a negative change in the fair value of financial instruments decreased profit by €33.3 million (-47.0) before deferred taxes. Adjusted operating profit decreased in Estonia and Romania.

The Tornator Timberland Group includes, besides the parent company Tornator Oyj in Finland, Tornator Eesti OÜ (100.0%) in Estonia, and SC Tornator SRL (100.0%) and Oituz Private Forest District SRL (100.0%) in Romania. In addition, the Group includes (100.0%) the following wind power development companies in Finland: Lavakorven Tuulipuisto Oy, Maaselän Tuulipuisto Oy, Martimon Tuulipuisto Oy, Niinimäen Tuulipuisto Oy and Pahkavaaran Tuulipuisto Oy.

## Key figures

The official key figures for the Group and the parent company were calculated according to the International Financial Reporting Standards (IFRS).

	2020	2019	2018
<b>Net sales, € million</b>			
The Group	118.1	105.8	112.8
Parent	108.0	93.4	102.0
<b>Operating profit, € million</b>			
The Group	212.4	264.6	116.5
Parent	224.9	219.3	80.7
<b>Operating profit, % of net sales</b>			
The Group	179.8	250.0	103.2
Parent	208.3	234.7	79.1
<b>Profit for the period, € million</b>			
The Group	121.1	164.8	78.9
Parent	144.7	123.5	43.8
<b>Return on equity, %</b>			
The Group	13.8	21.5	11.6
Parent	17.8	17.3	6.6
<b>Return on capital employed, %</b>			
The Group	13.8	19.0	9.1
<b>Equity ratio, %</b>			
The Group	45.3	45.5	44.4
<b>Average personnel</b>			
The Group	186	183	182

## Comparable key figures

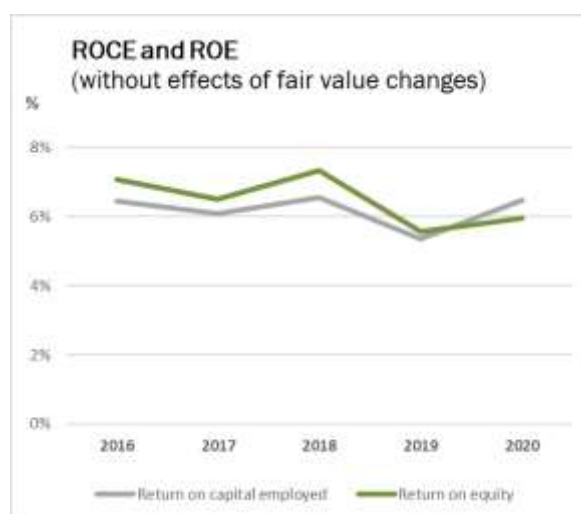
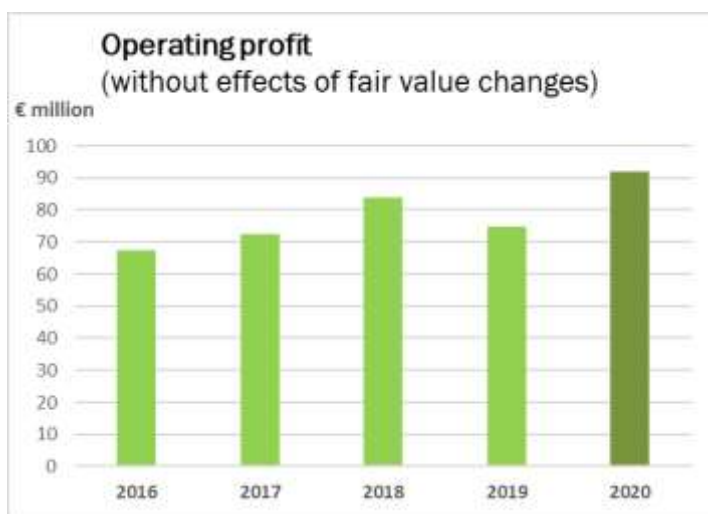
In addition to the official figures presented above, the Tornator Group uses alternative figures that are comparable between years, thus better describing the success of operations. The comparable key figures have been calculated without fair value changes and apply to the whole Group.

Comparable key figures	2020	2019	2018
Net sales, € million	118.1	105.8	112.8
Operating profit, € million	91.9	74.7	83.9
Operating profit, % of net sales	77.8	70.6	74.4
Profit for the period, € million	56.8	42.7	49.7
Return on equity, %	6.5	5.6	7.3
Return on capital employed, %	6.0	5.4	6.6

The comparable key figures have been obtained by making deductions from the official IFRS figures as follows (€ million):

<b>Operating profit, official</b>	<b>212.4</b>
Change in fair value of biological assets and harvesting	-121.1
- Change in the fair value of provisions and long-term receivables	0.6
<b>= Operating profit, comparable</b>	<b>91.9</b>

<b>Profit for the period, official</b>	<b>121.1</b>
- Change in fair value of biological assets	-121.1
- Change in the fair value of provisions and long-term receivables	0.6
- Change in fair value of financial instruments	33.3
- Share of deferred taxes in above items	22.9
<b>= Profit for the period, comparable</b>	<b>56.8</b>



## Distribution of revenues and non-current assets by country

	1 Jan–31 Dec 2020		1 Jan–31 Dec 2019	
<b>Proceeds:</b>	€1,000	%	€1,000	%
Finland	107,977.3	91.4	93,437.4	88.3
Estonia and Romania	10,148.7	8.6	12,386.0	11.7
<b>Total</b>	<b>118,126.0</b>	<b>100.0</b>	<b>105,823.4</b>	<b>100.0</b>

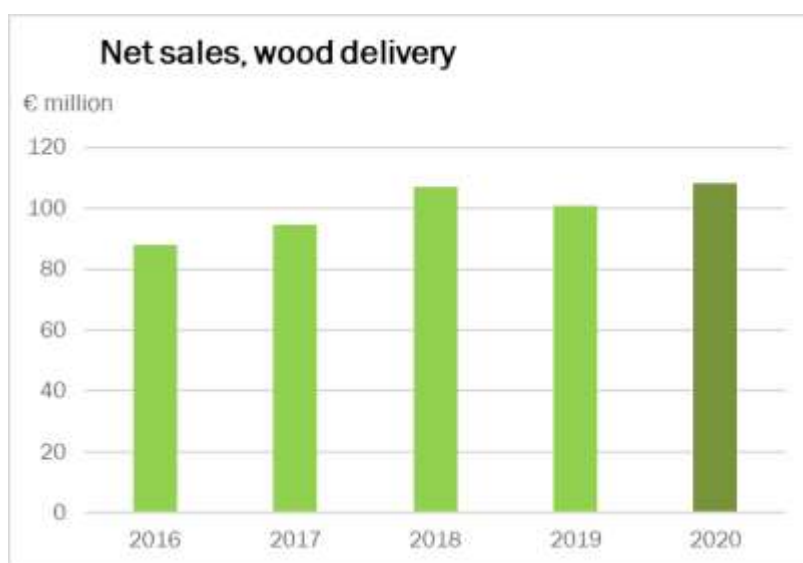
	1 Jan–31 Dec 2020		31 Dec 2019	
<b>Biological assets:</b>	€1,000	%	€1,000	%
Finland	1,671,256.1	90.8	1,480,319.2	88.0
Estonia and Romania	169,945.7	9.2	202,311.8	12.0
<b>Total</b>	<b>1,841,201.8</b>	<b>100.0</b>	<b>1,682,631.0</b>	<b>100.0</b>

	1 Jan–31 Dec 2020		31 Dec 2019	
<b>Non-current assets</b>	€1,000	%	€1,000	%
Finland	1,775,543.9	90.3	1,572,127.2	87.5
Estonia and Romania	191,548.3	9.7	224,096.7	12.5
<b>Total</b>	<b>1,967,092.2</b>	<b>100.0</b>	<b>1,796,223.8</b>	<b>100.0</b>

## Notable events during the period

Tornator had an excellent year, both in terms of operational activities and the implementation of strategic projects.

In the core business, i.e. the sale and supply of timber, operations proceeded as planned despite the challenging market environment. Timber deliveries to the main customer, Stora Enso, totalled some €73.6 million (66.6), or some 68.0% (66.8%) of the Group's net timber sales. Timber sales to the main customer are based on a long-term framework agreement conforming with the market.





Tornator implemented its growth strategy by concluding a forest service agreement – covering the whole of Finland – with Stora Enso. Tornator will perform all forest management for Stora Enso's forest service customers from 2021. Another major strategic project was completed in December, when Tornator sold its 600-megawatt wind power project development portfolio to OX2, Europe's largest builder of onshore wind power. Wind power construction on Tornator's land will benefit the company both financially and in terms of climate responsibility.

An update of the fair value of Tornator's forest assets (growing stock) recorded significant positive effects in Finland. Tornator updated its valuation model to account for harvesting revenues and forest management expenses for the current tree generation. This increased the value of biological assets by a total of €184 million in the consolidated balance sheet. The model was previously adjusted to take account of cash flows from future tree generations. Consolidated operating profit was improved by €121.1 million by an annual fair value update, covering a number of valuation factors. In Finland, the fair value was calculated by an external evaluator, Indufor Oy, on the basis of future cash flows, i.e. considering sustainable forest management and the growth potential of forests. See the notes to the financial statements for a more detailed description of the forest valuation model.

The total value of the Group's forests recorded in the financial statements, including growing stock and land, was some €1,940 million (1,776). The figures include the effects of harvesting as well as the purchases and sales of forestland. Tornator owns a total of more than 700,000 hectares of forest in Finland, Estonia and Romania.

On the other side of the balance sheet, the fair values of the company's long-term interest rate hedges decreased due to the fall in market interest rates. This created a negative entry of €33.3 million in financial items in the income statement (-47.0). The above fair value changes had no effects on cash flow.

After long and careful planning, Tornator held a loan refinancing round in 2020: the company renewed all its financing agreements and switched to green financing as its primary source of credit. In the spring, Tornator concluded an agreement on a major green bank loan package, and issued an €350 million Green Bond in the autumn. Both the bank loan and bond were taken out within Tornator's Green Finance Framework. In addition to green financing, Tornator's financial statements for 2020 include a small number of commercial papers issued to diversify the selection of debt instruments available to the company.

Tornator's equity ratio was 45% (45%) and liquidity remained strong throughout the year. It fulfilled the terms of its loan to value (LTV) covenant by a safe margin.

The company continued to purchase new forestland. In Finland, Tornator bought almost 12,000 hectares of forest and signed its first forest lease agreements. This new business activity enables forest owners to rent forest to Tornator on the basis of long-term lease contracts. It is a new way of maintaining contact with inherited assets without needing to engage in forest management, while gaining an easy and reliable source of steady rental income.

In Estonia and Romania, the company continued to manage its forests responsibly, and to develop its sustainable business. All the Group's forests are double certified (PEFC™, FSC®).

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

When the pandemic struck Finland in the spring, Tornator decided to offer additional work in its forests to support forest entrepreneurs struggling to meet the challenges posed by the coronavirus. The "Tornameininki" campaign involved advance commissioning of forestry and road work worth around one million euros.

In line with our responsibility programme, we engaged in mire restoration, prescribed burning and the establishment of conservation areas on more than 1,500 hectares of our land. Tornator continued with major conservation projects within the framework of initiatives such as the Metso and Helmi habitat protection programmes.

Tornator shared first prize in an occupational wellbeing competition organised for companies by the South Karelia Chamber of Commerce. Employee wellbeing remained at a good level during the coronavirus crisis, and the adjustment to teleworking was smooth.

Tornator Oyj's Annual General Meeting of 9 March 2020 decided to pay a dividend, as proposed by the Board of Directors, totalling €30 million.

## **Risk management**

Tornator's risk management is aimed at securing profitable business in the long term and to create opportunities for well-managed risk taking using the selected strategy. It is based on the systematic identification and analysis of all significant risks to the company.

Tornator's risks are divided into three main categories: strategic risks, operational risks and financial risks. Examples of each category are described below.

### **Strategic risks**

Fluctuation in wood demand is naturally a risk for a forestry company. Demand risk has decreased as the use of wood has increased and diversified, and many new innovations have yet to see the light of day. The company has also secured high demand for wood by certifying all of its forests. With new investments by the forest industry, wood demand has increased in all countries in which Tornator operates.

The volatility of wood prices is a significant risk factor in terms of Tornator's results. If prices fall, Tornator can temporarily increase the volume of cutting right sales or plot and forestland sales or both. However, the goal is to follow a sustainable felling plan in order to optimise annual cash flows in the long run.

Risks concerning roundwood quantity and quality are controlled through long-term forest resource management planning and focusing operations according to the structure and age-class distribution of the forests. To support planning, Tornator regularly commissions an independent study on the structure of company forests, using this to prepare a long-term cutting plan (more than 30 years). The latest forest inventory by the Natural Resources Institute Finland and the cutting plan based on it are from 2016.

Changes in current certification criteria may affect opportunities for forest utilisation and cause a loss of income for Tornator, unless there is an agreement on full compensation. FSC Finland is redefining its national criteria. Tornator is closely involved in this process.

Forestland purchasing includes risks, and the success of investment is often discovered after a long time. The forest resources and structure of the estate to be purchased are determined using highly advanced technology, but some decisions must still be based on estimates. The pricing of estates is based on clear criteria, but pricing and the underlying appraisals may have an effect on the success of purchases in terms of returns.

Tornator monitors the current economic trend when planning plot sales. A downturn may decrease demand for holiday home plots and temporarily reduce profits. In 2020, the coronavirus led to a turnaround in demand for land. The risk involved in investments made in wind power project development is



managed by preparing accurate feasibility studies before launching such projects, by selecting partners among significant players in the sector, by dispersing the projects around Finland, and by planning them carefully. Tornator does not participate in wind power construction or ownership of production, but sells its shares in projects before construction and remains the lessor of land. There was strong interest in wind power in Finland in 2020, and Tornator sold its long-developed project development portfolio on the basis of a tender.

When utilising forest resources Tornator manages risks to the environment by complying with environmental legislation and certification criteria. Risks are discussed in employee training and induction, and minimised through the careful planning of operations and a high standard of implementation.

Significant new statutes or other factors impeding operations can be regarded as political risks. An example of this is the debate in Finland on the acceptability of forest use, or EU-level discussions on regulation that would restrict forestry. Acquiring forest assets as a foreign company may also subject the company to political risks in the target countries in question. In managing risks, it is important to cooperate with authorities, educational institutions and various NGOs as well as actively participating in societal debate. Proactive risk management also involves participation in research in the field and the preparation of various carbon calculations. Tornator pursues open communication with an emphasis on responsibility and other corporate values.

Tornator also aims to continue expanding its operations outside Finland, in countries where the related growth potential is considered profitable. Geographic expansion is both a way to manage risks and a risk in itself. With regard to Tornator's operations, Romania and Estonia score relatively poorly in corruption statistics. Tornator makes economic, social and environmental responsibility an integral part of its business, guided by a Code of Conduct that is common to all countries of operation. Furthermore, the risks associated with expansion are managed by selecting competent partners and reliable customers, and by balancing out long and short-term timber sales agreements. The company performs internal control in all countries, and the Group has a whistle-blower channel in place.

Attracting and retaining skilled employees is a risk in forestry as well. Tornator has prepared for rising numbers of retirements among forest workers by signing on new contractors and increasing mechanised work. With regard to salaried employees, the company collaborates with educational institutions and recruits proactively. The risk is also managed with active HR management and development.

### **Operational risks**

To manage internal business risks, Tornator has operational processes that are approved by the Board of Directors and senior management. Operational work is increasingly carried out with entrepreneur resources, which poses challenges in terms of control of issues such as environmental damage and occupational safety. In 2020, Tornator signed an agreement with Stora Enso to expand its forest services business to the whole of Finland. Fulfilling the agreement will increase the risks posed to Tornator through factors such as an increase in the number of contractors used. This control is being developed by means of both education and information technology.

Greater frequency of natural disasters due to climate change pose an ever-greater risk to forest assets. For Tornator, the size and geographic extent of its holdings, the good health and growth of its forests, and the measures required by the Act on Prevention of Forest Damage form an intrinsic risk management tool. In addition, Tornator has a Finnish forest insurance policy that covers damage in the case of a major disaster. However, the company regards the insurance of its forest holdings abroad as unprofitable, because the target countries lack an operational forest insurance market. The threat of a cyber attack on corporate information systems may also be considered a risk. Tornator is prepared for this by utilising advanced security technology and by providing instructions and training to users.

## Financial risks

A substantial proportion of debt in the company's balance sheet constitutes a risk which Tornator manages with special attention. Ready access to the capital markets will enable the successful refinancing of debt. The company adjusts its loan portfolio depending on the financial market situation, so that loans mature over several years and as far into the future as possible. The company has also spread the risks related to funding by issuing a 6-year bond besides bank loans. The company has prepared for market rate changes with derivative contracts. Hedging is applied to mitigate the interest rate risk on the loans and to reduce the volatility of the discount rate used in calculating the fair value of forests, for which reason it is easier to predict the development of the company's value in the long term. Liquidity management is based on advance payments and up-to-date cash management. The company also has a commercial paper programme to optimise the need for cash. Cash reserves are invested in bank deposits and short-term, liquid and highly rated funds.

Tornator manages customer risks by advance payments based on sales agreements.

## Notable events after the end of the period

No notable events after the end of the period.

## An estimate of future development

The global megatrends, such as climate change and population growth, are further expected to increase demand for sustainably produced renewable wood raw material in the long term. Temporary pressure may, however, be placed on timber demand and felling if, for example, the tension in international politics escalates or something surprising happens in the fight against the pandemic. If the global economy slows down more than expected, forest industry production may contract, with potential negative impacts on timber delivery volumes and the company's net sales.

In the company's own forests, silvicultural work will be continued according to the normal annual cycle and the fertilisation programme will be carried out as planned. In addition to this, Tornator will perform forest management for Stora Enso's forest service customers across Finland. The situation in the forestland market is expected to remain similar to the previous year.

The company estimates that its financial performance and debt service capacity will remain stable.

## Research and development

The company put a lot of emphasis on improving the availability and quality of forest stand data. In addition, the development of harvesting and nature management quality as well as information systems was continued.

## Personnel, wages and salaries

The average number of personnel was at the same level as the year before. In addition to normal pay, the company uses a reward system based on performance targets. In 2020, an average of 5.9% of normal pay was given as performance-based bonuses for 2019 (in 2019, 6.4% was paid for 2018).

The Group has about 180 employees. Its forests directly provide various types of forestry work for people, mainly in sparsely populated areas, with an estimated worth of some 1,000 person/years.

	2020	2019	2018
Average number of personnel during the period	186	183	182
Remuneration for the period, € million	9.2	9.1	8.4

## Environment

The company has an environmental programme whose objectives and outcomes are reviewed annually. The framework for the company's environmental management is set by forest and environmental legislation as well as the PEFC and FSC certification systems. Compliance with the certification criteria is audited annually by an external evaluator. A more extensive FSC recertification takes place every five years, and Tornator did this last in 2019.

In its forestry operations, the company complies with the Best Practices for Sustainable Forest Management published by the Forestry Development Centre Tapio.

## Company organisation, management and auditors

Until 9 March 2020, Tornator's Board of Directors included Chairman Mikko Koivusalo, Deputy Chairman Mikko Mursula and members Erkkö Rynänen and Jari Suominen.

At the Annual General Meeting of 9 March 2020, the following were elected as ordinary members of the Board of Directors and their personal deputies until the next Annual General Meeting:

<u>Ordinary member</u>	<u>Deputy member</u>
Mikko Koivusalo	Markus Aho
Erkkö Rynänen	Tomi Viia
Jorma Länsitalo	Jari Suvanto
Mikko Mursula	Ilja Ripatti

In its organising meeting of 9 March 2020, the company's Board of Directors elected Mikko Koivusalo as Chairman of the Board and Mikko Mursula as Deputy Chairman. On the Oversight Committee that oversees significant agreements between the company and the shareholders, the Board elected Mikko Mursula as Chairman, Mikko Koivusalo and Erkkö Rynänen as members and Jorma Länsitalo as a deputy member. Mikko Koivusalo, Mikko Mursula and Erkkö Rynänen were elected as members of the Remuneration Committee.

Henrik Nieminen has acted as Chief Executive Officer. His deputy is Forestry Director Ari Karhapää.

The Management Group was made up by CEO Henrik Nieminen, CFO Antti Siirtola, Forestry Director Ari Karhapää, Director of Development Heikki Penttinen and Head of HR, Communications and Responsibility Outi Nevalainen.

At the Annual General Meeting of 9 March 2020, Deloitte Oy were elected auditors with Marika Nevalainen, APA, as principal auditor.

## Number of shares

The parent company's share capital of €51,836,213.00 is divided into 5,000,000 shares, and all shares carry equal rights. The parent company shares are subject to a redemption clause specified in the Articles of Association, according to which other shareholders have a redemption right if company shares change hands.

## Handling of profit

The parent company's distributable profit amounted to €813,731,580.67, of which the profit for the period was €137,546,174.51.

The Board of Directors of Tornator Oyj proposes to the Annual General Meeting that a dividend of €8.00 per share, or €40,000,000.00, be paid. The remaining part will be carried over in the shareholders' equity. The provisional dividend payment date is 24 March 2021; record date 19 March 2021.

### Major shareholders, 31 December 2020

Shareholder	%
Stora Enso Oyj	41.00%
Ilmarinen Mutual Pension Insurance Company	23.13%
Varma Mutual Pension Insurance Company	15.33%
OP Henkivakuutus Oy	5.21%
OP-Forest Owner Fund	5.00%
OP-Eläkesäätiö	4.16%
Veritas Pension Insurance	2.50%
Finnair Pension Foundation	2.18%
Riffu Oy	0.75%
Danilostock Oy	0.75%
<b>Total</b>	<b>100.00%</b>

### Votes carried by shares

According to Tornator Oyj's Articles of Association, the votes of a shareholder at the Shareholders' General Meeting may not exceed twenty (20) percent of the total number of votes carried by all shares in the company, including the voting rights of all companies and their pension funds and foundations belonging to the same group as the shareholder.

As required by the Finnish Financial Supervisory Authority, a Corporate Governance Statement is presented as a separate report on the company's website at [www.tornator.fi/en/investors](http://www.tornator.fi/en/investors)

The key figures of the consolidated financial statements are presented below. The financial statements and their notes can be found on the company's website at [www.tornator.fi/en/investors](http://www.tornator.fi/en/investors)

### Appendices: [Financial statements 2020](#)

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[www.tornator.fi](http://www.tornator.fi)

Tornator is a leading company specialised in sustainable forestry in Europe. It owns forests in Finland, Estonia and Romania. In 2020, the Group's net sales were some €118 million, and the balance sheet value was about €2.0 billion. The Group has around 180 employees. Tornator's own employees, and other companies and their employees working on its forestland, add up to around 1,000 person/years of employment. The owners of the parent company are Finnish, mainly institutional investors. Tornator's mission is to generate sustainable well-being from forests.

## Consolidated income statement

€1,000	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
<b>Net sales</b>	<b>118,126.0</b>	<b>105,823.4</b>
Other operating income	22,684.5	5,717.5
Change in inventories of finished goods and work in progress	-2,362.3	-1,427.6
Materials and services	-27,920.3	-17,216.8
Personnel expenses	-9,162.4	-9,064.5
Depreciation and amortisation	-3,096.5	-3,182.5
Other operating expenses	-6,901.5	-5,961.0
Change in fair value of biological assets and harvesting	121,056.7	189,910.1
<b>Operating profit</b>	<b>212,424.0</b>	<b>264,598.6</b>
Financial income	240.0	199.0
Financial expenses	-20,907.8	-22,559.1
Change in fair value of financial instruments	-33,315.8	-46,993.4
Financial items (net)	-53,983.6	-69,353.5
Profit/loss before tax	158,440.4	195,245.1
Income taxes	-9,131.5	373.4
Change in deferred taxes	-28,255.9	-30,846.4
<b>Profit/loss for the financial period</b>	<b>121,053.0</b>	<b>164,772.0</b>
Distribution: To owners of the parent company	121,053.0	164,772.0
Consolidated statement of comprehensive income		
Profit/loss for the financial period	121,053.0	164,772.0
Other comprehensive income for the period after taxes:		
Items not recognised later through profit and loss		
Items derived from the re-definition of net defined benefit costs (or asset items)	39.2	28.8
Items that may later be recognised through profit and loss		
Translation difference	-650.8	-979.8
<b>Comprehensive income for the period total</b>	<b>120,441.5</b>	<b>163,821.0</b>
Distribution: To owners of the parent company	120,441.5	163,821.0

## Consolidated Balance Sheet

€1,000	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Non-current assets		
Intangible assets	755.5	1,799.5
Property, plant & equipment	114,555.3	109,398.0
Right-of-use assets	2,268.4	2,284.2
Biological assets	1,841,201.8	1,682,631.0
Other investments	111.2	111.2
Long-term receivables	8,200.0	0.0
<b>Non-current assets total</b>	<b>1,967,092.2</b>	<b>1,796,223.8</b>
Current assets		
Inventories	34.3	51.4
Trade and other receivables	15,081.5	21,912.5
Investments	7,112.5	2,160.8
Cash and cash equivalents	56,717.4	18,650.7
<b>Current assets total</b>	<b>78,945.8</b>	<b>42,775.3</b>
<b>Total assets</b>	<b>2,046,038.0</b>	<b>1,838,999.1</b>
<b>EQUITY AND LIABILITIES</b>		
Equity belonging to shareholders of the parent company		
Share capital	50,000.0	50,000.0
Other equity	871,737.1	781,295.6
<b>Shareholders' equity total</b>	<b>921,737.1</b>	<b>831,295.6</b>
Non-current liabilities		
Deferred tax liabilities	220,306.3	192,040.6
Financial liabilities	673,523.2	1,003.1
Derivatives	174,384.4	141,058.5
Rental liabilities	2,002.3	1,964.8
Pension liabilities	127.0	183.0
<b>Non-current liabilities total</b>	<b>1,070,343.1</b>	<b>336,250.1</b>
Current liabilities		
Financial liabilities	14,985.5	647,180.6
Trade and other payables	29,877.7	23,933.2
Rental liabilities	341.4	339.6
Provisions	8,753.2	0.0
<b>Current liabilities total</b>	<b>53,957.8</b>	<b>671,453.4</b>
<b>Total liabilities</b>	<b>1,124,300.9</b>	<b>1,007,703.5</b>
<b>Total equity and liabilities</b>	<b>2,046,038.0</b>	<b>1,838,999.1</b>



## Statement of changes in equity

€1,000	Share capital	Share premium	Translation difference	Retained earnings	Shareholders' equity total
Equity on 1 Jan 2019	50,000.0	29,995.2	-8,596.5	631,075.9	702,474.6
<b>Comprehensive income</b>					
Profit/loss for the financial period				164,772.0	164,772.0
<b>Other comprehensive income (after taxes)</b>					
Items derived from the re-definition of net defined benefit costs (or asset items)				28.8	28.8
Translation difference			-979.8		-979.8
Comprehensive income for the period	0.0	0.0	-979.8	164,800.8	163,821.0
<b>Transactions with shareholders</b>					
Dividends paid				-35,000.0	-35,000.0
Transactions with shareholders Total				-35,000.0	-35,000.0
<b>Equity on 31 Dec 2019</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-9,576.3</b>	<b>760,876.8</b>	<b>831,295.6</b>

<b>Equity on 1 Jan 2020</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-9,576.3</b>	<b>760,876.8</b>	<b>831,295.6</b>
<b>Comprehensive income</b>					
Profit/loss for the financial period				121,053.0	121,053.0
<b>Other items of comprehensive income (after taxes)</b>					
Items derived from the re-definition of net defined benefit costs (or asset items)				39.2	39.2
Translation difference			-650.8		-650.8
Comprehensive income for the period	0.0	0.0	-650.8	121,092.2	120,441.5
<b>Transactions with shareholders</b>					
Dividends paid				-30,000.0	-30,000.0
Transactions with shareholders Total				-30,000.0	-30,000.0
<b>Equity on 31 Dec 2020</b>	<b>50,000.0</b>	<b>29,995.2</b>	<b>-10,227.1</b>	<b>851,969.0</b>	<b>921,737.1</b>

## Consolidated cash flow statement

€1,000	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
<b>Cash flow from operating activities</b>		
Cash receipts from customers	110,545.1	107,720.0
Proceeds from sale of tangible assets	6,922.6	2,743.7
Cash receipts from other operating income	15,499.6	5,719.0
Cash paid to suppliers and employees	-34,538.7	-31,785.5
<b>Cash flow from operating activities before financial items and taxes</b>	<b>98,428.5</b>	<b>84,397.3</b>
Interest paid and other financial expenses	-23,563.2	-22,728.3
Interest received	240.0	199.0
Direct taxes paid and tax refunds	4,139.3	-8,983.5
<b>Cash flow from operating activities</b>	<b>79,244.6</b>	<b>52,884.5</b>
<b>Cash flow from investing activities</b>		
Investments in biological assets	-40,161.6	-43,560.7
Investments in tangible assets, forestland	-4,963.8	-5,383.9
Investments in other tangible and intangible assets	-3,158.2	-3,237.8
Investments in fund units	-4,947.8	-1,116.9
<b>Cash flow from investing activities</b>	<b>-53,231.4</b>	<b>-53,299.4</b>
<b>Cash flow from financing activities</b>		
Withdrawal of long-term loans	700,000.0	0.0
Repayment of long-term loans	-25,085.2	-51.9
Withdrawal of short-term loans	0.0	295,000.0
Repayment of short-term loans	-632,500.0	-254,500.0
Payment of lease liabilities	-346.3	-305.0
Dividends paid	-30,000.0	-35,000.0
<b>Cash flow from financing activities</b>	<b>12,068.5</b>	<b>5,143.1</b>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>38,081.7</b>	<b>4,728.2</b>
Cash and cash equivalents at beginning of period	18,650.7	13,957.4
Effect of exchange rate changes on cash and cash equivalents	-15.0	-34.7
<b>Cash and cash equivalents at end of period</b>	<b>56,717.4</b>	<b>18,650.7</b>