



LocalTapiola Asset Management Ltd

Report of the Board of Directors and
financial statements for 2023

Business ID: 1604393-7

Table of contents

Report of the Board of Directors for 2023.....	1
1 Key information.....	1
2 Economic environment	2
3 Key events during the financial period	3
4 Solvency, and risk position.....	6
5 The Group’s risk management.....	8
6 Sustainability in the investment business.....	8
7 Events after the financial period	11
8 Future prospects	11
9 Governance.....	12
10 Personnel and remuneration	14
11 Proposal on the use of the profit for the financial period	15
Financial statements 1 January–31 December 2023.....	16
12 Financial statements for LocalTapiola Asset Management Ltd Group.....	16
13 Financial statements for LocalTapiola Asset Management Ltd.....	28
14 Accounting principles	39
15 Notes on the Group’s risk management.....	40
Signatures for the report of the Board of Directors and financial statements	42
Auditor’s note	43

Report of the Board of Directors for 2023

LocalTapiola Asset Management Ltd's (business ID 1604393-7) domicile is Espoo and its address is Revontulenkujä 1, 02100 Espoo, Finland.

LocalTapiola Asset Management Ltd Group (LocalTapiola Asset Management Group) comprises the parent company LocalTapiola Asset Management Ltd (LocalTapiola Asset Management) and the subsidiaries Seligson & Co Fund Management Company Plc (Seligson & Co), LocalTapiola Real Estate Asset Management Ltd (LocalTapiola Real Estate Asset Management), LocalTapiola Alternative Investment Funds Ltd (LocalTapiola Alternative Investment Funds) as well as the subsidiaries incorporated for the purposes of the investment structures of these companies.

LocalTapiola Asset Management serves as asset manager for the LocalTapiola funds that invest in fixed-income and equity investments and in private equity funds, and it provides asset management to investor customers and the LocalTapiola Group companies. By providing asset management and investment advice and transmitting orders to funds, the company provides comprehensive and cost-effective investment services to institutional investors, enterprises, entities and private customers. In addition, the company serves as an insurance intermediary for LocalTapiola Mutual Life Insurance Company. Seligson & Co manages mutual funds (UCITS) pursuant to the Act on Common Funds. These mutual funds include the LocalTapiola funds and the Seligson & Co funds. LocalTapiola Real Estate Asset Management administers the LocalTapiola Group companies' real estate assets, while LocalTapiola Alternative Investment Funds manages real estate funds, private equity funds and private debt funds pursuant to the Act on Alternative Investment Funds Managers.

The investment services provided by LocalTapiola Asset Management Group are part of LocalTapiola Group's integrated package of services. LocalTapiola Asset Management is owned by LocalTapiola General Mutual Insurance Company (LocalTapiola General), LocalTapiola Mutual Life Insurance Company (LocalTapiola Life) and the regional non-life insurance companies part of LocalTapiola Group. LocalTapiola Asset Management Group is consolidated into LocalTapiola Group's consolidated financial statements. The financial statements of LocalTapiola Group's leading parent company, LocalTapiola General (business ID 0211034-2), are available at www.lahitapiola.fi.



1 Key information

- Group's operating profit: EUR -4.2 million (EUR -4.1 million)
- Group's operating profit excluding amortisation of goodwill on consolidation: EUR 2.5 million (EUR 1.1 million)
- Group's turnover: EUR 56.9 million (EUR 53.7 million)
- Group's assets under management (gross): EUR 28.9 billion (EUR 26.5 billion)
- Group's customer assets under management (net): EUR 14.2 billion (EUR 13.1 billion)
- Group's solvency ratio: 400.8 per cent (398.6%)

In the form of various service packages, we provide responsible asset management services that enable wide asset-class diversification. The most notable packages include Institutional Asset Management, LocalTapiola Private Banking, and our investment solutions that implement the co-investment ideology. We invest our customer assets under the same principles and in the same investment options in which we invest the assets of the LocalTapiola Group insurance companies. The LocalTapiola and the Seligson & Co funds cover an extensive range of active tactical funds as well as index funds.

At LocalTapiola Asset Management Group, we integrate responsible investment into everything we do. Over the financial period we improved the awareness of Asset Management Group and increased customer interest in the investment services that LocalTapiola Group provides. LocalTapiola aims to promote investment as part of lifelong security, to expand the customer base of our investment services and to increase the amount of customer assets under management. Based on customer needs, we are developing LocalTapiola Group's investment services in cooperation with LocalTapiola Life.

2 Economic environment

In 2023 the global economy proved more resilient than anticipated, with the United States in lead. Despite slowed global economic growth and marked tightening in financing conditions, the worst expectations of a recession proved excessive. The service sector and a strong labour market were the main forces driving the economy.

2.1 Fixed-income and equity investment market

As a whole, the year 2023 was extremely positive for both equity and fixed-income investments. Underpinning this strong development were the better-than-expected economic performance, slowing inflation and key industrial countries reaching the end of the interest rate hiking cycle. The latter part of the year saw historically exceptionally strong movements in share prices and interest rates. The positive performance development was supported by increased expectations for central banks to cut interest rates, which fuelled investor risk appetite further. Yet, at times, the year was marked by strong downward market swings, following developments such as the banking crisis experienced in the United States last spring and the events in the Middle East in the autumn.

On the global stock market, returns exceeded 20 per cent as measured in local currencies. In industrial countries, the stock markets achieved a return of 23.6 per cent, while in developing economies the trend, weighed down by weakness of the Chinese market, remained at 10 per cent (as expressed in local currencies). Performance of the U.S. stock market climbed to as high as 26.5 per cent, underpinned by strong share price development of a small number of key tech companies. Although stock market developments in Europe lagged behind the U.S. performance, they nevertheless achieved returns that were clearly higher than the long-term average. In Europe, exceptionally large differences were recorded between countries, with the Italian stock market rising more than 30 per cent while the Finnish stock market remained narrowly in the negative.

Fixed-income investment returned to more normal market conditions after the historically weak previous year. All fixed-income asset classes achieved a positive overall return. The best performance was recorded in risky high-yield corporate bonds and in developing-market government bonds, for both of which the yield exceeded the ten per cent mark. In addition, the performance

of investment grade euro-area corporate and government bond investments was good.

The strong investment year was also evident in the net subscriptions for Finnish mutual funds. For equity funds, net subscriptions amounted to approximately EUR +1.0 billion. The favourable performance trend in fixed-income markets was reflected particularly into the net subscriptions for fixed-income funds, which totalled EUR +2.2 billion. Only for so-called alternative funds were net subscriptions in the negative at EUR -233 million, due to the real estate fund redemptions made.

2.2 Private equity and private debt fund market

In part the year 2023 continued largely in line with 2022: transaction volumes remained low owing to differences of opinion between sellers and buyers. However, the strong performance trend in the listed market, the levelling off of inflation and expectations for central banks to lower interest rates created hope for market participants late in the year, which was reflected as increased activity. Target enterprises have continued to perform clearly more strongly than expected and, consequently, valuations in the unlisted market have held their level comparably well. The venture capital market, which has been hit by the coming to an end of the low rates environment, was an exception. Overall, the situation has calmed down, but the main question is how will the economy at large develop and how will this affect the performance development and business of target enterprises.

As for the raising of funds, success in 2023 depended in large measure on the asset class and the position and size of the equity funds. Overall, fund-raising activity slowed down and total volume fell nearly 20 per cent. There were nevertheless major differences between the asset sub-classes: buyout funds raised approximately seven per cent more than the year before, while the amount of commitments raised for venture capital funds dropped nearly 40 per cent. For debt funds, volumes declined some 20 per cent across the board, with mezzanine funds, for which the volume increased 18 per cent, the only positive surprise.

Following the extremely strong fund-raising activity in recent years, private equity funds now hold historically record levels of capital waiting to be put to use. This should accelerate transaction activity, for the investment terms of funds are nearing their end.

2.3 Real estate market

For the real estate investment market, 2023 proved a challenging year. This was underpinned by tightening monetary policy, increased interest rates, inflation concerns, and deteriorating economic growth prospects. In all real estate sectors, return requirements started growing mainly on the back of the rising interest rates and increased uncertainty. In addition, there was a tightening in the availability and pricing of funding, which weakened the dynamics of the real estate investment market. As a result, a strong pricing correction occurred late in 2023. The transaction volume on the real estate investment market remained very low, ending up at EUR 2.6 billion.

As for the office rental market, there are clear differences between regions in the Helsinki Metropolitan Area in terms of the under-use of sites. In the central office areas in the Helsinki Metropolitan Area, the vacancy rate at the end of December averaged 14.6 per cent. The increased under-use of offices undermines rent prospects particularly in the weaker areas, but rents are expected to moderate also in prime areas. During the year, momentum on the commercial premises rental market has remained good, although low purchasing power is causing uncertainty for consumer purchase patterns and, consequently, for expected rents and demand for premises. At shopping centres, visitor and sales volumes have grown reasonably well, but 2023 saw a decrease in the inflation-adjusted total volume of sales across the trade sectors. New residential sites were completed in large numbers during the year, which reflected as an increased number of vacant rental apartments and lower rents particularly in the Helsinki Metropolitan Area. The number of building starts has already begun to decrease clearly.

As a result of the accelerated green transition, climate change-related and sustainability-related criteria are assuming more importance than before in construction launches and in the investments made by real estate investors.

3 Key events during the financial period

LocalTapiola Asset Management Group was launched on 1 January 2022. In the course of the 2023 financial period, we continued clarifying policies and harmonising processes at the Group's companies.

The financial period witnessed measures for making the work of the sales organisation more effective in order to achieve cost savings. We developed and improved the investment sales tools and proceeded with reforms

concerning our customer service policies and sales support. In terms of sales, the year was excellent, with customers entrusting LocalTapiola Asset Management Group a record amount of assets for management.

We improved the transaction experience by developing our digital services – launching a new mobile application early in 2023. Visibility and awareness were improved significantly through marketing campaigns.

During the financial period, we enhanced and developed further our processes for reporting to authorities and the practices for preventing money laundering and countering terrorist financing. In addition, we continued implementing into our processes the obligations of the EU regulatory package on sustainable finance.

The strategy for LocalTapiola's investment business was updated together with LocalTapiola Life.

3.1 LocalTapiola Asset Management Group

LocalTapiola Asset Management Group's loss for the financial period amounted to EUR 4.5 million (EUR 5.5 million), and shareholders' equity at the end of the financial period stood at EUR 69.1 million (EUR 73.6 million).

LocalTapiola Asset Management -group

Balance sheet summary

	(EUR m)	2023	2022
Receivables from credit institutions		44.1	52.1
Liabilities		20.7	19.9
Shareholders' equity		69.1	73.6
Balance sheet total		89.8	93.5

LocalTapiola Asset Management Group's turnover for 2023 was EUR 56.9 million (EUR 53.7 million). Market developments and the record-high net sales in 2023 had a positive impact on assets under management and on the net commissions that the Group received in respect of them. Operating loss continued at its level in the previous year, EUR 4.2 million (EUR -4.1 million), although the result for the comparison period was improved by the EUR 1.4 million negative goodwill on consolidation recognised as income that was created in the context of LocalTapiola Real Estate Asset Management's share exchange. Operating profit excluding amortisation of goodwill on

consolidation was EUR 2.5 million (EUR 1.1 million), with the resulting cost/return ratio at 0.96.

LocalTapiola Asset Management -group

Key figures describing financial development

	(% / EUR m)	2023	2022
Capital and reserves (on average)		71.3	76.3
Balance sheet total (on average)		91.6	93.4
Net commissions		51.9	48.9
Turnover		56.9	53.7
Operating profit		-4.2	-4.1
Operating profit of turnover		-7.4	-7.7
Return on equity (ROE)		-6.3	-7.2
Return on assets (ROA)		-4.9	-5.9
Equity ratio		76.9	78.7
Cost/return ratio		0.96	0.98

The (gross) assets under management by the LocalTapiola Asset Management Group companies totalled EUR 28.9 billion (EUR 26.5 billion). Of these, EUR 13.2 billion (EUR 11.8 billion) was in assets in portfolio management, and EUR 11.3 billion (EUR 9.8 billion) was in fund capitals, EUR 1.6 billion (EUR 1.7 billion) in other contractually managed assets and EUR 2.9 billion (EUR 3.1 billion) in real estate.

As shown below, LocalTapiola Asset Management Group's business divides into three business areas, in which all intra-Group items are eliminated. The Group's turnover and operating profit were impacted the most by development of the fixed-income and equity investment business. Total net customer assets under the business areas' management amounted to EUR 14.2 billion (EUR 13.1 billion).

3.1.1 Fixed-income and equity investment

LocalTapiola Asset Management serves as asset manager for the LocalTapiola funds and for other asset management customers. Seligson & Co administers the mutual funds that invest in fixed income and equities, and it also manages the Seligson & Co fund portfolios.



At the end of 2023, the equity and fixed-income funds managed by LocalTapiola Alternative Investment Funds were transformed from special mutual funds into mutual funds and their administration was transferred to Seligson & Co.

Due to the war in Ukraine, the Russian Prosperity Fund Euro fund has remained closed as of 28 February 2022. No management fees have been charged in respect of the fund after it was closed. In December 2023, Seligson & Co Fund Management Company Plc's Board of Directors decided to wind up the Russian Prosperity Fund Euro fund. The winding up is phased such that, in the first phase, the fund's cash was distributed to the unit-holders. Should it prove possible to later realise any of the underlying fund's units, the funds so obtained will be paid to unit-holders in proportion to their holdings.

The increases in interest rates that occurred after the long-prevailing low rates environment made fixed-income investments popular among customers. Last year subscriptions by Group-external customers in LocalTapiola Asset Management Group's fixed-income funds increased 64 per cent over 2022. All in all, there was an increase of some EUR 250 million. This figure of increase also includes indirect subscriptions and exchanges as well as new commitments to invest in the private debt fund.

Turnover for the equity and fixed-income investment business was EUR 35.9 million, with operating profit at EUR 0.6 million. The net customer assets invested in equities and fixed-income amounted to EUR 10.8 billion (EUR 9.8 billion) at the end of the period under review.

3.1.2 Private equity and private debt funds

LocalTapiola Alternative Investment Funds administers the private equity and private debt funds provided by LocalTapiola Asset Management Group, with LocalTapiola Asset Management serving as portfolio manager for these funds.

For the private equity funds administered by Alternative Investment Funds, the year 2023 was rather successful. Performance of the private equity fund aggregate portfolio was above the market comparison products, and the chosen strategy proved to be resilient in the face of market developments. LocalTapiola Private Equity V LP continued the investment period begun in 2022 and, by the end of the year, the fund had made all primary investments (the amount of one commitment will be increased further in 2024).

Preparations for the LocalTapiola Private Equity VI LP fund were launched late in the year, with the aim to hold the fund's first closing in the second quarter of 2024.

Private debt funds achieved stable performance development without any material disturbance in the underlying fund portfolios, and total returns aligned with the markets. LocalTapiola Private Debt III LP held the first closing in February 2023, and by the end of the year the fund had attracted EUR 294.6 million in investment commitments. The fund's investment period has got off to a good start, with three underlying fund commitments already made by the end of the year.

Turnover for the private equity and private debt fund business was EUR 3.5 million, with operating profit at EUR 1.0 million. Net customer assets administered by this business area amounted to EUR 1.3 billion (EUR 1.0 billion) at the end of the period under review.

3.1.3 Real estate

LocalTapiola Real Estate Asset Management provides its customers with real estate portfolio management and tenant services. LocalTapiola Alternative Investment Funds provides real estate funds to its customer. These services cover overall responsibility for the value chain of the entire real estate business: real estate as a great investment option for investors, while offering tenants facilities and homes that support activity and life.

In the year under review, LocalTapiola Asset Management Group's real estate business carried out real estate investments worth a moderate EUR 80 million, after the record year of 2022. LähiTapiola Aluekiinteistöt Ky acquired four new sites, and new joins increased the surface area administered by LocalTapiola Community Forest to 7,400 hectares. Following the market pricing correction that occurred, the values of the real estate investments we manage fell clearly year on year. These value changes showed a broad range across real estate sites and real estate structures.

The occupancy rates of commercial premises were successfully maintained at a good level in spite of the difficult market. By contrast, the situation on the residential lease market deteriorated as demand increased strongly on several sub-markets. Tenant satisfaction remained excellent. During the review period, we put great focus on sustainability work.

Turnover for the real estate business was EUR 17.5 million, with operating profit at EUR 0.9 million. Customer assets under management (net) stood at EUR 2.1 billion at the close of the period under review.

The market value of the real estate assets under management totalled EUR 2.9 billion (EUR 3.1 billion). The real estate portfolio comprises office, commercial, logistics, hotel, social and residential real estate. The portfolio's leasable surface area measures 0.8 million square metres (0.8 million sqm). During the financial period, EUR 80 million (some EUR 622 million) in real estate investments, and EUR 2 million (some EUR 20 million) in sales, were carried out for customers. At year-end, the real estate business had EUR 2.0 billion (EUR 2.2 billion) in managed real estate fund capital and EUR 0.9 billion (EUR 1.0 billion) in portfolio mandate capital.

3.2 LocalTapiola Asset Management Ltd, parent company

LocalTapiola Asset Management's turnover, that is, income from investment services, totalled EUR 26.1 million (EUR 24.6 million). Market developments and the record-high net sales in 2023 had a positive impact on assets under management and on the net commissions received in respect of them.

The result for the financial period was EUR 2.8 million (EUR -5.7 million), ending up positive as a result of appropriations worth EUR 7.0 million. LocalTapiola Asset Management's operating loss decreased over the comparison period to EUR 4.2 million (EUR -5.7 million). During the financial period, LocalTapiola Asset Management was paid a dividend of EUR 1.6 million by LocalTapiola Real Estate Asset Management.

LocalTapiola Asset Management

Balance sheet summary

	(EUR m)	2023	2022
Receivables from credit institutions		8,3	23,7
Liabilities		11,7	13,7
Shareholders' equity		76,1	73,4
Balance sheet total		87,8	87,0

LocalTapiola Asset Management's shareholders' equity totalled EUR 76.1 million (EUR 73.4 million). This change in shareholders' equity was mainly due to the retained earnings accrued during the financial period.

LocalTapiola Asset Management

Result summary

	(EUR m)	2023	2022
Net commissions		19.7	19.2
Income from investment services		26.1	24.6
Administrative expenses		29.2	29.2
Operating profit		-4.2	-5.7
Result for the financial period		2.8	-5.7

The assets under management (gross) by LocalTapiola Asset Management increased to EUR 13,156.9 million (EUR 11,834.2 million).

LocalTapiola Asset Management

Key figures describing financial development

	(% / EUR m)	2023	2022	2021
Capital and reserves (on average)		74.7	47.1	21.7
Balance sheet total (on average)		87.4	56.8	27.3
Net commissions		19.7	19.2	23.9
Turnover		26.1	24.6	24.4
Operating profit		-4.2	-5.7	-1.8
Operating profit of turnover		-16.1	-23.2	-7.6
Return on equity (ROE)		-5.6	-12.2	-8.5
Return on assets (ROA)		-4.8	-10.1	-6.7
Equity ratio		86.6	84.3	77.9
Cost/return ratio		1.16	1.23	1.08

4 Solvency, and risk position

4.1 The Group's prudential management

LocalTapiola Asset Management Group's prudential management process comprises Pillar I solvency calculation and reporting under the Investment Firms Regulation and Directive (IFR/IFD), which entered into effect in 2021, as well as consisting of the Group's own internal capital and risk assessment model (ICARA). The own risk assessment deepens the Pillar I calculation, taking account of the risks to business not covered by Pillar I calculation. These include risks associated with the operating environment and with the changes taking place in it that may, by way of the Group's results, exercise an impact on solvency. In the course of annual planning, the Board of Directors determines the guidelines for LocalTapiola Asset Management Group's risk appetite, by setting target levels for the ratio of own funds to the capital requirements, as well as for the quality of own funds. Solvency calculation is carried out, and the results are reported to the Board of Directors, on a quarterly basis or more frequently, and as needed.

At the close of 2023, LocalTapiola Asset Management Group's solvency ratio was 400.8 per cent, meaning the solvency position was excellent. Own funds comprised own-funds items considered in their entirety as part of the Common Equity Tier 1 capital.

4.2 Solvency position

LocalTapiola Asset Management -group

Solvency calculation	Balance sheet *)	(% / EUR m)	
		2023	2022
Own funds		46.2	44.7
Tier 1 capital		46.2	44.7
Common equity tier 1 capital		46.2	44.7
Fully paid up capital instruments	a	0.9	0.9
Additional paid-in capital and non-restricted reserves	b, c	58.1	58.1
Retained earnings	d	14.5	20.0
Profit for previous periods		14.5	20.0
Total deductions from common equity tier 1		-27.3	-34.3
Losses for the current financial year	e	-4.5	-5.5
Other intangible assets	f	-22.4	-28.4
CET1 instruments of financial sector entities where the institution does not have a significant investment	g	-0.5	-0.5
Capital requirement for own funds			
Fixed overheads		46.1	44.9
Capital requirement		11.5	11.2
Solvency ratio (CET1+AT1+T2, min. 100%)		400.8	398.6
Solvency ratio Tier 1 Capital (CET1+AT1/requirement, min. 75%)		400.8	398.6
Solvency ratio Common equity tier 1 capital (CET1/requirement, min. 75%)		400.8	398.6

Balance sheet *) reconciliation to the balance sheet of the financial statements

Note g includes investments in instruments of financial corporations included in the balance sheet item.

LocalTapiola Asset Management, parent company

Solvency calculation	Balance sheet *)	(% / EUR m)	
		2023	2022
Own funds		15.2	16.3
Tier 1 capital		15.2	16.3
Common equity tier 1 capital		15.2	16.3
Fully paid up capital instruments	a	0.9	0.9
Additional paid-in capital and non-restricted reserves	b, c	58.1	58.1
Retained earnings	d	14.3	20.0
Profit for previous periods		14.3	20.0
Total deductions from common equity tier 1		-58.1	-62.8
Losses for the current financial year		0.0	-5.7
Other intangible assets	f	-0.1	0.0
Total qualifying holdings in undertaking other than financial sector entities which exceeds 60% of its own funds	h	-10.7	-10.7
CET1 instruments of financial sector entities where the institution does not have a significant investment	g	-0.4	-0.4
CET1 instruments of financial sector entities where the institution has a significant investment	g	-46.9	-46.0
Capital requirement for own funds			
Fixed overheads		25.7	24.6
Capital requirement		6.4	6.1
Solvency ratio (CET1+AT1+T2, min. 100%)		237.1	264.9
Solvency ratio Tier 1 Capital (CET1+AT1/requirement, min. 75%)		237.1	264.9
Solvency ratio Common equity tier 1 capital (CET1/requirement, min. 75%)		237.1	264.9

Balance sheet *) reconciliation to the balance sheet of the financial statements

Note g includes investments in instruments of financial corporations included in the balance sheet item.

5 The Group's risk management

Risk management at LocalTapiola Asset Management Group is based on current legislation and the regulations and guidelines issued pursuant to current legislation. The Group complies with LocalTapiola Group's risk and prudential management principles, and the Group's risk management process is part of LocalTapiola Group's risk management process.

LocalTapiola Asset Management's Board of Directors has overall responsibility for the organisation of the company's risk management. In the risk management plan approved annually, the Board of Directors defines the targets and limits for risk-taking, and it is responsible for organising risk management, monitors the level and development of risk-taking on a regular basis and, where appropriate, decides on the necessary risk management measures. Each year, LocalTapiola Asset Management's risk management function submits to the company's Board of Directors a report on the implementation of the risk management plan. As well as developing risk management capabilities, the risk management function supports business with efforts to implement the risk management process.

Executive management and the business units are responsible for ensuring that the management of operational risks complies with the law and the LocalTapiola Group risk management frameworks. Internal audit supports the management and the Board of Directors with developing supervision and risk management.

The risk management process includes risk mapping that is carried out in the context of annual planning, and it assesses the financial and operational risks to which the group may be exposed as well as the risks associated with the operating environment and the strategy. The risks assessed to have the greatest operational relevance are recorded in the risk management plan, and risk management measures are defined for them.

During annual planning, the key sustainability risks to which Asset Management Group is exposed were also mapped. Some minor updates were introduced into the risk management principles, inter alia with regard to sustainability risks.

Risk management in more detail

The risk notes to the financial statements describe in more detail the organisation of risk management, the risk levels and how the various risk classes are monitored.

6 Sustainability in the investment business

At LocalTapiola Asset Management Group, sustainable investment development is the responsibility of the Group's Sustainable Investment Steering Group, for which the rules of procedure were adopted late last year.

6.1 Sustainability in the investment business, and climate change mitigation

In addition to the Principles for Responsible Investment (PRI), LocalTapiola Asset Management Group is committed to the goals of the Paris Agreement. In that context, we develop our investment business, contributing to the creation of solutions for a more sustainable future.

Achievement of this aim, and acceleration of the green transition, are encouraged by engaging companies through active ownership, by contributing to the development of methodologies and by working together with customers to set and achieve emissions reduction targets for investment portfolios. At the onset of 2023, we modified our fund offering to provide two Paris Agreement-aligned equity index funds: LocalTapiola Europe Climate Index, and LocalTapiola USA Climate Index.

Impacting on climate change through investment calls for an understanding of the environmental risks to which investments are exposed. LocalTapiola Asset Management's portfolio managers analyse the measures companies take to mitigate and adapt to climate change, and the managers strive to find the best possible solutions in terms of investment. Over the course of 2023, real estate asset management continued developing the energy efficiency of buildings with a long-term focus, also converting to renewable electricity all sites that did not yet purchase their electricity from renewable energy sources. No construction projects or major renovations were launched during the year, which is why new emission calculations were not carried out for construction activity.

6.2 Corporate governance

In accordance with LocalTapiola Asset Management's corporate governance principles, the key policies for active ownership include meetings with the management of target companies and with fund partners, attendance at General Meetings and engagement of companies together with other investors.

In 2023 the LocalTapiola Asset Management portfolio managers carried out 475 company meetings. Of the meetings, 56% were with companies in which we have invested Asset Management customers' funds. Company-specific topics highlighted in the sustainability analysis were discussed at 66 per cent of these meetings. The green transition and the opportunities and risks created by artificial intelligence were among the issues that emerged in the discussions.

During the year, LocalTapiola Asset Management represented its customers (including the LocalTapiola funds) at twenty Finnish General Meetings and, via the third-party Proxy Voting service, at 1,027 foreign General Meetings in 27 countries. For more information on voting behaviour, please visit Asset Management's sustainable investment website.

The aim of corporate governance for the Seligson & Co funds is to promote the following: openness and transparency in the companies' activities; reasonable remuneration schemes that contribute to the favourable development of investment value; equal treatment of all shareholders; and a dividends policy that takes account of the company's development needs. When exercising the voting power conferred by shares, the Seligson & Co funds follow the corporate governance principles laid down for the Seligson & Co funds. In 2023 the Seligson & Co equity funds exercised the voting power conferred by shares at 540 General Meetings outside Finland. For more information, please consult the financial statements and annual report for the Seligson & Co funds.

Engagement and cooperation projects are an important tool for promoting the sustainable investment goals. Investor letters engage decision makers for their part to develop regulation and supervision in the desired direction. LocalTapiola Asset Management participates in cooperation ventures and engages companies together with international investors or other stakeholders when the topic of the venture or engagement project is closely

linked to universal phenomena that concern the investment environment or the investments in question.

In January 2023, LocalTapiola Asset Management launched more wide-ranging engagement cooperation with ISS ESG. The company is participating in norm-based engagement activities targeting companies suspected of failing to comply with the principles of international human rights, labour right and environmental agreements or good governance practices. In addition, LocalTapiola Asset Management has joined four thematic projects on the topics of biodiversity, water, gender equality, and a Net Zero climate project.

During 2023, through the CDP, LocalTapiola Asset Management took part in three engagement projects revolving around climate change reduction and sustainability reporting. For the sixth time now, the company participated in the CDP Non-Disclosure campaign encouraging companies that produce significant environmental impacts to report on their operations from the perspective of one or several sustainability topics (climate change, forests, water security). In the CDP Science-Based Targets Campaign, investors encourage companies to set climate science-based emissions reduction targets for their operations. The CDP Green Finance Accelerator encourages companies towards sustainability self-reporting already before the Corporate Sustainability Reporting Directive enters into force. LocalTapiola Asset Management has been a signatory to the Climate Action 100+ initiative since 2018.

In 2023 LocalTapiola Asset Management's portfolio managers familiarised themselves with the biodiversity phenomenon and with the reporting frameworks, and they also started to map investment portfolio exposures. LocalTapiola Asset Management is taking part in the Biodiversity Loss from Waste and Pollution engagement organised by FAIRR. Late in the year, LocalTapiola Asset Management became a member of the TNFD (Taskforce on Nature-related Financial Disclosures) Forum, and is involved in supporting the introduction and development of the TNFD reporting framework.

As a member of the International Corporate Governance Network (ICGN), LocalTapiola Asset Management encourages businesses to adopt the best practices of corporate governance.

At LocalTapiola Asset Management, fund partner selection and fund selection are applied in portfolio management both for portfolio investments and for

illiquid private equity and private debt funds. Portfolio investment fund partners are required to commit to the Principles for Responsible Investment (PRI) and to report on sustainable investment. Fund partners of illiquid private equity and private debt funds are required either to sign the PRI or to have in place equivalent written responsible investment principles. At the end of 2023, 94% of the fund partners of private equity and private debt funds that are in the form of alternative investment funds were PRI signatories. All fund partners are rated for sustainability, and the ratings are updated on an annual basis or more frequently, or whenever new data become available.

6.3 Sustainable finance regulation

The key legislative initiatives part of the EU's regulatory package on sustainable finance include the Sustainable Finance Disclosure Regulation (SFDR) and the Taxonomy Regulation, the latter of which will be phased in starting in 2022. In addition, the LocalTapiola Asset Management Group companies are required to take account of sustainability risks within their organisation. Regulation aims to steer financing to sustainable economic activity and growth, to facilitate the analysis of sustainability factors, to prevent greenwashing and to provide information on the management of sustainability related risks. In addition, LocalTapiola Asset Management maps the personal sustainability preferences of customers in line with MiFID II regulation. Under the direction of LocalTapiola Group, we have taken steps to prepare for the entry into force of the Corporate Sustainability Reporting Directive (CSRD).

Early in 2023, the LocalTapiola Asset Management Group companies published the first SFDR-compliant periodical reports on the funds that promote sustainability characteristics and make sustainable investments and on the customer asset management portfolios. In addition, statements on principal adverse impacts of investment decisions on sustainability factors were published on our website for nine LocalTapiola funds, together with LocalTapiola Asset Management's company-level report and summary. LocalTapiola Asset Management also qualified its definition of sustainable investment, and the summary was updated to the Sustainable investment website.

In various asset classes, the LocalTapiola Asset Management Group companies provide several investment solutions that promote sustainability characteristics, as well as offering four sustainable investment funds: the

Sustainable Environment, Sustainable Positive Impact Bond, and Climate Index Europe and USA funds.

6.4 External assessments and acknowledgements

As signatories to the Principles for Responsible Investment (PRI), the LocalTapiola Asset Management Group companies are committed to fostering the integration of responsible investment and to reporting on their development on an annual basis. In 2023 reporting to the PRI was carried out as LocalTapiola Asset Management Group. Because of the changes made to the reporting framework, the PRI's final assessment reports could be obtained only in January 2024. Following these changes, the scores are not comparable with the previous years, and comparability is also hampered by the adoption of the group structure.

LocalTapiola Asset Management Group continued to be awarded very commendable scores for many of the survey subject matters. Our score for the Policy, Governance and Strategy module, which illustrates the depth and scope of responsible investment policies and principles, was very good (91/100 and 5/5 stars). The different policies employed by the Group companies for integrating sustainability are to some degree reflected into the asset class-specific assessments. The 'Real estate' asset class achieved 78 points out of one hundred and four stars out of five. For more detailed information on PRI reporting, please see our sustainable investment website at lahitapiola.fi/kestavasisjoittaminen.

In autumn 2023, LocalTapiola Asset Management was commended with the Responsible Investment Award in Scandinavian Financial Research's (SFR) Challenger category, as well as with a Gold Award for quality in a survey focused on institutional investors. The responsible investment recognition was awarded to LocalTapiola Asset Management for the sixth consecutive year now. In addition, the more than one hundred biggest Finnish institutional investors that completed the survey ranked LocalTapiola Asset Management as the second most high-quality asset manager in that same category.

Every year, LocalTapiola Real Estate Asset Management takes part in the Global Real Estate Sustainability Benchmark (GRESB) review. In the 2023 review, LocalTapiola Real Estate Asset Management, including LocalTapiola Alternative Investment Funds as its subsidiary, again scored four stars out of five (83 points out of 100), ranking in second place among the baseline group of seven. The company's score (83) was clearly above the baseline group

average (77). In addition, for the second time now, LocalTapiola Real Estate Asset Management took part in GRESB reporting for construction projects, scoring 89 points out of 100 and three stars. A total of 2,048 entities from 75 countries participated in this review. LocalTapiola Real Estate Asset Management's particular strengths lie in governance and social sustainability, for which the company has received a near perfect score year after year.

For more information on how we implement sustainability in the investment business and in the various asset classes, please refer to LocalTapiola Asset Management Group's sustainable investment annual report.

7 Events after the financial period

Late in 2023, preparations were initiated for clarifying LocalTapiola Asset Management Group's structure and the organisation of LocalTapiola Alternative Investment Funds. LocalTapiola Asset Management purchased the shares of LocalTapiola Alternative Investment Funds from LocalTapiola Real Estate Asset Management, and LocalTapiola Alternative Investment Funds became LocalTapiola Asset Management's direct subsidiary starting on 1 January 2024. In the same connection, preparations were made for transferring the administration of six special mutual funds that invest in securities from LocalTapiola Alternative Investment Funds to Seligson & Co. The transferred special mutual funds were changed into mutual funds. The changes to the funds took effect on 1 January 2024, and they concern the following funds: Special Mutual Fund LocalTapiola ESG AIF Bond, Special Mutual Fund LocalTapiola ESG AIF Corporate Bond, Special Mutual Fund LocalTapiola ESG AIF USA, Special Mutual Fund ESG AIF Europe, Special Mutual Fund LocalTapiola Star Asset Management 50 and Special Mutual Fund LocalTapiola Star Asset Management 50.

We strengthened our investment sales operations particularly in the small customers segment by establishing in Oulu a sales team specialised in online sales and serving customers across the country.

It was decided not to go ahead, for the time being, with the plans to merge LocalTapiola Alternative Investment Funds and Seligson & Co.

8 Future prospects

8.1 The economic environment

This year global economic growth is expected to remain at a similar level to last year. A tightening of financing conditions is still reflected in the economy early on in the year, slowing down demand. The economy is expected to take a turn for the better later in 2024 as inflation is set to continue to decelerate, real income will increase and central banks will be easing monetary policy.

There are geographical differences in the economic growth prospects. In the United States, growth is expected to have slowed down in recent months, but the likelihood of a soft landing and of avoiding a recession has increased. At the start of last year, waiving of COVID-19 restrictions lent support to the Chinese economy. The Chinese economy has sputtered however, and this year growth is likely to fall short of last year's figures. Late in 2023, the euro area probably slumped into a technical recession or economic growth was near zero. This year, too, growth in the euro area is expected to remain modest, but it is anticipated to pick up until the end of the year. The Finnish economy remains in a mild recession. In Finland, the recovery of economic growth is forecast to begin in the latter half of 2024.

Inflation forecasts and the subdued economic outlook support expectations of falling central-bank policy rates. Inflation decelerated clearly in the course of last year. Inflation is not yet at the level targeted by central banks, but it is expected to continue to recede during the current year. The European Central Bank is expected to start interest-rate cuts during the first half of 2024. Similarly, in the United States, the Fed is expected to begin interest-rate cuts in the first half of the year. Market expectations as to the magnitude of these rate cuts and the exact time when they will begin keep developing. Central banks need to continue to monitor factors that may delay the deceleration of inflation. A strong labour market can keep up pressure on wages and prices, although the labour market is showing moderate signs of cooling off. Finally, the inflation outlook may also be affected by geopolitical tensions.

Private equity and private debt funds

Private equity and private debt funds started the year 2024 in an expectant atmosphere. Transaction volumes remain historically low, but there are signs of picking up. Fund managers continue to hold large amounts of capital accumulated in previous year, waiting to be invested. In the short term, debt

investment will be an attractive option, in particular as a result of higher reference rates. However, a longer-term examination does not give reason to believe that the risk-adjusted (absolute and relative) potential returns from asset classes would have changed to any significant degree. The illiquidity premium and investor interest will, with a high likelihood, be maintained.

Real estate investment market

It is characteristic of the return requirements for real estate investments to demonstrate delayed response to changing interest rate levels. The increases in interest rates over the preceding two years showed signs of coming down in the last quarter of 2023, and interest rate projections declined clearly late in 2023. This trend is desirable for the efficiency and activity of the real estate investment market. As for return requirements, we expect moderate changes for 2024, and the direction of these changes will to a large extent determine how the interest rate situation will develop. Currently, investors are showing interest in sites for which net performance scenarios are positive and where the demand for premises is good. With the increased costs of financing, providers of finance have grown more cautious, which has led to a tightening in the availability and terms of real estate finance.

8.2 The Group's business operations

We will be launching implementation of the renewed investment business strategy in cooperation with LocalTapiola Life. Marketing efforts to increase awareness of our investment services are set to continue in 2024, and the work of the investment sales organisation will be developed further to boost growth. In the near future, increased emphasis will be placed on sustainability and sustainable finance regulation in operational development and in the development of our service offering.

Improved and streamlined customer relationship processes in both digital and personal customer service, and in sales, are among the key development objectives. In particular, processes for efficient and customer-friendly identification of customers and for ensuring customer due diligence at all times are highlighted in service development.

9 Governance

9.1 LocalTapiola Group's governance

The management of LocalTapiola Group and the Group companies adhere to good corporate governance, which is based on legislation governing the insurance and financial sector, the regulations and guidelines issued by the Financial Supervisory Authority, EBA and ESMA (European Banking Authority and European Securities and Markets Authority) and also, where applicable to mutual insurance companies, the Finnish Corporate Governance Code for listed companies.

LocalTapiola Group constitutes an insurance group within the meaning of the Insurance Companies Act, with LocalTapiola General as the group's leading parent company as defined in that Act. In this role, LocalTapiola General is responsible for the organisation of reliable administration, prudential supervision, risk management, internal control and related regulatory reporting within the entire LocalTapiola Group and all Group companies.

The LocalTapiola Group companies have concluded intra-Group agreements on their mutual responsibilities and division of duties. Appointed by LocalTapiola General's Board of Directors, LocalTapiola Group's Management Group has broad representation from the various LocalTapiola Group companies and by those responsible for the most important common functions.

The Group's Management Group is responsible for the preparation of LocalTapiola Group's strategic and other Group-level matters, for related decision-making and implementation, and for the overall control and development of the Group, within the authorisations granted to it by the Board of Directors that are in line with the Joint Agreement concluded between the LocalTapiola Group companies.

As a subsidiary of LocalTapiola General, LocalTapiola Asset Management complies with LocalTapiola Group's common governance procedures.

9.2 Annual General Meeting

LocalTapiola Asset Management Ltd's Annual General Meeting was held on 24 March 2023. The meeting approved the financial statements for 2022, decided on the use of the company's profit, discharged the members of the Board of Directors and the Managing Director from liability, and elected the

company's auditor. The meeting also confirmed the number of the members of the Board of Directors and their remuneration.

9.3 Board of Directors

A total of seven members sat on LocalTapiola Asset Management Ltd's Board of Directors during 2023. The term of the members of the Board of Directors is one year. The Board members must have wide-ranging and complementary professional expertise and experience, and they must possess such competences in the business operations of an investment firm as are necessary considering the nature and scope of the company's activities.

In 2023 the Board of Directors convened 15 times. The meeting participation rate was 98%.

The following persons served as Board members:

Jari Eklund (born 1963), Chair of the Board of Directors
MSc (Econ.)
Group Director, LocalTapiola Group

Mirel Leino-Haltia (born 1971)
PhD (Econ.), CFA
Professor of Practice, Aalto University

Juha Malm (born 1966) up to 24 March 2023
LL.M., CEFA
Chief Investment Officer, LocalTapiola General

Tapio Oksanen (born 1958) up to 24 March 2023
MSc (Econ.)
Chief Financial Officer, Employment Fund

Hanna-Leena Pesonen (born 1967)
PhD (Econ.)
Dean and Professor, Jyväskylä University School of Business and Economics

Lauri Riekkola (born 1964)
Engineering technician, Vocational qualification in Business Management
Managing Director, LocalTapiola Loimi-Häme

Pia Santavirta (born 1976) as of 24 March 2023
Master of Laws
CEO, Finnish Industry Investment Ltd

Teemu Tähtinen (born 1976)
MSc (Econ.), MSc (Tech.)
Chief Investment Officer, LocalTapiola Life

Petri Vilksa (born 1986) as of 24 March 2023
Master of Arts, SHV Actuarial Qualification
Director, Business and Products, LocalTapiola Life

The salaries and remuneration paid to the Board of Directors, and their pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities, are presented in the notes to the financial statements.

9.4 LocalTapiola Asset Management Ltd's Management Group

The following persons were members of the company's Management Group:

Samu Anttila (born 1974)
Master of Arts, eMBA, SHV Actuarial Qualification
Managing Director

Jyrki Mäkelä (born 1961)
MSc (Econ.)
Director, Asset Management, temporary Managing Director

Joona Lappi (born 1985)
MSc (Econ.)
Director, Sales and Accounts

Satu Norhomaa (born 1974)
MBA
Chief Operating Officer

Janne Pesonen (born 1965)
MSc (Tech.), SHV Actuarial Qualification
Director, Finances and Administration

Hanna Vihavainen (born 1974)
Master of Laws
Director, Legal and Compliance

9.5 Managing Director

Samu Anttila serves as LocalTapiola Asset Management Ltd's Managing Director.

9.6 Auditor

The Annual General Meeting elected KPMG Oy Ab to continue as LocalTapiola Asset Management Ltd's auditor, with Authorised Public Accountant Timo Nummi as the principal auditor appointed by KPMG Oy Ab.

9.7 Supervisory authority

LocalTapiola Asset Management is an investment firm subject to public supervision by the Financial Supervisory Authority (FIN-FSA).

Seligson & Co is a fund management company within the meaning of the Act on Common Funds, and the company is subject to supervision by the FIN-FSA.

LocalTapiola Alternative Investment Funds is an alternative investment fund manager within the meaning of the Act on Alternative Investment Funds Managers, and the company is subject to supervision by the FIN-FSA.

The FIN-FSA supervises and ensures that financial institutions comply with the law and that they employ appropriate methods in their operations. It monitors and assesses the financial position of the companies that it supervises, as well as monitoring and assessing the management, supervision and risk management systems, operating prerequisites and changes in the operating environment of these companies.

9.8 Related parties

LocalTapiola Asset Management Group's related parties are discussed in the notes to the financial statements.

10 Personnel and remuneration

At year-end LocalTapiola Asset Management Group employed a total of 223 persons, and at the end of the year the parent company employed 124 persons.

LocalTapiola Asset Management Group

Number of employees	2023	2022
Financial period end	223	239

LocalTapiola Asset Management Ltd, parent company

Number of employees	2023	2022
Financial period end	124	147

The aim of the special remuneration scheme is to incentivise good performance and to boost the motivation and commitment of personnel. At LocalTapiola Asset Management, remuneration is based on the Group's and LocalTapiola Asset Management Group's strategy and the targets set on the basis of the strategy.

Remuneration is based on a person's good work performance in relation to the set targets. The bonus scheme is part of the remuneration package, and it is based on annual bonuses, although some bonus targets may measure periods that are longer than one year. The special remuneration scheme covers senior managers and all personnel.

When confirming the special remuneration scheme, efforts are made to ensure that the scheme is aligned with LocalTapiola Group's and LocalTapiola Asset Management Group's business strategy, targets and values; that it works in LocalTapiola Group's and LocalTapiola Asset Management Group's long-term interests; that it is in harmony with LocalTapiola Group's and LocalTapiola Asset Management Group's principles of good and effective risk management; that it does not encourage excessive risk-taking; and that it is gender neutral.

Personnel are members of LocalTapiola Group's personnel fund as laid down in the fund rules. Personnel expenses include the company's share of the profit bonus item for 2023 payable to the personnel fund.

11 Proposal on the use of the profit for the financial period

Proposal by the Board of Directors

Distributable assets in the financial statements total EUR 73,483,941.30. There have been no material changes in the company's financial position after the end of the financial period, nor does the solvency test referred to in chapter 13, section 2 of the Limited Liability Companies Act have a bearing on the amount of distributable assets.

The Board of Directors proposes to the General Meeting to be held on 25 March 2024 that, from the result for the 2023 financial period, no dividend be paid on either share series (not on the A series or the B series) but that the profit for the financial period, EUR 2,752,677.66, be transferred in full to the profit and loss account of the previous financial periods.

Financial statements 1 January–31 December 2023

12 Financial statements for LocalTapiola Asset Management Ltd Group

12.1 Balance sheet, LocalTapiola Asset Management Group

BALANCE SHEET

ASSETS	note	IF*	31.12.2023	31.12.2022
Cash assets			0.00	4,949.40
Receivables from credit institutions				
Payable on demand	K1, K2, K12, K13, K14		44,064,777.55	52,106,389.17
Other			8,000,000.00	0.00
Receivables from credit institutions			52,064,777.55	52,106,389.17
Loans and advances to the public and general government				
Other	K1, K5, K12, K13, K14		11,500.00	11,000.00
Shares and holdings	K1, K5, K13, K14		28,996.00	28,996.00
Shares and holdings of companies in the same Group	K1, K5, K13, K14	g	1,177,623.31	1,177,623.31
Intangible assets				
Consolidated goodwill			20,820,416.19	26,604,587.31
Other capital expenditures			1,568,798.52	1,767,718.08
Intangible assets	K6, K7, K13, K14	f	22,389,214.71	28,372,305.39
Tangible assets				
Other real estates and real estate companies shares and holdings			2,016,817.40	2,016,817.40
Right-of-use asset			2,061,362.60	0.00
Other tangible assets			236,618.34	251,621.79
Tangible assets	K7, K13, K14		4,314,798.34	2,268,439.19
Other assets	K8, K13, K14		6,833,112.78	6,878,732.95
Prepayments and accrued income	K9, K13, K14		2,967,469.15	2,663,948.74
Total assets			<u>89,787,491.84</u>	<u>93,512,384.15</u>

LIABILITIES			31.12.2023	31.12.2022
Liabilities				
Other liabilities				
Other liabilities	K10, K13, K14		6,341,898.11	4,258,602.88
Obligatory provisions			16,803.60	478.79
Other liabilities			6,358,701.71	4,259,081.67
Accruals and deferred income	K11, K13, K14		14,345,943.40	15,678,742.36
Total liabilities			20,704,645.11	19,937,824.03
Shareholders' equity and minority interest				
Shareholders' equity				
Share capital	K15, K16	a	933,350.00	933,350.00
Additional paid-in capital	K15	b	1,691,534.45	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	K15	c	56,444,888.17	56,444,888.17
Profit (loss) for previous periods	K15	d	14,504,787.50	20,009,815.01
Profit (loss) for the period	K15	e	-4,491,713.39	-5,505,027.51
Non-controlling equity interests			0.00	0.00
Shareholders' equity and minority interest, total			69,082,846.73	73,574,560.12
Total shareholders' equity			69,082,846.73	73,574,560.12
Total liabilities and shareholders' equity			<u>89,787,491.84</u>	<u>93,512,384.15</u>

12.2 Income statement, LocalTapiola Asset Management Group

INCOME STATEMENT	note		1.1.-31.12.2023	1.1.-31.12.2022
Net commissions	K16, K32		51,926,383.10	48,853,401.60
Income from equity investments	K17			
From companies in the same Group			4,372.89	14,867.81
Interest income	K18		1,007,751.12	48,598.91
Other operating income	K19		3,979,541.38	4,818,806.40
NET INCOME FROM INVESTMENT SERVICE OPERATION			56,918,048.49	53,735,674.72
Commission expenses	K16		1,004,062.14	1,018,382.92
Interest expenses	K18		72,671.73	130,035.60
Personnel costs and administrative expenses				
Personnel costs				
Salaries and remunerations	K27, K28		22,540,785.81	22,310,607.34
Social expenses				
Pension costs	K23, K27, K28		4,571,893.94	4,604,715.61
Other social expenses			803,639.66	731,780.52
Social expenses			5,375,533.60	5,336,496.13
Personnel costs			27,916,319.41	27,647,103.47
Other administrative expenses			22,618,820.13	21,186,489.75
Personnel costs and administrative expenses			50,535,139.54	48,833,593.22
Depreciation and amortisation on consolidated goodwill			6,723,394.78	5,267,076.07
Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	K21		1,190,167.12	729,815.21
Other operating expenses	K20, K30		1,586,551.78	1,879,970.93
OPERATING PROFIT (-LOSS)			-4,193,938.60	-4,123,199.23
Income taxes			297,774.79	1,381,828.28
PROFIT (LOSS) FOR THE PERIOD			<u>-4,491,713.39</u>	<u>-5,505,027.51</u>

12.3 Indirect cash flow statement, LocalTapiola Asset Management Group

INDIRECT CASH FLOW STATEMENT	2023	2022
Cash flow from operating activities		
Operating profit (loss)	-4,193,938.60	-4,123,199.23
Taxes paid	31,511.36	1,470,794.87
Adjustments to operating profit:		
Planned depreciation	7,913,561.90	5,996,891.28
Other adjustments	-923,127.47	67,047.67
Total adjustments to operating profit	6,990,434.43	6,063,938.95
Other assets	45,120.17	-6,889,732.95
Prepayments and accrued income	-303,520.41	-2,663,948.74
Increase (-) or decrease (+) in operating assets	-258,400.24	-9,553,681.69
Other liabilities	-8,347.33	4,258,602.88
Accruals and deferred income	-1,332,798.96	15,678,742.36
Paid taxes as adjustment of tax debt	-329,286.15	-2,852,623.15
Increase (-) or decrease (+) in operating liabilities	-1,670,432.44	17,084,722.09
Interest paid	-72,671.73	-130,035.60
Interest received	1,007,751.12	48,598.91
Cash flow from operating activities (A)	1,834,253.90	10,861,138.30
Cash flow from investing activities		
Fixed term deposits	-8,000,000.00	0.00
Shares and holdings	0.00	-1,206,619.31
Dividends received	4,372.89	14,867.81
Intangible and tangible assets	-3,976,830.37	-36,637,635.86
Cash flow from investing activities (B)	-11,972,457.48	-37,829,387.36
Cash flow from financing activities		
Rights issue	0.00	59,069,772.62
Lease liabilities, withdrawals	2,487,851.42	0.00
Lease liabilities, repayments	-396,208.86	0.00
Profit in previous financial years resulting from structural changes	0.00	20,009,815.01
Cash flow from financing activities (C)	2,091,642.56	79,079,587.63
Net increase/decrease in cash and cash equivalents (A+B+C)		
increase (+) / decrease (-)	<u>-8,046,561.02</u>	<u>52,111,338.57</u>
Cash and cash equivalents at year-start	52,111,338.57	0.00
Cash and cash equivalents at year-end	44,064,777.55	52,111,338.57
Net increase/decrease in cash and cash equivalents	-8,046,561.02	52,111,338.57

12.4 Key figures, LocalTapiola Asset Management Group

KEY FIGURES DESCRIBING FINANCIAL

DEVELOPMENT	2023	2022
Capital and reserves (on average), EUR million	71.3	76.3
Commission income, EUR million	51.9	48.9
Turnover, EUR million	56.9	53.7
Operating profit/loss, EUR million	-4.2	-4.1
Operating profit, % of turnover	-7.4	-7.7
Return on equity (ROE), %	-6.3	-7.2
Return on assets (ROA), %	-4.9	-5.9
Equity ratio, %	76.9	78.7
Cost/return ratio	0.96	0.98

12.5 Notes, LocalTapiola Asset Management Group

12.5.1 Notes to the balance sheet, LocalTapiola Asset Management Group

K1. Categories of financial assets	2023	2022
Metrable at fair value through profit or loss	28,996.00	28,996.00
Valued at cost	53,253,900.86	53,299,961.88
Total	53,282,896.86	53,328,957.88
K2. Receivables from credit institutions	2023	2022
Domestic credit institutions		
Payable on demand	44,064,777.55	52,106,389.17
Other than payable on demand	8,000,000.00	0.00
Total	52,064,777.55	52,106,389.17
Total	52,064,777.55	52,106,389.17
K3. Loans and advances to the public and general government	2023	2022
Loans and advances to the public and general government		
Corporations and housing companies	11 500,00	11 000,00
K4. Notes on credit risk	2023	2022

Receivables from the public and public-sector entity is not material and, therefore, they do not entail any material credit risk either.

K5. Shares and holdings	2023	2022
Shares and holdings in other companies		
Equity instruments measured at fair value through profit or loss		
Others than publicly listed	28,996.00	28,996.00
Shares and holdings in companies in the same group		
Others than publicly listed	1,177,623.31	1,177,623.31
Total	1,206,619.31	1,206,619.31
valued at cost	1,206,619.31	1,206,619.31
used for stock lending	-	-
investments in shares of credit institution	-	-

Categorization has been changed in 2018 due to norms modification
Shares and holdings categorized previously into available-for-sale

K6. Intangible assets	2023	2022
ICT systems design and programming costs	1,504,619.87	1,540,557.75
Goodwill	20,820,416.19	26,604,587.31
Other intangible assets	64,178.65	227,160.33
Total	22,389,214.71	28,372,305.39

K7. Changes in intangible and tangible assets during the financial year	2023	2022
Intangible assets		
Acquisition cost 1 January	39,782,675.72	0.00
+ increases during the year	1,417,363.41	38,996,085.01
- decreases during the year	0.00	-192,285.45
+/- transfers between items	0.00	978,876.16
Acquisition cost 31 December	41,200,039.13	39,782,675.72
Accumulated depreciation and amortisation 1 January	-11,410,370.33	0.00
+ accumulated depreciation on disposals and transfers	0.00	-352,814.70
- planned depreciation	-7,400,454.09	-11,057,555.63
Accumulated depreciation and amortisation 31 December	-18,810,824.42	-11,410,370.33
Book value 31 December	22,389,214.71	28,372,305.39
Book value 1 January	28,372,305.39	0.00

Tangible assets	2023	2022
Other real estates and real estate companies shares and holdings		
Acquisition cost 1 January	2,016,817.40	0.00
+ increases during the year	0.00	1,051,617.40
+/- transfers between items	0.00	965,200.00
Acquisition cost 31 December	2,016,817.40	2,016,817.40
Accumulated depreciation and amortisation 1 January	0.00	0.00
Accumulated depreciation and amortisation 31 December	0.00	0.00
Book value 31 December	2,016,817.40	2,016,817.40
Book value 1 January	2,016,817.40	0.00

Tangible assets	2023	2022
Right-of-use asset, premises		
Acquisition cost 1 January	0.00	0.00
+ increases during the year	2,487,851.42	0.00
Acquisition cost 31 December	2,487,851.42	0.00
Accumulated depreciation and amortisation 1 January	0.00	0.00
- planned depreciation	-426,488.82	0.00
Accumulated depreciation and amortisation 31 December	-426,488.82	0.00
Book value 31 December	2,061,362.60	0.00
Book value 1 January	0.00	0.00

Tangible assets	2023	2022
Other tangible assets		
Acquisition cost 1 January	1,319,023.87	0.00
+ increases during the year	106,115.54	1,288,921.34
- decreases during the year	-34,500.00	-382,151.08
+/- transfers between items	0.00	412,253.61
Acquisition cost 31 December	1,390,639.41	1,319,023.87
Accumulated depreciation and amortisation 1 January	-1,067,402.08	0.00
+ accumulated depreciation on disposals and transfers	0.00	-281,758.11
- planned depreciation	-86,618.99	-785,643.97
Accumulated depreciation and amortisation 31 December	-1,154,021.07	-1,067,402.08
Book value 31 December	236,618.34	251,621.79
Book value 1 January	251,621.79	0.00

K8. Other assets	2023	2022
Other assets		
Other deferred income	6,833,112.78	6,878,732.95

K9. Prepayments and accrued income	2023	2022
Prepayments and accrued income		
Interest receivables	135,387.64	0.00
Other deferred income	2,832,081.51	2,663,948.74
Total	2,967,469.15	2,663,948.74

K10. Other liabilities	2023	2022
Other liabilities		
Lease liabilities	2,091,642.56	0.00
Other than payment transfer liabilities	4,250,255.55	4,258,602.88
Obligatory provisions	16,803.60	478.79
Total	6,358,701.71	4,259,081.67
Obligatory provisions include preparation for future factors of uncertainty and for the process development needs observed.		

K11. Accruals and deferred income	2023	2022
Deferred expenses		
Other deferred expenses than interest liabilities	14,345,943.40	15,678,742.36

K12. Financial assets and liabilities by maturity	2023	2022				
Maturity						
	less than 3 mo.	3-12 mo.	1-5 yr.	over 5 yr.		
Cash assets	0.00	-	-	-	0.00	4,949.40
Receivables from credit institutions	44,064,777.55	8,000,000.00	-	-	52,064,777.55	52,106,389.17
Loans and advances to the public and general government	-	0.00	-	11,500.00	11,500.00	11,000.00
Notes and bonds	-	-	-	-	0.00	0.00
Liabilities to credit institutions	-	-	-	-	0.00	0.00
Lease liabilities	67,196.67	341,063	1,683,383	-	2,091,642.56	0.00

K13. Assets denominated in euros and foreign currencies and members of the same group

		Domestic currency	Foreign currency	of which belong to the same group	2023 total	2022 total
Asset, in euros						
Cash assets		0.00	-	-	0.00	4,949.40
Receivables from credit institutions		52,064,777.55	0.00	-	52,064,777.55	52,106,389.17
Loans and advances to the public and general government		11,500.00	-	-	11,500.00	11,000.00
Other assets		37,711,214.29	0.00	3,356,358.52	37,711,214.29	41,390,045.58
Total		89,787,491.84	0.00	3,356,358.52	89,787,491.84	93,512,384.15
Other liabilities		6,358,701.71	0.00	616,341.76	6,358,701.71	4,259,081.67
Accruals and deferred income		14,345,943.40	0.00	1,297,473.85	14,345,943.40	15,678,742.36
Total		20,704,645.11	0.00	1,913,815.61	20,704,645.11	19,937,824.03

K14. Fair and book values of financial assets and liabilities and hierarchy of fair values

Assets and liabilities that after entry are valued at fair value once or repeatedly on the balance sheet

Fair values of Tier 1 instruments are based on the listed prices of identical assets or liabilities in active markets, such as the stock exchange, broker or price service. Tier 1 instruments are primarily domestically listed investment liabilities, which have been classified as available-for-sale. The market price of these assets is obtained from the current purchase price.

The fair values of Tier 2 instruments are obtained by valuation methods using market prices in active markets.

Repeated fair values that are defined using significant other data than observable input data

Input data for Tier 3 assets or liabilities are not based on observable market data. Tier 3 includes equity instruments that do not have a market price on the markets and their fair value cannot be reliably defined, so they are valued at acquisition cost.

Fair values of assets and liabilities	2023	2022	2023	2022
	Fair value	Fair value	Book value	Book value
Financial assets				
Cash assets	0.00	4,949.40	0.00	4,949.40
Receivables from credit institutions	52,064,777.55	52,106,389.17	52,064,777.55	52,106,389.17
Loans and advances to the public and general government	11,500.00	11,000.00	11,500.00	11,000.00
Shares and holdings	28,996.00	28,996.00	28,996.00	28,996.00
Shares and holdings in companies in the same group	915,140.44	897,240.99	1,177,623.31	1,177,623.31

Financial instruments valued at fair value on balance sheet

	Tier 1	Tier 2	Tier 3	2023
				Total
Financial assets				
Shares and holdings			28,996.00	28,996.00
Unrealised profits and losses of the financial period (Tier 3)			-	

K15. Shareholders' equity

	Financial period start	+ Increase - Decrease	Transfers between	Financial period end
Restricted equity				
Share capital	933,350.00	0.00	-	933,350.00
Additional paid-in capital	1,691,534.45	0.00	-	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	56,444,888.17	0.00	-	56,444,888.17
Profit or loss for previous periods	20,009,815.01	5,505,027.51	-5,505,027.51	14,504,787.50
Profit or loss for financial period	-5,505,027.51	-4,491,713.39	5,505,027.51	-4,491,713.39
Total	73,574,560.12	1,013,314.12	0.00	69,082,846.73

12.5.2 Notes to the income statement, LocalTapiola Asset Management Group

	2023	2022
K16. Net commissions and fees		
Net commissions		
Management fees	70,044,774.21	66,262,844.65
- Management fee returns	-24,985,256.94	-24,042,855.81
Subscription charges	13,000.00	511.85
Redemption charges	1,000.00	1,500.00
Asset management fees	6,852,865.83	6,631,400.91
Total	51,926,383.10	48,853,401.60
Commission expenses		
Commission expenses for asset management	-360,637.31	-461,286.44
Other commission expenses	-17,061.60	-6,859.19
Custody	-626,363.23	-550,237.29
Total	-1,004,062.14	-1,018,382.92
K17. Income from equity investments	2023	2022
Dividend income from shares and holdings		
From companies in the same Group	4,372.89	14,867.81
K18. Interest income and expenses by balance sheet item	2023	2022
Interest income		
Receivables from credit institutions	987,935.96	48,598.91
From loans and advances to the public and general government	19,052.92	0.00
Other interest income	762.24	0.00
Total	1,007,751.12	48,598.91
Interest expenses		
Receivables from credit institutions	0.01	130,035.60
Lease liabilities	69,217.15	0.00
Other interest expenses	3,454.57	0.00
Total	72,671.73	130,035.60
K19. Other operating income	2023	2022
Other income	3,979,541.38	4,818,806.40
K20. Other operating expenses	2023	2022
Rent expenses	642,482.21	1,393,894.56
Expenses for own-use real estate	120,841.74	0.00
Other expenses	823,227.83	486,076.37
Total	1,586,551.78	1,879,970.93
K21. Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	2023	2022
Intangible assets		
Planned depreciation	677,059.31	622,975.12
Tangible assets		
Planned depreciation	513,107.81	106,840.09
Total depreciation and write-downs	1,190,167.12	729,815.21

K22. Notes on business areas and geographical markets

The geographical operating area is Finland.

The company does not have a network of offices outside of Finland. Personnel data is listed in Note 26.

Business areas by segment, 2023	Liquid	Real estate	Private equity	Other	Total
Turnover	35,903,230.83	17,483,906.43	3,530,911.23	0.00	56,918,048.49
Depreciation and amortisation on consolidated goodwill	0.00	0.00	0.00	-6,723,394.78	-6,723,394.78
Other operating expenses	-35,271,911.81	-16,599,186.61	-2,517,493.89	0.00	-54,388,592.31
Operating profit/loss	631,319.02	884,719.82	1,013,417.34	-6,723,394.78	-4,193,938.60
Assets	42,155,325.33	22,332,475.07	4,479,275.25	20,820,416.19	89,787,491.84
Liabilities	12,655,474.26	6,704,445.08	1,344,725.78	0.00	20,704,645.11

K23. Pension liabilities

Statutory pensions for personnel are organised using TyEl insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Company.

K24. Rental liabilities

	2023	2022
Liabilities from non-cancellable leasing and other rental agreements		
Within one year	109,056.26	7,559.09
Within 1-5 years	364,468.72	9,331.00
Essential clauses concerning notices or redemption		
Rental agreements are fixed-term until 31 October 2028		

K25. Off-balance-sheet commitments

Joint responsibility associated with VAT group registration	2023	2022
Within one year		
Group companies	577,781.35	1,183,662.33
Other group companies	2,204,566.88	1,603,256.12
Total	2,782,348.23	2,786,918.45
VAT liability with a positive sign = VAT debt		
VAT liability with a negative sign = VAT receivable		
Auditing responsibility of property investments, according to Section 120 of Finnish VAT Act	2023	2022
10-year auditing period		
Other group companies	66,872,306.53	78,779,260.49

K26. Number of employees

	2023	2022
Numbers at the end of the accounting period		
Permanent full-time employees	206	219
Permanent part-time employees	12	10
Fixed-term employees	5	10
Total	223	239

K27. Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities

	2023	2022
Managing director and deputy managing director		
Salaries and remunerations	1,365,689.84	1,343,143.58
Pension commitments	Is stated by the law.	
	Statutory pensions for management are organised using TyEL basic insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Insurance Company.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	
Members of the board and deputy board members		
Salaries and remunerations	358,693.78	398,469.87
Pension commitments	Is stated by the law.	
Monetary loans and terms thereof	No monetary loans granted	
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted	

K28. Related party loans and transactions

	2023	2022
Loans granted to parties belonging to the insider register of the company	0.00	0.00
Investments in related-party entities	0.00	0.00
Guarantees and collateral lodged on behalf of a related party on behalf of another	0.00	0.00
	The company has not carried out related party transactions involving non-conventional commercial terms and conditions.	
	Information on the contingent liability relating to value-added tax category identification can be found in Note 25.	

K29. Notes to income taxes

	2023	2022
Tax based on taxable income	298,371.13	1,382,128.95

K30. Fees paid to auditor

	2023	2022
Audit	154,022.32	169,512.88
Other services	10,400.30	20,819.32
Total	164,422.62	190,332.20

K31. Holdings in other companies

The consolidated financial statements have not been combined with companies acting as fund feeder companies.

LähiTapiola Asuntorahasto Prime Feeder Oy
Tapiola KR III Feeder Oy
LähiTapiola Asuntosijoitus Suomi Feeder Oy
LähiTapiola Asuntosijoitus Suomi Feeder II Oy
LähiTapiola Asuntosijoitus Suomi Feeder III Oy

Combining the companies would present a false picture of the group's financial position because significant restrictions substantially prevent the group from using its influence in these companies.

The Group's balance sheet includes those issued by group companies	2023	2022
Capital loans		
Tapiola KR III Feeder Oy	3,000.00	3,000.00
LähiTapiola Asuntorahasto Prime Feeder Oy	6,000.00	6,000.00
LähiTapiola Asuntosijoitus Suomi Feeder Oy	2,500.00	2,000.00
Total	11,500.00	11,000.00

K32. Total controlled customer assets	2023	2022
Trustee asset management	13,156,846,074.60	11,834,241,004.00
Management of funds	11,269,743,730.02	9,802,349,256.70
Other contractual management	1,594,708,580.01	1,721,401,984.28
Managing real estate objects	2,889,876,795.13	3,149,528,516.00
Total assets under management (gross)	28,911,175,179.76	26,507,520,760.98
Total Consolidated assets under management (net)	14,209,291,760.65	13,144,116,522.52
Customer assets		
NAV for real estate equity funds + open commitments	744,089,450.33	897,822,212.07
NAV for fixed-income and equity special mutual funds	843,727,512.10	830,612,108.00
NAV for private equity and private debt funds + open commitments	1,315,210,043.50	996,895,310.30
Net asset value of funds managed (NAV)	2,903,027,005.93	2,725,329,630.37

13 Financial statements for LocalTapiola Asset Management Ltd

13.1 Balance sheet, LocalTapiola Asset Management

BALANCE SHEET

ASSETS	note	IF*	31.12.2023	31.12.2022
Receivables from credit institutions				
Payable on demand	1, 2, 11, 12, 13		8,276,294.95	23,681,316.80
Other			8,000,000.00	0.00
Receivables from credit institutions			16,276,294.95	23,681,316.80
Shares and holdings	1, 4, 12, 13		370.00	370.00
Shares and holdings of companies in the same Group	1, 4, 12, 13	g	58,333,366.35	57,394,142.69
Intangible assets	5, 6, 12, 13	f	139,143.25	48,869.80
Tangible assets				
Other tangible assets	6, 12, 13		52,882.79	54,394.10
Other assets	7, 12, 13		3,485,678.72	3,533,314.23
Prepayments and accrued income	8, 12, 13		9,555,842.19	2,313,912.16
Total assets			<u>87,843,578.25</u>	<u>87,026,319.78</u>
LIABILITIES			31.12.2023	31.12.2022
Liabilities				
Other liabilities				
Other liabilities	9, 12, 13		1,228,131.55	1,331,823.70
Obligatory provisions			16,324.81	0.00
Other liabilities			1,244,456.36	1,331,823.70
Accruals and deferred income	10, 12, 13		10,490,296.14	12,338,347.99
Total liabilities			11,734,752.50	13,670,171.69
Shareholders' equity and minority interest				
Shareholders' equity				
Share capital	14, 15	a	933,350.00	933,350.00
Additional paid-in capital	14	b	1,691,534.45	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	14	c	56,444,888.17	56,444,888.17
Profit (loss) for previous periods	14	d	14,286,375.47	20,009,815.01
Profit (loss) for the period	14	e	2,752,677.66	-5,723,439.54
Total shareholders' equity			76,108,825.75	73,356,148.09
Total liabilities and shareholders' equity			<u>87,843,578.25</u>	<u>87,026,319.78</u>

13.2 Income statement, LocalTapiola Asset Management

INCOME STATEMENT	note	1.1.-31.12.2023	1.1.-31.12.2022
Net commissions	18, 32	19,688,275.52	19,225,712.99
Income from equity investments	19		
From companies in the same Group		1,642,700.26	11,436.78
Interest income	20	302,376.82	5,285.02
Other operating income	21	4,511,730.16	5,391,160.57
NET INCOME FROM INVESTMENT SERVICE OPERATION		26,145,082.76	24,633,595.36
Commission expenses	18	0.00	7,610.05
Interest expenses	20	1,695.10	56,481.91
Personnel costs and administrative expenses			
Personnel costs			
Salaries and remunerations	29, 30	14,119,860.24	14,820,011.50
Social expenses			
Pension costs	25, 29, 30	3,037,166.57	3,233,629.61
Other social expenses		560,526.23	525,990.42
Social expenses		3,597,692.80	3,759,620.03
Personnel costs		17,717,553.04	18,579,631.53
Other administrative expenses		11,472,331.43	10,598,157.20
Personnel costs and administrative expenses		29,189,884.47	29,177,788.73
Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	23	66,051.16	183,109.38
Other operating expenses	22, 31	1,107,932.10	932,135.01
OPERATING PROFIT (-LOSS)		-4,220,480.07	-5,723,529.72
Appropriations		-6,973,019.71	0.00
Income taxes		-138.02	-90.18
PROFIT (LOSS) FOR THE PERIOD		2,752,677.66	-5,723,439.54

13.3 Indirect cash flow statement, LocalTapiola Asset Management

INDIRECT CASH FLOW STATEMENT	2023	2022
Cash flow from operating activities		
Operating profit (loss)	-4,220,480.07	-5,723,529.72
Taxes paid	0.00	-291,965.28
Adjustments to operating profit:		
Planned depreciation	66,051.16	183,109.38
Income from equity investments	-1,642,700.26	-11,436.78
Interest income and expenses	-300,681.72	51,196.89
Other adjustments	16,324.81	-400,000.00
Other adjustments	-1,927,057.17	-360,239.89
Total adjustments to operating profit	-1,861,006.01	-177,130.51
Other assets	47,635.51	419,622.05
Prepayments and accrued income	-7,241,930.03	362,815.86
Increase (-) or decrease (+) in operating assets	-7,194,294.52	782,437.91
Other liabilities	-103,692.15	667,707.44
Accruals and deferred income	-1,848,051.85	7,527,825.26
Paid taxes as adjustment of tax debt	138.02	292,055.46
Increase (-) or decrease (+) in operating liabilities	-1,951,605.98	8,487,588.16
Interest paid	-1,695.10	-56,481.91
Interest received	302,376.82	5,285.02
Cash flow from operating activities (A)	-14,926,704.86	3,026,203.67
Cash flow from investing activities		
Fixed term deposits	-8,000,000.00	0.00
Shares and holdings	-939,223.66	-56,680,263.76
Dividends received	1,642,700.26	11,436.78
Intangible and tangible assets	-154,813.30	13,250.00
Cash flow from investing activities (B)	-7,451,336.70	-56,655,576.98
Cash flow from financing activities		
Rights issue	0.00	54,161,026.79
Group contributions received	6,973,019.71	0.00
Profit in previous financial years resulting from structural changes	0.00	4,164,725.95
Cash flow from financing activities (C)	6,973,019.71	58,325,752.74
Net increase/decrease in cash and cash equivalents (A+B+C)		
increase (+) / decrease (-)	<u>-15,405,021.85</u>	<u>4,696,379.43</u>
Cash and cash equivalents at year-start	23,681,316.80	18,984,937.37
Cash and cash equivalents at year-end	8,276,294.95	23,681,316.80
Net increase/decrease in cash and cash equivalents	-15,405,021.85	4,696,379.43

13.4 Key figures, LocalTapiola Asset Management

KEY FIGURES DESCRIBING FINANCIAL

DEVELOPMENT	2023	2022	2021
Balance sheet total (on average), EUR million	87.4	56.8	27.3
Commission income, EUR million	19.7	19.2	23.9
Turnover, EUR million	26.1	24.6	24.4
Operating profit/loss, EUR million	-4.2	-5.7	-1.8
Operating profit, % of turnover	-16.1	-23.2	-7.6
Return on equity (ROE), %	-5.6	-12.2	-8.5
Return on assets (ROA), %	-4.8	-10.1	-6.7
Equity ratio, %	86.6	84.3	77.9
Cost/return ratio	1.2	1.2	1.1

13.5 Notes, LocalTapiola Asset Management

13.5.1 Notes to the balance sheet, LocalTapiola Asset Management

1. Categories of financial assets	2023	2022
Metrable at fair value through profit or loss	370.00	370.00
Valued at cost	74,609,661.30	81,075,459.49
Total	74,610,031.30	81,075,829.49

2. Receivables from credit institutions	2023	2022
Domestic credit institutions		
Payable on demand	8,276,294.95	23,681,316.80
Other than payable on demand	8,000,000.00	0.00
Total	16,276,294.95	23,681,316.80

3. Notes on credit risk	2023	2022
Receivables from the public and public-sector entity is not material and, therefore, they do not entail any material credit risk either.		

4. Shares and holdings	2023	2022
Shares and holdings in other companies		
Equity instruments measured at fair value through profit or loss		
Others than publicly listed	370.00	370.00
Shares and holdings in companies in the same group		
Others than publicly listed	58,333,366.35	57,394,142.69
Total	58,333,736.35	57,394,512.69
valued at cost	58,333,736.35	57,394,512.69
used for stock lending	-	-
investments in shares of credit institution	-	-

Categorization has been changed in 2018 due to norms modification
 Shares and holdings categorized previously into available-for-sale

5. Intangible assets	2023	2022
ICT systems design and programming costs	139,143.25	48,869.80
6. Changes in intangible and tangible assets during the financial year	2023	2022
Intangible assets		
Acquisition cost 1 January	3,369,012.00	3,386,455.00
+ increases during the year	138,697.00	0.00
- decreases during the year	0.00	-17,443.00
Acquisition cost 31 December	3,507,709.00	3,369,012.00
Accumulated depreciation and amortisation 1 January	-3,320,142.20	-3,176,967.94
+ accumulated depreciation on disposals and transfers	0.00	11,919.38
- planned depreciation	-48,423.55	-155,093.64
Accumulated depreciation and amortisation 31 December	-3,368,565.75	-3,320,142.20
Book value 31 December	139,143.25	48,869.80
Book value 1 January	48,869.80	209,487.06
Tangible assets	2023	2022
Other tangible assets		
Acquisition cost 1 January	457,582.62	470,832.62
+ increases during the year	50,616.30	24,500.00
- decreases during the year	-34,500.00	-37,750.00
Acquisition cost 31 December	473,698.92	457,582.62
Accumulated depreciation and amortisation 1 January	-403,188.52	-385,057.15
- planned depreciation	-17,627.61	-18,131.37
Accumulated depreciation and amortisation 31 December	-420,816.13	-403,188.52
Book value 31 December	52,882.79	54,394.10
Book value 1 January	54,394.10	85,775.47
7. Other assets	2023	2022
Other assets		
Other deferred income	3,485,678.72	3,533,314.23
8. Prepayments and accrued income	2023	2022
Prepayments and accrued income		
Interest receivables	135,387.64	0.00
Other deferred income	9,420,454.55	2,313,912.16
9. Other liabilities	2023	2022
Other liabilities		
Other than payment transfer liabilities	1,228,131.55	1,331,823.70
Obligatory provisions	16,324.81	0.00
Total	1,244,456.36	1,331,823.70

10. Accruals and deferred income					2023	2022
Deferred expenses						
Other deferred expenses than interest liabilities					10,490,296.14	12,338,347.99

11. Financial assets and liabilities by maturity					2023	2022
Maturity						
Maturity	less than 3 mo.	3-12 mo.	1-5 yr.	over 5 yr.		
Receivables from credit institutions	8,276,294.95	8,000,000.00	-	-	16,276,294.95	23,681,316.80

12. Assets denominated in euros and foreign currencies and members of the same group

Asset, in euros	Domestic currency	Foreign currency	of which belong to the same group	2023 total	2022 total
Cash assets	0.00	-	-	0.00	-
Receivables from credit institutions	16,276,294.95	0.00	-	16,276,294.95	23,681,316.80
Other assets	71,567,283.30	0.00	69,696,683.70	71,567,283.30	63,345,002.98
Total	87,843,578.25	0.00	69,696,683.70	87,843,578.25	87,026,319.78
Other liabilities	1,244,456.36	0.00	469,020.74	1,244,456.36	1,331,823.70
Accruals and deferred income	10,490,296.14	0.00	1,076,800.00	10,490,296.14	12,338,347.99
Total	11,734,752.50	0.00	1,545,820.74	11,734,752.50	13,670,171.69

13. Fair and book values of financial assets and liabilities and hierarchy of fair values

Assets and liabilities that after entry are valued at fair value once or repeatedly on the balance sheet

Fair values of Tier 1 instruments are based on the listed prices of identical assets or liabilities in active markets, such as the stock exchange, broker or price service. Tier 1 instruments are primarily domestically listed investment liabilities, which have been classified as available-for-sale. The market price of these assets is obtained from the current purchase price.

The fair values of Tier 2 instruments are obtained by valuation methods using market prices in active markets.

Repeated fair values that are defined using significant other data than observable input data

Input data for Tier 3 assets or liabilities are not based on observable market data. Tier 3 includes equity instruments that do not have a market price on the markets and their fair value cannot be reliably defined, so they are valued at acquisition cost.

Fair values of assets and liabilities	2023	2022	2023	2022
Financial assets	Fair value	Fair value	Book value	Book value
Receivables from credit institutions	16,276,294.95	23,681,316.80	16,276,294.95	23,681,316.80
Shares and holdings	370.00	370.00	370.00	370.00
Shares and holdings in companies in the same group	57,991,956.93	57,026,183.50	58,333,366.35	57,394,142.69

Financial instruments valued at fair value on balance sheet	Tier 1	Tier 2	Tier 3	2023
Financial assets				Total
Shares and holdings			370.00	370.00
Unrealised profits and losses of the financial period (Tier 3)			-	

14. Shareholders' equity

	Financial period start	+ Increase - Decrease	Transfers between	Financial period end
Restricted equity				
Share capital	933,350.00	0.00	-	933,350.00
Additional paid-in capital	1,691,534.45	0.00	-	1,691,534.45
Non-restricted reserves				
Reserve for invested non-restricted equity	56,444,888.17	0.00	-	56,444,888.17
Profit or loss for previous periods	20,009,815.01	5,723,439.54	-5,723,439.54	14,286,375.47
Profit or loss for financial period	-5,723,439.54	2,752,677.66	5,723,439.54	2,752,677.66
Total	73,356,148.09	8,476,117.20	0.00	76,108,825.75

15. Share capital

2023

Company shares divide into A- and B-series of shares.

According to articles of association A-share has 100 votes and B-share has one vote.

A-series of shares

Share capital at year-start	88,350.00
Share issue exercised on financial period	0.00
Share capital at year-end	88,350.00
Nominal value of shares	No
Number of shares at year-start	447.00
Change in the number of shares at share issue	0.00
Number of shares at year-end	447.00

B-series of shares

Share capital at year-start	845,000.00
Share issue exercised on financial period	0.00
Share capital at year-end	845,000.00
Nominal value of shares	No
Number of shares at year-start	42,052.00
Change in the number of shares at share issue	0.00
Number of shares at year-end	42,052.00
Company minimum capital	0.00
Company maximum capital	0.00

16. Stock issues, stock options and issued convertible bonds

No

17. Largest shareholders and distribution of ownership of shares

	2023	2023	2023
	Number of shares	% of shares	% of votes
Share distribution			
A-series of shares			
LocalTapiola General Mutual Insurance Company	447.00	100 %	100 %
Total	447.00	100 %	100 %
B-series of shares			
LocalTapiola General Mutual Insurance Company	14,013.00	33 %	33 %
LocalTapiola Mutual Life Insurance Company	14,022.00	33 %	33 %
Other LocalTapiola Group companies	14,017.00	33 %	33 %
Total	42,052.00	100 %	100 %
Share distribution, total			
LocalTapiola General Mutual Insurance Company	14,460.00	34 %	68 %
LocalTapiola Mutual Life Insurance Company	14,022.00	33 %	16 %
Other LocalTapiola Group companies	14,017.00	33 %	16 %
Total	42,499.00	100 %	100 %

13.5.2 Notes to the income statement, LocalTapiola Asset Management

18. Net commissions and fees

	2023	2022
Net commissions		
Asset management fees	19,688,275.52	19,225,712.99
Commission expenses		
Commission expenses for asset management	0.00	-7,610.05

19. Income from equity investments

	2023	2022
Dividend income from shares and holdings		
From companies in the same Group	1,642,700.26	11,436.78

20. Interest income and expenses by balance sheet item

	2023	2022
Interest income		
Receivables from credit institutions	301,564.70	5,285.02
Other interest income	812.12	0.00
Total	302,376.82	5,285.02
of which belonging to the same group	812.12	0.00
Interest expenses		
Receivables from credit institutions	0.00	56,481.91
Other interest expenses	1,695.10	0.00
Total	1,695.10	56,481.91
of which belonging to the same group	1,695.10	0.00

21. Other operating income

	2023	2022
Other income	4,511,730.16	5,391,160.57

22. Other operating expenses	2023	2022
Rent expenses	737,929.62	892,060.56
Other expenses	370,002.48	40,074.45
Total	1,107,932.10	932,135.01

23. Depreciation/amortisation and write-downs on tangible and intangible assets as well as on shares and holdings	2023	2022
Intangible assets		
Planned depreciation	48,423.55	164,978.01
Tangible assets		
Planned depreciation	17,627.61	18,131.37
Total depreciation and write-downs	66,051.16	183,109.38

24. Notes on business areas and geographical markets

The company is an investment services company. Its primary business comprises of asset management.

The geographical operating area is Finland.

The company does not have a network of offices outside of Finland. Personnel data is listed in Note 28.

25. Pension liabilities

Statutory pensions for personnel are organised using TyEl insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Company.

26. Rental liabilities	2023	2022
Liabilities from non-cancellable leasing and other rental agreements		
Within one year	340,577.04	0.00
Within 1-5 years	1,305,545.32	0.00
Essential clauses concerning notices or redemption		
Rental agreements are fixed-term until 31 October 2028		
Other rental liabilities have a notice period of 1 to 6 months.		

27. Off-balance-sheet commitments

Joint responsibility associated with VAT group registration	2023	2022
Within one year		
Group companies	649,967.28	786,120.22
Other group companies	2,204,566.88	1,603,256.12
Total	2,854,534.16	2,389,376.34
VAT liability with a positive sign = VAT debt		
VAT liability with a negative sign = VAT receivable		

Auditing responsibility of property investments, according to Section 120 of Finnish VAT

Act	2023	2022
10-year auditing period		
Other group companies	66,872,306.53	78,779,260.49

28. Number of employees		2023	2022
Numbers at the end of the accounting period			
Permanent full-time employees		118	137
Permanent part-time employees		5	6
Fixed-term employees		1	4
Total		124	147
29. Managements' salaries and remunerations, pension commitments, monetary loans and terms thereof, as well as guarantees and contingent liabilities		2023	2022
Managing director and deputy managing director			
Salaries and remunerations		428,217.00	429,356.00
Pension commitments	Is stated by the law.		
	Statutory pensions for management are organised using TyEL basic insurance through Elo Mutual Pension Insurance Company and additional pension insurance through LocalTapiola Mutual Life Insurance Company.		
Monetary loans and terms thereof	No monetary loans granted		
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted		
Members of the board and deputy board members			
Salaries and remunerations		91,000.00	94,150.00
Pension commitments	Is stated by the law.		
Monetary loans and terms thereof	No monetary loans granted		
Guarantees and contingent liabilities	No guarantees or contingent liabilities granted		
30. Related party loans and transactions		2023	2022
Loans granted to parties belonging to the insider register of the company		0.00	0.00
Investments in related-party entities		0.00	0.00
Guarantees and collateral lodged on behalf of a related party on behalf of another		0.00	0.00
The company has not carried out related party transactions involving non-conventional commercial terms and conditions. Information on the contingent liability relating to value-added tax category identification can be found in Note 27.			
31. Fees paid to auditor		2023	2022
Audit		18,600.00	17,360.00
Other services		98.43	4,054.80
Total		18,698.43	21,414.80
32. Total controlled customer assets		2023	2022
Trustee asset management		13,156,846,074.60	11,834,241,004.00
Total assets under management (gross)		13,156,846,074.60	11,834,241,004.00

33. Notes pertaining to a company that is a Group member

Parent company LocalTapiola General Mutual Insurance Company presents the financial statement of the group.
Parent company's domicile is Espoo and its financial statement is available at www.lahitapiola.fi.

Interest income from members and interest expense to members of the same group are set out in the Note 20.

Dividend income from members of the same group are set out in the Note 19.

Receivables from members of the same group and liabilities and capital loans to those in the same group are set out in the Note 12.

Off-balance-sheet commitments on behalf of members of the same group are set out in the Note 27.

13.6 Calculation of key figures

CALCULATION OF KEY FIGURES

1) Important net income calculations

Turnover = income statement Net income from investment service operations

2) Return on equity as percentage (ROE)

$$\frac{\text{Operating profit - income taxes}}{\text{Shareholders' equity and minority interest + appropriations less deferred tax liabilities (average of start and end of year)}} \times 100$$

3) Return on assets as percentage (ROA)

$$\frac{\text{Operating profit - income taxes}}{\text{Average balance sheet total (average of start and end of year)}} \times 100$$

4) Equity ratio as percentage

$$\frac{\text{Shareholders' equity and minority interest + appropriations less deferred tax liabilities}}{\text{Balance sheet total}} \times 100$$

5) Cost/income ratio

$$\frac{\text{Commission excenses + Interest expenses + Administrative expenses + Depreciation and amortisation for tangible and intangible assets + Other operating expenses}}{\text{Net income from investment service operations}}$$

14 Accounting principles

LocalTapiola Asset Management Ltd's financial statements and report of the Board of Directors are prepared in accordance with the Finnish Accounting Act and Decree; the Act on Investment Services; the Act on Credit Institutions; the Ministry of Finance's decree on the financial statements, consolidated financial statements and report of the Board of Directors of credit institutions and investment firms; the regulations and instructions of the Financial Supervisory Authority; and the general guidelines of the Accounting Board.

LocalTapiola Asset Management Ltd is owned by LocalTapiola General Mutual Insurance Company, LocalTapiola Mutual Life Insurance Company and the regional non-life insurance companies part of LocalTapiola Group.

LocalTapiola Asset Management Ltd's (business ID 1604393-7) domicile is Espoo and its address is Revontulenkujä 1, 02100 Espoo, Finland. The financial statements are available at www.lahitapiola.fi.

In its meeting on 1 March 2023, the Board of Directors approved the financial statements for 1 January–31 December 2022.

14.1 Summary of the key accounting principles

The receivables from credit institutions item includes the deposits made with credit institutions. Receivables to be repaid within one day of cancellation are considered receivables payable on demand. Negotiable receivables from credit institutions are not recognised in the balance sheet item.

Debt securities comprise all marketable debt instruments, such as treasury bills, local government papers, bonds issued by governments and other public entities, certificates of deposits by banks, commercial papers, as well as bonds and convertible bonds issued by banks and companies. Debt securities are classified for measurement at amortised cost.

Shares and participations are individually classified for measurement as financial assets at fair value. Subsequent measurement is at cost if the fair value cannot be determined reliably (Tier 3). Investments in subsidiaries, associates and joint undertakings are measured at cost.

In intangible assets, the design expenses of IT systems acquired for value, and the costs of renovations of apartments, are capitalised as other expenses with long-term effects. They are amortised over 10 years from commissioning or a shorter economic period of utilisation.

The other tangible assets balance sheet item comprises equipment, presented in the balance sheet at cost less planned amortisation and depreciation. The annual depreciation rate of equipment is 25% of net expenditure.

Under net commissions, commissions are recorded when the service or separate measure in question has been carried out. The amount of net commissions is the fair value of the consideration received.

Interest income shows the interest income derived from the balance sheet items included in the 'Receivables from credit institutions' under assets. Negative interest rates are shown in interest expenses.

Other operating expenses shows rental expenses as well as the control, inspection and membership fees charged by public authorities.

The report of the Board of Directors uses the term 'operating result' to refer to operating profit (loss), and the term 'result for the financial period' to describe the profit (loss) for the financial period.

The report of the Board of Directors uses the term 'gross assets under management' to refer to the value of investments under the group companies' management and of the assets in portfolio management, calculated at fair value and inclusive of any possible debt portions, to which are added the following: the irrevocable investment commitments callable from customers, and the other assets contractually managed by the group companies.

The report of the Board of Directors uses the term 'net customer assets under management' to refer to the fair value of the assets invested by customers, to which are added the following: the irrevocable investment commitments callable from customers, and the other assets contractually managed by the group companies.

14.2 Accounting principles for the consolidated financial statements

LocalTapiola Asset Management's consolidated financial statements are prepared as combinations of the subsidiaries' income statements, balance sheets and notes, from which the following are eliminated: inter-company receivables and liabilities; income and expenses; profit distribution; intra-Group realised gains and losses; and mutual share ownership.

The shareholding internal to the consolidated financial statements is eliminated using the acquisition cost method. As all subsidiaries are wholly owned, there is no minority interest in the consolidated financial statements. Nor does the Group have any associates.

Leases that are deemed material and under which the commodity benefits and liabilities transfer to the lessee are transferred in the consolidated financial statements to the lessee's balance sheet as an asset. The leases that were in force in 2022 were not deemed to fulfil these criteria.

The asset is shown under tangible assets and the corresponding lease liability under other liabilities. The asset is amortised on a straight-line basis during the lease term.

For other non-cancellable leases, the amount of the rental liability at the balance sheet date is shown.

14.3 Changes in the accounting principles that affect the comparability of the result for the financial period with the result for the previous financial period

No material changes have taken place in the companies' accounting principles.

15 Notes on the Group's risk management

LocalTapiola Asset Management Group's prudential management process is based on the in-force Investment Firms Regulation and Directive (IFR/IFD).

Risk management at LocalTapiola Asset Management is based on current legislation, the regulations, guidelines and interpretations issued by public authorities, and LocalTapiola Asset Management Group's internal documents:

the risk management plans and the principles of internal control. Additionally, the policies and practices employed by LocalTapiola Group guide operations. The company's risk management process is part of the Group's Own Risk and Solvency Assessment (ORSA).

15.1 Publication of solvency data

The solvency data required under the prudential regulation governing investment firms, and the solvency data laid down in the Financial Supervisory Authority's regulations, are included in the report of the company's Board of Directors.

15.2 Rationale for risk management

Risk management is active and proactive activity that identifies, assesses, limits, reports on and monitors hazards to business operations as well as new opportunities arising from evolving external and internal conditions, or from LocalTapiola Group's own strategic intent. The aim is to promote the continuity of customers' financial security and to support the achievement of operational and financial targets. In accordance with the principles of responsible business conduct, the Group reliably manages risks and provides information on risks and risk management to customers and other stakeholders.

Investment firms are required to establish effective strategies, approaches, processes and systems for identifying, measuring, managing and controlling the following risk factors, among others, and the impacts these factors have:

- Risks to customers
- Risks to markets
- Risks to the investment firm
- Solvency management risk
- Market risks
- Credit risks
- Liquidity risk
- Sustainability risks
- Operational risks

During the year under review, LocalTapiola Asset Management Group's risk management principles were supplemented with regard to sustainability risk management and the sustainability goals. Sustainability risk means an

environmental, social or governance event or condition that, if materialised, might have a negative impact on the value of an investment, the value of a liability, or the company's income or reputation. It is characteristic of sustainability risks that they materialise through the traditional risk categories, which is why the mapping of sustainability risks is linked also to the periodically conducted operational risk mapping.

15.2.1 Organisation of risk management

The company's Board of Directors has overall responsibility for organising risk management. The Board defines the risk management targets, risk appetite, limits of risk-taking, responsibilities, metrics and supervision principles. The Board annually confirms the risk management plans, and it ensures that they are taken into account in the operational plans. The Board also monitors the implementation of and compliance with the plans. Additionally, on a regular basis, the Board monitors the state of risk management and the development of key risks.

The Managing Director and senior management are responsible for the practical preparation, implementation and monitoring of risk management within the risk management framework. The business units are responsible for identifying risks that relate to their own business operations, and for implementing the related risk management measures. It is for superiors to ensure that the control of operational processes is adequate and that there is reliable and up-to-date information available on the results of this control. All employees have an obligation to report any risks that they observe and any risk management areas that need improvement which they identify. Superiors are in charge of internal control with regard to their own subordinates, and this work also covers operational compliance. The risk management function oversees implementation of the internal-control measures taken by superiors, and it reports to management on the implementation of this control.

LocalTapiola Asset Management's risk management function is responsible for maintaining and developing the risk management framework, and for the company's and the Group's prudential management process and solvency calculation. LocalTapiola Group's risk management function supports and oversees the execution of risk management from the Group's perspective.

The parent company's risk management function must be able to get an adequate view of the total risk exposure with regard to the Group and to ensure compliance with the risk management strategy. For their part, the risk

management functions of the Group's subsidiaries are responsible, in respect of their own company, for maintaining and developing the risk management frameworks and principles of LocalTapiola Group, Asset Management Group and the individual companies.

The company's legal function supports the company's business units in complying with the applicable laws, official regulations and internal guidelines while also ensuring that people at the company are aware of the regulatory requirements and official regulations to which the company is subject. The company's compliance function is part of the legal function. The compliance function annually submits to the Board of Directors a report on the observations it has made and on the oversight carried out to ensure operational conformity to the applicable provisions.

Internal audit assists the Board of Directors and the management in the practical implementation of risk management controls and risk monitoring. In addition, the auditing function oversees the implementation of risk management.

15.2.2 Risk identification, measurement and management

The identification of operational risks and of risks relating to the operating environment, as well as their probability and impacts, are evaluated at the business units during annual planning and whenever there is a significant change in the risk position. The key risks identified in the risk mapping that is part of the Management Group's annual planning are included in the company's risk management plan, and they are monitored on a regular basis by the Board of Directors.

Signatures for the report of the Board of Directors and financial statements

In Espoo, 1 March 2024

Jari Eklund
Chair of the Board of Directors

Mirel Leino-Haltia

Hanna-Leena Pesonen

Lauri Riekkola

Pia Santavirta

Teemu Tähtinen

Petri Vilksa

Samu Anttila
Managing Director

Auditor's note

A report has been issued today on the audit performed.

In Espoo, 18 March 2024

KPMG Oy Ab

Timo Nummi

Authorised Public Accountant



KPMG Oy Ab
Töölönlahdenkatu 3 A
PO Box 1037
00101 Helsinki
FINLAND

Telephone +358 20 760 3000
www.kpmg.fi

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of LocalTapiola Asset Management Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LocalTapiola Asset Management Ltd (business identity code 1604393-7) for the year ended 31 December, 2023. The financial statements comprise the balance sheets, the income statements, indirect cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 18 March 2024

KPMG OY AB

TIMO NUMMI

Authorised Public Accountant, KHT