EVLI

EVLI PLC

WE SEE WEALTH AS AN ENGINE TO DRIVE SUSTAINABLE PROGRESS

ANNUAL REPORT | 2022

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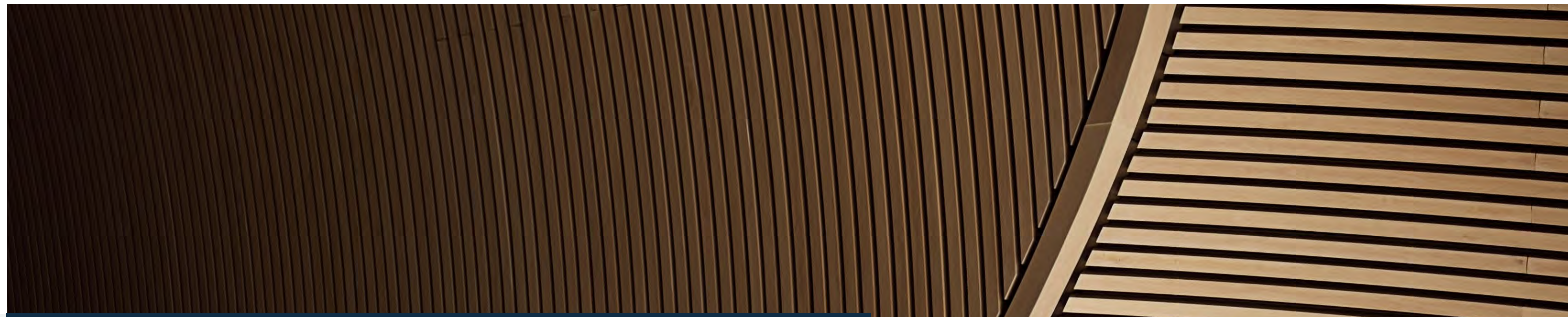

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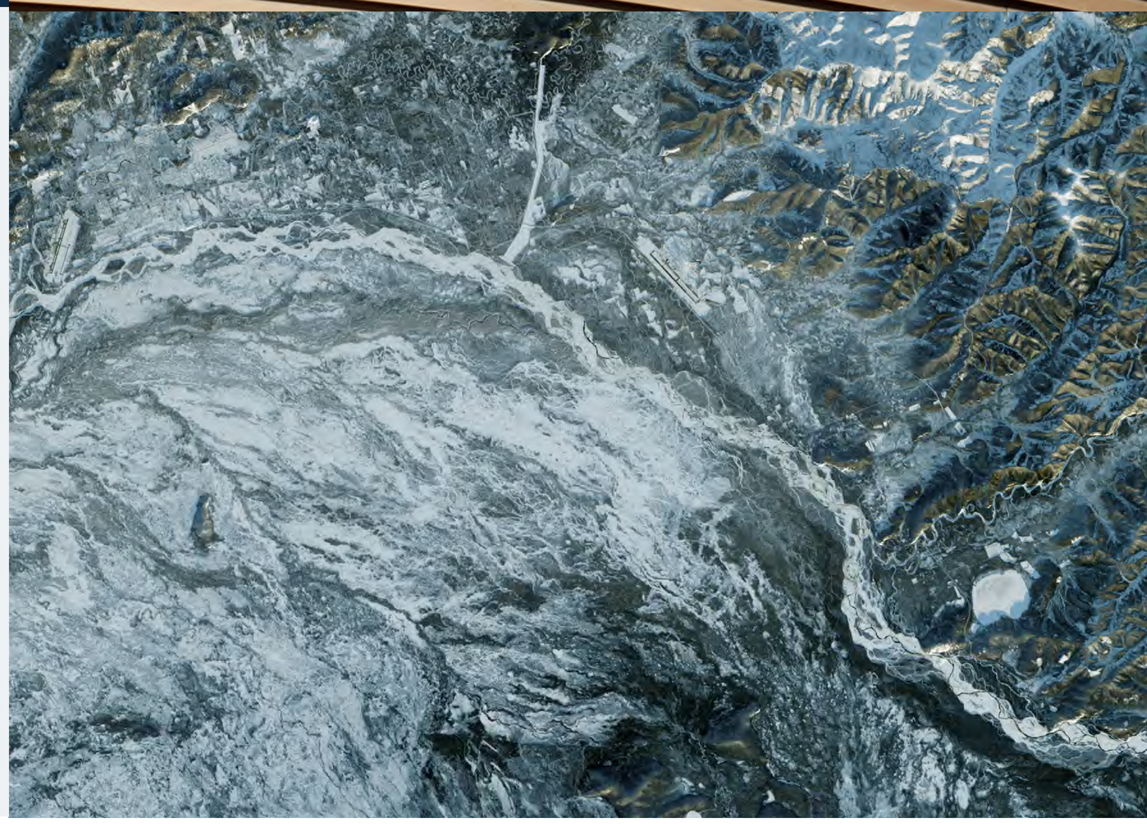


Finland's leading asset manager

We see wealth as an engine to drive progress. We draw on our heritage, broad expertise and Nordic values to grow and manage wealth for institutions, corporations and private persons in a responsible way.

Evli is the leading asset manager in Finland* offering a broad range of investment and asset management services through the business areas Wealth Management and Investor Clients, and Advisory and Corporate Clients. The business areas are supported by Group operations.

The Wealth Management and Investor Clients segment offers mutual funds, asset management and capital markets services as well as alternative investment products. The Advisory and Corporate Clients segment provides advisory services related to M&A transactions, incentive program design and administration services and investment research for listed companies. Responsible investing is integrated in every investment decision and our expertise is widely acknowledged by our clients. Evli has Finland's best expertise in responsible investment[2].

Read more: **evli.com >**

[1] Kantar Prospera External Asset Management Finland 2015, 2016, 2017, 2018, 2019, 2021, 2022
Kantar Prospera Private Banking 2019, 2020, 2021, 2022 Finland
[2] SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022

Founded in 1985

Listed on the Nasdaq Helsinki main list since 2015

Sales in 15 countries
trough own offices and co–operation partners

Assets under management EUR 16.0 Billion

Finland's 3rd largest
fund management company

Employees ~300

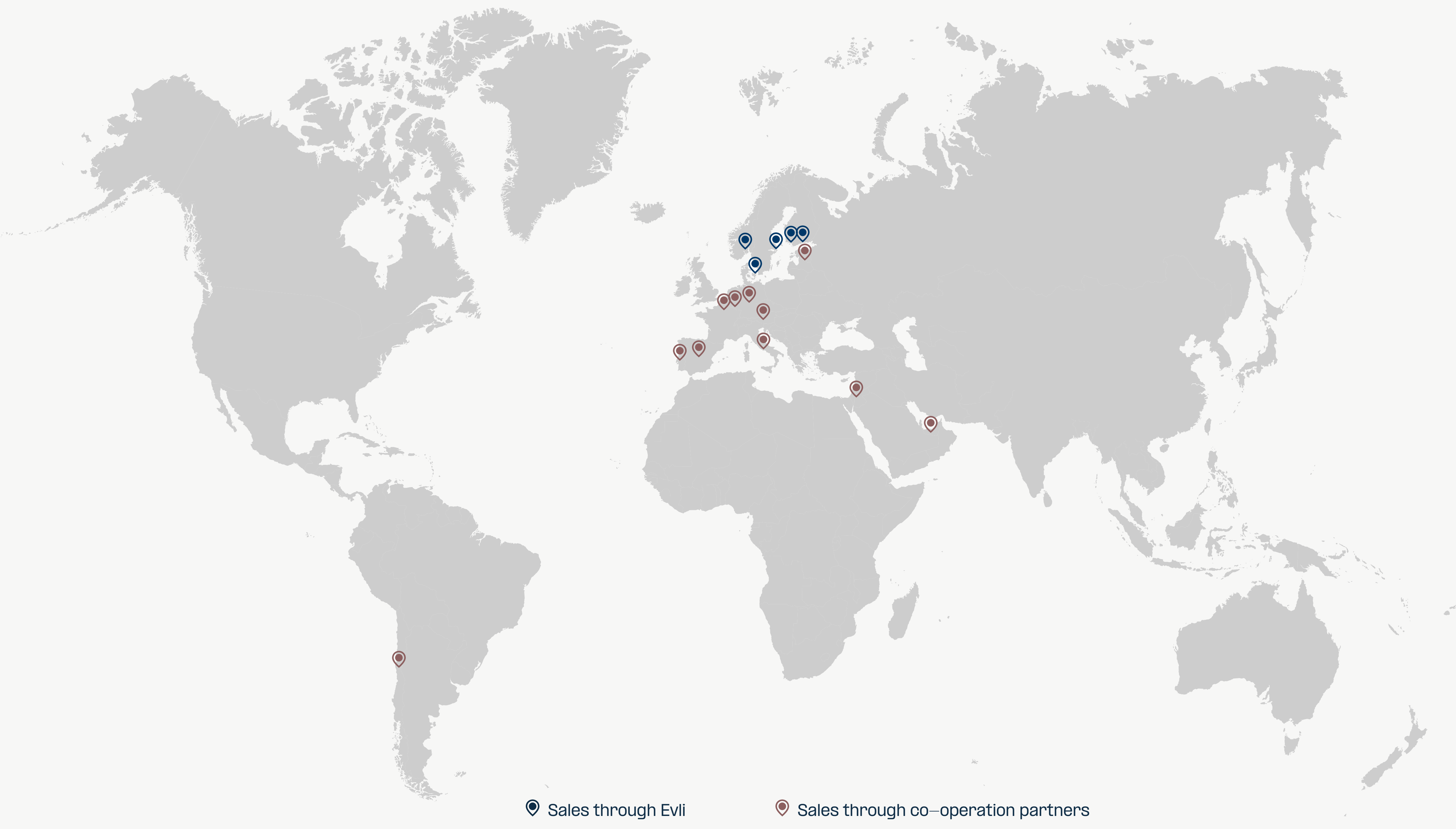
Branding reflects Evli's competitive advantage in different markets

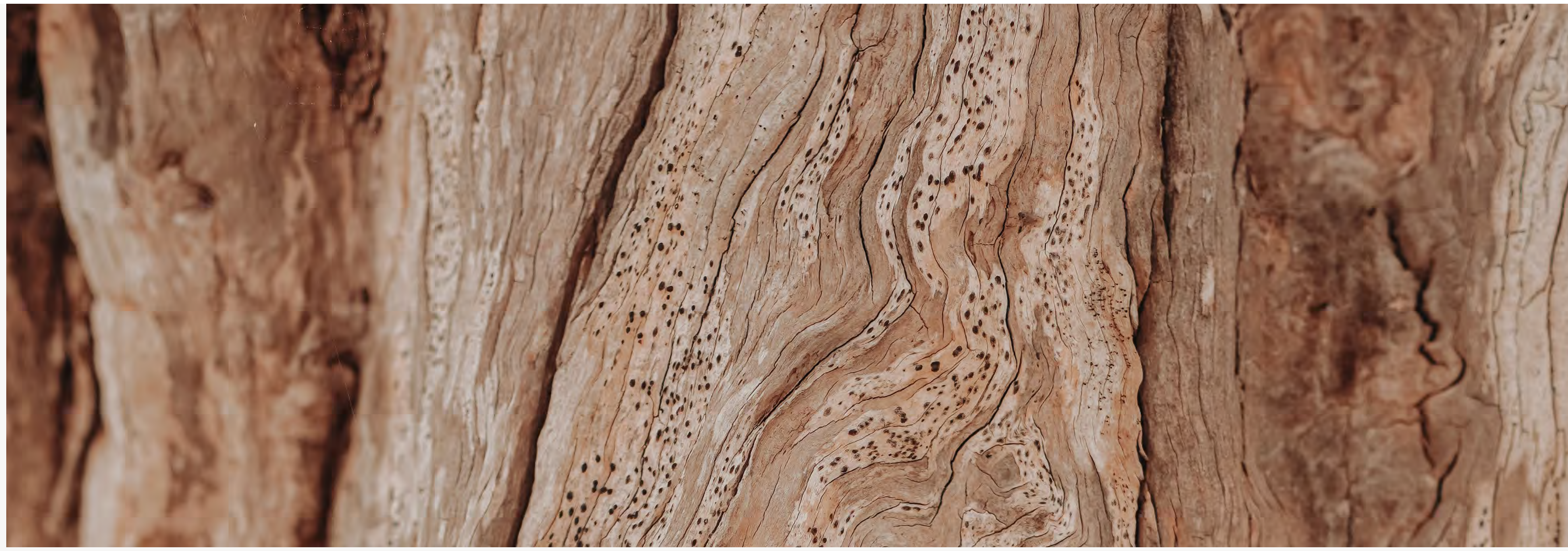
Finland and Sweden

Comprehensive Wealth Management and Investment Banking services

Internationally

Nordic fund management boutique for institutional investors





Evli's operations are divided into two client segments

Wealth Management and Investor Clients

- Product and service offering
  - Private Banking and Evli Digital wealth management services
  - Institutional Asset Management
  - Public and private market funds
  - Capital Markets services
- Finland's 3rd largest Fund Management Company; market share 6.8%
- Employs 208 investment specialists in Finland and Sweden
- Evli has been ranked the best institutional asset manager in Finland for six years and the second best for four years, based on the overall quality assessment[1]

Advisory and Corporate Clients

- Product and service offering
  - Corporate Finance: Financial advisor in financial arrangements for listed and unlisted companies
  - Evli Alexander Incentives: Planning and administration of compensation and incentive plans for listed and unlisted companies
  - Evli Research Partners: Research services to small and mid–sized listed companies
- Employs 83 investment specialists in Finland and Sweden

[1] Kantar Prospera External Asset Management Finland 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021. 2022

Exceptional times call for collaboration and foresight

The year 2022 will be remembered as a year of upheaval and great uncertainty. In many respects it was also the year when the world gravitated back to fundamentals. Evli performed well during this turbulent year, and also succeeded to deliver on its strategy. Strengthened with an even sharper focus on wealth management with the successful demerger of banking services and the full integration of EAB Group Plc ("EAB"), Evli is now well equipped to pursuit its goal of becoming the leading wealth management firm in the Nordics.

The year 2022 has been exceptional on several fronts. As the world started to recover from the pandemic, Russia invaded Ukraine in February, causing immense human suffering and upending the global economy that was already descending into a fragile state with rising inflation. The war in Ukraine sent shocks to energy prices, including gas, vital for many large European economies, accelerating inflation from being a temporary disturbance to becoming structural. In response to this central banks, both in the EU and the US, raised interest rates aggressively in 2022 and will continue the interest rate hikes in 2023.

Geopolitical tensions, mainly between the US and China, but also elsewhere in the world, further accelerated the restructuring of supply chains set in motion by pandemic–infused lockdowns. The tendency towards protectionism showed little signs of receding, and polarisation, both financial and political, was on a rise.

Amid geopolitical unrest and tumultuous market developments, the effects of climate change have never been as visible as they were during 2022.

As we manoeuvre short–term challenges, we need to keep our sight steadfast on the future as well and act with foresight.

Satisfactory result after a record–breaking year in 2021

In 2022, the circumstances were unprecedented. In this context, Evli's business developed satisfactorily even though both revenue and operating profit declined. Against the backdrop that Evli delivered its best result ever in 2021, our net revenue for the year 2022 of EUR 96.1 million (2021: EUR 116.2) was more satisfactory, as was our operating profit of EUR 30.9 million compared to the previous year's record of EUR 56.6 million. Our return on equity was 20.4 percent (50.4). The ratio of recurring revenue to operating costs was 123 percent (135%). During 2022 our one–off charges amounted to EUR 6.3 million mainly due to integration costs of EAB.

During this tumultuous year, we still succeeded in delivering on our strategic objectives. We finalised the demerger of our bank operations and successfully integrated EAB into Evli. The expected synergy benefits from the merger of EUR 8 million is expected to show in the 2023 figures.

However, Evli was not immune to the global turbulence. Lower market capitalisations had negative effects on Evli's businesses. In the Wealth Management and Investor Clients segment net revenue decreased by 17 percent to EUR 75.7 million (EUR 91.4 million) and in the Advisory and Corporate Clients segments revenues decrease by 19 percent to EUR 16.4 million (EUR 20.2 million). At the end of 2022, our client assets under management decreased to EUR 16.0 billion, down from last year's all–time record of EUR 17.5 billion.

The current market situation affected international clients as well, resulting in net redemptions. The fact that Finland shares a 1300 km long border with an aggressive state who unprovoked invaded Ukraine temporarily swayed international clients' confidence in Finland as a stable economic region. Confidence was largely reinstalled during 2022, partly thanks to Finland's pending Nato membership status. The long–term rationale for investing in the Nordic region is still valid: in a turbulent world the stability of the Nordic countries will increasingly be a competitive advantage for international clients looking for predictability.

Strong interest for alternative investment funds

The interest for our alternative investment funds remained strong. Evli's alternative investment funds raised almost EUR 500 million in net subscriptions in 2022, bringing Evli's client assets under management in alternative funds to EUR 2.4 billion at the end of the year. During the year we raised EUR 104 million in our Evli Infrastructure Fund II, showing that unlisted infrastructure has emerged as one of the key alternative asset classes alongside private equity, private debt, and real estate. This wide interest in infrastructure can be seen as a sign that investors are increasingly interested in investments that drive positive change.

During the year we also successfully closed our Evli Impact Forest Fund, giving our clients an opportunity to invest in the world's leading forest funds globally. This is another example of a fund where our clients can make an impact and support sustainable development as forests are in a key position for lowering the carbon footprint and reducing the effects of climate change.

With the acquisition of EAB, we complemented our range in alternative investments with a new real estate funds, a logistics fund, a renewable energy fund and a private equity fund. Now we can offer our clients a comprehensive offering comprising of infrastructure, forest, real estate, renewable energy, private equity and buyout investments.

Collaborating for a sustainable future

We see wealth as an engine to drive positive progress and take our responsibility as resource allocators in the financial industry seriously. We can clearly see that our clients are interested in making an impact. Our long–term efforts to integrate sustainability in investment decisions was again rewarded in 2022 as we were announced having the best responsible investment expertise in Finland among large asset management companies.[1]

To truly make an impact we must move beyond ESG[2] measures towards real actions. Climate change also changes the time horizon: while we always take our clients' personal objectives for their wealth as a starting point, including investment horizon, it's evident that long–term returns are compromised in faltering societies that are ridden by climate change. Investing with foresight has never been more important. Climate change is a challenge we share globally. This calls for collaboration on large scale, and the investment community plays an important role.

Human rights are an integral part of ESG activities. Evli is participating in a project initiated by UNICEF Finland to increase the understanding of how Finnish companies tackle children's rights. Our role in this project is to uncover how Finnish companies report on children's rights to investors.

Well–poised to tackle the future

I take a positive view of the future: we are returning to normalcy in many ways. Further interest rate rises are to be expected, most likely making a global recession inevitable, but necessary to rein in inflation. A world where money has no price is an unnatural world with extreme consequences. Investors need to accept that previous bull years' returns may be as good as they will ever get, and that we are now returning to levels that are closer to the average returns. In some ways, this can make it easier to predict the future.

Still, in a world ridden by geopolitical upheaval and polarisation–infused unrest, uncertainty is bound to persist. I firmly believe that the need for a trusted advisor, a pilot that scans wide to see far, will only be heightened in a world fraught by turmoil and bad visibility.

The accumulated wealth is growing in Finland and in the Nordic countries, as so–called baby boomers are increasingly transferring their wealth to younger generations. The need for a wealth manager for clients who do not settle for second best and who want to be piloted through uncertainty in a responsible way, will increase. We continue to have our clients' confidence and have for 10 years in a row been at the top of the list when it comes to being the most preferred wealth management partner in Finland.[3]

We are committed to continue to deliver on our long–term goals. With the successful integration of EAB, we are now well poised to pursue our goal of becoming the leading wealth management firm in the Nordics who invests responsibly for profitable growth, and the leading expert on the Nordic region for international clients.

I want to thank our clients, shareholders and my colleagues at Evli. Let's continue our journey together for a sustainable future!

Maunu Lehtimäki
CEO

[1] SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022
[2] ESG stands for Environmental, Social, and Governance
[3] Kantar Prospera External Asset Management Finland 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

Highlights for 2022

03/2022

Evli Finnish Small Cap the best Finnish equity fund

Evli Finnish Small Cap fund wan the award for the best Finnish equity fund, for the third time, at the annual fund and fund house awards organised by the investment research firm Morningstar. The winners in the fund categories are selected based on 1, 3 and 5-year returns and 3 and 5-year risk.

Read more: **evli.com** >

04/2022

Evli Bank Plc became Evli Plc

Evli sharpened its focus on responsible wealth management and became Evli Plc, following the partial demerger of Evli Bank Plc. The aim is to be even better equipped to help institutions, corporations and private persons grow their wealth in a way that renders benefits on a private, institutional, and societal level.

Read more: **evli.com** >

Consistent top positions for Evli in institutional asset management surveys

Evli was ranked again among the best institutional asset manager in overall quality assessment in Finland in the Kantar Prospera "External Asset Management 2022 Finland" and in the SFR Institutional Client –surveys. Evli has been leading the Kantar Prospera –survey for the last 10 years and the SFR survey for the last 7 years.

Read more: **evli.com** >

04/2022

Evli's funds continued to be rewarded at the Lipper Fund Awards 2022

Evli Short Corporate Bond fund and Evli Nordic equity fund were awarded as the best funds in their respective categories in Europe at the Lipper Fund Awards. In addition, Evli Short Corporate Bond fund was awarded in Germany and France and Evli Finnish Small Cap equity fund as the best fund in its category in the Nordics. Evli's funds have been rewarded at the Lipper Fund Awards for several years.

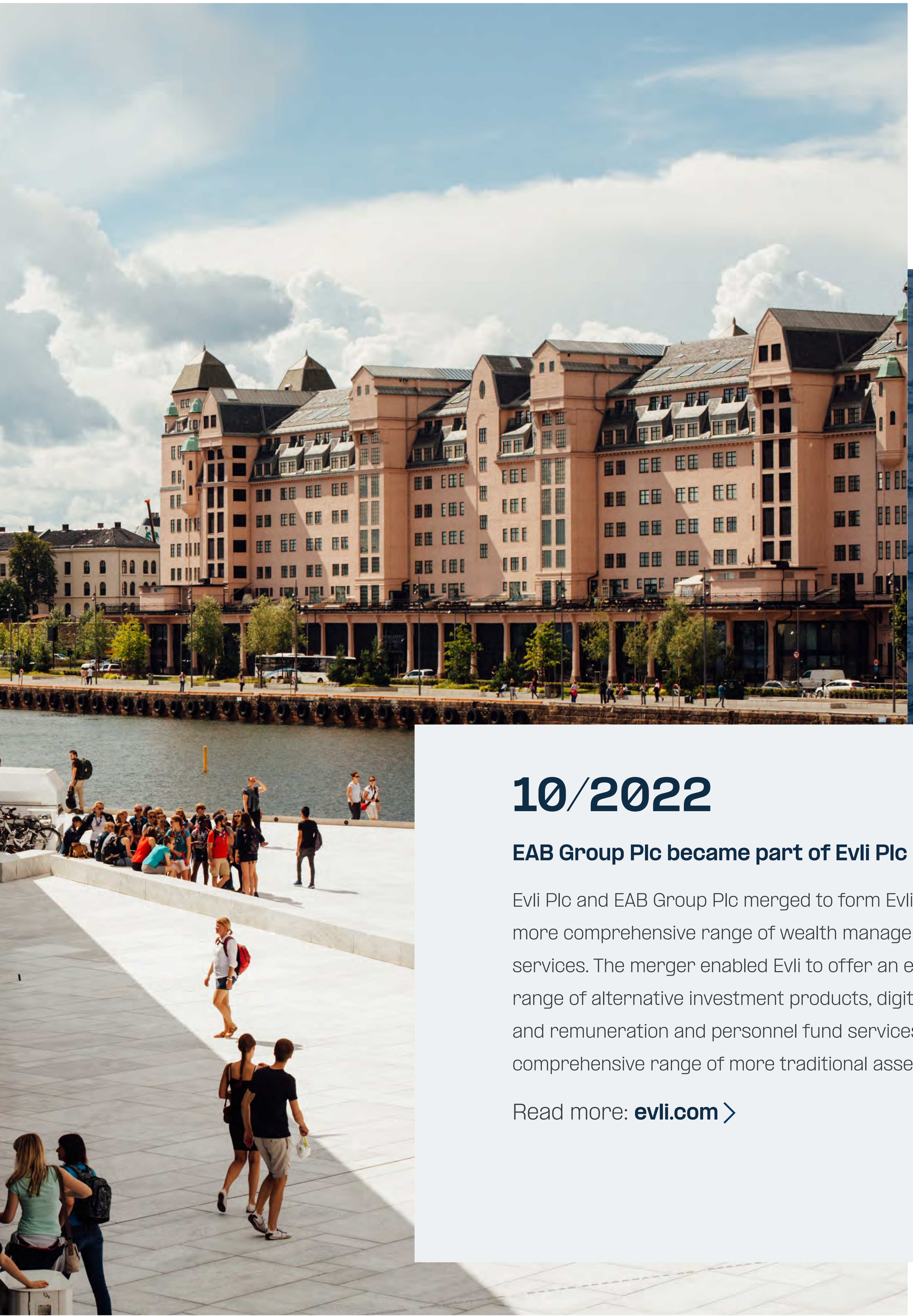
Read more: **evli.com** >

06/2022

Saving the Baltic Sea together with the John Nurminen Foundation

Evli continued its cooperation with the John Nurminen Foundation to protect the Baltic Sea. Evli's support to the foundation focuses on projects that improve the marine environment by reducing pollution and environmental problems in the Baltic Sea.

Read more: **evli.com** >



Evli again Finland's best in responsible investing

Evli was awarded for the second year in a row the "Responsible Investment Award" for the best responsible investment expertise in Finland in the SFR's institutional asset management survey.

Read more: **evli.com**

06/2022

Evli rated Finland's best fund management company

Evli was rated the best fund management company in Finland, when comparing the Morningstar qualitative ratings of investment funds registered in Finland. The comparison includes those fund management companies with at least ten Morningstar–rated investment funds registered in Finland.

Read more: **evli.com**

10/2022

EAB Group Plc became part of Evli Plc

Evli Plc and EAB Group Plc merged to form Evli Plc, providing an even more comprehensive range of wealth management products and services. The merger enabled Evli to offer an even more extensive range of alternative investment products, digital service solutions, and remuneration and personnel fund services in addition to its comprehensive range of more traditional asset management services.

Read more: **evli.com**

11/2022

Evli started a joint project with UNICEF to advance the integration of child rights into business operations

Evli participates in a project led by UNICEF Finland focusing on increasing companies' understanding of child rights and their ability to integrate child rights into business operations. The project seeks to map the attitudes and concrete actions of companies and investors on child rights.

Read more: **evli.com**

Added value with stable earnings development

RESOURCES

PERSONNEL
– 300 investment specialists

OFFICES AND DISTRIBUTION NETWORK
– 3 offices: Helsinki, Turku and Stockholm
– Distribution through partners and own offices in 15 countries

INTANGIBLE ASSETS
– Products and services
– Brand
– Client relationships
– Social network: partners, distribution network and community relations

FINANCIAL RESOURCES
– Balance sheet EUR 366.6 million
– Equity EUR 143.4 million
– Assets under Management EUR 16.0 billion
– Net revenue EUR 96.1 million

PROCESSES
– Product development
– Sales processes
– Utilization of automation, artificial intelligence and robotization
– Personnel management

Our ambition is to be the leading wealth manager and a responsible, proactive capital allocator in the Nordic region.

BUSINESS AREAS

WEALTH MANAGEMENT AND INVESTOR CLIENTS
Wealth management services, mutual funds, various capital market services and alternative investment products to private persons, corporations and institutions

ADVISORY AND CORPORATE CLIENTS
Corporate advisory services, incentive plan design and administration as well as investment research for companies of different sizes

BUSINESS PROCESSES

Self–developed products and services	Individual service combining traditional and digital service models and channels
Perseverance and goal orientation	Stewardship thinking and responsible operations

Comprehensive support functions and controls including IT, financial administration, back–office, marketing communication & IR, legal & compliance

STRATEGY
More information on pages 11–13

VALUES
Entrepreneurship, Valuable relationships, Learning, Integrity

ADDED VALUE AND IMPACTS

CLIENTS
– Products and services that correspond to clients' needs and goals
– Opportunity to tailor service solutions
– Professional and competent service
– Responsible investments

PERSONNEL
– 300 investment specialists
– Salary and bonuses EUR 34.2 million
– Pension expenses EUR 5.0 million

OWNERS AND INVESTORS
– Dividend proposal EUR 1.15/share (dividend EUR 0.80/share and EUR 0.35/share from reserve for unrestricted equity)
– Equity/share EUR 5.28
– Stable development
– Responsible investment

SOCIETY AND ENVIRONMENT
– Investments EUR 3.6 million
– Paid taxes EUR 5.8 million
– Collaboration, support and sponsorship with universities as well as sports, culture and the environment

Megatrends

We're living in a time of great upheaval and change

The world is changing due to digital transformation, polarisation, financial markets behaving abnormally and geopolitical unrest. While short–term geopolitical turbulence and changes in the economy may affect investors' immediate incentives to take a broader view of the world, climate change is forcing everyone to think about the long–term.

A new generation is stepping into positions within boards and in leadership positions, looking at the world differently and prioritising different issues than their predecessors. This new generation demands concrete action to put the world on a sustainable path, both environmentally and societally.

Responsibility has become part of investment decision–making. Climate change requires cooperation on an unprecedented scale. Different actors need to work together across national borders and with supply chains, competitors and customers. It forces companies to reassess their own agenda, in order to enable sustainable development at all levels: not just economic, but also environmental and societal. The world is more prosperous than at any time in history. The wise allocation of this capital is crucial to putting the world on a sustainable path. It requires broad understanding, curiosity, and a strong sense of foresight.

GEOPOLITICAL UNREST

Russia's invasion of Ukraine creates a long lasting conflict in a multilateral world where Asian influence is growing.

MACROECONOMIC TURMOIL

After a long period of low interest rates and inflation, the world could end up in stagflation.

SHORT–TERM ← → LONG–TERM

CLIMATE CHANGE

Climate change has forced the world to grapple with perhaps the greatest global challenge in history. It will require cooperation on an unprecedented scale.

GENERATION SHIFT

A new generation of consumers, workers and leaders demand concrete action to put the world on a sustainable path, both environmentally and societally.

Strategy

Growing client's wealth responsibly

Evli aims to be the leading asset manager and responsible capital allocator in the Nordic region. The cornerstones of growth are finding and developing new investment solutions, leveraging digitalisation, creating a unique client experience and integrating responsibility into business operations.

Creating a unique client experience

Evli's vision is to be "Simply Unique", with the aim of simplifying both its own and its clients' investment processes and offering unique product and service solutions to clients. Succeeding in this will enable Evli to achieve its business objectives of clear revenue growth, strong profitability and a competitive return on equity.

Revenue growth will be pursued primarily organically and, where possible, through acquisitions. Evli offers a comprehensive range of investment and wealth management product and service solutions, as well as advisory services related to corporate finance, M&A and planning and administration of compensation and incentive plans. The focus is on wealth management, where growth is sought by increasing both the assets under management and the number of new client relationships. In addition to Finland and Sweden, Evli also sees growth potential in asset management in other Nordic countries and Europe.

Evli is focused on serving wealthy and prosperous individuals, organisations, and institutions. Evli has a demanding client base, which is why it is constantly prioritising to find and develop new investment solutions. The work towards development and innovation draws on both the strong expertise and specialised knowledge of businesses and their different perspectives on markets and client needs.

Evli's constant pursuit is to create an even more scalable business model. Digitalisation will play an important role in this, as Evli streamlines its investment and brokerage processes. The aim is to make it as simple and clear as possible for clients to do business with Evli. The service experience will seamlessly integrate traditional personal service with the use of electronic channels and digital services.

The unique service experience is underpinned by Evli's corporate culture, which is based on a mindset where the client's interests always come first and where the client's assets are managed as if they were our own. It is based on hard work and resourcefulness, customer service and teamwork, building excellence and integrity in all our activities. Moreover, in an increasingly unpredictable world, Evli strives to be one step ahead of our clients so that we can guide them in an uncertain future.

Responsibility has already long been a part of Evli's investment activities. Evli's ability to integrate responsibility throughout its operations is essential to creating value. In asset management, Evli's most important area of operation, factors related to sustainability are systematically integrated into investment activities and portfolio management. Evli is constantly looking for new ways to further improve the sustainability of its products and services. More about Evli's sustainability and responsible investment practices on page 14–46.

Evli's long–term goal is to be a growing and profitable asset manager with a unique client base and a broader international business.

Financial objectives

Evli's strategy is guided by the financial targets it has set for itself:

- Recurring revenues to exceed operating costs by an average of 130 percent.
- Doubling assets under management from current levels over the long–term.
- Maintaining return on equity at an average annual rate above 25 percent.

Values

ENTREPRENEURSHIP
An entrepreneurial attitude gives everyone the freedom to act on opportunities.

VALUABLE RELATIONSHIPS
We value our relationship with each other and want to help our colleagues succeed.

We are inspired by and want to inspire our clients. We walk along side them.

LEARNING
We always strive to become better and are curious to explore new opportunities.

INTEGRITY
We stand behind our decisions and have the courage to say no.

Strategic focus areas

CLIENT EXPERIENCE

NEW INVESTMENT OPPORTUNITIES

RESPONSIBILITY

DIGITALISATION

Targets

Increasing recurring revenues to exceed operating costs by 130% on average

Doubling assets under management from current levels in the long–term

Return on equity exceeding 25 percent on average per annum

Ambition

Our ambition is to be the leading wealth manager and a responsible, proactive capital allocator in the Nordic region.

Megatrends

GEOPOLITICAL UNREST	MACROECONOMIC TURMOIL	CLIMATE CHANGE	GENERATION SHIFT

CORNERSTONES OF THE STRATEGY

CLIENT EXPERIENCE
- Increasing the client base in Finland and internationally
- Perceived as "Simply Unique" by clients

NEW INVESTMENT OPPORTUNITIES
- Mutual Funds and alternative investment products to private clients and institutions
- Development of the integrated corporate service model to corporate clients

RESPONSIBILITY
- Responsible products and services
- Positive influence on society and the environment

DIGITALISATION
- New digital investment solutions and service models
- Streamline investment and brokerage processes

2022 OUTCOMES

CLIENT EXPERIENCE
- Total assets under management of EUR 16.0 billion (2021: EUR 17.5 billion)
- International assets under management decreased to EUR 2.2 billion (2021: EUR 3.3 billion)
- Evli has been ranked in top positions in Kantar Prospera's survey for 10 consecutive years in terms of overall quality: the first in six years and the second in four years[1]

NEW INVESTMENT OPPORTUNITIES
- Assets under management in mutual funds EUR 8.6 billion (2021: EUR 10.6 billion) and in alternative investment funds EUR 2.4 billion (2021: EUR 1.6 billion)
- New mutual funds: Evli Nordic Small Cap equity fund and Evli USA Growth factor fund
- New alternative investment fund Evli Infrastructure Fund II
- New Evli Leveraged Loan Fund (AIF)

RESPONSIBILITY
- Stronger climate commitment & biodiversity work: signing the Net Zero Asset Managers initiative and joining the Taskforce on Nature–related Financial Disclosures forum
- Beginning the study with UNICEF Finland on how investors and asset managers can promote children's rights
- Systematic engaging with companies independently and together with other investors
- Evli was awarded for Finland's best expertise in responsible investment[2]

DIGITALISATION
- Modifications to processes and systems in relation to the demerger in April 2022 and the merger of EAB Group Plc in October 2022
- New features in the My Evli online service

TARGETS 2023

CLIENT EXPERIENCE
- Deepen the presence in current markets
- Stronger presence in Sweden
- Expand the customer base
- The best and most used asset manager in Finland

NEW INVESTMENT OPPORTUNITIES
- Launch 1–2 new traditional mutual funds
- Launch 2–3 new alternative investment fund

RESPONSIBILITY
- Deepen ESG integration in portfolio management
- Develop the climate, biodiversity and human rights work
- Continued development of ESG integration, through among others internal ESG training and the development of data capabilities and reporting
- Further improving the diversity of personnel

DIGITALISATION
- Development of internal processes
- Process developments to support the strategic focus areas
- Finalizing the process for becoming a client
- Development of new functionalities for the My Evli online service

[1] Kantar Prospera External Asset Management Finland 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022

[2] SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022

RESPONSIBILITY

Responsibility is one of Evli's strategic focus areas and the company is actively developing its procedures. During the year 2022, Evli strengthened its climate commitment by signing the Net Zero Asset Managers (NZAM) initiative, joined the Taskforce on Nature-related Financial Disclosures forum as part of its biodiversity research work, launched a study with UNICEF on how investors and asset managers can promote children's rights and launched new sustainability-focused investment products. Evli was also rewarded for having the best responsible investment (ESG) expertise in Finland[1].

[1] SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022

Wealth and responsibility drive positive change together

Responsibility built on Evli's values and transparency

Evli's business starts with clients and understanding their needs. The company's primary responsibility is to grow clients' wealth responsibly, according to their individual goals. Evli's client relationships are long–term and based on mutual trust and ethical business practices. Evli's development and business opportunities depend not only on the trust of its clients, but also on the trust of its employees, owners, investors, partners and society. To maintain and strengthen this trust, Evli must be proactive, transparent, highly ethical and responsible in all aspects. Responsibility is based on Evli's values: entrepreneurship, valuable relationships, learning, and integrity. These values also form the foundation for the ethical principles which direct the actions of Evli and its employees and which guide the company's relationship with its clients and other stakeholders.

Evli seeks to be a responsible member of society and is committed to taking into account both the direct and indirect environmental impacts of its operations. Because corporate responsibility is part of Evli's everyday business operations, its annual report includes a corporate responsibility report. The responsibility section includes detailed information on how responsibility has been integrated into business operations and what indicators have been deemed essential for measuring Evli's responsibility.

Responsibility report based on stakeholders' expectations

(GRI 102–46: Defining the content of the report, GRI 102–47: Material considerations, GRI 103–1: Material issues and their threshold)

At Evli, responsibility is broadly defined as financial, social and environmental responsibility. Ongoing dialogue with stakeholders is very important for Evli, as it helps to develop responsible ways of working and doing business. In 2018, for the first time, Evli conducted a materiality analysis for its key stakeholders to ensure that its responsibility report and responsibility priorities for the coming years reflect stakeholders' expectations and focus on issues that are material to the company. In 2021, the material topics were reassessed to ensure that

Grouping of material topics based on the materiality analysis

FOCUS AREAS

- Responsible investing
- Profit performance
- Fairness: equality, non–discrimination and diversity
- Attractive employer

Prioritized areas of responsibility work at Evli. These have been identified as important to ensure Evli's future competitiveness and create added value for its stakeholders in the long–term.

DEVELOPMENT AREAS

- Responsible marketing
- Work well–being and health
- Education and development
- Direct environmental impacts

Issues relevant to Evli and its stakeholders that enable more responsible business operations. Determined in part by laws and regulations. However, Evli itself determines how much it develops these areas of responsibility in order to be a more responsible company and to meet stakeholder expectations now and in the future.

BASE

- Customer privacy protection and data security
- Taxes and tax footprint
- Prevention of corruption, bribes and money laundering

Areas that are fundamental to trust in the financial industry and are directly related to stakeholder confidence in Evli and its business. These are always handled in accordance with current legislation and regulatory requirements.

these remain relevant and properly grouped. On the basis of the re–evaluation, the material topics remained unchanged, but the grouping was changed by dividing the material topics into three main groups: base, development areas, and focus areas, covering a total of eleven most relevant topics. No changes were made for the 2022 analysis.

The materiality analysis has taken into account the importance of the issues raised for stakeholders and for Evli's business. A more detailed grouping also took into account the opportunity for Evli to develop these areas to make its business more responsible. The **base** of the grouping are topics that create the foundation for business operations and are directly related to stakeholders' confidence in Evli and its business. At the middle of the grouping are the **development areas**, which are relevant to Evli and its stakeholders, enabling even more responsible business, and are partly determined by laws and regulations. At the top of the grouping are the **focus areas** of Evli's responsibility work. These are the topics that Evli has identified as significant to ensure its future competitiveness and create added value for its stakeholders in the long–term.

As a result of the materiality analysis, Evli has recognised, among others, that in improving responsibility and with regard to environmental impacts, the single most important factor in Evli's operations is the responsibility of the company's investment operations and taking this into account in the product and service range.

Continuous dialogue with stakeholders

(GRI 102–40: List of stakeholder groups, GRI 102–43: Approach to stakeholder engagement, GRI 102–44: Key topics and concerns raised)

Evli's principal stakeholders are its clients, personnel, shareholders, investors, the authorities, partners and media. An active and open dialogue with these principal stakeholders helps Evli to identify the areas of its operations that should be prioritised and developed. Regular discussions with different stakeholders form a foundation for understanding their views and needs. Correspondingly, it is important to tell stakeholders about the company's goals, execution policies, values and changes in the operating environment. This helps create a common understanding and trust concerning business operations and factors that influence it.

STAKEHOLDERS	STAKEHOLDER'S EXPECTATIONS	CHANNELS	EVLI'S ACTIONS IN 2022
CLIENTS	– Competitive products and services – Useful auxiliary and advisory services – Reliability, data protection – Service channels that meet needs – Responsible operations	– Questionnaires and client feedback – Websites and social media channels – Client meetings, events and webinars – Emails, newsletters and phone calls	– Two new Article 8 equity funds and two new Article 8 alternative investment product were launched – The climate commitment was reinforced by the signing of the Net Zero Asset Managers (NZAM) initiative – Customer and investment product specific sustainability reports were published as part of reporting – Information in accordance with the Sustainable Finance Disclosure Regulation (SFDR) were given from funds and asset management strategies – Internal processes were developed to improve operational efficiency and customer service
PERSONNEL	– Fair treatment and open interaction – Job stability and competitive pay – Opportunities for professional development – Occupational health and well–being	– Intranet and HR personnel system – Occupational healthcare – Performance reviews and training events – Personnel surveys and other internal surveys – Personnel events	– The expertise and knowledge of the employees were developed – Operations were developed based on personnel surveys – Self–management webinars were organised – The recruitment process and trainee program were developed
SHAREHOLDERS AND INVESTORS	– Creating long–term value – Profit performance – Dividend and good return on equity – Capital adequacy – Responsible operations	– Interim and half–year reports, financial statements bulletins and annual report – Corporate Governance Statement – Remuneration policy and report – Stock exchange and press releases – Annual General Meeting, Investor and analyst meetings – evli.com	– Evli continued to implement its strategy from 2017 – Operations were developed to create long–term stable financial performance – Economic, social and environmental aspects were taken into account in operations – Corporate transactions to increase efficiency and growth.
PARTNERS (INCLUDING AGENTS AND DISTRIBUTORS)	– Fair and equal treatment – Competitive products and services – Reliability and capital adequacy – Two–way communications	– evli.com – Meetings and training – Emails and phone calls	– Information and trainings about new products and services – Operational development based on feedback received – Open communication and continuous dialogue
THE AUTHORITIES	– Compliance with laws and regulations, integration of sustainable development with operations – Open, transparent and reliable reporting – Continuous interaction	– Phone calls and emails – Participation in events and training	– Compliance with new laws, regulations and provisions and developing business operations to adapt to changes in the operating environment – Open communication and continuous dialogue
MEDIA AND JOURNALISTS	– Relevant, reliable and open communications – Expertise	– Press and stock exchange releases – Press events and interviews – evli.com and social media channels – Monthly reviews, newsletters, emails and phone calls	– Multi–channel communication on topical matters – Prompt replies to inquiries and interview requests from the media – Media meetings
LOCAL COMMUNITIES	– Employment opportunities – Co–operation with universities – Support to communities and co–operation with businesses	– Meetings, events and webinars – evli.com and social media channels	– Activities of the universities were supported – Summer employments and the trainee program were developed – Continued support for sports and cultural activities and environmental actions.

Focus areas in Evli's responsible operations

In 2022, Evli's sustainability work was divided into responsible products and services, responsible governance, and responsibility as an employer. In terms of responsible products and services, the focus areas were responsible marketing, customer privacy protection and data security, and responsible investing. The focus areas for responsible governance were profit performance, taxes and tax footprint, prevention of corruption, bribery and money laundering, and direct environmental impacts. As a responsible employer, Evli's focus areas were fairness, health and well–being at work, training and development, and employer branding.

Responsible business supports the company's value creation

Responsible products and services

- Responsible marketing
- Customer privacy protection and data security
- Responsible investing

Responsible governance

- Profit performance
- Taxes and tax footprint
- Prevention of corruption, bribes and money laundering
- Direct environmental impacts

Responsible employer

- Fairness: equality and diversity
- Health and well–being at work
- Training and development
- Employer branding

Responsible products and services

Evli's key principle is to offer products and services that meet its clients' needs and goals. In selling products and services, Evli focuses on ensuring that clients understand the product or service they are buying and the associated risks, as well as ensuring that the product or service suits the clients' investment goals. At Evli, responsible investing means that environmental, social, and good governance (ESG) factors are an integrated part of portfolio management.

Responsible marketing based on integrity, clarity and transparency

Evli aims to be the leading asset manager and responsible capital allocator in the Nordic region. Achieving the aim, is supported by Evli's corporate culture, which is based on a mindset where the client's interests always come first and where the client's assets are managed as if they were our own. It is based on hard work and resourcefulness, customer service and teamwork, building excellence and integrity in all Evli's activities. Moreover, in an increasingly unpredictable world, Evli strives to be one step ahead of our clients so that we can guide them in an uncertain future. The cornerstone of this kind of operation is that Evli knows its clients and becomes familiar with their business and financial situation as required by the client relationship. This enables Evli to offer every client products and services that fit their needs and goals and to ensure that clients truly understand the product or service they are buying.

Transparent products and services that promote clients' needs improve client satisfaction. Evli measures client satisfaction. By measuring client satisfaction Evli wants to identify issues that clients consider relevant, develop them, and quickly react to problems. In addition to Evli's internal client satisfaction surveys, Evli takes part in annual surveys conducted by external parties concerning wealth management.

Results and priorities for 2022

- In Kantar Prospera's "External Asset Management Finland" survey, Evli was the most used institutional asset manager in Finland for the sixth consecutive year and among the best institutional asset manager in Finland for the tenth time[1].
- Evli received top rankings for the seventh year in a row in terms of overall quality in the institutional asset management survey 2022 by SFR among large asset management companies. Evli was also rewarded for having the best responsible investment (ESG) expertise among large asset management companies in Finland[2].

Customer data protection as a basis for trust

(GRI 418–1: Number of legitimate complaints about customer privacy violation and customer loss)

In Evli's operations, particular attention is devoted to data protection and the safeguarding of the client's privacy protection in the processing of personal data. Personal data is used for taking care of client relationships, offering products and services, direct marketing, and risk management. Evli is committed to processing personal data in accordance with the laws, appropriately and transparently. Personal data is processed in compliance with the EU's General Data Protection Regulation (GDPR) and specific legislation for the financial industry.

Evli Group has several person registers for managing personal data, each of which has a separate data protection notice. Data security is improved on a continual basis to ensure that it meets the requirements of the authorities, clients, and the changing operating environment.

Results and priorities for 2022

- New employees were trained in Evli's data protection and digital security.

Responsible investing

Evli believes that incorporating responsibility considerations into investment decisions increases the understanding of the investments and the related risks and opportunities more than by simply analysing financial figures.

Responsible investment an integrated part of investment operations and reporting

At Evli, responsibility factors have been integrated into the investment operations of Wealth Management, which means that responsibility is systematically considered in portfolio management. In practice, this is done through an internal ESG database based on sustainability data produced by MSCI ESG Research and ISS ESG, as well as through information published by companies and attained through company meetings. The purpose of the ESG[3] database is to provide portfolio managers with easy access to ESG data when making equity and fixed–income investments. For instance, portfolio managers can search for the following information on a company: responsibility assessments (so–called ESG scores), data on controversial activities' contribution to revenue, and any ESG violations as well as emission data, information on companies' emission reduction targets and how companies are aligned with the Paris Climate Agreement.

The ESG database is also used for reporting purposes. Evli publishes public ESG reports on all of its equity and corporate bond funds. This means that anyone can check the responsibility of Evli's investments. In addition to ESG and UN Global Compact analyses, the ESG reports include development of investments' ESG scores, reputational risk, carbon footprint and company–specific ESG data for the 10 largest holdings. In addition, Evli

[1] KANTAR Prospera "External Asset Management Finland"; 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021,2022
[2] SFR Scandinavian Financial Research, "Institutional Investment Services Finland, Competitive Positioning Report, Investment Services Combined, Average of all Criteria, Large Asset Managers"; 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022.
[3] ESG stands for Environmental, Social, and Governance.

reports half–yearly about the responsibility of its clients' equity and corporate bond investments in the client–specific ESG reports.

An investment–specific ESG analysis is part of all investments, including those in alternative funds. In the Evli Private Equity, Evli Infrastructure and Evli Private Debt funds, each new fund is analysed against the same ESG criteria and investments are only made in funds that meet the criteria. The funds are also analysed according to the same criteria during the investment and the ESG analysis data is transparently available to investors. In the same way, in Evli's growth company funds, the ESG analysis and value creation are a key part of the investment process. Examples of portfolio work include the creation of ESG principles and KPI metrics together with each target company. For real estate funds, Evli operates in a socially responsible manner and expects the same from its partners. In addition, Evli is able to contribute to the energy efficiency of buildings and the carbon footprint of construction through concrete measures. Evli's forest fund, Evli Impact Forest Fund, identifies ESG risks and opportunities for target funds by assessing, among other things, the environmental performance of forest managers and ensures sustainable forest management through forest certification schemes developed over the past 25 years. Responsibility is a concrete part of investment decisions also in the funds transferred to Evli's management in the merger of Evli and EAB Group Plc.

More responsible practices through engagement

Evli analyses the active selections in its equity and corporate bond funds and wealth management direct investments every three months to identify potential non–compliance with the UN Global Compact, the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, and to ensure compliance with Evli's Climate Change Principles. The UN Global Compact is an international corporate responsibility standard that requires companies to respect human rights, fight corruption and take environmental issues into account. The UN Guiding Principles on Business and Human Rights set out how states and companies should implement their obligations and responsibilities. The OECD Guidelines contain recommendations for multinational enterprises made by governments. The recommendations consist of voluntary principles and standards of corporate responsibility and the application of law to international business. Information on non–compliance is available from the MSCI and ISS ESG databases and other sources, such as news reports.

Every case of non–compliance with the norms and Climate Change Principles triggers a pre–determined process at Evli. The case is first handled with a portfolio manager, after which Evli's Responsible Investment team analyses the company's situation. The Responsible Investment team has two options for further action:

1. Initiate measures for engagement
2. Exclude the investment

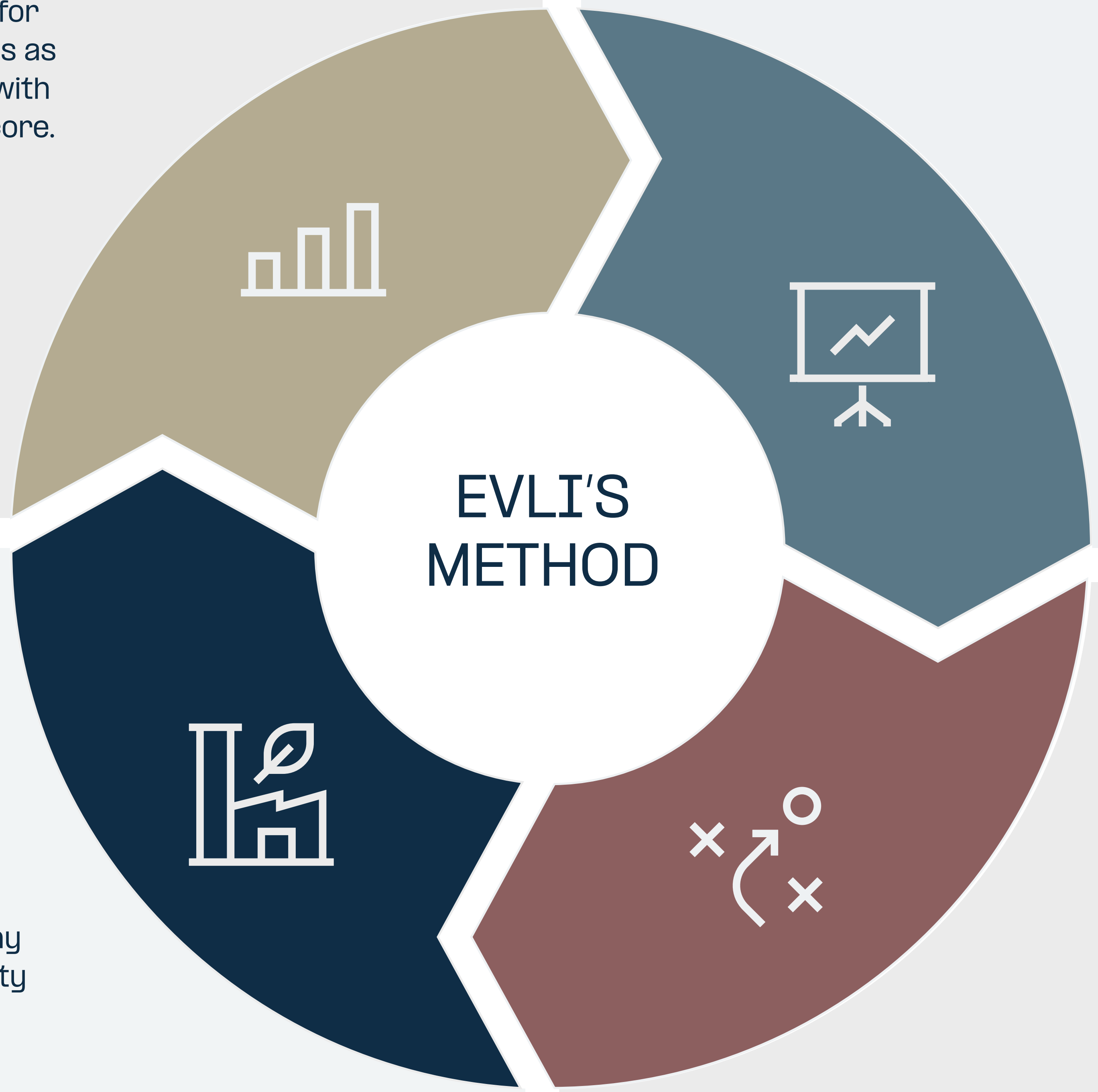
Cases of engagement through the quarterly review mostly concern environmental problems, human rights, workers' rights, or actions to mitigate climate change. Evli does not disclose the names of the companies that are subject to engagement activities, as it believes that confidentiality with the company is more effective.

1. Analysis of factors related to responsibility and calculation of ESG scores

Active investments are regularly analysed in terms of ESG factors. Evli has ESG data on 13,900 companies in an internal database. An ESG score is calculated for each fund and direct equity investment, which reflects how well the companies as a whole have taken into consideration the risks and opportunities associated with responsibility. Of Evli's funds, 90% have an excellent, very good or good ESG score.

2. Monitoring, active ownership and engagement

Evli monitors its active equity and corporate bond investments regularly and strives to influence the way companies operate. If a company violates the principles set out in the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises or Evli's climate principles, Evli will either seek to engage the company or exclude it from its investments. Evli also engages companies related to different ESG themes and participates in various collaborative engagements and initiatives with other investors with the aim of making the operations of even more companies responsible.



3. Exclusion of companies from investments

All of Evli's equity and corporate bond funds, as well as direct equity and corporate bond investments, follow the general exclusion principles. In accordance with these principles, manufacturers of controversial weapons with a 0% revenue threshold and tobacco manufacturers, adult entertainment producers and controversial lending companies (including so-called "quickie loan" companies) with a 5% revenue threshold are excluded. In addition, Russia is excluded as a region where investments can be made. The exclusion covers both Russian companies and the Russian state. It is also possible to exclude companies that violate ESG principles and do not show a willingness to change their practices. In addition, investing in companies with more than 30% of their revenue coming from thermal coal mining, its use in energy production, or oil sand extraction is avoided and companies producing peat for energy production are excluded. Some funds comply with broader exclusion criteria. In addition to equity and corporate bond investments, Evli's alternative investment funds also aim to comply with the same general exclusion criteria.

4. Reporting on investments' responsibility factors to clients

Evli's responsible investing is based on transparency and openness, which is why responsibility factors are reported comprehensively to clients. The responsibility reporting consists for example of the equity and corporate bond funds' public ESG reports, client-specific portfolio reports and the responsible investment annual report. In addition, information in accordance with the Sustainable Finance Disclosure Regulation (SFDR) is reported from funds and asset management strategies.

Focus areas for responsible investing 2022–2023

Continuous work towards climate targets	Research around biodiversity	Working to promote human rights	Continuing to deepen ESG integration in portfolio management	New responsibility themed products	Following EU sustainable finance legislation

Results and priorities for 2022

- Evli expanded its client–specific ESG reports with new ESG indicators and published a second allocation and impact report on the Evli Green Corporate Bond fund. The allocation and impact report provides transparent information on the concrete impact of the fund's investments.
- Russia was excluded as a region where investments can be made. The exclusion covers both Russian companies and the Russian State.
- EGP Fund II Ky, a private equity fund investing in the most promising Finnish and European growth companies, launched its operations. The fund takes sustainability into account not only through ESG assessments of its investments, but also by creating ESG performance indicators (KPIs) for its investments and by organising workshops for companies on various ESG topics.
- ESG training days were organised for portfolio managers, with the main topics being climate, biodiversity, and EU sustainable finance legislation.
- Evli strengthened its climate commitment by signing the Net Zero Asset Managers (NZAM) initiative, where for example, asset managers must set clear milestones within a year of signing up to the initiative and then report annually on their progress.
- Work on climate targets continued in terms of building a snapshot, developing climate risk management and engagement. The climate targets' working committee's analysis of how best to achieve the investment milestone in real–world emission reductions and in line with the Paris Agreement focused on identifying best practices and building on them to develop clear next steps for 2023.
- For biodiversity, in addition to the ESG indicators, the research was extended, for example through the publicly available ENCORE online tool. The ENCORE online tool can be used to examine the nature dependencies and impacts of production processes in different sectors.
- As part of its biodiversity work, Evli became the first Finnish asset manager to join the Taskforce on Nature–related Financial Disclosures (TNFD) forum (more information on page 25).
- Evli launched two new Article 8 equity funds, Evli USA Growth and Evli Nordic Small Cap, and a new alternative fund, the global infrastructure fund Evli Infrastructure Fund II, which has a robust ESG process. Additionally, Evli's range of products expanded as a result of the merger of Evli and EAB Group Plc with among others Elite Alfred Berg Renewable Energy Infrastructure Fund II, which invests in European renewable energy projects.
- During the year, Evli attended 34 company general meetings. Attendance took into account the restrictive measures brought about by the coronavirus pandemic, and meetings were therefore attended by voting in advance. Evli representatives attended the general meetings of among others Fortum, Gofore, Kamux, Marimekko, Modulight, QT Group, Sanoma, Sitowise, Terveystalo and Verkkokauppa.com. The meetings were selected on the basis of the content of the agenda and the ability of the fund management company to influence.
- Systematic engagement with companies continued. Evli was in contact with 22 companies. The cases of engagement related to companies' climate work and targets, companies' ESG work in general, suspected breaches of norms and good corporate governance. In the quarterly monitoring, Evli excluded one company on the basis of suspected non–compliance.

- In addition to independent engagement, Evli was involved in the following collaborative engagement initiatives and/or investor letters:
  - CDP Investor Letters (climate change, deforestation, water),
  - Climate Action 100+ and
  - the CDP's collaborative engagement to set Science-Based Targets.
  - Evli signed a letter to governments, the 2022 Global Investor Statement to Governments on the Climate Crisis, which encourages ensuring a limitation of global temperature increase to 1.5°C, taking early action to keep greenhouse gas emissions in line with the 2030 target, promoting non-carbon emission reductions, increasing the supply of climate finance and strengthening climate reporting across the financial system through mandatory reporting under the TCFD framework.
  - Evli joined as an endorser the PRI Advance initiative, which brings investors together to take action on human rights and social issues.
  - Evli signed the global COP15 initiative, which was among other things calling on governments to give financial institutions a stronger mandate to align their financial activities with biodiversity targets (more information on page 25).
- As part of its human rights work, Evli launched a research project together with UNICEF Finland to find out how investors and asset managers can promote children's rights.
- Evli's responsible investment performed exellently in external evaluations. Evli was awarded the "Responsible Investment Award 2022" in the SFR[1] customer survey for the best responsible investment skills among the large asset management companies in Finland. In the SFR survey, Finnish institutional investors evaluated 18 asset management companies on a total of 11 different quality criteria, including investment performance, investment process, resources, and responsibility.

More detailed information about Evli's responsible investment and its development can be found at **evli.com** and in the Annual Responsible Investment Report. Evli also reports its climate risks following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD). More information on 2022 reporting on pages 40–46. In 2022 Evli also continued the implementation of the EU Sustainable Finance Disclosure Regulation (SFDR) requirements and reports according to them within the timetable given in the second level of the SFDR.

[1] SFR Scandinavian Financial Research Institutional Investment Services Finland 2017, 2021, 2022

CASE: BIODIVERSITY

Businesses and investors have a major role to play in biodiversity conservation

For a long time, the main focus of responsible investment has been on climate change and greenhouse gas emissions. However, biodiversity is gaining importance in the investment arena.

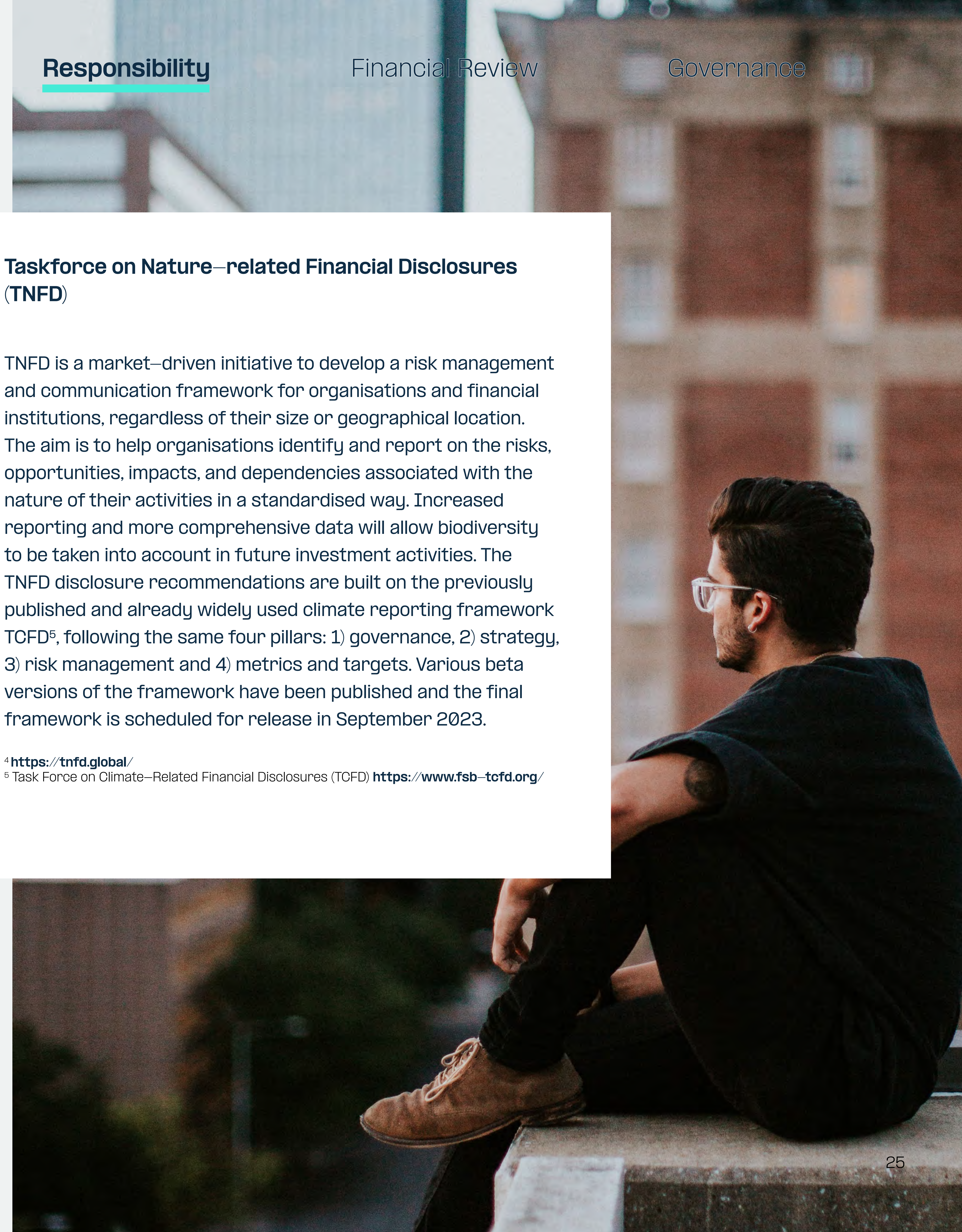
"The lack of a measurable link between corporate activities and nature has prevented companies from assessing its economic importance and has meant that nature has not been systematically taken into account in investment activities", says Petra Hakamo, Head of Sustainability at Evli.

This is about to change, as biodiversity impact indicators are being developed. The Taskforce on Nature-related Financial Disclosures (TNFD) initiative aims to develop a framework for nature reporting for organisations to better identify the dependencies and impacts of their activities on nature, as well as the risks and opportunities associated with nature. In 2022, Evli became the first Finnish asset manager to join the TNFD Forum. As a member of the TNFD Forum, Evli is able to follow the development of the framework more closely.

Evli has been studying biodiversity metrics for a few years now as part of its development work on responsible investment. In 2022, Evli expanded the research using the five nature loss drivers[1] identified by IPBES[2] as a framework: land and sea use change, climate change, pollution, natural resource use and exploitation and invasive species. In addition, Evli examined the nature dependencies and impacts of production processes in different sectors using the public ENCORE[3] online tool. The underlying data for ENCORE is freely available for download for proprietary use and Evli has used this data to develop an analysis that can be used to examine which different ecosystem services the industries in the portfolio are dependent on and what impacts the production processes of the industries in the portfolio have on nature. While ENCORE's data is based only on industry-specific information, and company-specific activities cannot be included in the analysis, it helps to assess portfolio-specific nature-related risks. The results of this analysis can be used in the future to develop Evli's own biodiversity work, such as identifying the most critical sectors and targeting companies with a significant impact on nature.

In addition to seeking better data, investors can also engage companies and policy makers. Evli signed with other investors the global COP15 initiative, released in conjunction with the UN Biodiversity Conference (COP15), calling on governments to take coordinated action to tackle climate change and biodiversity loss around the world, to set a stronger mandate for financial institutions to align financial activities with biodiversity targets, and for the adoption of an ambitious Global Biodiversity Framework at COP15 in Montreal.

[1] **https://ipbes.net/models-drivers-biodiversity-ecosystem-change**.
[2] The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) is a UN-based organisation whose mission is to bring together science and policy on biodiversity and ecosystem services and to develop their activities for human well-being and sustainable development.
[3] ENCORE by Natural Capital Finance Alliance, **https://encore.naturalcapital.finance/en**



Taskforce on Nature-related Financial Disclosures (TNFD)

TNFD is a market-driven initiative to develop a risk management and communication framework for organisations and financial institutions, regardless of their size or geographical location. The aim is to help organisations identify and report on the risks, opportunities, impacts, and dependencies associated with the nature of their activities in a standardised way. Increased reporting and more comprehensive data will allow biodiversity to be taken into account in future investment activities. The TNFD disclosure recommendations are built on the previously published and already widely used climate reporting framework TCFD[5], following the same four pillars: 1) governance, 2) strategy, 3) risk management and 4) metrics and targets. Various beta versions of the framework have been published and the final framework is scheduled for release in September 2023.

[4] **https://tnfd.global/**
[5] Task Force on Climate-Related Financial Disclosures (TCFD) **https://www.fsb-tcfd.org/**

Responsible governance

Evli's operations are always based on good governance, legislation, and official regulations. In addition, integrity and ethical operations are considered the foundation of sustainable business.

Profit performance forms the core of financial responsibility

(GRI 201–1: Direct economic value generated and distributed)

Financial responsibility is fundamental to Evli's operations. Financial responsibility means maintaining competitiveness, strong performance and good profit performance. These factors enable profitable growth and thus add value in the long–term to all Evli's key stakeholders: clients, society, personnel, and shareholders. Evli aims to improve profit performance by enhancing operating efficiency, innovating new products and service solutions, and developing its core processes. A financially solid company can shoulder its responsibility for the environment, look after its personnel, meet its clients' needs and serve society. Evli's goal is to increase the sales of its existing wealth management services, mutual funds, and alternative investment products in Finland and to increase the international sales of selected funds. The goal is also to bring new products and service solutions to the market, which will help to achieve a positive result development. In addition, Evli's aim is to enhance its operations in order to ensure the competitiveness of services and continuity of operations in the future.

Evli aims to be an interesting investment, both from the perspective of dividend income and the increase in share value. Evli avoids unnecessary risks and concentrates on moderate, long–term growth and development. With responsible operations, Evli creates long–term value for the owners and improves the ability to react to the opportunities and risks arising from economic, social and environmental megatrends.

Results and priorities for 2022

– Evli Group's net revenue decreased by 17 percent to EUR 96.1 million. The alternative investments and the incentives business continued its growth, but the traditional fund sales and Corporate Finance business contributed negatively to the performance.
– Sales of alternative investment products increased significantly from the previous year and alternative assets under management reached EUR 2.4 billion at the end of the year.
– International sales had a challenging year, with the geopolitical uncertainties, energy crises and uncertain market outlook impacting the sales. At the end of 2022, EUR 2.2 billion of Evli's fund capital came from clients outside Finland. This was a decrease of 30 percent compared to 2021.
– Evli continued its IT investments with the aim of streamlining processes and improving service to clients. During the year, Evli among other things streamlined its processes in conjunction to the demerger of the banking license and the merger of EAB Group Plc into Evli.

Taxes are paid in accordance with local legislation in each country of operation

(GRI 201–1: Direct economic value generated and distributed)

Evli's head office is located in Finland. The company also has branch offices and subsidiaries in Sweden and the United Arab Emirates. In each country, Evli pays its taxes in accordance with the local legislation. Evli is committed to ensuring that it complies with all statutory obligations, and it discloses all required information to the relevant tax authorities and engages in an open discussion with them. Evli considers compliance with tax legislation as an important part of its corporate responsibility.

Results and priorities for 2022

– Evli paid a total of EUR 5.8 million in taxes (2021: EUR 11.2 million).

Corruption, bribes and money laundering not acceptable

(GRI 205–2: Communication and training about anti–corruption policies and procedures, GRI 205–3: Confirmed incidents of corruption and actions taken)

Evli does not accept corruption, bribery, or any other illegal activity under any circumstances. Evli's ethical principles guide its personnel in this matter. For example, employees will not offer, demand, or accept inappropriate gifts, trips, or payments. Moreover, there is an internal guideline on hosting in the company's name and giving business gifts.

Evli plays an important role in preventing money laundering and the funding of terrorism. For this purpose, Evli has clear operating instructions that apply to the entire personnel. In addition to statutory obligations, preventing money laundering is part of Evli's risk management and an important part of its business operations. Knowing the client is an integral part of the prevention of money laundering. Therefore, before a new client relationship is formed, the client's information is always analysed as required by guidelines based on the law. All personnel who have direct contact with clients must take part in annual training events on money laundering and knowing the customer. Evli has also adopted an active role in developing the regulation and good operating practices in the industry.

Evli provides an opportunity to report violations through the whistleblowing procedure. If an employee suspects that unethical activities have occurred or that someone has engaged in activities that violate the law, regulations, the authorities' instructions, or Evli's internal guidelines, a separate procedure is available with dedicated guidelines that the employee can follow to report the matter.

Results and priorities for 2022

– No cases of corruption, bribery or money laundering in Evli's operations were reported.
– Training events were mainly regarding prevention of money laundering and funding of terrorism.

Environmental impacts of Evli's own operations

(GRI 302–1: Energy consumption within the organisation, GRI 302–4: Reduction of energy consumption)

Evli's own operations do not have any significant immediate environmental impacts. The company's principal environmental impacts are related to its investment activities. However, the company is aware that it can promote positive environmental impacts through its own operations by reducing the energy consumption and CO2 emissions of its offices and paying attention to the environmental impacts of waste and consumption of paper. Unnecessary travel is avoided by favouring telephone and video conferences. Employees continuously strive to reduce their ecological footprint in their everyday work.

Evli has set a target to be net zero in terms of emissions from its own operations (Scope 1 and 2) by 2025 at the latest.

Evli's head office in Helsinki has been awarded the LEED[1] Gold certification, one of the world's best–known green building certificates.

It is also important for Evli to increase environmental awareness among its clients and employees and offer products and services that help to mitigate harmful environmental impacts. With the continuous development of digital transaction channels and utilising the opportunities given by technology, Evli offers new forms of services that have a smaller environmental impact than before.

Results and priorities for 2022

- Evli continued the development of its website evli.com and the My Evli online service in order to, among others, reduce the amount of paper reporting.
- Evli's energy consumption was on the previous years level.

[1] LEED=Leadership in Energy and Environmental Design

Responsible employer

Evli's success is based on the professional skills of its employees and their ability to create new solutions, added value for the benefit of the clients and to serve them professionally. Evli believes that employee commitment and thriving at work is reinforced by creating a flexible, efficient and balanced work community, which is characterised by innovativeness and the capability to develop and bring about change.

To ensure that the best experts in the business will serve clients also in the future, Evli pays particular attention to employee development and motivation. In addition to competitive pay, personnel benefits include expert level occupational healthcare services and varied opportunities for developing skills.

Most of the personnel work in Finland

(GRI 102–8: Information on employees and other workers, GRI 401–1: New employee hires and employee turnover)

At the end of 2022, the Evli Group had 344 employees, up by 19 percent on the previous year. The increase in the amount of emplouyees was mainly due to the merger of EAB Group Plc into Evli in October 2022. Of the total personnel, 94 percent worked in Finland, over five percent in Sweden and nearly one percent in the United Arab Emirates.

The total number of new hires in 2022 was 29. The number of new employees does not include summer workers and trainees. The average personnel turnover was 8.3 percent.

PERSONNEL DATA	2022	2021[6]	2020[6]	2019[6]	2018[6]
Personnel	344	290	261	249	254
Permanent	294	251	233	224	226
Temporary[1]	50	39	24	25	24
On study or parental leave	11	7	4	3	4
Full time[2]	312	244	240	237	243
Part time[3]	32	39	21	12	11
Women/men (%)	38/62	38/62	39/61	36/64	38/62
Average age	40	40	41	41.1	40.5
Average period of service (years)	8	9	11	9.9	9.1
Average personnel turnover (%)[4]	8.3	10.0	8.0	8.5	8.3
New hires	29	32	20	16	15
Sickness absences, days/person	2.2	1.8	1.2	2.2	2.9
Occupational accidents at work	1	0	0	0	0
Training days/person	1.0	1.3	1.0	2.1	3.7
Personnel covered by performance reviews (%)	100	100	100	100	100

[1] Includes both trainees and summer workers

[2] Includes both permanent and temporary employees with full-time contracts. [3] Includes both permanent and temporary employees with part-time contracts

[4] Personnel turnover was calculated using the following formula: ((Number of new persons employed Jan 1–Dec 31 + number of employees leaving Jan 1–Dec 31)/2)/number of employees on Dec 31..

[5] Includes conversion of fixed-term contracts into permanent contracts during the year

[6] The figures for 2018–2021 are those of Evli Pankki Plc. Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022.

A diverse work environment and equal opportunities

(GRI 405–1: Diversity of governance bodies and employees)

Fairness, including equality, non-discrimination and diversity are a material part of Evli's responsibility. Work in this was further organised in 2018 as the Board of Directors approved Evli Group's diversity policy and goals for 2022. The diversity policy defines the company's principles concerning equality, non-discrimination, and diversity. Under the principles, Evli commits to creating a workplace that is non-discriminatory, open, and positive and in which all employees are treated equally, irrespective of gender, age, ethnic or national background, nationality, language, or faith.

In addition, a material factor of diversity is that all employees feel they have the same opportunities to develop and advance in their careers. Good management of diversity and work for non-discrimination can improve personnel well-being and commitment and enable employees to perform to their full potential. In addition, diversity promotes innovations, productivity, and the company's competitiveness.

At Evli, diversity applies to all business areas and diversity is taken into account in all personnel management from hiring to career progress and development.

In addition to Evli Group's diversity policy, the goal of the Board of Directors' diversity policy is to ensure that the Board is as diverse as possible. Diversity emphasises the Board members' expertise regarding different industry sectors and training and skills that complement those of other members. In addition, factors that are relevant regarding the diversity of the Board include age and gender distribution and the length of term. The goal is for both genders to be represented on the Board. Additional information about diversity of the Board of Directors is found on page 130.

Results and priorities for 2022

- Evli's recruitment process was further improved, and recruitment increasingly focused on diversity, including through collaboration with different stakeholders. For example, efforts are being made to make the investment industry more attractive to women.

DIVERSITY GOALS FOR 2022

- There are at least 40 percent of each gender represented in expert positions in all business areas.
- There are at least 30 percent of each gender represented in team leader positions in business areas and administration.
- Both genders are sufficiently represented on the Board of Directors and in the Executive Group. In planning the composition of the Board, important factors include members' skills, experience, and expertise to ensure effective performance.
- In recruitment, the most suitable person for the position is always selected. The annual equality and equal treatment review developed policies to ensure equal opportunities for all applicants in recruitment and to achieve the greatest possible diversity in the organisation.
- Both genders must be represented in the group of people selected for the trainee program.

EVLI'S DIVERSITY 2022

	Women	Men
ENTIRE PERSONNEL 344 persons	38%	62%
TEAM LEADERS 49 persons	18%	82%
EXECUTIVE GROUP 7 persons	14%	86%
BOARD OF DIRECTORS 6 persons	17%	83%

Evli looks after the well–being of its employees

(GRI 403–2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities, GRI 401–3: Parental leave)

Motivated and committed employees whose well–being are at a high level are vital to Evli's operations, development, and profitability. Evli's goal is to develop and promote the comprehensive well–being of the employees and invest in preventive well–being measures. One of the key conditions for both mental and physical well–being is work–life balance. This is supported at Evli through a flexible working culture, which includes, among others, the possibility of flexible working hours, remote working, and a shortened workweek. In addition, Evli uses a so–called age management model that takes into account and supports employees at different stages of their careers and lives.

Evli's employees have access to expert level occupational healthcare including, among others, access to specialist–level doctors, physiotherapy, endoscopies, ultrasound scans, X–rays, MRIs and personal vaccinations. In addition, the mental and physical well–being are supported by offering employees opportunities to take part in exercise classes and lectures. Evli's policy also includes preventing long–term sick leave through an early support model.

Job satisfaction and well–being at work are measured by means of an employee survey and smaller in–house surveys. The results drive the further development of workplace well–being and practices.

Results and priorities for 2022

- Four employees worked a shorter week and were, for example, on part–time childcare leave.
- The implementation of the hybrid model combining remote and office working, launched in autumn 2021, continued in 2022.
- Monthly employees responded to a so–called 'well–being at work' questionnaire. The survey results and feedback were a tool for managers to manage and strategically develop well–being at work.

Personnel development helps increase competitiveness

(GRI 404–1: Average hours of training per year per employee, GRI 404–2: Programs for upgrading employee skills and transition assistance programs)

The skills of motivated and committed employees support the execution of the company's strategy and targets. Evli constantly develops its employees' professional expertise, as this enables it to keep up with the changes in the environment and offer innovative solutions that meet the market demand. In addition, training and skills development aim to increase staff motivation and job satisfaction. Evli Academy, established in 2006, organises both internal and external trainings to improve the employees' skills and to enhance occupational health and well–being.

In addition to training opportunities, Evli encourages learning on the job and job rotation. Job rotation is encouraged by, for example, publishing all open positions on Evli's Intranet.

The work of Team Leaders is considered an important part of personnel development and work satisfaction. Team Leaders are trained on a continuous basis to enable them to support their team members as well as possible and to develop the teams' practices. The work of Team Leaders is evaluated regularly based on external surveys.

Results and priorities for 2022

- The number of training days per person was around one. Training days include internally organised training.
- A total of nine persons transferred to new job tasks as part of job rotation.

An attractive employer

Competition for the best talent is very severe in the financial sector. Finding the right people and keeping them is vital for a company that offers expert services. Evli believes that by offering its employees good learning and development opportunities, and by investing in their well–being and work–life balance, it can attract new employees and commit them to the company.

Evli's recruitment activities emphasise finding the right people who match Evli's corporate culture and are prepared to develop to become future top experts at Evli. Fresh graduates or students close to graduation are attracted to work at Evli by offering, for example, a trainee program. The goal of the trainee program is to find motivated young talents that can become future top experts at Evli and bring innovations and ideas to the company.

In addition to the trainee program, Evli supports schools and subject organizations, visits schools and introduces students to the field and Evli as a company and participates in various recruitment events. The purpose of these events is to increase awareness of Evli among students.

Results and priorities for 2022

- Systematic work to improve employer branding continued. Evli feels that by improving the image of the company as an employer, it will be easier to attract promising new employees and to retain current employees. In order to improve the employer image, more systematic use of social media and the improvement of the content of Evli's own website continued as well as the co–operation with schools and subject organizations.
- The trainee program was carried out around the year. During the year around 516 persons applied for the trainee–program and from these ten persons were hired to Evli as trainees.
- Evli partnered with the Women's Career Society in order to support female students' career paths.

Reporting practice

GRI 102–47: List of material topics

The economic, social and environmental impact of Evli's business comes both directly through its own operations and indirectly through its investment activities. The topics and priorities relevant to Evli's responsibility are presented on pages 15.

GRI 102–48: Restatements of information

No material changes have been made to previously reported data.

GRI 102–49: Changes in reporting

Evli conducted its first GRI[1] Corporate Responsibility Report in 2018. In the 2022 report, the scope and boundaries of the report have remained the same and the content matches that of the 2021, 2020 and 2019 reports.

GRI 102–50: Reporting period

The reporting period is from January 1 to December 31, 2022.

GRI 102–51: Date of most recent report

Evli's Annual Report 2021 including the Responsibility Report was published on February 16, 2022.

[1] GRI= Global Reporting Initiative

GRI 102–52: Reporting cycle

Evli's Annual Report is published yearly, by calendar year. The Annual Report consists of a Business Overview, Responsibility Report, Financial Statement and Corporate Governance Statement as well as the Remuneration Policy and Report.

GRI 102–53: Contact point for questions regarding the report

The contact point for questions is Evli's Responsible Investment team as well as the Marketing, communications and IR team. Contact details are available at **evli.com**.

GRI 102–54: Claims of reporting in accordance with the GRI standards

The corporate responsibility report includes a GRI report which has been drawn up in accordance with the GRI standards, where applicable. The report also includes information that concerns Evli's own relevant responsibility matters in accordance with the reporting principles of the GRI standard. The GRI content comparison on pages 35–39 lists the GRI indicators used and where more information is available. The corporate responsibility report, including the GRI report, supplements Evli's financial reporting and concerns the operations of the Group as a whole unless otherwise indicated. The GRI report includes information and indicators that have been identified through materiality analysis that are relevant to stakeholders and Evli's business operations.

GRI 102–56: External assurance

The responsibility report, which includes a GRI report, is not externally audited.

GRI 103–1: Explanation of the material topic and its boundary

RESPONSIBILITY THEMES	RELEVANT RESPONSIBILITY SUBJECTS	SIGNIFICANCE TO BUSINESS OPERATIONS AND STAKEHOLDERS	CALCULATION PARAMETERS
Responsible products and services	Responsible marketing	Development area	Own operations
	Customer privacy protection and data security	Base	Own operations
	Responsible investing	Focus area	Own operations – Responsibility of wealth management investments
Responsible governance	Profit performance	Focus area	Own operations
	Taxes and tax footprint	Base	Own operations
	Corruption, bribes and money laundering	Base	Own operations
	Direct environmental impacts	Development area	Own operations (Helsinki office)
Responsible employer	Fairness: equality, non–discrimination and diversity	Focus area	Own operations
	Work well–being and health	Development area	Own operations (Helsinki office)
	Education and development	Development area	Own operations (Helsinki office)
	Attractive employer	Focus area	Own operations

GRI 103–2: The management approach and its components

All business areas at Evli are part of ensuring that responsibility is integrated into everyday work. Every employee is responsible for observing it in practice. Evli's Responsible Investments team supports the business areas in matters concerning responsibility and especially the coordination of responsible investment.

Evli believes that through responsible investment activities the company can have the most impact on responsibility. This is why Evli has invested most in the development of responsible investment in recent years. Evli has a Responsible Investment team that carries out responsible investment under the Head of Sustainability.

Compliance with the principles of responsible investment at Evli is supervised by the Responsible Investment Executive Group. The members of the Executive Group include the CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the responsible investment team. The Responsible Investment Executive Group decides on Evli's Principles for Responsible Investment and related practices and reports to Evli's Executive Group.

GRI content index

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102–1	Name of the organization	Financial Statements, p. 67	
102–2	Activities, brands, products and services	Evli in brief, p. 3–4	
102–3	Location of headquarters	Financial Statements, p. 67	Aleksanterinkatu 19, 00101 Helsinki
102–4	Location of operations	Evli in brief, p. 3–4	
102–5	Ownership and legal form	Shares and Shareholders, p. 56–58, Financial Statements, p. 103–105	
102–6	Markets served	Evli in brief, p. 3–4	
102–7	Scale of the organization	Evli in brief, p. 3–4, Financial figures, p. 48–49	
102–8	Information on employees and other workers	Responsibility, p. 29–30	
102–10	Significant changes to the organization and its supply chain	Financial Statements, p. 106	
102–11	Precautionary Principle or approach	Risk management and internal control, p. 91–98	
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102–14	Statement from senior decision–maker	CEO's review, p. 5–6	
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102–16	Values, principles, standards, and norms of behavior	Business model, p. 9	
102–17	Mechanisms for advice and concerns about ethics	Responsibility, p. 27	
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102–18	Governance structure	Corporate Governance Statement, p. 129	
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102–20	Executive–level responsibility for economic, environmental, and social topics	Responsibility, p. 34	
102–22	Composition of the highest governance body and its committees	Corporate Governance Statement, p. 130–132	
102–23	Chair of the highest governance body	Corporate Governance Statement, p. 130–132	
102–24	Nominating and selecting the highest governance body	Corporate Governance Statement, p. 130	
102–26	Role of highest governance body in setting purpose, values, and strategy	Corporate Governance Statement, p. 130	
102–27	Collective knowledge of highest governance body	Corporate Governance Statement, p. 130–132	
102–28	Evaluating the highest governance body's performance	Corporate Governance Statement, p. 131	
102–30	Effectiveness of risk management processes	Risk management and internal control, p. 91–98	
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DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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102–44	Key topics and concerns raised	Responsibility, p. 17	
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102–46	Defining report content and topic boundaries	Responsibility, p. 15–18	
102–47	List of material topics	Responsibility, p. 15–18	
102–48	Restatements of information	Responsibility, p. 33	
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102–54	Claims of reporting in accordance with the GRI Standards	Responsibility, p. 33	
102–55	GRI content index	GRI content index, p. 35–39	
102–56	External assurance	Responsibility, p. 33	The report has not been externally assured

DISCLOSURE INDEX	DISCLOSURE TITLE	PAGE	ADDITIONAL INFORMATION
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103–2	The management approach and its components	Responsibility, p. 34	
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Economic performance			
201–1	Direct economic value generated and distributed		

ECONOMIC VALUE GENERATED AND DISTRIBUTED

Income distribution, M€	2022	Carve–out 2021
Commission income and expense, net	92.1	111.7
Net income from securities transactions	3.7	3.7
Income from equity investments	0.0	0.0
Net interest income	0.1	0.6
Other operating income	0.1	0.2
Share of profits (losses) of associates	0.3	0.5
Total income	**96.1**	**116.2**
Personnel expenses	39.2	36.6
Other administrative expenses	19.6	17.6
Depreciation and amortization on tangible and intangible assets	5.1	4.8
Other operating expenses	0.8	1.3
Expected credit losses on loans and other receivables	0.0	0.1
Impairment losses on loans and other receivables	0.7	0.1
Taxes	5.8	0.0
Shareholders of parent company	20.7	38.8
Minority interest	4.3	6.7
Distribution of income	**96.1**	**116.2**

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401–1	New employee hires and employee turnover	Responsibility, p. 30	
401–2	Full–time staff benefits not provided to fixed–term or part–time staff		All employee benefits are offered throug–hout the personnel, regardless of emplo–yment.
401–3	Parental leave		Employees are provided with an opportu–nity of shortened working hours and depending on work tasks, the possibility of flexible working hours.
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403–2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work–related fatalities	Responsibility, p. 30	
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404–1	Average hours of training per year per employee	Responsibility, p. 30	
404–2	Programs for upgrading employee skills and transition assistance pro–grams	Responsibility, p. 32	
404–3	Percentage of employees receiving regular performance and career development reviews		Evli's development discussion process covers all permanent employees who are not absent due to, for example, parental leave or study leave. Developmental discussion needs for temporary emplo–yees are assessed case–by–case.
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Task Force on Climate–related Financial Disclosures report

Evli has committed to supporting the Task Force on Climate–related Financial Disclosures (TCFD) reporting framework and published its first TCFD report in 2020 based on the situation in 2019. This annex provides updated information on Evli's climate risks and opportunities and compiles information on Evli's climate work progress in 2022.

Introduction

In August 2019, Evli became a public supporter of the TCFD with the goal of developing Evli's own climate risk reporting. The TCFD is an international climate risk reporting framework designed to improve reporting on the economic impact of climate change by making it clearer, more comparable, and more consistent.

It is important for asset managers and other investors to be able to identify and assess the economic impact of climate change on both their own operations and those of investment companies. The transition to a low–carbon economy is changing the business environment and companies are also exposed to the physical effects of climate change. On the other hand, climate change also creates opportunities for companies that offer products or services that contribute to climate change adaptation and mitigation.

Reports based on TCFD's recommendations provide stakeholders of the company information on:

1. the **management** of climate–related risks and opportunities (role of the Board of Directors and the management)
2. the actual and potential impact of climate–related risks and opportunities on the company's business, **strategy** and financial planning
3. **risk management**, the company's processes for identifying, assessing and managing climate risks
4. the **indicators and targets** for assessing and managing climate–related risks and opportunities.

REPORTING FRAMEWORK OF THE TCFD REPORT

Management

As part of the broader debate on responsibility, Evli's Board and Executive Group regularly address climate–related issues. Evli's Head of Sustainability attends Board and Executive Group meetings from time to time. In addition to the work of the Board and Executive Group, Evli has a Responsible Investment Executive Group, which decides on the principles and practical procedures of responsible investment at Evli. In addition to the CEO, the Responsible Investment Executive Group includes managers from Legal and Risk Management, Private and Institutional Clients, Portfolio Management and the Responsible Investment team.

The Responsible Investment team, under the supervision of the Head of Sustainability, is responsible for coordinating and developing ESG issues in the funds and discretionary portfolio management, as well as for engaging with companies. The Responsible Investment team monitors implementation of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises and the Evli Principles for Climate Change and has the right to exclude individual companies from investment. When analysing potential investments and making investment decisions, Evli's portfolio managers also take ESG matters into account, including climate issues. Portfolio managers are responsible for implementing the Principles for Responsible Investment and ESG integration in portfolio management.

The investment activities of Wealth Management are guided by the Evli Principles for Responsible Investment, which define Evli's responsible investment practices. In addition, Wealth Management is governed by the Evli Principles for Climate Change, which describe Evli's approach to taking climate change and its related impacts on its investments into account. In 2021, Evli published separate climate targets, according to which, Evli aims to achieve carbon neutrality by 2050 at the latest. The target applies to emissions from both Evli's own operations and its investments. The targets include separate milestones. A separate roadmap has also been defined for the climate targets and a separate working committee has been set up to further clarify how the investment milestone can best be achieved through real–world emission reductions and in line with the Paris Agreement.

THE RESPONSIBLE INVESTMENTS GOVERNANCE MODEL

Responsible Investment Executive Group

- Decides on the principles and practical procedures of responsible investing
- Members: CEO, executives from the legal and risk management department, institutional and private clients' departments, portfolio management and the Responsible Investment team
- Regular meetings approximately on a quarterly basis
- Reports to Evli's Executive Group

Responsible investment team

- Monitors norm violations and Evli's Principles for Climate Change, and has the right to exclude individual companies from investments
- Is responsible for engaging with companies
- Report to the Responsible Investment Executive Group

Portfolio managers

- Take ESG matters into consideration when analysing potential investments and making investment decisions
- Are responsible for implementing the Principles for Responsible Investment and ESG integration
- Reports to the Responsible Investment team on companies that violate the Principles for Responsible Investment

Strategy

At Evli, responsibility has been an integral part of portfolio management for many years, and the company believes that taking responsibility into account will create long-term added value. In January 2020, Evli made responsibility one of its strategic focus areas for the coming years, and in June 2021, Evli set its climate targets and related milestones in line with its strategic objectives. Climate change mitigation has always been an important issue for Evli, and the company wants to contribute to creating products that address climate change challenges.

As an asset manager, the most significant climate risks and opportunities for Evli are related to its investment activities, as Evli's own operations do not cause significant direct environmental impacts. In its own operations, Evli has committed to reducing energy consumption and carbon emissions from its premises and to avoiding unnecessary travel. As part of its climate targets, Evli also set separate milestones for emissions from its own operations (Scope 1 and 2). However, Evli's strategy focuses on the integration of climate-related risks and opportunities and their impacts into Evli's products and investment strategies, and this is also reflected in the 2021 climate targets.

Most of Evli's emissions come indirectly through investments. The second milestone of the climate targets is to reduce indirect emissions from investments by 50 percent by 2030, provided that the investment environment allows this. In the longer term, Evli aims to be a carbon neutral asset manager by 2050 at the latest. To reinforce this commitment, Evli joined the Net Zero Asset Managers initiative in summer 2022.

The TCFD divides climate change risks into risks from the transition to a low-carbon economy and physical risks from climate change. Transition risks are the financial risks arising from the transition to a low-carbon economy. These include risks arising from changes in policy, regulation, technology, and markets, which, if they materialise, could affect the market value and returns on investments. As clients' climate strategies evolve, Evli must be able to ensure that its products and services meet their changing needs. Investing in companies that are perceived to contribute to climate change also increases the reputational risk associated with investment activities. Physical risks, on the other hand, are the economic risks arising from climate change, which can be the result of single events or long-term changes in the climate. In Evli's investment activities, physical risks may materialise, for example, in real estate investments, which may be increasingly exposed to extreme weather events, sea-level rise or flooding damage, for example, as a result of climate change. The physical impacts of climate change also extend to other asset classes such as equity and corporate bond investments. Within these asset classes, industries dependent on foreign raw materials, for example, may be vulnerable to increasing extreme weather conditions.

In addition to physical and transition risks, climate change risks can also be considered through the climate targets of the investee companies. Such targets can be used to examine how well companies' business and strategy are aligned with the Paris Agreement, and how well they are prepared to respond to climate change in their own operations. Setting climate targets is part of a company's long-term risk management, and their absence also increases risk from an investor's perspective. Evli regularly monitors the climate targets of its active equity and corporate bond funds and its direct equity and corporate bond investments and their development. In addition, Evli's engagement work aims to encourage companies to set science-based climate targets. The first phase of the engagement, which started in 2021, has focused in particular on high emitting companies whose emissions or targets are not aligned with the 1.5°C target. In 2022, Evli has monitored the progress of the engaged companies and developed its engagement process as part of the climate targets roadmap.

Climate change also brings opportunities for investors. These include investing in companies that take advantage of opportunities to mitigate and adapt to climate change. In addition, climate change will increase the market for sustainable investments, such as green bonds, providing opportunities for the development of new products. In autumn 2019, Evli organised the first issuance of Green Note autocall certificates in Finland. The funds raised through the issue will be used to finance projects supporting sustainable development. In 2021, Evli carried out three similar issuances. In addition to these, two new funds were launched in 2020, Evli Green Corporate Bond, an investment fund focusing on green corporate bonds, and Evli Impact Forest Fund I, a forest fund that aims to mitigate climate change by achieving positive carbon impacts. In the case of the forest fund, which is part of the alternative investment funds, Evli's performance fee is dependent on the achievement of the fund's decarbonisation target. In 2022, as part of the merger of EAB Group Plc into Evli, the range of sustainability funds increased with among others Elite Alfred Berg Renewable Energy Infrastructure Fund II, a renewable energy fund that offers the opportunity to invest in reducing global carbon emissions.

Evli has examined the sustainability of its investment strategy by conducting scenario analyses based on climate data provided by ISS ESG. The purpose of the scenario analysis is to assess the potential impact of climate–related risks and opportunities in global warming scenarios. The scenario analysis is included also in the tools used by portfolio managers of the equity and corporate bond funds managed by Evli. This information can be used both before and during the investment decision. The tools also allow systematic monitoring of the evolution of investment strategy scenarios. For example, Evli monitors how equity and corporate bond funds are aligned with the 1.5– and 2–degree scenarios. The scenario analyses are based on analyses produced by ISS ESG. In addition to the scenarios, Evli monitors and reports on the fossil fuel reserves of its investments and the transition of companies to low carbon. More detailed figures on scenarios and other metrics can be found in the section Indicators and objectives on pages 44–46.

Risk Management

Evli's Principles for Climate Change and climate targets set the baseline for taking into account and managing climate change and its impacts in investment activities. The identification and assessment of climate risks are based on an analysis of the investment portfolio by portfolio managers and the Responsible Investment team. Climate risk management measures include the analysing and monitoring, engagement, and exclusion of greenhouse gas emissions from investments. Evli uses data from an external service provider, which is also used by the company's portfolio managers for investment decisions, for monitoring the climate principles and other day–to–day work related to responsibility. Evli has also set a separate roadmap for its climate targets, according to which it will systematically build on its climate work.

The emissions of companies in Evli's equity and corporate bond funds are monitored by analysing the carbon intensity weighted by the portfolio weights of the funds, among others, as recommended by the TCFD, which measures the exposure of the portfolio to carbon–intensive companies. Emissions data and other climate analysis data, along with other ESG data, are integrated into the portfolio management systems, allowing Evli also that way to monitor and assess the evolution of climate risks in its investments. In line with its Principles for Climate Change, Evli has excluded companies producing peat for energy production and avoids investing in companies with a significant proportion (30% or more) of their revenue coming from thermal coal mining, its use in energy production or oil sands extraction. If the company has a credible plan to reduce its use of coal, the exclusion may be waived by a decision of the Responsible Investment team. In addition to the general exclusion principles, some of Evli's funds follow an even broader exclusion for coal and fossil fuels, with a 5 percent revenue threshold for exclusion. The information required by the climate principles, as well as the broader exclusion information for the funds, are included in the portfolio management system, which prevents investments in excluded companies and requires portfolio managers to justify any investment that exceeds the avoidable limits. Should the avoidable limit for climate principles be exceeded, this would automatically be reported to the Responsible Investment team, which would analyse the company and decide on further action.

Evli sees active ownership and corporate engagement as one of the ways to manage climate change risks. Climate change mitigation is one of Evli's key themes for engagement. In its engagement work, Evli also encourages companies to report transparently in line with the TCFD framework and set climate targets. In addition, Evli monitors company–specific targets and their progress. As part of its independent engagement work based on its climate targets, Evli was in contact with 16 companies during 2022 and monitored the progress of the companies that were engaged with in 2021. In 2022, Evli attended in 34 general meetings in Finland.

ROADMAP TO BECOMING A NET ZERO ASSET MANAGER

1. **Building a snapshot**
2. **Development of climate risk management**
3. **Updating the exclusions**
4. **Engagement**
5. **Systematic analysis of the targets**

In addition to independent engagement, Evli is committed to several investor initiatives that aim, among other things, to have a broader impact on the market, to influence companies at risk from a climate change perspective and to encourage governments in different countries to take more ambitious measures to mitigate climate change.

Evli is involved in major climate initiatives such as the Climate Action 100+ initiative, which aims to influence the major emitters of greenhouse gases, the CDP investor letters (climate change, deforestation, and water) and the CDP–coordinated collaborative engagement campaign to set science–based climate targets. Evli has also co–signed with other investors a letter to governments, the Global Investor Statement to Governments on the Climate Crisis, encouraging governments to ensure that global temperature increases are limited to 1.5°C, take early action to keep greenhouse gas emissions in line with the 2030 target, promote non–carbon emission reductions, increase the supply of climate finance and strengthen climate reporting across the financial system through mandatory TCFD reporting, requiring science–based climate transition plans, and coordinating and promoting coherence in global financial regulation. In addition to these measures, Evli regularly monitors changes in climate change regulation and has been involved in the EU legislative debate in Finland.

Indicators and objectives

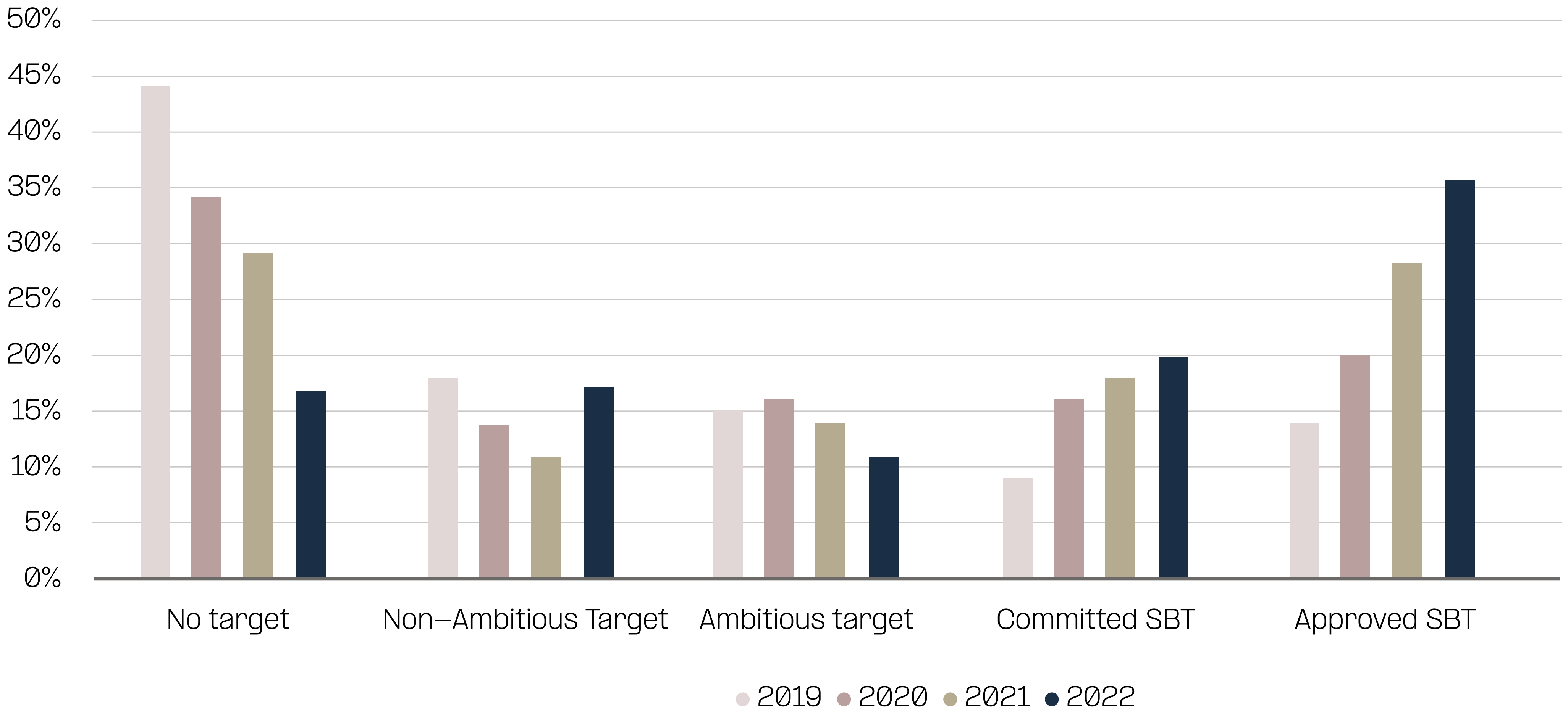
Evli regularly monitors the development of the carbon footprint of its equity and corporate bond funds by calculating the carbon intensity weighted by the portfolio weights of the funds, i.e. by analysing Scope 1 and 2 emissions[1] of each investment, relating them to the company's revenue and weighting each investment by its relative share in the portfolio. The carbon intensity obtained by the fund is compared to the corresponding figure of the fund's benchmark index.

Evli has also mapped the absolute and financed emissions of its investments. The absolute emissions of Evli's investments are the total emissions of the investments in relation to Evli's ownership share of the total value of the investments. Similarly, the financed emissions are calculated by dividing the absolute emissions of the investments by the present value of all investments. The absolute emissions and weighted average carbon intensity is presented in the table to the left for Scope 1, 2 and 3 emissions. For Scope 3[1] emissions, it should be noted that the figures are largely still based on estimates and should be interpreted as indicative. In addition to Evli's equity and corporate bond funds, direct equity and corporate bond investments are included in the data in the table. While carbon footprint tracking helps to understand the emissions profile of investments, it is not a complete single measure of the emissions associated with a portfolio and does not help to assess future emissions trends or mitigation opportunities. For this reason, in addition to carbon emissions, Evli monitors the emissions reduction targets of its investments and their development as one of its key indicators. Evli has mapped the distribution of its investments' climate targets between 2019 and 2022, and the development of the targets is shown in the graph below. The climate targets for investments are split between No target and Approved science–based target (SBT). Evli aims to increase the share of investments with science–based climate targets and thereby reduce the potential risks to investments from climate change.

	Scope 1 + 2	Scope 1+2+3
Absolute emissions (t CO_2 e, coverage 70%)	759,000	3,807,000
Carbon intensity (t CO_2 e/$M Sales, coverage 77%)	143.1	824.0

Source: Evli, MSCI ESG Research

Distribution of climate targets 2019–2022



Source: Evli, ISS ESG

[1] The calculation of carbon footprint figures is defined by the international standard GHG protocol (Greenhouse Gas Protocol), for example. The GHG proto–col breaks down greenhouse gas emissions into scopes 1–3. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company. Scope 3 includes indirect emissions related to the company, including those from products, outsourcing, and business travel.

All of Evli's direct investments, including equity and corporate bond funds and direct equity and corporate bond investments in asset management, have been taken into account in the mapping of climate targets. The graph shows the evolution of the climate targets between 2019 and 2022. The graph indicates that over the course of four years, the share of "No Target" has significantly decreased and the share of science–based targets has clearly increased. For example, the share of "Approved SBT" has increased by 22 percentage points and the share of "Committed SBT" increased by 11 percentage points. Correspondingly, in the same period, the share of "No Targets" decreased by 27 percentage points. The positive development shown in the graph is also in line with Evli's aspirations, as encouraging the setting of climate targets is an important part of both Evli's engagement work and Evli's climate roadmap. Eight of the companies under Evli's own climate engagement that Evli started in 2021 committed to SBT in 2022.

Evli also uses scenario analysis to identify climate–related risks and opportunities. Based on the situation at the end of 2022, 14 percent of Evli's equity and corporate bond funds were aligned with the 1.5–degree scenario and 58 percent with the 2–degree scenario. In addition, Evli analyses the share of companies owning fossil fuel reserves and compares it to the corresponding figure in the fund's benchmark index. Evli also examines the transition of companies to low–carbon status, dividing companies into different categories according to the risks and opportunities associated with their energy transition. This allows Evli to better assess the potential for reducing the carbon footprint of funds and to identify companies that are at risk from a climate change perspective. Evli also regularly explores new tools to better measure the actual impact of investments on different stakeholders and the environment, including the impact on climate change. Evli's ESG reports for equity and corporate bond funds are also publicly available on Evli's website **evli.com**.

In line with its responsible investment objectives, Evli set separate climate targets in June 2021. Evli aims to achieve carbon neutrality by 2050 at the latest. The target applies to emissions from both Evli's own operations and investments. In addition to the main target, Evli set three intermediate targets:

1) Evli aims to achieve carbon neutrality for emissions from its own operations (Scope 1 and 2) by 2025 at the latest.
2) Evli sets an interim target of a 50 percent reduction in indirect emissions from investments by 2030, provided that the investment environment allows for it. The base year is 2019.
3) Evli established a Working Committee for the years 2021–2022 in order to assess how the investment–related interim target can be reached through real world carbon emission reductions and to ensure that it will be in line with the Paris Agreement. In this assessment work, Evli will use, among others, a Science–Based Targets (SBT) framework.

The milestones and roadmap of climate targets support the long–term target of carbon neutrality. In line with the climate targets roadmap, Evli will refine the monitored metrics as work progresses and report accordingly.

	Carbon intensity (1) (t CO_2e / USD million)	Compared to benchmark (2)	Weight of companies owning fossil fuel reserves (3) (%)	Compared to benchmark (2) (%–points)	Coverage / Fund (4)	Coverage / Benchmark index (4)	Investments in Solutions category in the MSCI's Low Carbon Transition classification (5)
Equity Funds							
Evli Emerging Frontier	177.6		5.8%		42.0%		0.0%
Evli Europe	270.6	135.2%	5.7%	–3.2%	96.7%	99.9%	12.3%
Evli GEM	564.3	75.3%	7.8%	–0.2%	92.8%	99.9%	0.0%
Evli Japan	71.1	–8.7%	0.0%	–7.0%	85.2%	100.0%	1.6%
Evli Global	64.7	–54.1%	0.0%	–7.8%	96.2%	99.6%	4.4%
Evli Global X	58.7	–58.4%	0.0%	–7.8%	95.3%	99.6%	4.7%
Evli Equity Factor Europe	46.8	–59.3%	0.0%	–8.9%	96.2%	99.9%	5.9%
Evli Equity Factor Global	46.1	–67.3%	0.0%	–7.8%	94.7%	99.6%	3.8%
Evli Equity Factor USA	41.2	–71.3%	0.0%	–6.5%	98.5%	99.6%	3.2%
Evli North America	92.8	–38.4%	0.7%	–6.4%	99.3%	99.6%	3.2%
Evli Nordic	68.2	2.6%	4.3%	0.4%	94.2%	99.7%	10.3%
Evli Nordic Small Cap	143.0	49.1%	4.1%	3.0%	64.3%	85.0%	9.8%
Evli Sweden Equity Index	23.9	0.0%	0.0%	0.0%	96.5%	100.0%	3.4%
Evli Swedish Small Cap	107.6	132.6%	0.0%	0.0%	76.2%	92.3%	3.1%
Evli Finland Mix	181.9		0.0%		82.2%		5.8%
Evli Finnish Small Cap	89.8	–11.2%	0.0%	0.0%	67.8%	72.5%	13.8%
Evli Finland Select	127.8	15.5%	0.0%	0.0%	92.1%	91.0%	8.0%
Evli USA Growth	127.6	–11.1%	6.1%	–0.4%	97.3%	99.6%	11.7%
Fixed Income Funds							
Evli Green Corporate Bond	135.6	–36.8%	0.6%	–6.3%	77.9%	94.0%	8.7%
Evli European High Yield	124.0	–29.7%	0.5%	–3.0%	58.1%	76.5%	0.0%
Evli European Investment Grade	111.7	–34.5%	1.0%	–8.3%	90.2%	95.8%	10.9%
Evli Emerging Markets Credit	312.0	–50.2%	12.5%	–2.6%	65.0%	87.2%	3.5%
Evli Euro Liquidity	114.3		0.0%		67.3%		0.9%
Evli Short Corporate Bond	196.9		0.0%		79.8%		3.7%
Evli Nordic Corporate Bond	87.2	–31.4%	0.0%	–6.7%	78.0%	96.0%	13.3%
Evli Nordic 2025 Target Maturity	105.0		0.0%		58.9%		11.5%
Evli Target Maturity Nordic Bond	122.4		0.0%		65.0%		2.2%
Evli Corporate Bond	128.3	–16.8%	0.0%	–6.9%	84.9%	92.1%	6.6%

Sources: Evli, MSCI ESG Research
[1] Evli uses weighted average carbon intensity to measure carbon footprint. A fund's weighted average carbon intensity is calculated by dividing the company–specific scope 1 and scope 2 greenhouse gas emissions by the company's revenues. After that, company–specific carbon intensity is multiplied by the company's portfolio weight. The fund–specific carbon footprint is a sum of company–specific carbon intensities apportioned based on portfolio weights. Scope 1 greenhouse gas emissions refer to emissions directly occurring from sources that are owned or controlled by the company. Scope 2 greenhouse gas emissions refer to indirect emissions generated in the production of electricity purchased by the company.
[2] Compared to benchmark figure shows how the fund compares to corresponding figures for the benchmark index. As it is not possible to calculate this figure to all benchmark indeces, some sections are left blank.
[3] Weight of companies owning fossil fuel reserves shows the share of companies owning coal, gas or oil reserves in the fund. In this report coal reserves refer to use of coal in energy production (thermal coal).
[4] Coverage indicates the share of fund's/index's holdings (measured by market value) for which emissions data is available. The emissions data is based on emissions reported by the companies or other publicly available emissions data (e.g. CDP) and the data provider's estimate of emissions.
[5] Shows the share of companies which have been classified in MSCI's Low Carbon Transition Classification to Solutions category. The Solutions category means that, according to MSCI's analysis, the companies in this category have the potential to benefit through the growth of low–carbon products and services.

FINANCIAL REVIEW

The year 2022 was particularly significant for Evli with two large and successful M&A transactions. In the partial demerger carried out in the spring, Evli focused on investment services and the banking business was merged with Fellow Finance Plc. EAB Group Plc merged with Evli at the beginning of October, which further strengthened Evli's position as Finland's leading asset manager. At the same time, the alternative investment funds continued to grow, driven by strong client demand. Over the past two years, Evli has managed to more than double the assets under management in alternative investment funds.

Key financial figures

	2022	Carve-out 2021	Carve-out 2020	Carve-out 2019	Carve-out 2018
Income statement key figures					
Net revenue, M€	96.1	116.2	80.1	74.9	69.7
Operating profit/loss, M€	30.9	56.6	32.3	25.5	25.6
Operating profit margin, %	32.1	48.7	40.4[1]	34.0[1]	36.7[1]
Profit/loss excl. non-recurring items related to mergers and acquisitions, M€	37.1	–	–	–	–
Profit for the financial year, M€	25.1	45.5	25.5	20.2	20.6
Profitability key figures					
Return on equity (ROE), %	20.4	50.4	35.7	32.3	35.8
Balance sheet key figures					
Equity-to-assets ratio, %	39.1	27.7	–	–	–
Other key figures					
Expense ratio (operating costs to net revenue)	0.67	0.52	–	–	–
Recurring revenue ratio, %	123	135	128	124	113
Permanent personnel at the end of the period	294	283	–	–	–
Assets Under Management, mrd. €	16.0	17.5	–	–	–
Share based key figures					
Earnings per share, €	0.83	–	–	–	–
Equity to owners of parent entity per share, €	5.1	–	–	–	–
Dividend per share, €	0.80	–	–	–	–
Capital return per share, €	0.35	–	–	–	–
Dividend to earnings ratio, %	97%	–	–	–	–
Effective dividend yield, %	7.6%	–	–	–	–
Price to earnings ratio (P/E)	18.3	–	–	–	–
Market value, M€	398.1	–	–	–	–
Diluted number of shares at the end of period	26,945,975	–	–	–	–
Trading volume (B-share), %	6%	–	–	–	–

[1] Unaudited

RETURN ON EQUITY (%)

20.4 (2021: 50.4)

RECURRING REVENUE RATIO (%)

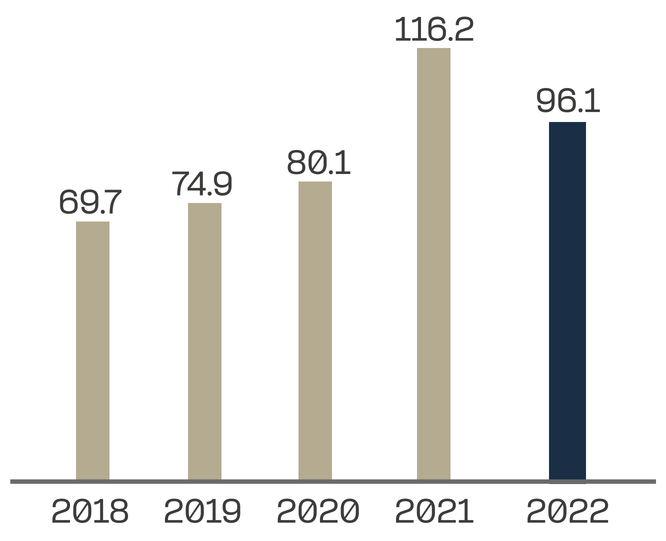
123 (2021: 135)

ASSETS UNDER MANAGEMENT (BN. €)

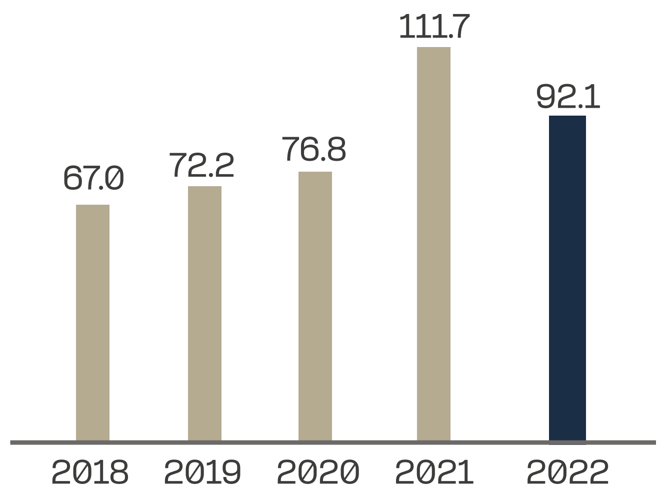
16.0 (2021: 17.5)

Graphs of the financial development

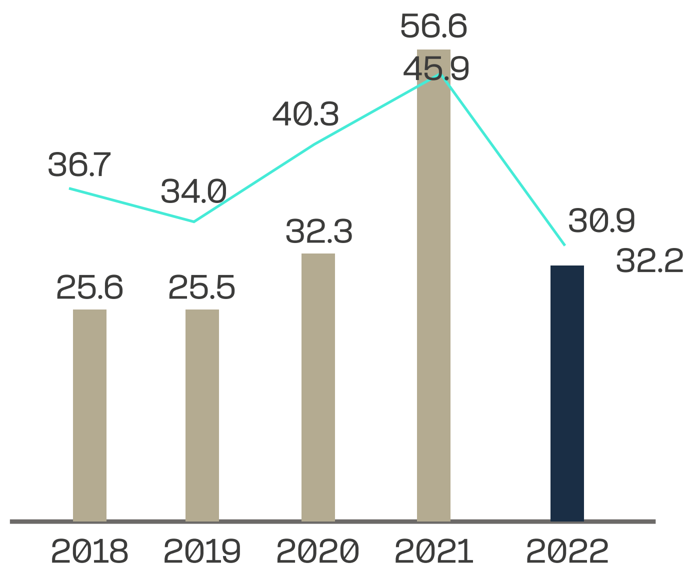
NET REVENUE (M€)



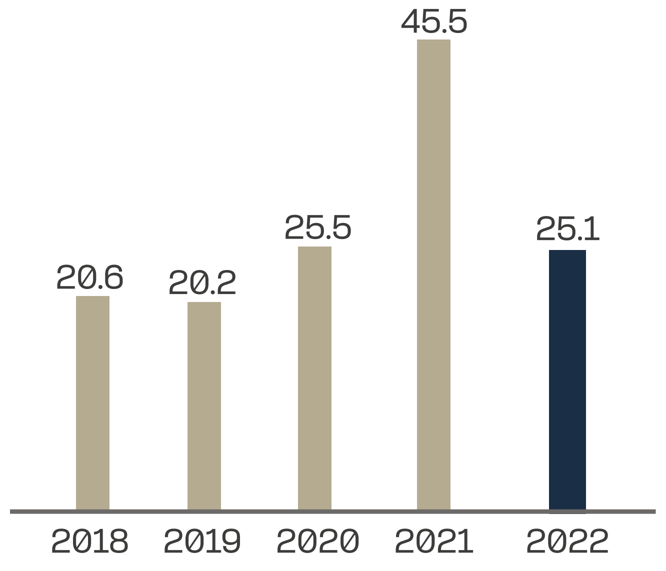
NET COMMISSION INCOME (M€)



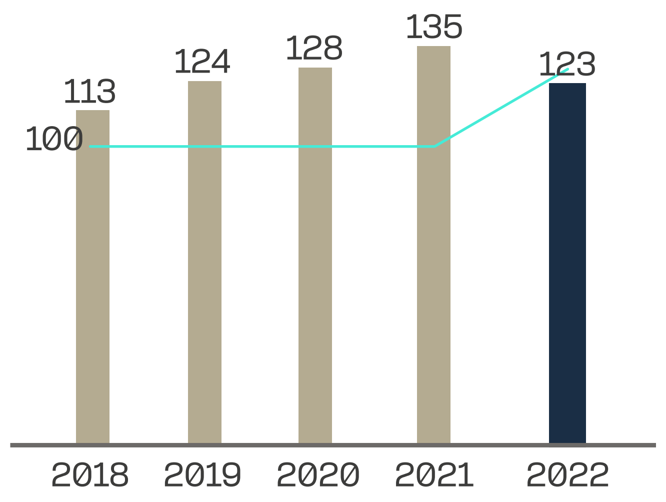
OPERATING PROFIT (M€) AND PROFIT MARGIN (%)



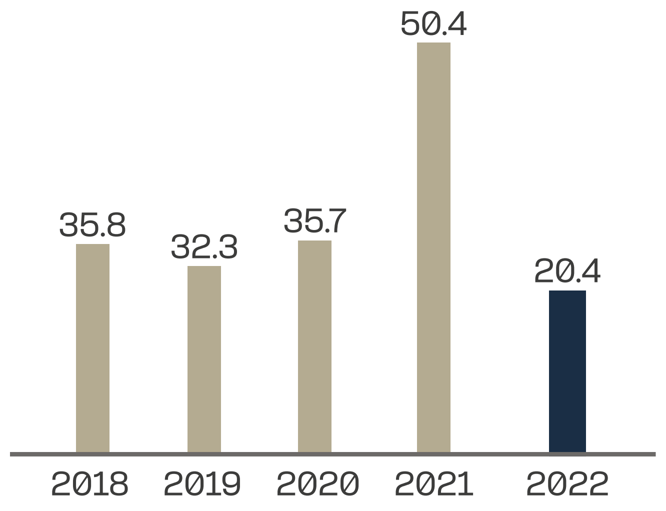
NET PROFIT (M€)



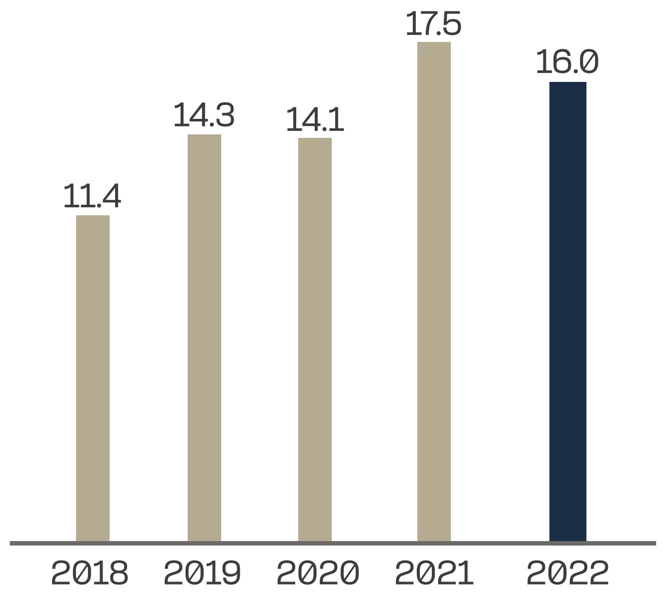
PROPORTION OF RECURRING REVENUE TO OPERATING EXPENSES (%)



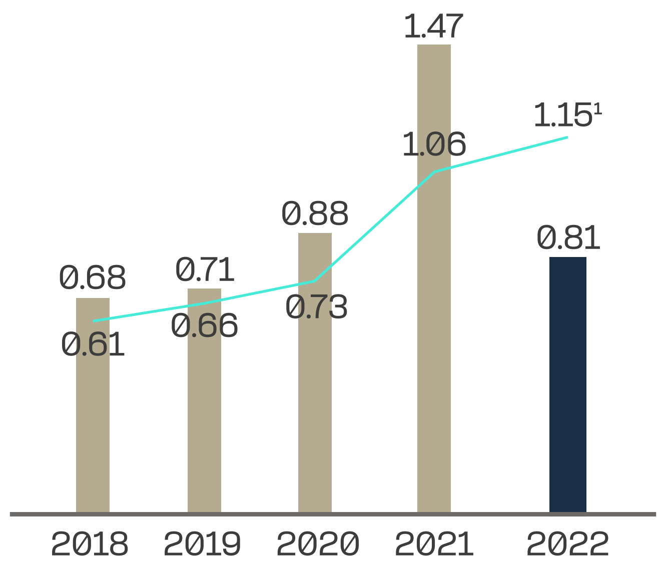
RETURN ON EQUITY (%)



DEVELOPMENT OF ASSETS UNDER MANAGEMENT, (BN. €)



DIVIDEND & EARNINGS/SHARE (€)



[1] Board of Directors' proposal to the annual general meeting

Board of directors report 1.1.–31.12.2022

Market Developments

From an investor's perspective, 2022 was anything but a good year. Several years of positive market momentum was turned on its head when Russia launched a war of aggression in Ukraine at the end of February. The war in Europe, combined with surging inflation and rapidly rising interest rates, increased fear and uncertainty about the future. Meanwhile, economic growth was pressured by continued pandemic restrictions in Asia, which resulted in logistical challenges for many industries in terms of production inputs. As a result of the negative operating environment, asset valuations in fixed income, equities and real assets fell and fears of a recession grew.

A major driver behind the accelerating inflation was the explosion in raw material and energy prices following the war launched by Russia. For energy in particular, price pressures increased during the summer and autumn as gas supplies from Russia to Europe declined while each country sought to build up energy reserves for the coming winter. The situation was further complicated by the exceptional weather conditions seen during the year, which limited Europe's own energy production. Asia was also hit by weather–related issues, where an exceptionally hot summer forced plant closures and industrial activity to be curtailed.

As inflation rose, the US and European central banks rapidly increased their policy rates, which was reflected in a fall in the value of fixed income investments. Despite these measures, inflation remained high until the end of the year.

In the investment markets, valuation levels fell across the board. In equity markets, US equities (S&P 500) fell by 18.1 percent and European equities (Stoxx 600) by 10.3 percent year–over–year. Over the same period, Finnish shares (OMX Helsinki Cap) fell by 12.7 percent.

The development in fixed income markets was also negative in 2022. The value of higher–rated corporate bonds fell by 14.2 percent and euro area government bonds by 18.4 percent. Lower–rated high yield bonds fell by 9.4 percent. The euro depreciated by 5.8 percent against the dollar and reached parity.

Development of revenue and result

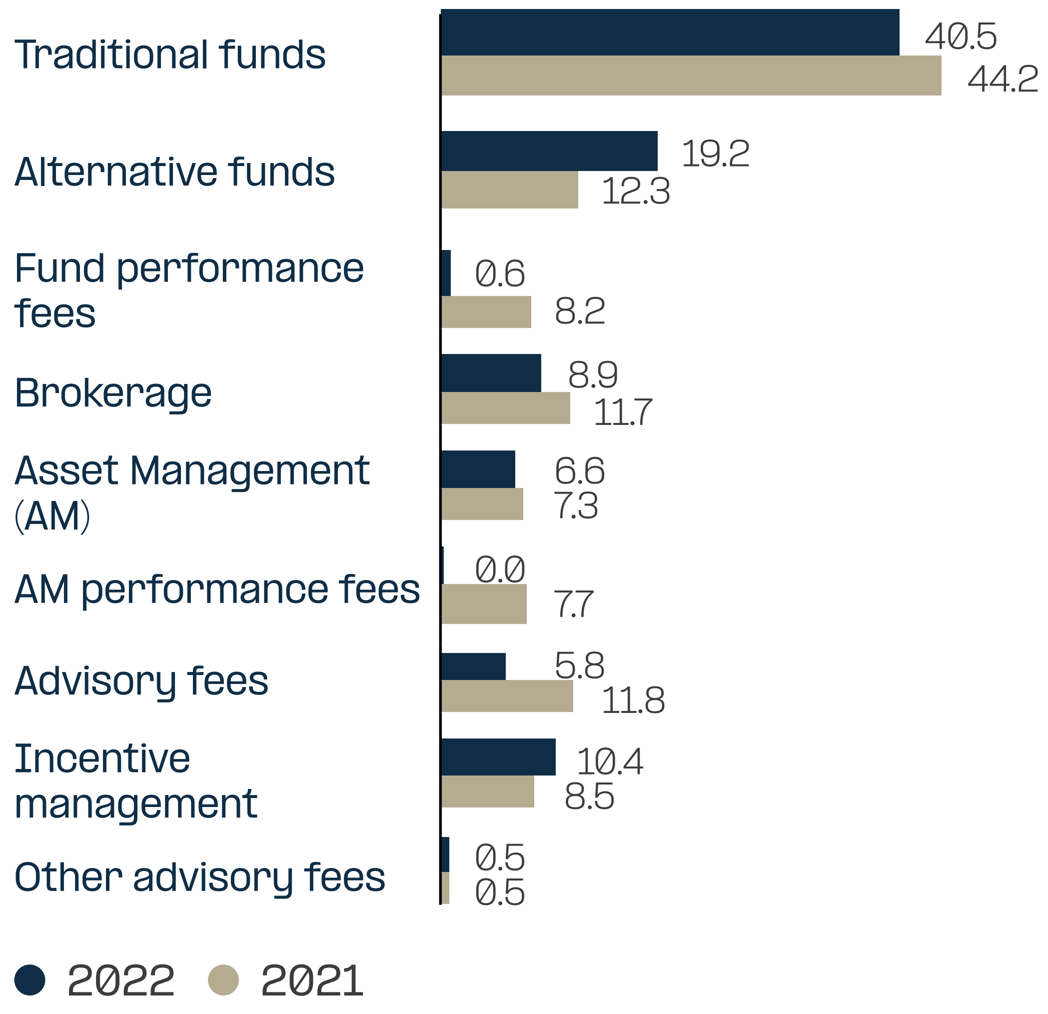
In 2022, reflecting the general market development, Evli Group's net revenue decreased by 17 percent from the previous year to EUR 96.1 million (EUR 116.2 million). The negative development of net revenue was mainly due to lower fees from advisory business as well as a significant decrease in performance–based fees, which are dependent on the development of investment activities, versus the previous year. The performance–based fees for the review period amounted to EUR 0.6 million (EUR 15.9 million). The net fee income for the Group fell by 17 percent compared to the comparison period to EUR 92.1 million (EUR 111.7 million). Income from own investment activities amounted to EUR 3.7 million (EUR 3.5 million), including income from securities trading and currency brokerage.

Total costs for the year 2022, including depreciation and impairment, amounted to EUR 65.5 million (EUR 60.1 million). The costs include EUR 6.3 million of non–recurring costs related to the corporate transactions made during the year, the most significant of which was the merger of EAB Group Plc with Evli in the autumn. The Group's personnel expenses amounted to EUR 39.2 million (EUR 36.6 million), including an estimate of performance bonuses for the personnel. The Group's administrative expenses amounted to EUR 19.6 million (EUR 17.6 million). The Group's depreciation and impairment amounted to EUR 5.8 million (EUR 4.8 million). Other operating expenses were EUR 0.8 million (EUR 1.3 million). Evli's expense/income ratio was 0.67 (0.52).

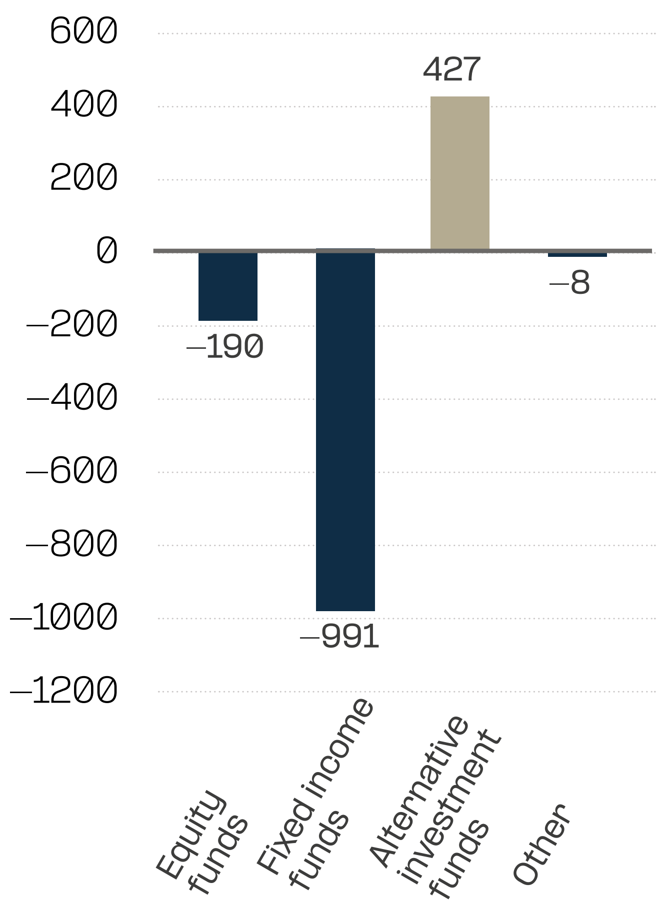
The operating profit decreased from the previous year by 46 percent and was EUR 30.9 million (EUR 56.6 million). Operating profit margin was 32.1 percent (48.7%). The operating profit and the operating profit margin excluding non–recurring items were EUR 37.1 million and 39 percent, respectively. The net result for the period considered was EUR 25.1 million (EUR 45.5 million). Due to the weakened result, the Group's return on equity decreased to 20.4 percent (50.4%).

At the beginning of April, Evli Plc was created as a result of a partial demerger. As part of the overall arrangement, Evli made a significant investment in another entity created by the arrangement, Fellow Bank Plc. The investment is of a long–term nature and is not related to the Group's operational activities. For these reasons, the company presents the result of the valuation of the investment as a separate item in the statement of other comprehensive income in accordance with IFRS 9. During the period, the change in value of the investment amounted to EUR –3.4 million.

DEVELOPMENT OF COMMISSION INCOME (M€)



NET SALES PER FUND CLASSES 2022 (M€)



Business areas

Wealth management and investor clients

The Wealth Management and Investor Clients segment offers services to present and future high net worth private individuals and institutions. The comprehensive product and service selection includes asset management services, fund products offered by Evli and its partners, various capital market services and alternative investment products. The segment also includes execution and operations activities that directly support these core activities.

Discretionary asset management

In 2022 Assets under management decreased from the level of the previous year due to the weak market development at the beginning of the year. At the end of the year, Evli had EUR 5.5 billion (EUR 6.0 billion) in discretionary asset management assets, which includes both traditional and digital services.

According to the Kantar Prospera's "External Asset Management 2022 Finland" survey published in the summer, Evli's institutional asset management was the most used asset manager in Finland. According to the survey, Evli was rated the second–best asset manager in Finland in terms of overall quality. Evli has been ranked in top positions in the survey for 10 consecutive years in terms of overall quality: first in six years and second in four years.

In the institutional asset management survey by SFR published in November, Evli was awarded the "Gold Award" for excellence in asset management services and ranked second in terms of overall quality among large asset management companies. In addition, Evli was awarded for the best responsible investment (ESG) expertise in Finland among large asset managers.

Traditional mutual funds

In 2022 mutual funds received more redemptions than subscriptions, as a result of which the net sales of the funds remained clearly negative. In cumulative terms, net redemptions of EUR –1.2 billion (EUR 1.2 billion) were made to Evli's mutual funds in January–December. According to Evli's strategy, the goal is to increase the international sales of its investment products. In 2022, net subscriptions from foreign investors amounted to EUR –0.7 billion (EUR 0.7 billion).

The returns of Evli's fixed income funds remained negative in the review period due to higher interest rates. The best performing funds in relation to the benchmark index were Evli Euro Government Bond and Evli European High Yield. The performance of equity funds was also negative in the review period due to the general market situation. The Evli Japan and Evli Equity Factor USA funds performed best in relation to the benchmark index.

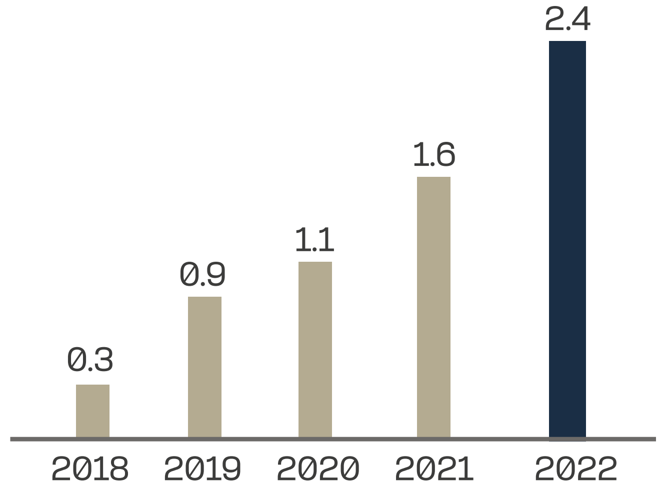
During the review period, 41 percent of Evli's traditional mutual funds outperformed their benchmarks. In a three–year review, 44 percent of the mutual funds outperformed the benchmark. At the end of the review period Evli was ranked as the second–best fund management company in Finland, in Morningstar's qualitative ranking, with 3.77 stars.

The combined capital of traditional investment funds managed by Evli Fund Management Company was EUR 8.6 billion (EUR 10.6 billion). Of this, approximately EUR 2.8 billion was invested in equity funds (EUR 3.4 billion), EUR 5.6 billion in fixed income funds (EUR 7.0 billion) and EUR 0.2 billion in balanced funds (EUR 0.1 billion). At the end of December, EUR 2.2 billion of Evli's fund capital came from clients outside of Finland (EUR 3.3 billion), when regarding direct mutual fund investments.

Responsibility is a central part to Evli's asset management. At the end of the review period, the average ESG rating of Evli's funds was "AA" (source: MSCI ESG database).

SPLIT OF ASSETS UNDER MANAGEMENT IN ALTERNATIVE INVESTMENT PRODUCTS (%)

ASSETS UNDER MANAGEMENT IN ALTERNATIVE INVESTMENT PRODUCTS (BN. €)



Other investment products

The challenging market environment was also reflected in the commissions received from brokerage of other investment products. During the period under review, commissions from brokerage activities fell from the comparison period.

Financial performance

In 2022 the net revenue of the Wealth Management and Investor Clients segment decreased from the comparison period due to the weak market development, the fund redemptions, and lower performance–based fees. The net revenue of the segment decreased by 17 percent from the previous year and was EUR 75.7 million (EUR 91.4 million). The performance–based fees from asset management and funds amounted to EUR 0.6 (EUR 15.9 million).

KEY FIGURES – WEALTH MANAGEMENT AND INVESTOR CLIENTS SEGMENT

M€	2022	Carve–out 2021	Change %
Net revenue	75.7	91.4	–17%
Operating profit/loss before Group allocations	38.1	53.8	–29%
Operating profit/loss	27.4	44.8	–39%

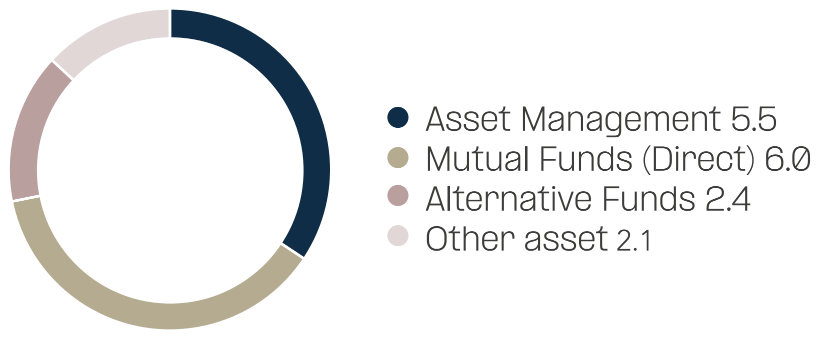
Development of client assets under management

Client assets under management consist of direct investments in mutual funds, discretionary asset management and assets managed through Evli's subsidiaries and associated companies.

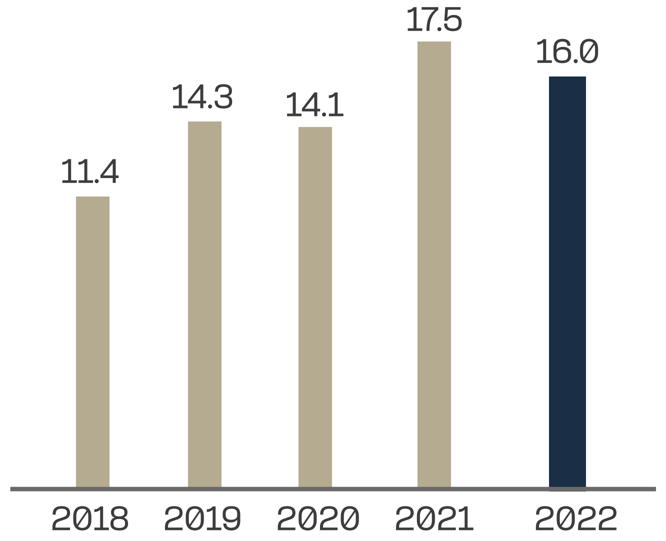
Assets under management decreased from the previous year due to negative net sales and the market development. At the end of December 2022, the Group's total net assets under management amounted to EUR 16.0 billion (EUR 17.5 billion).

At the end of December, assets under discretionary management amounted to EUR 5.5 billion (EUR 6.0 billion). Correspondingly, direct investments in Evli's traditional mutual funds were EUR 6.0 billion (EUR 7.6 billion) at the end of the year. The assets under management in alternative investment products was EUR 2.4 billion (EUR 1.6 billion). Assets managed through subsidiaries and associated companies stayed at the previous year's level and were EUR 2.1 billion (EUR 2.1 billion).

ASSETS UNDER MANAGEMENT (BN. €)



ASSETS UNDER MANAGEMENT (BN. €)



Advisory and corporate clients

The Advisory and Corporate Clients segment provides corporate and capital management services, including advisory services on acquisitions and divestments, IPOs and share issues. The segment also provides planning and administration of compensation and incentive plans and corporate analysis services for listed companies.

M&A transactions

Client activity in the advisory business was challenging throughout the year, due to the challenging market environment. In particular, fundraising transactions were cancelled or postponed to the future. Despite all that, the company's order book is at a good level and the outlook for the future is favorable.

Incentive plans

At the end of the year 2022, the company had around 130 incentive plans under administration. Evli annually advises around 120 companies on compensation design mandates. In the Finnish client base, activity remained at a very high level in listed companies, especially with the implementation of employee share issues and employee share savings plans for the entire personnel. Also, sales to both Swedish listed and domestic unlisted companies increased during the year.

Net revenue for the Incentives business for the year 2022 was EUR 10.4 million (EUR 8.5 million), positively impacted by both the increase in the number of client companies compared to the previous year and the continued growth in cross-selling of solutions for incentive design and administration. In addition, the interest of existing clients in more comprehensive incentive plans, such as all employee share saving plans, continued to grow. The merger of Evli and EAB Group Plc further strengthened Evli's position as the leading remuneration expert in Finland. In the arrangement, the activities of Elite Palkitsemispalvelut Oy, which mainly focus on the establishment and administration of personnel funds, were combined with the incentive business of Evli. As a result, Evli now manages personnel or remuneration funds also for around 90 companies, covering approximately 105,000 fund members.

Financial performance

In 2022, the net revenue in the Advisory and Corporate Clients segment decreased from the previous year and amounted to EUR 16.4 million (EUR 20.2 million). The net revenue was negatively impacted especially by the decrease in advisory fees from M&A transactions. By contrast, commissions in the incentive business continued to grow and rose to a higher level than in the previous year. Significant fluctuations in revenue from one quarter and year to the next are typical of the segment's M&A activities

KEY FIGURES – ADVISORY AND CORPORATE CLIENTS SEGMENT

M€	2022	Carve-out 2021	Change %
Net revenue	16.4	20.2	-19%
Operating profit/loss before Group allocations	6.1	9.6	-37%
Operating profit/loss	4.2	7.4	-43%

Group operations

The Group Operations segment includes support functions serving the business areas, such as Information Management, Financial Administration, Marketing, Communications and Investor Relations, Legal Department, Human Resources, and Internal Services. The company's own investment operations that support the company's operations, and the Group's supervisory functions (Compliance, Risk Management and Internal Audit) are also part of Group Operations.

Financial performance

In 2022 the net revenue in the Group Operations segment decreased compared to the previous year and was EUR 4.0 million (EUR 4.6 million).

KEY FIGURES – GROUP OPERATIONS SEGMENT

M€	2022	Carve-out 2021	Change %
Net revenue	4.0	4.6	-13%
Operating profit/loss before Group allocations	-13.6	-7.3	86%
Operating profit/loss	-1.0	4.0	-126%

Personnel

At the end of December, Evli had 294 (250) permanent employees. In addition, the Group employed 50 (36) temporary employees including trainees and summer workers. 94 percent (92%) of the personnel worked in Finland and six percent (8%) outside Finland.

Responsibility

Responsibility is one of Evli's strategic focus areas. In asset management, the company's most important business area, responsibility factors are integrated into investment activities and responsible investment is therefore a systematic part of portfolio management. The investments made by Evli's mutual funds are monitored for potential breaches of standards, and the asset management team works independently and together with other investors to influence companies.

Evli's successful work in responsible investment received again recognition in external evaluations. Evli was rated the best in responsible investing among large asset management companies in a client survey by SFR Scandinavian Financial Research, which evaluated 18 asset managers on their responsible investing expertise based on the views of Finland's largest professional institutional investors.

Find out more about the development of responsibility and responsible investment at Evli during 2022 on page 14–46.

Balance sheet and funding

The Group's balance sheet total at the end of December 2022 was EUR 366.6 million (EUR 368.3 million). The Group's equity at the end of the review period was EUR 143.4 million (EUR 102.1 million). A breakdown of the changes in equity during the period is given in the table section of the release.

At the end of the year, the Group's cash and cash equivalents amounted to EUR 115.4 million (EUR 47.8 million) and liquid mutual fund investments to EUR 23.8 million (EUR 42.7 million). Evli Plc has granted investment loans to its clients. At the end of the year, the loans totalled EUR 34.8 million (EUR 87.4 million). There were no credit losses during the review period.

The lease liability recognised in the balance sheet for business premises at the end of the year was EUR 12.9 million (EUR 7.6 million), of which short–term liabilities amounted to EUR 1.7 million (EUR 1.7 million). Evli Plc has issued structured bonds for a total amount of EUR 106.3 million (EUR 91.0 million), which together with equity form the basis of the Group's long–term debt financing. At the end of December 2022, the company's share capital amounted to EUR 53.7 million. The share capital was increased by EUR 30 million in the EAB arrangement.

The group's core capital (CET 1) as at December 31, 2022, was EUR 42.3 million and the group's own funds to minimum capital ratio was 257.2 percent. As an investment services company, Evli Plc complies with the Investment Firm Regulation and Directive (IFR/IFD). The most restrictive capital requirement for Evli at the end of the year was determined on the basis of fixed overhead costs. The minimum capital requirement based on fixed overhead costs was EUR 16.4 million. The Group's equity ratio was 39.1 percent at December 31, 2022.

Decisions taken by the extraordinary general meeting

Evli Plc's Extraordinary General Meeting held on July 14, 2022 approved Evli Plc's ("Evli") and EAB Group Plc's arrangement pursuant to which EAB group's parent company EAB Group Plc, and its fully owned subsidiary EAB Asset Management Ltd will merge into Evli.

Merger, Evli and EAB Group Plc

To carry out the combination, the General Meeting resolved to approve the statutory absorption merger of EAB Group into Evli as set forth in the merger plan ("the Merger Plan") approved and signed by the Board of Directors of the companies, dated and published on May 31, 2022, as well as registered with the Trade Register on June 2, 2022, and the proposals of the Board of Directors for the execution of the plan regarding following matters:

a) issuance of shares of Evli as merger consideration to the shareholders of EAB Group Plc, and

b) increase of share capital

The contemplated effective date of the merger is October 1, 2022. The effective date of the merger can still change in accordance with the merger plan.

According to the Merger Plan, EAB Group Plc will merge into Evli by way of statutory absorption merger whereby all assets and liabilities of EAB Group Plc are transferred to Evli without a liquidation procedure in accordance with the Merger Plan.

In addition to other matters described in the Merger Plan, the resolution on the merger included, among other things, the following key matters described more detail in the Merger Plan:

a) Merger consideration
Pursuant to the Merger Plan, the shareholders of EAB Group Plc will receive as merger consideration 0.172725 new class B shares in Evli for each share they own in EAB Group Plc and a cash consideration for a total amount of EUR three (3) million, which shall be equally distributed between the outstanding shares of EAB Group Plc.

b) Increase of share capital
The General Meeting resolved pursuant to the Merger Plan to increase the share capital of Evli by EUR 30,000,000 in connection with the registration of the completion of the merger. After the increase, the share capital of Evli is EUR 53,745,459.66.

Merger, Evli and EAB Asset Management Ltd

The General Meeting resolved to approve the statutory absorption merger of EAB Asset Management Ltd into Evli as set forth in the merger plan approved and signed by the Board of Directors of the companies, dated and published on May 31, 2022, as well as registered with the Trade Register on June 2, 2022. As the Evli and EAB Asset Management Ltd merger is completed after the merger of Evli and EAB Group Plc has been completed, EAB Asset Management Ltd shall be a fully owned subsidiary of Evli at the time of the completion and no merger consideration shall be issued.

Shares and shareholders

Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022. Trading in Evli Plc's Series B shares began on the main list of Nasdaq Helsinki on April 4, 2022.

Evli Plc's total number of shares at the end of December was 26,275,302 shares, of which 14,485,148 were series A shares and 11,790,154 series B shares. The company held no own shares at the end of December 2022.

The closing price of Evli Plc's share on December 31, 2022, was EUR 15.15. The lowest closing price for the year was EUR 14.95 and the highest was EUR 19.90. A total of 641,637 Evli Plc shares were traded during April to December. The combined market value of A and B shares was EUR 398.1 million. For the purpose of calculating the market value, the A share is valued at the closing price of the B share for the period.

Evli's total number of shareholders was 6,595 at the end of December 2022. Finnish companies owned 53 percent and the shareholding of Finnish private individuals was 28 percent. The remaining 19 percent of the shares were owned by financial and insurance corporations, general government, non–profit–making entities and foreign investors. The ten largest shareholders are presented on page 57.

Business risks and risk management

the most significant risks for the Group in the near term are the general market development and the impact of the changing operating environment and inflation on Evli's businesses. The performance of the asset management business is mainly influenced by the development of assets under management, which depends on, among others, the development of capital markets and the general demand for investment products. On the other hand, alternative investment products in particular are based on long–term agreements which provide a steady income stream. Profit development is also influenced by the realisation of performance–related fee income linked to the successful management of client assets. Performance fees can vary widely from quarter to quarter and from financial year to financial year.

General market developments also have an impact on brokerage and advisory mandates. In the Corporate Finance business, potential changes in market confidence among investors and corporate managers may lead to project delays or interruptions.

In addition to its core business, Evli has granted investment loans to its clients, as well as owning equity and mutual fund investments. The most significant risks related to its own investment activities are liquidity, market and interest rate risks. These risks are managed through limits set by Evli Plc's Board of Directors, which are monitored on an ongoing basis. The company's investments are made on the basis that they must not endanger the Group's results or solvency. Despite good supervision, investment activities always involve a certain degree of risk, which may result in significant quarterly fluctuations in the returns from investment activities.

A more detailed description of operational risks is provided on pages 91–98.

Outlook for 2023

the year 2023 will start in an uncertain mood, due to increased interest rate and inflation fears, risen geopolitical risks and a market downturn.

Evli has managed to strengthen its market position as a result of the corporate transactions made during 2022. With synergies from the arrangements and the non–recurring costs allocated to 2022, we expect the operating result to be well above the comparison period (EUR 30.9 million in 2022).

Helsinki, January 26, 2023

EVLI PLC
Board of Directors

Shares and Shareholders'

Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022. Trading in Evli Plc's Series B shares began on the main list of Nasdaq Helsinki on April 4, 2022.

Shares and Shareholders' Equity

Evli Plc has two series of shares, the A and B series. One series A share entitles the holder to twenty (20) votes and one series B to one (1) vote at the General Meeting. The two series of shares have equal rights to dividends and other forms of profit distribution. The Company's series B share is listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000513437.

At the end of December 2022, the aggregate number of Evli's shares was 26,275,302, with the series A shares accounting for 14,485,148 shares and series B shares for 11,790,154 shares. The company held no own shares at the end of December 2022. At the end of 2022, the company's share capital amounted to EUR 53.7 million. Evli's share capital was increased by EUR 30.0 million in connection with the registration of the completion of the merger between EAB Group Plc and Evli on October 1, 2022.

Trading in shares

At the end of December, 11,790,154 of Evli's series B shares were publicly traded in Nasdaq Helsinki. The share exchange between April and December totalled EUR 10.9 million while the number of Evli shares exchanged was 641,637. During 2022, the highest closing price of the share was EUR 19.90 while the lowest closing price was EUR 14.95. The share's closing price on December 31, 2022 was EUR 15.15. Evli's market capitalisation, calculated based on both the unlisted series A and the listed series B shares, was EUR 398.1 million on December 31, 2022. The series A shares are valued at the year-end closing price of the series B shares.

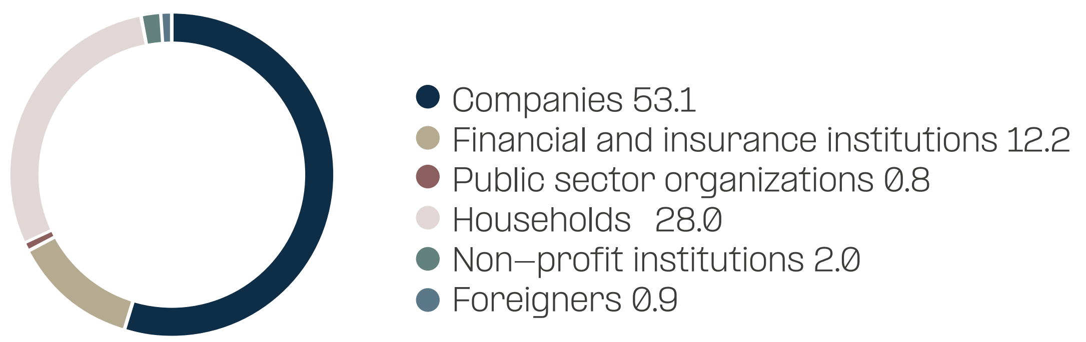
Shareholders

At the end of 2022, Evli had 6,595 shareholders in the book-entry register. The stake of Finnish companies was 53 percent and that of private Finnish individuals was 28 percent. The remaining 19 percent of the shares were owned by Financial and insurance institutions, public sector organizations, non-profit institutions serving households and foreign investors.

MARKET CAPITALISATION, M€

398.1

BREAKDOWN OF SHAREHOLDINGS BY OWNER GROUP



BREAKDOWN OF VOTES BY OWNER GROUP

LARGEST SHAREHOLDERS 31.12.2022

	A Shares	B Shares	Shares total	% of shares	Number of votes	% of votes
1. Oy Prandium Ab	3,803,280	950,820	4,754,100	18.1	77,016,420	25.6
2. Oy Scripo Ab	3,803,280	950,820	4,754,100	18.1	77,016,420	25.6
3. Ingman Group Oy Ab	1,860,000	800,000	2,660,000	10.1	38,000,000	12.6
4. Oy Fincorp Ab	2,319,780	323,694	2,643,474	10.1	46,719,294	15.5
5. Lehtimäki Jyri Maunu Olavi	533,728	171,031	704,759	2.7	10,845,591	3.6
6. Moomin Characters Oy Ltd	0	411,235	411,235	1.6	411,235	0.1
7. Tallberg Claes Henrik	369,756	32,588	402,344	1.5	7,427,708	2.5
8. Hollfast John Erik	328,320	71,680	400,000	1.5	6,638,080	2.2
9. Joensuun Kauppa ja Kone Oy	0	262,265	262,265	1.0	262,265	0.1
10. Umo Invest Oy	0	240,074	240,074	0.9	240,074	0.1
Total			**26,275,302**	**100.0**	**301,493,114**	**100.0**

BREAKDOWN OF SHAREHOLDINGS BY OWNER GROUP 31.12.2022

	Number of shareholders	% of shareholders	Number of shares	% of shares	Number of votes	% of votes
Companies	301	4.6	13,950,071	53.1	193,814,711	64.3
Financial and insurance institutions	29	0.4	4,016,634	12.2	48,092,454	16.0
Public sector organizations	3	0.0	206,583	0.8	206,583	0.1
Households	6,209	94.1	7,346,115	28.0	58,623,467	19.4
Non–profit institutions	26	0.4	522,922	2.0	522,922	0.2
Foreigners	27	0.4	232,977	0.8	232,977	0.1
Total	**6,595**	**100.0**	**26,275,302**	**100.0**	**301,493,114**	**100.0**
of which nominee registered			830,580	3.2	830 580	0.3
Number of shares issued			**26,275,302**	**100.0**	**301 493 114**	**100.0**

BREAKDOWN OF SHAREHOLDINGS BY SIZE CLASS 31.12.2022

	Number of shareholders	% of shareholders	Number of shares	% of shares	Number of votes	% of votes
1 – 100	2,990	45.3	127,881	0.5	127,881	0.0
101 – 1,000	3,004	45.6	949,226	3.6	949,226	0.3
1,001 – 10,000	487	7.4	1,338,730	5.1	1,566,730	0.5
10,001 – 100,000	82	1.2	2,886,634	11.0	11,153,724	3.7
100,001 – 1,000,000	26	0.4	4,891,714	18.6	37,533,144	12.4
> 1,000,000	6	0.1	16,081,117	61.2	250,162,409	83.0
Total	**6,595**	**100.0**	**26,275,302**	**100.0**	**301,493,114**	**100.0**
of which nominee registered	10		830,580	3.2	830,580	0.3
Number of shares issued			**26,275,302**	**100.0**	**301,493,114**	**100.0**

Authorisations given to the Board of Directors

The Annual General Meeting on March 9, 2022 authorized the Board of Directors to decide on the repurchase of the company's own shares in one or more lots. The total number of own shares to be repurchased may be a maximum of 8,700,000 shares. The number of shares represents approximately ten percent of all the shares of the company after the demerger between the company and Fellow Finance Plc had been executed and the directed share issue taking place in connection with the demerger had been duly completed.

Evli's series A shares can be converted into series B shares under Article 4 of the Articles of Association. During 2022, the company converted A shares into B shares as follows:

- 8,000 A shares were converted into B shares on July 25, 2022. Public trading with the converted shares began at Nasdaq Helsinki Ltd on July 26, 2022.

Option and share-based incentive programs

Evli's has five share-based incentive programs in place: 2018, 2019, 2021, 2021–2025 and 2022–2023. The rewards based on the incentive program are given in Evli shares. Further information on the incentive program on the web page **evli.com/investors** and Note 2.8. Employee benefits as well as from the remuneration policy on pages 137–139.

Share ownership of executives

The share ownership of the Board members of Evli Plc, including the holdings in the controlled corporations, were 10,176,914 shares in total on December 31, 2022, accounting for 30.2 percent of the total shares and 38.1 percent of voting rights. The members of the Board of Directors of Evli Plc held no stock options.

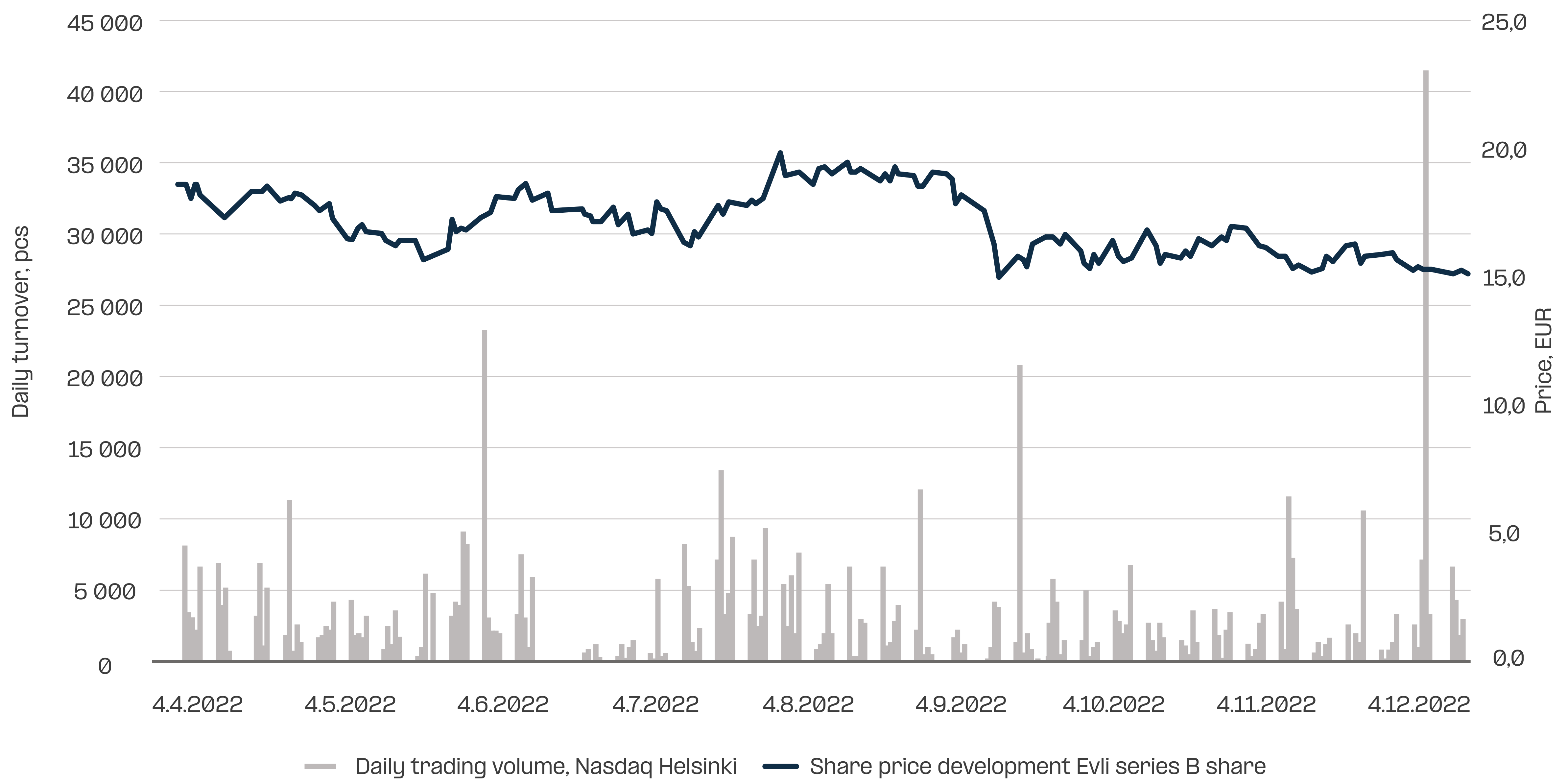
At year-end, CEO Maunu Lehtimäki owned 704,759 shares which is 2.7 percent of the shares and 3.6 percent of the voting rights. Moreover, he has been allocated 50,000 Evli shares in the context of the share-based incentive program established in 2019.

At year-end, other members of Evli Group's Executive Group owned 700,017 shares in aggregate, corresponding to 2.7 percent of the total shares and 2.4 percent of the voting rights. In addition, the Executive Group holds rights to 163,201 shares in total through different share-based incentives described above. Detailed information on ownership is given on page in the corporate governance report, on page 133.

CHANGES IN THE SHARE CAPITAL, BOARD AUTHORIZATIONS AND OPTION PROGRAMS

	A-shares	B-shares	shares, total	Share capital, M€	Fund of invested nonrestricted equity, M€
2.4.2022	14,493,148	9,364,289	23,857,437	23.7	26.7
Aquisition of own shares		2,425,865	2,425,865	30.0	0.0
Disposal of own shares	-8,000		-8,000	0.0	0.0
Other changes	–	–	–	0.0	0.0
31.12.2022	**14,485,148**	**11,790,154**	**26,275,302**	**53.7**	**26.6**

SHARE PRICE DEVELOPMENT AND TRADING VOLUME (SERIES B SHARES) FROM APRIL 4 TO DECEMBER 31, 2022



Information to shareholders

Basic share information

Evli Plc has two share series, series A shares and series B shares. A series A share confers twenty (20) votes, and a series B share confers one (1) vote at the General Meeting. The share series have identical entitlements to dividends and other profit sharing. The company's series B shares are listed on the official list of Nasdaq Helsinki with the ticker symbol "EVLI" and ISIN code FI4000513437.

- A shares (December 31, 2022): 14,485,148
- B shares (December 31, 2022): 11,790,154

Investor calendar 2023

- Annual report and financial statements for the financial year 2022: week 7
- Final registration date for voting at the Annual General Meeting: March 7, 2023 at 4.00 pm.
- Annual General Meeting (AGM), Helsinki: March 14, 2023
- Dividend record date: March 16, 2023
- Proposed dividend payment date: March 23, 2023
- Silent period: March 26–April 25, 2023
- The interim report for January–March 2023: April 25, 2023
- Silent period: June 18–July 18, 2023
- The half-year financial report for January–June 2023: July 18, 2023
- Silent period: September 26–October 26, 2023
- The interim report for January–September 2023: October 26, 2023.

Evli's financial reports as well as stock exchange releases and press releases are published in Finnish and in English. Evli's stock exchange releases and press releases can be subscribed to at **evli.com/investors**.

Annual General Meeting of shareholders

The Annual General Meeting (AGM) of Evli Plc will be held on March 14, 2023 in Helsinki.

The notice to the AGM and the Board's proposals to the AGM are published as a stock exchange release and on **evli.com**. The notice lists the matters to be discussed at the AGM. A shareholder has the right to request on the agenda of the annual general meeting an item that falls within the competence of the general meeting by virtue of the Limited Liability Companies Act, provided that the shareholder demands so in writing from the Board of Directors, well in advance of the meeting, so that the item can be added in the notice of the annual general meeting.

A shareholder is entitled to participate in the AGM, if the shareholder's date of entry in the list of shareholders maintained by Euroclear Finland Oy is not later than March 2, 2023.

Registration and voting

A shareholder wishing to participate in the AGM must register as a participant by March 7, 2023. Additional information about the registration at **evli.com/agm2023**.

Proposed distribution of dividends

The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.80 per share be paid, in addition to which a maximum of EUR 0.35 per share will be distributed from the reserve for invested unrestricted equity. The Board of Directors proposes that the dividend is paid on March 23, 2023.

Evli's investor communications

The main channel for Evli's investor communications is the company's website, **evli.com/investors**, where the company publishes all its stock exchange and press releases, its interim reports, financial statements, annual reports, and General Meeting notices. The website also has presentations related to the reporting of results for investors and analysts, an investor calendar, and information intended for shareholders and analysts about the company's shares, financial performance, ownership, and Corporate Governance.

ANNUAL GENERAL MEETING

14.3.
2023

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Managing capital adequacy

Capital adequacy management is a central part of Evli's day-to-day operations. Evli operates on a sustained basis and capital adequacy management aims to ensure the continuity of operations also in the long run. Although all business operations are inherently risky, Evli's capital adequacy management is founded on the premise that risks are controlled and the group does not take excessive risks. Risk modelling and contingency planning aims to ensure that own funds are sufficient to cover any material risks to Evli.

Evli Plc's Board of Directors has overall responsibility for capital adequacy management. The responsibility for day-to-day management lies primarily with the group's Financial Administration. Risk management and internal audit support the management process by helping to ensure that the risks associated with operations are taken into account with sufficient accuracy and that operations do not take on such a high level of risk that it would pose a material risk to Evli's operations.

The management of capital adequacy is based on a capital plan, which is reviewed at least once a year and is based on an analysis of the company's business, outlook and key risks. As part of the overall capital plan, Evli defines and maintains targets for capital adequacy levels and acceptable risk levels and limits.

As an investment firm, Evli Plc complies with the EU investment firm framework (IFD/IFR). The starting point for capital adequacy management is formed by the regulatory minimum capital adequacy requirements, which are described by the Pillar I capital requirement. These are complemented by an additional consideration of risks outside Pillar I or the Pillar II elements.

Evli applies a minimum target according to which its own funds in relation to risk-weighted balance sheet items must not fall below 13 percent (the minimum target level for capital adequacy). The Group's core capital (CET 1) as at December 31, 2022 was EUR 42.3 million. Correspondingly, the ratio of own funds to risk-weighted exposure was 20.6 percent, and the ratio of own funds to the minimum capital requirement was 257.2 percent. The most restrictive capital requirement for Evli at the end of the reporting period was based on fixed overheads. The minimum capital requirement based on fixed overheads was EUR 16.4 million. Evli Group's leverage ratio was 39.1 percent as at December 31, 2022. Detailed information on capital adequacy is provided i tne tabel to the right.

M€	IFR, 31.12.2022 Evli-Group	IFR, 31.12.2022 Evli Plc
Total equity	143.4	105.9
Common Equity Tier 1 capital (CET 1) before deductions	143.4	105.9
Deductions from CET 1, total	−101.1	−87.6
Intangible assets	−49.6	−20.1
Profit for the financial year	−25.1	−2.0
Other deductions	−26.4	−65.6
Common Equity Tier 1 capital (CET1)	**42.3**	**18.3**
Additional Tier 1 capital (AT1)		
Additional Tier 1 capital (T1 = CET1 + AT1)	**42.3**	**18.3**
Tier 2 capital (T2)		
Total own funds (TC = T1 + T2)	**42.3**	**18.3**
Own funds requirement (IFR)		
Fixed overhead costs requirement	16.4	9.9
K-factor requirement	3.7	3.6
Minimum requirement	0.75	0.75
Total requirement (most restrictive)	**16.4**	**9.9**
CET1 compared to total requirement (%)	257.2 %	183.7 %
T1 compared to total requirement (%)	257.2 %	183.7 %
Total own funds compared to total requirement (%)	257.2 %	183.7 %
Total risk weighted assets	**205.4**	**124.4**
CET1 compared to risk weighted assets (%)	20.6 %	14.7 %
T1 compared to risk weighted assets (%)	20.6 %	14.7 %
Total own funds compared to risk weighted assets (%)	20.6 %	14.7 %
Excess own funds compared to total requirement	**25.8**	**8.3**

Calculation of key ratios

IFRS KEY RATIOS

Net revenue		From Income Statement. Includes gross returns, deducted by interest and commission expenses.	
Profit/loss for the financial year		From Income Statement.	
Earnings per Share (EPS), undiluted	=	Profit for the year after taxes attributable to the shareholders of Evli Plc / Average number of shares outstanding during the reporting period	x 100
Earnings per Share (EPS), diluted	=	Profit for the year after taxes attributable to the shareholders of Evli Plc / Average number of shares outstanding during the period including option rights issued through share–based incentive plans	x 100
Equity ratio, %	=	Equity incl. non–controlling interest's share of equity / Average balance total	x 100

ALTERNATIVE KEY RATIOS

Operating profit/loss	=	Net revenue – administrative expenses – depreciation, amortisation and impairment – other operating expenses +– share of results of associates	
Operating profit/loss excluding non–recurring items related to mergers and acquisitions	=	Operating profit less non–recurring items related to corporate restructuring	
Return on equity (ROE), %	=	Profit / Loss for financial year / Equity capital and minority interest (average of the figures for the beginning and at the end of the year)	x 100
Return on assets (ROA), %	=	Profit / Loss for financial year / Average total assets (average of the figures for the beginning and at the end of the year)	x 100
Equity–to–assets ratio, %	=	Equity / Balance sheet total	x 100
Expense ratio as earnings to operating costs	=	Administrative expenses + depreciation and impairment charges+ other operating expenses / Net interest income + net commission income + net income from securities transactions and foreign exchange dealing + other operating income	
Equity per share	=	Equity attributable to the shareholders of the Group / Operating expenses of the company, excluding the reservation for person–nel bonuses for the review period	
Recurring revenue to operating costs ratio	=	Revenue from time–based contracts[1] / All operative expenses excluding reservation for personnel bonuses for the review period	
Dividend per share	=	Dividend paid or proposed for the financial year	
Market value	=	Number of shares at the end of the period x closing price	
Earnings per share (EPS) excl. one–off effects of acquisitions. diluted	=	Operating profit less one–off items for corporate restructuring / Average number of shares outstanding during the reporting including option rights issued through share–based incentive plans	

[1] Management, analysis, custody and client interest margin income from wealth management, fund savings and incentive plans

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The figures in the financial statement are presented in millions of euros, unless indicated otherwise.

Consolidated comprehensive income statement , IFRS

	Note	2022	Carve–out 2021
Fee and commission income	2.1	95.4	114.4
Net income from securities transactions	2.2	3.7	3.7
Income from equity investments	2.3	0.0	0.0
Interest income	2.4	1.6	1.4
Other operating income	2.5	0.1	0.2
INCOME TOTAL		**100.9**	**119.7**
Fee and commission expenses	2.6	–3.3	–2.7
Interest expenses	2.7	–1.5	–0.8
NET REVENUE		**96.1**	**116.2**
Administrative expenses			
Personnel expenses	2.8	–39.2	–36.6
Other administrative expenses	2.9	–19.6	–17.6
Depreciation and amortization on tangible and intangible assets	2.10	–5.1	–4.8
Other operating expenses	2.11	–0.8	–1.3
Expected credit losses on loans and other receivables		0.0	0.1
Impairment loss on other financial assets	2.12	–0.7	0.0
Share of profit or loss of associates	2.13	0.3	0.5
OPERATING PROFIT/LOSS		**30.9**	**56.6**
Income taxes	2.14	–5.8	–11.2
PROFIT / LOSS FOR THE FINANCIAL YEAR		**25.1**	**45.5**
Attributable to			
Non–controlling interest		4.3	6.7
Shareholders of parent company		20.7	38.8
OTHER COMPREHENSIVE INCOME / LOSS			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations		–0.6	0.1
Items that may not be reclassified subsequently to profit or loss			
Fair value change of financial instruments recognized in OCI		–3.4	0.0
Deferred taxes		0.7	0.0
Other comprehensive income / loss		**–3.3**	**0.1**
Other comprehensive income after taxes / loss for the year		–3.3	0.1

	Note	2022	Carve–out 2021
OTHER COMPREHENSIVE INCOME / LOSS FOR THE YEAR		**21.7**	**45.6**
Attributable to			
Non–controlling interest		4.3	6.7
Equity holders of parent company		17.4	38.9
Earnings / Share (EPS)	2.15	0.83	1.63
Earnings / Share (EPS), fully diluted	2.15	0.81	1.58

Operating profit

IAS 1 Presentation of Financial Statements does not define the concept of operating profit. The Group has defined it as follows: operating profit is the net sum formed after employee benefits expenses, other administrative expenses, depreciation, amortization and possible impairment losses, and other operating expenses are deducted from net revenue. All other items than the ones mentioned above are presented below operating profit in profit or loss.

Earnings per share

Undiluted earnings per share are calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of shares in circulation during the financial period, excluding Evli shares acquired and held by the Group during the period. Diluted earnings per share are calculated by adjusting the weighted average number of shares by the dilutive effect of the stock options granted under share–based incentive programs.

Consolidated balance sheet, IFRS

ASSETS	Note	2022	Carve-out 2021
Cash and equivalents	3.1	0.0	0.0
Claims on credit institutions	3.2	115.4	47.8
Claims on the public and public sector entities	3.3	34.8	87.4
Debt securities	3.4	2.0	0.7
Shares and participations	3.5	41.3	49.6
Derivative contracts	3.6	0.4	26.4
Shares and participations in associates	3.7	5.7	4.0
Intangible assets and goodwill	3.8	49.6	13.8
Property, plant and equipment	3.9	1.1	1.2
Right-of-use assets	3.10	12.9	7.6
Other assets	3.11	95.7	127.1
Accrued income and prepayments	3.12	3.3	2.3
Income tax receivables	3.13	1.0	0.1
Deferred tax assets	3.14	3.4	0.1
TOTAL ASSETS		**366.6**	**368.3**

LIABILITIES AND EQUITY	Note	2022	Carve-out 2021
LIABILITIES			
Liabilities to credit institutions and central banks	3.15	0.0	8.6
Liabilities to the public and public sector entities	3.15	0.5	0,0
Debt securities issued to the public	3.16	106.3	91.0
Derivative contracts and other liabilities held for trading	3.17	0.4	26.3
Other liabilities	3.18	81.6	105.4
Accrued expenses and deferred income	3.19	32.1	29.3
Income tax liability	3.20	2.1	5.5
Deferred tax liabilities	3.21	0.0	0.0
TOTAL LIABILITIES		**223.2**	**266.1**
EQUITY			
Share capital		53.7	–
Fund of invested non-restricted equity		26.6	–
Fair value reserve		-2.7	–
Translation difference		-0.5	0.1
Retained earnings		61.5	96.8
Non-controlling interest		4.7	5.2
TOTAL EQUITY	3.22	**143.4**	**102.1**
TOTAL LIABILITIES AND EQUITY		**366.6**	**368.3**

Cash flow statement, IFRS

	2022	Carve–out 2021
Operating activities		
Operating profit	30.9	56.6
Adjustment for items not included in cash flow	11.2	11.9
Income taxes paid	–9.8	–7.6
Cash flow from operating activities before changes in operating assets and liabilities	**32.2**	**61.0**
Changes in operating asset	83.0	59.6
Changes in operating liablities	–7.3	–60.8
Cash flow from operating activities	**107.9**	**59.8**
Investing activities		
Merger cash consideration	–3.0	0.0
Dividends from associated companies	0.2	1.7
Change in intangible asset	–0.8	–0.6
Change in property, plant and equipment	0.0	–0.2
Cash flow from investing activities	**–3.6**	**1.0**
Financing activities		
Changes in Loans from credit institutions	–13.4	7.9
Changes in Loans from parent entity Evli Bank*	0.0	–24.1
Equity Transactions with the parent entity Evli Bank*	9.6	–2.5
Dividends paid to company´s shareholders	–25.3	–17.4
Dividends paid to non–controlling interests in subsidiaries	–4.2	–3.1
Payments of loan/IFRS 16 Right of use assets	–2.1	–1.7
Cash flow from financing activities	**–35.4**	**–41.0**
Cash and cash equivalents at the beginning of period	47.8	28.0
Cash and cash equivalents through merger	1.3	0.0
Cash and cash equivalents at the end of year	115.4	47.8
Change	**68.8**	**19.8**

Additional information to the cash flow statement

In the cash flow statement, the flows of cash and cash equivalents during the financial year are presented for all operations. The cash flow statement has been prepared in accordance with the indirect method, where cash inflows and outflows are reported primarily in gross terms. Cash flows are classified as cash flows from operating activities, cash flows from investing activities and cash flows from financing activities.

Cash flow from operating activities

Operating activities are the principal revenue–producing activities. Cash flows are primarily fees and interest received, and payments to providers of goods and services and personnel. Changes in operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Pending transactions and changes in the trading book are presented in net terms.

Cash flow from investing activities

Cash flow from investing activities consists of investments in intangible rights such as software licenses and client agreements, and payments related to mergers and acquisitions.

Cash flow from financing activities

Financing activities include payments from equity items to shareholders, share issues and payments of leasing liabilities.

Cash and cash equivalents

Cash assets consist of cash, and loans to banks payable on demand.

Consolidated statement of changes in equity, IFRS

	Share Capital	Fair value reserve	Translation difference	Fund of invested unrestricted equity	Retained earnings	Equity attributable to the owners of parent entity	Non–controlling interest	Total equity
Equity 1.1.2021	**0.0**	**0.0**	**0.2**	**0.0**	**75.1**	**75.2**	**3.0**	**78.2**
Translation difference			–0.1			–0.1		–0.1
Profit/loss for the period					38.8	38.8	6.7	45.5
Dividends					–17.4	–17.4	–3.1	–20.5
Other changes					1.5	1.5	–1.3	0.1
Equity transactions with Evli Bank Plc					–1.1	–1.1	0.0	–1.1
Equity 31.12.2021	**0.0**	**0.0**	**0.1**	**0.0**	**96.8**	**96.9**	**5.2**	**102.1**
Translation difference			–0.2			–0.2		–0.2
Profit/loss for the period					6.9	6.9	0.8	7.7
Dividends					–25.3	–25.3	–3.9	–29.1
Fair value changes of Fellow Bank Plc shares					1.1	1.1	0.0	1.1
Other changes[2]					–0.6	–0.6		–0.6
Equity 1.4.2022	**0.0**	**0.0**	**–0.1**	**0.0**	**78.9**	**78.8**	**2.2**	**81.0**
Translation difference			–0.4			–0.4	–0.3	–0.6
Profit/loss for the period					13.9	13.9	3.5	17.3
Dividends							–0.3	–0.3
Fair value adjustment of Fellow Bank Plc shares		–2.7				–2.7		–2.7
Other changes[1]				0.0	0.7	0.7	–0.4	0.3
EAB Group Plc merger 1.10.2022	30.0				8.9	38.9		38.9
Effect of demerger 2.4.2022	23.7			26.7	–40.8	9.6		9.6
Equity 31.12.2022	**53.7**	**–2.7**	**–0.5**	**26.6**	**61.5**	**138.7**	**4.7**	**143.4**

A more detailed breakdown of the Group's equity is given in Note 3.22. Equity capital.

[1]Other changes from 2022 include the recognition of equity in accordance with IFRS 2. The effect of the demerger in equity EUR 9.6 million is the difference between the equity calculated in accordance with the carve–out financial statements accounting policies and the equity allocated to Evli Plc in accordance with the distribution plan

[2]Other changes from 2021 include the accrual of expenses arising from granted retention programs. which is presented as part of the change in the retained earnings column and a one–off impact from the acquisition of Alexander Incentives Oy.

Notes to the consolidated financial statements

1. Accounting policies

1.1. Basic information on the company

The Evli Plc ("Evli", "Evli Group" or "Group") is Finland's leading asset manager, serving institutional, corporate and private clients. Our services include mutual funds, asset management and capital markets services, alternative investment products, corporate analysis, planning and management of incentive systems, and M&A services. Responsibility is part of every investment decision, and our expertise in responsibility issues is valued by our clients. Evli Plc was created on April 2, 2022 through a partial demerger from Evli Bank Plc. In the partial demerger, all assets, liabilities and exposures related to Evli Bank Plc's wealth management business, custody, clearing and brokerage and corporate finance businesses and their supporting activities were transferred to a new, independent company called Evli Plc, which was established in the partial demerger ("partial demerger").

The Group's parent company, Evli Plc ("Company"), is a Finnish limited liability company incorporated under the laws of Finland with the Business ID 3239286–2. The Company is domiciled in Helsinki and its registered address is Aleksanterinkatu 19, 00100 Helsinki, Finland. The company is listed on the Nasdaq Helsinki stock exchange.

These financial statements were approved by the Board of Directors at its meeting on February 14, 2023. According to the Finnish Companies Act, the Annual General Meeting has the right to approve, reject or amend the financial statements after they have been published.

A copy of the consolidated financial statements can be obtained from **evli.com** or from the parent company's head office at Aleksanterinkatu 19, 00100 Helsinki, Finland.

1.2. Basis for preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2022 have been prepared for the purpose of presenting the financial position, results of operations and cash flows of Evli Group on a consolidated and carve–out basis. Until April 2, 2022, Evli Group did not exist as a separate legal group preparing consolidated financial statements and as such until April 1, 2022 the financial statements have been presented on a carve–out basis, as explained in note 1.8 "Basis of preparation of carve–out financial information" and as from April 2, 2022 following the formation of the legal group on a consolidated basis, as explained in note 8. "Consolidation principles".

Thus, the comprehensive income statement and cash flow statement information for the year ended December 31, 2022 is presented as a combination of carve–out financial information for the period January 1 – April 1, 2022 and consolidated financial information for the period April 2 – December 31, 2022, as management believes that such presentation of financial information results in a faithful representation of the financial performance and cash flows for Evli providing investors with relevant information on a full financial year basis. The balance sheet figures as at December 31, 2022 are reported consolidated figures. The comparative figures as at and for the year ended December 31, 2021 are presented on carve–out basis.

The consolidated financial statements have been prepared in compliance with IFRS (International Financial Reporting Standards), approved for application in the EU, and IAS (International Accounting Standards) valid at the end of the 2022 financial year, together with their respective SIC (Standing Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations. In addition, Finland's accounting and limited liability company legislation and official regulations have also been considered in the preparation of the consolidated financial statements. The financial year for Evli Group is the calendar year.

The consolidated financial statements have been prepared based on historical cost, with the exception of financial assets and liabilities recognized at fair value through profit or loss, and derivative financial instruments.

The consolidated financial statements have been prepared on a going concern basis. This assumes that the Group has sufficient resources to continue as a going concern and that the management intends to do so, at least for one year from the date of signing the financial statements.

The general accounting policies for the preparation of the consolidated financial statements are described later in this section. Information about the judgments made by the management in the process of applying the Group's accounting policies and that have the most significant impact on the amounts recognized in the financial statements, and about the assumptions concerning the future and the key assumptions underlying estimates, are disclosed under item 1.5 Matters requiring management judgment of the accounting policies.

The financial information is mainly presented in millions of euros. All figures shown are rounded, and the sum of the individual figures may differ from the total shown. The indicators are calculated using exact values.

1.3. Translation of items denominated in foreign currency

The figures showing the profit/loss and financial position of the Group's units are measured in the currency used in each unit's main functional environment ("functional currency"). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary balance sheet items are translated into the functional currency at the rate prevailing on the balance sheet date. Exchange rate differences arising in connection with the valuation are included in net income from foreign exchange operations.

The income statements of foreign Group entities are translated into euros at the weighted average rates for the period, and the balance sheets at the rates prevailing on the balance sheet date. In the consolidated income statement and balance sheet, the translation differences resulting from the use of different rates for the translation of Group results for the period is recognized in income and expenses recognized directly in equity and presented under equity. The translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and from post-acquisition cumulative changes in equity items are recognized in income and expenses recognized directly in equity and presented under equity. When a subsidiary is disposed of wholly or partly, the cumulative translation differences are recognized in profit or loss as part of gains or losses from disposal.

1.4. Financial assets and liabilities

The Group's financial assets are classified in accordance with the IFRS 9 Financial Instruments standard as follows:

a) those measured at amortized cost
b) those measured at fair value through profit or loss
c) those measured at fair value through other comprehensive income

The classification is based on the business model defined by the Group and the type of contractually accrued cash flows of financial assets. On initial recognition, the Group measures a financial asset item at fair value, and in the case of a financial asset item that is not measured at fair value through profit or loss, the transaction costs directly attributable to the item are added or deducted. Financial assets measured at fair value through profit or loss are initially recognized at fair value in the balance sheet and transaction costs are recognized through profit or loss.

'Financial assets measured at amortized cost' comprise financial assets whose business model is to hold financial assets and collect contractual cash flows consisting exclusively of payments of principal and interest. This item includes sales receivables, loan and other receivables and cash and cash equivalents. Assets classified under the group are measured at amortized cost using the effective interest rate method. The carrying amount of current sales and other receivables is deemed to be equal to their fair value. These items are current assets if they are expected to be realized within 12 months of the end of the reporting period. The Group's sales receivables are mainly short-term. The group recognizes a deduction for expected credit losses on financial assets measured at amortized cost.

Financial assets that are classified at initial recognition as those measured at fair value through profit or loss are classified in 'Financial assets measured at fair value through profit or loss'. Evli's fund investments are classified as financial assets recognized at fair value through profit or loss. Investments in funds are included in the balance sheet item Shares and participations. The fair value of liquid mutual fund investments is determined using quoted market prices and rates. Equity fund investments are generally valued in accordance with industry practice; the fair value of equity and real estate fund investments is the most recent fund value reported by the fund management company, plus capital contributions and less capital redemptions that have occurred between the balance sheet date and the management company's reporting date. The fair value of real estate owned by real estate funds is based on the fair value determined by an external assessor.

The 'Financial assets measured at fair value through other comprehensive income' category includes the investment made by Evli in Fellow Bank Plc. Evli Plc was created at the beginning of April as a result of a partial demerger. As part of the overall arrangement, Evli made a significant investment in Fellow Bank Plc, the other entity created in the arrangement. The investment is of a long-term nature and is not related to the group's operating activities. For these reasons, the company presents the effect on profit or loss arising from the measurement of the investment as a separate item in the statement of comprehensive income in accordance with IFRS 9.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or the Group has transferred substantially all the risks and rewards of ownership of the financial asset to an external party. Cash assets consist of cash and cash equivalents. Repayable on demand deposits in credit institutions are also included in cash and cash equivalents in the cash flow statement.

Financial liabilities are classified into the following groups:

a) those measured at amortized cost
b) those measured at fair value through profit or loss

On initial recognition, the Group measures a financial liability at fair value and, in the case of a financial liability not measured at fair value through profit or loss, the transaction costs directly attributable to the item will be added or deducted. Financial liabilities measured at fair value through profit or loss are initially recognized in the balance sheet at fair value and transaction costs are recognized through profit or loss.

Financial liabilities recognized at amortized cost consist of interest–bearing loans and non–interest–bearing liabilities and are measured at amortized cost using the effective interest method. The difference between the amount received and the amount repayable is recognized in the income statement using the effective interest method over the period of the loan. Financial liabilities are classified as current unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Purchase liabilities are classified as current liabilities if they are due for payment within 12 months. A financial liability or part of it is derecognized only when the liability ceases to exist, i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Hedge accounting

The Group does not apply hedge accounting in accordance with IFRS 9 in the financial statements.

1.5. Matters requiring management judgment

The drawing up of financial statements in accordance with IFRS standards requires that certain accounting assessments are made. In addition, management must use its judgment. Judgment affects the choice of accounting policies and their application, the amount of assets, liabilities, revenues and expenses to be reported and the notes that must be presented. The management will exercise its judgment on the basis of estimates and assumptions that are based on earlier experience and the best view available to it on the balance sheet date especially concerning the future performance of the investment services market. Estimates and decisions based on judgment are constantly monitored and they are based on actual performance and certain other factors such as expected future events that are reasonably anticipated to occur considering prevailing circumstances. Actual performance may deviate from estimates.

At Evli, the most significant estimates concern the impairment testing of goodwill and the measurement principles of theoretically measured financial instruments. Further information on them is provides in the note in question, under the title "Management judgment".

1.6. Provisions

A provision is recognized when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and the Group can reliably estimate the amount of the obligation.

1.7. Adoption of new and amended standards and interpretations applicable in future financial years

No significant changes in standards are expected for the coming financial year that would have a material impact on the accounting policies applied to the consolidated financial statements.

1.8 Basis of preparation for the carve–out financial information (until April 1, 2022)

Basis of preparation

Evli operated as part of Evli Bank Plc Group until the completion of the partial demerger on April 2, 2022. The consolidated financial statements have been prepared on a carve–out basis until April 1, 2022 as Evli did not operate and report as a separate legal consolidated group throughout the historical periods presented.

Evli's carve–out financial information until April 1, 2022 is prepared on a carve–out basis from Evli Bank Plc's consolidated financial statements by combining the historical revenues, costs, assets, liabilities and cash flows attributable to Evli Bank Plc's wealth management business, custody, clearing and brokerage and corporate finance businesses and their supporting activities transferred to Evli through the partial demerger. Additionally, the carve–out financial information includes certain allocated revenues, costs, assets, liabilities and cash flows from Evli Bank Plc.

The carve–out financial information is prepared according to IFRS standards as adopted by EU with consideration of specified carve–out principles described in the accompanying section 'Carve–out principles' according to which revenues, costs, assets, liabilities and cash flows have been allocated to Evli for the purpose of presenting the carve–out financial information. IFRS does not include guidance for the preparation of carve–out financial information, accordingly in preparing Evli's carve–out financial information certain accounting conventions commonly used for the preparation of historical carve–out financial information have been applied. These conventions are described below in section 'Carve–out principles'.

Evli's carve–out financial information does not necessarily illustrate the financial position and financial performance which Evli would have generated had it been an independent group and reported its financial information as a separate group for the periods presented. The objective of the carve–out financial information is neither to illustrate or estimate what the financial performance, financial position or cash flows of Evli are in the future.

The carve–out financial information is prepared based on the going concern principle and historical acquisition costs except for items in financial assets, financial liabilities and derivatives fair valued through profit and loss.

Applied Carve–out principles

The following sections captures the accounting and allocation principles that have been applied in preparing the carve–out financial information.

The carve–out financial information include allocation of revenues, costs, assets, liabilities and cash flows that are based on management judgement, assumptions and estimates as described below. The most significant estimates, solutions based on judgement and assumptions relate to allocating group costs, cash management, financing allocations and invested equity. According to Evli's management the allocations in the carve–out financial information are reasonable, but they do not necessarily illustrate the costs and revenues that would have incurred if new Evli would have been a separate unit and prepared its own consolidated financial statements. In the carve–out financial information, Evli does not have other material business transactions with the remaining entity Evli Bank Plc than financing activities, common insurances, common support functions, common head quarter functions and shared premises.

The structure of the carve–out financial information

The carve–out financial information includes revenues, costs, assets, liabilities and cashflows of Evli Bank Plc allocated to Evli for carve–out purposes and all the following subsidiaries and associated companies previously included in the Evli Bank Plc group including their subsidiaries and associated companies which were transferred to Evli in the partial demerger, as presented in the table to the right.

COMPANY	Country	Ownership % December 31, 2021	Ownership % April 1, 2022
Evli Plc resulting from the partial demerger	Finland	100%	100%
Subsidiaries:			
Aurator Asset Management Ltd	Finland	100%	100%
Evli Corporate Finance AB	Sweden	52.10%	52.10%
Terra Nova Capital Advisors	UAE	55%	55%
Evli Research Partners Oy (a subsidiary of Evli Corporate Finance AB)	Finland	70%	70%
Evli Investment Solutions Oy	Finland	85%	85%
Evli Life Oy	Finland	100%	100%
Evli Fund Management Company Ltd	Finland	100%	100%
Evli Fondbolag AB, Stockholm branch	Sweden	100%	100%
Evli Alexander Incentives Oy	Finland	65%	65%
EAI Residential Partners Oy	Finland	75%	75%
Evli Private Equity Partners Oy	Finland	80%	80%
Evli Private Equity I GP Oy (a subsidiary of Evli Private Equity Partners Oy)	Finland	100%	100%
Evli Private Equity II GP Oy (a subsidiary of Evli Private Equity Partners Oy)	Finland	100%	100%
Evli Private Equity III GP Oy (a subsidiary of Evli Private Equity Partners Oy)	Finland	92.5%	92.5%
EAI Feeder GP Oy	Finland	100%	100%
Evli HC I GP Oy	Finland	82%	82%
EGP General Partner Oy	Finland	70%	70%
EGP General Partner II Oy	Finland	70%	70%
Evli Infrastructure Partners Oy	Finland	82%	82%
Evli Infrastructure I GP Oy (a subsidiary of Evli Intrastructure Partners Oy)	Finland	100%	100%
Evli Impact Forest I GP Oy	Finland	100%	100%
Evli Private Debt I GP Oy	Finland	85%	85%
Evli Residential II GP Oy	Finland	70%	70%
Associated companies:			
Northern Horizon Capital A/S	Denmark	50%	50%
Ahti Invest Oy	Finland	30%	30%

The Evli carve–out financial information includes all other functions of old Evli Bank Plc group attributable to Evli Bank Plc's wealth management business, custody, clearing and brokerage and corporate finance businesses and their supporting activities transferred to Evli through partial demerger, in principle all functions except those functions that require a banking license to operate. The subsidiaries of Evli Bank Plc have historically included only businesses attributable to Evli. The financial information of the subsidiaries is therefore used directly as basis for the carve–out financial information with relevant intercompany eliminations.

Companies in which the Group has a majority holding but in which a third party has control are not consolidated in the carve–out financial information. These are holding companies owned in connection with the management of customer company incentive programs. Evli is not entitled to the variable returns of these holding companies and Evli does not bear the risk in the companies' assets or liabilities. Furthermore, funds managed on behalf of clients are also not consolidated, since the Group has no control over them.

Group internal and related party transactions

Carve–out group internal transactions have been eliminated in the carve–out financial information. The carve–out financial information includes transactions and balances related to Evli functions. Transactions and balance sheet items in which Evli Bank Plc is the counterparty which previously would have been eliminated as intercompany transactions are now treated as related party transactions. In the periods of the carve–out financial information, Evli has no other material business transactions with Evli Bank Plc than financing arrangements.

Evli Bank Plc group internal receivables and liabilities in which Evli Bank Plc is the other counterparty and a subsidiary that is a part of Evli Group the other, are allocated to Evli Group as well as related finance revenues and costs. As an exception to this principle is the subsidiaries deposits to Evli Bank Plc which in these carve–out financial information are presented as receivables from Evli Bank Plc that has historically acted as provider of banking services to the group companies.

To the Evli parent has also been allocated the acquisition costs of subsidiary shares and the internal ownership has been eliminated with the acquisition method.

Equity

Evli has not previously formed on separate legal group nor presented consolidated financial statements. Therefore, it is not appropriate to separately disclose share capital or other funds/equity items prior to partial demerger. The line Invested equity and retained earnings illustrates the net assets of Evli until 1.4.2022 in the carve–out financial information. Non–controlling interests and translation differences are disclosed separately.

All cash flow generating and other changes in equity items which are among other dividends payments or other profit sharing to Evli Bank Plc are disclosed in the cash flow statement under the line dividends to Evli Bank Plc shareholders or other equity transactions with Evli Bank Plc and in the combined changes of equity statement under the dividends to Evli Bank Plc owners or Equity transactions with Evli Bank Plc.

These carve–out financial statements are presented in euros, which is the functional currency and presentation currency of Evli Plc. The subsidiaries and Branches in Evli Group also have other functional currencies. Translation differences arising from the accounting treatments from these subsidiaries and their changes are disclosed on the line translation differences in equity.

Group costs

Evli Bank Plc as the group parent has been responsible for the group's leadership and general management. When preparing the carve–out financial information, Evli's share of these general management and personnel costs has been estimated and allocated to Evli Group. Shared services are, among others, IT–services, Human Resources, Finance Administration, top management and Internal Services. Regarding shared services costs for IT, HR and Internal Services, the costs are allocated based on the number of employees. Top management and Finance Administration are allocated based on an estimate of used time. The management consider these estimates to be reasonable. Other general administration costs not directly invoiced from Evli functions have been allocated based on a best estimate made by management.

Historical arrangements in Evli Bank Group have influenced these allocations and they do not necessarily illustrate or estimate the levels in the future.

Share–based payments

The key persons of new Evli have previously been a part of Evli Bank Plc's share based incentive programs. The amounts of these programs allocated to the carve–out financial information are based on factual employees working for the Carve–out business functions. Realized historical costs for these programs do not necessarily illustrate the levels of costs incurred by future share–based incentive programs of Evli's key personnel after the demerger.

Cash management and finance arrangements

As a bank Evli Bank Plc has been responsible of the Group's financing requirements and cash management. The funding of Evli Bank Group has consisted of equity–based funding, issued bonds or certificates and deposits. The liquid assets have consisted of deposit in the Bank of Finland and claims on credit institutions payable on demand.

Evli's funding base in the carve–out financial information in accordance with the demerger plan consists of issued bonds, share of total equity and loans from Evli Bank Plc and customers for funding brokerage and derivatives collateral demands. Evli Bank Plc has provided funding for the carve–out group for brokerage and trading related collateral requirements. The level of loan from Evli Bank is based on the gap between received and paid collaterals. Previous group internal loans from Evli Bank Plc to subsidiaries have been eliminated in this carve–out financial statements as this internal receivable has been allocated to Evli's parent company. All liabilities or receivables the carve–out group has against Evli Bank Plc are disclosed as related party transactions.

Evli's cash and cash equivalents consist of the subsidiaries bank accounts in credit institutions (including deposits in Evli Bank) and those claims on credit institutions in previous Evli Bank Plc that are related to carve–out business functions according to the demerger plan. Due to the fact that Evli Plc is founded through a partial demerger and the different functions have previously shared Evli Bank's cash and cash equivalents, this allocation of cash and cash equivalents has required management assessment.

Derivatives

External derivatives made by Evli Bank Plc that directly relate to Evli's business functions according to the demerger plan have been allocated to the carve–out financial information. These derivatives mainly consist of derivatives related to structured bond issues or FX–derivatives where Evli acts as an intermediary between the market and the client.

Income taxes

The subsidiaries of Evli have been separate tax entities during the review period. The tax expense and tax assets and liabilities regarding the subsidiaries are presented as actual outcomes in the Carve–out financial statements.

Evli Plc, founded in the partial demerger from Evli Bank Plc has not declared taxes of its own for the financial periods covered by the carve–out financial information. Evli's tax expense is disclosed as Evli would have been a separate tax entity.

Tax amount illustrated as tax for the review period consists of tax receivables or tax liabilities based on separate hypothetical tax declaration of each individual company, which has been booked as tax expense for the review period in carve–out financial statement and as business transaction between Evli Bank Plc, that has been booked in invested equity. The line paid taxes in the cash flow statement illustrate paid taxes by the carve–out entities according to tax declarations.

The tax expenses in the combined income statement do not necessarily illustrate future tax expenses.

Management judgement

The preparation of carve–out financial information has required judgement and estimates from the management that affect the figures and disclosures presented in the carve–out financial information. These judgements and estimates of historical evidence and probable future scenarios are assessed for financial statement day. The actual outcomes may differ from these estimates and assumptions. The most essential assumptions and estimates which include more judgement are those related to carve–out principles, impairment testing parameters and theoretically valued financial instruments.

2. Notes to the consolidated income statement

2.1. FEE AND COMMISSION INCOME

	2022	Carve-out 2021
Credit related fees and commissions	0.0	0.1
Income from payment transactions	0.0	–
Insurance brokerage	0.2	0.3
Advisory services	17.4	21.2
Securities brokerage	8.9	12.5
Securities issue	0.0	–
Mutual funds	60.7	64.9
Asset management	6.6	15.0
Custody services	0.2	0.2
Other operations	1.5	0.3
Commission income, total	**95.4**	**114.4**

Evli receives management fee income from Wealth Management and Investor Clients from mutual funds and asset management portfolios and pays clients fee reimbursements related to these. Fund fees consisting of management fees and fee reimbursements are recognized on a monthly basis and are mainly invoiced retrospectively in one, three, six or twelve–month periods. These fees are typically calculated based on the capital value or initial investment commitment in the fund or client portfolio and on the agreed fee percentage over time. Any non–recurring fees related to the funds, such as acquisition, subscription or redemption fees, are allocated to the month in which the right to the fee arises.

With successful investment activities, fee income may include performance–based fees. These may consist of performance–based fees related to mutual and non–UCITS funds, carry fees received by the management company of an equity fund, and performance–based fees related to asset management portfolios. The performance–based fees of mutual funds are taken into account daily in the values of the funds and invoiced retrospectively on a monthly basis. The performance–based fees of non–UCITS funds are invoiced quarterly. The final performance–based fee received by Evli from non–UCITS funds is determined by the fund's full–year return, which may change from the amount recognized in a preceding quarter. The performance–based fees relating to asset management portfolios are recognized as income annually only after the final amount of the fee can be reliably estimated.

The Evli Group annually reviews the performance–based fees due to the management company from equity funds (so–called carry fees) and models the probabilities related to their realization. A performance–based fee related to a fund agreement and due to the management company is only paid once the IRR (Internal Rate of Return) defined by the hurdle rate has been attained on a cash flow basis. Typically, the fee is only payable towards the end of a fund's life cycle. If a fund's return does not attain the hurdle rate, the management company will not receive any performance–based fee. The company will only consider the performance–based fee from equity funds to the extent that it is probable that there will be no significant reversal of the amount of accrued recognized income at a later date.Evli brokers direct investment instruments such as equities, ETFs and derivatives for its clients. For the brokerage services it provides, the company receives a one–time brokerage fee. The brokerage fee received is linked to the transaction executed and the return associated with the brokerage activity is recognized on a trade date basis. In addition to the investment instruments mentioned above, Evli also brokers equity–linked notes. The fee received on the sale of the company's own and other operators' equity–linked notes is recognized immediately in the income statement. The full amount of the fee is available for use on the date of issue of the bond and is used to cover services related to the issue of the bond. The interest expense for the note issued by the company itself is calculated by using the effective interest method. These notes are recognized in the balance sheet at the amortized cost, and the interest component of the loan, which is the same as the value of the option, is recognized as a separate debt item in the group "Derivative contracts and trading liabilities".

Evli's Advisory and Corporate Clients segment receives monthly retainer and success fees related to the Corporate Finance business. Monthly retainer fees are recognized as income over time whereas recognition of success fees, treated as variable consideration, is linked to the completion of projects. Project success fee income is recognized as income in the period when the outcome of the project can be estimated reliably and when the performance obligation has been met. The costs incurred for a project are expensed immediately.

Evli also receives fees related to the design and administration of incentive programs. Fees related to the design of incentive programs are invoiced on monthly basis and recognized as income for the period in which the invoicing has taken place. Fees for the administration of incentive programs are invoiced on a quarterly, semi–annual or annual basis. The fees are amortized evenly for the period in which the work is carried out. Other advisory fees, from analytical services, for example, are recognized in the period in which the work is performed.

MANAGEMENT JUDGMENT

The commission income of asset management and mutual funds is subject to adjustment items that can in some circumstances include ambiguity with respect to the date of validity and scope, among other things. This applies to situations in which price reductions have been agreed upon with clients by using "fee reimbursement contracts". For this reason, the management has used its judgment and has strived to make the most conservative assessment of the fee reimbursement debt arising from these, or any contracts of which there is knowledge but have not yet been entered in the system. The debt is recovered monthly and is included as an item that reduces fund and asset management fees.

2.2. NET INCOME FROM SECURITIES TRANSACTIONS

	Gains and losses on sales	Changes in fair value	Other items	Total
2022				
Debt securities	1.1	–0.0		1.0
Shares and derivative contracts	0.2	1.4		1.6
Net income from securities transactions, total	**1.3**	**1.3**		**2.6**
Net income from foreign exchange operations	1.1	0.0		1.1
Net income from securities transactions and foreign exchange operations, total	**2.4**	**1.3**		**3.7**
Carve–out 2021				
Debt securities	0.3	–0.3		0.0
Shares and derivative contracts	9.2	–7.3		1.9
Net income from securities transactions, total				
Net income from foreign exchange operations	1.7	0.0		1.7
Net income from securities transactions and foreign exchange operations, total				**3.6**

2.3. INCOME FROM EQUITY INVESTMENTS

	2022	Carve–out 2021
Dividends from financial assets valued at fair value	0.0	0.0
Dividends from available–for–sales securities	0.0	0.0
Dividends from associated companies	0.0	0.0
Income from equity investments, total	**0.0**	**0.0**

2.4. INTEREST INCOME

	2022	Carve–out 2021
Claims on credit institutions	0.7	0.0
Claims on the public and public sector entities	0.9	1.4
Other interest income	0.0	0.0
Interest income, total	**1.6**	**1.4**

2.5. OTHER OPERATING INCOME

	2022	Carve–out 2021
Rental income	0.0	–
Gain on sale of owner–occupied investment properties	0.0	–
Other income	0.1	0.2
Other operating income, total	**0.1**	**0.2**

2.6. FEE AND COMMISSION EXPENSES

	2022	Carve–out 2021
Trading fees paid to stock exchanges	–0.9	–0.8
Other commission expenses	–2.4	–2.0
Commission expenses, total	**–3.3**	**–2.7**

2.7. INTEREST EXPENSES

	2022	Carve–out 2021
Liabilities to the public, public sector entities and credit institutions	–0.5	–0.6
Debt securities issued to the public	–0.9	–0.1
Other interest expenses	–0.1	–0.0
Interest expenses, total	**–1.5**	**–0.8**

Interest income and expenses are calculated using the effective interest rate method. In recognizing an impairment loss on a contract classified as a financial asset, the recovery of interest is continued at the lowered accounting balance using the original effective interest rate of the contract. If the receipt of interest is unlikely, it is recognized as an impairment loss. Interest income obtained from financial assets is recognized as interest income.

Borrowing costs are recognized as an expense in the period in which they are incurred. The directly attributable transaction costs of a certain borrowing are included in the original amortized cost of the borrowing and are amortized as interest expense by using the effective interest method or, if necessary, by following a formula whose result can be deemed as being sufficiently near the sum calculated by using the effective interest method.

2.8. PERSONNEL EXPENSES

	2022	Carve–out 2021
Wages and salaries	–32.1	–28.8
Social security costs		
Pension expenses	–5.0	–4.7
Other social security costs	–1.5	–1.6
Equity–settled share options	–0.5	–1.5
Employee benefits, total	**–39.2**	**–36.6**

The total salaries paid by the Evli Group to its personnel consist of fixed salaries and remuneration, variable remuneration under the annually adopted reward system, and long–term incentive programs.

Fixed salaries play an important role in the company. By aiming to offer its employees a competitive pay level, the company ensures that it continues to be staffed by a skilled workforce. A reward system based on variable salaries applies to all the Group's employees. The objective of the reward system is to support the implementation of the company's strategy as well as promote its competitiveness and long–term financial success.

In addition to the above remuneration methods, the company may create separate long–term incentive programs. Evli Group has three share–based incentive programs in force at the end of the period for 2018, 2019, 2021, 2021–2025 and 2022–2023. For the 2019 and 2021 programs, the shares will be issued free of charge four years after the launch of the program, provided that the individuals in question are still employed by the company. Under the 2021–2025 and 2022–2023 programs, members have the opportunity to earn shares for successful performance, in accordance with the terms of the program. The company's Board of Directors decides upon the distribution of shares. The third and final allocation under the 2018 program remains, where shares are granted for free provided that the person is still employed in the company at the time of payment. The last payment of the 2017 incentive program was in 2022.

The Evli Group provides a reward fund for its employees. All employees of the Evli Group companies that are based in Finland are members of the fund. Using the fund is voluntary. Decisions to enter rewards in the fund are made one year at a time. Social security costs are not withheld from assets invested in the fund. The fund invests its member share capital in accordance with the Act on Personnel Funds. Capital is invested in accordance with a strategy prepared jointly by the fund's Board of Directors and Wealth Management.

In the payment of benefits payable upon termination of employment, Evli complies with normal agreements related to termination of employment pursuant to valid legislation. During the financial year, the company has not paid sign–on payments to new employees.All of the Evli Group's retirement plans are defined contribution plans. Payments to defined contribution plans are reflected in profit or loss in the period in which they are incurred. The Evli Group finances all its retirement plans as contributions to pension insurance companies. The contributions take different countries' local regulations and practices into account.

2.8.1. PERSONNEL COUNT

	2022	Carve–out 2021
Number of personnel during the period, average	312	272
Number of personnel at the end of the period	344	283
Employees by business segment at the end of the period		
Wealth Management and Investor Clients	208	166
Advisory and Corporate Clients	83	74
Group Operations	53	43
Total	**344**	**283**
Employees by geographic market at the end of the period		
Finland	322	258
Sweden	20	23
Arab Emirates	2	2
Total	**344**	**283**

2.8.2. SHARE BASED INCENTIVES DURING THE REPORTING PERIOD 1.1.2022 – 31.12.2022

Plan	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Restricted Share Plan 2021	Performance Period 2021–2025	Performance period 2022–2023	Total
Type			SHARE				
Initial amount, pcs	233,000	233,000	350,000	118,000	120,000	78,000	1,132,000
Initial allocation date	30.9.2017	8.6.2018	14.6.2019	12.2.2021	12.2.2021	21.4.2022	
Vesting date	30.9.2021 / 30.9.2022 / 30.9.2023	30.6.2022 / 30.6.2023 / 30.6.2024	30.6.2024	8.2.2026	*	1.6.2023[1] / 1.6.2024[1] / 1.6.2025[1]	
Maximum contractual life, yrs	6.0	5.1	5.0	5.0	–	3.1	5.3
Remaining contractual life, yrs	0.7	0.5	1.5	3.1	–	0.42/1.42/2.42	1.0
Number of persons at the end of the reporting year	8	16	15	20	2	6	
Payment method	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	Cash & Equity	

[1]The reward is awarded in installments during 2021–2025 when the required performance criteria are met. Each installment has a three–year deferral period. Ownership rights to the shares subject to the reward are transferred to the beneficiary only after the end of the deferral period. The shares paid as a reward will be subject to a one–year transfer restriction.

Changes during the period	Restricted Share Plan 2017	Restricted Share Plan 2018	Restricted Share Plan 2019	Restricted Share Plan 2021	Performance Period 2021–2025	Performance Period 2021–2023	Total
1.1.2022							
Outstanding at the beginning of the reporting period, pcs	61,332	68,673	350,000	110,000	120,000	0	710,005
Changes during the period							
Granted	0.0	0.0	0.0	0	0.0	26,000	26,000
Forfeited	0.0	0.0	0.0	4,000	0.0	0.0	4,000
Invalidated during the period	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Excercised	61,332	0.0	0.0	0.0	0.0	0.0	61,332
Expired	0.0		0.0	0.0	0.0	0.0	0.0
31.12.2022							
Excercised at the end of the period	210,067	68,673	0.0	0.0	0.0	0.0	278,740
Outstanding at the end of the period	0.0	68,673	350,000	106,000	120,000	26,000	670,673

Fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The pricing of the share based incentives granted during the period was determined by the following inputs and had the following effect:

VALUATION PARAMETERS FOR INSTRUMENTS GRANTED DURING PERIOD	
Share price at grant, €	18.40
Share price at reporting period end, €	15.15
Expected dividends, €	4.80
Fair value 31.12.2022, €	159,124

EFFECT OF SHARE-BASED INCENTIVES ON THE RESULT AND FINANCIAL POSITION DURING THE PERIOD	
Expenses for the financial year, share-based payments, equity-settled, €	1,214,618
Future cash payment to be paid to the tax authorities from share-based payments, estimated at the end of the period, €	4,572,823

2.9. OTHER ADMINISTRATIVE EXPENSES

	2022	Carve-out 2021
Office expenses	-1.8	-1.2
IT and infosystems	-8.6	-7.5
Business expenses	-0.9	-0.6
Travel expenses	-0.6	-0.2
Car costs	0.1	-0.1
Other HR related expenses	-1.0	-0.9
Marketing expenses	-0.9	-0.9
Banking and custodian expenses	-0.9	-0.8
External services	-4.8	-5.4
Other administrative expenses, total	**-19.6**	**-17.5**

2.10. DEPRECIATION AND AMORTIZATION ON TANGIBLE AND INTANGIBLE ASSETS

	2022	Carve-out 2021
Applications and software	-2.5	-2.4
Other intangible assets	0.0	-0.3
Leasehold improvements	-0.1	–
Assets acquired under finance leases	-0.1	–
Right-of-Use assets	-2.1	-1.8
Equipment and furniture	-0.2	-0.2
Impairment of goodwill	0.0	0.0
Depreciation, amortization and impaiment losses, total	**-5.1**	**-4.8**

2.11. OTHER OPERATING EXPENSES

	2022	Carve-out 2021
Supervision expenses	-0.6	-0.4
Rental expenses	-0.1	-0.0
Other expenses	-0.1	-0.9
Other operating expenses, total	**-0.8**	**-1.3**

2.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER RECEIVABLES

	2022	Carve-out 2021
Claims on the public and public sector entities		
Expected credit losses on group level	0.0	0.1
Expected credit losses individual	0.0	0.0
Guarantees and other off-balance sheet commitments	0.0	0.0
Sales receivables	0.0	0.0
Realised loan losses	0.0	0.0
Impairment losses on other financial assets	0.0	0.0
Impairment losses, total	**0.0**	**0.1**

2.13. SHARE OF PROFIT OR LOSS OF ASSOCIATES

	2022	Carve-out 2021
Northern Horizon Capital A/S	0.3	0.5
Ahti Invest Oy	–	–
SAV-Rahoitus Oyj	–	–

MANAGEMENT JUDGMENT

Evli does not participate in daily management of associated companies' business operations, and instead focuses on influencing strategic decisions at the board level. At the time of preparing Evli's consolidated financial statements, the income statement and balance sheet of associated companies are not yet known, which is why Evli's management must use judgment in estimating the share of associated companies' profit for the financial year. The estimate is based on the most recent known profit performance, prior experience of possible last-minute changes, and other possible factors that indicate changes.

2.14. INCOME TAXES

	2022	Carve-out 2021
Current tax expense	-5.6	-11.1
Taxes from previous years	0.0	-0.1
Deferred taxes	-0.2	0.0
Other taxes	0.0	0.0
Income taxes, total	**-5.8**	**-11.2**

The profit and loss account's tax expenses comprise current and deferred tax. Current tax is calculated on the taxable profit for the period determined on the basis of the enacted tax rate of each country, adjusted by any taxes related to previous periods.

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets and tax losses. No deferred tax is recognized on the undistributed profits of subsidiaries to the extent it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is measured by using the tax rates enacted by the balance sheet date.

2.14.1. RECONCILIATION BETWEEN THE INCOME TAX EXPENSE RECOGNIZED IN THE INCOME STATEMENT AND THE TAXES CALCULATED USING THE PARENT COMPANY'S DOMESTIC TAX RATE.

	2022	Carve-out 2021
Profit/loss before taxes, Finland	29.0	45.7
Profit/loss before taxes, other countries	1.8	10.8
Profit/loss before taxes, total	**30.9**	**56.6**
Tax at domestic tax rate	-6.2	-11.2
Effect of foreign subsidiaries' differing tax rates	-0.1	0.1
Tax at source paid abroad	0.0	0.3
Income not subject to tax	0.9	–
Expenses not deductible for tax purposes	-0.2	-0.0
Taxes from previous years	0.0	–
Other change	0.0	0.0
Unrecognised tax assets on previous years' losses	-0.1	–
Other taxes	-0.1	-0.3
Income tax charge in the consolidated income statement	**5.8**	**-11.1**

2.15. EARNINGS PER SHARE (EPS)

	2022	Carve-out 2021
Profit for the year attributable to shareholders in Evli Plc	20.7	38.8
Avarage number of A-shares	14,489,148	14,595,235
Avarage number of B-shares	10,577,221.5	9,514,185
Earnings per Share (EPS), €	0.83	1.63
Share and option rights for share-based incentive programs own shares	670,673	710,005
Earnings per Share (EPS), fully diluted, €	0.81	1.58

As both A and B series shares entitle holders to equal amounts of the company's profit, these are not shown separately.

3. Notes to the consolidated balance sheet

3.1. CASH AND EQUIVALENTS

	2022	Carve–out 2021
Petty cash	0.0	0.0
Other	0.0	0.0
Cash and cash equivalents total	**0.0**	**0.0**

3.2. CLAIMS ON CREDIT INSTITUTIONS

	2022	Carve–out 2021
Repayable on demand		
Domestic credit institutions	88.5	42.7
Foreign credit institutions	3.9	5.1
Repayable on demand, total	**92.5**	**47.8**
Other than repayable on demand		
Domestic credit institutions	2.1	0.0
Foreign credit institutions	20.9	0.0
Other than repayable on demand, total	**22.9**	**0.0**
Claims on credit institutions, total	**115.4**	**47.8**

3.3. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES

	2022	Carve–out 2021
Enterprises and housing associations	13.5	22.6
Financial and insurance corporations	0.3	1.2
Households	17.4	56.4
Foreign countries	3.6	7.3
Claims on the public and public sector entities by sector, total	**34.8**	**87.4**

3.4. DEBT SECURITIES

	2022	Carve–out 2021
Others		
Bonds issued by banks	–	0.1
Other debt securities	2.0	0.7
Debt securities, total	**2.0**	**0.7**

Debt certificates are valued at fair value and relate to Finnish investments.

3.5. SHARES AND PARTICIPATIONS

	2022	Carve–out 2021
Publicly quoted		
Held for trading	0.0	0.0
Other	29.3	42.1
Publicly quoted, total	**29.3**	**42.1**
Others		
Held for trading	0.0	0.0
Other	12.0	7.5
Others, total	**12.0**	**7.5**
Shares and participations, total	**41.3**	**49.6**

3.6. DERIVATIVE CONTRACTS

Overall effect of risks associated with derivative contracts

Nominal value of underlying, gross

2022	Remaining maturity					
	Less than 1 year	1–5 years	5–15 years	Fair value (+/–)	ASSETS	LIABILITIES
Held for trading						
Embedded derivatives	3.3	15.0	0.2	0.0	0.4	0.4
Futures	0.0	0.0	0.0	0.0	0.0	0.0
Options bought	0.0	0.0	0.0	0.0	0.0	0.0
Options sold	0.0	0.0	0.0	0.0	0.0	0.0
Currency–linked derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Held for trading, total	**3.3**	**15.0**	**0.2**	**0.0**	**0.4**	**0.4**

Overall effect of risks associated with derivative contracts

Nominal value of underlying, gross

Carve–out 2021	Remaining maturity					
	Less than 1 year	1–5 years	5–15 years	Fair value (+/–)	ASSETS	LIABILITIES
Held for trading						
Interest rate swaps	4.5	70.5	3.2	0.0	2.0	2.0
Futures	2.2	1.0	–	0.0	0.4	0.4
Options bought	–	–	–	0.0	0.0	0.0
Options sold	–	–	–	0.0	0.0	0.0
Currency–linked derivatives	4,073.2	8.3	–	0.1	24.1	24.0
Held for trading, total	**4,079.9**	**79.8**	**3.2**	**0.1**	**26.4**	**26.3**

Derivative financial instruments are initially recognized at cost, which corresponds to their fair value. Subsequently derivative financial instruments are measured at fair value. Resulting gains and losses are treated in accordance with the purpose of the derivative instrument.

The company does not apply hedge accounting, and derivative financial instruments are classified as held for trading. Changes in the value of derivatives in this category during the year and the realized gains/losses are presented in the income statement under net income from securities trading.

Financial derivatives are embedded derivatives related to structured bonds issued by Evli. Their task is to protect against changes in the value of the underlying asset. The proportion of open risk in the gross amount is small.

3.7. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

	2022	Carve–out 2021
At the beginning of the period	4.0	4.2
Share of profit/loss	0.3	0.5
Additions	2.2	1.0
Disposals	–0.9	–1.7
At the end of the period	**5.7**	**4.0**

Disposal relates to decrease in valuation of SAV–Rahoitus Oyj.

3.8. INTANGIBLE ASSETS AND GOODWILL

Goodwill	2022	Carve–out 2021
Cost at 1.1.	**9.2**	**9.3**
Increases/Decreases	36.9	–0.0
Cost at 31.12.	46.1	9.2
Accumulated depreciation at 1.1.	**0.0**	**0.0**
Impairment losses for the period		
Accumulated depreciation at 31.12.	0.0	0.0
Book value at 31.12.	**46.1**	**9.2**

Software or projects in progress	2022	Carve–out 2021
Cost at 1.1.	–	–
Increases/Decreases		
Cost at 31.12.	–	–
Book value at 31.12.	–	–

Applications and software	2022	Carve–out 2021
Cost at 1.1.	**24.7**	**24.1**
Increases/Decreases	1.4	0.6
Cost at 31.12.	26.1	24.7
Accumulated amortisation and impairment losses at 1.1.	**–20.1**	**–17.7**
Amortisation for the period	–2.5	–2.4
Accumulated amortisation and impairment losses at 31.12.	–22.6	–20.1
Book value at 31.12.	**3.4**	**4.5**

Other intangible assets	2022	Carve–out 2021
Cost at 1.1.	**7.1**	**7.1**
Increases/Decreases	0.0	–
Cost at 31.12.	7.1	7.1
Accumulated amortisation and impairment losses at 1.1.	**–7.1**	**–6.7**
Amortisation for the period	0.0	–0.3
Accumulated amortisation and impairment losses at 31.12.	–7.1	–7.1
Book value at 31.12.	–	–
The most significant "Other intangible assets" are client relationships.		
Book value of intangible assets at 31.12.	**49.6**	**13.8**
Intangible assets, total at 31.12.	**49.6**	**13.8**

Goodwill

Goodwill represents the excess of the cost of an acquired entity over the Group's interest in the fair value of the identifiable net assets and liabilities acquired at the acquisition date. Goodwill is measured at historical cost less cumulative impairment losses. Goodwill is not amortized. Goodwill arising in connection with acquisitions is tested annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For this purpose, goodwill is allocated to cash–generating units, or, in the case of a subsidiary, goodwill is included in the subsidiary's acquisition cost and the subsidiary forms a cash–generating unit. If the carrying amount of goodwill for a cash–generating unit exceeds its recoverable amount, an impairment loss equal to the difference will be recognized.

For the testing of impairment, the recoverable amounts of an asset are determined by calculating the asset's value in use. The calculations are based on five–year cash flow plans approved by the management.

In the cash flow model, items affecting each cash–generating unit's operational cash flow – mainly income and expenses – are examined. Cash flows extending after the five–year forecast period have been calculated using the "final value method".

The income and expenses of each asset are estimated based on the management's understanding of future developments.

In the final value method growth is determined using the management's conservative estimate of long–term cash flow growth. The cash flows used to measure value in use are discounted to the present value using the discount rate that reflects assessments of the time value of money and the risks specific to the asset.

In conjunction with goodwill testing, the sensitivity of the testing to changes in the variable affecting each result is also assessed. Sensitivity analyses are performed on goodwill impairment testing calculations using worst–case scenario forecasts. These scenarios were used to examine the change in value in use by changing the basic assumptions in the definition of value. Future income and expense cash flows, the discount rate and final value growth rate were changed in the sensitivity analyses. Among other things, the following tests were performed:

- income expectations for the five–year period under review were stressed using 20 percent lower return assumptions than originally assumed;
- the cost trend was stressed using 30 percent higher cost–development than originally assumed;
- the terminal value was set at 0 percent; and
- the discount rate was increased by three percent.

On the basis of the sensitivity analyses carried out, the change in the recoverable amount for the units tested does not lead to a situation in which the carrying amount is greater than the value in use.

2022	Administration and design of incentive schemes	Fund portfolio management	Private wealth management	Alternative investment funds	EAB Group Plc
Goodwill, EUR million	5.5	0.5	1.2	2.1	36.9
Assumption of growth in turnover	7%	–2%	–1%	1%	2%
Assumption of growth in costs	3%	2%	0%	5%	3%
Discount rate	13%	13%	13%	13%	13%
Terminal growth rate	2%	1%	1%	2%	1%

MANAGEMENT JUDGMENT

Impairment testing of goodwill is based on the estimated future recoverable net cash flows of the cash generating units to which goodwill has been allocated, which is then compared to the unit's carrying amount. The testing requires making of assumptions concerning variables such as the growth rate of returns, costs of operations and the discount rate at which the incoming cash flows are converted to the current value.

At each balance sheet date the management assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated.

Intangible assets

Intangible assets are recognized in the balance sheet only if their acquisition cost can be reliably measured and if it is probable that the expected future economic benefits attributable to the assets will flow to the company. Intangible assets with definite useful lives are recognized in the balance sheet at historical cost and are amortized in the profit and loss account on a straight–line basis over their known or estimated useful lives. Intangible assets include software licenses and other intangible rights whose useful life is 3–5 years.

Impairment of tangible and intangible assets

At each balance sheet date the Group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. In addition, goodwill and intangible assets not yet available for use are tested for impairment annually, regardless of the existence of indication of impairment. The need for impairment is assessed for each cash–generating unit.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. The value in use is determined as the future net cash flows expected to be derived from the said asset or cash–generating unit which are discounted to present value. The discount rate used is a pre–tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset is higher than its recoverable amount. The useful life of the asset is reviewed when the impairment loss is recognized. An impairment loss is reversed if circumstances have changed, and the recoverable amount has changed since the date of recognizing the impairment loss. Impairment losses recognized for goodwill are not reversed under any circumstances.

3.9 PROPERTY, PLANT AND EQUIPMENT

	2022	Carve-out 2021
Equipment and furniture		
Cost at 1.1.	2.1	1.9
Exchange difference	0.0	–0.0
Increases/Decreases	0.0	0.2
Cost at 31.12.	2.1	2.1
Accumulated amortisation and impairment losses at 1.1.	–1.7	–1.4
Translation difference from depreciation for the period	0.0	–0.0
Amortisation for the period	–0.2	–0.2
Accumulated amortisation and impairment losses at 31.12.	–1.8	–1.7
Book value at 31.12.	**0.3**	**0.4**
Leasehold improvements		
Leasehold improvements		
Cost at 1.1.	1.4	1.4
Cost at 31.12.	1.4	1.4
Accumulated depreciation at 1.1.	–1.3	–1.3
Depreciation for the period	–0.1	–0.0
Accumulated depreciation at 31.12.	–1.4	–1.3
Book value at 31.12.	**0.0**	**0.1**
Other tangible assets		
Cost at 1.1.	0.6	0.6
Cost at 31.12.	0.6	0.6
Book value at 31.12.	**0.6**	**0.6**
Property, plant and equipment, total at 31.12.	**1.1**	**1.2**
Book value of tangible assets at 31.12.	**1.1**	**1.2**

Tangible fixed assets are measured at historical cost less accumulated depreciation and impairment losses. Subsequent costs are included in the carrying amount of tangible fixed assets only if it is probable that the future economic benefits attributable to the assets will flow to the Group and that the cost of acquiring the assets can be reliably measured. Other repair and maintenance costs are recognized in profit or loss in the period in which they were incurred.

Assets are depreciated on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

- Machinery and equipment: 5 years
- IT equipment: 3 years
- Assets under finance leases: 3–5 years
- Renovations of leased premises: term of lease

The residual values and useful lives of assets are reviewed at each reporting date and, if necessary, are adjusted to reflect changes occurring in expectations of useful life.

The depreciation of an item of property, plant and equipment will cease when the tangible fixed asset is classified as held for sale under IFRS 5 Non-current assets held for sale and discontinued operations.

Gains and losses from the sales or disposals of tangible fixed assets are included in other operating income and expenses.

3.10. RIGHT OF USE ASSETS

	2022	Carve–out 2021
Right of use assets at the beginning 1.1	7.6	9.7
Additions	7.2	–
Disposals	–	–
Depreciations	–1.7	–2.2
Right of use assets at the end of the period	**12.9**	**7.6**

As a general rule, all leases are recognized in the balance sheet as a right–of–use asset and as a lease liability, except for short–term leases and contracts for low–value assets, to which Evli applies the expedients allowed by accounting standards. An asset (the right–of–use a leased asset) and a financial liability for the payment of rents are recognized in the balance sheet. The most significant lease agreements concluded by Evli Group concern leased premises and storage space related to the premises. The leases of premises are for a fixed term and do not include covenants or rents that vary according to revenue, for example low–value lease contracts entered into by Evli Group relate to leased IT equipment.

The right–of–use is amortized on a straight–line basis and deferred interest expense on the lease liability is recognized on the income statement. The Evli Group recognizes the right–of–use asset and the lease liability at the inception of the lease. Initially, the lease liability is measured at current value of the rents that have not been paid at the inception of the lease. The future cash flows of the leases have been discounted to the current value using the company's cost of funds rate. Rents payable are allocated to equity and interest expense. The interest expense is recognized in the income statement over the lease term through profit or loss so that the interest rate on the outstanding debt is the same in each period. The company has not calculated a separate interest component for the assets required for financing the lease liabilities in 2022 due to the company's low funding costs and excess liquidity. Depreciation on the right–of–use asset is recognized on a straight–line basis from the inception of the lease over the lease term.

Typically, lease contract terms range between two and five years and may contain an option to extend the lease term. The Company has negotiated individual contracts with potentially differing terms and conditions for each location. Potential options to extend current leases have not been considered due to uncertainty related to the use of those options.

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as other leases. Payments made on operating leases are recognized in profit or loss on a straight–line basis over the lease term.

3.11. OTHER ASSETS

	2022	Carve–out 2021
Securities sale receivables	1.3	1.5
Commission receivables	31.2	23.3
Securities broking receivables	63.2	55.7
Other receivables	0.0	46.6
Other assets total	**95.7**	**127.1**

Other receivables include, among others, collateral receivables related to the trading book

3.12. ACCRUED INCOME AND PREPAYMENTS

	2022	Carve–out 2021
Interest	0.3	0.2
Staff–related	0.1	0.0
Other items	2.9	2.1
Accrued income and prepayments total	**3.3**	**2.3**

3.13. INCOME TAX RECEIVABLES

	2022	Carve–out 2021
Income tax receivables	1.0	0.1

3.14. DEFERRED TAX ASSETS

	2022	Carve–out 2021
Tax assets		
Due to timing differences*	2.0	0.0
Other temporary differences	–	–
From tax losses carried forward	1.4	0.1
Deferred taxes total	**3.4**	**0.1**

*Deferred tax assets result from timing differences in fixed asset depreciation.

MANAGEMENT JUDGMENT

The entry of deferred tax assets in the balance sheet calls for judgment. Deferred tax assets are recognized to the extent that future taxable income is likely to be generated, against which the confirmed losses can be used. The impairment of deferred tax assets may be necessary if the future taxable income does not correspond with the estimate. Deferred tax assets are assessed annually in relation to the Group's ability to generate sufficient taxable income in the future.

3.15 LIABILITIES TO CREDIT INSTITUTIONS, CENTRAL BANKS AND PUBLIC

	2022	Carve–out 2021
Credit institutions		
Other than repayable on demand	–	8.6
Public		
Other than repayable on demand	0.5	–
Liabilities to credit institutions, central banks and public, total	**0.5**	**8.6**

3.16. DEBT SECURITIES ISSUED TO THE PUBLIC

	2022	Carve–out 2021
Bonds	106.3	91.0
Debt securities issued to the public, total	**106.3**	**91.0**

3.16.1. CHANGES IN BONDS ISSUED TO THE PUBLIC

	2022	Carve–out 2021
Issues	30.9	4.2
Repurchases	16.0	34.3

3.17. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING

	2022	Carve–out 2021
Derivative contracts	0.4	26.3
Derivative contracts and other liabilities held for trading, total	**0.4**	**26.3**

3.18. OTHER LIABILITIES

	2022	Carve–out 2021
Securities broking liabilities	62.5	61.6
Securities purchase liabilities	–	0.8
Finance lease payables	0.2	
Income tax payable	0.0	0.1
Personnel related	1.1	0.8
Other short–term liabilities	16.8	39.1
Prepayments of cash customers	–	–7.0
VAT payable	1.0	2.5
Other liabilities, total	**81.6**	**105.4**

RIGHT–OF–USE–LIABILITIES	**2022**	**Carve–out 2021**
Rental liabilities up to one year	1.7	1.7
Rental liabilities over one year and less than 5 years	10.4	5.6
Rental liabilities over 5 years	0.8	0.1
Total rental liabilities	**12.9**	**7.4**
Leasing liabilities not later than one year	0.1	0.1
Leasing liabilities over year not later than five year	0.1	0.1

3.19. ACCRUED EXPENSES AND DEFERRED INCOME

	2022	Carve–out 2021
Interest	0.0	0.0
Personnel related	18.8	15.5
Other accrued expenses	13.2	13.7
Accrued expenses and deferred income, total	**32.1**	**29.3**

3.20. INCOME TAX LIABILITY

	2022	Carve–out 2021
Direct income tax liability	2.1	5.5

3.21. DEFERRED TAX LIABILITIES

	2022	Carve-out 2021
Due to timing differences	0.0	0.0
Deferred tax liability, total	**0.0**	**0.0**

3.22. SHARE CAPITAL

2022	A-shares	B-shares	Shares total	Share capital, M€	Unrestricted equity-fund, M€
At the beginning of period 1.4.	14,493,148	9,364,289	23,857,437	23.7	26.6
Additions		2,425,865	2,425,865	30.0	–
Decreases	–8,000		–8,000	–	–
At the end of period 31.12.	14,485,148	11,790,154	26,275,302	53.7	26.6

Share capital consists of shares in the parent company, which are classified as equity. The share capital includes the subscription price received in connection with share issues to the extent that the subscription price is not recognized in the reserve for invested unrestricted equity under the decision to issue shares. Initial balances were formed in relation to demerger. Share capital was increased in relation to EAB Group merger. The company has two series of shares, series A and B. The shares have uniform rights to the company's profits and assets, but A shares have 20 votes and B shares one (1) vote for each share at the general meeting The shares have no nominal value. All issued shares have been fully paid up.

Treasury shares

The consideration paid for treasury shares and the transaction costs directly attributable to the acquisition, adjusted for tax effects, are deducted from equity until the shares are cancelled or reissued. If these treasury shares are subsequently reissued, the consideration received is recognized directly in equity, net of any transaction costs directly attributable to the issue and of the tax portion.

Existing share issue authorizations

On March 9, 2022, the Annual General Meeting of the Company authorized the Board of Directors to decide on the issue of shares and special rights entitling to shares. The authorization allows the Board of Directors to decide on the issue or transfer of up to 2,410,492 B shares in the company. Of the above-mentioned total number, however, a maximum of 241,049 shares may be used as part of the company's share-based incentive programs. The authorization is valid until the end of the next Annual General Meeting, but not later than June 30, 2023.

Existing authorizations to acquire shares in the company

The Board of Directors is authorized by the General Meeting to acquire a maximum of 1,463,526 A shares and a maximum of 947,416 B shares. Under the authorization, treasury shares may only be acquired with unrestricted equity. The authorization is valid until the end of the next Annual General Meeting, but not later than June 30, 2023.

Invested unrestricted equity reserve

The invested unrestricted equity reserve includes other investments of an equity nature and the share subscription price to the extent that it is not explicitly included by decision in the share capital.

Retained earnings

Retained earnings include assets accumulated from previous financial years that have not been distributed as dividends to owners.

3.23. TREASURY SHARES HELD BY THE COMPANY

The company did not hold any treasury shares at December 31, 2022.

4. Off–balance–sheet commitments

4.1. BREAKDOWN OF OFF–BALANCE SHEET COMMITMENTS

	2022	Carve–out 2021
Commitments given to a third party on behalf of a customer	–	0.4
Irrevocable commitments given in favour of a customer	2.8	2.6
Guarantees on behalf of others	–	0.0
Unused credit facilities, given to clients	3.7	18.1
Business mortgages	4.5	–

Commitments given on behalf of a customer for a third party include collaterals for derivatives positions given on behalf of customers. The customers have covered their derivatives collateral to Evli in full. Other irrevocable commitments given on behalf of a customer comprise subscription commitments guaranteed on behalf of customers.

5. Segment reporting

5.1. SEGMENT INCOME STATEMENT

	2022					Carve-out 2021				
	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group	Wealth Management and Investor Clients	Advisory and Corporate Clients	Group Operations	Unallocated	Group
REVENUE										
Net Interest Income	0.0	0.0	0.1	0.0	0.1	–0.1	0.0	0.7	0.0	0.6
Commission income and expense. net	75.7	16.4	0.0	0.0	92.1	91.5	20.2	0.0	0.0	111.7
Net income from securities transactions and foreign exchange dealing	0.0	0.0	3.7	0.0	3.7	0.0	0.0	3.8	0.0	3.7
Other operating income	0.0	0.0	0.1	0.0	0.1	0.0	0.0	0.2	0.0	0.2
External sales	75.7	16.4	4.0	0.0	96.1	91.4	20.2	4.6	0.0	116.2
Inter–segment sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total revenue	**75.7**	**16.4**	**4.0**	**0.0**	**96.1**	**91.4**	**20.2**	**4.6**	**0.0**	**116.2**
Timing of revenue recognition										
Over time	67.1	7.5	0.0	0.0	74.5	64.3	6.5	0.0	0.0	70.8
At a point of time	8.5	9.0	0.0	0.0	17.6	27.2	13.7	0.0	0.0	40.9
RESULT										
Segment operating expenses	–35.6	–9.9	–14.1	0.0	–59.7	–35.5	–10.2	–9.7	0.0	–55.4
Business units operating profit before depreciations and Group allocations	**40.0**	**6.5**	**–10.1**	**0.0**	**36.4**	**56.0**	**10.1**	**–5.2**	**0.0**	**60.9**
Depreciation. amortisation and write–down	–1.2	–0.4	–3.5	0.0	–5.1	–2.2	–0.4	–2.2	0.0	–4.8
Impairment losses on loans and other receivables	–0.7	0.0	0.0	0.0	–0.7	0.0	0.0	0.1	0.0	0.1
Business units operating profit before Group allocations	**38.1**	**6.1**	**–13.6**	**0.0**	**30.6**	**53.8**	**9.6**	**–7.3**	**0.0**	**56.1**
Allocated corporate expenses	–10.7	–1.9	12.6	0.0	0.0	–9.0	–2.3	11.3	0.0	0.0
Operating profit including Group allocations	**27.4**	**4.2**	**–1.0**	**0.0**	**30.6**	**44.8**	**7.4**	**4.0**	**0.0**	**56.1**
Share of profits (losses) of associates	0.0	0.0	0.3	0.0	0.3	0.0	0.0	0.5	0.0	0.5
Income taxes	0.0	0.0	0.0	–5.8	–5.8	0.0	0.0	0.0	–11.2	–11.2
Segment profit/loss after taxes	**27.4**	**4.2**	**–0.8**	**–5.8**	**25.1**	**44.8**	**7.4**	**4.5**	**–11.2**	**45.5**

5.2. GEOGRAPHICAL REVENUES

	2022	Carve–out 2021
Finland	88.8	99.6
Sweden	6.2	12.1
Other countries	1.1	4.5
Total	**96.1**	**116.2**

Segment information is reported in accordance with the Group's division of business and geographical segments. The business segments consist of business units whose products and services and earnings logic and profitability differ from one another. The business risks related to the business segments are also different. Evli's operations are divided by client type and services into two segments: the Wealth Management and Investor Clients segment and the Advisory and Corporate Clients segment. Operations not included above are classified as Group Operations. and the business segments mentioned above make use of these operations.

The Wealth Management and Investor Clients segment offers personal asset management services to present and future high net worth private individuals and institutions. The product and service selection includes fund products offered by Evli and its partners. and various capital market services and alternative investment products. The segment also includes production and implementation activities that directly support core activities.

The Advisory and Corporate Clients segment provides services related to M&A transactions. including corporate acquisitions and divestments. and advisory services related to IPOs and share issues. The segment also provides planning and administration of compensation and incentive plans and corporate analysis services for listed companies.

The Group Operations segment includes support functions serving the business areas. such as Information Management. Financial Administration. Group Marketing, Communications and Investor Relations. Legal Department. Human Resources and Internal Services. The company's own investment operations that support the company's operations. and the Group's supervisory functions; Compliance. Risk Control and Internal Audit. are also part of Group Operations.

Inter–segment pricing occurs in arm's length transactions at fair value. The revenue and expenses that are deemed as directly attributable to or can be allocated on a reasonable basis to a particular business area are allocated to that business area. The revenue and expenses that are not allocated to a particular business area. and the inter–business–area eliminations in the Group. are reported under Group Operations. The distribution of the Group's assets and liabilities among the business areas is not monitored on a regular basis and is therefore not reported in connection with the segment reporting.

6. Notes on the risk position

Risk management and internal control

Evli operates in a constantly changing market environment, which subjects the company to risks caused by changes in the business environment and the company's own operations.

Risk management refers to actions aimed at systematically surveying, identifying, analyzing and managing risks. The objective of risk management is to:

- Ensure the sufficiency of Evli's own assets in relation to risk positions
- Maintain the financial result and the variation in valuations within the set objectives and limits
- Price risks correctly to reach sustainable profitability.

Organization of the control operations

The company's Board of Directors is primarily responsible for the Company Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the Group's risk limits and other general guidelines according to which the risk management and internal control is organized. The Board has also set up a Management Risk Committee (Credalco) that briefs it on risk–taking matters.

The Group's risk management is founded on the "three lines of defense" model.

1. The first line of defense consists of the business units. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit.

2. The second line of defense consists of the Risk Control and Compliance functions. The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk–taking policies and guidelines. The Risk Control function reports its findings to the Risk Committee, the Executive Group and the Board of Directors.

The Compliance function is responsible for ensuring compliance with the rules in all of the Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules.

3. The third line of defense is Internal Audit. Internal Audit is a body that is independent of business operations, supports the Board of Directors and the senior management, and is organized administratively under the CEO. Internal Audit assesses the functioning of the Company Group's internal control system, the appropriateness and efficiency of the functions and compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit Committee of the Board of the company.

Main risk areas

Evli divides risks into three main categories:

1. Strategic risks: Changes in the market environment, new products
2. Financial risks: market, liquidity and credit risks
3. Operational risks: Practices, processes and information systems

Strategic risks

Strategic risk is closely linked to a change in either the market environment, customer behavior or the company's own operations. In terms of own operations, this could be new products or partnerships. Changes in the business environment and customer behavior have a significant impact on Evli's performance, which is why strategic risks are actively monitored and managed.

The performance of assets under management is a key determinant of the returns of Wealth Management and it depends on factors such as the performance of capital markets, the general demand for investment products and the success of investment operations. As a result, the Group's fee income is partly dependent on general stock and interest rate market developments. Market developments and investment trends also influence the type of investment products that customers are interested in.

Evli cannot influence general market developments or the state of the economy through its activities, but through its own actions it can reduce its sensitivity to changes in the market environment. Evli's management aims to contribute to improving the manageability and profitability of its operations by ensuring efficient organization of its businesses and diversification of its income base through the provision of a wide range of investment products and services. In addition, the Group's management seeks to oversee key business development projects and, where appropriate, make financially sound acquisitions to scale up operations. Evli seeks to identify and manage strategic risks by analyzing market developments and the competitive environment. The strategy and related risks are regularly on the Board's agenda.

Financial risks

Financial risk is a risk caused by the operating environment of the company and any market changes therein. Financial risks include market risk that contains equity, currency and interest rate risk and liquidity and credit risk.

6.1. Market risks

Market risk refers to the possibility of loss due to fluctuations in market prices (price risk).

The market risk affecting Evli can be either direct or indirect. Direct market risk refers to the company's sensitivity to market changes through its own financial assets and liabilities. In addition to direct market risks, Evli is indirectly exposed to market changes, for example when a general market downturn reduces the amount of assets under management for clients and thus the management fees linked to them. In addition, a sharp fall in prices tends to drive investors to redeem their investments, which increases the decline in the amount of assets under management. In addition, advisory services tend to be less in demand in times of market stress.

Market risks can be divided into equity, interest rate and currency risks. Market risks also include potential losses due to changes in various risk factors, such as volatility.

Equity risks mean the sensitivity of the company's profitability and market value in the balance sheet to the changes in the general price level of the stock market. The company's direct equity risks consist of Corporate Finance operations, temporary position of the brokerage business and strategic investments. The majority of the company's strategic investments are private equity funds in which the company has acted as either a product developer and/or distributor. In addition, the company has made investments in liquid investment funds it manages and in individual smaller companies. In principle, all investments are valued using market quotes. When a public market price is not available, the investment portfolio and the assets of the trading book are valuated using theoretical valuation methods. Instruments measured by theoretical means were recognized entirely through profit or loss during the financial year, because the maturity periods of theoretically measured agreements are short, and the accounting parameters used are primarily based on information from the markets.

Interest risk means the sensitivity of the company's profitability or balance sheet to the changes in the general interest rate. Interest rate risk arises from, among other things, the company's investments in fixed–income funds. Any current or non–current interest–bearing loans also expose Evli to interest rate risk. A change of 100 basis points in interest rates would have a 0.1 million effect on Evli's equity.

Currency risk refers to the uncertainty of cash flow and earnings caused by changes in exchange rates. Evli's operative actions are mainly denominated in euros. The Group has operations in Sweden and the United Arab Emirates, which expose Evli to the risk of exchange rate fluctuations, but this is minor and does not expose the Group to significant currency risk. In Evli's own investment operations, investments are mainly made in euro–denominated assets, so the exposure to currency risks in investment operations is not significant. Evli does not specifically monitor changes in exchange rates with regard to investment operations but considers them to be part of the change in the fair value of the investment. The group's most significant currency position was in Swedish crowns, which the group had at the end of the review period for 8.2 million euros. This was mainly related to Evli's operations in Sweden. A 10 percent change in the exchange rate would have an effect of 0.6 million euros on the group's equity.

In solvency calculation, the Group's market risk is measured by the positions related to the trading book. In accordance with minimum capital adequacy calculation, the necessary amount of own funds is set aside to cover market risk. The minimum capital requirement is calculated for the position risk of the trading book and for the currency risk of the operations as a whole. The Group's investments classified under the trading book amounted to EUR 0.0 million at December 31, 2022. The minimum capital requirements for market risk were accordingly EUR 0.0 million at December 31, 2022.

The group's parent company, Evli Plc, carries out investment activities from its own balance sheet, mainly in its own funds. Investments are well diversified, in which case the risk and corresponding return on an individual investment is low from a group perspective. All investments are valued at fair value through the income statement. Evli also has an investment in Fellow Bank Plc, which is valued due to its nature through a comprehensive income. At the end of the fiscal year 2022, a 10 percent change in Evli's investment portfolio would have corresponded to a 3.3 million euro change in equity.

6.1.1. MINIMUM CAPITAL REQUIREMENT FROM MARKET RISK

	Original exposure value	Risk–weighted exposure value
Trading book	0.0	0.0
Total	**0.0**	**0.0**

6.1.2. ASSETS AND LIABILITIES IN DOMESTIC AND FOREIGN CURRENCIES

2022	Domestic currency	Foreign currency	Total
Assets			
Financial assets at amortized cost			
Cash and cash equivalents	0.0	0.0	0.0
Claims on credit institutions	106.8	8.6	115.4
Claims on the public and public sector entities	34.2	0.6	34.8
Financial assets at fair value through profit or loss			
Debt securities	2.0	0.0	2.0
Shares and participations	39.8	1.5	41.3
Derivative contracts	0.4	0.0	0.4
Other asset items	169.5	3.1	172.6
Total	**352.8**	**13.8**	**366.6**
Liabilities			
Financial liabilities at amortized cost			
Liabilities to credit institutions	0.0	0.0	0.0
Liabilities to the public and public sector entities	0.5	0.0	0.5
Debt securities issued to the public	106.3	0.0	106.3
Financial liabilities at fair value through profit or loss			
Derivative contracts	0.4	0.0	0.4
Other liabilities items	108.2	7.7	115.9
Total	**215.5**	**7.7**	**223.2**

Carve–out 2021	Domestic currency	Foreign currency	Total
Assets			
Financial assets at amortized cost			
Cash and cash equivalents	–	–	–
Claims on credit institutions	42.3	5.6	47.8
Claims on the public and public sector entities	87.4	–	87.4
Financial assets at fair value through profit or loss			
Debt securities eligible for refinancing with central banks	–	–	–
Debt securities	0.7	–	0.7
Shares and participations	48.4	1.1	49.6
Derivative contracts	26.1	0.3	26.4
Other asset items	154.5	1.8	156.3
Total	**359.4**	**8.8**	**368.2**
Liabilities			
Financial liabilities at amortized cost			
Liabilities to credit institutions	8.6	–	8.6
Liabilities to the public and public sector entities	–	–	–
Debt securities issued to the public	91.0	–	91.0
Financial liabilities at fair value through profit or loss	26.0	0.3	26.3
Other liabilities items	137.4	2.8	140.2
Total	**263.0**	**3.1**	**266.1**

6.2. Liquidity risk

Liquidity risk is the risk that Evli's available cash and cash equivalents are not sufficient to cover the needs of the business and thus jeopardizing continuity.

In terms of liquidity risk, the Group has a conservative risk appetite. The Group's liquidity is constantly monitored, and it is maintained by keeping a significant part of the company's assets either in bank deposits or invested in liquid low–risk assets that can be quickly converted into cash. In addition to investments, the company's assets are tied up in loans it has granted, against which the company has sought to raise longer–term financing by issuing structured bonds. The financing from the bonds is not fully available, because part of the funds is committed to collateral that Evli places with various market counterparties in situations where the hedge on structured products is loss–making. Funds also used in settlement due to settlement issues and the provision of collateral. The Investment Firms Regulation requires investment services firms to hold liquid assets of at least one third of the capital requirement for fixed overheads calculated in accordance with the Regulation. The capital requirement calculated on the basis of Evli's fixed overheads is EUR 16.4 million and the liquidity requirement calculated on this basis is EUR 5.5 million. Evli Group's liquid assets amounted to EUR 92.5 million on December 31, 2022.

The following table illustrates the contractual maturity analysis of financial liabilities.

6.2.1. MATURITIES OF ASSETS AND LIABILITIES

	2022					Carve–out 2021				
	Total	Maturity: less than 3 months	Maturity: 3–12 months	Maturity: 1–5 years	Maturity: over 5 years	Total	Maturity: less than 3 months	Maturity: 3–12 months	Maturity: 1–5 years	Maturity: over 5 years
Assets										
Financial assets at amortized cost										
Cash and cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	–	–
Claims on credit institutions	115.4	115.4	0.0	0.0	0.0	47.8	47.8	–	–	–
Claims on the public and public sector entities	34.6	4.7	13.0	16.9	0.0	87.4	23.6	21.6	42.2	–
Financial assets at fair value through profit or loss										
Debt securities	2.0	0.0	0.0	2.0	0.0	0.7	–	–	0.4	0.4
Shares and participations	41.3	29.3	0.9	4.8	6.3	49.6	42.7	3.0	0.5	3.4
Derivative contracts	0.4	0.1	0.0	0.3	0.0	26.4	23.9	0.7	1.9	–
Accrued interest	0.3	0.0	0.2	0.1	0.0	0.2	0.1	0.1	–	–
Other assets	95.7	95.7	0.0	0.0	0.0	127.1	127.1	–	–	–
Liabilities										
Financial liabilities at amortized cost										
Liabilities to credit institutions	0.0	0.0	0.0	0.0	0.0	8.6	8.6	–	–	–
Liabilities to the public and public sector entities	0.5	0.0	0.5	0.0	0.0	0.0	0.0	–	–	–
Debt securities issued to the public	106.3	6.6	11.8	81.8	6.2	91.0	0.9	10.7	75.2	4.2
Financial liabilities at fair value through profit or loss	0.4	0.1	0.0	0.3	0.0	26.3	23.7	0.7	1.9	–
Accrued interest, debt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	–	–	–
Other liabilities	68.7	68.7	0.0	0.0	0.0	105.4	105.4	–	–	–
Off–balance sheet commitments	6.3	3.2	1.2	1.9	0.0	21.1	12.0	6.0	3.1	–
Right–of–use liabilities	12.9	0.4	1.3	10.4	0.8	7.6	0.2	1.5	5.7	–

6.3. Credit risks

Credit risk is the risk of loss in the event that a customer or a counterparty of an Evli Group company fails to meet its obligations under a credit relationship and any collateral provided is insufficient to cover the receivable. Credit risk also includes country and settlement risks. Country risk is the credit risk associated with foreign claims allocated by country. Settlement risk is the risk of loss of the receivable being settled, associated with the settlement process.

Credit risks are mainly managed through customer and counterparty–specific limits and collateral requirements. These, in turn, are monitored and managed on a daily basis. The management of settlement risk focuses on ensuring the suitability and reliability of counterparties. In principle, clearing is concentrated in reliable clearing houses. The Management Risk Committee approves all counterparties with whom non–standardized derivatives agreements are made. The company has pledged cash to marketplaces and clients have pledged their client portfolios to Evli.

The table below shows the collateral given and received:

6.3.1. COLLATERALS SET AND RECEIVED

	2022			Carve–out 2021		
	Fair value of encumbered assets	Fair value of unencumbered assets	of which usable as collateral	Fair value of encumbered assets	Fair value of unencumbered assets	of which usable as collateral
Assets						
Liquid assets and Central Bank deposits	0.0	0.0	0.0	–	–	–
Debt securities eligible for refinancing with central banks	0.0	0.0	0.0	–	–	–
Claims on credit institutions	22.9	92.5	92.5	–	47.8	47.8
Claims on the public and public sector entities	0.0	34.8	0.0	–	87.4	–
Debt securities	0.0	2.0	2.0	–	0.7	–
Shares and participations	0.0	41.3	41.3	–	49.6	–
Other assets	0.0	95.7	0.0	39.0	88.1	–
Total	**22.9**	**266.3**	**135.8**	**39.0**	**273.7**	**47.8**

6.3.2. USAGE OF COLLATERAL

	2022	Carve–out 2021
Set collaterals		
Markeplace collateral, stock– and derivatives trades	0.1	1.6
Collateral for OTC derivatives trades	22.8	34.7
Collateral for securities lending	0.0	2.7
Total	**22.9**	**39.0**
Received collateral		
Received cash	0.0	38.3
Received securities	166.9	0.0
Total	**166.9**	**38.3**

6.4. Expected credit losses

Evli calculates the Expected Credit Loss (ECL) for financial assets measured at amortized cost for each reporting date. The expected credit loss is a probability–weighted estimate of the credit risks that will materialize.

The credit risks of financial assets are under constant scrutiny at the company. The company monitors various factors, both quantitative and qualitative, which are estimated to be significant in evaluating credit risk. Estimates of future economic trends are also taken into account.

Credit risk is assessed through a three–phase model, where the credit loss for Phase 1 exposures is estimated for the following 12 months. If the credit risk of a receivable has grown substantially after a loan is granted, the receivable's risk level is raised to Phase 2, in which case the expected credit loss is estimated for the entire exercise period. In a situation where one or more factors negatively affecting the solvency of the counterparty has occurred, the credit is raised to Phase 3. A loan is recognized as non–performing when more than 90 days have passed without the borrower paying interest or making repayment or if it is estimated that the borrower is unlikely to perform on its future payment obligations.

If based on all available information it is estimated that the credit risk has decreased substantially after the loan's risk level has been raised to phase 2, and the risk is at the same level as at the time of granting the loan, the loan's risk level can be returned to phase 1.

The amount of expected credit losses (ECL) is calculated using the formula:
ECL = exposure x probability of default (%) x total loss when realization of collateral is included

The parameters are generally measured on the Group levels, and financial assets are classified into Groups of assets with similar risks and collateral. The probability of default of counterparties is primarily measured with statistical data on the problem receivables in the credit stock on the national level. For sales receivables, a simplified procedure is used. The Group has no assets in the 'measured at fair value through comprehensive income' class and the debt securities are not valued at amortized cost. For credits that have been transferred to Phase 2, unique calculation parameters are always defined at the time of transfer.

During the financial year, 8 credits were from Phase 1 to Phase 2. Expected credit losses are recognized in the income statement.

The table to the right shows the distribution of loans granted and the number of non–performing credits.

6.4.1 DISTRIBUTION OF LOANS

2022	Lending stock	Average remaining maturity years	Overdue by at least 90 days	Impaired loans
Exposure and home country				
Private Persons Finland	17.4	1.3	0.0	0.0
Corporations Finland	13.5	1.6	0.0	0.0
Other sectors Finland	0.3	0.7	0.0	0.0
Private persons EU countries	3.6	0.6	0.0	0.0
Corporations EU countries	0.1	0.6	0.0	0.0
Private persons other countries	0.0	0.0	0.0	0.0
Total	**34.8**	**1.4**	**0.0**	**0.0**

Carve–out 2021	Lending stock	Average remaining maturity years	Overdue by at least 90 days	Impaired loans
Exposure and home country				
Private Persons Finland	56.4	1.1	0.0	0.0
Corporations Finland	23.8	1.5	0.0	0.0
Other sectors Finland	0.0	0.0	0.0	0.0
Private persons EU countries	2.9	1.3	0.0	0.0
Corporations EU countries	1.3	0.3	0.0	0.0
Private persons other countries	3.1	1.2	0.0	0.0
Total	**87.4**	**1.2**	**0.0**	**0.0**

The table below shows the balance sheet items broken down into the phases 1–3:

6.4.2. IFRS 9, EXPECTED CREDIT LOSSES IN STAGES

2022	Amount	Phase 1	Phase 2	Phase 3	Expected credit loss	Opening balance 1.1., credit loss provision
Balance sheet item						
Receivables from credit institutions	115.4	115.4	0.0	0.0	0.0	0.0
Receivables from public	34.8	32.6	2.2	0.0	0.1	0.1
Receivables from the public; corporate	13.7	13.7	0.0	0.0	0.0	0.0
Receivables from the public; private	21.0	18.8	2.2	0.0	0.0	0.0
Receivables from the public; other	0.0	0.0	0.0	0.0	0.0	0.0
Other receivables	10.1	10.0	0.1	0.0	0.0	0.0
Off–balance sheet loan commitments	3.7	3.7	0.0	0.0	0.0	0.0
Total	**164.0**	**161.7**	**2.3**	**0.0**	**0.1**	**0.1**

Carve–out 2021	Amount	Phase 1	Phase 2	Phase 3	Expected credit loss	Opening balance 1.1., credit loss provision
Receivables from credit institutions	**47.8**	**47.8**	–	–	–	–
Receivables from public	87.4	86.8	0,7	–	0.1	0.2
Receivables from the public; corporate	23.6	23.3	0.3	–	0.0	0.1
Receivables from the public; private	63.9	63.5	0.4	–	0.0	0.1
Receivables from the public; other	–	–	–	–	–	0.0
Other receivables	–	–	–	–	–	–
Off–balance sheet loan commitments	17.9	17.8	0.2	–	0.0	0.0
Sales receivables*	4.2	4.1	0.1	–	0.0	0.0
Total	**157.4**	**156.5**	**0.9**	–	**0.1**	**0.2**

6.5. Operational risks

Operational risks mean a direct or indirect danger or financial loss that is caused by insufficient or failed internal processes; systems, personnel or external factors. Operational risks also include legal risks and compliance and data security risks. Therefore, operational risks are associated, for example, with the management system, operative processes, information systems, persons and various external factors or threats. In addition to the direct risk of financial loss, operational risk can also take the form of a weakening or loss of reputation or trust.

Operational risks are seen as a key area of risk management at Evli. Each business unit is responsible for managing the operational risks of its own business area. Evli continuously pays special attention to the identification, monitoring and control of operational risks. Business units carry out regular self–assessments of the operational risks of products, services, persons, operating processes and systems. Evli has prepared a separate group–wide procedure for identifying, assessing, controlling and reporting risks. Through operational risk self–assessment, the company aims to identify critical risks and identify appropriate measures to minimize or control them. The reporting of disruptions to operations and errors and losses caused by operational risks to the authorities is carried out in accordance with established requirements.

The basic approach to operational risk management is to prevent risks on the one hand, and to minimize the damage caused by risks on the other. To this end, Evli has, among other things, comprehensive internal guidelines, which are monitored. Employees are regularly trained, and daily work processes and systems are actively monitored. Security is ensured and efforts have been made to duplicate critical systems to ensure continuity. In addition, the company has prepared for possible risks by, among other things, taking out comprehensive insurance policies.

Evli operates in an industry governed by strict rules and regulations. The company has a separate Compliance function, which aims to ensure that Evli always complies with laws and regulations. While the materialization of operational risk often leads to reputational and financial damage, the materialization of compliance risk can also lead to sanctions imposed by the authorities. Responsibility for compliance and supervision always lies with top and executive management, and with all managers. Nevertheless, every Evli employee is responsible for complying with rules and regulations. Compliance risk is managed by monitoring legislative developments and by continuously training employees internally on upcoming regulatory changes.

Modern investment services are essentially digital and digital services are a key part of Evli's strategy. At the heart of everything Evli does is information systems that involve data protection and security risks. One of the key objectives of all of the Group's functions is the efficient, error free and secure processing of information in a variety of formats. The confidentiality, accuracy and usability of such information is protected at all times. Evli has designated data protection and information security managers who are responsible for developing, monitoring, guiding and reporting on data protection and security to management.

The capital requirement for operational risks is part of the capital requirement set out in the Investment Firms Regulation. The own funds requirement calculated on the basis of the Evli Group's fixed overheads was EUR 16.4 million and the Group's own funds amounted to EUR 42.3 million at December 31, 2022.

6.6. Continuity management

The company's operations may be threatened by external or internal crises of a physical or other nature. In crisis situations, an organization must:

– be prepared
– have crisis management capability
– have prepared by means of drills.

To ensure operational continuity, Evli has a continuity plan that covers all of its functions. The purpose of continuity planning is to ensure that, in the event of certain threats materializing, it is possible to ensure the safety of the Group's customers and employees, to protect tangible and intangible property, to comply with the law and other regulations, to maintain the targeted level of customer service and internal operations and to preserve the trust of stakeholders. Each continuity plan will include system recovery plans, including guidelines on how to get information systems into operating condition in situations of severe failure, how to continue operations and how to return operations to normal. In addition, the company has compiled a recovery plan that complies with official requirements.

6.7. Managing capital adequacy

An essential element of the regulations is compliance with the solvency requirement set by the regulations and the Internal Capital And Risk Assesment (ICARA). The capital adequacy regulation is based on the principle that the quantity, quality and allocation of the company's own assets must be continuously sufficient to cover the material risks applying to the supervised party. It is not possible, however, to use capital to replace deficiencies in the qualitative aspects of risk bearing capacity. Broadly speaking, risk bearing capacity includes not only capital and profitability, but also reliable management, well–organized internal control and risk management.

As an investment services firm, Evli complies with the EU Investment Firms Directive (EU 2019/3034 IFD) and the EU Investment Firms Regulation (EU 2019/2033 IFR). Evli's Board of Directors has set a minimum target solvency requirement of 13 percent for the Group. The Group's solvency ratio was 20.6 percent on December 31, 2022. More detailed information on the Group's solvency and solvency management is available in the solvency section of the annual report.

7. Other notes

7.1. CLASSIFICATION OF ASSETS AND LIABILITIES

2022	Financial assets measured at amortized cost	Fair value through profit and loss	Fair valued through compre–hensive income	Other assets	Total book value	Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents	–	–	–	0.0	**0.0**	–	–	–
Claims on credit institutions	115.4	–	–	0.0	**115.4**	–	–	–
Claims on the public and public sector entities	34.8	–	–	0.0	**34.8**	–	–	–
Debt securities eligible for refinancing with central banks	–	–	–	0.0	**0.0**	–	–	–
Debt securities	–	2.0	–	0.0	**2.0**	0.0	0.0	2.0
Shares and participations	–	35.8	5.5	0.0	**41.3**	29.3	0.0	12.0
Derivative contracts	–	0.4	–	0.0	**0.4**	–	–	0.4
Shares and participations in associates	–	–	–	5.7	**5.7**	–	–	–
Intangible assets and goodwill	–	–	–	49.6	**49.6**	–	–	–
Property, plant and equipment	–	–	–	1.1	**1.1**	–	–	–
Other assets	–	–	–	95.7	**95.7**	–	–	–
Leasing assets	–	–	–	12.9	**12.9**	–	–	–
Accrued income and prepayments	–	–	–	3.3	**3.3**	–	–	–
Income tax receivables				1.0	**1.0**	–	–	–
Deferred tax assets	–	–	–	3.4	**3.4**	–	–	–
Total assets	**150.2**	**38.2**	**5.5**	**172.7**	**366.6**	**29.3**	**0.0**	**14.4**
Liabilities		–	–					
Liabilities to credit institutions and central banks	0.0	–	–	–	**0.0**	–	–	–
Liabilities to the public and public sector entities	0.5	–	–	–	**0.5**	–	–	–
Debt securities issued to the public	106.3	–	–	–	**106.3**	–	–	–
Financial liabilities at fair value through profit or loss	–	0.4	–	–	**0.4**	–	–	0.4
Other liabilities	–	–	–	81.6	**81.6**	–	–	–
Accrued expenses and deferred income	–	–	–	32.1	**32.1**	–	–	–
Income tax liability	–	–	–	2.1	**2.1**	–	–	–
Deferred tax liabilities	–	–	–	0.0	**0.0**	–	–	–
Liablities total	**106.8**	**0.4**	**0.0**	**115.8**	**223**	**0.0**	**0.0**	**0.4**

Carve-out 2021	Financial assets measured at amortized cost	Fair value through profit and loss	Fair valued through compre-hensive income	Other assets	Total book value	Level 1	Level 2	Level 3
Assets								
Cash and cash equivalents	–	–	–	0.0	**0.0**	–	–	–
Claims on credit institutions	47.8	–	–	0.0	**47.8**	–	–	–
Claims on the public and public sector entities	87.4	–	–	0.0	**87.4**	–	–	–
Debt securities eligible for refinancing with central banks	–	–	–	0.0	**0.0**	–	–	–
Debt securities	–	0.7	–	0.0	**0.7**	0.0	0.3	0.4
Shares and participations	–	49.6	–	0.0	**49.6**	42.2	0.0	7.4
Derivative contracts	–	26.4	–	0.0	**26.4**	0.0	24.1	2.3
Shares and participations in associates	–	–	–	4.0	**4.0**	–	–	–
Intangible assets and goodwill	–	–	–	13.8	**13.8**	–	–	–
Property, plant and equipment	–	–	–	1.2	**1.2**	–	–	–
Other assets	–	–	–	127.1	**127.1**	–	–	–
Leasing assets	–	–	–	7.6	**7.6**	–	–	–
Accrued income and prepayments	–	–	–	2.3	**2.3**	–	–	–
Income tax receivables				0.1	**0.1**	–	–	–
Deferred tax assets	–	–	–	0.1	**0.1**	–	–	–
Total assets	**135.3**	**76.7**	**0.0**	**156.3**	**368.3**	**42.2**	**24.3**	**10.1**
Liabilities		–	–					
Liabilities to credit institutions and central banks	8.6	–	–	–	**8.6**	–	–	–
Liabilities to the public and public sector entities	–	–	–	–	**0.0**	–	–	–
Debt securities issued to the public	91.0	–	–	–	**91.0**	–	–	–
Financial liabilities at fair value through profit or loss	–	26.3	–	–	**26.3**	0.0	24.0	2.3
Other liabilities	–	–	–	105.4	**105.4**	–	–	–
Accrued expenses and deferred income	–	–	–	29.3	**29.3**	–	–	–
Income tax liability	–	–	–	5.5	**5.5**	–	–	–
Deferred tax liabilities	–	–	–	0.0	**0.0**	–	–	–
Liablities total	**99.6**	**26.3**	**0.0**	**140.2**	**266.1**	**0.0**	**24.0**	**2.3**

Classification of assets and liabilities

The treatment of assets and liabilities is explained in the accounting policies in section 1.4. When valuing financial assets and liabilities, Evli classifies balance sheet items into three levels depending on how the valuation level is determined. For Level 1 balance sheet items, fair values are based on published price quotations in active markets. For Level 2, the values are determined using valuation models with inputs other than the quoted prices at Level 1 that are directly or indirectly observable for the asset or liability. The fair values of Level 3 items are determined using valuation models with inputs that are not directly observable for the asset or liability.

Valuation level 1 includes quoted shares and participations, mutual funds, exchange–traded derivatives, and debt securities quoted on active public and over–the–counter markets.

Level 3 shares and participations are generally instruments that are not publicly quoted, such as equity and real estate funds, unquoted shares and warrants. Level 2 derivatives are forward contracts whose valuation is calculated using quoted market parameters such as interest rates and exchange rates. Derivatives at level 3 are derivatives whose valuations have been calculated using commonly used derivative pricing models such as Black–Scholes, or, in the case of OTC instrument, obtained from a counterparty. Valuation involves parameters that are not quoted on the market, such as volatility. If the volatility used is the publicly available historical volatility, the change will not have a significant impact on the fair values of level 3 options. Valuations of debt securities obtained from markets that are not fully active are assigned to valuation level 2. Valuations of debt securities at valuation level 3 are valuations of illiquid instruments obtained directly from the organizer of the issue or calculated by Evli.

7.2. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Share purchase price 1.4.2022: (€/share)	0.5856
Number of shares: (amount)	15,288,303
Initial acquisition, market value: (€ million)	**9.0**
Share price 31.12.2022 (€/share):	0.6
Number of shares: (amount)	15,288,303
Market value 31.12.2022: (€ million)	**5.5**
Change in value for the review period: (€ million)	
(Market value 31.12.2022 – acquisition price)	–3.4
Calculated tax effect of value change: (€ million)	0.7
Profit impact of the valuation after taxes: (€ million)	**–2.7**

Evli Plc was created at the beginning of April as a result of a partial demerger. As part of the overall arrangement, Evli made a significant investment in Fellow Bank Plc, the other entity created in the arrangement. The investment is of a long–term nature and is not related to the group's operating activities. For these reasons, the company presents the effect of the valuation of the investment as a separate item in the statement of comprehensive income in accordance with IFRS 9. The table above illustrates the impact of the revaluation on the group's statement of comprehensive income for the period. The shares are included in the item 'other shares level 1.

7.3. ANALYSIS OF FINANCIAL INSTRUMENTS CATEGORIZED IN LEVEL 3

	2022	Carve-out 2021
Financial assets:		
Unlisted shares and participations	2.3	0.2
private equity funds and real estate funds	9.5	7.2
Debt securities	2.0	0.4
OTC equity derivatives	0.4	2.3
Total financial assets held at fair value	**14.3**	**10.1**
Financial liabilities:		
OTC equity derivatives	0.4	2.3
Total financial liabilities held at fair value	**0.4**	**2.3**

Changes in level 3 instruments:

2022	Unlisted shares	Private equity and real estate funds	Debt securities	OTC derivatives – assets	OTC derivatives – liabilities
At the beginning of period 1.1	0.2	6.6	0.4	2.3	2.3
Purchased	2.3	1.9	2.0	0.0	0.0
Sold	0.0		–0.4	0.0	0.0
Fair value change	0.0	1.1	0	–1.9	–1.9
Total at end of 31.12	**2.5**	**9.5**	**2.0**	**0.4**	**0.4**

Carve-out 2021	Unlisted shares	Private equity and real estate funds	Debt securities	OTC derivatives – assets	OTC derivatives – liabilities
At the beginning of period 1.1	0.3	6.6	1.2	1.1	1.1
Purchased	0.0	0.9	0.0	0	0
Sold	0.0	–1.3	–0.6	–0.1	–0.1
Fair value change	0.0	0.6	–0.2	1.3	1.3
Total at end of 31.12	**0.2**	**6.6**	**0.4**	**2.3**	**2.3**

7.4. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

	2022		Carve-out 2021	
	Book value	Fair Value	Book value	Fair Value
Financial assets				
Liquid assets	0.0	0.0	0.0	0.0
Claims on credit institutions	115.4	115.4	47.8	47.8
Claims on the public and public sector entities	34.8	34.8	87.4	87.4
Debt securities	2.0	2.0	0.7	0.7
Shares and participations	41.3	41.3	49.6	49.6
Derivative contracts	0.4	0.4	26.4	26.4
Financial liabilities				
Liabilities to credit institutions	0.0	0.0	8.6	8.6
Liabilities to the public and public sector entities	0.5	0.5	0.0	0.0
Debt securities issued to the public	106.3	106.5	91.0	90.2
Derivative contracts and other liabilities held for trading	0.4	0.4	26.3	26.3

7.5. ASSETS UNDER MANAGEMENT – AS OF 31 DECEMBER

BILLION EUROS	2022	Carve-out 2021
Gross	16.1	18.2
Net	13.9	15.2
Assets under management on the basis of power of attorney		
Discretionary asset management	5.4	5.9
Consultative asset management	0.1	0.1
Total	**5.5**	**6.0**

Consolidation and related party

Consolidation principles (as from April 2, 2022)

The consolidated financial statements comprise the financial statements of Evli Plc and all its subsidiaries in which the parent company has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The consolidated financial statements also encompass those associates in which the parent company directly or indirectly owns 20–50 percent of the shares with voting rights or in which it otherwise exercises significant influence, but not control. Associates are consolidated using the equity method. The Group's share of associates' profit is presented separately in the income statement.

The Group's internal shareholdings are eliminated using the acquisition method of accounting. The assets, liabilities, contingent assets and contingent liabilities of a company acquired according to the acquisition method are assessed at fair value at the time of acquisition. Intangible assets, such as trademarks, patents or client relationships, that are not included in the acquired company's balance sheet are identified and assessed in connection with the acquisition. Goodwill is recognized for the amount by which the transferred consideration, the share of non-controlling interests of the target of acquisition and the previously held share of the target of acquisition exceed the Group's share of the fair value of acquired net assets and liabilities.

All intra-group transactions, receivables, liabilities, unrealized gains and internal distribution of profits are eliminated in preparing the consolidated financial statements. Unrealized losses are not eliminated if the loss is due to impairment of an asset. The profit for the period attributable to the parent company's equity holders and non-controlling interests is presented in the income statement. The non-controlling interests' share of equity is presented separately in the balance sheet within equity. Comprehensive income is allocated to the parent company's owners and to non-controlling interests even if this would lead to the non-controlling interests' share becoming negative, unless the non-controlling interests have an exemption not to meet obligations which exceed the non-controlling interests' investment in the company.

The consolidated financial statements include the parent company Evli Plc and the following subsidiaries and associates:

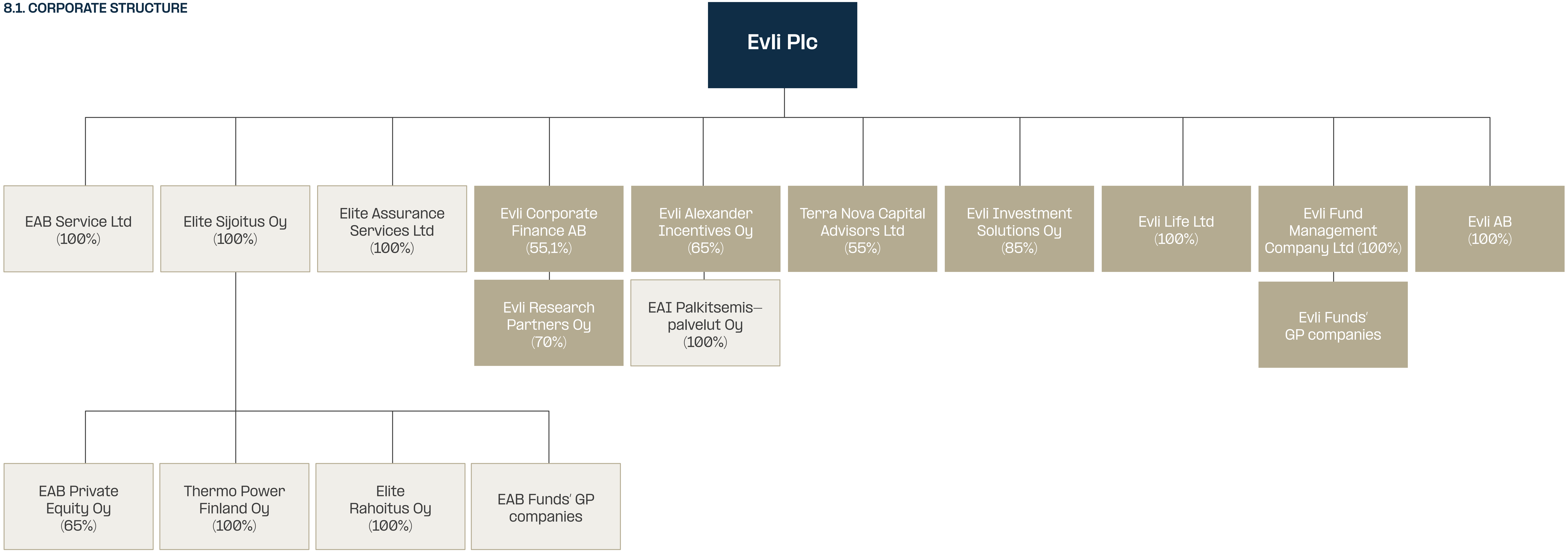
COMPANY	Country	Ownership % December 31, 2022
Evli Plc	Finland	100%
Aurator Asset Management Ltd	Finland	100%
Evli Corporate Finance AB ("ECF")	Sweden	55%
Terra Nova Capital Advisors	UAE	55%
Evli Research Partners Oy (a subsidiary of ECF)	Finland	52%
Evli Investment Solutions Oy	Finland	85%
Evli Life Ltd	Finland	100%
Evli Fund Management Company Ltd	Finland	100%
Evli Fondbolag AB, Stockholm branch	Sweden	100%
Evli AB	Sweden	100%
Evli Alexander Incentives Oy ("EAI")	Finland	65%
EAI Residential Partners Oy	Finland	75%
Evli Private Equity Partners Oy ("EPEP")	Finland	80%
Evli Private Equity I GP Oy (a subsidiary of EPEP)	Finland	80%
Evli Private Equity II GP Oy (a subsidiary of EPEP)	Finland	80%
Evli Private Equity III GP Oy (a subsidiary of EPEP)	Finland	74%
EAI Feeder GP Oy	Finland	100%
Evli HC I GP Oy	Finland	100%
EGP General Partner Oy	Finland	70%
EGP General Partner II Oy	Finland	70%
Evli Infrastructure Partners Oy ("EIP")	Finland	82%
Evli Infrastructure I GP Oy (a subsidiary of EIP)	Finland	82%
Evli Impact Forest I GP Oy	Finland	100%
Evli Private Debt I GP Oy	Finland	85%
Evli Residential II GP Oy	Finland	70%
EAB Private Equity Oy ("EAB PE")	Finland	65%
Project First GP Oy (subsidiary of EAB PE)	Finland	65%
Project Second GP Oy (subsidiary of EAB PE)	Finland	65%
Project Third GP Oy (subsidiary of EAB PE)	Finland	65%
EFVAF II GP Oy	Finland	100%
EFVAF III GP Oy	Finland	100%
EAB RE Infra II GP Oy	Finland	100%
EAB Pääomarahastot I GP Oy	Finland	100%
EAB Credit Fund I GP Oy	Finland	100%
Elite Älyenergia Oy	Finland	100%
Elite Intian Aurinko Oy	Finland	100%
Elite Kiinteistökehitys Oy	Finland	100%
Elite Rahoitus Oy	Finland	100%
Elite Sijoitus Oy	Finland	100%
Thermo Power Finland Oy	Finland	100%
EAB Service Ltd	Finland	100%
EAI Palkitsemispalvelut Oy (subsidiary of EAI)	Finland	65%
Elite Assurance Services Ltd	Finland	100%
Evli Infrastructure II GP Oy (a subsidiary of EIP)	Finland	82%

Associated companies:		
Northern Horizon Capital A/S	Denmark	50%
Ahti Invest Oy	Finland	30%
SAV–Rahoitus Oyj	Finland	46.3%

Entities outside the group

Companies in which the Group has a majority holding but in which a third party has control are not consolidated in the consolidated financial statements. In addition, holding companies owned in connection with the management of customer company incentive programs have not been consolidated. Evli is not entitled to the variable returns of these holding companies and Evli does not bear risk in the companies' assets or liabilities. Furthermore, funds managedon behalf of clients are also not consolidated, since the Group has no control over them.

8.1. CORPORATE STRUCTURE



8.2. FINANCIAL SUCCESS IN COMPANIES WITH NON–CONTROLLING OWNERS

COMPANY, 2022	Assets	Liabilities	Profit/Loss for financial year	Dividends paid to non–controlling interest
Evli Corporate Finance AB	3.7	1.8	1.3	1.7
Terra Nova Capital Advisors Ltd	0.5	0.1	0.6	0.2
Evli Research Partners Oy	0.3	0.1	0.1	0.0
Evli Investment Solutions Oy	0.8	0.0	0.7	0.2
EAI Residential Partners Oy	0.6	0.1	0.4	0.1
Evli Private Equity Partners Oy	1.2	0.4	1.9	0.4
Evli HC I GP Oy	0.2	0.0	0.0	0.0
EGP General Partner Oy	0.6	0.0	0.5	0.1
Evli Infrastructure Partners Oy	0.2	0.1	1.3	0.2
Evli Alexander Incentives Oy	8.3	4.1	3.6	1.2
Evli Private Debt I Gp Oy	0.4	0.2	0.2	0.0
Evli Residential II GP Oy	0.4	0.1	0.2	0.0
Evli Private Equity III GP Oy	1.6	0.5	1.0	0.0
EGP General Partner II Oy	1.6	0.3	1.0	0.0
Evli Impact Forest Oy	0.7	0.6	0.0	0.0

COMPANY, Carve–out 2021	Assets	Liabilities	Profit/Loss for financial year	Dividends paid to non–controlling interest
Evli Corporate Finance AB	6.7	2.1	4.8	
Terra Nova Capital Advisors Ltd	0.3	0.1	4.0	1.7
Evli Research Partners Oy	0.4	0.2	0.0	0.0
Evli Investment Solutions Oy	1.2	0.1	1.1	0.2
EAI Residential Partners Oy	0.7	0.1	0.5	0.1
Evli Private Equity Partners Oy	0.7	0.0	1.7	0.4
Evli HC I GP Oy	0.5	0.4	0.0	0.0
EGP General Partner Oy	0.6	0.1	0.5	0.2
Evli Infrastructure Partners Oy	0.0	0.0	0.4	0.0
Evli Alexander Incentives Oy	7.3	3.1	2.8	0.4
Evli Private Debt I Gp Oy	0.0	0.0	–0.1	0.0
Evli Residential II GP Oy	0.1	0.0	0.0	0.0
Evli Private Equity III GP Oy	0.0	0.0	0.0	0.0
EGP General Partner II Oy	0.4	0.1	0.2	0.0

8.3. CHANGES IN CORPORATE STRUCTURE

EAB Group Plc acquisition

At the end of the third quarter of 2022, EAB Group Plc ("EAB") merged with Evli Plc to form an even larger investment services group. The transaction increased Evli's market share, product range and customer base. Full–year revenue for 2021 amounted to EUR 22.2 million and operating profit was EUR 2.1 million.

The following consideration was paid for the acquisition:

PRICE OF ACQUISITION	
Cash	3.0
Payment made in shares	38.9
Total	41.9

The fair value of the 2,385,475 Evli Plc B shares (EUR 38.9 million) issued as consideration for the acquisition is based on the closing price on September 9, 2022. The closing price of the share on that day was EUR 16.30.

As a result of the acquisition, the following net assets and goodwill were recognized in the Group's balance sheet:

PURCHASE PRICE ALLOCATION	
Cash and equivalents	0.0
Claims on credit institutions	1.3
Claims on the public and public sector entities	0.5
Debt securities	0.0
Shares and participations	2.0
Derivative contracts	0.0
Shares and participations in associates	2.2
Intangible assets excluding goodwill	0.0
Goodwill	6.8
Property, plant and equipment	0.0
Right–of–use assets	0.0
Other assets	9.4
Accrued income and prepayments	2.4
Deferred tax assets	2.6
Recognised assets, total	**27.3**
recognized liabilities	15.4
Equity of EAB Group Plc at merger	11.8
Goodwill (paid consideration deducted with EAB Group's equity)	**30.1**
Total goodwill from transaction (new goodwill + EAB Group's existing goodwill)	**36.9**

Receivables transferred to Evli from EAB Group Plc amounted to EUR 6.8. In Evli's assessment, the receivables have been measured at fair value and no impairment adjustments have been necessary. The goodwill identified in the allocation of the purchase price is mainly related to future expectations of business synergies and growth opportunities. Goodwill is not tax deductible.

The acquisition did not have a material impact on the company's cash and cash equivalents, as the arrangement was mainly carried out as a share swap. The total cash consideration for the acquisition was EUR 3 million. The costs related to carrying out the arrangement and the reorganization costs following the arrangement have been identified as operating expenses in the income statement. Non–recurring costs of EUR 6.3 million were incurred in the period under review in connection with carrying out the arrangement and the subsequent elimination of overlaps.

Other changes

Evli established a new company in Sweden, Evli AB, to promote the sale of its investment products in the local market. The company acts as Evli's tied agent in Sweden, focusing on the sale of both traditional and alternative investment funds to local investors.

As a result of the merger of EAB Group Plc to Evli Plc, EAB Varainhoito Oy, previously part of EAB Group Plc, merged with Evli Plc and EAB Fund Management Ltd was merged with Evli Fund Management Company Ltd.

Aurator Asset Management Ltd, a wholly owned subsidiary of Evli, was merged into Evli Plc. The purpose of the mergers was to streamline the group structure.

8.4. HOLDINGS IN CONSOLIDATED ASSOCIATED COMPANIES

	2022	Carve–out 2021	2022	Carve–out 2021	2022
Company name	Northern Horizon Capi–tal A/S	Northern Horizon Capital A/S	Ahti Invest Oy	Ahti Invest Oy	SAV–Rahoitus Oyj
Domicile	Denmark	Denmark	Finland	Finland	Finland
Assets	8.2	6.7	–	–	–
Liabilities	2.0	1.3	–	–	–
Revenue	6.9	6.4	–	–	–
Profit/Loss	0.7	1	–	–	–
Profit adjustment	0	0	–	–	–
Evli's share of profit/loss	0.4	0.5	–	–	–
Ownership (%)	50	50	30	30	46.3

8.5. RELATED PARTY DISCLOSURES

	2022	Carve–out 2021
Board		
Board fees	0.4	0.3
CEO		
Salary and short term benefits	0.5	0.5
Pension benefits	0.1	0.1
Share based incentive programs	0.0	0.0
Total	**0.6**	**0.6**
Salary and short term benefits	1.5	1.5
Pension benefits	0.0	0.0
Share based incentive programs	0.1	0.0
Total	**1.6**	**1.5**

The amounts shown in the table above correspond to the expenditure recognized as expenses in the financial periods concerned. Salary amounts include any fringe benefits. Share–based payments include share–based incentive programs awards amortized over the financial period. Some of the awards are deferred and their final value will be determined at a later date when the fees are confirmed and paid.

8.6. TRANSACTIONS WITH RELATED PARTIES

2022	Evli Bank Plc	Associated companies	Group man–agement
Sales	0.0	0.0	0.0
Purchases	0.0	0.0	0.0
Receivables	0.0	0.0	0.0
Liabilities	0.0	0.0	0.0
Carve–out 2021			
Sales	0.0	0.0	0.0
Purchases	0.1	0.0	0.0
Receivables	39.8	0.0	0.7
Liabilities	0.0	0.0	0.0

Evli Plc's ("Evli") related parties include the associated companies Northern Horizon Capital A/S and Ahti Invest Oy. Related parties also include key management personnel, their close family members and companies controlled by these persons. For the comparison period, related parties also included Evli Bank Plc in the carve–out analysis.

Transactions between management and the company are typical of transactions between an investment services firm and a client. The company's receivables from management relate to any investment loans granted to management on market terms. There are no loan arrangements between the company and management that differ from other Evli customers.

Evli's transactions and balance sheet items with Evli Bank Plc as counterparty in the comparison period are presented as related party transactions. Evli finances part of its operating activities with financing from Evli Bank Plc. This is to cover any financing needs related to collateralization, trading or other day–to–day operations. These loans

are presented as a debt to Evli Bank Plc. The deposits of Evli Group subsidiaries at Evli Bank Plc are presented in these carve–out financial statements as a receivable of Evli Group from Evli Bank Plc, as Evli Bank Plc has historically acted as Evli's provider of core banking services. In addition to the financing arrangements, Evli does not have any significant business with Evli Bank Plc. Evli had no financial liabilities from Evli Bank Plc as at December 31, 2022. Evli Bank Plc became Fellow Bank Plc on April 2, 2022.

8.7. FEES PAID TO AUDITORS

	2022	Carve-out 2021
Group		
Audit	0.3	0.3
Assignments referred to in section 1, subsection 1, point 2 of the Audit Act	0.1	0.1
Tax advice	0.0	0.0
Other services	0.1	0.2
Total	**0.5**	**0.6**
Parent Company		
Audit	0.2	
Assignments referred to in section 1, subsection 1, point 2 of the Audit Act	0.1	
Tax advice	0.0	
Other services	0.0	
Total	**0.3**	

Parent company's income statement

	Note	2022
Fee and commission income	9.1	25.7
Net income from securities transactions	9.2	4.3
Income from equity investments	9.3	
Subsidiaries		0.0
Associated companies		0.2
Other		0.0
Interest income	9.4	1.3
Other operating income	9.5	11.2
INCOME TOTAL		**42.7**
Fee and commission expenses	9.6	–2.6
Interest expenses	9.7	–1.2
NET REVENUE		**38.9**
Administrative expenses		
Personnel expenses	9.8.1	–19.6
Other administrative expenses	9.9	–10.6
Depreciation and amortization on tangible and intangible assets	9.10	–4.6
Other operating expenses	9.11	–1.7
Expected credit losses on loans and other receivables	9.12	0.0
Impairment losses on other financial assets		0.0
OPERATING PROFIT/LOSS		**2.3**
Income taxes	9.13	–0.4
PROFIT / LOSS FOR THE FINANCIAL YEAR		**2.0**

Parent company's balance sheet

ASSETS	Note	2022
Cash and equivalents	9.14	0.0
Claims on credit institutions	9.15	
Repayable on demand		45.8
Other		22.9
Claims on the public and public sector entities	9.16	55.0
Debt securities	9.17	2.0
Shares and participations	9.18	39.1
Shares in associated companies	9.20	6.9
Shares in subsidiaries		22.2
Derivative contracts	9.19	0.4
Intangible assets and goodwill	9.21	20.1
Property, plant and equipment	9.22	0.8
Other assets	9.23	77.4
Accrued income and prepayments	9.24	1.3
Deferred tax assets	9.25	0.7
TOTAL ASSETS		**294.7**

LIABILITIES AND EQUITY	Note	2022
LIABILITIES		
Liabilities to credit institutions	9.26	0.0
Liabilities to the public and public sector entities		0.0
Debt securities issued to the public	9.27	106.3
Derivative contracts and other liabilities held for trading	9.28	0.4
Other liabilities	9.29	66.0
Accrued expenses and deferred income	9.30	16.0
Deferred tax liabilities		0.0
TOTAL LIABILITIES		**188.8**
EQUITY		
Share capital		53.7
Fair value reserve		–2.7
Fund of invested non–restricted equity		25.1
Retained earnings		27.7
Profit/loss for financial year		2.0
TOTAL EQUITY	9.31	**105.9**
TOTAL LIABILITIES AND EQUITY		**294.7**

Parent company's statement of cash flow

	2022
Operating activities	
Operating profit	2.3
Adjustment for items not included in cash flow	5.6
Income taxes paid	–2.3
Cash flow from operating activities before changes in operating assets and liabilities	**5.7**
Changes in operating asset	–10.6
Changes in operating liabiities	4.7
Cash flow from operating activities	**–0.2**
Investing activities	
Cash consideration in EAB Group Plc merger	–3.0
Dividends from associated companies	0.2
Change in intangible asset	–0.4
Change in property, plant and equipment	–0.1
Cash flow from investing activities	**–3.3**
Financing activities	
Change in loans from credit institutions	–4.8
Cash flow from financing activities	**–4.8**
Cash and cash equivalents at the beginning of period	78.1
Cash received through merger of EAB Group Plc	1.1
Cash and cash equivalents at the end of year	68.7
Change	**–8.3**

Parent Company's accounting policies

Basic information on the company

Evli Plc ("Evli" or "company") is domiciled in Helsinki and its registered address is Aleksanterinkatu 19, 00100 Helsinki, Finland.

Evli's financial statements have been prepared and presented in accordance with the provisions of the Act on Credit Institutions, the Ministry of Finance decision regarding credit institutions' and investment services providers' financial statements and the Financial Supervisory Authority's regulations. In addition, the provisions of the Accounting Act and the Limited Liability Companies Act concerning financial statements are complied with, with the exceptions mentioned in Article 30(2) of the Act on Credit Institutions.

Evli's accounting policies are consistent with those of the Evli Group, except as described below.

Employee benefits

The Evli Group finances all its retirement plans as contributions to pension insurance companies.

Income taxes

Deferred tax is generally calculated on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The largest temporary differences arise from the depreciation of fixed assets.

Leases

Leases of property, plant and equipment in which substantially all the company's risks and rewards of ownership are classified as finance leases. In Evli's financial statements, leases payable under these contracts are treated as rental expenses. Moreover, an asset acquired under a finance lease is not included in the balance sheet.

Parent company's notes to income statement

9.1. FEE AND COMMISSION INCOME

	2022
Credit related fees and commissions	0.0
Income from payment transactions	0.0
Insurance brokerage	0.0
Advisory services	1.1
Securities brokerage	5.1
Securities issue	0.0
Mutual funds	14.3
Asset management	4.1
Custody services	0.4
Other operations	0.8
Commission income, total	**25.7**

Profits and losses on sales and changes in the fair value of securities transactions are recorded in the profit and loss statement. In addition, exchange rate profits and losses relating to the underlying business are recorded under net income from foreign exchange operations.

9.2. NET INCOME FROM SECURITIES TRANSACTIONS

2022	Gains and losses on sales	Changes in fair value	Other items	Total
Debt securities	1.0	–0.0		1.0
Shares and derivative contracts	0.2	1.5		1.8
Net income from securities transactions, total	1.3	1.5		2.8
Net income from foreign exchange operations	1.5	0.0		1.5
Net income from securities transactions and foreign exchange operations, total	**2.8**	**1.5**		**4.3**

9.3. INCOME FROM EQUITY INVESTMENTS

	2022
Dividends from financial assets valued at fair value	0.0
Dividends from available–for–sales securities	0.0
Dividends from associated companies	0.2
Income from equity investments, total	**0.2**

9.4. INTEREST INCOME

	2022
Claims on credit institutions	0.7
Claims on the public and public sector entities	0.6
Other interest income	0.0
Interest income, total	**1.3**

9.5. OTHER OPERATING INCOME

	2022
Rental income	0.0
Gain on sale of owner–occupied investment properties	0.0
Other income	11.2
Other operating income, total	**11.2**

9.6. FEE AND COMMISSION EXPENSES

	2022
Trading fees paid to stock exchanges	0.5
Other commission expenses	2.1
Commission expenses, total	**2.6**

9.7. INTEREST EXPENSES

	2022
Liabilities to the public, public sector entities and credit institutions	–0.3
Debt securities issued to the public	–0.8
Other interest expenses	–0.1
Interest expenses, total	**–1.2**

9.8.1. PERSONNEL EXPENSES

	2022
Wages and salaries	–14.1
Social security costs	
Pension expenses	–2.6
Other social security costs	–0.4
Equity–settled share options	–2.5
Employee benefits, total	**–19.6**

9.8.2. PERSONNEL COUNT

	2022
Number of personnel during the period, average	158
Number of personnel at the end of the period	161
Number of employees per segment	
Wealth Management and Investor Clients	112
Advisory and Corporate Clients	6
Group Operations	43
Total	**161**

9.9. OTHER ADMINISTRATIVE EXPENSES

	2022
Office expenses	–1.4
IT and infosystems	–4.9
Business expenses	–0.5
Travel expenses	–0.2
Car costs	0.0
Other HR related expenses	–0.6
Marketing expenses	–0.4
Banking and custodian expenses	–0.5
External services	–2.1
Other administrative expenses, total	**–10.6**

9.10. DEPRECIATION AND AMORTIZATION ON TANGIBLE AND INTANGIBLE ASSETS

	2022
Applications and software	–3.5
Other intangible assets	–0.2
Leasehold improvements	0.0
Assets acquired under finance leases	0.0
Equipment and furniture	–0.1
Impairment of goodwill	–0.8
Depreciation, amortization and impaiment losses, total	**–4.6**

9.11. OTHER OPERATING EXPENSES

	2022
Supervision expenses	–0.1
Rental expenses	–1.4
Other expenses	–0.2
Other operating expenses, total	**–1.7**

9.12. EXPECTED CREDIT LOSSES ON LOANS AND OTHER RECEIVABLES

	2022
Claims on the public and public sector entities	
Expected credit losses on group level	0.0
Expected credit losses individual	0.0
Guarantees and other off–balance sheet commitments	0.0
Sales receivables	0.0
Realised loan losses	0.0
Impairment losses on other financial assets	0.0
Impairment losses, total	**0.0**

9.13. INCOME TAXES

	2022
Current tax expense	0.0
Taxes from previous years	0.0
Deferred taxes	–0.4
Other taxes	0.0
Income taxes, total	**–0.4**

Parent company's notes to balance sheet

9.14. CASH AND EQUIVALENTS

	2022
Petty cash	0.0
Balances with central banks	0.0
Other	0.0
Cash and cash equivalents total	**0.0**

9.15. CLAIMS ON CREDIT INSTITUTIONS

	2022
Repayable on demand	
Domestic credit institutions	45.8
Foreign credit institutions	0.0
Repayable on demand, total	**45.8**
Other than repayable on demand	
Domestic credit institutions	2.1
Foreign credit institutions	20.9
Other than repayable on demand, total	**22.9**
Claims on credit institutions, total	**68.7**

9.16. CLAIMS ON THE PUBLIC AND PUBLIC SECTOR ENTITIES

	2022
Enterprises and housing associations	12.9
Financial and insurance corporations	0.3
Households	17.4
Foreign countries	3.6
Group companies	20.8
Claims on the public and public sector entities by sector, total	**55.0**

9.17. DEBT SECURITIES

	2022
Publicly quoted	0.0
Others	
Bonds issued by banks	2.0
Other debt securities	0.0
Debt securities, total	**2.0**

Debt securities are valued at fair value and relate to Finnish investments.

9.18. SHARES AND PARTICIPATIONS

	2022
Publicly quoted	
Held for trading	0.0
Other	29.4
Shares and participations, total	**29.4**
Others	
Held for trading	0.0
Other	9.7
Shares and participations, total	**9.7**

Net risk position is described in section Market Risk, Notes on Risk Position.

9.19. DERIVATIVE CONTRACTS

Overall effect of risks associated with derivative contracts

Nominal value of underlying, gross

	Remaining maturity					
2022	**Less than 1 year**	**1–5 years**	**5–15 years**	**Fair value** (+/–)	**ASSETS**	**LIABILITIES**
Held for trading						
Interest rate swaps	3.3	18.2	0.2	0.0	0.4	0.4
Futures	0.0	0.0	0.0	0.0	0.0	0.0
Options bought	0.0	0.0	0.0	0.0	0.0	0.0
Options sold	0.0	0.0	0.0	0.0	0.0	0.0
Currency–linked derivatives	0.0	0.0	0.0	0.0	0.0	0.0
Held for trading, total	**3.3**	**18.2**	**0.2**	**0.0**	**0.4**	**0.4**

9.20. SHARES AND PARTICIPATIONS IN ASSOCIATES AND JOINT VENTURES

	2022
At the beginning of the period	5.4
Additions	1.5
Disposals	0.0
At the end of the period	**6.9**

9.21. INTANGIBLE ASSETS AND GOODWILL

	2022
Goodwill	
Cost at 2.4	1.2
Increases/Decreases	18.0
Cost at 31.12.	19.2
Accumulated depreciation at 2.4	–0.8
Impairment losses for the period	0.0
Accumulated depreciation at 31.12.	–1.6
Book value at 31.12.	**17.5**
Software or projects in progress	
Cost at 2.4	0.0
Increases/Decreases	0.0
Cost at 31.12.	0.0
Book value at 31.12.	**0.0**
Applications and software	
Cost at 2.4	21.5
Increases/Decreases	0.7
Cost at 31.12.	22.2
Accumulated amortisation and impairment losses at 2.4	–17.7
Amortisation for the period	–2.0
Accumulated amortisation and impairment losses at 31.12.	–19.7
Book value at 31.12.	**2.5**
Other intangible assets	
Cost at 2.4	2.3
Increases/Decreases	0.0
Cost at 31.12.	2.3
Accumulated amortisation and impairment losses at 2.4	–2.1
Amortisation for the period	–0.2
Accumulated amortisation and impairment losses at 31.12.	–2.3
Book value at 31.12.	**0.0**
The most significant "Other intangible assets" are client relationships.	
Book value of intangible assets at 31.12.	**20.1**
Intangible assets, total at 31.12.	**20.1**

9.22. PROPERTY, PLANT AND EQUIPMENT

	2022
Equipment and furniture	
Cost at 2.4	1.7
Exchange difference	0.0
Increases/Decreases	0.1
Cost at 31.12.	1.7
Accumulated amortisation and impairment losses at 2.4	–1.3
Translation difference from depreciation for the period	0.0
Amortisation for the period	–0.2
Accumulated amortisation and impairment losses at 31.12.	–1.5
Book value at 31.12.	**0.2**
Property, plant, and equipment, total 31.12.	
Leasehold improvements	
Cost at 12.4	1.4
Cost at 31.12.	0.0
Accumulated depreciation at 2.4	1.4
Depreciation for the period	–1.4
Accumulated depreciation at 31.12.	0.0
Book value at 31.12.	**–1.4**
Other tangible assets	
Cost at 2.4	0.6
Cost at 31.12.	0.6
Book value at 31.12.	**0.6**
Property, plant and equipment, total at 31.12.	**0.8**
Book value of tangible assets at 31.12.	**0.8**

9.23. OTHER ASSETS

	2022
Securities sale receivables	1.3
Commission receivables	3.8
Securities broking receivables	63.2
Other receivables	9.2
Other assets total	**77.4**

Other receivables include, inter alia, intra–group receivables.

9.24. ACCRUED INCOME AND PREPAYMENTS

	2022
Interest	0.2
Taxes	0.0
Staff–related	0.0
Other items	1.1
Accrued income and prepayments total	**1.3**

9.25. DEFERRED TAX ASSETS

	2022
Tax assets	
Due to timing differences[1]	0.7
Other temporary differences	
From tax losses carried forward	0.0
Deferred taxes total	**0.7**

[1]Deferred tax assets result from timing differences in fixed asset depreciation.

9.26. LIABILITIES TO CREDIT INSTITUTIONS AND CENTRAL BANKS

	2022
Credit institutions	
Repayable on demand	0.0
Other than repayable on demand	0.0
Liabilities to credit institutions and central banks, total	**0.0**

9.27. DEBT SECURITIES ISSUED TO THE PUBLIC

	2022
Certificate of deposits	0,0
Bonds	106.3
Debt securities issued to the public, total	**106.3**

CHANGES IN BONDS ISSUED TO THE PUBLIC	2022
Issues	30.9
Repurchases	16.0

9.28. DERIVATIVE CONTRACTS AND OTHER LIABILITIES HELD FOR TRADING

	2022
Derivative contracts	0.4
Due to short selling of shares	0.0
Derivative contracts and other liabilities held for trading, total	**0.4**

9.29. OTHER LIABILITIES

	2022
Securities broking liabilities	62.5
Securities purchase liabilities	0.0
Finance lease payables	0.0
Right–of–use liability	0.0
Income tax payable	0.0
Personnel related	0.6
Other short–term liabilities	2.6
Prepayments of cash customers	0.0
VAT payable	0.3
Other liabilities, total	**66.0**

Other short–term liabilities are trading–related short–term liabilities

9.30. ACCRUED EXPENSES AND DEFERRED INCOME

	2022
Interest	0.0
Tax payables	0.4
Personnel related	12.5
Other accrued expenses	3.2
Accrued expenses and deferred income, total	**16.0**

9.31. SHARE CAPITAL

	kpl			EUR				
2022	**A–share**	**B–share**	**Shares total**	**Share capital**	**Fair value reserve**	**Fund of invested unrestricted equity**	**Retained earnings**	**Total equity**
At the beginning of period 2.4.	14,493,148	9,364,289	23,857,437	23.7	**0.0**	**25.1**	**27.7**	76.6
Additions		2,425,865	2,425,865	30.0	**0.0**	**0.0**	**2.0**	2.0
Decreases	–8,000		–8,000	0.0	**–2.7**	**0.0**	**0.0**	0.0
At the end of period 31.12.	14,485,148	11,790,154	26,275,302	53.7	**–2.7**	**25.1**	**29.7**	105.9

9.32. MATURITIES OF ASSETS AND LIABILITIES

2022	**Total**	**Maturity: less than 3 months**	**Maturity: 3–12 months**	**Maturity: 1–5 years**	**Maturity: over 5 years**
Assets					
Financial assets at amortized cost					
Cash and cash equivalents	0.0	0.0	0.0	0.0	0.0
Claims on credit institutions	68.7	68.7	0.0	0.0	0.0
Claims on the public and public sector entities	54.8	4.7	13.0	37.1	0.0
Financial assets at fair value through profit or loss					
Debt securities	2.0	0.0	0.0	2.0	0.0
Shares and participations	39.1	29.2	0.9	2.6	6.3
Derivative contracts	0.4	0.1	0.0	0.3	0.0
Accrued interest	0.2	0.0	0.2	0.0	0.0
Other assets	77.4	77.4	0.0	0.0	0.0
Liabilities					
Financial liabilities at amortized cost					
Liabilities to credit institutions	0.0	0.0	0.0	0.0	0.0
Liabilities to the public and public sector entities	0.0	0.0	0.0	0.0	0.0
Debt securities issued to the public	106.3	6.6	11.8	81.8	6.2
Financial liabilities at fair value through profit or loss	0.4	0.1	0.0	0.3	0.0
Accrued interest, debt	0.0	0.0	0.0	0.0	0.0
Other liabilities	66.0	66.0	0.0	0.0	0.0
Off–balance sheet commitments	6.3	3.2	1.2	1.9	0.0
Rental commitmens	**12.9**	**0.4**	**1.3**	**10.4**	**0.8**

9.33. ASSETS AND LIABILITIES IN DOMESTIC AND FOREIGN CURRENCIES

2022	Domestic currency	Foreign currency	Total
Assets			
Financial assets at amortized cost			
Cash and cash equivalents	0.0	0.0	0.0
Claims on credit institutions	66.4	2.4	68.7
Claims on the public and public sector entities	54.4	0.6	55.0
Financial assets at fair value through profit or loss			
Debt securities	2.0	0.0	2.0
Shares and participations	59.9	1.5	61.4
Derivative contracts	0.4	0.0	0.4
Other asset items	105.4	2.0	107.4
Total	**288.4**	**6.5**	**294.9**
Liabilities			
Financial liabilities at amortized cost			
Liabilities to credit institutions	0.0	0.0	0.0
Liabilities to the public and public sector entities	0.0	0.0	0.0
Debt securities issued to the public	106.3	0.0	106.3
Financial liabilities at fair value through profit or loss			
Derivative contracts	0.4	0.0	0.4
Other liabilities items	76.0	6.0	82.0
Total	**182.8**	**6.0**	**188.8**

9.34. SECURITIES LENDING

	2022
Market value of securities lending at 31.12., lent in	0.0
Market value of securities lending at 31.12., lent out	0.0

9.35. FAIR VALUES AND BOOK VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

2022	Book value	Fair Value
Financial assets		
Liquid assets	0.0	0.0
Claims on credit institutions	68.7	68.7
Claims on the public and public sector entities	55.0	55.0
Debt securities	2.0	2.0
Shares and participations	39.1	39.1
Derivative contracts	0.4	0.4
Financial liabilities		
Liabilities to credit institutions	0.0	0.0
Liabilities to the public and public sector entities	0.0	0.0
Debt securities issued to the public	106.3	106.5
Derivative contracts and other liabilities held for trading	0.4	0.4

9.36. RISK MANAGEMENT – GIVEN AND RECEIVED COLLATERALS

2022	Fair value of encumbered assets	Fair value of unencumbered assets	of which usable as collateral
ASSETS			
Liquid assets and Central Bank deposits	0.0	0.0	0.0
Debt securities eligible for refinancing with central banks	0.0	0.0	0.0
Claims on credit institutions	22.9	45.8	45.8
Claims on the public and public sector entities	0.0	55.0	0.0
Debt securities	0.0	2.0	0.0
Shares and participations	0.0	39.1	39.1
Other assets	0.0	77.4	0.0
Total	**22.9**	**219.3**	**86.9**

USAGE OF COLLATERAL	2022
Asetetyut vakuudet	
Markeplace collateral, stock– and derivatives trades	0.1
Collateral for OTC derivatives trades	22.8
Collateral for securities lending	0.0
Total	**22.9**
Received collateral	
Received cash	0.0
Received securities	166.9
Total	**166.9**

9.37. FEES PAID TO AUDITORS

	2022
Parent Company	
Audit	0.2
Assignments referred to in section 1, subsection 1, point 2 of the Audit Act	0.1
Tax advice	0.0
Other services	0.0
Total	0.3

9.38. BREAKDOWN OF OFF–BALANCE SHEET COMMITMENTS

	2022
Commitments given to a third party on behalf of a customer	0.0
Irrevocable commitments given in favour of a customer	2.8
Rental commitments	12.9
Unused credit facilities, given to clients	3.7
Business mortgages	4.5

MANDATORY ELEMENTS OF THE ESEF TAXONOMY	
Name of reporting entity or other means of identification	Evli Plc
Domicile of entity	Helsinki
Legal form of entity	Public limited company
Country of incorporation	Finland
Address of entity's registered office	Aleksanterinkatu 19, 00100 Helsinki
Principal place of business	Helsinki
Description of nature of entity's operations and principal activities	Evli Plc is a investment company whose clients are institutions, companies and present or future high net worth individuals. Evli Plc and its subsidiaries form the Evli Group. Evli serves its clients in international groups in two business areas: Wealth Management and Investor Clients and Advisory and Corporate Clients. Evli's product and service selection include mutual funds, asset management, capital market services, alternative investment products, investment research, planning and management of incentive systems, and M&A services.
Name of parent entity	Evli Plc
Name of ultimate parent of group	Evli Plc

The ESEF report has not been assured by the auditors.

The Board of Directors' proposal to the general meeting for the distribution of profits

TThe parent company's distributable assets on December 31, 2022 totalled EUR 54,845,301.93 of which EUR 29,720,987.61 were retained earnings and EUR 25,124,314.32 were in the reserve for invested unrestricted equity. The Board of Directors proposes to the Annual General Meeting of Shareholders that a dividend of EUR 0.80 per share be paid, in addition to which a maximum of EUR 0.35 per share will be distributed from the reserve for invested unrestricted equity. The total proposed dividend calculated according to the number of shares (excluding own shares held by the company) on the balance sheet date is EUR 30,216,597.30. There have been no major changes in the company's financial position after the end of the financial year. The proposed distribution of profit does not endanger the financial solidity or liquidity of the company.

Helsinki, February 14, 2023

Henrik Andersin
Chairman

Robert Ingman

Fredrik Hacklin

Sari Helander

Antti Kuljukka

Teuvo Salminen

Maunu Lehtimäki
CEO

Auditor's Note
Based on the auditing an audit report has been issued today.
Helsinki, February 17, 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

Auditor's Report

(Translation of the Finnish Original)

To the Annual General Meeting of Evli Plc

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Evli Plc (business identity code 3239286–2) for the financial year April 2 to December 31, 2022. The financial statements comprise:

- the consolidated balance sheet as of December 31, 2022, consolidated comprehensive income statement, consolidated statement of cash flow, consolidated statement of changes in equity and notes to the financial statements for the period January 1, 2022 to December 31, 2022, including a summary of significant accounting policies
- the parent company's balance sheet as of December 31, 2022, parent company's income statement, parent company's statement of cash flow and notes to the financial statements for the financial year April 2, 2022 to December 31, 2022.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

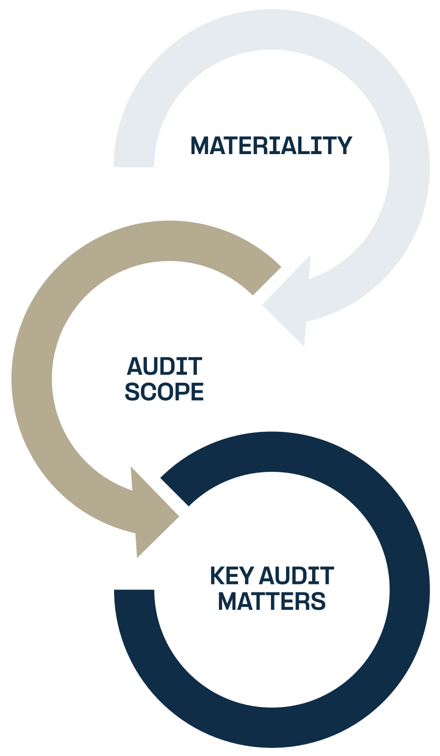
To the best of our knowledge and belief, the non–audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non–audit services that are prohibited under Article 5(1) of the Regulation (EU) No 537/2014. The non–audit services that we have provided are disclosed in note 8.7 to the Financial Statements.

Emphasis of Matter – Basis for preparation of the Group

We would like to draw your attention to section 1.2 Basis for preparation of the financial statements in note 1 Notes to the consolidated financial statements of the consolidated financial statements, which describes the preparation of the consolidated financial statements on a carve–out basis until April 1, 2022 and as consolidated group figures from April 2, 2022, as well as the basis for the applied preparation basis. Our opinion is not modified in respect of this matter.

Our Audit Approach

Overview



MATERIALITY
- Overall group materiality: € 2.0 million, which represents approximately 5% of the average of the profit before taxes of Evli Group for the financial years 2021–2022

AUDIT SCOPE
- In addition to the parent company, the group audit scope included four significant companies

KEY AUDIT MATTERS
- Recognition of commission income
- Valuation of financial assets and financial liabilities measured at fair value

OVERALL GROUP MATERIALITY	€ 2.0 million
HOW WE DETERMINED IT	Approximately 5% of the average of the profit before taxes of Evli Group for the financial years 2021–2022
RATIONALE FOR THE MATERIALITY BENCHMARK APPLIED	We chose profit before taxes as the benchmark, because in our view, it is the benchmark against which the performance of the Group is commonly measured by users, and it is a generally accepted benchmark. We chose approximately 5%, which is within the range of acceptable quantitative materiality thresholds in auditing standards.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered areas where management made subjective judgements; for example, in respect of significant accounting estimates that involve assumptions and evaluation of future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of the audit and the nature, timing and extent of the audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of Evli Group, the accounting processes and controls, and the industry in which the group operates.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team. Audits were performed in group companies which were considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the group. Analytical procedures were performed to cover the remaining group companies.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
RECOGNITION OF COMMISSION INCOME	
Note 2.1 in the consolidated financial statements The assets managed by Evli Group entitle it to fee and commission income under the agreements made with customers and cooperation parties. The accuracy of calculation of commission and fee income inherently involves risk, considering that the calculation is system–based and partly manual based on contract data and other source data. Commission income in the consolidated financial statements was EUR 95.4 million representing a significant item in the consolidated income statement. We have determined recognition of commission and fee income as a key audit matter due to above mentioned aspects.	We obtained an understanding of business processes and IT systems related to commission and fee income and assessed the control environment. Our audit work also included a comparison of accounting data between sub–ledger systems and the general ledger. Furthermore, we have performed substantive testing of commission and fee income. We have assessed calculation models for recognized commission and fee income and compared the input parameters applied in the calculations to agreements on a sample basis.

KEY AUDIT MATTER IN THE AUDIT OF THE GROUP	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
VALUATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	
Notes 3.4, 3.5, 3.6, 3.17, 7.1, 7.2, 7.3 and 7.4 in the consolidated financial statements Determination of fair values is based on valuation principles outlined in the accounting policies of Evli Group's financial statements. A significant amount of financial assets and liabilities valued at fair value (hereafter referred to as "investments") is comprised of investments for which a quoted market price cannot be obtained, i.e. hierarchy level 2 and 3 investments. Fair values for these are based on valuation models that involve management judgment. Investments are a material line item in Evli Group's financial statements, and we have therefore determined their valuation as a key audit matter.	We have evaluated the valuation process, valuation model and control environment of investments and the compliance with the accounting policies in Evli Group. In connection with our audit, we have compared input parameters applied in the valuation model to market quotations and other external price sources and assessed the results of the valuation model. We have also assessed the appropriateness of the notes in the consolidated financial statements regarding investments.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

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 the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and 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 to 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 these 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 '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 parent company or the group 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 operations 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We have acted as the auditor appointed by the Annual General Meeting since April 2, 2022.

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 and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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. With respect to the report of the Board of Directors, 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
- 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 other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki February 17 2023

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (KHT)

GOVERNANCE

Evli's management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Liability Companies Act and in Evli's Articles of Association. Evli Group's Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of Group–level operating principles and procedures.

The members of Evli Plc's Board of Directors in 2022 were Henrik Andersin, Fredrik Hacklin, Sari Helander, Robert Ingman, Antti Kuljukka, and Teuvo Salminen. Evli's CEO in 2022 was Maunu Lehtimäki.

Corporate governance statement

The governance of Evli Plc ("Evli" or "company") is based on the Articles of Association, the Finnish Limited Liability Companies Act, applicable statutory provisions governing the Finnish securities markets, the Market Abuse Regulation (MAR), the regulations of the Finnish Financial Supervisory Authority, the rules and regulations of Nasdaq Helsinki Ltd, and other statutes and regulations concerning the governance of public limited companies. The Articles of Association, the published policies and other information on Evli's corporate governance can be found at the company's website **evli.com/en/investors**.

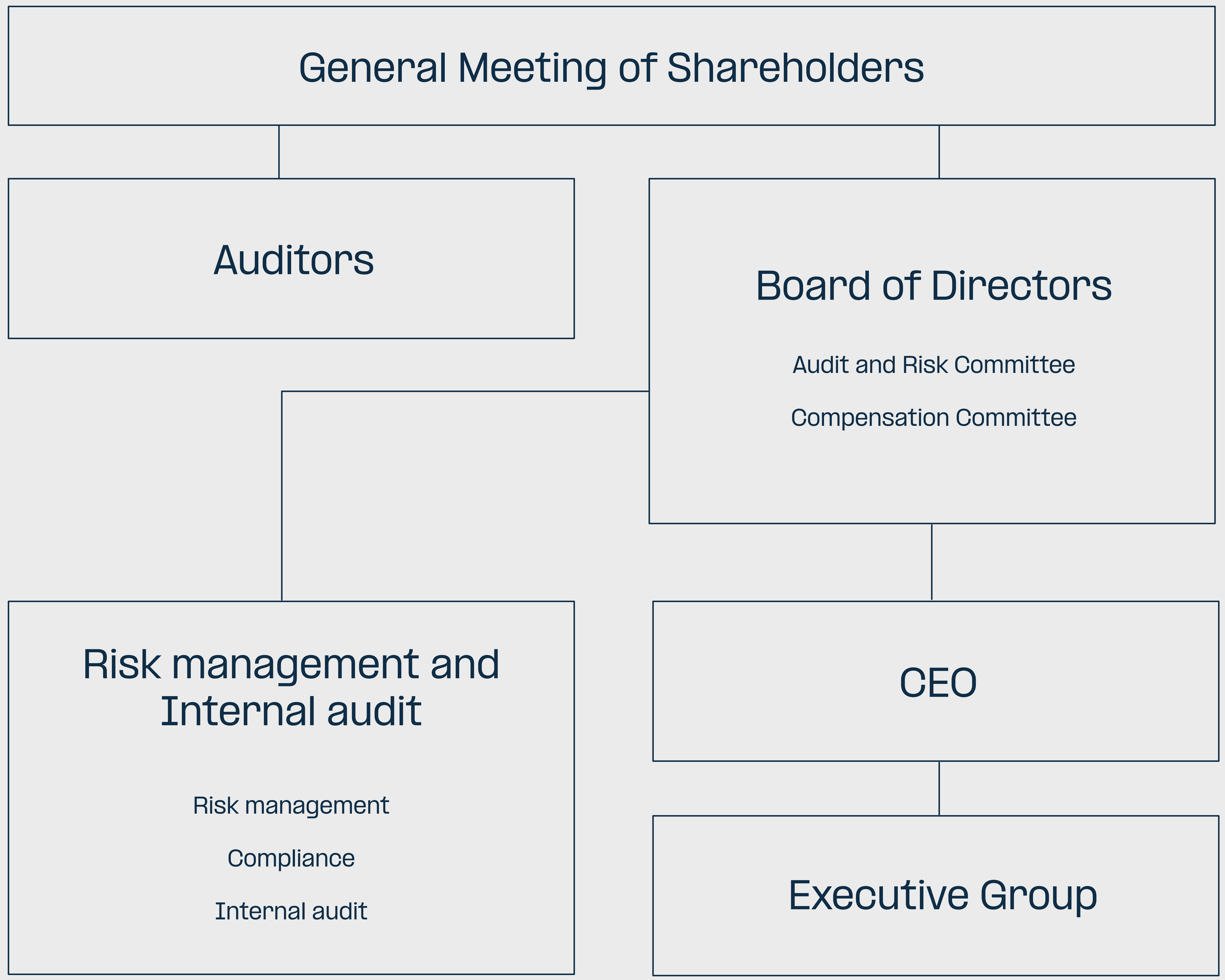
Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The Code can be viewed in full on the Securities Market Association's website at **cgfinland.fi/en**. This Corporate Governance Statement referred to in Chapter 7, section 7 of the Securities Markets Act (746/2012) has been compiled in compliance with the Finnish Corporate Governance Code and it has been prepared as a separate report from the Board of Directors' Report.

Evli's governance structure

Evli's management and business operations are the responsibility of the General Meeting, the Board of Directors and the CEO, whose tasks are determined in the Finnish Limited Liability Companies Act and in Evli's Articles of Association. Evli Group's Executive Group assists the CEO in the operative management of the company. The Executive Group consists of managers of the business areas and group functions, and it helps the CEO in the approval and execution of Group–level operating principles and procedures.

Evli's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the principles and responsibilities of risk management, the risk limits of the Group and other general guidelines according to which the risk management and internal audit are organised.

EVLI PLC'S GOVERNANCE STRUCTURE



General Meeting of Shareholders

The ultimate decision–making power in the company is exercised by shareholders at General Meetings. By participating in the General Meeting either personally or via a proxy, a shareholder may exercise his/her right to vote and make inquiries and participate in decision–making on matters concerning the company. At the General Meeting, each Series A share of Evli entitles its holder to twenty (20) votes and each Series B share to one (1) vote. General Meetings are held at least once a year. The Annual General Meeting (AGM) is held upon completion of the company's financial statements, at a place and on a date designated by the Board of Directors. The date must be no later than the end of June.

Matters to be discussed at a General Meeting are specified in the Limited Liability Companies Act and in Evli's Articles of Association. The General Meeting normally discusses not only the matters specified by law and in the Articles of Association but also items presented to the meeting by the Board of Directors. Under the Limited Liability Companies Act, shareholders are also entitled to bring up for discussion at a General Meeting any matter that falls within the authority of the meeting.

A notice to the General Meeting is published no earlier than three (3) months prior the record date of the General Meeting, and no later than three (3) weeks prior to the General Meeting, however, no later than nine (9) days before the record date of the General Meeting. The notice is published on Evli's website (evli.com) and as a stock exchange release. The Board of Directors may, at their discretion, announce the General Meeting in one or more newspapers. Documents to be presented in the General Meeting and the Board's proposals for decisions to the General Meeting are made available at Evli's website (evli.com) three (3) weeks before the General Meeting.

Annual General Meeting (AGM)

At the AGM, information is presented about the company's activities. The AGM also decides on the following:

- the adoption of the financial statements of the previous financial year
- the company's profit distribution
- discharging the Board members and the CEO and his/her deputy from liability
- the election of Board members and their remuneration
- the appointment of auditors and their remuneration.

Extraordinary General Meeting

The Board of Directors may convene an Extraordinary General Meeting if it considers this necessary. The auditor and any shareholder with more than ten percent of the company's shares also have the right to demand that an Extraordinary General Meeting be called to discuss a matter to be presented by the auditor or shareholder.

Board of Directors

The AGM of Evli Plc elects each year a Board of Directors, which, between General Meetings, exercises the ultimate decision–making power in Evli Group. The task of Evli's Board is to manage the company in accordance with the laws and official regulations, and in compliance with the Articles of Association and the decisions of the General Meeting.

Duties of the Board of Directors

The Board has approved a written procedure defining its duties and meeting practices. The tasks of the Board are, among others:

- taking responsibility for the company's administration and appropriate organisation of operations
- ensuring that the company's accounting and asset management are monitored in an appropriate manner
- handling all matters that are of extensive and fundamental importance for the operation of the company and the entire Group
- deciding upon the Evli Group's business strategy and approving the budget
- confirming the principles for the arrangement of Evli Group's risk management and internal audit
- appointing the CEO and the members of the Executive Group and relieving them of their duties
- deciding on the CEO's salary and other benefits
- approving the objectives for the Group's human resources planning and monitoring their implementation
- deciding the basis for the Group's remuneration system and other comprehensive matters that concern the personnel.

In accordance with the principles of good governance, the Board also ensures that the company, in its operations, endorses the corporate values that have been set out for compliance. The Board conducts an annual review of its activities and working practices in the form of an internal self–assessment.

Composition of the Board of Directors

At the AGM, four to eight (4–8) members are elected to Evli's Board of Directors by representatives of major shareholders and external independent experts. The major shareholders of the company prepare a proposal on the composition of the Board for the AGM. The Board members should be elected so that the composition of the Board is as diverse as possible and supports Evli's business goals and meets the following principles:

- The Board as a whole must have sufficient competence and experience to be able to carry out its duties diligently and efficiently, taking into consideration the type and scope of the company's operations and its strategic goals and the changes within business and the rest of society.

- The members of the Board should have supplementary education and skills and experience in areas that are important to the company.
- The members of the Board should have experience of Board work and executive duties in business or other areas of society.
- The Board should include both men and women as far as it is possible.
- The Board should also be diverse in terms of age distribution and number of terms.

In addition, in accordance with the Corporate Governance Code 2020, persons elected to the Board must have the opportunity to spend sufficient time carrying out their duties. All Board candidates must submit their own assessment of their independence to the Board at least once every year. In addition, the company also evaluates the independence of all existing members on the basis of documents in its possession and, when needed, using public documents in accordance with the Corporate Governance Code issued by the Securities Market Association in 2020 or other applicable regulations.

The Board members are elected for a term of one year, which starts at the conclusion of the AGM and ends at the conclusion of the next AGM following the election. The Board elects a Chairman and a Deputy Chairman among themselves.

The members of Evli's Board of Directors in 2022 were Henrik Andersin, Fredrik Hacklin, Sari Helander, Robert Ingman, Antti Kuljukka and Teuvo Salminen.

Evli's Board of Directors consists of industry experts and the company's major shareholders. All Board members are independent of the company. With the exception of Henrik Andersin and Robert Ingman, the other Board members are independent of the company's significant shareholders. Based on the shareholdings of controlled companies, Henrik Andersin and Robert Ingman are not independent of the company's significant shareholders.

Diversity of the Board of Directors

The principles concerning the diversity of the Board of Directors are stated in the Board's diversity policy, which the Board approved on December 13, 2017. Diversity strengthens Evli's goal of having a Board whose overall competence profile supports the development of Evli's business. Diversity is seen as a key success factor that enables Evli to reach its strategic goals and continuously improve its client-centric operations.

The diversity of the Board is viewed from different perspectives. For Evli, the essential factors are the Board members' versatile and complementary expertise, experience from various industries and management, and the personal qualities of the members. The age and gender distribution of the Board members are taken into account, which supports the diversity of the Board. The actualisation and development of diversity towards the goals is evaluated in the annual self-evaluation discussion of the Board.

At the end of the financial year 2022, the Board members represented a wide range of expertise on management and board tasks in several industries, and their educational backgrounds and expertise complement each other. In addition, both genders were represented on the Board. Of the Board members, one was female and five were male. The median age was 59, and the age difference between the youngest and the oldest member was 24 years.

Committees set up by the Board

The Board has established an Audit and Risk Committee and a Compensation Committee to prepare matters to be handled by the Board. The committees have no independent decision-making power; instead, decisions are made by the Board on the basis of recommendations and information supplied by the committees. The committees make regular reports on their activities to the Board.

Audit and Risk Committee

The Audit and Risk Committee is responsible for assisting the Board in ensuring that the company has an adequate internal audit system covering all operations and that the company's risk management has been arranged appropriately. It also monitors the financial statements reporting process.

The Audit and Risk Committee is also responsible for:

- Overseeing the accuracy and correctness of the company's financial reporting and monitoring the statutory auditing of the financial statements and consolidated financial statements.
- Preparing the proposal on the appointment of auditors and the auditors' fees, to be made to the AGM.
- Ensuring that the company's operations and internal audit have been arranged in accordance with all applicable laws, regulations, and good management and governance practices.
- Monitoring the activity and efficiency of the internal audit function.
- Assessing the independence of the statutory auditor or auditing firm, and especially the provision of ancillary services to the company.

The Audit Committee consists of at least three members, who may not be part of the company's management and must be independent of the company. In addition to the Committee's regular members, the meetings are attended by the auditors, the CEO, the CFO and the internal auditor. The Committee meets every quarter.

The Audit and Risk Committee's members are Teuvo Salminen (Chairman), Robert Ingman and Antti Kuljukka. The Committee met four times in 2022. The Audit Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in table 1.

Compensation Committee

The Compensation Committee is responsible for assisting the Board of Directors in the preparation of matters related to the company's employment terms and compensation.

In addition, the Compensation Committee assists the Board in the following:

- Preparation of matters related to the compensation and incentive systems for management and personnel.
- Regular assessment of the functioning of and compliance with the compensation system.

In addition, the Compensation Committee prepares the remuneration policy and remuneration report of the company's governing bodies.

The Committee consists of at least three members, elected by the Board from among its members. The Committee Chairman is chosen from among the Committee members and must be an independent Board member.

The members of Evli's Compensation Committee are Sari Helander (chairman), Henrik Andersin and Fredrik Hacklin. The Committee met four times in 2022. The Compensation Committee members' average attendance rate at meetings was 100 percent. The participation of each member in the meetings is listed in the table 1.

Table 1: Evli Plc's Board of Directors in 2022

Name	Personal data	Attendance at board meetings in 2022	Attendance in audit and risk committee meetings 2022	Attendance in compensation committee meetings 2021	Ownership in the company[1], number of shares: A-shares	Ownership in the company[1], number of shares: B-shares	Independency: Of the company	Independency: Of the shareholders
Henrik Andersin	Chairman of the of the Board of Directors Member of the Compensation Committee Born 1960, M.Sc. (Econ) Board professional	21/22		5/5	3,803,280	950,820	√	
Fredrik Hacklin	Member of the Board of Directors Member of the Compensation Committee Born 1978, Ph.D. (Management), M.Sc. (Engineering) Main occupation: Professor, Director and Member of Executive Committee at ZHAW School of Management and Law, Zurich, Associate professor at ETH Zurich	22/22		5/5	–	2,150	√	√
Sari Helander	Member of the Board of Directors Member of the Compensation Committee (chairman) Born 1967, M.Sc. (Econ) Main occupation: CFO, Ramirent Group	22/22		5/5	–	4,000	√	√
Robert Ingman	Member of the Board of Directors Member of the Audit and Risk Committee Born 1961, M.Sc. (Tech), M.Sc. (Econ. And Business Administration Board professional	22/22	5/5		1,860,000[2]	802,000[2]	√	
Antti Kuljukka	Member of the Board of Directors Member of the Audit and Risk Committee Born 1961, M.Sc.(Soc.Sc.), eMBA. Maj evp Main occupation: CEO, Fennia Group	16/16[3]	4/4[3]		–	4,712	√	√
Teuvo Salminen	Member of the Board of Directors Member of the Audit and Risk Committee (Chairman) Born 1954, M.Sc. (Econ. and business administration) Board professional	21/22	5/5		–	89,952	√	√

[1] Shareholding on December 31, 2022, including holdings through a controlled company.
[2] Includes holdings of Ingman Group Oy Ab
[3] Member of the Board of Directors since April 2, 2022

Corporate management

Evli's corporate structure

Evli's business operations are organised around two client segments: Wealth Management and Investor Clients, and Advisory and Corporate Clients. These are supported by common group functions, which include Information Management, Financial Administration, Marketing, Communications and Investor Relations, Legal and Compliance, Human Resources, Internal Services, Risk Management and Internal Audit.

CEO

Evli's Board of Directors appoints the company's CEO and decides the terms and conditions of his or her service relationship. The CEO is responsible for the company's day–to–day management in compliance with the instructions and decisions provided by the Board of Directors. Evli Group's Executive Group assists the CEO in the operative management of the company.

The CEO's duties include the management and supervision of the Group's business, preparation of matters to be handled by the Board, and implementation of the Board's decisions. In accordance with the Limited Liability Companies Act, the CEO ensures that the company's accounting is lawful, and that the asset management is arranged reliably.

The CEO's period of notice is six months, and the severance compensation payable to the CEO in addition to the salary for the period of notice corresponds to 12 months' salary. The CEO's retirement age is 63 years. The company's CEO is Maunu Lehtimäki, M.Sc. (Econ.), born in 1967.

Executive Group

The Executive Group consists of the CEO and six members. The CEO presents a proposal regarding the choice of members to the Executive Group, and these names are then subject to confirmation by the Board of Directors.

The CEO convenes the Executive Group as necessary and serves as its Chairman. The Executive Group normally meets twice a month. The Executive Group's task is to support the CEO in preparing and implementing the strategy and in coordinating the Group's operations. The Executive Group's duties also include preparing and executing matters that are significant or involve fundamental principles and ensuring internal co–operation and communication.

Additional information:
Board of Directors on page 144 and Executive Group on page 145.

Table 2: Evli's Executive Group in 2022

		Ownership in the company[1], number of shares	
Name	Area of responsibility	A–share	B–share
Maunu Lehtimäki[2] born in 1967, M.Sc. (Econ.)	CEO	533,728	171,031
Mari Etholén[3] born 1973, LL.M.	Legal and Human Resources functions	60,000	19,108
Panu Jousimies[4] born in 1969, M.Sc. (Econ.)	Production and execution of securities transactions	59,691	84,249
Juho Mikola[5] born in 1981, M.Sc. (Econ.)	Financial and Group Administration, Deputy CEO	68,000	44,580
Esa Pensala[6] born in 1974, M.Sc. (Tech)	Private clients	142,000	35,500
Kim Pessala[7] born in 1969, M.Sc. (Econ.)	Institutional clients	12,331	94,558
Mikael Thunved[4] born in 1965, B.Sc. (Econ.)	Corporate Finance business	–	80,000

[1] Shareholdings on December 31, 2022, including holdings through controlled entities.
[2] 50,000 Evli shares allocated under the share–based incentive scheme established in 2019.
[3] 4,667 Evli shares allocated under the share–based incentive scheme established in 2018 and 20,000 Evli shares under the share–based incentive scheme established in 2019.
[4] 20,000 Evli shares allocated under the share–based incentive scheme established in 2019.
[5] 9,200 Evli shares allocated under the share–based incentive scheme established in 2017, 4,667 Evli shares under the share–based incentive scheme established in 2018 and 30,000 Evli shares under the share–based incentive scheme established in 2019.
[6] 30,000 Evli shares allocated under the share–based incentive scheme established in 2019.
[7] 4,667 Evli shares allocated under the share–based incentive scheme established in 2018 and 20,000 Evli shares under the share–based incentive scheme established in 2019.

Risk management and internal control

The company's organisational structure, clearly established responsibilities and authorisations, and its competent employees support the planning, execution, control, and monitoring of business operations in a manner that facilitates the achievement of set objectives.

Risk management refers to actions aimed at systematically surveying, identifying, analysing, and preventing risks. The objectives of risk management are to:

- ensure the sufficiency of own assets in relation to risk positions
- ensure that fluctuations in financial results and valuations remain within the confirmed objectives and limits
- price risks correctly to achieve sustainable profitability
- support the uninterrupted implementation of the Group's strategy and income generation.

Evli defines risk as an event or series of events that jeopardise the company's income generation over the short or long term.

Evli's Board of Directors is primarily responsible for Evli Group's risk management. The Board of Directors confirms the risk management policies, responsibilities, the Group's risk limits, and other general guidelines governing how risk management and internal control are to be organised. The Board has also set up a credit and asset–liability committee (Credalco), which briefs the Audit and Risk Committee on risk–taking matters. In addition to the general risk management policies, Evli Group's risk management is founded on the "three lines of defence" model.

First line of defence – business units

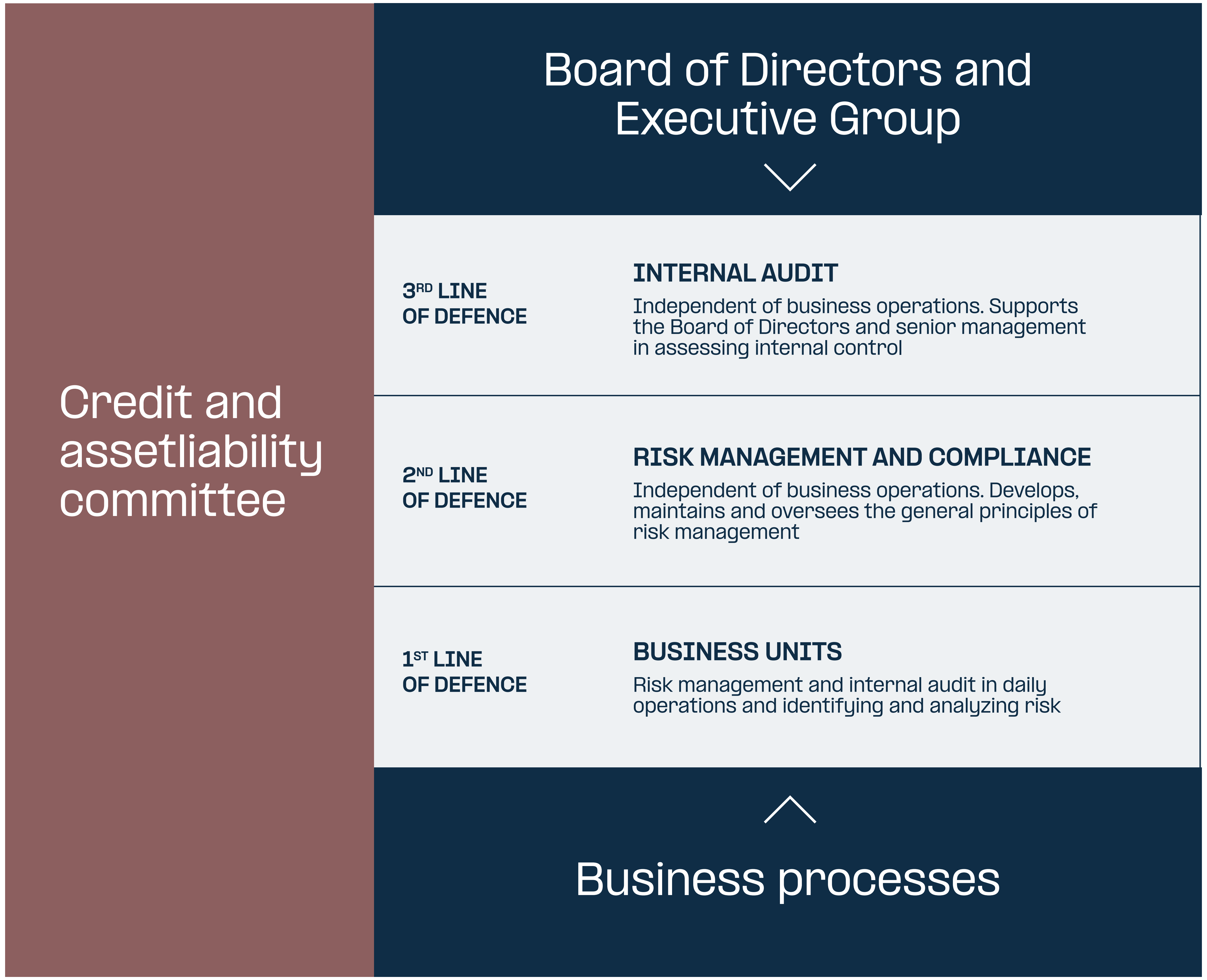
Risk management is a part of internal control, and therefore the responsibility for executing risk management measures lies first with the business units, as the first line of defence. The managers of the business units are responsible for ensuring that risk management is at a sufficient level in each respective unit. The task of business units is to:

- build the processes and competence for risk management and internal audit
- identify and analyse risks
- make decisions on risk management by means of various protection measures.

Second line of defence – Risk Control and Compliance

The second line of defence comprises the independent Risk Control and Compliance functions, whose primary tasks are to develop, maintain and oversee the general principles and framework of risk management.

The Risk Control function oversees daily operations and compliance with the risk limits granted to the business units, as well as compliance with risk–taking policies and guidelines. Risk Control reports on Evli Group's overall risk position to the Board and the Executive Group each month.



The Compliance function is responsible for ensuring compliance with the rules in all of Evli Group's operations by supporting operating management and the business units in applying the provisions of the law, the official regulations and internal guidelines, and in identifying, managing and reporting on any risks of insufficient compliance with the rules in accordance with the separate compliance policy and monitoring plan confirmed by Evli's Board of Directors. The Compliance function reports regularly via the Audit and Risk committee to Evli's Board and also to the operating management.

Third line of defence – Internal Audit

The third line of defence is Internal Audit. The Internal Audit is a support function for the Board of Directors and senior management that is independent of the business functions. It is administratively subordinate to the CEO and reports to the CEO and, via the Audit and Risk Committee, to the Board of Evli. The Internal Audit assesses the functioning of Evli Group's internal control system, the appropriateness and efficiency of the functions and the compliance with instructions. It does this by means of inspections that are based on the internal audit action plan adopted annually by the Audit and Risk Committee of the Board of Evli.

Internal Audit follows not only the internal audit guidelines, but also the internationally acknowledged framework of professional practices (The Institute of Internal Auditors) and corresponding guidelines on information systems audit standards (The Information Systems Audit and Control Association).

Audit

The shareholders elect the company's auditors each year at the AGM. The auditors must be an auditing firm approved by the Finland Chamber of Commerce. The auditors' term continues until the end of the first AGM that follows the election of the auditors. The auditors' duties are to ensure that the financial statements have been prepared in accordance with the applicable statutes and provide a true and fair view of the company's financial position and performance and other necessary information for the company's stakeholders.

As part of their annual audit duties, the auditors of Evli Plc audit the accounts and administration of the separate companies. The internal audit requirements are taken into account in the auditors' audit plans. Each year, the auditors submit their report to Evli's AGM.

The auditors also report the main points of the annual audit plan to the Board of Directors and to the Board's Audit and Risk Committee as well as presenting, in connection with each interim report and the financial statements, a written audit report covering the entire Group.

The auditor of the company in 2022 was PricewaterhouseCoopers Oy, an auditing firm, with Jukka Paunonen, Authorised Public Accountant, as the principally responsible auditor. In addition, KPMG Oy Ab, an auditing firm, with Tuomas Ilveskoski, as the principally responsible auditor has audited the companies that joined Evli Group when EAB Group Plc merged into Evli in October 2022.

In 2022, the total fees paid to the auditors amounted to EUR 0.5 million. The audit fee was EUR 0.4 million and the non-audit fees amounted to EUR 0.1 million.

Insider management

Evli has a guideline on insider rules and regulations that is approved by its Board of Directors and is based on the Market Abuse Regulation (MAR), Nasdaq Helsinki Ltd's Guidelines for Insiders of Listed Companies, as well as other relevant regulations and directives. Evli Group companies that are registered outside of Finland shall comply not only with these guidelines, but also with the national legislation and official regulations of the country where the company is located. The guideline on insider rules and regulations is distributed to all persons engaged in an employment or service relationship with the Group. The persons defined in the guideline on insider rules and regulations shall comply with the restrictions regarding the use of insider information and trading, for example the closed window period.

The company has determined that the persons subject to notification obligations for their transactions with Evli shares and other financial instruments based on it are the members of the Board of Directors and the Executive Group and their related parties. Evli publishes in a stock exchange release the transactions in Evli shares and other financial instruments carried out by persons in management positions and their related parties as required by the Market Abuse Regulation.

According to the law, a person in a managerial position may not trade in securities issued by the company for 30 days before the publication of an interim report or the financial statements bulletin. Evli also applies a similar 30-day trading restriction to Evli Group's employees who participate in the preparation or publication of the interim report and financial statements and who become aware of unpublished financial information at the Group level. The person in charge of insider issues at Evli is the company's Head of Legal Affairs. Evli evaluates and monitors related party transactions between the company and its related parties.

Evli maintains a list of related parties. Evli's related parties comprise its subsidiaries as well as the Board of Directors, the CEO, and the Executive Group, including any companies controlled or significantly influenced by them. Evli's financial management monitors and reports related party transactions as part of the company's normal reporting and control practices. Related party transactions which are not considered normal business activities are decided by the Board of Directors. Evli reports relevant and material related party transactions annually in the notes of the consolidated financial statements.

Evli also maintains registers of project–specific and transaction–specific insiders that are required at any given time.

Financial reporting

The Board of Directors is responsible for overseeing Evli Group's financial reporting. The Audit and Risk Committee assists the Board in this work. The CEO's and CFO's tasks are to monitor and ensure that the accounting and the financial reporting accord with the law, the Group's accounting policies and the guidelines and orders issued by the Group's Board of Directors.

The Group's accounting and results reporting are centralised under the responsibility of the Group's Financial Administration unit. The Financial Administration unit is subordinate to the CFO and is responsible for producing, on a centralised basis, the financial statements information required for external accounting. The unit also produces internal accounting analyses and the results reports for monitoring business activities, the separate companies and the Group's profitability. Profit performance is reported monthly both to the Executive Group and the Board of Directors in the form of specific results reports. The aim is to identify and demonstrate success factors as well as development areas well in advance, thus making it possible to react to these. Reporting practices are also used for monitoring the implementation of the business plans for the business units. The Group's Financial Administration unit is also responsible for monitoring and reporting on the performance of each business unit. Further responsibilities include reporting the financial results, sales and activity at least monthly, and even daily depending on the unit, to the Executive Group and other concerned parties.

Evli Group complies with the International Financial Reporting Standards (IFRS) approved for application in the EU. The Group prepares annual financial statements and also quarterly interim reports (IAS 34). The instructions on financial reporting and the accounting principles are applied in all of the Group companies. The accounting of all of the Group companies is included in the same accounting system, with the exception of the Group companies transferred to Evli in connection of the merger of EAB Group Plc, and a Group company in the United Arab Emirates.

Remuneration policy

Introduction

The following Remuneration Policy of Evli Plc ("Evli" or "company") describes the general principles and the framework concerning the remuneration of the Board of Directors and the CEO. The policies regarding the CEO also apply to a potential Deputy CEO. Evli also complies with the Finnish Corporate Governance Code issued by the Securities Market Association. The objective of Evli Group's remuneration model is to support the implementation of the company's strategy and to promote the company's competitiveness and long–term financial success. A further aim is to contribute to a positive trend in shareholder value, committing Evli's Board of Directors and CEO to the company's objectives in the long run.

Evli complies with the Securities Market Association's Corporate Governance Code. This Remuneration Policy has been prepared in accordance with the Corporate Governance Code 2020. The Remuneration Policy is presented at Evli's Annual General Meeting (AGM) at least every four years and whenever significant changes are proposed. The Remuneration Report is presented annually at Evli's AGM.

In all remuneration, Evli complies with applicable financial regulations. This Remuneration Policy has been prepared taking into account the applicable regulations and Evli Group's overall remuneration model for all employees. The Remuneration Policy must comply with the remuneration principles applicable to all Evli employees.

The Group's remuneration model consists of the following elements:

– A competitive fixed basic salary constitutes a solid foundation for maintaining and constantly developing basic functions.
– A short–term variable remuneration, in accordance with the annual remuneration plan approved by the Board of Directors, is used to promote both Evli's short–term growth objectives and the attainment of its strategic targets.
– Long–term variable remuneration is used to support the company's strategic development and to commit key employees to the company's business operations.

In accordance with the remuneration principles, the short–term and long–term variable remuneration may not exceed 200 percent of the annual fixed salary.

Decision–making relating to remuneration

The Remuneration Policy is prepared by the Board's Compensation Committee and approved by the Board for presentation to the General Meeting. Compliance with, and the performance and outcomes of, the remuneration model are monitored by the Compensation Committee appointed by the Board of Directors, and by the Board of Directors. The company's internal audit conducts an annual audit of the remuneration.

The remuneration of members of Evli Group's bodies is always decided by the body that has appointed them.

Evli's AGM decides on the compensations payable to the members of the Board of Directors. The company's major shareholders are responsible for preparing the remuneration proposal. The principles and elements of the remuneration of the CEO and any Deputy CEO are approved by Evli's Board of Directors in accordance with this Remuneration Policy. The Compensation Committee, appointed by the Board of Directors, prepares proposals on matters related to remuneration for decision–making by the Board. All changes to the CEO's salary and remuneration or executive contract are made by the Board of Directors based on a proposal by the Compensation Committee in accordance with the Remuneration Policy.

ELEMENTS OF THE REMUNERATION	PURPOSE AND LINK TO STRATEGY	DESCRIPTION
FIXED SALARIES	The aim is to recruit and commit high–quality experts to implement the company's strategy.	The base salary includes taxable fringe benefits (for example, a mobile phone). When evaluating the base salary level, a variety of factors can be taken into account, such as market conditions, competitiveness, past performance and individual skills, as well as experience in the company and in business management. The base salary is, in principle, reviewed annually.
SHORT–TERM INCENTIVES (STI)	The purpose is to encourage and guide in achieving short–term financial and operational goals.	The short–term incentive scheme is based on one–year performance criteria. Rewards are paid in cash after the end of the performance period, based on the achievement of the targets. The maximum pay–out for the annual incentive is capped. Short–term incentives are tied to the company's financial success, adherence to policies and guidelines, and ensuring solvency.
LONG–TERM INCENTIVES (LTI)	The purpose is to encourage for long–term shareholder value growth and commitment to the company.	The Board of Directors decides on long–term incentives within the limits set by the Annual General Meeting. Long–term incentive programs generally include a minimum three–year vesting period. The Board of Directors sets the targets, indicators and their weightings that may be the basis for the incentives. At the end of the vesting period, the Board of Directors can evaluate the payment criteria to determine the final payment level.
PENSION	The purpose is to provide a pension in accordance with local market practices.	The retirement age and any supplementary pension arrangements provided are decided by the Board of Directors in line with market practices.
SHARE OWNERSHIP	The purpose is to ensure strong alignment between the interests of the CEO and the shareholders in the longer term.	The Board decides on the long–term target share ownership for the CEO.

Remuneration of the Board of Directors

In general, the remuneration of the Board of Directors is decided by the General Meeting based on a proposal by the major shareholders. The decision on the remuneration of the members of the Board of Directors shall be based on the Remuneration Policy presented to the AGM and which is in force.

The remuneration of the members of the Board of Directors consists of a fixed monthly compensation and possible compensation for meeting attendance. The Chairman of the Board of Directors and the chairmen of the committees appointed by the Board of Directors may be paid an increased compensation.

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In situations in which a member of the Board of Directors participates in project–based activities to develop the company's operations outside the work carried out by the Board of Directors, a separate compensation may be paid for such work at the Board's discretion. In addition to the monthly compensation and possible compensation for meetings, the members of the Board of Directors are compensated for their travel expenses. In principle, the Board of Directors' compensation and allowance are paid in cash.

Remuneration of the CEO

The Board of Directors of Evli Group adopts the principles and elements of the CEO's remuneration on an annual basis in line with the Remuneration Policy in force. All changes to the CEO's salary and remuneration are subject to approval by the Board of Directors.

The CEO's remuneration is comprised, in principle, of a fixed salary and short–term and long–term variable remuneration. In addition, the CEO may be granted a separate, reasonable retirement plan or other benefits to ensure that a competent CEO is committed to the company's development.

The amount of the CEO's variable remuneration and the relative proportion to his fixed salary are within the limits set by financial regulations. The CEO's short–term and long–term variable remuneration may not exceed 200 percent of the annual fixed salary.

The variable remuneration is linked to the company's financial success and the achievement of its strategic goals. If deemed pertinent, the company may, by a decision of the Board of Directors, decide not to pay the variable bonus, in whole or in part. The Board decides on the long–term variable renumeration for the CEO on a case–by–case basis.

In certain circumstances, the company is obliged to defer payment of the variable bonus. In such case, the company will defer payment of the variable bonus in accordance with the regulations set by the financial market. The amount of the bonus payable after the deferral depends on the financial performance of the company during the deferral period and may even be zero. The company expects that the CEO will not hedge with his/her personal actions against any risk related to the amount or timing of future variable remuneration. In certain circumstances, the company may also reclaim a variable bonus already paid.

The company shall also always have the right to reclaim a variable bonus already paid if, after such payment, it becomes apparent that the person receiving the bonus has endangered the financial position of the company, violated the company's operating principles and practices, or contributed to such conduct through neglect. The CEO has a notice period consistent with current market practices. Similarly, in cases where the CEO's contract is terminated by the company, he/she is entitled to severance pay in accordance with prevailing market practices.

The above matters concerning the CEO also apply to a potential Deputy CEO.

Conditions for temporary deviation

The remuneration of the company's bodies must, in general, be based on the Remuneration Policy approved by the General Meeting. Deviations from the policy's principles can only be made if the achievement of the company's long–term goals and strategy is otherwise judged to be at risk. The option to temporarily deviate from the Remuneration Policy of the bodies is intended to apply only in exceptional circumstances in which the core operating circumstances of a listed company have, after the General Meeting's consideration of the bodies' Remuneration Policy, changed as a result of a change of CEO or a merger or an acquisition proposal, and the existing Remuneration Policy is thus no longer appropriate in the changed circumstances.

Deviation is also possible in situations where remuneration policy would not be possible due to remuneration restrictions under financial regulations. If the deviation from the Remuneration Policy is expected to continue other than on a temporary basis, the company shall draw up a new Remuneration Policy, which will be discussed at the next AGM. Because of the provisions regarding the notice to the AGM and the availability of the meeting materials, there may be insufficient time to submit a new Remuneration Policy to the next AGM if the need for deviation arises close to the time of the meeting. In such a case, the Remuneration Policy shall be submitted to the General Meeting for which it can be appropriately prepared.

If the temporary deviation from the Remuneration Policy concerns the remuneration of a new CEO or is due to a corporate restructuring or similar exceptional circumstances, the new remuneration terms will apply as agreed regardless of the duration of the temporary deviation. Deviations from the policies and principles of the policy are documented and reported to the Board of Directors and as part of the remuneration report at the AGM.

Remuneration Report 2022

This Remuneration Report sets out how Evli Plc ("Evli" or "company") has implemented its Remuneration Policy in 2022 and presents the remuneration and other financial benefits paid to the members of the Board of Directors ("Board") and the Group's CEO during the year.

Evli Plc was created as a result of a partial demerger from Evli Bank Plc on April 2, 2022. Remuneration of the company's governing bodies is based on the Remuneration Policy that was presented for an advisory decision at the Annual General Meeting held on March 9, 2022. The policy will be applied until the Annual General Meeting 2026, unless the Board decides to bring it forward for an advisory decision at an earlier General Meeting.

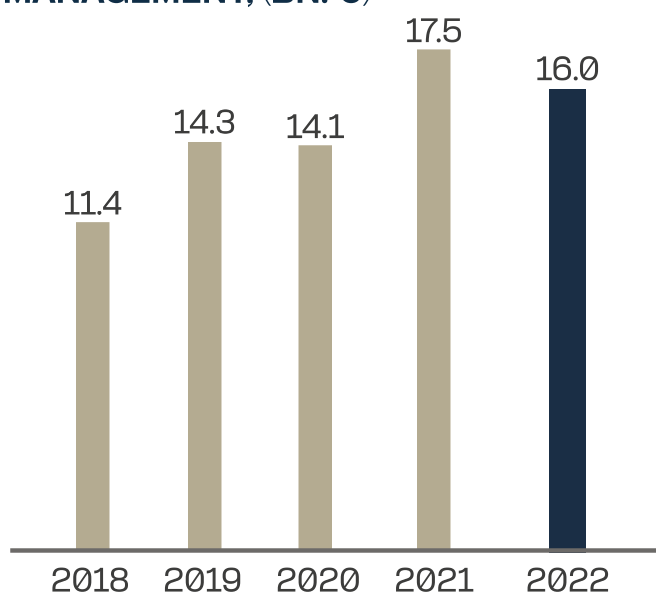
The Remuneration Report has been reviewed by Evli's Compensation Committee and approved by the Board. The shareholders will make an advisory decision on the approval of the Remuneration Report 2022 at Evli's Annual General Meeting in spring 2023.

Overview of remuneration in 2022

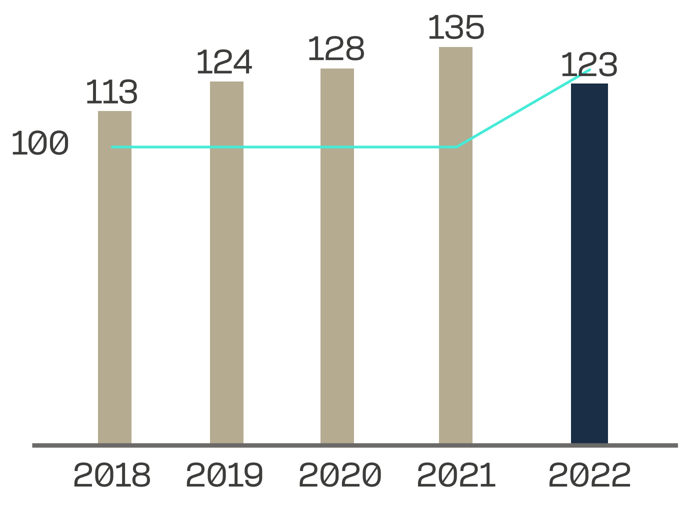
The decision–making process on remuneration, as defined in the Remuneration Policy, has been followed in the remuneration decision–making in 2022. No temporary deviations from the Remuneration Policy were applied in 2022. Furthermore, the Board did not observe any circumstances or activities that would have resulted in a need to apply claw–back clauses applicable to the CEO's variable remuneration in 2022. Regardless of the extraordinary business environment, the Board did not deem it necessary to use its right to adjust the performance criteria applied in 2022.

In line with the Remuneration Policy, remuneration in 2022 has supported Evli's business strategy with a focus on creating long–term growth and shareholder value. Although a significant part of the CEO's total remuneration is in the form of fixed payments, performance–based components are set to encourage the achievement of targets. Remuneration is balanced to avoid excessive risk–taking. The Compensation Committee has evaluated

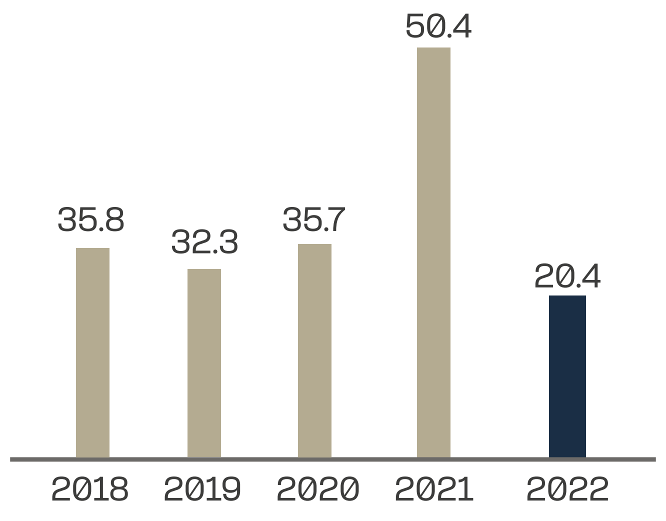
DEVELOPMENT OF ASSETS UNDER MANAGEMENT, (BN. €)



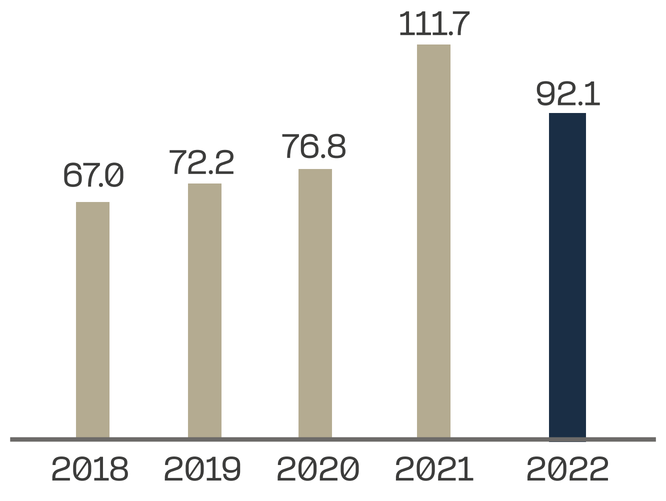
PROPORTION OF RECURRING REVENUE TO OPERATING EXPENSES (%)



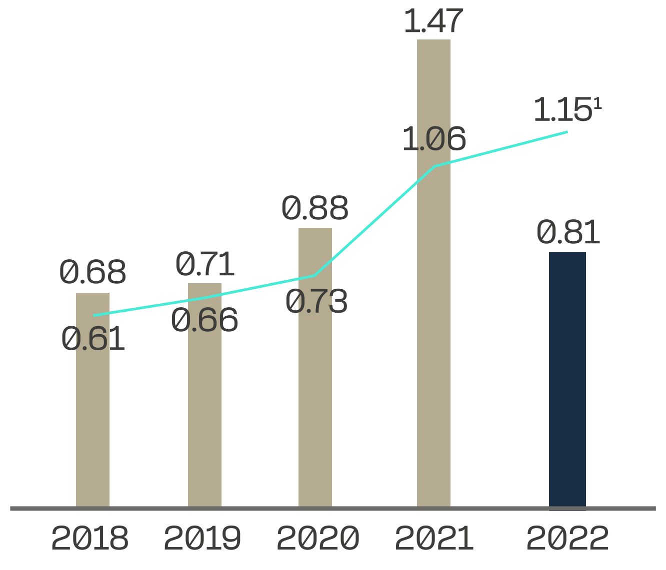
RETURN ON EQUITY (%)



NET COMMISSION INCOME (M€)



DIVIDEND & EARNINGS/SHARE (€)



[1] The Board of Directors proposal to the Annual General Meeting

the CEO's remuneration for 2022 to ensure a competitive and fair total remuneration opportunity compared to relevant peers and the market. To encourage share ownership in the company, shareholding guidelines for the CEO were in place to further support and align shareholder and top executive interests.

Development of financial performance and remuneration

5–year development of financial performance

Evli's business has developed positively over the past five years. The review takes into account the investment services activities of Evli Bank Plc. The company has set four key performance indicators that it considers to be good proxies for its business performance. These are the development of assets under management, the recurring revenue ratio, return on equity and net commission income. From a shareholder perspective, the company has been able to provide stable returns to investors as depicted by dividend per share development.

Remuneration of the Board of Directors in 2022

Evli's General Meeting decides on the compensations payable to the Board members. The Annual General Meeting of March 9, 2022 made the following resolution on the compensation for attendance at meetings payable to the Chairman of the Board and other members:

- Chairman of the Board EUR 7,500 per month
- Chairmen of the committees EUR 6,000 per month
- Members EUR 5,000 per month

The Board has established and appointed an Audit and Risk Committee and a Compensation Committee to prepare matters to be handled by the Board. In 2022, the total compensation paid to the Evli Group Board members amounted to EUR 399,000. This sum is made up of meeting participation fees related to the work carried out in the Board and its committees. In 2022, the Board members did not receive any shares or share–based rights as compensation for their work, nor were they granted any other benefits.

5–YEAR DEVELOPMENT OF REMUNERATION[4]

	2022	2021	2020	2019	2018
BOARD OF DIRECTORS					
Chairman of the Board of Directors, EUR	90,000	90,000	84,000	90,000	86,500
Development, %	–	7%	–7%	4%	20%
Chairmen of the committees (on average), EUR	72,000	70,500	67,200	72,000	70,834
Development, %	2%	5%	–7%	2%	35%
Other members of the Board of Directors (on average), EUR	60,000	60,000	56,000	60,000	60,000
Development, %	–	7%	–7%	–	22%
CEO					
CEO, EUR	626,010	699,888	446,605[3]	488,116[2]	440,109
Development, %	–11%	57%	–9%	11%	4%
AVERAGE EMPLOYEE SALARY					
Total salary costs, EUR	32,100,000	29,500,000	24,600,000	29,000,000	22,700,000
Number of employees at the end of the year	344	290	261	249	254
Average salary for the employees, EUR[1]	103,780[5]	101,724	94,253	116,466	89,370
Development, %	2%	8%	–3%	9%	–8%

[1] The salary development of the average employee is calculated from personnel expenses by deducting other personnel expenses from the total and dividing it by the number of employees at the end of the year.

[2] In addition, the CEO subscribed to the 212,500 shares granted to him in the Option–program 2014. The total value of the subscription was EUR 1,810,500 based on the closing price on the subscription day.

[3] In addition, the CEO subscribed to the 40,000 shares granted to him in the Option–program 2016. The total value of the subscription was EUR 372,000 based on the closing price on the subscription day.

[4] The figures for 2018–2021 are those of Evli Pankki Plc. Evli Plc was created by a partial demerger from Evli Bank Plc on April 2, 2022.

[5] The calculation of the average salary takes into account the merger of EAB Group Plc, which effected the salary payments and number of employees only during the last quarter of the year.

COMPENSATION PAID TO THE MEMBERS OF THE BOARD, €

	2022
Henrik Andersin, Chairman of the Board	90,000
Fredrik Hacklin, member of the Board of Directors	60,000
Sari Helander, member of the Board of Directors, Chairman of the Compensation Committee	72,000
Robert Ingman, member of the Board of Directors	60,000
Antti Kuljukka, member of the Board of Directors (member starting April 2, 2022)	45,000
Teuvo Salminen, Vice Chairman of the Board, Chairman of the Audit and Risk Committee	72,000
TOTAL	399,000

Remuneration of the CEO

The Board of Evli Group adopts the principles and elements of the remunerations for the CEO on an annual basis. The remuneration of the CEO follows Evli's Remuneration Policy in force. All changes in the CEO's salary and remuneration are subject to the Board's approval.

Application of performance criteria in 2022

In 2022, Evli had a short–term incentive plan in place for the CEO. No long–term incentive plans were issued to the CEO during 2022. The short–term and long–term incentive plan performance criteria are evaluated annually by the Board. In accordance with the remuneration policy, variable remuneration may not exceed 200 percent of the annual fixed remuneration. The purpose of the short–term incentive is to incentivise for the achievement of stretched financial and non–financial short–term targets aligned with the business strategy. The short–term incentive plan remuneration is dependent on the financial performance of Evli, as well as reaching strategic targets. The Board of Directors decided on the performance targets and maximum amount of the short–term incentive plan for 2022 at the beginning of the financial year as follows:

SHORT–TERM INCENTIVE PLAN CRITERIA 2022	WEIGHT
Evli Group financial performance	50%
Group level Key Performance Indicator targets	30–50%
Finalising strategic projects	0–20%

Since there were strategically significant corporate restructuring during the review period, the performance evaluation emphasized the success of strategic projects over other performance goals. With regard to the projects, the company estimated that the objectives have been met and management was eligible to variable remuneration. In accordance with the regulations, the renumeration will be paid in installments: in spring 2023 (50%) and during the next three years in steps totaling 50 percent. The realisation of short–term incentives in 2022 was around 20 percent of the maximum compensation according to the remuneration policy.

During 2022, the company paid the CEO remuneration in accordance with the performance targets set for the financial year 2021, which were based on the performance targets of the 2021 short–term incentive plan and the delayed 2018 short–term variable remuneration.

Share–Based Incentives

Evli's long–term incentive plans have been implemented mainly as restricted share plan (RSP) schemes. The purpose of the share–based retention plans is to encourage the executives and the selected key employees to work on a long–term basis to increase shareholder value and to commit to the company. The Board decides annually on the issuance of new plans based on the Compensation Committee's proposal within limits provided by the General Meeting.

The Restricted Share Plan offers an opportunity to earn a predetermined number of the company's shares as a reward for continuous service and retention. Evli's Restricted Share Plans consist of one to three, annually commencing periods followed by vesting periods of a minimum of three years. After the vesting period, shares in the Restricted Share Plans are usually delivered to the participants provided that their employment with the company has continued uninterrupted throughout the duration of the plan and until the shares are delivered. The vesting period is further followed by a one–year waiting period in accordance with the regulation set for the financial sector. The possible rewards under the Restricted Share Plans are paid as a combination of shares and cash. The cash component is dedicated to cover the taxes and tax–related costs related to restricted shares.

SUMMARY OF SHARE–BASED INCENTIVES PAID TO THE CEO AND DEPUTY CEO

		GRANTED INSTALLMENTS, NUMBER OF SHARES[1]				
PLAN – INSTALLMENT	GRANT DATE	CEO	DEPUTY CEO	VESTING PERIOD	PAYMENT YEAR	WAITING PERIOD
Restricted share plan 2017 – Installment 3	30.9.2019		9,200	3 years	2022	+1 year
Restricted share plan 2018 – Installment 3	11.6.2020		4,667	3 years	2023	+1 year
Restricted share plan 2019 – Installment 1	14.6.2019	50,000	30,000	3 years	2023	+1 year

[1] Gross number of shares before income taxes on the payment of shares.

No share–based incentives were granted to the CEO during the reporting period 2022. No share–based incentives were paid to him during the year ended.

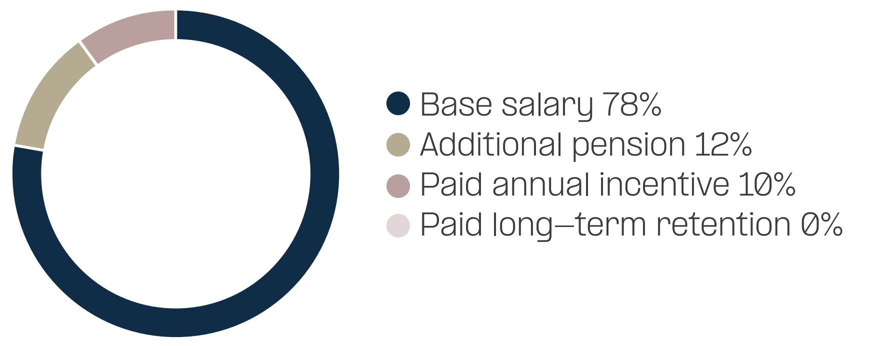
Remuneration of the CEO in 2022

Evli's CEO in 2022 was Maunu Lehtimäki. The CEO was paid EUR 489,040 in salary and fringe benefits, performance bonuses amounting to EUR 63,614 and a supplementary pension of EUR 73,356, totaling EUR 626,010. The CEO has no significant separate fringe benefits and is covered by the shared Evli Group reward system. The CEO is covered by a six–month period of notice binding to both parties. The CEO is entitled to receive a severance pay corresponding to 12–months' salary if the CEO's contract is terminated by the company.

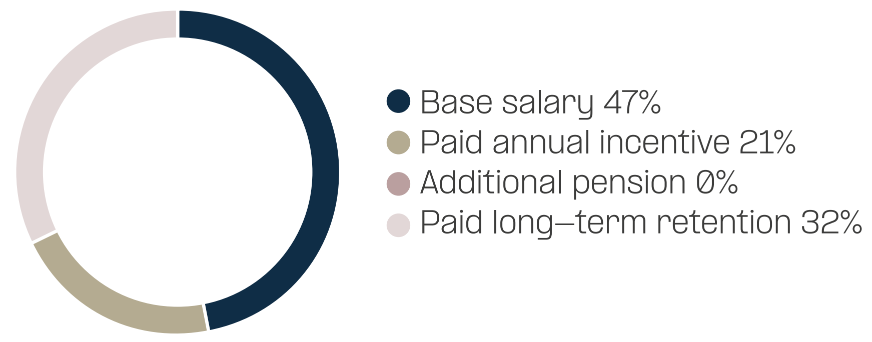
STRUCTURE OF PAID COMPENSATION IN 2022

STRUCTURE OF EARNED COMPENSATION IN 2022

CEO, MAUNU LEHTIMÄKI



CFO, JUHO MIKOLA



REMUNERATION OF THE CEO IN 2022

CEO, €	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID ANNUAL INCENTIVE	PAID LONG–TERM RETENTION	TOTAL PAID COMPENSATION	EARNED ANNUAL INCENTIVE	EARNED LONG–TERM RETENTION	TOTAL
CEO, MAUNU LEHTIMÄKI	489,040[1]	73,356	63,614[2]	–[3]	626,010	200,000[4]	–[5]	826,010[6]

[1] Including fringe benefits.
[2] Annual incentives earned in 2021 and annual incentives earned and delayed in 2018.
[3] No installments paid in 2022.
[4] Earned in 2022. In accordance with the regulations, part of the renumeration will be paid in 2023 and part will be delayed for 3 years and will be paid in steps.
[5] No long–term compensation program has been introduced for the CEO in 2022.
[6] Total compensation earned in 2022. Base salary is paid in 2022 and incentives partly paid in 2023 and partly in steps over the next three years.

REMUNERATION OF THE DEPUTY CEO IN 2022

DEPUTY CEO, €	BASE SALARY	ADDITIONAL PENSION PAYMENT	PAID ANNUAL INCENTIVE	PAID LONG–TERM RETENTION	TOTAL PAID COMPENSATION	EARNED ANNUAL INCENTIVE	EARNED LONG–TERM RETENTION	TOTAL
CFO, JUHO MIKOLA	215,840[1]	–	99,222[2]	147,691[3]	462,753	82,645[4]	–[5]	545,398[6]

[1] Including fringe benefits.
[2] Annual incentives earned in 2021 and annual incentives earned and delayed in 2018.
[3] Payment for the long–term incentives for 2017.
[4] Earned in 2022. In accordance with the regulations, part of the renumeration will be paid in 2023 and part will be delayed for 3 years and will be paid in steps.
[5] No long–term compensation program has been introduced for the Deputy CEO in 2022.
[6] Total compensation earned in 2022. The base is paid in 2022 and the incentives partly in 2023 and partly in steps over the next three years.

Board of Directors

HENRIK ANDERSIN

BORN 1960

M.Sc. (Econ.)

- Chairman of the Board of Directors
- Member of the Compensation Committee
- Board professional
- One of Evli Bank's founding partners and main owners
- Chairman of the Board of Directors of Oy Scripo Ab
- Independent of the company
- Shareholding: Holdings through controlled company Oy Scripo Ab 3,803,280 A shares and 950,820 B shares

FREDRIK HACKLIN

BORN 1978

Ph.D. (Management), M.Sc. (Engineering)

- Member of the Board of Directors
- Member of the Compensation Committee
- Main occupation: Professor, Director and Member of Executive Committee at ZHAW School of Management and Law, Zurich, Associate professor at ETH Zurich
- Independent of the company and its significant shareholders
- Shareholding: 2,150 B shares

SARI HELANDER

BORN 1967

M.Sc. (Econ.)

- Member of the Board of Directors
- Chairman of the Compensation Committee
- Main occupation: CFO, Ramirent
- Member of the Boards of Directors of Enersense International Plc
- Independent of the company and its significant shareholders
- Shareholding: 4,000 B shares

ROBERT INGMAN

BORN 1961

M.Sc. (Tech.), M.Sc. (Econ. and Business Administration)

- Member of the Board of Directors
- Member of the Audit and Risk Committee
- Board professional
- Chairman of the Boards of Directors of Ingman Group Oy Ab, Ingman Finance Oy Ab, Ingman Development Oy Ab, Digia Plc, Etteplan Oyj, Halti Oy and Qt Group Plc
- Independent of the company
- Shareholding: 1,860,000 A shares and 802,000 B shares[1]

ANTTI KULJUKKA

BORN 1961

M.Sc. (Soc.Sc.), eMBA, Maj evp.

- Member of the Board of Directors of Evli Plc since April 2, 2022
- Member of the Audit and Risk Committee
- Main occupation: Senior Advisor, Fennia Group
- Member of the Boards of Directors of Finnish Figure Skating Association, Elo Mutual Pension Insurance Company, Turvallisuuden tukisäätiö, Jääkärisäätiö and Finance Finland, and Vice–Chairman of the delegation of the Finnish Orienteering Federation
- Independent of the company and its significant shareholders
- Shareholding: 4,712

TEUVO SALMINEN

BORN 1954

M.Sc. (Econ. and Business Administration)

- Member of the Board of Directors, Vice Chairman of the Board
- Chairman of the Audit and Risk Committee
- Board professional
- Chairman of the Board of Directors of T2H Oy, Member of the Boards of Directors of Cargotec Corporation and 3Step It Group Oy
- Independent of the company and its significant shareholders
- Shareholding: 89,952 B shares

[1] Includes holdings of Ingman Group Oy Ab

Executive Group

MAUNU LEHTIMÄKI

BORN 1967

M.Sc. (Econ.)

- Chief Executive Officer
- Joined Evli in 1996
- Shareholding: 533,728 A shares and 171,031 B shares

MARI ETHOLÉN

BORN 1973

LLM

- Legal and human resources functions
- Joined Evli in 2001
- Shareholding: 60,000 A shares and 19,108 B shares

PANU JOUSIMIES

BORN 1969

M.Sc. (Econ.)

- Execution and Operations unit
- Joined Evli in 1997
- Shareholding: 59,691 A shares and 84,249 B shares

JUHO MIKOLA

BORN 1981

M.Sc. (Econ.)

- Financial and Group administration, Deputy CEO
- Joined Evli in 2004
- Shareholding: 68,000 A shares and 44,580 B shares

ESA PENSALA

BORN 1974

M.Sc. (Tech.)

- Private clients
- Joined Evli in 2001
- Shareholding: 142,000 A shares and 35,500 B shares

KIM PESSALA

BORN 1969

M.Sc. (Econ.)

- Institutional clients
- Joined Evli in 1995
- Shareholding: 12,331 A shares and 94,558 B shares

MIKAEL THUNVED

BORN 1965

M.Sc. (Econ.)

- Corporate Finance business area
- Joined Evli in 2002
- Shareholding: Holdings through controlled company 80,000 B shares

EVLI

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