

Annual report 2022

FORMUE

The year 2022 – a turning point

In 2022, a significant shift occurred in the economy and the financial markets. Following the financial crisis, favourable conditions such as low inflation, near-zero interest rates and stable economic growth had led to an influx of capital into the financial markets. The optimism reached its peak with a robust stock market performance year in 2021. However, the landscape abruptly changed with Russia's invasion of Ukraine, triggering geopolitical tension, an energy crisis, raw material shortages and rising inflation. Central banks responded with rate hikes, and concerns of a looming recession emerged. Additionally, the impact of climate change with natural disasters and extreme weather added to the complexities of this new era we have entered.

Last year underscored the importance of a robust wealth plan, a diversified investment portfolio and the ability to adhere to the plan during unforeseen events. We are immensely grateful for the strong partnership we have with our clients as the trust we share allows us to preserve and develop the values we create during both favourable and challenging market conditions.

In 2022, many businesses faced significant headwinds and had to implement belt-tightening measures. At Formue we remained committed to our plan, successfully recruiting 55 new colleagues and enhancing our expertise

while accelerating our digital development. We leveraged extensive data resources to deliver improved sustainability advice to our clients. Furthermore, we expanded our local presence by establishing a total of four new offices in Sweden and Norway to be closer to more of our clients. We unified all our activities under the Formue banner across all markets.

Industry data indicates that during periods of negative financial markets, capital inflows into funds tend to decline significantly. However, despite these challenges, we achieved a remarkable feat last year by attracting a record number of new clients while also seeing that our existing clients entrusted us with new capital. The feedback from our clients highlights the value they place on our comprehensive advisory services, which we call Financial Life Management, an approach focused on managing our client's capital and providing lifelong advice.

During the past year, we worked purposefully on diversity and inclusion. At Formue, there is a strong commitment towards increasing the share of women in the financial sector and within our own company. Our efforts have started yielding positive results, as evident in the increased diversity among our colleagues who interact with our clients. We will continue to pursue these initiatives with full force in 2023.

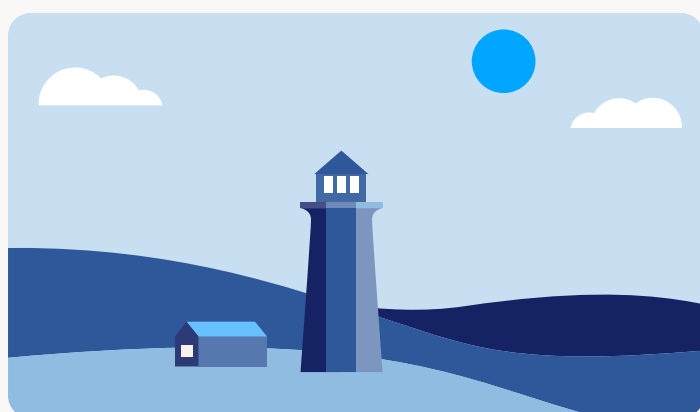
*Many thanks to all our clients for their trust so far.
We are looking forward to the journey ahead.*



With best regards,
Øystein Bø
CEO

Continued growth in our capital

Despite weak financial markets, capital under advisory and management increased, thanks to a record number of new clients and a further increase in capital from existing clients.



The development in the capital we have under advisory and management

We build tailor-made investment portfolios adapted to each client's situation, risk profile and the goals they have with their wealth. The investment portfolios include over one hundred funds that fulfil various functions divided into three modules: stability, market growth and alternative growth. The solid investment portfolios give a more comfortable investment journey and make it easier for clients to stick to the plan that has been made. In this way, they achieve better returns over time.



126.4

NOK bn in capital under management

+15.9

NOK bn in new capital

-9.4

NOK bn in client returns

132.9

NOK bn in capital under management at 31 Dec 2022

AUM
Numbers in NOK billion

126.4

132.9

Here is how we improved the client experience in 2022

«Protection of family's legal rights is often the key to maintaining and developing the family's wealth»

As a family law lawyer, my primary responsibility is to identify risks and opportunities for our clients, their families, businesses and values. Our role is crucial in creating security, particularly in the face of unforeseen events. We thoroughly assess our client's overall situation, providing a comprehensive



JOSEPHINE MØRNER
Family Lawyer

framework that takes into account all aspects that can impact their wealth. As an integral part of our client's team, we offer individually tailored family legal advice that considers both legal regulations and soft values, guiding them through all phases of life with utmost care and consideration.

«The industry initiatives continued with Aquaculture & Fisheries and expanded with Formue Energy»

The purpose of our industry initiatives is to build expertise, visibility and a network of contacts with clients from selected industries. So far we have successfully collaborated with industries such as aquaculture and fisheries, and the supplier industry to the energy sector. In 2022, we were highly active in these industries, actively participating



JOHAN FREDRIK BRUSGARD
Market Support

in key events such as Seafood Days, Nor Fishing, Offshore Technology Days and ONS in Stavanger, and hosting numerous industry seminars and client events, supported by our marketing department. These initiatives have yielded positive results in recent years, particularly in 2020 and 2021, and we continue to see significant potential within these industries in 2023.



MERETE BORG LARSEN
Head of People

«True diversity requires determination, action and day-to-day efforts»

At Formue, we strive to contribute to our clients and colleagues experiencing a richer life. We firmly believe that a diverse workforce is crucial to understanding our clients' needs and helping them achieve their goals. A varied and inclusive working environment fosters innovation, creativity and development, bringing in different perspectives and knowledge that enrich our business and make us better advisors to our clients. Diversity is strategically important to enhance our competitive strength, and we are actively working on increasing diversity within our company. We also participate in networks, such as the Women in Finance Charter, to learn from various collaborative partners.



«Greater focus on securing customer data»

In 2022, Formue increased focus on reducing security risk, aligning processes and controls to international security standards and best practices such as ISO27001 and NIST. We also improved the company's security culture through the launch of enhanced employee security training and phishing tests. A key highlight in reducing security risk was partnering with an external managed Security Operations Centre (SOC) for 24/7 security



DAYNE SKOLMEN
Chief Information Security Officer
Technology & Insight

alert monitoring, investigation, and incident response. This provides Formue with the ability to detect suspicious activity early and respond quickly to reduce potential impacts. Information security is at the forefront of our strategic plans and will continue forward.

«Because we work in a sector where trust is everything, a local presence is of the utmost importance»

Jönköping municipality is a vibrant geographic area characterised by a dynamic business community comprised of many small and medium-sized companies, and a keen sense of local patriotism. As advisors, we understand the challenges and opportunities of the region, and our clients appreciate



ANNA RINGSTRÖM
Team Manager

that we are close to them, not just located in big cities. It is important for our clients to know that their trusted advisor is fully capable of managing their entire financial life, always available and prioritising their interests. We call this approach Financial Life Management.



HENRIETTE AASBERG
Team Manager Sales

«One of Formue's most important processes is welcoming new clients to the company»

In our experience, wealthy individuals in Norway have different challenges and needs depending on their life situation. Therefore, we place great importance on early clarification of whether we can be the right collaborative partner, while also being transparent about what a customer relationship with us entails. In our Sales department, our role is to map out the advisory process from the start, ensuring that both the client and advisor have a clear overview and understanding of the path ahead. With the expertise of our professionals in areas such as tax, pensions, sustainability and more, we identify the specific needs of our client and facilitate seamless collaboration as the client-advisor relationship evolves.



PHILIP MITCHELL
Senior Sustainability Advisor

Sustainability further integrated in our operations and client offerings

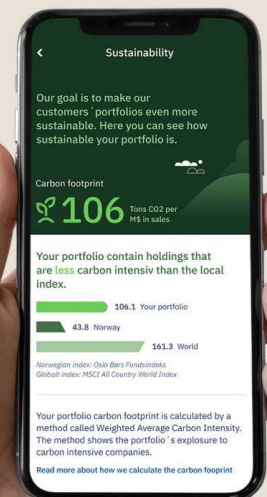
2022 was another busy year in Formue's sustainability journey. Perhaps the biggest development was the growth of our Nordic Sustainability Ownership Centre (NSOC) - founded in 2021 with the objective of helping clients integrate sustainability into their personal lives, investments and in their company, if relevant.

NSOC have already met over 25 businesses from a range of sectors with the aim of helping them kick-start, or improve an existing, sustainability strategy. Our 'Expert opinion' reports have proved very popular with small and medium-sized companies that are often over-awed by regulatory complexity, or nervous about what sustainability advice might cost from a traditional consultant.

Together with the advice we now offer clients about sustainability improvements in their lives and investments, we believe NSOC can have a material impact on reducing emissions beyond that of a traditional wealth manager.

The investments process successfully adapted to the twin regulatory introduction of Sustainable Finance Disclosure Regulation (SFDR) and Markets in Financial Instruments

Directive II (MiFID II), both aimed at helping investors target the funds most suitable to their sustainability wishes. Until underlying information improves, and the EU Taxonomy is finalised, this is still a challenge for all financial actors. However, Formue's due diligence of fund managers and leading data capabilities allow us to tailor solutions as closely as possible to clients' needs. Importantly, our core belief in helping to finance the transition via engagement rather than relying on exclusions, continues to resonate with clients and regulators alike.



Other Highlights of 2022:

- Committed to setting a Science Based Target for Net Zero, bringing us into a select club of financial institutions aligned with this Global standard. This will supplement our existing commitments to reach Carbon Neutrality from Operations by 2025 (in line with Norwegian Skift) and extend our emissions in scope to include investments.
- Online client sustainability tool launched, bringing together many elements of our market-leading offer, notably Data and Technology. This enables clients to estimate their emissions footprint and even their financial impact on each of the UN's Sustainable Development Goals (thanks to our existing partnership with GIST).
- Became a member of the UN Principles for Responsible Investments (PRI), and the Swedish Forum for Sustainable Investments (SWESIF), extending our voluntary commitments to act and report sustainably. We have also committed to report on climate risks according to the Taskforce for Climate Related Disclosure (TCFD) from 2023.
- Published our internal policy for Diversity and Inclusion and extended training to all employees. We also extended supply-chain engagement surveys to increase our ability to detect human rights abuse within our supplier base.
- Established a Sustainability Committee (SusCo) to align Formue's sustainability strategy across teams for investments, operations and client-facing activities. SusCo will report directly to the F1 executive board.

Reaching new heights in the Nordic Way of Wealth

SEBASTIAN DOVEY
Board Member



Formue is perfectly poised for acceleration. The business has, over recent years, built a robust capabilities platform, a world class hybrid proposition and developed its excellent high performing personnel. More importantly, as covered in the recent World Wealth Report by global management consultants CapGemini, the Nordic region combined is among the most attractive market regions in terms of clientele. Notably, the business is also topping the independent rankings as the leading provider in its core market from a client experience perspective*. Consequently, all at Formue are now focused on capitalising on these factors to achieve, and even exceed, its growth objectives in Norway, Sweden and now in its recent market addition, Denmark. The future is bright for the proposition of the Nordic way of wealth and a richer life.

*Kantar Sifo Prospera

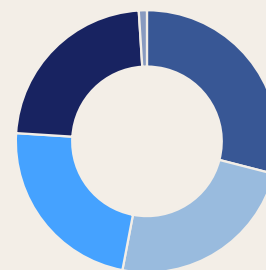
Notable events

- › Became a billion kroner company with sales of NOK 1 004 million.
- › Established offices in Halmstad, Jönköping and Uppsala in Sweden and Kongsberg in Norway.
- › Launched a digital wealth plan for all clients.
- › Achieved full breadth of our client offering in Sweden with accounting, legal, sustainability and pensions.
- › Ranked as the top Private Banking company for the seventh year in a row by Kantar Sifo Prospera.
- › Changed from being Burenstam & Partners in Sweden and Formuesforvaltning to Norway to joining forces under one name: Formue.
- › The Aite-Novarica Group declared Formue's reporting platform as the winner of the Impact Award for Digital Initiative of the Year – Europe for the second year in a row.

Key company figures

NOK mill., IFRS

	2022	2021
Revenues	1004	961
Operating profit (EBIT)	116	212
After-tax profit	102	151
Total assets	851	851
Equity ratio	44%	47%



Formue's ownership structure

- 29% Management and employees
- 24% Ringgården
- 23% IK Investment Partners
- 23% ICG
- 1% Others

386

employees

As at 31 Dec 2022

- › 20% increase in no. of employees in 2021
- › 42% share of women
- › 42% share of female managers
- › 2,6% sickness absence rate

The company collects data each week about employee satisfaction through the company Winningtemp.



Safety

**You shall feel confident
that you can live the life
you desire no matter
what.**

Legal services, business management, digital
security services, pension advisory



Preserve
& develop

**You shall preserve and
develop what you have
created for the future, and
for your heirs.**

Discretionary investment management, investment
advisory



Create

**You shall have the liberty
to pursue your dreams.**

Art, philanthropy