

FORMUE

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Annual Report



ØYSTEN BØ

In the interaction between people and technology

The digitalisation and use of technology have increased markedly in recent years, with the pandemic as one of several driving forces. Implementation of technology has a major influence on society, impacting and changing how things are organised and function. We have been well prepared for the development and established our hybrid strategy back in 2016. This means that we have been continuously adopting new technology in our personal wealth management services to create the best experience for our clients.

During 2021, all the clients have received an updated wealth plan. The plan is always available on the web portal and in the Formue app, which gives clients a good overview. In the app and on the portal, they can also see their investment portfolios through different lenses such as sustainability, geography, sectors and gain insight in what the portfolios contain. In this area, the trend is ever-improving access to data, which means increased possibilities to provide insights into the investments.

In our investment work, we wish to be as well prepared as possible for all scenarios and situations that arise. This applies also to the worst possible events, such as Russia's invasion of Ukraine. This conflict has come as a shock to Europe and the rest of the world and is a humanitarian crisis for all the victims and their families. It has also led to turmoil in the financial markets. We have an important job to

do to preserve and develop our clients' assets in the best possible way in situations like these.

2021 ended as one of many consecutive good years in the financial markets. The start of 2022 has been more challenging, and it is in such periods that the clients see even clearer the value of a good wealth plan and a portfolio with solid risk diversification. For over 20 years, we have worked to develop a portfolio strategy that is one of the sector's most comprehensive when it comes to risk diversification. This has been demonstrated to give lower fluctuations in value over time, which in turn means a shorter path back to positive returns when the market turns.

In the beginning of 2022, we combined all the activity in Sweden and Norway under a common brand name – Formue. The company has about 350 colleagues who help our clients with advisory services and wealth management. During the year we will open three new offices in Sweden and are looking at the possibilities outside Norway and Sweden.

Going forward, we will continue our commitment to sustainability, which will be integrated in both our framework for advisory services and in our investment process. We will present even more data which will give the clients even better insight into how their investments, way of living and activity influence the UN's sustainability goals, facilitating a dialogue about how they can in the best possible way contribute to the goals set by the UN and the EU.

THANKS TO ALL OUR CLIENTS FOR THEIR
CONFIDENCE SO FAR. WE ARE LOOKING
FORWARD TO THE NEXT STEP IN OUR JOURNEY.

WITH BEST REGARDS, ØYSTEN BØ, CEO

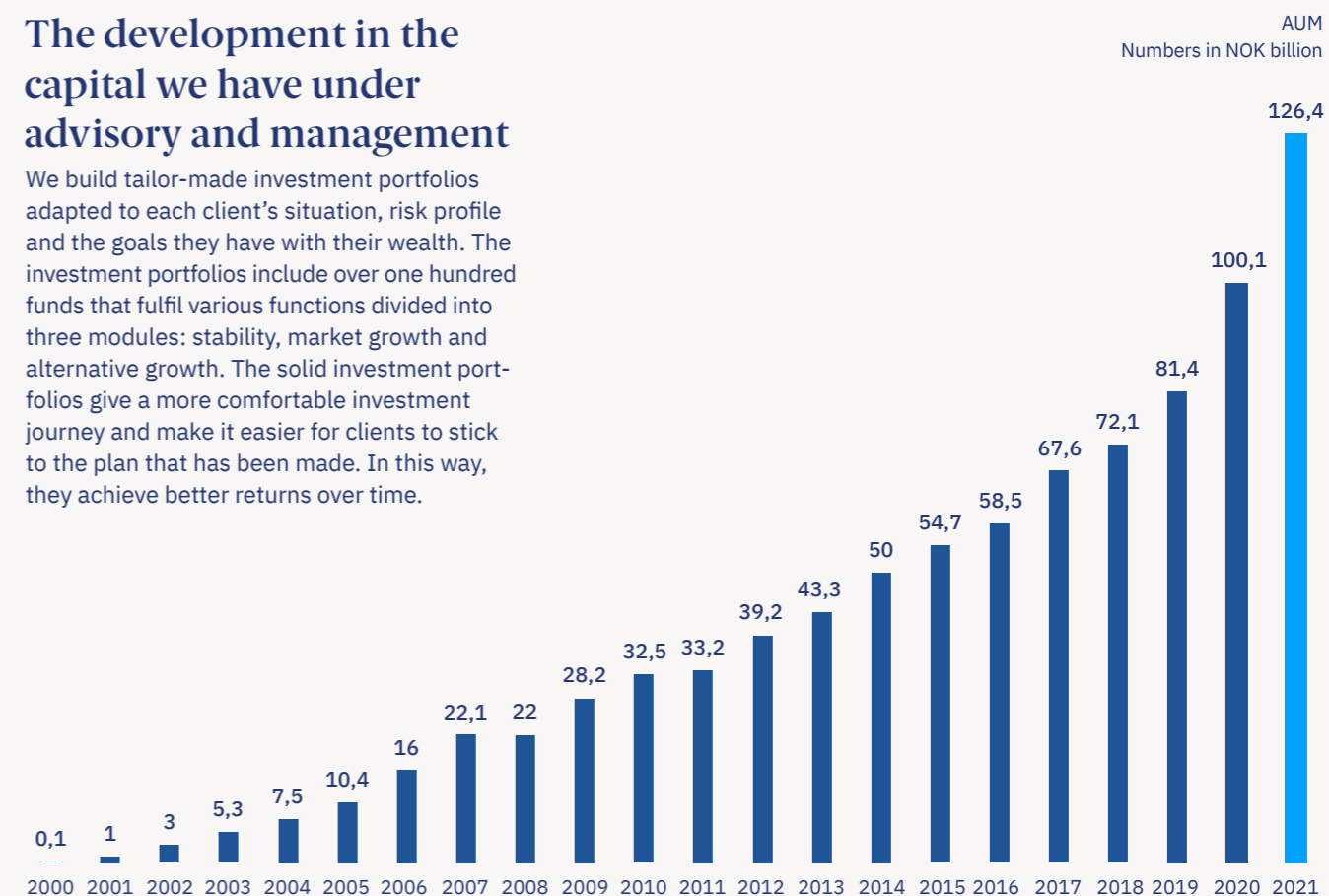
Highlights 2021

High flow of capital from existing and new clients as well as good returns led to strong growth in capital under advisory and management.



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.



Here is how we created a greater client experience in 2021

“The messages must always be understandable and interesting to most people”

As chief strategist at Formue, it is my responsibility to closely track the world economy and financial markets. Rather than predicting, the job is much more about attempting to understand. There are a multitude of factors that can impact our clients' financial investments. By using different channels, I try to convey



CHRISTIAN LIE
Chief strategist

relevant, useful and interesting summaries and analyses. In my weekly newsletter, through the “Formuepodden” or podcast, in client meetings or seminars, the guiding principle is always that the messages should be understandable and interesting to as many as possible.

“Our framework helps the clients to realise the potential that lies in their wealth”

Our clients wish to realise the potential that lies in their wealth today and in the future. To succeed in that, they must lift their vision. My job as an advisor is to facilitate an inspiring conversation about what each and every person can achieve with their wealth, rather than complicated dialogues about financial products. Our framework,



LINDA J. LILLIESKÖLD
Wealth Manager, Malmö

where we divide the wealth into Safety, Preserve & Develop and Create, has a key role in this dialogue. It helps the clients by setting a goal for their investment journey, for how the wealth shall be passed on to the next generation as well as which priorities and areas of improvement exist within tax, legal services, pensions, insurance and accounting.



JAN NYLUND
Head of Private Equity

“The technology-focused venture funds doubled their values”

The technology-focused venture funds that Formue's clients are invested in doubled their values in 2021 (after fees and bonuses). This was due to the perfect storm where: i) digitalisation exploded after Covid-19, leading to record growth in the companies' sales, ii) increased risk appetite led to increased supply of capital to early stage companies, stronger competition between investors and thus higher prices for such companies and iii) low long-term interest rates reduced the required rates of return. It is correct to point out that the relationship between risk and reward is weaker at the end of 2021 than at the beginning of the year. It will be exciting to follow the development in the portfolio the coming years.

“Focusing more on families with large wealth and foundations”

The merger of Griff Kapital and Formue Family Office has created a larger and more effective large client environment. Family Office is a focus area at Formue, and the department, currently composed of 14 skilled colleagues, now has significantly broader and deeper experience and expertise. This means that we can help existing and new clients even



JAN TORE ANDRESEN
Advisor, Family Office

better. We collaborate closely with the regional offices, the investment department and the experts in law, tax, business management, pensions, generational change and sustainability. In this way, we deliver the best possible comprehensive client experience to families with substantial wealth, foundations and selected semi-institutional clients.

“New and better solution for how we bring new clients into the company”

One of Formue's most important processes is how we onboard new clients. In 2021, we have worked on finding the best solution to take care of new clients, the employees who contribute to the process and ensure that we fulfil all reporting requirements in accordance with the Money Laundering Act and the Personal



CHRISTINA GRANDAL
Head of Formue Service

Data Act. The result has been a more streamlined process where new clients are given an early invitation to our digital solutions. Much information that was previously collected by various forms and agreements, can now be completed by the client at their convenience through the app or the client web portal.



HELENA VON DER ESCH
Senior Family Advisor

“I facilitate fair and inclusive processes”

After having worked for over 15 years with opportunities and challenges for wealthy families, it was with immense joy that I became part of Formue's Centre of Excellence last year – a competence centre for advisory services about ownership and sustainability. My genuine focus as an advisor is to guide current and future owners through the crucial events in life so that they can preserve and develop their life's work and contribute to a sustainable future. Preserving relationships to the family and developing the individuals play a very key role in this work. I facilitate fair and inclusive processes by being knowledgeable about the owner families' histories and their situation, as well as which social, cultural and financial imprints they dream of passing on to the next generation.



Several new initiatives in sustainability



We have decided to increase the requirements in our investment process when it comes to transition risk, corporate governance, human rights and working conditions. Sustainability must, as before, be integrated into the investment manager's investment processes, and going forward we will place greater emphasis on seeing that the managers pay attention to the risk factors that arise during the transition to a low-carbon society. In this work, we use data that show the negative sustainability effects companies have on the environment (principal adverse impacts). The group has also, using the EU's Sustainable Finance Disclosure Regulation (SFDR), decided to formally take into account these data in the investment process.

In 2021, we established Nordic Sustainable Ownership Forum. This is an expert group with three people who have broad experience in ownership and sustainability. The team will, among other things, provide advice about sustainability to families, their investment portfolios and to their operative

businesses. From 2023, Formue will be subject to the CSRD, which is the EU's new directive for corporate reporting about sustainability. Towards the end of the year, we will be starting a larger process, which includes targeting our suppliers, where we will in the future place greater demands on how they take various sustainability factors into account in their business. We are using, among other things, the services of the Swedish start-up group Position Green in this work.

Highlights of 2021

New expert group for sustainable ownership

We established a new expert community as an advisory resource for our clients.

Sustainability cooperation with GIST

By cooperating with the data and analysis company GIST, who uses artificial intelligence for evaluating and analysing sustainability, the data basis for advice to clients will be sharply improved in the future.

Deeper integration of sustainability in important processes

In 2021, we started the work of integrating sustainability deeper in both our advisory and investment processes. The first half of 2022 will see concrete results from this work.

Increased focus on influence

We met several organisations, regulatory authorities and asset managers to further develop our work in sustainability. We wish to increase awareness of transition investments, supported by data to identify negative effects.

Concrete targets we have set

2025

Target of net zero emissions in the operating activities by the end of 2025.

2030

Target of neutralising the historical footprints for the period before 2030 in our own business.

2030

To contribute to the achievement of the Paris agreement, we have the goal of reducing the carbon intensity of the capital under management by 50 % in 2030, measured from 2020.

The company in 2021

Strengthened ownership and another solid financial year.

“In Formue, IK found all the qualities we are looking for in our investments: a very strong market position in a structurally growing market, a technology platform and a product portfolio of world-class format, a strong ESG commitment and, above all, an exceptional organisation and management group with ambitions of developing all of Formue's businesses as well as expanding into new international markets”



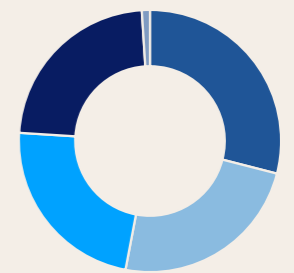
MAGDALENA SVENSSON, PARTNER IK

Notable events

- New ownership structure ensures continuity in the company's vision, values and strategic direction, at the same time putting even greater focus on further developing solutions to benefit clients in existing and new markets.
- Strengthened the focus on larger families with complex needs. Griff Kapital was merged with Family Office in Formue Norge AS.
- Formue Accounting supports over 1 000 clients with accounting, tax returns and protocols.
- All clients received access to the wealth plan on the web portal and in the Formue app.
- Clients gained significantly better insight into their investments through several digital portfolio lenses.
- Further developed and coordinated the advisory process in Sweden and Norway so that clients in both countries experience the same broad and deep expertise in comprehensive advisory services.

Key company figures

NOK million, IFRS		
	2021	2020
Revenues	961	765
Operating profit (EBIT)	212	116
After-tax profit	151	128
Total assets	851	734
Equity ratio	47 %	43 %



Formue's ownership structure

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

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employees

on 31.12.2021

- 11 % Increase in no. of employees in 2021
- 42 % Share of women
- 35 % Share of female managers
- 2,2 % 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