ARCTIA

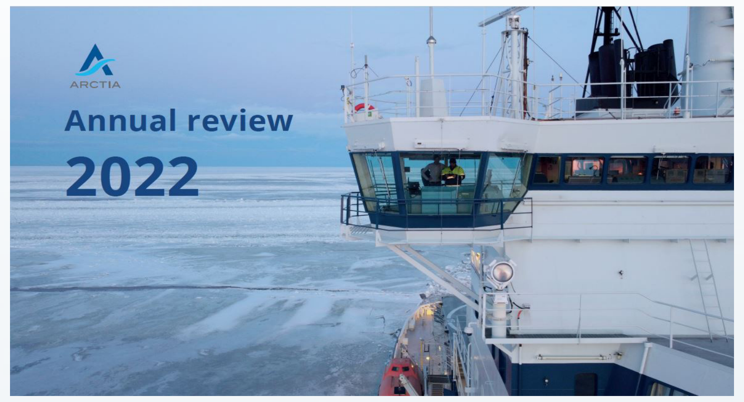
Financial Statements 2022

Contents

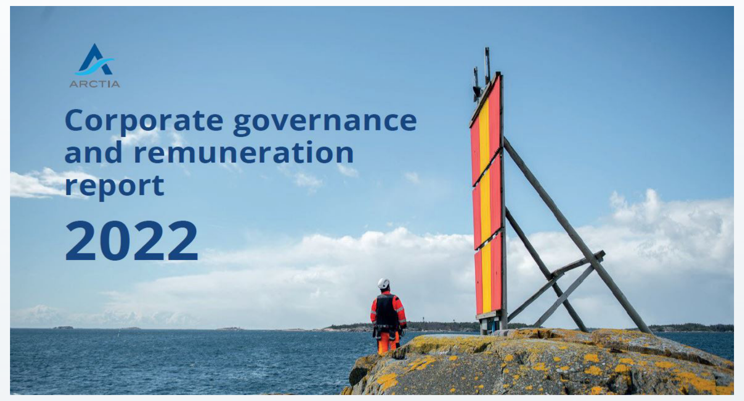
Annual Report for 2022

Arctia Group's Annual Report 2022 comprises the report of the Board of Directors, corporate governance and remuneration report, sustainability report as well as financial statements. The reports are posted on the company's website at www.arctia.fi/en.

ANNUAL REVIEW

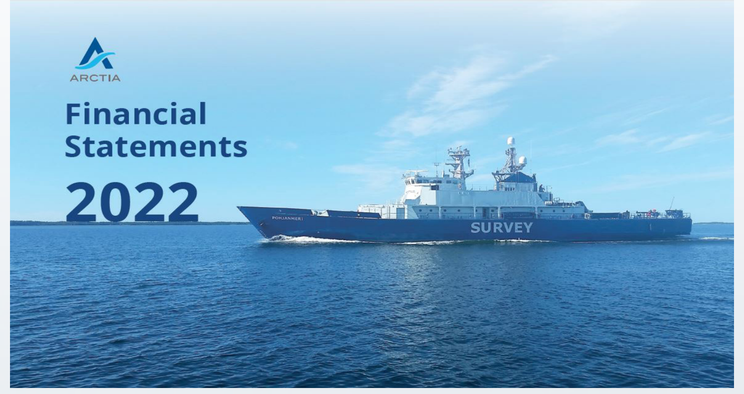


CORPORATE GOVERNANCE AND REMUNERATION REPORT



SUSTAINABILITY REPORT

FINANCIAL STATEMENTS

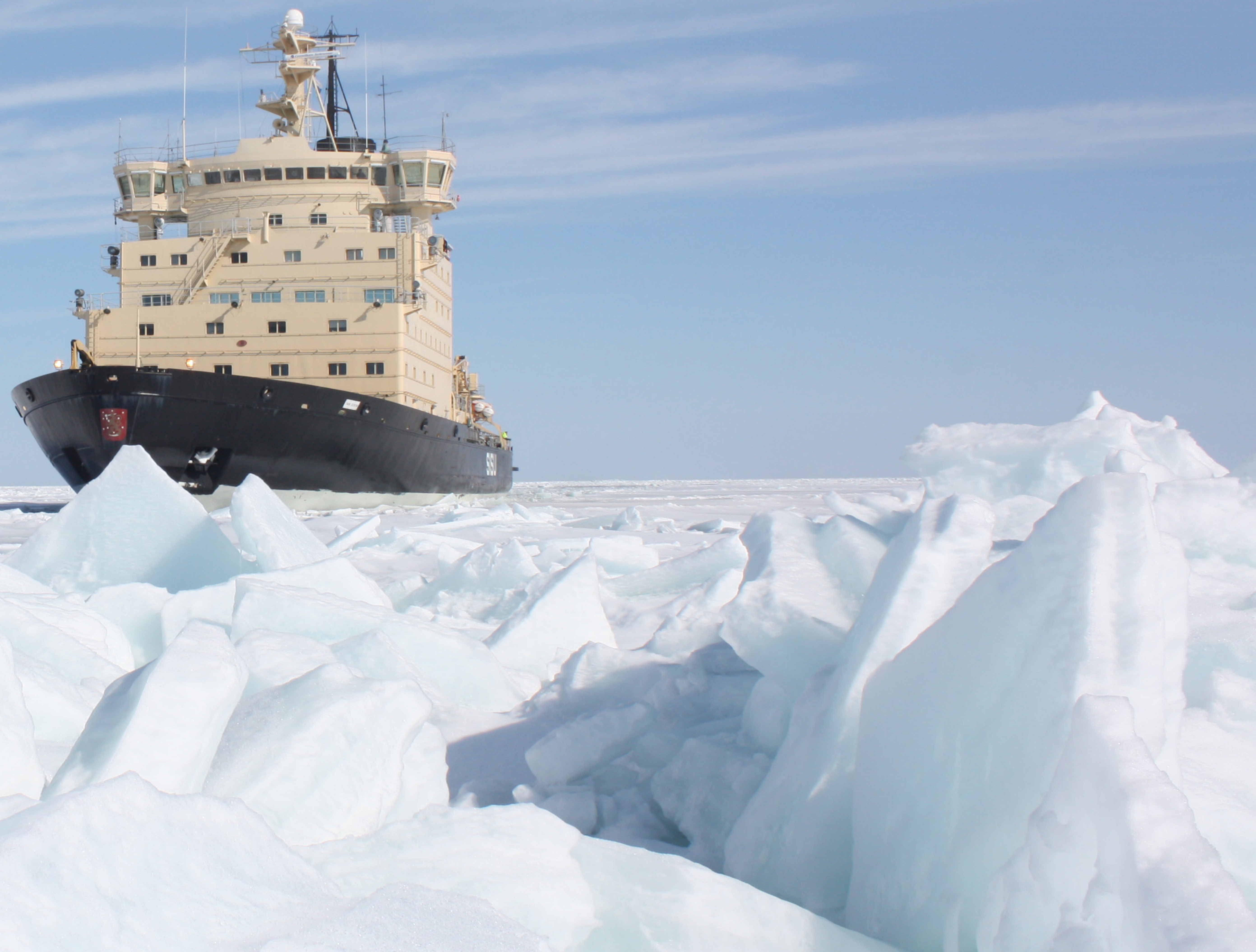


Reliable service in challenging conditions

Arctia is tasked to facilitate safe, smooth and environmentally sustainable waterborne transport operations.

Arctia’s three lines of operation are icebreaking, fairway maintenance and hydrographic surveying. Aside from the wealth of experience and expertise in these core areas, Arctia engages in oil spill response, hydraulic engineering, pipe and cable laying, towing as well as the manufacture of plastic buoys and spar buoys.

Arctia Ltd is 100 % state-owned.



Report of the Board of Directors for the financial year 1 Jan. - 31 Dec. 2022

OPERATING ENVIRONMENT

The Arctia Group provides services for icebreaking, fairway maintenance and hydrographic surveying.

In the Baltic Sea region, the demand for icebreaker assistance is expected to grow in the medium term due to the increase in maritime traffic, the growing size of vessels and, in particular, the merchant vessels' impaired performance in ice conditions. Maintaining sufficient icebreaking capacity plays an important role in Finland's ability to maintain emergency stocks of critical supplies and ensures that winter shipping will meet the needs of business and industry. As the current fleet ages and operational needs change, there are growing pressures to modernize Arctia's icebreaker fleet, either by making mid-life upgrades or constructing new vessels. Geopolitical tensions that led, for example, to the arrival of an LNG terminal ship in the port of Inkoo, are changing the local icebreaking needs, possibly at a rapid pace.

Changes are also taking place in the fairway maintenance environment with the adoption of new tendering models. The use of digitalisation is increasing in the maintenance of safety devices. Innovative and comprehensive service solutions will ensure safe and smooth navigation. As a result of Russia's war of aggression in Ukraine, traffic on the Saimaa Canal has been largely at a standstill. The canal has been maintained and tested during 2022.

In addition to the surveying of Finland's coastal waters, the workload of hydrographic surveying is expected to increase in the coming years, especially in connection with the planning and construction of offshore wind farms. Extensive use of data will play a greater role in the future.

FINANCIAL PERFORMANCE OF THE GROUP

Arctia Group's revenue for the period under review increased from the previous year to EUR 80.2 million (EUR 71.2 million in 2021). Revenue was boosted by the increase in the number of operating days in icebreaking and the good revenue development of fairway maintenance and hydrographic surveying. The Group's operating profit was EUR 2.9 (0.2) million and the profit for the financial year was EUR 1.2 (-0.5) million. The result did not include any significant non-recurring items.

The consolidated balance sheet total was EUR 263.2 (265.1) million. The equity ratio was 54.3% (53.5). At the end of the year, the Group's interest-bearing loans amounted to EUR 96.5 (102.8) million. The interest rates on the loans are linked to market rates. EUR 37.5 million of these loans are protected.

The Group's financing is mainly concentrated in the parent company, which has granted loans to the Group companies. The total amount of loans granted by the parent company stood at EUR 91.2 million at the end of the period under

KEY FINANCIAL FIGURES DESCRIBING THE ACTIVITIES OF THE ARCTIA GROUP

	2022	2021	2020	2019	2018
Turnover, MEUR	80.2	71.2	80.8	79.1	50.9
Operating profit/loss, MEUR	2.9	0.2	2.4	0.0	2.2
% of turnover	3.6	0.3	3.0	0,.0	4.4
Profit/loss for the fiscal period, MEUR	1.2	-0.5	0.9	-2.0	1.4
% of turnover	1.5	-0.7	1.1	-2.5	2.7
Equity, MEUR	142.8	141.6	142.1	141.2	147.3
Equity ratio, %	54.3	53.5	50.2	49.1	49.2
Net gearing, %	45.4	53.1	60.2	72.6	70.4
Interest-bearing liabilities, MEUR	96.5	102.8	119.3	125.3	130.0
Return on capital invested, %	1.1	0.1	0.9	0.1	0.8
Return on equity (ROE), %	0.9	-0.4	0.6	-1.4	1.0
Investments, MEUR	8.6	4.3	6,8	9.5	12.7
% of turnover	10.7	6.0	8.5	12.0	25.9
Balance sheet total, MEUR	263.2	265.1	283.7	288.0	300.1

The figures for 2018 are not comparable with years 2019 and 2021 due to the merger of Meritaito with the Group on 13 December 2018.

review. The maximum loan period is 10 years. Repayments and interest on loans are determined in the loan agreements. The loans are unsecured.

Cash flow from operating activities increased from the previous year amounting to EUR 18.5 (13.6) million. Cash flow from investments was EUR -7.7 (-3.2) million. Most of the investments are repair investments, the most significant of which were related to icebreaker dockings and system upgrades. Cash flow from financing activities was EUR -6.3 (-16.5) million. At the end of the year, the consolidated cash assets amounted to EUR 31.9 (27.5) million. Most of the cash assets are invested in low-risk fixed-income funds. The cash assets are used to make provisions for fleet maintenance and investments.

BUSINESS OPERATIONS

The Group's three lines of operation are icebreaking, fairway maintenance and hydrographic surveying.

The icebreaking business involves the provision of services by eight icebreakers, plus smaller port icebreakers and tugs used in port icebreaking. The number of operating days in icebreaking increased from the previous winter to 739 (567). There were 21 (4) off-hire days for the vessels in the period under review.

The Group's port icebreaking and commercial vessel assistance services are provided by Arctia Karhu Ltd, a joint venture between Arctia Ltd and Kemi Port Ltd. The winter was shorter than normal from the point of view of port icebreaking and assistance services in the ports of Tornio and Kemi within the Bay of Bothnia area of operation. During the open-water season, port assistance and escort towage operations were carried out.

In addition to **fairway maintenance**, the fairway maintenance business involves canal operation and maintenance, hydraulic engineering services, oil spill response services and the manufacture of buoys and spar buoys. During the year, Arctia continued to actively offer and expand its range of services for the management and maintenance of waterways.

Development work is underway on the remote control of maritime safety devices by improving light intensity control based on an automated system, i.e., AIS targets and visibility values. Currently, over 2,180 safety devices and navigational aids are covered by the remote control and management system.

Transit traffic on the Saimaa Canal came to an almost complete standstill due to Russia's war of aggression in Ukraine. The condition and functionality of the canal was maintained as usual.

In 2022, a total of 1,309 buoys and spar buoys were produced at the Joensuu Buoy Factory.

The hydrographic surveying business involves surveying, research, planning and information services. Arctia's strategic mission is to provide the hydrographic surveying services necessary for naval preparedness in all conditions. Every year, Arctia's surveying fleet surveys thousands of square kilometres of seabed to the highest international quality standards, not only in Finland but also in other European waters.

The volume of hydrographic surveying activities is increasing. In particular, offshore wind power projects have become another important source of revenue along with the surveying carried out for marine cartography purposes.

INVESTMENTS

In 2022, the Group's investments amounted to EUR 8.6 (4.3) million. In 2022, the icebreakers Kontio, Fennica and Sisu were docked in accordance with the five-year docking plan. The Group's investments were mainly vessel maintenance and mid-life upgrade investments.

Investments in icebreaking equipment are based on the life cycle plan, legal requirements and investments agreed with the customer. The aim of icebreaker life cycle planning is to make investments at economically optimal times. Other investments are typically related to the replacement of smaller vessels, mid-life upgrades and new business development.

PERSONNEL

The Group's personnel during the year averaged 426 (439). The winter season increased the need for temporary seasonal workers compared with the previous winter season. During the year, new personnel was recruited to ensure professional expertise and to prepare for future retirements.

In the autumn, the systematic development of leadership and management skills was started through training based on the leadership coaching program and providing refresher training in management skills. Skills were maintained through refresher training required for certificates of competence and other professional qualifications. In 2022, the total number of personnel training days was 559 (897).

Group salaries and fees amounted to EUR 28.0 (25.9) million. The increase was due to a higher than normal number of operating days in icebreaking.

A workforce survey was carried out in spring 2022. The result of the survey was satisfactory with a score of 3.4 (3.5) on a scale of 1-5. Based on the findings of the 2022 workforce survey, Arctia launched a project to develop leadership and management systematically.

Arctia Meritaito Ltd and Arctia Management Service Ltd held change negotiations on organisational restructuring in spring 2022. None of the negotiations resulted in any staff reductions.

In December 2022, Arctia Meritaito Ltd started change negotiations.

STRATEGY IMPLEMENTATION

Late 2022 marked the end of a three-year strategy period, with the main focus on improving internal efficiency, strengthening partnership models and promoting corporate social responsibility. Compared to the 2019 baseline, the Group achieved structural efficiency gains of EUR 4-5 million, or around 5%. As the revenue is largely tied up in long contracts agreed in accordance with the Act on Public Procurement and Concession Contracts, the company's result would have been negative without the efficiency gains. The strategy period also saw the positive development of partnership models in the hydrographic surveying business, the improvement of occupational safety and the first steps in the implementation of the CO2 Roadmap. Business was increased to include offshore wind farm measurements.

A new strategy is under development and will be published in 2023. In addition to modernising operations, improving efficiency and developing culture, the focus will be on developing the overall organisation of icebreaking and growing the hydrographic surveying business.

SAFETY

Within the Group, safety management is divided into vessel, work and corporate safety. Safety consists of the internal safety management system, its compliance, auditing, reporting and the resulting improvements.

Vessel safety is monitored in the Group through regular internal and external audits. The Finnish Transport and Communications Agency (Traficom) inspects vessels annually. During the financial year, there have been no serious anomalies in audits or inspections.

In 2022, the Group had a total of 10 occupational accidents resulting in absences. The Group's injury frequency rate was 12.8 (13.8). Significant efforts are being made to prevent occupational accidents. The Group aims to have zero serious accidents at work, zero occupational illnesses and to bring the injury frequency down to zero.

In all its operations, the Group takes into account work, vessel and corporate safety and complies with the International Safety Management (ISM) Code, the International Maritime Organization's (IMO) MARPOL (International Convention for the Prevention of Pollution from Ships) regulations, as well as national guidelines and regulations. The fairway maintenance management business and the hydrographic surveying business also have a certified ISO 9001 quality management system, ISO 14001 environmental management system and ISO 45001 health and safety management system. In hydrographic surveying, the provisions of the Finnish Defence Forces' Katakri audit guidelines are also followed.

DEVELOPMENT WORK AND RESEARCH

In fairway maintenance, development work was carried out to increase the automation of remote-controlled buoys and to develop internal situational awareness software. In hydrographic surveying, work continued on automating the post-processing of survey data and increasing the measurement technology and expertise required for offshore wind farms.

ENVIRONMENTAL EFFECTS

During 2022, the promotion of corporate social responsibility continued on a broad front. The environmental programme was promoted through measures in line with the CO2 Roadmap, by starting the recycle buoys, by continuing to measure the fuel consumption of icebreakers during operation and by improving navigation habits.

Other services, such as oil spill response services and buoys for monitoring environmental emissions, contribute to reducing the environmental impact of maritime transport.

The main environmental impact of icebreaking is CO2 emissions from the use of marine fuels. In fairway maintenance, the main impact, aside from fuel consumption, is generated by the batteries powering the navigational aids and safety devices. We continue to work on developing better buoy batteries.

Arctia did not cause any environmental accidents in 2022.

CORPORATE SOCIAL RESPONSIBILITY

Arctia's corporate social responsibility activities are guided by the company's strategy and the Government Resolution on the State Ownership Policy published on 8 April 2020.

Efforts to implement corporate social responsibility in all areas related to environmental, social and governance (ESG) were continued in 2022 as foreseen in the corporate strategy. A successful experiment with renewable fuel was carried out in hydrographic surveying, which will serve as a basis for substantially increased use in 2023. Additionally, the investments required for recycling plastic spar buoys were completed and recycling got off to a successful start. Steps were also taken in the programme to reduce in-service emissions from icebreakers. Arctia's key role in maintaining emergency stocks of critical supplies was further underlined by the geopolitical situation, to which the company responded by raising its level of preparedness.

More information on corporate social responsibility issues is provided in the Group's corporate social responsibility report.

COMPANY ORGANISATION, MANAGEMENT AND AUDITORS

The Group's parent company is Arctia Ltd. The subsidiary Arctia Management Services Ltd provides services related to financial management and human resources, communications, security, technology and crewing.

Actual operations are carried out by three subsidiaries: Arctia Meritaito Ltd provides fairway maintenance and hydrographic surveying services, Arctia Icebreaking Ltd provides icebreaking services and Arctia Karhu Ltd provides port icebreaking services. The Group also includes an associated company whose activities have been limited.

At the Annual General Meeting of Arctia Ltd held on 23 March 2022, Mats Rosin was elected as Chair of the Board of Directors and Pirjo Kiiski, Sinikka Mustakari, Kari Savolainen, Regina Sippel and Matti-Mikael Koskinen as ordinary members of the Board of Directors. Matti-Mikael Koskinen was elected as Deputy Chair of the Board of Directors. The Board of Directors convened 10 times during the year. The remuneration of the Board of Directors remained unchanged. The

Board is supported by the Personnel Committee and the Audit Committee.

At the Annual General Meeting, KPMG Oy Ab was elected as Arctia Group's auditor with Ari Eskelinen, CPA, serving as the auditor in charge.

Maunu Visuri served as Arctia Ltd's Chief Executive Officer. In addition to the CEO, the Group's Executive Management Team included CFO Sari Kankkunen, HR and Legal Affairs Director Janne Laitinen, Technical Director Tero Hänninen and, until 1 July 2022, Chief Operating Officer Hannu Ylärinne.

SHARES

The entire share capital of Arctia Ltd is owned by the State of Finland. The share capital of the company consists of 748,000 shares of equal value. The share capital amounts to EUR 18.7 million.

BUSINESS RISKS

Risk management is an integral part of Arctia's management system, embracing the day-to-day operations and decision-making of the business units, vessels and support functions. A risk assessment is always carried out in respect of major projects and business or operational changes.

Risks are divided into strategic, operational and financial risks. The strategic business risks relate in particular to solving the structural profitability challenge and implementing measures to improve business efficiency. One major strategic risk is posed by changes in the operating environment, which may have a negative impact on business prospects. Changes in the operating environment include, for example, changes in tendering models. Strategic risks are mitigated through comprehensive planning of operations and the systematic implementation of changes. The risk is also addressed by anticipating the impact of changes in the business environment.

The ageing of the fleet poses a key operational risk. The technical reliability of equipment plays a significant role when operating in challenging conditions. The ageing of the fleet increases the risk of technical problems and also means increased maintenance costs and the need to replace systems due to reduced availability of spare parts. Risk and rising maintenance costs are managed through fleet lifecycle planning, long-term servicing plans and annual maintenance schemes.

There is also a significant operational risk related to the management and profitability of client projects, especially in international ventures. Key elements include risk assessments, efficient processes and qualified project staff.

The high turnover of maritime staff due to retirements will continue in the coming years. The turnover increases the risk of a decline in professional competence. The risk is mitigated through proactive human resources planning and training. The sector is also traditionally sensitive to industrial disputes and strikes. This risk is mitigated through active cooperation and early intervention to address potential problems.

The Group's financial risks are managed through, among other things, clear financial processes, insurance policies, activities in line with the financial policy and meaningful financial reporting, the reliability of which is ensured by control procedures.

OUTLOOK FOR 2023

The company will launch measures in line with the new strategy period. The Group's revenue and result are forecast to develop positively in 2023.

EVENTS AFTER THE FINANCIAL YEAR

The change negotiations, which started in December 2022, resulted in the abolition of five posts.

Paavo Kojonen, Business Director of Icebreaking, joined the Executive Management Team on 1 March 2023.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The parent company's distributable assets on 31 December 2022 were EUR 99,588,577.16, of which the profit for the 2022 financial year was EUR 38,111.06. The Board of Directors proposes to the General Meeting that a dividend of EUR 0.48 per share, i.e. a total of EUR 359,040.00, be distributed to shareholders.

PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
TURNOVER	80,206	71,215	1,651	1,186
Stocks of finished and unfinished goods, increase (-) or decrease (+)	-30	-48	0	0
OTHER OPERATING INCOME	698	1,217	296	0
Materials and services				
Raw materials, consumables and supplies				
Purchases	-8,240	-6,116	0	0
Inventories, increase (-) or decrease (+)	234	27	0	0
External services	-6,766	-6,465	0	0
Materials and services, total	-14,772	-12,554	0	0
Personnel expenses				
Wages and salaries	-27,992	-25,898	-407	-344
Social security expenses				
Pension costs	-4,188	-3,834	-197	45
Other indirect employee costs	-1,089	-990	-4	-8
Personnel expenses, total	-33,268	-30,722	-608	-307
Depreciation and reduction in value				
Depreciation according to plan	-16,831	-16,829	-276	-280
Depreciation and reduction in value, total	-16,831	-16,829	-276	-280
Other operating expenses	-13,104	-12,040	-691	-506
OPERATING PROFIT (LOSS)	2,898	238	372	93

PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Financial income and expenses				
Other interest and financial income				
From group companies	0	0	863	1,365
Short-term, from other sources	52	37	52	33
Reduction in value of investments of current assets	-372	0	-372	0
Interest and other financial expenses				
To others	-961	-1,692	-832	-1,382
Financial income and expenses, total	-1,281	-1,655	-289	16
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	1,617	-1,417	83	109
Appropriations				
Group contribution	0	0	0	-100
Appropriations, total	0	0	0	-100
Income tax				
Taxes during the fiscal period	-48	-29	-45	-26
Deferred taxes	-322	931	0	0
Income taxes, total	-370	902	-45	-26
Minority interest	-5	-1	0	0
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	1,242	-515	38	-17

BALANCE SHEET (1000 EUR)

	GROUP		PARENT COMPANY	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Intangible rights	268	414	0	0
Other capitalised long-term expenditure	110	159	0	0
Intangible assets, total	378	573	0	0
Tangible assets				
Land and waters	928	1,105	0	169
Buildings	4,384	5,027	2,639	2,957
Vessels	202,327	210,152	0	0
Other plants and machinery	3,311	3,808	53	123
Other tangible assets	86	86	86	86
Advance payments and construction in progress	1,292	537	0	0
Total tangible assets	212,327	220,716	2,779	3,336
Investments				
Shares in group companies	0	0	92,299	92,299
Other unquoted shares	3	4	0	0
Shares in associated companies	0	100	0	0
Total investments	3	104	92,299	92,299
TOTAL NON-CURRENT ASSETS	212,708	221,393	95,078	95,636

BALANCE SHEET (1000 EUR)

	GROUP		PARENT COMPANY	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
CURRENT ASSETS				
Stocks				
Raw materials and consumables	2,618	2,394	0	0
Unfinished products and services	0	1	0	0
Finished products / goods	292	311	0	0
Inventories, total	2,910	2,706	0	0
Long-term receivables				
Receivables from group companies	0	0	87,552	89,052
Other receivables	68	81	0	0
Long-term receivables, total	68	81	87,552	89,052
Short-term receivables				
Sales receivables	12,933	10,397	0	1
Receivables from group companies	0	0	7,000	19,710
Other receivables	253	283	0	0
Prepayments and accrued income	2,824	2,790	547	696
Short-term receivables, total	16,010	13,469	7,547	20,406
Financial securities				
Other securities	19,628	20,000	19,628	20,000
Short-term receivables, total	19,628	20,000	19,628	20,000
Cash in hand and at banks	11,905	7,455	11,874	7,441
TOTAL CURRENT ASSETS	50,520	43,711	126,600	136,899
TOTAL ASSETS	263,228	265,104	221,679	232,535

BALANCE SHEET (1000 EUR)

	GROUP		PARENT COMPANY	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	18,700	18,700	18,700	18,700
Other reserves	77,014	77,014	77,014	77,014
Retained earnings from previous years	45,855	46,371	22,536	22,553
Profit (loss) for the fiscal period	1,242	-515	38	-17
TOTAL CAPITAL AND RESERVES	142,812	141,570	118,289	118,250
MINORITY INTEREST	229	224	0	0
LIABILITIES				
Long-term liabilities				
Loans from financial institutions	92,950	96,500	83,500	86,750
Deferred tax liabilities	9,807	9,486	0	0
Other liabilities	3	3	0	0
Long-term liabilities, total	102,761	105,989	83,500	86,750
Short-term liabilities				
Loans from financial institutions	3,550	6,275	3,250	3,250
Advance payments received	13	15	0	0
Payables	3,298	2,912	88	19
Liabilities to group companies	0	0	16,255	24,124
Other liabilities	2,849	1,709	145	49
Accruals	7,717	6,410	153	92
Short-term liabilities, total	17,426	17,321	19,890	27,534
TOTAL LIABILITIES	120,187	123,310	103,390	114,284
TOTAL EQUITY AND LIABILITIES	263,228	265,104	221,679	232,535

CASH FLOW STATEMENT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/loss for the fiscal period	1,242	-515	38	-17
Adjustments				
Depreciation according to plan	16,831	16,829	276	280
Capital gains (-) and losses (+) on fixed assets	-412	-538	-296	0
Other items not involving payments	0	74	0	0
Financial income and expenses	1,281	1,655	289	-16
Group contributions	0	0	0	100
Income tax	370	-902	45	26
Minority share	5	1	0	0
Cash flow before change in working capital	19,318	16,602	352	373
Change in working capital				
Increase (-) / decrease (+) in inventories	-204	22	0	0
Increase (-) / decrease (+) in noninterest-bearing receivables	-2,511	-732	13,266	-16,044
Increase (+) / decrease (-) in noninterest-bearing loans	2,820	-654	216	-390
Operational cash flow before financial items and taxes	19,422	15,238	13,834	-16,061
Interest paid and payments for other financial expenses	-951	-1,660	-841	-1,373
Interest received	9	9	882	1,166
Other financial income	7	5	27	223
Direct taxes paid	-28	-3	-27	0
Granted loans	0	0	-2,600	0
Repayments of loan receivables	0	0	3,700	12,500
CASH FLOW FROM OPERATING ACTIVITIES	18,460	13,590	14,974	-3,545

CASH FLOW STATEMENT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
Cash flow from investments				
Investments in material and immaterial goods	-8,592	-4,291	0	0
Proceeds from sale of tangible and intangible assets	755	965	578	0
Shares in associated companies sold	1	152	0	0
Repayment of loan receivables	100	0	0	0
CASH FLOW FROM INVESTMENTS	-7,735	-3,175	578	0
CASH FLOW FROM FINANCING ACTIVITIES				
Repayments of short - term loans	-2,725	0	-7,769	0
Increase (+) / decrease (-) in short-term loans	0	0	0	9,981
Repayments of long-term loans	-3,550	-13,400	-3,250	-12,500
Repayments of long-term loans, bank account limit	0	-3,094	0	0
Group grants received and paid	0	0	-100	0
CASH FLOW FROM FINANCING ACTIVITIES	-6,275	-16,494	-11,119	-2,519
CHANGE IN CASH AND CASH EQUIVALENTS	4,450	-6,079	4,433	-6,064
Available assets at the beginning of the fiscal period	27,455	33,533	27,441	33,504
Cash funds transferred from corporate transaction, change	0	0	0	0
AVAILABLE ASSETS AT END OF THE FISCAL PERIOD	31,905	27,455	31,874	27,441

Accounting principles

1. ACCOUNTING PRINCIPLES

1.1 VALUATION PRINCIPLES

Items in foreign currencies

Receivables and debts in foreign currencies have been converted into euros using the currency rate on the date of the drawing up of the financial statements.

Inventories

Inventories are valued at the acquisition cost or in accordance with the probable selling value, if lower. Arctia Group's inventories include the fuel and lubricant stocks of vessels. The inventories of Arctia Meritaito Ltd include materials, supplies and finished products. The acquisition cost of materials and supplies includes the direct costs incurred by the acquisition. The acquisition cost of finished products includes the share of fixed costs of acquisition and manufacturing in addition to variable costs.

Non-current assets

Intangible and tangible assets are marked as acquisition expenses on the balance sheet with depreciation according to plan. Depreciations according to plan are calculated as straight line depreciations based on the target's economic duration. Depreciations are calculated from the month of the asset's application.

Depreciation times:	Years
Intangible assets	3 - 10
Development expenses	3 - 5
Buildings	10 - 30
Vessel stock	
Icebreakers	30 - 50
Other vessels	5 - 30
Docking of vessels	5
Communications and navigation equipment	3 - 5
Computers and related devices	3
Other plants and machinery	5 - 15

Expenses from repair and maintenance during vessel docking are capitalised and entered as expenses according to the economic working life of the docking (5 years). Residual value has been taken into account in the fleet depreciation plan. In Arctia Meritaito Ltd, repair and maintenance expenses with effect of less than three years and up to EUR 25,000 are entered as annual expenses, and in Arctia Icebreaking Ltd, repair and maintenance expenses of less than three years and up to EUR 50,000 are entered.

Recognition principles and methods

Arctia Meritaito Ltd recognised revenue from contracts with a long production or construction period on the basis of the percentage of completion. Projects whose anticipated duration is at least a year or whose effect on the turnover of the fiscal period was remarkable were considered contracts with a long production or construction period. The percentage of completion of long-term projects was determined as the ratio of expenditure incurred to the projects' estimated total expenditure, or, if separately agreed upon in the project contract, it was determined based on the completed parts of the project entity.

1.2 DEFERRED TAXES

The imputed tax liability and receivable have beencalculated for the temporary differences between taxation and the financial statements, using the tax rate valid at the time of drawing up the financial statements. The entire imputed tax liability and receivable are included in the balance. Deferred tax liabilities are related to the depreciation differences recorded for subsidiaries. These differences have been divided into equity and imputed tax liability in the consolidated financial statements.

1.3 PENSIONS

The statutory pension schemes for personnel are managed by external insurance companies. Pension costs are entered as expenses for the year during which they were incurred.

1.4 ASSETS

Cash assets invested in low-risk bond funds have been included in the assets. The bond fund investments can be realised at short notice.

1.5 ACCOUNTING POLICIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been drawn up using the acquisition cost method. The subsidiaries have been founded independently with the exception of Arctia Meritaito Ltd. Business transactions within the Group and internal receivables and debts have been eliminated. Minority shares have been separated from group equity and the profit for the fiscal period, and are presented as their own item. The Group has a consolidated account system in place. Changes to the consolidated account are presented in the financing cash flow items of the individual companies' cash flow statements.

Arctia Icebreaking Ltd owns 40% of the share capital of Ice Advisors Ltd. In 2021, the financial statements of Ice Advisors Ltd were not merged with Arctia Icebreaking Ltd's consolidated financial statements as they did not have a material impact

In 2022, Arctia Meritaito Ltd sold off its 50% stake in New Port Imatra Ltd's share capital. In 2022, Insta Airhow Ltd was closed down. Arctia Meritaito Ltd owned 40% of the share capital. In 2021, the share capital of Saariston Merikuljetus Ltd Meripojat was sold. Arctia Meritaito Ltd owned 24% of the company's share capital.

1.6 MEASUREMENT OF FINANCIAL INSTRUMENTS AND DERIVATIVES

Measurement in accordance with Chapter 5, Section 2 of the Accounting Act shall be applied in the accounting of financial instruments.

Securities held as financial assets and othe similar financing reserves are valued at the acquisition expense or, if their probable fair market price is lower on the balance sheet date, at that value.

The company has protected itself against loan-related interest risks with interest rate derivatives, with which variable interest cash flows are converted into fixed interest rate cash flows using derivatives. Information concerning the interest rate derivatives is presented in the notes to the financial statements based on their protectiveness and the consistency of the loan and the derivative. The current values of the interest rate derivatives are presented in Section 6 of the notes to the financial statements.

2. NOTES ON THE PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
2.1 TURNOVER BY MARKET AREA AND LINE OF BUSINESS				
BY MARKET AREA				
Finland	78,823	68,907	1,651	1,186
EU countries	1,110	611	0	0
Countries outside the EU	273	1,697	0	0
	80,206	71,215	1,651	1,186
BY LINE OF BUSINESS				
Icebreaking	50,916	47,065	5	0
Fairway maintenance and Marine surveys services	29,290	24,150	0	0
Internal administration services	0	0	1,646	1,186
	80,206	71,215	1,651	1,186
The share of turnover subject to partial revenue recognition in the Group's total turnover	6,967	2,230	0	0
In terms of long-term projects that have been recognised as income according to the stage of completion, but that have not yet been delivered to the customers, the amount recognised as income in the financial period and in previous financial periods	1,225	384		
Amount not recognised as income concerning long-term projects				
Projects recognised as income according to the stage of completion	1,258	674		
Backlog of orders, total	1,258	674		

2. NOTES ON THE PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
2.2 OTHER INCOME FROM BUSINESS OPERATIONS				
Profit from sale of fixed assets	465	542	296	0
Grants received	79	259	0	0
Insurance indemnities	127	407	0	0
Other	27	9	0	0
Total	698	1 217	296	0
2.3 NOTES ON PERSONNEL				
Average number of personnel during fiscal period				
Onshore personnel	181	210	1	1
Offshore personnel	246	229	0	0
Total	426	439	1	1
MANAGEMENT SALARIES AND REMUNERATIONS				
President and CEO	239	284	239	284
Board members	112	116	112	116
Rest of the Group management team	546	542	0	0
	898	942	352	400

The salaries of the President and CEO and members of the Group's Management Team represent total remuneration including company car and telephone benefits. In 2022, the President and CEO and the members of the Group's Management Team were not paid performance bonuses for the financial year 2021 (2021 EUR 121,864.52).

Management's pension commitments: The President and CEO's retirement age is in compliance with the Employees' Pensions Act TyEL. The pension benefit is provided by the statutory TyEL pension insurance. The company's President and CEO and members of the Management Team and the Board of Directors do not have supplementary pension benefits paid by the company.

Other pension commitments: A supplementary pension with OP Life Assurance Company Ltd is provided for a certain group of people. The pension benefit according to the VaEL (State Employees' Pensions Act) service is taken into account in the supplementary pension.

2. NOTES ON THE PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
2.4 OTHER OPERATING COSTS				
Rents	678	664	1	1
Costs for vessels	3,850	3,617	0	0
Administrative expenses	5,895	5,449	557	417
Other operating costs, intra-group	0	0	0	0
Other operating costs	2,680	2,311	133	88
Other operating costs, total	13,104	12,040	691	506
AUDITORS' FEES				
Audit	61	41	61	44
Taxation advice	12	3	10	3
Other services	29	11	29	9

2. NOTES ON THE PROFIT AND LOSS ACCOUNT (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
2.5 FINANCIAL INCOME AND EXPENSES				
Interest income				
From companies in the same group	0	0	863	1,170
From other sources	25	9	25	5
Interest income, total	25	9	888	1,175
Other financial income				
From companies in the same group	0	0	0	195
From other sources	27	28	27	28
Other financial income, total	27	28	27	223
Financial income, total	52	37	915	1,398
Reduction in value of investments of current assets	372	0	372	0
Interest expenses				
To others	941	1,450	832	1,187
Interest expenses, total	941	1,450	832	1,187
Other financial expenses				
To others	20	242	0	195
Other financial expenses, total	20	242	0	195
Financial expenses, total	961	1,692	832	1,382
Financial income and expenses, total	-1,281	-1,655	-289	16

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

3.1 FIXED ASSET, GROUP

INTANGIBLE ASSETS 2022	Product development expenses	Intellectual property rights	Other intangible assets	Total
Acquisition costs 1 Jan	696	1,389	796	2,880
Increases	0	0	0	0
Decrease	0	0	0	0
Acquisition costs 31 Dec.	696	1,389	796	2,880
Accumulated depreciations 1 Jan.	-696	-975	-637	-2,308
Depreciation for the financial year	0	-146	-49	-195
Accumulated depreciations 31 Dec	-696	-1,121	-686	-2,503
Book value 31 Dec.	0	268	110	378

TANGIBLE ASSETS 2022	Land and water areas	Buildings and structures	Vessels	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	1,105	12,364	409,162	16,341	86	537	439,595
Increases	0	0	7,396	441	0	755	8,592
Decreases	-177	-112	0	-1	0	0	-290
Acquisition costs 31 Dec.	928	12,252	416,558	16,780	86	1,292	447,896
Accumulated depreciations 1 Jan	0	-7,337	-199,009	-12,533	0	0	-218,880
Depreciation for the financial year	0	-531	-15,222	-937	0	0	-16,690
Accumulated depreciations 31 Dec.	0	-7,869	-214,231	-13,470	0	0	-235,569
Book value 31 Dec.	928	4,384	202,327	3,311	86	1,292	212,327

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

3.1 FIXED ASSETS, GROUP

INTANGIBLE ASSETS 2021	Product development expenses	Intellectual property rights	Other intangible assets	Total
Acquisition costs 1 Jan.	696	1,276	756	2,728
Increases	0	113	39	152
Decreases	0	0	0	0
Acquisition costs 31 Dec	696	1,389	796	2,880
Accumulated depreciations 1 Jan.	-613	-863	-533	-2,009
Depreciation for the financial year	-83	-112	-104	-299
Accumulated depreciations 31 Dec	-696	-975	-637	-2,308
Book value 31 Dec.	0	414	159	573

TANGIBLE ASSETS 2021	Land and water areas	Buildings and structures	Vessels	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	1,304	12,493	405,884	15,700	86	415	435,883
Increases	0	0	3,376	640	0	122	4,139
Decreases	-199	-129	-98	0	0	0	-427
Acquisition costs 31 Dec	1,105	12,364	409,162	16,341	86	537	439,595
Accumulated depreciations 1 Jan.	0	-6,770	-184,048	-11,532	0	0	-202,350
Depreciation for the financial year	0	-567	-14,962	-1,000	0	0	-16,530
Accumulated depreciations 31 Dec	0	-7,337	-199,009	-12,533	0	0	-218,880
Book value 31 Dec	1,105	5,027	210,152	3,808	86	537	220,716

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

3.1 FIXED ASSETS, ARCTIA LTD

TANGIBLE ASSETS 2022	Land and water areas	Buildings and structures	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	169	4,659	934	86	0	5,848
Increases	0	0	0	0	0	0
Decreases	-169	-112	0	0	0	-282
Acquisition costs 31 Dec.	0	4,547	934	86	0	5,567
Accumulated depreciations 1 Jan.	0	-1,701	-810	0	0	-2,512
Depreciation for the financial year	0	-206	-70	0	0	-276
Accumulated depreciations 31 Dec	0	-1,907	-880	0	0	-2,788
Book value 31 Dec	0	2,639	53	86	0	2,779

INVESTMENTS 2022	Shares in group companies	Total
Acquisition costs 1 Jan	92,299	92,299
Increases	0	0
Decreases	0	0
Acquisition costs 31 Dec	92,299	92,299
Book value 31 Dec.	92,299	92,299

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

3.1 FIXED ASSETS, ARCTIA LTD

TANGIBLE ASSETS 2021	Land and water areas	Buildings and structures	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan	169	4,659	934	86	0	5,848
Increases	0	0	0	0	0	0
Decreases	0	0	0	0	0	0
Acquisition costs 31 Dec.	169	4,659	934	86	0	5,848
Accumulated depreciations 1 Jan	0	-1,492	-740	0	0	-2,232
Depreciation for the financial year	0	-210	-70	0	0	-280
Accumulated depreciations 31 Dec.	0	-1,701	-810	0	0	-2,512
Book value 31 Dec.	169	2,957	123	86	0	3,336

INVESTMENTS 2021	Shares in group companies	Total
Acquisition costs 1 Jan.	92,299	92,299
Increases	0	0
Decreases	0	0
Revaluation (net)	0	0
Acquisition costs 31 Dec.	92,299	92,299
Book value 31 Dec.	92,299	92,299

3. NOTES ON BALANCE SHEET ASSETS

		GROUP		PARENT COMPANY	
		2022	2021	2022	2021
		Share of ownership		Share of ownership	
3.1.1	GROUP SUBSIDIARIES				
	Arctia Icebreaking Ltd	100 %	100 %	100 %	100 %
	Arctia Karhu Ltd	90 %	90 %	90 %	90 %
	Arctia Management Services Ltd	100 %	100 %	100 %	100 %
	Arctia Meritaito Ltd	100 %	100 %	100 %	100 %
3.1.2	ASSOCIATED COMPANIES				
	Ice Advisors Ltd, Helsinki				
	Share of ownership	40 %	40 %		
	Equity 31.12.2021 (31.12.2020)	18	23		
	profit of the financial year 31.12.2021 (31.12.2020)	-5	-5		
	New Port Imatra Ltd, Helsinki				
	Share of ownership	0 %	50 %		
	Insta Airhow Ltd, Tampere				
	Share of ownership	0 %	40 %		

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

	GROUP	
	2022	2021
3.2 INVENTORIES		
Raw materials and consumables		
Opening balance 1.1	2,394	2,612
Variation in stocks	224	-218
Closing balance 31.12	2,618	2,394
Unfinished products		
Opening balance 1.1.	1	16
Variation in stocks	-1	-15
Closing balance 31.12.	0	1
Finished products		
Opening balance 1.1	311	100
Variation in stocks	-19	211
Closing balance 31.12	292	311
Current assets 31.12.	2,910	2,706

3. NOTES ON BALANCE SHEET ASSETS (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
3.3 SHORT-TERM RECEIVABLES				
3.3.1 RECEIVABLES FROM GROUP COMPANIES				
Accounts Receivable			262	11,746
Interest receivables			0	9
Loan receivables			3,650	3,250
Group account receivables			3,088	4,704
			7,000	19,710
3.3.2 RELEVANT ITEMS IN DEFERRED RECEIVABLES				
Personnel expenditure	635	817	510	676
Other deferred receivables, from sales	1,246	523	0	0
Other deferred receivables, from expenses	942	1,449	37	20
	2,824	2,790	547	696
3.4 FINANCIAL SECURITIES				
Book value	19,628	20,000	19,628	20,000
Market value	19,628	20,396	19,628	20,396

4. NOTES ON BALANCE SHEET LIABILITIES (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
4.1 EQUITY INCREASE AND DECREASE				
Restricted equity				
Share capital 1 Jan.	18,700	18,700	18,700	18,700
Share capital 31 Dec	18,700	18,700	18,700	18,700
Unrestricted equity				
Reserve for invested unrestricted equity				
Reserve for invested unrestricted equity 1 Jan	77,014	77,014	77,014	77,014
Reserve for invested unrestricted equity 31 Dec	77,014	77,014	77,014	77,014
Profit from previous fiscal periods 1 Jan	45,855	46,371	22,536	22,553
Profit from previous fiscal periods 31 Dec	45,855	46,371	22,536	22,553
Profit for fiscal period	1,242	-515	38	-17
Unrestricted equity, total	124,112	122,870	99,589	99,550
Equity, total	142,812	141,570	118,289	118,250
Distributable assets				
Total unlimited equity	124,112	122,870	99,589	99,550
4.2 IMPUTED TAX LIABILITIES AND RECEIVABLES				
Imputed tax liabilities				
For depreciation differences	6,404	6,082	0	0
For correction entry	3,403	3,403	0	0

4. NOTES ON BALANCE SHEET LIABILITIES (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
4.3 LONG-TERM LIABILITIES				
Loans from financial institutions	92,950	96,500	83,500	86,750
Loans become due after more than 5 years	46,500	48,750	46,500	48,750
4.4 SHORT-TERM LIABILITIES				
Loans from financial institutions	3,550	6,275	3,250	3,250
	3,550	6,275	3,250	3,250
4.4.1 LIABILITIES TO GROUP COMPANIES				
Group grant liabilities			0	100
Group account liabilities			16,255	24,024
			16,255	24,124
4.4.2 RELEVANT ITEMS INCLUDED IN DEFERRED LIABILITIES				
Personnel expenditure	5,992	5,810	109	57
Interest liabilities	51	131	0	0
Other deferred liabilities	1,673	470	45	36
	7,717	6,410	153	92

5. NOTES ON SECURITIES AND CONTINGENT LIABILITIES (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
RENT/LEASING AGREEMENTS				
To be paid during subsequent fiscal period				
Leasing agreements	248	409	0	6
Rent liabilities	803	758	0	0
	1,051	1,167	0	6
Due at a later date				
Leasingsopimukset	200	289	0	0
Rent liabilities	809	1,194	0	0
	1,009	1,484	0	0
Total	2,060	2,651	0	6

VAT isn't included in the amounts

CONTINGENT LIABILITIES				
GUARANTEES				
For group companies	9,180	9,180	9,180	9,180

Together with Port of Kemi Ltd, the parent company has issued an absolute joint and several guarantee of EUR 9,180,000.00 for the bank loan of Arctia Karhu Oy. On 31 December 2022, the loan amount totalled EUR 9,750,000.00. The credit agreement of Arctia Karhu Ltd includes a specific condition on the permanence of ownership: the ownership of Arctia Ltd must be at least 90% of the shares and voting rights of the borrower.

The parent company's all loans from financial institutions include a specific condition on the permanence of ownership: The ownership of the Finnish State must be 50.1% of the shares and voting rights of the borrower.

Arctia Meritaito Ltd has a guarantee limit of EUR 5,000,000.00 granted by a bank. Of this sum, EUR 1,747,417.58 was used on 31 December 2022 (EUR 3,218,489.05 on 31 December 2021).

5. NOTES ON SECURITIES AND CONTINGENT LIABILITIES (1000 EUR)

	GROUP		PARENT COMPANY	
	2022	2021	2022	2021
OTHER CONTINGENT LIABILITIES				
Current account facilities				
Total amount of the facility	5,000	14,000	0	0
In use	0	125	0	0
Responsibilities for corporate cards	20	10	1	0

VAT refund liabilities

The VAT refund liability on real estates in 2022 totalled EUR 19,800.61 euroa (EUR 173,648.21 in 2021).

6. DERIVATIVES (1000 EUR)

Interest rate swaps				
Total loan capital	29,000	30,000	29,000	30,000
Value of underlying commodities	8,700	9,000	8,700	9,000
Market value of agreements	809	-448	809	-448

The interest rate swaps have been made to hedge a long-term parent company and subsidiary loan.

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

Helsinki, 9 March 2023

Mats Rosin Chairman of the Board of Directors	Matti-Mikael Koskinen Vice Chairman
Regina Sippel	Pirjo Kiiski
Sinikka Mustakari	Kari Savolainen
Maunu Visuri President and CEO	

AUDITORS' REPORT
A report on the audit of accounts has been issued today.

Helsinki, 9 March 2023

KPMG Oy Ab

Ari Eskelinen
KHT

LIST OF ACCOUNTING BOOKS,
RECORD TYPES AND STORAGE MEDIA

Balance sheet book
Daybook and general ledger
Purchase invoices
Payment receipts
Sales invoices
Transaction receipts
Bank receipts
Memo receipts
Payroll accounting receipts
Intangible asset transactions
Cash vouchers
Travel expense receipts
Notes vouchers

Auditor’s Report

TO THE ANNUAL GENERAL MEETING OF ARCTIA LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Arctia Oy (business identity code 2302573-7) for the year ended 31 December, 2022. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

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

BASIS FOR OPINION

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the

financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

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

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

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations. If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet (and the distribution of other unrestricted equity) is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 9 March, 2023

KPMG OY AB

Ari Eskelinen
KHT

ARCTIA

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