



Tuleva Fondid AS

Annual report 2022 (Translation of the Estonian original)

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Beginning of financial year:	01.01.2022
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Field of activity:	Pension fund management

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MANAGEMENT REPORT

Tuleva Commercial Association (hereinafter “Tuleva”) is a company owned by its members which owns 100% of the shares of Tuleva Fondid AS (hereinafter the “Management Company”). The Management Company is an asset management company which in 2022 managed two mandatory funded pension funds (i.e. the second pillar) and one voluntary funded pension fund (i.e. the third pillar) and it acts as a limited custodian of accounts, enabling people who have joined the pension funds to see the status and returns of their second pillar and third pillar accounts, and submit applications for selecting or changing pension funds. The reports of the pension funds managed by the Management Company are available at the website tuleva.ee (subsection Association/Financial Statements).

The financial results of the Management Company and therefore Tuleva are impacted the most by the volume of assets under management, as the company's main source of income - fund management fees - is defined as a fixed percentage of the volume of assets.

The assets managed by the Management Company amounted to EUR 426.6 million at the end of the year, an increase of EUR 46.5 million or 12%. The volume of funds is mainly positively impacted by the number of new pension savers and their contributions, and negatively by the number of pension savers who have left the fund and the volume of assets withdrawn. The volume of funds is also impacted by world stock market returns.

World market return

2022 was an extremely negative year for the global stock markets which fell by 13% in a year. The majority of the volume of the funds managed by the Management Company, in addition to the capital of the Management Company, is invested in global shares, and therefore the decline of the global stock markets had a significant impact on the financial results of Tuleva and the Management Company, reducing the management fees earned due to the loss from direct revaluation of assets.

Unlike the previous episodes of the stock market decline, this time the global bond prices also fell as the central banks started to increase interest rates in order to curb inflation. The return on global bonds was -13.3% in 2022 and the bonds denominated in euros had the biggest decline with the annual return of -17.3%. (1)

The unit prices of the Management Company's two pension funds that invest in shares, Tuleva World Equity Pension Fund and Tuleva 3rd Pillar Pension Fund decreased by 13.7 and 13.3

percent, respectively and the unit price of Tuleva World Bonds Pension Fund decreased by 15.7% during the year. (2)

While in previous years, the Management Company made a profit from revaluation of financial assets (2021: profit of EUR 1.1 million), in 2022 the loss from revaluation of assets totalled EUR 0.8 million, directly attributable to the negative performance in the global stock markets.

Number of new and departed pension savers and their contributions

In 2022, new pension savers continued to join the funds managed by the Management Company. As at the end of 2022, a total of 63,902 people held their 2nd and 3rd pillar pension savings in Tuleva pension funds (at the end of 2021: 58,239 people). More than 6,900 new pension savers started to make contributions to our pension funds. With three exchange periods, more than EUR 35 million of the 2nd pillar assets were deposited in Tuleva 2nd pillar funds.

The main asset growth driver in 2022 was the contributions made by our pension savers – more than EUR 82 million were deposited in our pension funds. 57% of 2nd pillar pension savers of Tuleva also make contributions to the 3rd pillar. Therefore, third pillar contributions made up more than 54% of all contributions to our pension funds while according to our estimate the percentage in Estonia as a whole was lower than 20%. Tuleva 3rd Pillar Pension Fund is the largest 3rd pillar fund in Estonia in terms of its assets and almost a third of all contributions to the Estonian 3rd pillar pension funds were made by pension savers of our Tuleva 3rd Pillar Pension Fund.

The volume of assets decreases due to the people who have decided to stop making contributions to the 2nd or 3rd pillar and withdraw their funds. In 2022, 857 pension savers in the 2nd pillar Tuleva funds decided to withdraw their 2nd pillar savings in the total amount of EUR 8.7 million. This is almost twice less than in other pension funds. 3rd pillar pension savers, a total of 1,490 people, withdrew their savings in the amount of EUR 2.6 million.

In addition, 1,673 pension savers of Tuleva 2nd Pillar Fund exchanged their fund for other pension funds, withdrawing EUR 7.8 million. The share of those exchanging their funds in terms of the asset volume is still several times lower than that of other management companies (Tuleva 2.6% vs other 7.9%).

In addition to the management fee linked to the volume of assets, Tuleva also earns income from the membership fees of the association. In 2022, a total of 406 pension savers joined Tuleva association, increasing the number of our members to 7,584. Nine people have requested to terminate their membership in the association.

Application of environmental, social and governance principles to investing

Since September 2022, we have been using environmental, social and governance (ESG) criteria when investing Tuleva World Equity Pension Fund and Tuleva 3rd Pillar Pension Fund, excluding investing our funds in companies that do not meet the respective criteria. Our applicable ESG filter excludes investing in the following companies:

- 5% or more of their turnover is derived from extraction or use of energy coal or oil sand, production or sale of tobacco products or sale of combat weapons to private individuals,
- that are engaged in production and sale of illicit weapons or nuclear weapons or
- that violate the United Nations Global Compact management principles.

In practice, this means that Tuleva excluded almost 200 companies from its portfolio. We have collaborated with our partner, the world's largest fund manager BlackRock, to make the necessary replacements in the model portfolio.

Tuleva pension funds aim is still to continue to achieve returns as close as possible to the world market average. The implementation of the ESG principles will not lead to an increase in fund fees and the passive investment strategy will be maintained. The Management Company estimates that the implementation of the ESG principles will have a minimal impact on the returns of its funds, while this impact may be either slightly positive or slightly negative.

Implementation of the ESG filter will reduce the CO2 footprint of Tuleva funds by 15%.

Financial results of Tuleva

The operating profit before depreciation and amortisation and the financial profit of the Management Company, which is owned by the commercial association Tuleva, totalled EUR 127,689 in 2022 (2021: EUR 210,289). The operating profit was reduced by loss from the revaluation of financial assets in the amount of EUR 819,596 (2021: profit of EUR 1,120,662) and the depreciation of fixed assets in the amount of EUR 48,745 (2021: EUR 72,789). Therefore, the Management Company ended the year with a net loss of EUR 740,611 (2021: profit of EUR 1,258,162).

The operating expenses of the Management Company increased due to the increase in the number of employees as well as higher salaries and wages. At the beginning of the year, the company hired a controller and a fund administrator under a service contract. In addition, we used the services of a strategic advisor under a service contract.

Commercial association Tuleva incurred a net loss of EUR 775,444 in 2022 (2021: net profit of EUR 1,273,095). The association did not have any employees in the financial year. No major changes occurred in the equity of Tuleva and the Management Company in 2022.

Ratio	Formula used in calculation	Tuleva Fondid AS		TÜ Tuleva	
		2022	2021	2022	2021
Return on equity (ROE)	Net profit / total equity	-13%	20%	-13%	19%
Return on assets (ROA)	Net profit / total assets	-13%	19%	-13%	19%
Cost to revenue ratio	Operating income/ (fee income – fee expenses)	84%	71%	132%	76%

Plans for 2023

Tuleva's goal is to grow its assets and increase the number of dedicated pension savers. To us, a dedicated pension saver is a person who saves her 2nd pillar in Tuleva and makes contributions of at least 10% of their salary or a maximum amount to Tulevas 3rd pillar fund.

At the beginning of January, Tuleva added EUR 5.9 million to the volume of pension funds from the results of the exchange period that ended in November 2022, and the number of new pension savers is expected to increase also in 2023. At the end of January, the state is expected to make a one-off contribution to 2nd pillar funds as a compensation for contributions stopped in 2020-2021.

Tuleva will also continue to strengthen the organisation and we plan to hire one or two management level employees in the areas of growth and strategic projects. More employees will be hired in the growth team during the year.

Tõnu Pekk

Member of the Management Board of Tuleva and Tuleva Fondid AS

(1) Global stock market returns are based on MSCI ACWI Net EUR Index (source: MSCI), global bond market returns are based on Bloomberg Barclays Global Aggregate Index (net EUR, source: Bloomberg) and bond returns denominated in euros are based on Bloomberg Barclays Global Aggregate Index (net, source: Bloomberg).

(2) All data of the Estonian pension funds are taken from the Pension Centre

FINANCIAL STATEMENTS

Balance sheet

(in EUR)

	Note	31.12.2022	31.12.2021
ASSETS			
Cash and cash equivalents	2	92,891	320,727
Term deposits		250,000	0
Receivables and prepayments	3, 12	158,241	129,767
Financial investments	4	5,131,009	5,950,605
Tangible assets		8,327	8,759
Intangible assets	5	108,177	64,361
TOTAL ASSETS		5,748,645	6,474,219
LIABILITIES AND EQUITY			
Payables and prepayments	6	148,763	133,727
TOTAL LIABILITIES		148,763	133,727
Share capital		3,000,000	3,000,000
Statutory reserve capital		300,000	300,000
Additional reserve capital		1,242,626	1,242,626
Net profit (-loss) for financial year		-740,611	1,258,162
Retained earnings (-losses)		1,797,867	539,704
TOTAL EQUITY	7	5,599,882	6,340,492
TOTAL LIABILITIES AND EQUITY		5,748,645	6,474,219

The notes on pages 8-19 are an integral part of the financial statements.

Income statement

(in EUR)

	Note	2022	2021
Fee income	8	1,090,068	973,809
Fee expenses	9	-289,962	-244,484
Finance income and expenses			
Interest income		41	23
Change in fair value of financial investments	4	-819,596	1,120,662
Operating expenses			
Staff costs	10	-387,784	-304,068
Administrative and other operating expenses	11	-284,633	-214,991
Depreciation and amortisation	5	-48,745	-72,789
Net profit (loss) for financial year		-740,611	1,258,162

The notes on pages 8-19 are an integral part of the financial statements.

Notes to the financial statements

Note 1 Accounting policies

General information

The financial statements of Tuleva Fondid AS for 2022 have been prepared in accordance with the Estonian Financial Reporting Standard. The basic requirements of the Estonian Financial Reporting Standard have been established in the Accounting Act of the Republic of Estonia, which is supplemented by the guidelines issued by the Accounting Standards Board. Tuleva Fondid AS has prepared condensed financial statements of a small-sized entity. The financial statements are presented in euros.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include bank account balances. Term deposits are deposits held in credit institutions with a term of up to 12 months.

Receivables and prepayments

Trade receivables, accrued income and other current and non-current receivables are stated at amortised cost. An assessment is made at each balance sheet date to determine whether there is any indication of potential impairment of financial assets. If any such indication exists, financial assets carried at amortised cost are written down to the present value of the payments expected to be received in the future. Impairment losses are recognised as an expense in the income statement.

Financial investments

Short and long-term financial investments in shares and other equity instruments are recognised at fair value if it can be measured reliably. Fair value changes are reported in the income statement. Shares and other equity instruments that are not publicly traded and whose fair value cannot be determined reliably, are carried at cost (i.e. original invoice amount less any impairment losses)

Property, plant and equipment

Property, plant and equipment are carried in the balance sheet at cost less any accumulated depreciation and any impairment losses. The straight-line method is used to calculate depreciation. The ranges of useful lives of groups of property, plant and equipment are as follows:

Other tangible assets

- Office equipment 3 year

Intangible assets

Intangible assets are initially recognised at cost which consists of the purchase price and any other directly attributable expenditure. Intangible assets are carried in the balance sheet at cost, less any accumulated amortisation and any impairment losses. The straight-line method is used to calculate amortisation.

Development costs are costs that are incurred for development, design or testing of new processes or systems. Development costs are capitalised in the cost of intangible assets if there are technical and financial possibilities and a positive intention to implement the project, the company is able to use or sell the asset to be created and the amount of development costs and the future economic benefits attributable to the intangible asset can be measured reliably.

The ranges of useful lives of groups of intangible assets are as follows:

- Software 3 years

Impairment of assets

An assessment is made at each balance sheet date to determine whether there is any indication of potential impairment of items of property, plant and equipment and intangible assets. If any such indication exists, the recoverable amount of assets is assessed and compared with the carrying amount. The recoverable amount of the asset is the higher of its fair value less costs to sell and its value in use. The impairment of assets is recognised as an expense for the reporting period. At each following balance sheet date, the impaired assets are evaluated to determine whether it is possible that the recoverable value has increased and exceeds the carrying amount. In this case, the carrying amount of the assets is increased up to the amount that would have been recognised using regular depreciation over the years. Reversals of impairment losses are recognised as a reduction of the cost for the reporting period.

Financial liabilities

Financial liabilities (trade payables, accrued liabilities) are recognised at amortised cost.

Leases

A finance lease is a lease contract where all significant risks and rewards incidental to ownership of the asset are transferred to the lessee. Other leases are recognised as operating leases.

The company as the lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Provisions and contingent liabilities

A provision is recognised when an entity has a legal or constructive obligation as a result of an obligating event that occurs before the balance sheet date, the realisation of the obligation is probable and its amount can reliably be estimated. Other contingent or existing liabilities, the realisation of which is not probable or the amount of the related expenses cannot be estimated with sufficient reliability, are disclosed in the notes to the annual report as contingent liabilities.

Revenue recognition

Revenue is recognised at the fair value of the consideration received or receivable, taking into account all discounts and allowances provided. Fee and commission income is recognised after the service has been provided and the company is entitled to receive this amount.

Statutory reserve capital

Statutory reserve capital has been formed in accordance with the Commercial Code. Reserve capital is formed from annual net profit allocations. At least 1/20 of the net profit must be transferred to reserve capital in each financial year until reserve capital makes up 1/10 of share capital. Reserve capital can be used to cover losses, as well as to increase share capital. No payments may be made to shareholders from reserve capital.

Corporate income tax

According to the Estonian Income Tax Act, the annual profit of companies is not taxed in Estonia. Income tax is charged on dividends, fringe benefits, gifts, donations, costs of entertaining guests, non-business related disbursements and adjustments of the transfer price. Since 1 January 2015, the tax rate on the net dividends paid out of retained earnings is 20/80. Since 2019, the tax rate of 14/86 can be applied to dividend payments. This more favourable tax rate can be used for dividend payments in the amount of up to the average dividend payment during the three preceding years that were taxed with the tax rate of 20/80. When calculating the average dividend payment of the three previous financial years, 2018 will be the first year to be considered.

Note 2 Cash and cash equivalents

(in EUR)

	31.12.2022	31.12.2021
Bank accounts	92,891	320,727
Total	92,891	320,727

Note 3 Receivables and prepayments

(in EUR)

	Note	31.12.2022	31.12.2021
Receivables and prepayments from related parties	12	106,395	88,672
Other receivables and prepayments		51,846	41,095
Total receivables and prepayments		158,241	129,767

Note 4 Financial investments

(in EUR)

	Carrying amount at beginning of period	Acquired/ sold	Cost	Change in value	Number (pcs)	Market value per unit 31.12.2022 (EUR)	Carrying amount at end of reporting period
Tuleva World Stocks Pension Fund	5,743,271	0	0	-787,100	5,747,351	0.86234	4,956,171
Tuleva World Bonds Pension Fund	207,334	0	0	-32,496	306,250	0.5709	174,838
Total financial investments	5,950,605	0	0	-819,596	6,053,601		5,131,009

	Carrying amount at beginning of period	Acquired/ sold	Cost	Change in value	Number (pcs)	Market value per unit 31.12.2021 (EUR)	Carrying amount at end of reporting period
Tuleva World Stocks Pension Fund	4,617,996	0	0	1,125,274	5,747,351	0.99929	5,743,271
Tuleva World Bonds Pension Fund	211,947	0	0	-4,612	306,250	0.67701	207,334
Total financial investments	4,829,943	0	0	1,120,662	6,053,601		5,950,605

The units of mandatory pension funds managed by Tuleva Fondid AS are recognised as financial investments. In accordance with clause §68 (2) of the Investments Funds Act, the management company shall own at least 0.5% of the units of mandatory pension funds under its management. In three subsequent years following the establishment of a mandatory pension fund, the management company shall own at least 2 percent of the units of this pension fund.

Note 5 Intangible assets

(in EUR)

	Computer software
Balance as at 31.12.2021	
Cost	320,565
Accumulated amortisation	-256,204
Carrying amount	64,361
Changes occurred in 01.01.2022 - 31.12.2022	
Purchases and improvements	87,804
Amortisation expense	-43,988
Balance as at 31.12.2022	
Cost	408,369
Accumulated amortisation	-300,192
Carrying amount	108,177

Intangible assets include the webpage and web application of Tuleva.

In 2021, investments were made to improve the ease of use of the web application. In 2022, a payment solution was added that enables users to make one-off or regular payments to Tuleva 3rd Pillar Pension Fund. A 3rd pillar income tax calculator was added to the application that enables calculation of the amount to be deposited in the 3rd pillar fund that is exempt from income tax.

In addition, investments were made to improve the existing systems.

Note 6 Payables and prepayments

(in EUR)

	31.12.2022	31.12.2021
Trade payables	48,599	22,712
Other short-term payables	34,618	57,054
Tax liabilities	27,768	24,868
Payables to employees	37,778	29,093
Total payables and prepayments	148,763	133,727

Note 7 Equity

	31.12.2022	31.12.2021
Share capital (in EUR)	3,000,000	3,000,000
Number of shares (pcs)	3,000,000	3,000,000
Nominal value (in EUR)	1	1

Additional reserve capital in the amount of EUR 1,242,626 (31.12.2021: EUR 1,242,626) consists of the following items:

- EUR 1,040,903 - the contribution into the association's membership capital made by the members of the commercial association Tuleva in 2019 which the association transferred to the fund management company. It was used to purchase the own shares of Tuleva World Stocks Pension Fund managed by the management company (additional information in Note 4). This represents a reserve specified in the articles of association which can be used, if needed, to make payments.
- EUR 201,723 - non-monetary contributions made by the commercial association Tuleva for transfer of intangible assets made for work contributions to the management company. This does not represent a reserve specified in the articles of association. The reserve may be used, if needed, to make additional contributions by the parent company and payments can be made from the reserve.

Note 8 Fee income

(in EUR)

	Note	2022	2021
Fee income from Tuleva World Stocks Pension Fund	12	851,492	785,772
Fee income from Tuleva World Bonds Pension Fund	12	25,078	33,549
Fee income from Tuleva III Pillar Pension Fund	12	213,498	154,488
Total fee income		1,090,068	973,809

Note 9 Fee expenses

(in EUR)

	2022	2021
Depository fees	164,242	132,916
Supervision and guarantee fees	62,621	53,601
Registry fees	63,099	57,967
Total fee expenses	289,962	244,484

Note 10 Staff costs

(in EUR)

	Note	2022	2021
Wages and salaries		291,220	228,865
Social security expenses		96,564	75,203
Total wages and salaries	12	387,784	304,068

Average number of employees		7	5
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Note 11 Administrative and other operating expenses

(in EUR)

	2022	2021
IT expenses	47,668	39,519
Outsourced services	46,326	4,310
Compliance and risk control	33,600	26,000
Fund administration expenses	29,070	31,783
Training and seminar expenses	24,322	14,837
Licence fees	20,000	20,000
Auditing and accounting expenses	19,480	17,540
Rental expenses	19,100	17,054
Supervision fees	11,252	10,000
Registry and maintenance fees as fixed expenses	5,217	4,262
Recruitment expenses	3,602	7,596
Other expenses	24,996	20,598
Legal services	0	1,492
Total miscellaneous operating expenses	284,633	214,991

To cover the fixed overheads in the calculation of the minimum own funds requirement of the pension fund manager, 25% of fixed overheads of the management company are treated as fixed overheads according to clause § 334 (3) 3) of the Investment Funds Act which has been calculated on the basis of the annual report approved at the last general meeting of shareholders. In 2022, the pension fund manager's minimum own funds requirement to cover fixed overheads was EUR 209,083.

Additional information about licence fees is disclosed in Note 12.

Note 12 Related parties

(in EUR)

For the purposes of the financial statements of Tuleva Fondid AS, the related parties include:

- 1) Owners (parent company and owners of the parent company)
- 2) Funds managed by Tuleva Fondid AS

- 3) Members of the Management Board

- 4) Members of the Supervisory Board
- 5) Close family members of the persons mentioned above and the companies related to them

The parent company of Tuleva Fondid AS is the commercial association Tuleva (TÜ Tuleva) which is registered in Estonia. The balances and transactions with the parent company:

	Expenses	Receivable	Liability
	2022	31.12.2022	31.12.2022
TÜ Tuleva	20,000	1,927	2,390

The balances and transactions with the parent company in the comparative period were as follows:

	Expenses	Receivable	Liability
	2021	31.12.2021	31.12.2021
TÜ Tuleva	20,000	0	2,098

The transactions and balances of Tuleva Fondid AS with the funds under management were as follows

Management fees	Revenue	Revenue	Receivable	Receivable	Liability
	2022	2021	31.12.2022	31.12.2021	31.12.2021
Tuleva World Stocks Pension Fund	851,492	785,772	80,730	70,172	19,546
Tuleva World Bonds Pension Fund	25,078	33,549	2,821	2,377	0
Tuleva III Pillar Pension Fund	213,498	154,488	20,917	16,123	5,868
Total	1,090,068	973,809	104,468	88,672	25,414

Information about the revenue and receivables from related parties is also disclosed in Notes 3, 8 and 11.

In the reporting period, remuneration paid to the members of the Supervisory Board of Tuleva Fondid AS totalled EUR 18,620 (2021: EUR 2,660) (incl. taxes). In the reporting period, the members of the Management Board received remuneration in the amount of EUR 207,393 (incl. taxes) (2021: EUR 175,816), no termination benefits are payable to the members of the Management Board. Refer also to Note 10. In the financial year, no impairment losses have been recognised for the receivables from related parties.

Note 13 Contingent liabilities

The tax authority may at any time inspect the entity's books and records within 5 years subsequent to the reported tax year and may impose additional taxes, interest and penalties. The company's management is not aware of any circumstances due to which the tax authority may impose a significant additional tax amount on the company.

Note 14 Report on the management of the mandatory pension fund (in EUR)

	2022	2021
Fee income		
Management fees	1,090,068	973,809
Fee and commission expenses		
Depository charges	-164,242	-132,916
Pension registrar's fees	-66,827	-61,446
Other fee and commission expenses	-1,489	-783
Staff costs and other operating expenses		
Staff costs	-387,784	-304,068
Supervision fees	-37,631	-26,955
Guarantee fund fees	-36,242	-36,646
Other expenses	-316,909	-273,517
Operating result	78,944	137,477
Finance income and expenses	-819,555	1,120,685
Result for the financial year	-740,611	1,258,162

The report has been prepared in accordance with the regulation no. 4 of the Minister of Finance from 13 January 2017 “Establishment of the Format of the Report on the Management of Mandatory Pension Funds and the Procedure for its Completion”.

As at 31 December 2022, the company managed mandatory pension funds Tuleva World Stocks Pension Fund and Tuleva World Bonds Pension Fund and one additional pension fund - Tuleva III Pillar Pension Fund.

Signatures of the Management Board to the financial statements for the period 01.01.2022 - 31.12.2022

The Management Board has prepared the management report and financial statements of Tuleva Fondid AS for the financial year 01.01.2022 – 31.12.2022. The financial statements present a true and fair view of the company's financial position, results of operations and cash flows.

08.02.2023

/signed/

Tõnu Pekk
Member of the Management Board

/signed/

Mari Kuhi
Member of the Management Board



Independent Auditor's Report

To the Shareholder of Tuleva Fondid AS

Our opinion

In our opinion, the abridged financial statements present fairly, in all material respects, the financial position of Tuleva Fondid AS (the "Company") as at 31 December 2022, and the Company's financial performance for the year then ended in accordance with the Estonian financial reporting standard.

What we have audited

The Company's abridged financial statements comprise:

- the balance sheet as at 31 December 2022;
- the income statement for the year then ended; and
- the notes to the abridged financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the abridged 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 Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Other information

The Management Board is responsible for the other information. The other information comprises the Management report (but does not include the abridged financial statements and our auditor's report thereon).

Our opinion on the abridged financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the abridged financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the abridged financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



Responsibilities of the Management Board and those charged with governance for the abridged financial statements

The Management Board is responsible for the preparation and fair presentation of the abridged financial statements in accordance with the Estonian financial reporting standard and for such internal control as the Management Board determines is necessary to enable the preparation of abridged financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the abridged financial statements, the Management Board is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the abridged financial statements

Our objectives are to obtain reasonable assurance about whether the abridged 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 ISAs 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 abridged financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the abridged 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board'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 Company'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 abridged 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 abridged financial statements, including the disclosures, and whether the abridged financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Translation note:

This version of our report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.



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.

AS PricewaterhouseCoopers

/signed/

Lauri Past
Auditor's certificate no. 567

8 February 2023
Tallinn, Estonia

Translation note:

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Proposal to cover the loss for the financial year

The Management Board of Tuleva Fondid AS proposes to the general meeting of shareholders to allocate the loss for the financial year as follows:

	31.12.2022
Retained earnings (-losses)	1,797,866
Net profit (-loss) for financial year	-740,611
Total	1,057,255
Allocation	
Retained earnings	1,057,255
Total	1,057,255