

An aerial photograph of a city, likely Oslo, Norway, featuring a prominent church spire and a large modern building in the foreground. The image is overlaid with a blue-to-red gradient.

Conficap

Conficap Group Review 2023

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Conficap is a Finnish family company with over a hundred years of experience in committed ownership.





Conficap in brief

Conficap is a Finnish family company founded over a century ago by the same family that still owns it.

The business activities of the Conficap Group consist of three business units. ARE Oy is Finland's leading technical building services company that also has extensive operations in Sweden. The Real Estate team administers and invests in properties, whilst the investment team administers and invests the company's assets in Finland and abroad.

As an owner, Conficap is a long-term and active facilitator of successful business operations. It provides the companies it owns with expertise, capital and time for the pragmatic implementation of developmental plans. Conficap brings in experienced professionals from various sectors for the board of directors and management teams of these companies. The aim is to create long-term shareholder value. Achievement of objectives is monitored actively. The business portfolio is set with targets, the success of which Conficap can support as a shareholder.

Highlights 2023

REVENUE:

504,7
MEUR

ASSETS IN TOTAL:

670
MEUR

EQUITY RATIO:

59 %

PERSONNEL:

3 408

The group's business operations

Conficap

REAL ESTATE BUSINESS

Conficap's real estate business consists of property ownership in prime locations in Finland's growth centers and stakes in joint ventures.

ARE OY

ARE is Finland's leading building services company. The company provides solutions and services covering the entire life cycle of the property, from building services contracting for newbuilds to maintenance, modernisation and renovation.

INVESTMENT BUSINESS

Conficap's investment activities consist of strategic long-term ownership in listed companies, as well as other investments in equity and bond markets and alternative investment opportunities, diversified geographically and across industries.

Significant owning:

ARE

YIT

PUUILO

orthex™

JUJU
YRITYSKAMPUS

MALL
OF
TRIPLA

Values

Conficap's operations are guided by entrepreneurship, responsibility, and long-term goals, with the aim of developing the company for the owners of future generations.



Entrepreneurship

We are professional and active owners



Responsibility

We have a positive impact on society



Stewardship/long term focus

We develop the company for next generation



Review by the chair of the board

Operational responsibility has been handed over to the Next Generation

We can be satisfied with the year and the situation of Conficap Group in this challenging environment. Our business activities counterbalance each other due to their differing natures and risk profiles. Thus, our cashflow has remained stable and the group has maintained a very strong balance sheet and financial position.

A significant change took place in our operational activities, as Erik Toivanen, who represents the fifth generation of our family business, started as Managing Director in the beginning of September. Representatives of the fifth generation have worked in various roles within the group for years, and we have been preparing for this change for a long time. We have not had the opportunity to implement similar generational changes in the family business previously, so it makes me extremely happy that we have now been able to transfer the responsibility for operational management in a controlled and gradual manner. The change is also based on the shared vision and will of all Conficap shareholders.

With the transfer of responsibility to the next generation, my own role as the Chair of the Board of Directors has also changed. My active and on-going discussions with Erik will in part ensure that we are on the same page, and that the Board and the operational management of the group can continue to cooperate smoothly. Handing over the business to the next generation in 2023 had an element of symbolism, as the year also marked the 110th anniversary of the family business.

In 1913, when Alfred Onninen began working as a plumbing contractor in Turku, both the world and the operating envi-

ronment were quite different. Thus, our one-hundred-and-ten-year journey of entrepreneurship and business management has called for continuous development and the ability to change with the times. I am grateful to now be able to hand over the business to the fifth generation, as an unbroken chain of this length is a rarity in Finland.

At the beginning of 2024, we are once again faced with uncertainty. The geopolitical situation is delicate, and any potential escalation therein would be reflected in the Finnish economy. As I write this, the domestic economic situation is still chal-

lenging, and the timing of a possible turn for the better is unknown. Nevertheless, throughout our long history we have navigated through varying economic environments. In its activities Conficap is committed to long-term ownership, and our values are based on entrepreneurship and responsibility.

In times of economic slowdown, responsible shareholders who are prepared to support the activities of a business through thick and thin are particularly important. Our robust balance sheet allows us the opportunity to act with patience. We should remember that a family business is always on loan to the current generation, and our objective should be to ensure that it is transferred to the next one in good health.

Helsinki February 29, 2024

Maarit Toivanen

 **Erik Toivanen,**
who represents
the fifth generation of
the family business,
started as the Managing
Director in September.

Strong Performance in a Difficult Environment

The group's strong liquidity and solvency as well as its moderate debt burden supported the company as it continued to engage in long-term and responsible business. At the same time, the group developed its activities further in a structured manner and continued to add strength to the team. The strategy was also revised slightly such that the small changes will provide even better support for our long-term operation.

It is a huge honour to take the reins of a business that has been built over one hundred and ten years by the four previous generations. I am particularly grateful for the support I have received from the other shareholders. Taking on the role of Managing Director has been a rewarding experience supported by a shared vision and a common direction. My first months in the new role have been appropriately hectic, as I have aimed to meet as many of our customers, group personnel, and representatives of other important stakeholder groups as possible. In my own way, I have also wanted to make matters that are important to me a part of my management approach. The wellbeing of our personnel and their satisfaction with us as their employer are of utmost importance to me.

Last year, the difficult situation of the construction sector and the general sluggishness of the mar-

ket environment were reflected in the activities of building services company ARE. Bearing in mind the circumstances, ARE's business performance was solid, and the company starts its centennial year, 2024 in good health. Technology is key for building services, and customers are always looking to improve their energy efficiency, which naturally opens up new opportunities for ARE. With this in mind, ARE purchased a majority share in Enerz, a specialist in energy efficiency solutions. In the latter half of the year, ARE reinforced its construction automation expertise with an acquisition in North Karelia.

Our property business activities had a good year in a challenging operating environment. For example, our operative cashflow, occupancy rates and customer satisfaction saw strong improvement. Sensible and economic use of energy has long been at the core of our operation, and it is naturally something our customers also expect from our properties. In 2023, we once again achieved great results in improving energy efficiency. The strategy of our property business activities will increasingly be focused on real estate properties in central locations. The higher interest rates resulted in a very low level of activity in the transaction market.

As regards investment activities, we continued to reinforce our international diversification. We





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achieved a good return on both global and domestic listed investments, capital investments and treasury investments. Our investment team has also been able to support other units of the group with their expertise and foresight.

2023 was dominated by gloomy news regarding both geopolitics and the domestic economy. In this time of many challenges, the team of Conficap Group performed their duties excellently. I wish to extend a warm thank you to our personnel, Board of Directors, customers, partners, and other stakeholders for their trust and cooperation, as well as the warm reception I have received during my first months as Managing Director. I am sure we are all hoping for better news in 2024.

Conficap is in a strong enough position to weather any storms in the market. Our robust balance sheet and the different risk profiles of our various activities provide us with the ability to support our holdings through challenging times. As we have for more than a hundred years, we still want to provide added value to our businesses and to be the best owner in any situation.

Helsinki February 29, 2024

Erik Toivanen

Real Estate Business

Conficap's property business consists of direct property holdings in the growth centres in Finland. We lease out approximately 115 000 m² of office and logistics space in the Helsinki Metropolitan Area and Turku. Our rental business is strongly steered by our focus on the customer, and as an owner with a face we place a lot of emphasis on developing our services and operations actively and in the longer term.

NET SALES:

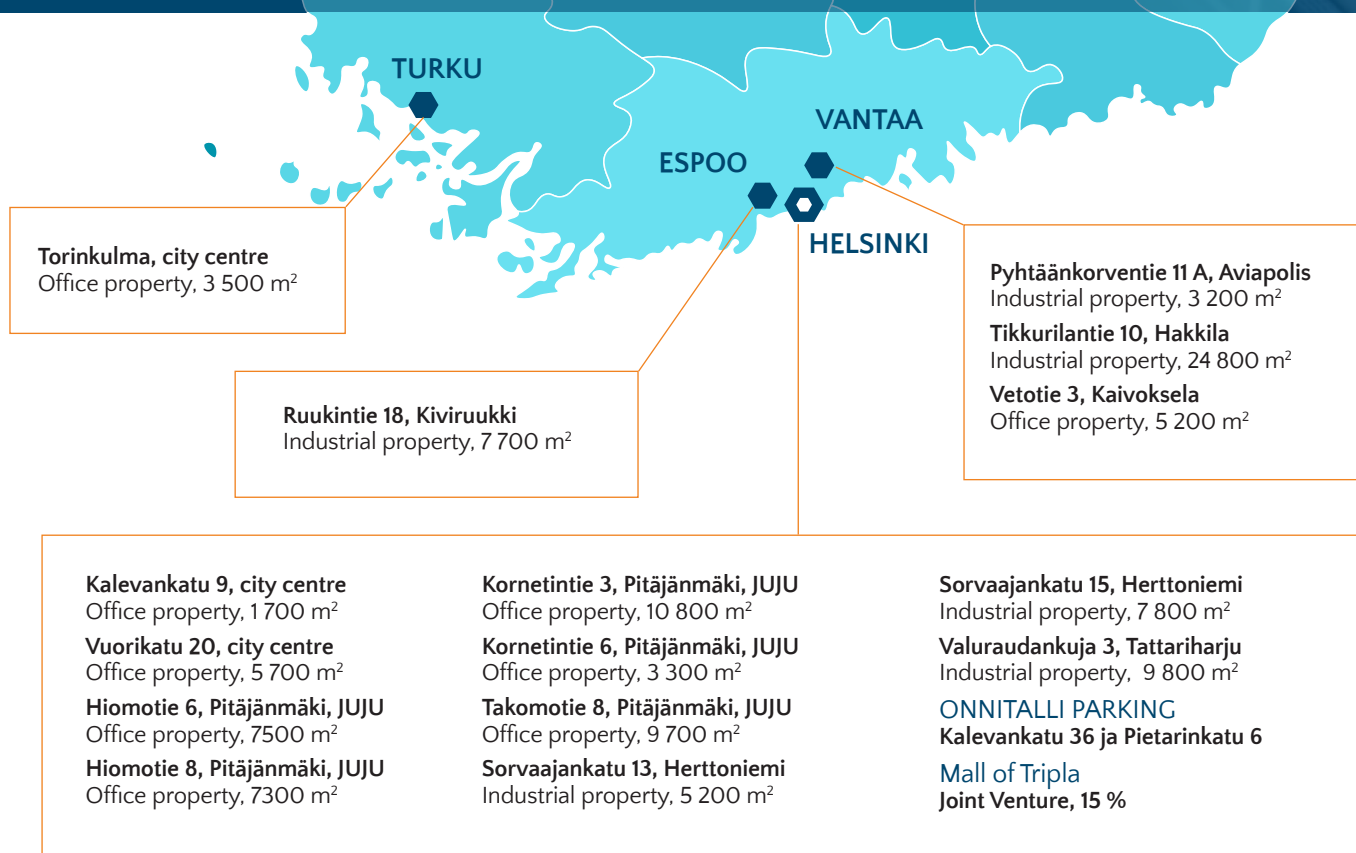
16,9
MEUR

NET OPERATING INCOME:

7,1
MEUR

FACILITIES OFFERED FOR RENT:

115 000 m²
31.12.2023





Responsible Development of Property Portfolio

Despite the challenging market situation, 2023 was a year of stability for Conficap's property business activities. Occupancy rates continued to climb, which allowed cashflow to remain strong. Energy efficiency is at the core of our responsibility strategy, and it was also one of our key themes for the year. With improvements in energy efficiency, the consumption of energy within our properties was significantly reduced.

Still, the operating environment remained challenging as it was last year. While inflation fell gradually towards the end of the year, interest rates remained high. This resulted in a further slowdown in the real estate market. The long-term aim of Conficap's property strategy is to continue to reinforce the focus of our property portfolio further and invest in high-quality targets in central locations. As regards the schedule for the realisation of these objectives, Conficap is able to monitor the market situation in a flexible manner due to its robust balance sheet and low level of debt.

For office facilities, customers' continue to prioritise the efficient use of space. The coronavirus pandemic has in part changed the way we work, and hybrid arrangements where an increasing amount of work is performed outside of the office are here

to stay. Set against this trend, the high occupancy rate of Conficap's rental properties should be seen as a great achievement and proof of our effective customer-oriented concept.

In 2022, Europe faced an energy crisis, which resulted in a rapid increase in the price of electricity. While 2023 was less hectic in terms of the trend in energy prices, energy efficiency as a theme remained a main priority. Measures and objectives related to energy consumption and energy efficiency are also a key part of the responsibility strategy for our property business activities.

More efficient use of existing building maintenance technology has played an important role in improving energy efficiency. Comprehensive energy efficiency projects and lighting renovations have been carried out in certain properties. These measures have been carried out in close cooperation with the tenants.

A high level of customer satisfaction is a key factor of success in the property business. Our investment in a customer-oriented approach to the services that improve comfort have also been visible to the tenants as intended. This has been shown in concrete terms by the strong upwards trend in our occupancy rate.

Technical building services: ARE Oy

ARE Group is Finland's leading contracting and building services company that also has extensive operations in Sweden. It provides its customers with technical building services and solutions throughout the property's entire life cycle ranging from building services contracting to care and maintenance, modernisation and renovation construction. By ensuring that the properties remain pleasant, energy efficient, safe and environmentally sound, ARE produces healthy properties that maintain their productivity and value at every stage of the life cycle. The company offers its solutions to office buildings, business premises and residential properties, for example.

NET SALES:

485,3

MEUR

EBITDA:

8,4

MEUR

PERSONNEL:

3 391

Promoting Energy Efficiency

ARE's operating environment in 2023 was difficult. The significant increase in costs was particularly reflected in the profitability of service business activities. Acquisitions and the positive development of activities in Finland provided growth. The situation in Sweden remained challenging.

The development of ARE's business activities in Finland remained sustainable and net sales increased. However, the significant increase in costs reduced the profitability of the service business, while the profitability and operating margin of project business activities were clearly improved.

In Sweden, activities continued to face a headwind. Parts of the business were reorganized, and responsibility was shifted closer towards business activities. A new CEO and CFO were

appointed to seek solutions to the challenges facing the company.

ARE's renewed organization and operation model came into effect in mid-2022. Implementation of the changes continued with solid progress in 2023. The result is a more unified and efficient ARE, where decision-making is brought closer to the customer. As an example of this, the matrix functions created during the reorganisation have established good practices and improved the management of business activities as a whole.

ARE revised its strategy for 2024–2028. The work was contributed to by an extensive group of key personnel from various ARE units. The strategy's priority areas include expertise, responsibility and future technologies.



The operating environment in 2023 was unusual, as high inflation and high interest rates compared to recent years slowed activity in the construction and property sectors. However, the impact of the decline in construction activities was strongest on residential construction, which is not a particularly significant area in terms of ARE's activities. Public buildings and green transition investments supported the construction of business premises.

The services and solutions offered by ARE cover the entire life cycle of a building. For example, the increased awareness of the importance of energy efficiency has provided ARE with significant business opportunities and will continue to do so. Building maintenance technology has a decisive role in improving the energy efficiency of a building. This is why ARE is making considerable investments, including acquisitions, that will allow it to offer solutions that improve energy efficiency. At the beginning of the year, the agreement to purchase a 77-percent majority shareholding in Enerz, a specialist in energy efficiency projects, remote control and building automation, was made public. Enerz is one of the fastest growing companies in the sector, and its service concept includes verification of the achieved energy savings and emission reductions. Enerz continued its activities under its own brand as an independent part of the ARE Group.

The importance of responsibility in the real estate and construction sector continued to grow. ARE continued the implementation of its sustainable development programme, which was published in 2022. The promotion of responsible practices generates extensive value to customers, other stakeholders and the entire society in terms of the financial, social and environmental aspects.

In October, ARE reinforced its construction automation expertise with an acquisition in North Karelia. The acquisition supports ARE's strategy and objectives of growth in energy and expert services perfectly. The business continues its activities as an independent part of ARE's service business activities in Eastern and Western Finland.

ARE is one of the few larger companies in the sector that are still privately owned. This provides ARE a competitive advantage when negotiating potential acquisitions. Smaller operators in the sector are often run by a founding entrepreneur, who might be more comfortable selling their company to a family-owned group such as ARE. As the owner, Conficap has made a long-term commitment to supporting the business activities of ARE. ARE starts its centennial year 2024 in good health.

Investment business

The purpose of Conficap's investment activities is to create shareholder value with a portfolio that is well-diversified in terms of geography, categories and asset classes. As a family business, Conficap is a long-term investor and prioritises responsible and active ownership as cornerstones of the company's overall business strategy.

TOTAL RETURN 2023: **9 %**



Strong Return from a Diversified Portfolio

2023 was a strong year for investments. Conficap continued to expand the international diversification of its portfolio, which had started the previous year. Good returns were achieved in global listed investments, private equity and other alternatives.

Despite the numerous uncertainties, 2023 ended on a positive note, even though the market had, among other things, been affected by problems for local banks in USA, geopolitical tensions and uncertain economic prospects particularly within the Eurozone. The contrast to 2022, was ultimately significant. In 2023, inflation fell faster than expected. Towards the end of the year, interest rates started to fall, and a perception that interest rates had peaked for this cycle began to gain strength. Conficap continued the active development of its investment portfolio. The investment team was reinforced through focused recruitment, allowing it to support other units of the group with its expertise and foresight.

Conficap updated its strategy for investment activities in 2022, deciding to expand diversification in terms of both markets and asset classes. The work continued in 2023, and both in absolute terms and relative to inflation, provided the desired results.

The total return from investment assets in 2023 was robust. Global listed equities provided strong returns. Alternatives and listed fixed income also performed well. The investment strategy was revised slightly during the year. In accordance

with its strategy, Conficap made new investments in listed interest and stock markets, including in India. Private equity and private debt investment continued in accordance with the alternatives program.

In early 2024, positive signs can be seen. The global economy is expected to grow and inflation to continue to slow. Central banks are expected to begin cutting interest rates in 2024.

The aim of our investment activities is to continue to diversify our portfolio through new investments. To that end, Conficap is actively monitoring the development of various international markets and searching for investment targets that offer long-term growth opportunities. In line with the company's core values, all investment activities of Conficap are based around a strong commitment to patience, responsibility and active ownership.

Our aim is to identify and choose strong and responsible long-term investments that will continue to generate value across business cycles and generations.

110 years of family business – the history of conficap

Conficap has its roots in Finnish entrepreneurship, and the history of the company spans more than a century.

1913

Businessman Alfred Onninen began working as a plumbing contractor in Turku. Over the years, the business expanded from contracting to wholesale trade, and the company Onninen Oy was born. Onninen also grew beyond the borders of Finland.



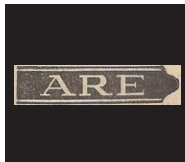
1963

Onninen 50 years and operations in 9 locations



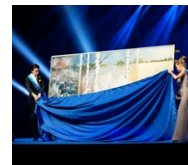
1992 & 1997

Onninen Oy became the owner of ARE in 1992, and the descendants of Alfred Onninen founded Onvest Oy in 1997 to serve as the holding company for the businesses they owned. As the owner, Onvest supported the growth and development of Onninen and ARE while strengthening the family's assets through active investment



1924

The multisectoral company ARE was founded in Jyväskylä.



1980

The company was divided into parts, and the part that continued under the name ARE focused on building services. This also meant that the company underwent a change of ownership.



2016

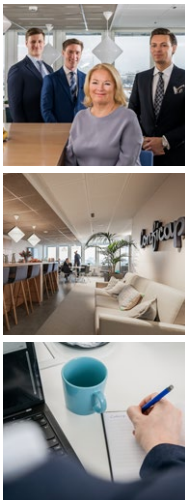
Onninen is sold to Kesko.



2017

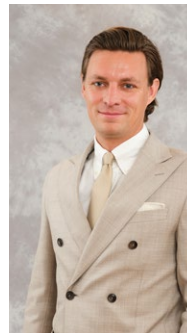
2017

The shareholders of Onvest made a decision to demerge the company into two newly founded companies.



2018

Conficap Oy, owned by Maarit Toivanen and her children, began operations in 2018. Conficap gained ownership of securities investments, the building services company ARE and foreign real estate investments.



2023

2023 Erik Toivanen, who represents the fifth generation of the family business, became the Managing Director. That same year, Conficap also celebrated the 110-year history of the company.

Conficap continues to operate as a strong and independent company with a backstory of 110 years of family entrepreneurship that contains numerous significant events and turning points. Conficap's activities are steered by entrepreneurship, social responsibility and long-term goals that help to develop the company for the next generation of owners.

Conficap Oy's Board of Directors



MAARIT TOIVANEN

born 1954, Vuorineuvos, DSc (Econ) h.c.
Chair of the Board

Member of Onninen Oy Board 1998–2000
Chair of Onninen Oy Board 2000–2015
CEO of Onvest 2001–2015
Chair of Onvest Oy Board 2000–30 April 2018
Chair of Conficap Oy Board 1 May 2018–
Chair of Are Oy Board 14 September 2022–



LASSE HEINONEN

born 1968, M.Sc. (Econ)
Member of the Board

Member of Conficap Oy Board 8 January 2024–
Member of Are Oy Board 2017–2018 and 8 January 2024–



ANDERS DAHLBLOM

born 1974, M.Sc. (Econ)
Member of the Board

Member of Conficap Oy Board 1 April 2022–
Member of Are Oy Board 14 September 2022–



HENRIK KOIVISTO

born 1997, Business Management, BA
Member of the Board

Member of Conficap Oy Board 22.3.2019–
Member of Are Oy Board 14 September 2022–



HANNU KEINÄNEN

born 1969, M.Sc. Electrical Engineering
Member of the Board

Member of Conficap Oy board 8 March 2023–
Member of Are Oy board 8 March 2023–



MARTTI KOIVISTO

born 1994, PgD finance
Member of the Board

Member of Are Oy Board 2018–
Deputy member of Conficap Oy Board 26.3.2021–14.9.2022
Member of Conficap Oy Board 14.9.2022–



TOMI VENTOVUORI

born 1976, PhD
Member of the Board

Member of Conficap Oy Board 1 April 2022–
Member of Are Oy Board 14 September 2022–

Conficap Oy's Management Team



ERIK TOIVANEN

born. 1986, PgP Real Estate Business
Managing Director

Member of Are Oy Board 2018–



MARKO HÄIKIÖ

born 1969, M.Sc. (Econ.)
CFO



DAVID MILLER

born. 1958, MA Cantab
Investment Director



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