

**City of Turku**  
**Annual Report 2022**  
**Summary**

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## Mayor's review – Minna Arve

The social operating environment was again subject to major changes in 2022, mainly due to the effects of the Russian war of aggression launched on 24 February. Safety, increased costs of construction and living and support for Ukraine and Ukrainians have been at the core of the operations throughout the year.

After the coronavirus pandemic, economic growth started strong. This was particularly visible as an improved operating environment for companies in Turku, and it contributed to a good performance in the financial statements. The surplus for the financial year, EUR 18.2 million, is a good result. Corporation tax revenue in Turku increased more than twice as much as the national average. Despite the long-standing uncertainty, the city performed well for the third consecutive year.

At the same time, however, it must be noted that the city's own expenditure increased greatly, and the general economic situation is changing. In addition, the final impacts of the health and social services reform will only become clear in 2024. The Russian war of aggression has had a negative impact on economic development and the general economic situation. The rapid pace of construction and the level of consumer confidence of recent years are being undermined by inflation, the end of zero interest rates and the slight decline in the economy. The good development of employment is slowing down and growth is decelerating. In accordance with the Mayor's Programme, the long-term sustainability of the economy requires continuing the work on the adaptation programme, on which the City Board made the necessary decisions in January 2023.

Turku's goal-oriented industrial policy, support to growth and influence have contributed to improving the operating conditions of business in many ways. Clearing building permit queues, streamlining planning, influencing the acquisition of new degree rights for both the university and the university of applied sciences, as well as our own strong growth projects all support the prerequisites of business. This year, we will continue our work and update our business services extensively and prepare for the reform of employment services with the aim of supporting especially the employment of young people and immigrants and reducing the number of the long-term unemployed.

In 2022, the transfer of welfare services to new wellbeing services counties that were launched at the turn of the year. The change in the city's operations is great, as almost half of the personnel are now employed by the new organisation. In the midst of the change, our common goal has been to maintain similar services for Turku residents, regardless of organisational changes. The city has contributed to the successful launch of the wellbeing services county's work, but the implementation of the change will certainly continue in 2023 and beyond.

After the wellbeing services county reform, the role and task of cities will undergo a major change. In the future, cities will focus more and more on producing education, teaching and vitality services. Employment services will be a new task for cities. Preparations for this change began already in 2022.

Finland's future growth relies increasingly on large cities. Population growth and the operating conditions of business are at their strongest in vibrant urban hubs. Promoting this development has also been Turku's goal in cooperation with the six largest and the 21 largest cities, for instance. After the parliamentary elections of 2023, the new government will have to outline the development of RDI activities, availability of labour, adequacy of education places and development of transport connections and other infrastructure. Large

cities are in the right position to respond to many of these challenges, and we aim to achieve a new kind of closer cooperation with the new government and the state.

2022 was the first full year when Turku's first Mayor's Programme was implemented. The programme signed by all delegation groups has steered the city's operations in a more strategic direction. Special attention has been paid to the implementation of the programme and efforts have been made to steer the city's management in accordance with the priorities laid down in the Mayor's Programme. As part of the change, the New Turku change programme was launched, and its implementation will continue in 2023. Overall, the measures described in the Mayor's Programme are being implemented as planned.

Turku has also continued its work as Finland's leading climate city. Combating climate change and strengthening biodiversity are part of all the city's operations in a cross-cutting manner. In 2022, Turku was selected as a pioneer in the European Union's 100 climate-neutral cities mission to support 100 European cities in achieving carbon neutrality by 2030. We are also advancing at a good pace and on schedule to achieve our goal of becoming a carbon-neutral city by 2029 for our 800th anniversary.

2022 was a year of many changes, but the city organisation has demonstrated its ability to respond to today's challenges. We will continue to work on improving the quality of life in Turku and ensure sustainable growth in the entire city.

– Mayor ***Minna Arve***

## Development of the economic area

The turnover data specific to the Turku sub-region produced by Statistics Finland will be available until the end of September 2022. In the Turku sub-region, turnover and personnel numbers developed positively in the third quarter of 2022 in all sectors, with the exception of maritime industry turnover. Turnover increased 12.4% from the previous year. Turnover increased by 23.6% in industry, by 12.3% in services, by 8.7% in wholesale and retail, and by 8.0% in construction. In the third quarter, the turnover of the maritime industry decreased by 15.3% from the previous year. In the first half of 2022, growth was seen in all sectors (20.2%), and the largest increase from the previous year was recorded in the maritime industry (49.4%).

The effects of the coronavirus pandemic have been reflected in the development of turnover and number of employees in both the Turku sub-region and the entire country. The decrease in turnover in all business sectors that began in the second quarter of 2020 continued in the Turku sub-region in the first quarter of 2021, after which the turnover started to grow. Turnover increased 16.4% in the first quarter of 2022, 17.9% in the second quarter and 16.7% in the third quarter compared to the previous year. However, the development of turnover in the Turku region has been slightly slower than in the rest of the country.

According to Statistics Finland's trend data, the number of personnel in all sectors increased by 5.6% in the Turku sub-region in the third quarter of 2022. The number of personnel in the maritime industry increased by 8.0%, in industry by 7.5%, in services by 6.4%, in construction by 5.8% and in wholesale and retail trade by 4.1% from the previous year.

The number of the unemployed is gradually reaching the pre-COVID level. The number of unemployed jobseekers and the number of young unemployed people already started declining earlier after a sharp upturn caused by the coronavirus, and in 2022, the number of the long-term unemployed also began to decrease. According to the employment service statistics of the Ministry of Economic Affairs and Employment, the unemployment rate in Turku was 12.3 at the end of 2022, when it was 13.2 a year earlier. The unemployment rate had decreased by 0.9 percentage points during the year. In December 2022, the number of unemployed jobseekers was 11,785 in Turku and 12,651 a year earlier.

38% of unemployed jobseekers in Turku had been unemployed continuously for at least one year. The number of the long-term unemployed was 4,503, down 482 from the previous year. The number of young unemployed people continued to decline. At the end of 2022, there were 1,291 unemployed people under the age of 25 in Turku, and their number had decreased by 17% from the previous year. 19% of unemployed jobseekers are foreigners and, unlike young people and the long-term unemployed, their number has continued to grow.

In December 2022, Turku had the highest unemployment rate in Southwest Finland. Of the six largest cities, the unemployment rates were highest in Turku and Oulu. The unemployment rate in the entire country was 9.9%. At the end of 2022, the number of unemployed jobseekers in the Turku sub-region was 9.7% of the workforce.

According to preliminary information from Statistics Finland, there were 197,917 residents in Turku at the end of 2022. The city's population has grown by 2,780 inhabitants since 2021. After the slow demographic growth in 2020–2021, the population growth of Turku in 2022 seems to be record-breaking. According to preliminary information, in 2022, a total of 1,347 people moved to Turku from other Finnish municipalities. In migration between municipalities, it seems that we are going back to the time before the coronavirus pandemic. According to preliminary information, immigration was record high. Almost 2,500 inhabitants moved to Turku and net immigration was 1,908, which is 748 more than last year. According to preliminary information, the total net migration in Turku in 2022 was 3,255. The number of deaths in Turku was 502 more than the number of births. The number of births was record low.

## Assessment of probable future trends

The recent years have been exceptional. The direct impacts of the coronavirus pandemic have been smaller than expected. However, the coronavirus pandemic has increased uncertainty regarding continuous services. The governmental policy on full compensation of the effects of coronavirus has been important, and from the city's point of view, the policy should also be adhered to in the future. As the direct impacts decrease, an effort must be made to assess indirect impacts, especially with regard to education, teaching and recreation services.

The risks of the Russian war of aggression have become more specific. The most significant identified risks will raise prices and slow down the economic growth. Realised risks have been reflected, for example, in the strong inflation and an increase in interest rates. As the crisis continues, local government finances will inevitably be negatively affected. The importance of risk management is emphasised, and risks must be assessed extensively.

The health care and social services reform implemented at the beginning of 2023 will transfer operating expenditure from the city to the wellbeing services county, but at the same time the city's internal funding will be significantly cut. The economic impacts of the reform on local government finances will not become clear until 2025. The city has supported the launch of the wellbeing services county and, as a result, certain support services have not been fully shut down yet. Cost allocation has been agreed upon, but there will be inevitable indirect repercussions.

The result for 2022 was better than expected, especially due to the faster than expected recovery from the coronavirus's blow and the positive development of the general economic situation. This has increased the taxable income of communities and thus the corporate tax revenue to be paid to the city. As a result of the improved employment situation, municipal taxes have also developed positively.

The need to adjust general government finances, which has emerged in the public discussion, will dampen the situational picture for the coming years. There is no information on government measures. The public sector funding model consists of tax revenue and central government grants, which include, for example, the municipality's self-financing share and both a needs-based and income-based equalisation system. The changes made to these will balance income differences between municipalities and may contribute to the slightly diluted positive development of an individual lot. The city is concerned that the immediate impact of the above-mentioned positive developments could be cut, and adjustment measures could be targeted at local government finances.

Turku is a growing city and people are very interested in it. This can be seen, for example, in the accelerating migration and the increasing number of building permits. Developing the city's own processes has been valuable, and the success has benefited both external actors and the city. This is an excellent example of how efficient and streamlined processes are in the interest of all parties.

Demand for services is expected to continue to increase during this planning period. Population growth and demographic change increase the demand for public services. Services divisions must assess the situation and strive to develop their operations to better meet the changing needs.

The final impacts of the health care and social services reform on local government finances and the city's financial situation will be clarified in 2023. As the situation picture becomes clearer, estimates of the level of tax funding will be reviewed and the city's ability to invest will be determined. After this, the current financial plan must be reviewed, and the necessary adjustments made in terms of operational economy, investments and financing.

In the recent years, the aim has been to bring the city's economy to a sustainable level. The most important factor is the moderate development of operational net expenditure. The city must ensure the carrying capacity of its economy so that high-quality services and the attractiveness of the city can also be ensured in the future.

## City personnel

The amount of labour used in person-years by all personnel during the period 1 January – 31 December 2022 was 10,675.9. The use of labour in 2022 was 10,362.0, excluding employed persons, pupils and trainees, participants of relocation experiments and disabled persons in subsidised work.

Considering the organisational changes, the use of the entire personnel's labour increased by 28 person-years (+ 0.26%) compared to the previous year. The use of labour increased in 2022 by 31 person-years (+0.30%), excluding employed persons, pupils and trainees, participants of relocation experiments and disabled persons in subsidised work.

Use of labour (all personnel)	2021	2022	Change
<b>Central Election Committee</b>	3.7	1.4	-2.3
<b>Audit Office</b>	4.9	4.6	-0.3
<b>Central Administration</b>	751.0	715.9	-35.1
<b>Employment Services</b>	348.7	334.2	-14.5
<b>Southwest Finland Emergency Services</b>	556.1	564.5	8.4
<b>Welfare Services Division</b>	4,207.8	4 098.8	-109.0
<b>Education Services</b>	3,976.7	3 983.2	6.5
<b>Recreation Services</b>	605.1	621.3	16.2
<b>Urban Environment Services</b>	327.3	352.0	24.7
<b>Total use of labour</b>	<b>10,781.3</b>	<b>10 675.9</b>	<b>-105.4</b>
Change in the use of labour from the previous year, considering organisational changes, total			<b>28.0</b>

The table above takes the following organisational changes into consideration: a total of -133.4 person-years:

- Transfer of business of the endocrinology outpatient clinic of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-1.5 person-years)
- Transfer of business of the gastroenterology outpatient clinic of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-8.25 person-years)
- Transfer of business of the haematology outpatient clinic of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-3.75 person-years)
- Transfer of business of the nephrology outpatient clinic of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-1.5 person-years)
- Transfer of business of the physiatrics functions of geriatric and rehabilitation services of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-2.25 person-years)
- Transfer of business of children and young people's diabetes services of welfare services to the Hospital District of Southwest Finland from 1 May 2022 (-2 person-years)
- Transfer of business of the ophthalmopathy outpatient clinic of welfare services to the Hospital District of Southwest Finland from 1 January 2022 (-11 person-years)
- Transfer of business of the Turku Region Interpretation Centre to Monetra Oulu Oy from 1 February 2022 (-43.45 person-years)
- Transfer of business of Turku occupational health care to Länsirannikon Työterveys Oy from 1 January 2022 (-59.7 person-years)

The growth in the use of labour has been greatest in recreation time and urban environment services. The use of labour in recreation services indicates a return to normal service levels after the coronavirus pandemic and the increased use of temporary labour. The growth in the use of labour in the urban environment services showcases the needs of a growing city in the areas of planning, urban construction, building permits and control.

On the one hand, the increase in pupil and student numbers and, on the other hand, the transfer of school social workers to welfare services as of 1 January 2022 and the challenges of personnel availability in early childhood education and care contributed to the increase in the use of labour force in the education services.

The use of the central administration's workforce is affected by the transfer of business of Turku Centre for Occupational Health as of 1 January 2022, internal transfers from other service divisions resulting from the administrative reform carried out in 2021, and preparations for the formation of wellbeing services counties already in 2022.

In addition to organisational changes and transfers of business, the personnel availability challenges have influenced the use and decreased use of labour in welfare services.

The increase in the workforce of Southwest Finland Emergency Services is mainly explained by the increase in external funding projects. The formation of the wellbeing services counties has also affected the use of labour force.



In addition, the strikes in the municipal sector organised in spring 2022 had an impact on the use of labour at the city level.

The last day of the year, the City of Turku employed a total of 12,088 people, out of which 10,169 were full-time employees and 1,919 part-time employees.

The personnel expenditure for 2022 totalled EUR 564.8 million, of which wages and remunerations adjusted for health insurance, accident insurance and other personnel expenses totalled EUR 447.9 million and social security contribution EUR 116.8 million. Considering organisational changes, personnel expenditure increased by EUR 22.5 million (+4.1%) from the previous year, while wages and remunerations increased by EUR 18.1 million (+4.3%).

In addition to the increase in person-years, the development of wage expenditure is affected by the contractual increases specified in collective agreements for the municipal sector. The cost impact of wage increases in the municipal sector for the contract period from 1 April 2020 to 28 February 2022 is +0.43%, EUR 2.3 million compared to 2021. The new agreement solution will last three years from 1 May 2022 to 30 April 2025. Its cost impact for 2022 is +1.76%, EUR 7.9 million. The total impact, including indirect personnel costs, is EUR 9.6 million. The cost impact of separate COVID-19 compensation in 2022 is EUR 1.3 million, and the city also paid approximately EUR 2.5 million in commitment fees to employees of Turku welfare services (excluding indirect personnel costs).

## Formation of the profit/loss for the financial period

In addition to the shortage of raw materials, rapid inflation, rising interest rates and Russia's war of aggression, the operating environment of the Turku economic area was strained by the coronavirus pandemic that has continued for three years already. Despite this, the financial period ended with a surplus of EUR 18.2 million. The positive revenue development was influenced by better-than-expected development of corporation tax and municipal tax revenue as well as revenue from the transfer of assets. Achieving the financial objectives of the adaptation programme approved by the City Council in 2019 proved unrealistic as a result of the above-mentioned changes in the operating environment. On 16 January 2023, the City Board decided to start working on a new adaptation programme, section 13.

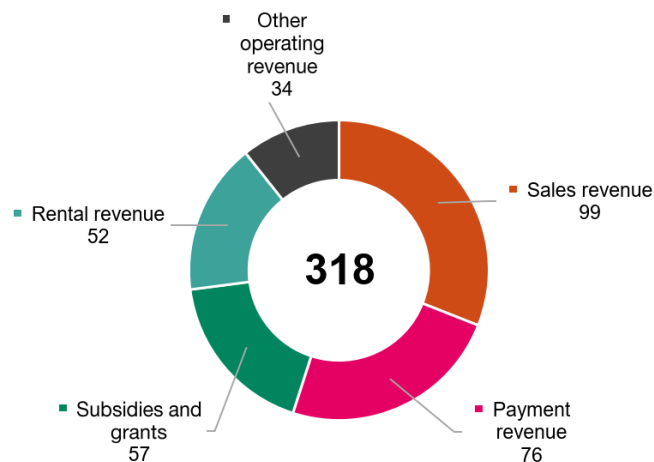
At the beginning of the financial period on 1 January 2022, the Turku Centre for Occupational Health's business operations were handed over to the city's associated company Länsirannikon Työterveys Oy. This has been taken into consideration in the comparison data in the text.

Operating income totalled EUR 318.4 million, EUR 22.0 million (6.5%) less than in the previous year. Sales revenue increased by EUR 6.7 million (7.3%), while payment revenue decreased by EUR 7.2 million (8.6%). The most significant increase in sales revenues was EUR 5.6 million in public transport. Other community services payments saw the greatest decrease in payment revenue, EUR 16.3 million. Home service fees, on the other hand, increased by EUR 5.2 million and other health care fees by EUR 3.2 million. Allowances and subsidies, EUR 57.3 million, decreased by EUR 22.5 million (28.2%), mainly due to a decrease in central government coronavirus subsidies. The city received a total of EUR 20.9 million in COVID-19 support. The largest amount of COVID-19 support was EUR 14.8 million in welfare services. Public transport

received a total of EUR 4.1 million in COVID-19 support, of which Turku accounted for EUR 3.6 million. A total of EUR 2.5 million in COVID-19 support was granted for the operation of education services. Other operating income decreased by EUR 3.6 million, which was affected the most by a decrease in revenue on the sale of assets by EUR 3.2 million (total EUR 28.9 million).

## Operating revenue 2022

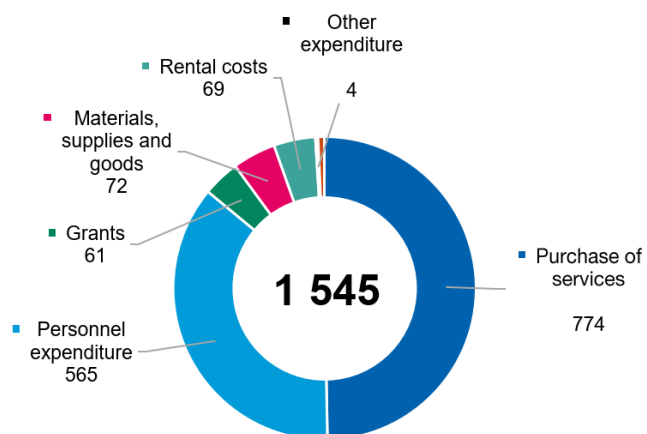
External income	EUR million
Sales revenue	99
Payment revenue	76
Subsidies and grants	57
Rental revenue	52
Other operating revenue	34
<b>Total</b>	<b>318</b>



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## Operating expenditure 2022

External expenditure	EUR million
Purchase of services	774
Personnel expenditure	565
Grants	61
Materials, supplies and goods	72
Rental costs	69
Other expenditure	4
<b>Total</b>	<b>1 545</b>



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Operating expenses amounted to a total of EUR 1,545.2 million, being EUR 70.8 million (4.8%) more than the previous year. The operating expenditure, adjusted for self-construction, were EUR 1,543.8 million.

Several functions of welfare services were already transferred to the wellbeing services county in 2022. Comparable personnel costs adjusted with these, and the aforementioned transfers of business increased by EUR 22.5 million (4.1%) compared to the previous year. The increase in wages and remunerations was EUR 18.1 million (4.2%). The overall impact of contractual increases on personnel costs in 2022 was approximately EUR 11.9 million (1.7%). In addition, as

agreed in the contract, personnel costs include EUR 1.3 million in one-off COVID-19 remunerations for personnel participating in the treatment of coronavirus patients. Additionally, the city paid approximately EUR 2.5 million in commitment fees to the employees of Turku welfare services (excluding employers' contributions). They were used to commit the employees to working for the city and support the units that have struggled the most with recruitments. The increase was also due to an increase in the use of labour force by 31 person-years (0.3%).

The amount used for service purchases was EUR 43.6 million (6.0%) more than in the previous year. The corresponding increase in the previous year was EUR 44.8 million. Purchases of customer services increased by EUR 30.6 million (7.4%), which is explained by the increase in outpatient and institutional care services, totalling EUR 22.6 million. Other service purchases increased by EUR 13.0 million (4.1%), which was affected the most by the growth in public transport services and the use of rental labour. On the other hand, the growth in the purchases of services was decelerated by the decrease in the purchases of laboratory services as coronavirus testing decreased. The increase is explained by both the increase in prices and the increase in the need for services. Purchases of services of the Southwest Finland Hospital District increased by EUR 13.3 million from the previous year.

Purchases of materials and supplies increased by EUR 8.7 million (13.7%). The greatest increase was in energy costs, EUR 4.3 million (44.2%). Subsidies decreased by EUR 6.1 million. Subsidies include EUR 1.8 million in coverage of the deficits of joint municipal authorities transferred to the wellbeing services county at the beginning of 2023.

The operating margin (net operating expenditure) amounted to EUR -1,225.4 million. The comparable growth from the previous year was EUR 93.4 million (8.2%). Operating revenue covered 20.6% of operating expenditure (23.1% in 2021 financial statements). 79.4% (76.9% in 2021 financial statements) remained to be financed by tax revenue and central government transfers.

Financial revenue and expenditure increased in net by EUR 6.0 million (20.3%). Revenue from dividends was EUR 3.5 million more than in the previous year, and in addition, the returns of surpluses of joint municipal authorities transferred under the wellbeing services county in the beginning of 2023 amounted to EUR 1.5 million and interest revenue to EUR 0.6 million.

Tax revenue totalled EUR 59.0 million (6.6%) more than in the previous year. The amount of municipal tax accrued was EUR 32.2 million more than last year. The national growth was 5.1% and the growth in Turku's municipal tax was 4.8%. Corporation tax revenue increased by EUR 22.0 million from the previous year. Growth at national level was 6.6% and 13.9% in Turku. Property tax revenue totalled EUR 4.8 million (7.4%) more than in the previous year. Central government transfers were received EUR 13.4 million more than in the previous year (4.4%), most of which was due to compensation for tax losses and a reduction in the recovery of tax deferrals by EUR 2.0 million. The instalments are not central government transfers, but they are paid in connection with central government transfers.

Annual margin amounted to EUR 77.5 million, which covers the annual fixed asset depreciations and impairments of EUR 61.5 million. Comparable annual margin decreased by EUR 15.0 million (16.2%) and annual margin per inhabitant decreased by EUR 76. Of the result of EUR 16.0 million for the financial period, EUR 2.2 million has been recognised as a depreciation difference deduction.

## Tax revenue

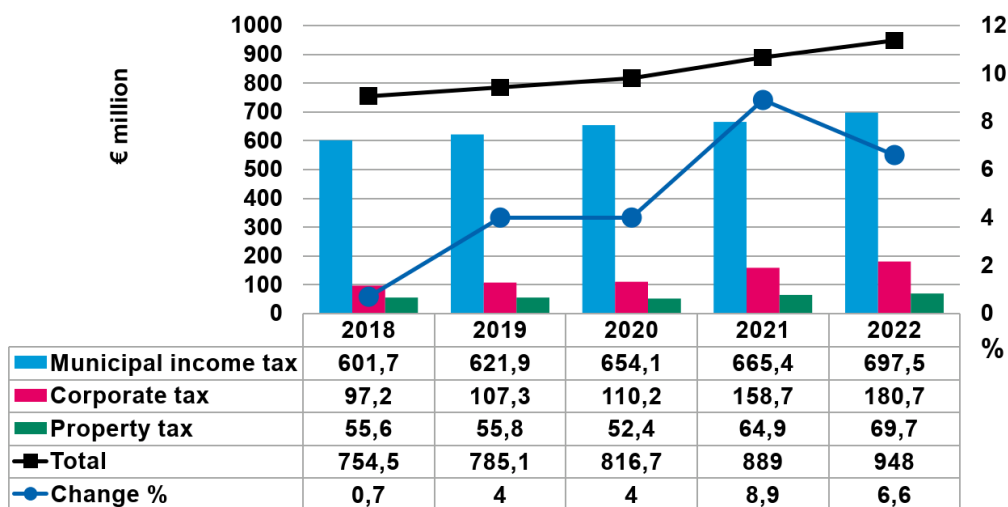
### Determination of Turku's tax revenue

Basis for tax revenue	2018	2019	2020	2021	2021
Income tax rate (%)	19.50	19.50	19.50	19.50	19.50
Property tax rate (%):					
General	1.00	1.00	1.00	1.15	1.15
Permanent residential building	0.41	0.41	0.41	0.45	0.45
Other buildings used for housing	0.93	0.93	0.93	1.10	1.10
Tax rate (%) for an undeveloped building site	3.00	3.00	3.00	4.00	4.00

The total amount of tax revenue was EUR 948.0 million. The growth compared to the previous year was EUR 59.0 million (6.6%) The amount of tax revenue accrued was EUR 77.5 million more than budgeted. The municipal tax accumulation exceeded the budgeted level by EUR 4.7 million. The revenue from corporation taxes was EUR 69.8 million more than the budgeted level, with the revenue from property taxes exceeding the budget by EUR 3.0 million. The growth in municipal tax revenue compared to the previous year was EUR 32.2 million (4.8%) Corporation tax revenue increased by EUR 22.0 million (13.9%) from the previous year. The good development of corporation tax revenue continued despite the fact that the municipal apportioned share increased by 10 percentage points was no longer valid in 2022.

The amount of property taxes paid was EUR 4.8 million (7.4%) more than in the previous year. For property tax, 2022 was better than expected. This was mainly due to an increase in the construction cost index, and the resulting increase in the replacement values of buildings increased the taxable values of buildings. As a result of the reform of rendering of accounts in property tax implemented in 2020, some (5–10%) of the accounts for the fiscal year for property tax will only be settled in January and February of the following year, which means that the years are not fully comparable.

### Tax revenue paid and their trends 2018–2022



## Revenue from central government transfers

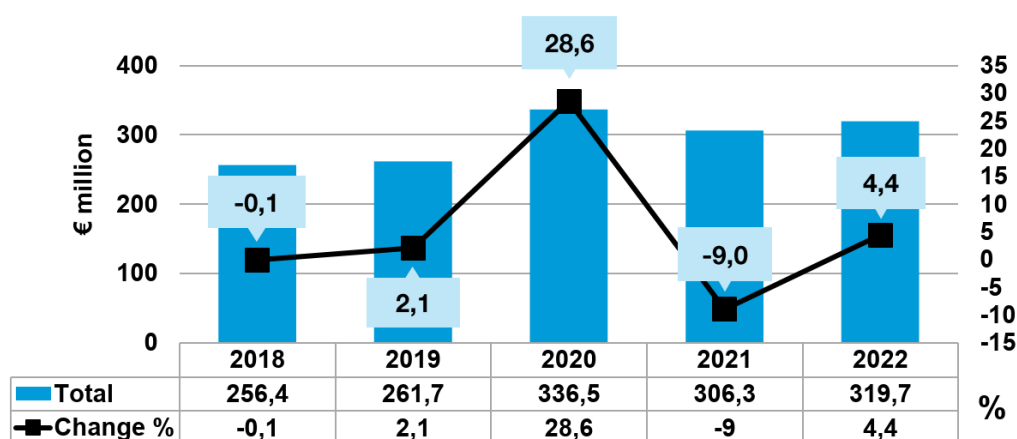
Central government transfers totalled EUR 339.7 million, and they amounted to EUR 13.4 million (4.4%) more than in the previous year, most of which was due to compensation for tax losses and a reduction of EUR 2 million in the recovery of tax deferrals. The instalments are not central government transfers, but they are paid in connection with central government transfers.

The actual received central government transfer was EUR 176.0 million for basic services. The compensation for tax revenue losses caused by changes in tax criteria, excluding the recovery of postponement arrangements regarding a tax payment, was EUR 100.2 million.

EUR 46.5 million in central government transfers for the education and cultural sector were realised, which was EUR 0.8 million (1.7%) more than the previous year. Over the course of the year, the Ministry of Education and Culture granted a roughly EUR 4.1 million increase to the central government transfer (EUR 42.2 million), about EUR 2.6 million of which was discretionary increase and around EUR 1.6 million of which was allocated to support measures of the special conditions brought about by the coronavirus pandemic.

Turku paid EUR 2.9 million in tax based equalisation to other municipalities. In the previous year, Turku paid EUR 2.0 million in equalisation to other municipalities.

### Realisation of central government transfer revenue 2018–2022



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Central government transfers for 2020 include coronavirus subsidies paid by the central government, which in 2021 and 2022 were paid as allowances. With the coronavirus subsidies eliminated, the comparable change rate of 2020 is 2.4%.

## Funding operations

The operating cash flow was positive by EUR 48.8 million (67.3 in 2021 financial statements) The decrease of internal financing was affected by the weaker development of the operating margin compared to the previous year, which was not fully compensated for by the growth in tax funding.

The internal financing adjustment items correct the capital gains from non-current assets, which are presented in the investment cash flow – as well as losses amounting to a total of EUR 28.1 million.

The city's investment expenditure stood at EUR 121.0 million and its capital gains from non-current assets were EUR 43.6 million. Compared to the previous year, the city's investments decreased by EUR 19.9 million (14.1%) and its capital gains increased by EUR 9.8 million (28.9%). EUR 3.2 million in funding contributions were received for investment costs, after which the investment acquisition cost stood at EUR 117.8 million. The internal financing percentage, which measures the funding capacity of city investments, decreased from the previous year to 65.8% (67.8% in 2021 financial statements) Compared to the year before, the figure is lower by more than 2.0 percentage points, which is due to a relatively lower investment level than the previous year.

The operating and investment cash flow for the financial year 2022, EUR -25.4 million, is better than in the previous year (EUR -37.7 million in 2021 financial statements). The actual accumulated cash flow for operations and investments between 2018 and 2022 dropped EUR 230.0 million into the negative, while it was EUR 139.9 million in the negative for the previous year. In previous years, the amount was substantially affected by the capital gains and sales proceeds gained from corporatisation in different financial years. The proceeds gained from the sale of properties used by health care and social services was EUR 127.9 million in 2015, while extraordinary profit totalled EUR 87.2 million. In 2017, the proceeds gained from the sale of Turku Water Utility was EUR 104.3 million, while extraordinary profit totalled EUR 23.7 million.

During the year, long-term loans were paid back in the amount of EUR 33.4 million and granted in the amount of EUR 27.3 million, the most significant portion of which, at EUR 12.5 million, went to the real estate company Nunnankatu 4.

A new long-term loan was withdrawn in the amount of EUR 130.0 million and paid back in the amount of EUR 124.2 million. Short-term loans were reduced by EUR 85.1 million, which was mainly due to a reduction of EUR 50 million in local government papers and EUR 35.2 million in group organisations' deposits. There was a EUR 79.3 million decrease in the city's loan portfolio. The realised funding cash flow in the closed financial period was EUR 17.1 million in the negative.

## Largest investments and capital gains

The city's investment expenditure was EUR 121.0 million in 2022 (EUR 140.8 million in 2021). A financing share of EUR 3.2 million (EUR 2.1 million in 2021) was recorded for the investment targets. Capital gains totalled EUR 43.6 million (EUR 33.8 million in 2021). The investment expenditure fell below the budget of EUR 55.0 million. The financing shares exceeded the budget by EUR 0.2 million and the capital gains by EUR 5.4 million.

The largest infrastructure sites underway in 2022 were the Market Square and the Turku rail yards and Kupittaa double track projects. Other extensive construction projects in the urban environment included the streets and park areas of Kirstinpuisto and Herttuankulma in Linnakaupunki. Among the city's ongoing renovation sites and new construction sites, the largest ones have been the renovation and new building of the Pääskyvuori school, the new building of the Sirkkala school, and the new building of the Suikkila school and Talinkorpi day-care centre.

The city received a total of EUR 43.6 million in proceeds from divesting land, facilities and equipment. The overrun in capital gains stood at EUR 5.4 million compared to the budget (EUR 38.2 million). Revenue from the sales of immovable property totalled EUR 41.4 million, of which landed property totalled EUR 29.4 million. The EUR 12.0 million budget change made to the capital gains involves the real estate company Nunnankatu 4's plots and a building, which the city bought on behalf of the company to be established in December 2021 and whose ownership was transferred to the company after its establishment and financing arrangements in March 2022. The transfer of ownership had no impact on the result. EUR 28.9 million (EUR 32.1 million in 2021) in property sales profits were recorded. The sales profits from land, EUR 28.7 million, were exceeded by EUR 7.3 million compared to the budget (EUR 21.5 million). As a result of the Russian war of aggression, inflation, the general costs, interest rates and the dramatic rise in the prices of construction materials globally have significantly increased the price of construction. Construction of new houses has still remained vigorous. The construction of the planned area of Herttuankulma has been faster than expected, which has accelerated the sale of plots. In addition, the acquisition costs included in the plots of the sold properties has been lower than estimated, which has contributed to the increase in the share of capital gains.

EUR 10.0 million (EUR 26.6 million in 2021) in land use agreement compensations profits were recorded. Compared to the budget, the share of land use agreement revenue was exceeded by EUR 0.9 million. Customers have paid the land use agreement compensation revenue in advance within the limits of the agreement. The payments also include index adjustments payable to reimbursements that could not be anticipated in the budget.

## Implementation of the infrastructure investment plan

The investment expenditure in the development of the urban environment in 2022 was EUR 62.1 million in total (EUR 42.9 million in 2021). 51% of the investments went towards strategic spearhead projects. The share of infrastructure renovation projects that will



reduce the overall renovation debt stood at 23% of the investment expenditure. The share of real estate development projects stood at 14% of the investment expenditure. 4% of the investment expenditure went towards ensuring the smoothness and safety of traffic. These investments covered repairs of the Aura River wall and improvements to the functionality of traffic lights and the transport network 4% of the investment expenditure was channelled towards projects that improve the comfort of local residents, including parks, outdoor recreation sites and playparks. Investments that support operations, such as investments in the city's soil dumping areas, accounted for 4% of the investment costs.

Delays in the planning phase of land use projects and infrastructure planning are reflected in the timing of investments and the transfer of plots. One of the most significant budgetary deviations in the construction of urban environment was that EUR 17.2 million in appropriations for property development sites were not used in 2022. The focus areas of the construction of Kirstinpuisto, Herttuankulma, Pihlajaniemi, Pukkila and Topinoja were shifted to the coming years. Due to a complaint about the Karhunahde plan, the appropriation of EUR 1.75 million reserved for Karhunahde was left unused, and the approval of the Koskennurmi plan was postponed to 2023, which is why another EUR 1.5 million was left unused. Of the appropriation for soil dumping areas, EUR 2 million remained unused in 2022, as the appropriation reserved for the Lauttaranta dumping area has been estimated to exceed the need for this year. The need for the appropriation will be postponed to 2023. From sites reducing the renovation debt, EUR 2.9 million remained unused, of which the EUR 1.3 million appropriation reserved for the dam automation project will be transferred to 2023 due to the challenging nature of the project. Due to the scarcity of planning resources, the plans have not progressed as expected in all respects. Of the entities supporting the functioning and safety of transport and the residents' comfort, EUR 1.3 million of the appropriation remained unused.

In 2022, the level of renovation and replacement investment in the city's common areas covered the EUR 24.8 million in depreciation according to the plan for infrastructure assets. In addition to investments, measures to reduce the renovation debt are carried out in infrastructure maintenance.

## **Implementation of the facility investment programme**

The investment expenditure in the development of the city operating premises in 2021 was EUR 29.2 million in total (EUR 13.9 million in 2021). EUR 14.1 million of the investment appropriation was used on new construction projects and EUR 15.1 million was used on renovation and repair projects. New construction projects have also been carried out by using Turku Group's implementation solutions. The city may grant temporary funding to projects for the duration of the construction process via a limit on the Group account or grant a surety for the projects' funding.

The use of the investment appropriation reserved for the construction of operating premises fell short of the budget by EUR 14.8 million. One of the most significant budgetary deviations in the investment programme for work facility construction was that EUR 10.2 million in appropriations for the designated sites for 2022 remained unused. The investment programme included sites on which no decision has yet been made (e.g., the Lyseo and



Luolavuori school buildings). In some of the sites, annual spending has been lower than estimated, work performances have been delayed (e.g., the Wäinö Aaltonen school, the new building of Ylikylä, the Nummenpakka school, the Nummi school building, the Raunistula school, technical renovation). For small projects, EUR 4.6 million of appropriations remained unused in 2022. Two major projects (Hirvensalo Ski Centre and Hämeenkatu 10 façade repair) were postponed by one year due to a poor competitive situation. In some of the sites, annual spending is lower than estimated or the project has been cancelled after being added to the list (e.g., the Makslankatu children's home, repair of the Tähtitorninkatu day-care centre).

The level of renovation and replacement investments in the city's service buildings did not cover the share of depreciation of buildings, EUR 22.6 million, as planned. In addition to investments, measures to reduce the renovation debt are carried out in operating premises maintenance.

The Turku City Council approved the total cost estimate of the Turku Music Centre on 14 November 2022 as the project plan was approved. Turku Music Centre Fuuga will be constructed according to a solidarity alliance model. Construction will begin in 2023.

## Other investments

The city spent a total of EUR 1.2 million on land procurement (EUR 2.0 million on land procurement and EUR 30.2 million on buildings in 2021). The acquisition cost of immovable property was EUR 2.3 million lower than the budgeted amount (EUR 3.5 million). For affiliates, share acquisition costs and investments in subsidiary shares and other shares stood at EUR 18.9 million in total (EUR 34.8 million in 2021 financial statements). The acquisition cost of shares was EUR 3.0 million lower than in the budget (EUR 21.9 million with changes), which was influenced by the new schedule to acquire shares of the real estate company Turun Metro in 2023.

EUR 4.6 million was invested in the development of city-level IT and information systems (EUR 9.5 million in 2021), while EUR 4.9 million was invested in the procurement of equipment and other non-current assets (EUR 11.2 million in 2021). The acquisition cost of IT was EUR 6.3 million lower than the budgeted amount (EUR 10.8 million). The acquisition cost of machinery and equipment was EUR 1.2 million lower than the budgeted amount (EUR 5.9 million).

## Financial position and its changes

The city's liquidity remained good throughout the year. At the end of 2022, the city's cash reserves amounted to EUR 42.9 million (EUR 83.2 million in 2021 financial statements), not including investments in the city's own funds. Cash reserves decreased by EUR 40.3 million in 2022. The cash reserves consisted only of cash, deposits in a payment transaction accounts and other deposits. During the year, the cash reserves were EUR 11.2 million at their lowest and EUR 172.2 million at their highest. On average, the cash reserves stood at EUR 70.5 million. Group financing and payment transactions by the city's subsidiaries have increased fluctuations in cash reserves, in addition to the City's own financial transactions.

At the end of 2022, the city had EUR 615.8 million in long-term loans (EUR 610.5 million in 2021), including the following year's repayments- The total amount of long-term loans increased only by EUR 5.8 million over the course of the year. In 2022, the repayments of long-term loans stood at EUR 124.2 million and new loans were withdrawn in the amount of EUR 130.0 million. Short-term interest-bearing debt also includes EUR 100.7 million in deposits by subsidiaries. Short-term local government paper limits were used in accordance with the budget and the City Board's loan plan to balance the fluctuations in cash reserves during the year. The worth of the city's short-term local government paper limits or other non-binding limits at the end of the year was EUR 440 million. Local government papers had not been issued at the end of the year.

This brought the loan portfolio, i.e., the total sum of interest-bearing debt, to EUR 716.4 million at the end of 2022 (EUR 795.8 million in 2021) and the debt was decreased by EUR 79.4 million during the year. The decrease was mainly due to a reduction in company deposits and the withdrawal of the deposits in the personnel financial services as a result of the termination of the service in 2022. The accrual-based interest expenses of the total interest-bearing debt (incl. hedging costs) were EUR 6.3 million with an effective interest rate of 0.97%. An increase in interest rates by one percentage point would increase the average interest rate of the loan portfolio (incl. hedging) to 1.01% in 2023.

At the turn of the year, the city had EUR 550 million in hedges against interest increases affecting the total interest-bearing debt. Of these hedges, EUR 240 million were implemented with loans with a fixed interest rate and EUR 310 million with interest rate swaps with a maturity period of over a year. At the turn of the year, the hedging ratio was approximately 89% in long-term loans and 77% of the total interest-bearing debt, which means that the city's interest expenditure will not increase significantly as interest rates rise. The total nominal value of the open interest rate swaps was EUR 450 million. At the end of the year, the fair value of the interest rate swaps related to the hedges was EUR 62.7 million. In 2022, the following interest rate swap arrangements were implemented: three contracts totalling EUR 120 million were terminated, one EUR 50 million contract was modified and one new contract of EUR 50 million was concluded. All transactions were made for hedging purposes and to maintain the desired level of hedging by the city.

At the end of the year, the long-term lending portfolio was EUR 563.4 million (EUR 569.5 million in 2021 financial statements), while the subsidiaries' short-term credit limit debt connected to the Group account was EUR 25.4 million (EUR 38.1 million in 2021 financial statements). Long-term loan receivables from subsidiaries decreased by EUR 10.0 million and short-term debt by EUR 12.7 million in net during the year. Almost all reductions in loans were made to TVT Asunnot Oy, and new loans were granted to a company called Koy Turun Nunnankatu 4. Sufficient protective counter securities have been received for the loans in accordance with the Local Government Act, or the companies have committed to providing them to the city.

The guarantee liabilities of EUR 250.5 million decreased by EUR 19.7 million (EUR 270.2 million in 2021) during the year. The most substantial guarantee liabilities are to Turun Seudun Vesi Oy (EUR 90.7 million) and Turun Seudun Puhdistamo Oy (EUR 76.5 million). The reduction in guarantee liabilities was due to normal repayments of loan principal for which the guarantee was originally granted. Leasing liabilities at the end of 2022 totalled EUR 56 million.

The capital of the city's funds fell due to the state of war in Europe in 2022, the significant increase in inflation and the resulting rapid increase in interest rates, which resulted in write-downs mainly in the interest rate investments of the funds. At the end of the year, the damages fund had EUR 49.8 million in capital and the deficit was EUR 2.1. million. The

accounting result does not take into account any unrealised increases in value. The fair return, or market return, of the damage fund was EUR -1.1 million in deficit, which corresponded to a negative annual yield of 8.5%. At the end of the year, the donation funds had EUR 27.2 million in capital and the deficit was EUR -0.3 million. The fair return, or market return, of the donation fund was EUR -0.6 million, which corresponded to an annual yield of about -6.7%. The result of the donation funds will not be consolidated with the result of the city's parent organisation.

At the end of the year, the damages fund allocation was as follows: equity funds and EFT investments 38% and interest investments 62% of the fund's market value. The corresponding allocation for donation funds was as follows: equity funds and EFT investments 40% and interest investments 60% of the fund's market value. In practice, both funds have discontinued direct share investments and have shifted to using passive and cost-efficient exchange-traded funds (ETFs).

The investment activities of the city and donation funds adhere to the investment principles approved by the City Council on 18 March 2019, with particular emphasis on section 4 on the investment activities of funds. The principles of managing assets in special margin funds. On 20 December 2021, the City Board also approved a loan withdrawal and investment plan for 2022, which steered more specifically the selection of fund allocations and investment instruments. As a general rule, the weight of city fund share instruments in any portfolio must not exceed 50% of the fund's capital. Furthermore, an investment committee has been established to steer fund investment activities. The committee is tasked with providing recommendations on fund allocations and the risk profile, among other things. The investment committee met regularly during 2022.

## Analysis of the balance sheet

At the end of the financial year, the balance sheet total was EUR 1,887.6 million. The decrease compared to the previous year was EUR 40.1 million (2.1%). The surplus for the financial period increased equity by EUR 18.2 million (2.2%). The equity ratio increased by 1.8 percent points, being 46.0% at the end of the year (44.2% in 2021 financial statements). A level that exceeds 50% can be regarded as the general target level for municipal economies.

As regards investments under non-current assets, other loan receivables decreased by EUR 6.2 million from the previous year. This change was mainly the result of a decrease in intra-group loans to group organisations.

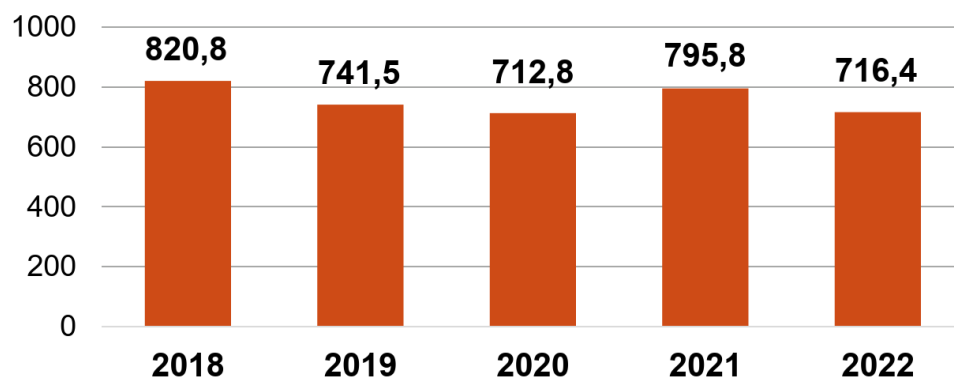
The surpluses/deficits accumulated in the previous financial years include extraordinary non-recurring items that have a total impact of roughly EUR 173.8 million. The most relevant of these are mentioned below: The sale of the business operations of Turun Puhelin in 1997 yielded EUR 45.5 million in capital gain. The connection fee fund was discontinued in 2004, and the accrued surpluses/deficits increased by EUR 13.1 million. In 2008, as a result of the crisis in the financial security market, EUR 31.9 million was recorded as write-downs of financial securities, listed under current assets. In conjunction with the merger of the Turku Science Park Oy Group in 2010, a write-down of EUR 14.1 million was recorded in investments under non-current assets. The corporatisation of the business operations of the Port of Turku yielded EUR 30.9 million in capital gain in 2013. The corporatisation of social and health care services properties in 2015 yielded EUR 87.5

million in capital gain. The corporatisation of Turku Water Utility in 2017 yielded EUR 23.7 million in capital gain.

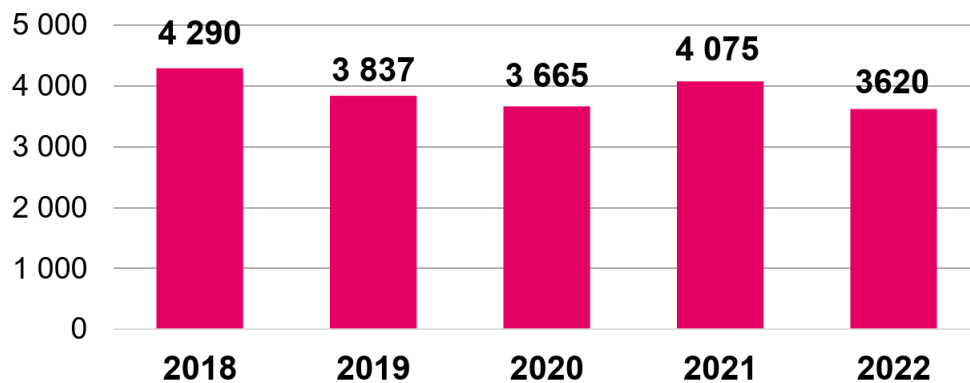
The other statutory provisions recorded stood at EUR 0.6 million less than in the previous year, primarily due to the change in pension provision.

At the end of the year, the loan portfolio was EUR 716.4 million, decreasing by EUR 79.3 million from the previous year. The loan portfolio per capita was EUR 3,620 (EUR 4,078 in 2021 financial statements).

### Loan portfolio 2018–2022, € million



### Loan portfolio 2018–2022 per capita, €



Relative indebtedness was 60.6% of the operating income (operating revenue, tax revenue and central government transfers), which is required to pay back the loan capital. Relative indebtedness improved by 5.3 percent points from the previous year (65.9 in 2021 financial statements). Total loans and rent liabilities in the amount of EUR 1,132.8 million, down EUR 29.2 million (2.5%) from the previous year. According to the preliminary data on the population, loans and rental liabilities per capita amounted to EUR 5,724, which means a decrease of 231 from the previous year.

## Consolidated financial statements and key figures

The City of Turku controls 67 subsidiaries, of which 61 are consolidated in the consolidated financial statements. Of the consolidated subsidiaries, three are foundations and 27 are housing and real estate companies. There are 29 consolidated associated entities and three joint municipal authorities. Three subsidiaries and five associated entities have been consolidated through the sub-group of the Joint Municipal Authority of the Hospital District of Southwest Finland.

### Formation of the Group's profit/loss for the financial year

The accumulated Group deficit for the financial year was EUR -3.0 million (a surplus of EUR 77.3 million in 2021 financial statements). The weak result was due to both the stronger euro-denominated growth in operating expenses and the write-down of Fennovoima Oy shares owned by Turku Energia, amounting to approximately EUR 20.0 million. The greatest increase in operating expenses was EUR 122 million in materials, supplies and goods. After the preparation of the previous year's financial statements, the impact of the erroneous processing of the EUR 2.0 million dividend distribution of Turku Technology Properties Oy's shareholding in the surplus for the financial year has been corrected on the reference year.

The Group's annual margin was EUR 190.6 million (EUR 241.6 million in 2021 financial statements), which, after current expenditure, remained to be used for the Group's investments and loan repayments. The Group's annual margin per capita, EUR 963, deteriorated by EUR 275 from the previous year (EUR 1,238 in 2021 financial statements). The euro per capita for 2022 was calculated according to the preliminary data on the population of Turku (197,917), provided by Statistics Finland. The annual margin accounted for 103.1% of depreciation and write-downs (159.6% in 2021 financial statements).

The Group's operating margin, EUR -1,118.8 million, was weaker than in the previous year by EUR 106.8 million or 10.6%. The government continued to support municipalities and joint municipal authorities by compensating for coronavirus-related costs as discretionary government transfers.

### Financing the Group's operations and investments

The Group's investment expenditure was EUR 365.8 million in total (EUR 348.7 million in 2021). EUR 16.3 million was eliminated from the Group's investment expenditure as items within the Group. The most significant investments included in the separate financial statements of organisations within the Group were:

The City of Turku EUR 121.0 million

- TVT Asunnot Oy Group EUR 77.5 million
- Turku Energia Oy Group EUR 29.0 million
- Varsinais-Suomen Asumisoikeus Oy EUR 23.7 million
- Turun Vesihuolto Oy EUR 17.4 million
- Koy Turun Nunnankatu 4 EUR 12.5 million
- Turun Seudun Puhdistamo Oy EUR 11.7 million
- Joint Municipal Authority of the Hospital District of Southwest Finland, Group EUR 69.0 million

In 2022, TVT Asunnot Oy's most significant investment targets included residential buildings completed in Mäntymäki, the Port, Skanssi, Hirvensalo and Länsikeskus; residential buildings under construction in Pääskyvuori, Mäntymäki, Raisio and Kaarina; renovation projects in Perno and the city centre.

Turku Energia Oy's actual investments mainly focused on the improvement and maintenance of the networks' transmission capacity and operational reliability. Heating business investments focused on expanding heating networks and procuring equipment. The investments by the electricity grid company focused on improving and maintaining the electricity grids' transmission capacity and operational reliability. Long-term investments focused on Suomen Hyötytuuli Oy and Voimaosakeyhtiö SF. At the end of the year, the entire investment of EUR 20.0 million in Voimaosakeyhtiö SF was recorded as worthless.

Varsinais-Suomen Asumisoikeus Oy invested in new construction and the renovation of the existing property stock. In 2022, new buildings were completed in Turku, Kaarina and Raisio. At the end of 2022, 124 dwellings were under construction. Renovations began in one building in 2022 and was completed in four buildings. Investments in new buildings and renovations were postponed due to a sharp increase in maintenance and construction costs and increased capital costs. Demand for the construction of right-of-occupancy housing remained at a good level, despite the fact that construction slows down due to higher interest rates and construction costs.

In 2022, Turun Vesihuolto Oy's most significant investments focused on maintaining the reliability of the water supply and sewer network and expanding the networks.

Koy Turun Nunnankatu 4 bought the plot and buildings of the former Rettig tobacco factory, including equipment, on behalf of the company to be established.

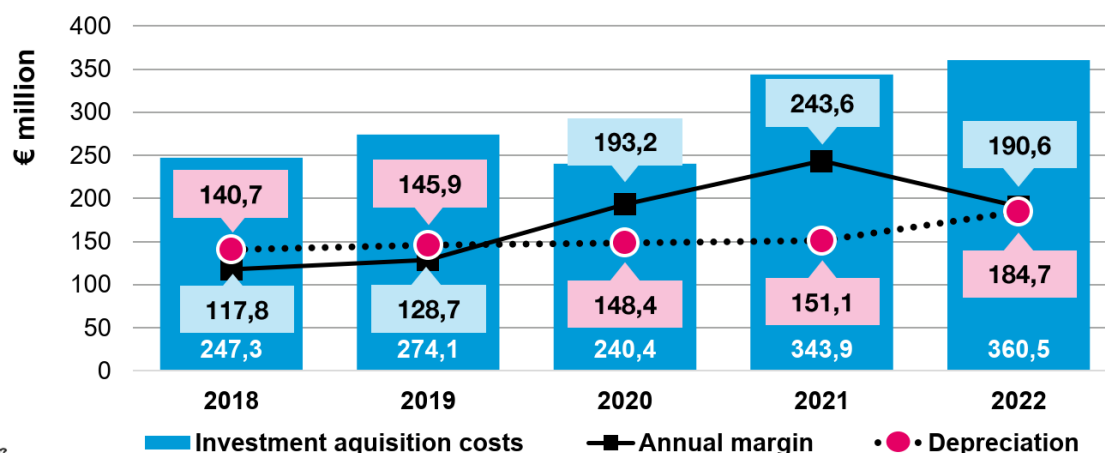
The investments of Turun Seudun Puhdistamo Oy focused on maintaining the reliability of the plant and climate targets, such as improving the capacity of the drainpipe and building a UV plant.

The investments of the Joint Authority of the Hospital District of Southwest Finland were mainly targeted at new buildings, the building and movable assets of T3 project Lighthouse Hospital.

More details about the City of Turku's investments are provided in the annual report's Section 3.2. on the funding of operations.

The investment acquisition cost was EUR 360.5 million. The Group's operating cash flow, EUR 151.2 million, decreased by EUR 45.3 million compared to the previous year, and it was not enough to cover the investment acquisition costs.

## Group's investment acquisition costs and annual margin 2018–2022



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The capital gains amounted to EUR 52.1 million (EUR 56.7 million in 2021 financial statements). The Group's cash flow from operations and investments was negative by EUR 157.2 million (EUR -90.7 million in 2021 financial statements). The Group's combined total cash flow from operations and investments for the financial year and the previous four years is negative by EUR 483.2 million (EUR -408.8 million in 2021 financial statements). This accumulation was EUR 74.3 million weaker compared to the previous year, and the Group was forced to cover investment expenditure either by reducing cash reserves, taking out more loans or selling assets. During the financial period, the Group took out EUR 282.1 million in long-term loans and paid off EUR 221.4 million. The additional investments in the right-of-occupancy fund of Southwest Finland increased the Group's equity by EUR 1.8 million.

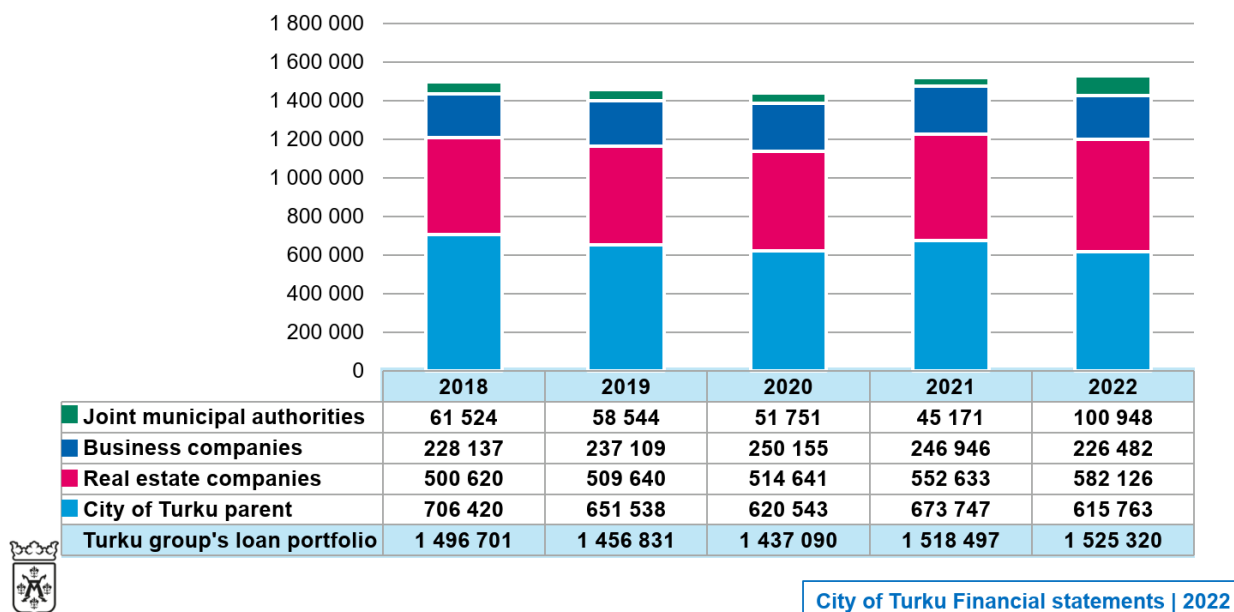
Turku Group's interest-bearing loan portfolio was EUR 1,525.3 million at the end of the financial period (EUR 1,518.5 million in 2021 financial statements). The loan portfolio increased by EUR 6.8 million (growth of EUR 81.4 million in 2021 financial statements). The Group's loans per capita were EUR 7,707 (EUR 7,782 in 2021 financial statements) according to the preliminary population data for 2022. The loans per capita decreased by EUR 75 per capita from the previous year.

Of the Group's interest-bearing loan portfolio, 38% pertains to the real estate and housing business (36% in 2021 financial statements) and 15% to other business operations (16% in 2021 financial statements). Joint municipal authorities accounted for 7% of the loan portfolio (3% in 2021 financial statements), while the City of Turku accounted for 40% (44% in 2021 financial statements). The City of Turku's share of liabilities includes EUR 561.4 million in loans lent forward to the city's subsidiaries. When the City of Turku's share of Group debt is adjusted by an amount corresponding to its loans receivable from its subsidiaries and joint municipal authorities, the City of Turku is left with EUR 54.4 million (EUR 106.2 million in 2021 financial statements) of the Group debt, while the Group's subsidiaries and joint municipal authorities are left with EUR 1,470.9 million (EUR 1,412 million in 2021 financial statements). The subsidiaries' and joint municipal authorities' share of the adjusted loan



portfolio has increased by EUR 59 million, while the City's share has decreased by around EUR 52 million from the previous year.

## Turku Group's loan portfolio €1 000



The Turku Group's whole loan capital was EUR 2,185.8 million at the end of the year (EUR 2,030.7 million in 2021 financial statements). The growth from the previous year was EUR 155.1 million.

The Group's loans and rental liabilities amounted to EUR 2,191.9 million at the end of the financial year (EUR 2,084.1 million in 2021 financial statements). The Group's equity ratio, 36.1%, decreased slightly from the previous year (37.7% in 2021 financial statements). Relative indebtedness was 86.4%, which remained at the previous year's level (86.4% in 2021 financial statements). 86.4% of the Group's operating revenue would be required to repay all borrowed capital.

## Essential Group transactions after the preparation of the financial statements

On 28 February 2023, the city sold its shares in Logomo Oy to Sunborn Events Oy. Before the sale, the city's shareholding in Logomo Oy was 39%. The city acquired all shares of Turun teknologia- ja tiedepuisto Oy from Turku Science Park Oy on 1 January 2023, and 27% of Green Industry Park Oy's shares from Turku Science Park Oy. On 1 January 2023, the entire stock of Myllykoti Oy's shares and the 14.6% of Vasso Oy's shares owned by the city were transferred to the wellbeing services county of Southwest Finland free of charge in accordance with section 23 of the act on the implementation of the reform on social welfare and rescue services. Under the same act, the activities of the joint municipal authority of the Hospital District of Southwest Finland and special welfare district of the joint municipal authority of the Southwest Finland (KTO) were also transferred to the new wellbeing services county as of 1 January 2023.