TAALERI

Annual report 2022

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Annual report 2022

> "We use capital and our expertise to build a better future

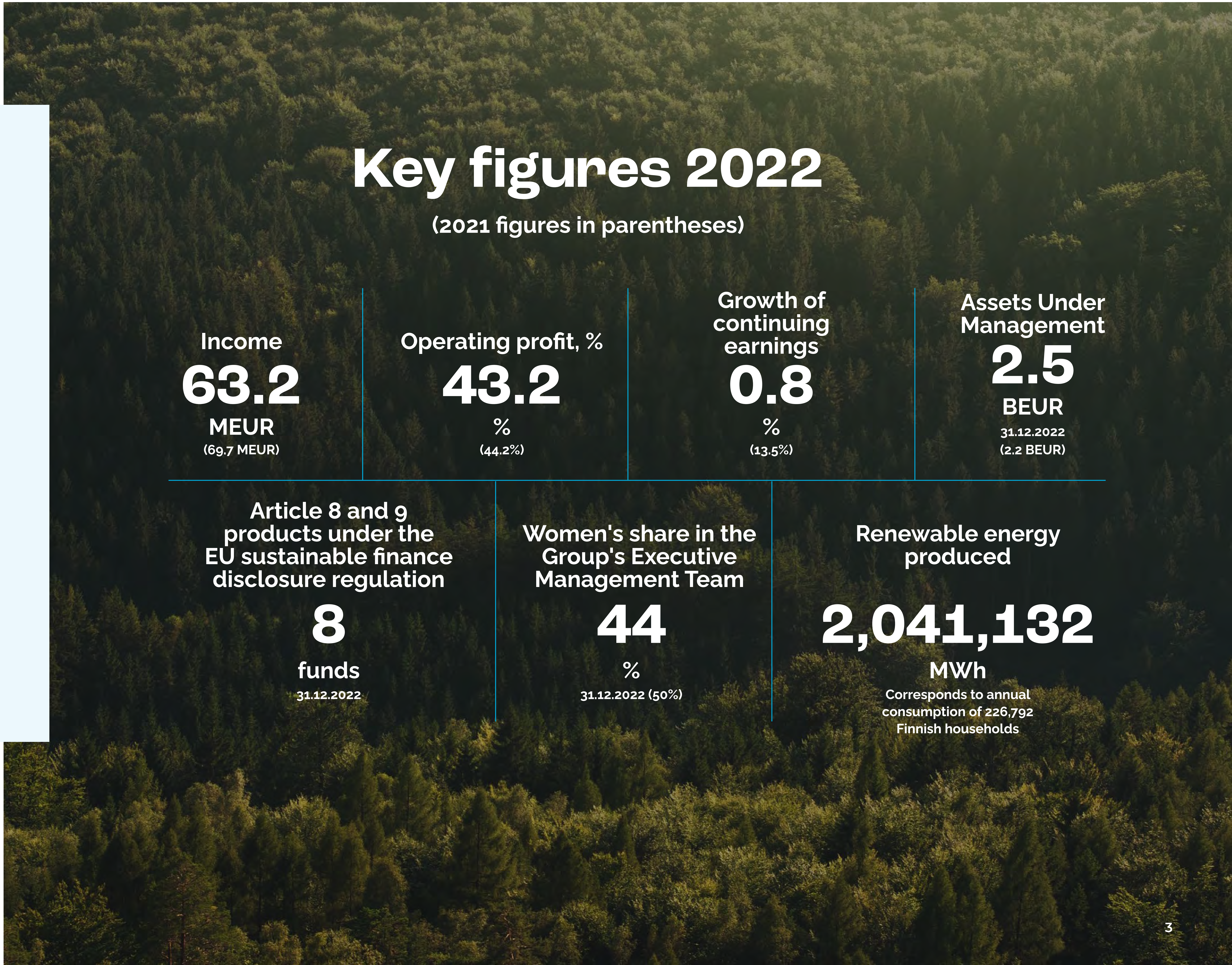
Taaleri in brief

Taaleri is a Nordic investment and asset manager with an emphasis on renewable energy and other alternative investments.

Through our private equity funds, we create, for example, wind and solar power, bio-based products that replace fossil resources, and affordable and energy-efficient rental homes. Our experience has taught us that sustainability and profitability thrive side by side.

Taaleri has two business segments: Private Asset Management and Strategic Investments. Private Asset Management consists of renewable energy, real estate and bioindustry businesses. The Strategic Investments segment includes Garantia Insurance Company Ltd.

Sustainability is a central part of Taaleri's operations and principles. We have been a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010, and we joined the Net Zero Asset Managers initiative in 2021.



Highlights of the year

25 January
Taaleri announces that its investment Joensuu Biocoal Oy is building a bioindustrial plant producing torrefied biomass in Joensuu

25 March
Taaleri announces its new values

25 April
Taaleri unveils a plan to sell its stake in Ficolo Ltd and exit Taaleri Datacenter Ky – the recorded profit is estimated at EUR 14 million

26 April
Taaleri announces that it will record an earn-out of EUR 6.7 million from the sale of Finsilva

2 May
Mikko Ervasti starts as Taaleri's Head of Sales and a member of the Executive Management Team

6 May
Taaleri launches its employee share savings plan

2 June
Taaleri's Bioindustry Fund I announces its first closing at EUR 80 million

8 June
Taaleri organises its first investor event in English, Investor Day 2022

14 June
Taaleri's associated company Fintoil signs a significant offtake agreement with Swiss VARO Energy – Taaleri and VARO agree on strategic cooperation

12 September
Pasi Erlin starts as Taaleri's General Counsel and a member of the Executive Management Team

13 September
Taaleri's Bioindustry Fund I announces its second closing at over EUR 100 million

14 September
Taaleri's associated company Fintoil launches a tall oil refinery in Hamina

3 November
Taaleri announces its sixth renewable energy fund, Taaleri SolarWind III

9 November
Taaleri's net zero emissions targets are published as part of the Net Zero Asset Managers Initiative's (NZAM) reporting

CEO's review

Moving determinedly forward

Taaleri's strategy proved its effectiveness in the challenging operating environment of 2022. Our private equity funds focusing on sustainability respond to many current challenges, such as mitigating climate change and strengthening self-sufficiency.

After the significant changes of the previous year, we focused on implementing our strategy in 2022. Although the general market conditions have been challenging due to, for example, the war in Ukraine, the rise in inflation and interest rates, and the effects of the COVID-19 pandemic, our strategy has worked well in the current situation. Our private equity funds focusing on sustainability respond to many current challenges, such as mitigating climate change and strengthening self-sufficiency.

Operationally, we made progress according to plans. We announced our sixth renewable energy fund, Taaleri SolarWind III, for which we have set ambitious goals. The fund will be based on a project development portfolio of 25–35 projects, which included 20 projects at the end of the year. With the new fund, we aim to double the size of Taaleri SolarWind II, which is approximately EUR 350 million. The capability and long experience of Taaleri's renewable energy team can be seen, among other things, in the fact that at the end of the year we were Finland's largest wind power producer with a market share of 12 percent.

One of the year's successes was the launch and fundraising of our first bioindustry fund. Although the fund was the first of its kind in Europe and our team's first fund, we reached the target size already in the first fundraising round. In our view, this is a demonstration of the demand and need for impactful and sustainable funds, which is in turn supported by the EU sustainable finance regulation.

Financially, the year 2022 was good. Both continuing earnings and performance fees increased, but the challenging operating environment was reflected in changes in the fair value in the Strategic Investments segment, which weighed on the Group's income and operating profit. The Group's income for the period was EUR 63.2 million and the operating profit margin was 43%. The decrease in fair values is due to, among other things, the rise in interest rates and changes in risk premiums, which have affected the valuations of Garantia's investment portfolio. Our assets under management grew to EUR 2.5 billion.

I would like to thank our personnel once more for 2022. Skilled and knowledgeable Taaleri employees are the foundation of our success. One of our most important actions in 2022 was the definition of Taaleri's new values – With know-how, skills and will, Dare to succeed and Support each other. In addition, we invested in management and the development of supervisory work. I am pleased that the personnel surveys clearly show that wellbeing at work has improved further.

Finally, I would like to thank all our shareholders and welcome the new shareholders to our impactful journey. At the end of the year, the number of shareholders rose to over 10,000, having grown by almost 70% since the 2021 strategy reform.

Our mission is to use capital and our expertise to build a better future. We believe that together, we will have an even better chance of achieving our goals this year.

Peter Ramsay
CEO

Advancing our strategy

Sustainable funds at the heart of the strategy

In 2022, Taaleri continued to advance its strategy, which focuses on sustainable development and renewable energy. The focus of our business was on private equity funds classified as Article 9 and 8 products under the EU's Sustainable Finance Disclosure Regulation (SFDR). These funds either only make sustainable investments or promote select sustainability factors. Our vision is to be a Nordic pioneer in alternative investments focusing on sustainability.

In 2021, we put sustainable development at the heart of our strategy, selling our wealth management operations and reshaping our strategy. Our more than a decade of experience with renewable energy has shown that we can create not only financial returns but also positive and sustainable impact on the environment and society at the same time.

Our current business is focused on renewable energy, real estate and bioindustry. Our private equity funds invest in sustainable undertakings, whose lifecycle we manage from development, construction and management to exit. This enables us to ensure sustainable practices over the lifecycle of investments.

The implementation of our strategy is supported by three strong pillars: our end-to-end expertise, our integrated way of working and our unique product offering across multiple asset classes. End-to-end expertise means, for example, that we employ engineers, financial experts and lawyers who have expertise spanning across the entire lifecycle of our projects. Our integrated way of working, on the other hand, combines ideas, capital, knowledge and entrepreneurship.

Taaleri has four strategic priorities. Below, we outline how we advanced each of the strategic priorities in 2022:

1.

We put impact and renewable energy at the heart of our operations

We develop and expand private equity funds that seek not only economic returns but also measurable benefits for the environment and society. In 2022, we managed a total of eight private equity funds that are classified as Article 9 or 8 products under the EU's Sustainable Finance Disclosure Regulation, that is they promote environmental and/or social characteristics or only make sustainable investments.

All five of our renewable energy funds and the Taaleri Bioindustry Fund I have been classified as dark green, i.e. funds under Article 9. They only make sustainable investments in projects that, for example, contribute substantially to climate change mitigation. In addition, two real estate funds, Taaleri Housing Fund VIII and Taaleri Rental Home, are classified as Article 8 funds.

2.

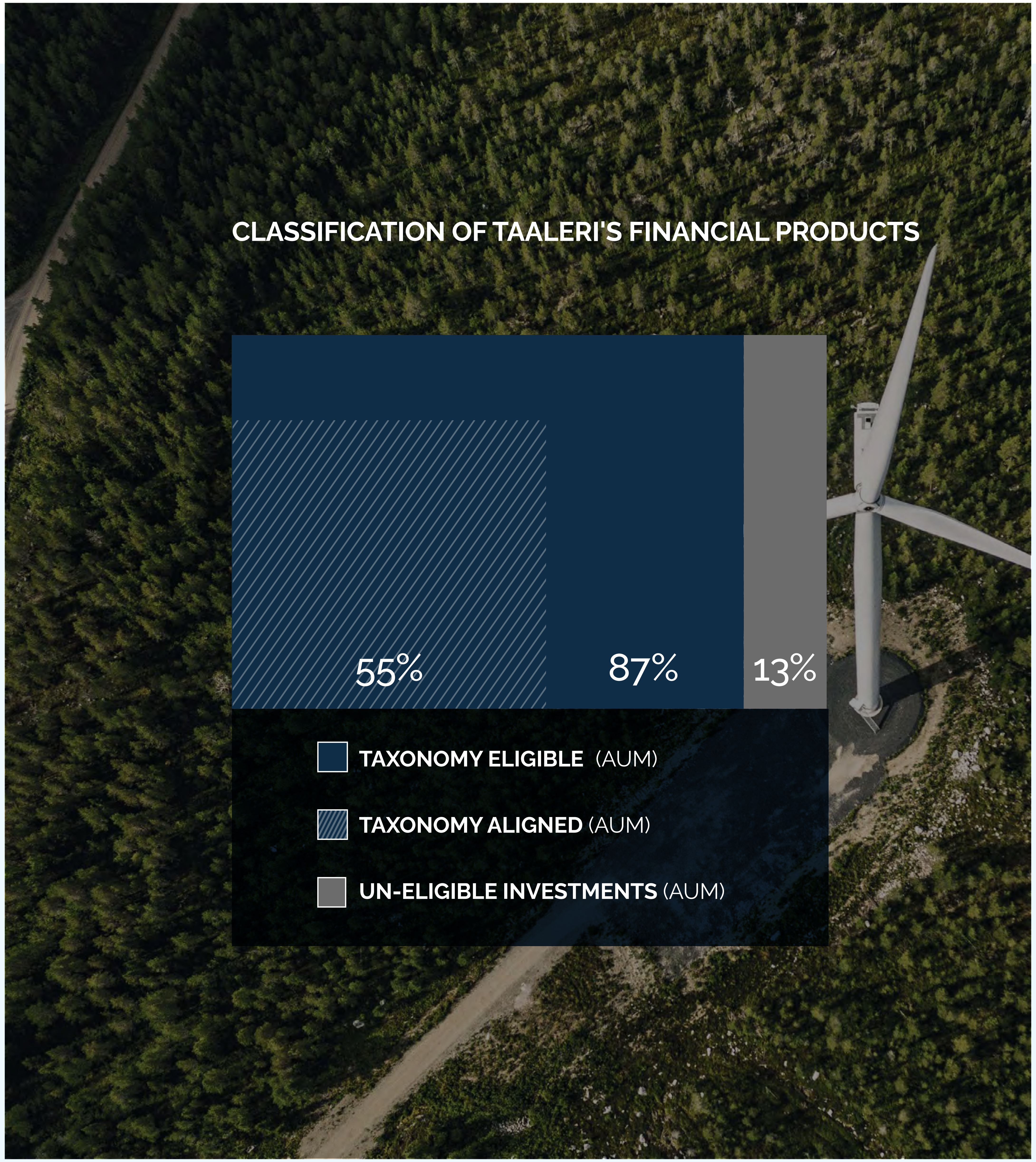
We seek to scale all our businesses

As to our private equity funds, we aim to significantly increase the average size of funds and our assets under management, which will increase continuing earnings and improve the profitability of the funds. This increases our resources, enabling us to hire the best experts to ensure a good return for our investors.

Taaleri's assets under management increased during 2022 from EUR 2.2 billion to EUR 2.5 billion. During the year, we exited one fund and raised funds for Taaleri Bioindustry Fund I and Taaleri Housing Fund VIII, among others. The investment activities of these funds began during the year.

Taaleri's largest private equity fund, Taaleri SolarWind II, made its eleventh investment in 2022. We announced our next renewable energy fund, Taaleri SolarWind III, in November. The aim of the new fund is to double the size of the previous fund, which was EUR 354 million. This is facilitated by the project development portfolio, which was built with funding collected in 2021. At the end of the year, the portfolio included 20 projects.

At Garantia Insurance Company Ltd, we continued to advance a strategy based on a scalable business model, risk pooling and an extensive distribution network, which was reflected in the record profitability of the company's insurance operations and in the growth of its guaranty insurance exposure.



3.
We expand the sales and distribution of our private equity funds

In the domestic distribution of our private equity funds, we continued our strategic cooperation with Aktia. We also invested in our own sales to large domestic institutional investors. In May, the Group got a new Head of Sales who, in addition to maintaining and developing existing distribution channels, strengthens our own sales to the largest domestic institutional customers as well as to international investors. In addition, we are seeking new, international distribution channels.

4.
We optimise return on capital and balance sheet usage

We increase the efficiency of our use of capital and distribute to shareholders the capital that the company does not need for growth investments or to fulfil its targets for solvency. Taaleri distributed a dividend of EUR 1.20 per share for 2021. The amount of the dividend was based on the distribution of EUR 0.40 as a dividend based on the operating profit of continuing operations and EUR 0.80 as a dividend based on the profit from the sale of the wealth management operations.

Taaleri's long-term financial targets are:

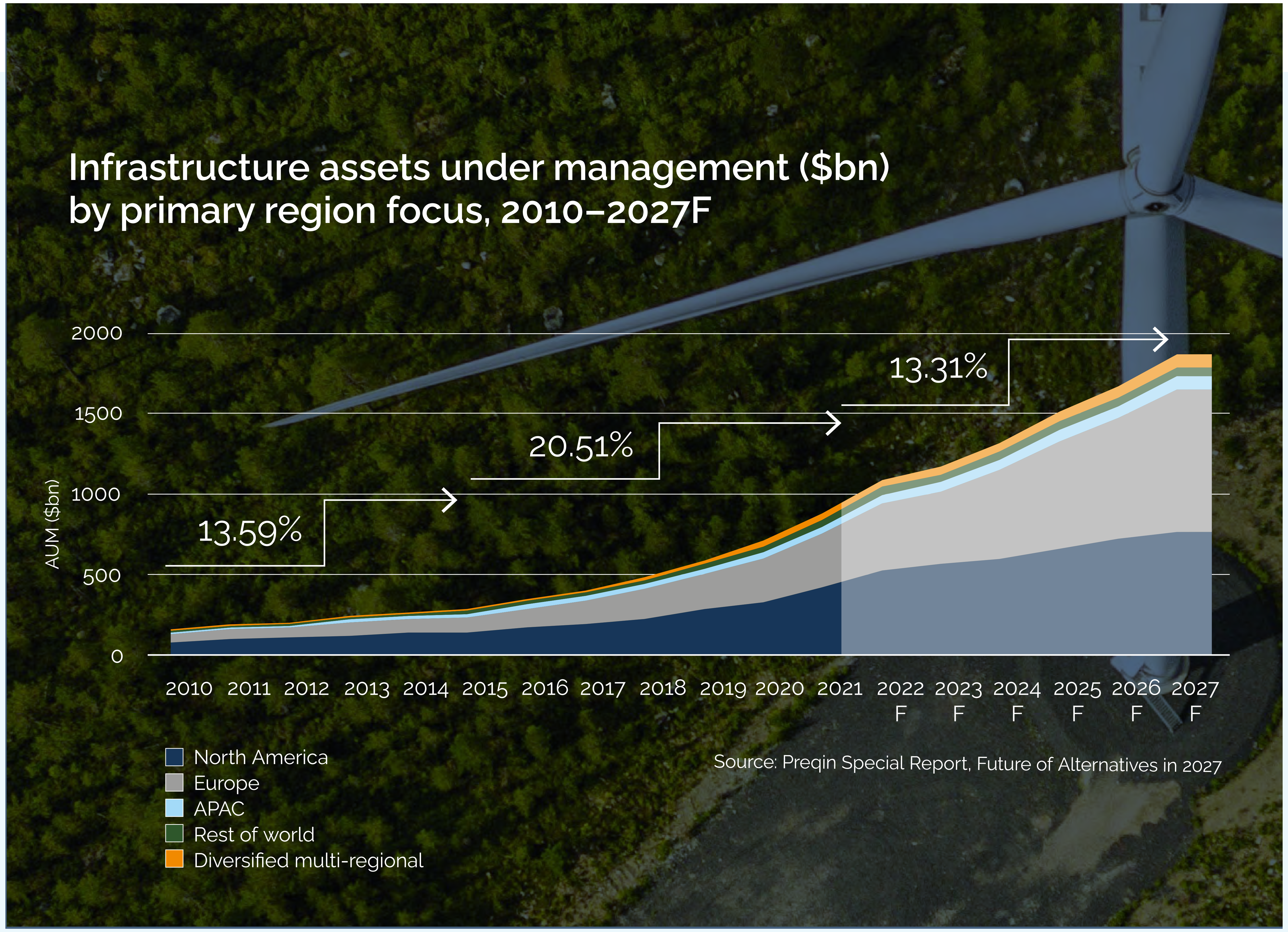
	2022
Growth in continuing earnings at least 15 per cent	0.8%
Operating profit at least 25 per cent of income	43.2%
Return on equity: at least 15 per cent	9.9%

Dividend policy

Our objective is to distribute to shareholders at least 50 percent of the profit for the financial year, and the capital that the company does not need for growth investments or to fulfill its targets for solvency.

Operating environment and megatrends

Climate change and energy transition drive capital to alternative investments



The operating environment underwent major changes in 2022 when Russia launched a war of aggression in Ukraine in February: energy prices increased significantly, inflation accelerated and central banks raised interest rates. Despite the changes, the amount of alternative investments increased globally, and investments that promote emission reductions and energy self-sufficiency goals, in particular, are expected to continue to grow strongly.

In 2022, the development of the global economy and of the capital markets was surrounded by a high degree of uncertainty. The higher prices of energy and consumables caused by the war in Ukraine and by the COVID-19 pandemic, accelerated inflation with extraordinary force. This prompted central banks to tighten monetary policy considerably, which increased the likelihood of a recession towards the end of the year.

Europe has been striving for a green transition for a long time due to climate change, but the war started by Russia made breaking away from Russian fossil energy sources and increasing energy independence a priority. In terms of the supply of energy, Europe faced a difficult winter, and the situation is expected to continue over the following winter.

At the same time, climate change is progressing faster than predicted. The global average temperature has risen by 1.1°C, and in land areas by 1.6°C, since pre-industrial times. The progress of global warming will increase extreme weather conditions, raise sea levels, increase food production problems and bring social problems to a critical point. This creates sustainability risks for companies.

Although the operating environment of the capital market became more challenging, the growth of alternative investments continued. The exceptionally strong growth during previous years is expected to slow down, but Preqin, a specialist in the data and valuation of alternative investment products, expects the annual growth rate of alternative asset classes to be around 12% in 2021–2027. More private capital is especially needed in the future to achieve the global targets for emission reduction, energy self-sufficiency and circular economy. Assets under management invested in infrastructure, such as renewable energy, are expected to grow at an annual rate of over 13% until 2027 (see table above).

In September, the European Parliament decided that 45% of the energy used by the EU would come from renewable sources by 2030. The previous target was 32%. In order to meet the new target, the EU estimates that approximately EUR 210 billion euros of additional investments should be made in renewable energy over the next five years.

The EU's Sustainable Finance Disclosure Regulation is also guiding both investors and financial market participants towards sustainable investments. The impact-oriented investment products that Taaleri pioneeringly offers meet this demand. On the other hand, the occasionally rapid changes in regulation and political risks pose challenges to companies when planning and evaluating projects with a span of more than 30 years.

Mainly positive developments

Taaleri had no business or investments in Russia or in Ukraine when the war started, and the changed geopolitical situation had no direct impact on our business.

Despite the uncertainty and changes in the operating environment, Taaleri's operating environment developed mostly positively during 2022.

In the renewable energy business, the war in Ukraine, higher interest rates and accelerating inflation have all increased the costs of project development and project construction, while the higher energy prices yield more revenue from wind and solar farms.

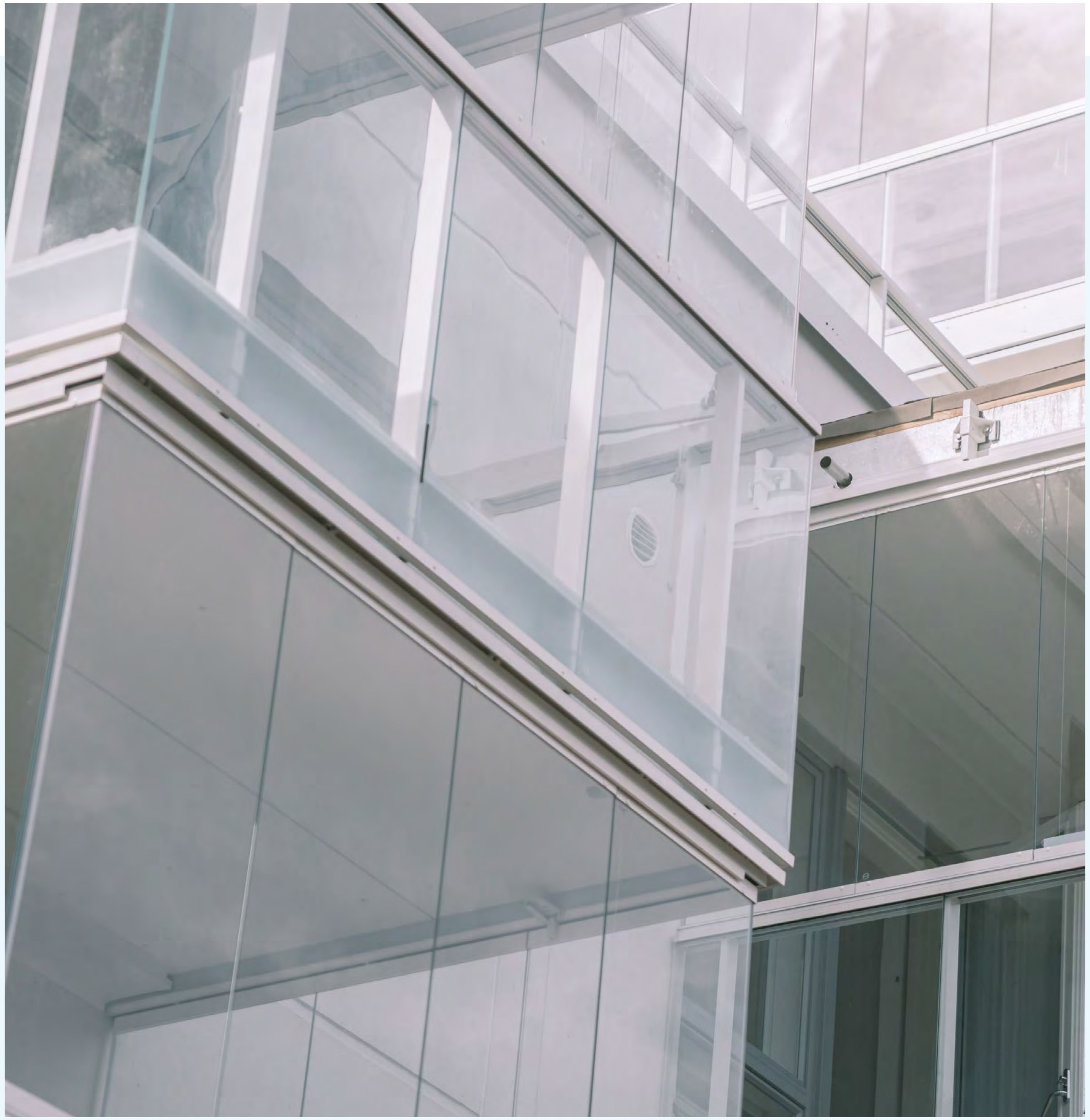
In October, the Council of Europe adopted a regulation on emergency measures in response to the energy crisis and the exceptional increase in energy prices. The regulation, which includes a cap on market revenues and a solidarity levy, has been applied in different ways in different countries. According to Taaleri's assessment, the impacts of the Finnish model are not significant for Taaleri's business.

In the real estate business, the rise in interest rates caused uncertainty in the market. Transaction activity, which was still lively in early 2022, slowed down towards the second half of the year, and there was a clear slowdown towards the end of the year in new start-ups in housing construction. The rise in interest rates has caused the yield requirements to rise, and thus the values to fall, especially in the real estate segments and properties of the lowest yield claims. However, occupancy rates remained good in both the housing and commercial properties markets.

The basic foundations supporting real estate investments, such as urbanisation, are still seen as strong in the Finnish real estate market, and new capital is expected to flow into real estate investments in the future as well.

The bioindustry is a new, high-growth market that offers impactful and innovative solutions for many of the sustainability problems of our time. For the bioindustry business, the market development trends remained good. The war in Ukraine may affect the schedules and costs of short-term projects of potential target companies and investees, owing to developments such as the poor availability of some raw materials. Sustainability, impact and self-sufficiency will continue to be at the heart of the bioindustry operating environment.

The operating environment and market prospects of Garantia Insurance Company Ltd's insurance business were negatively impacted compared to the strong previous year. Uncertainty caused by the war in Ukraine, accelerated inflation and sharply rising market interest rates weakened consumer confidence and dampened the housing market, which at the end of the year began to be reflected in a decrease in the demand for mortgage guarantees. However, the creditworthiness of both consumers and corporate customers remained good, and no significant changes occurred in the risk position of the guaranty insurance portfolio. The investment market was difficult during the year, the stock market fell globally and, due to steep rise in interest rates and the widening of risk premiums, the changes in the fair values of fixed-income investments were negative.



Megatrends driving Taaleri's business

Climate change

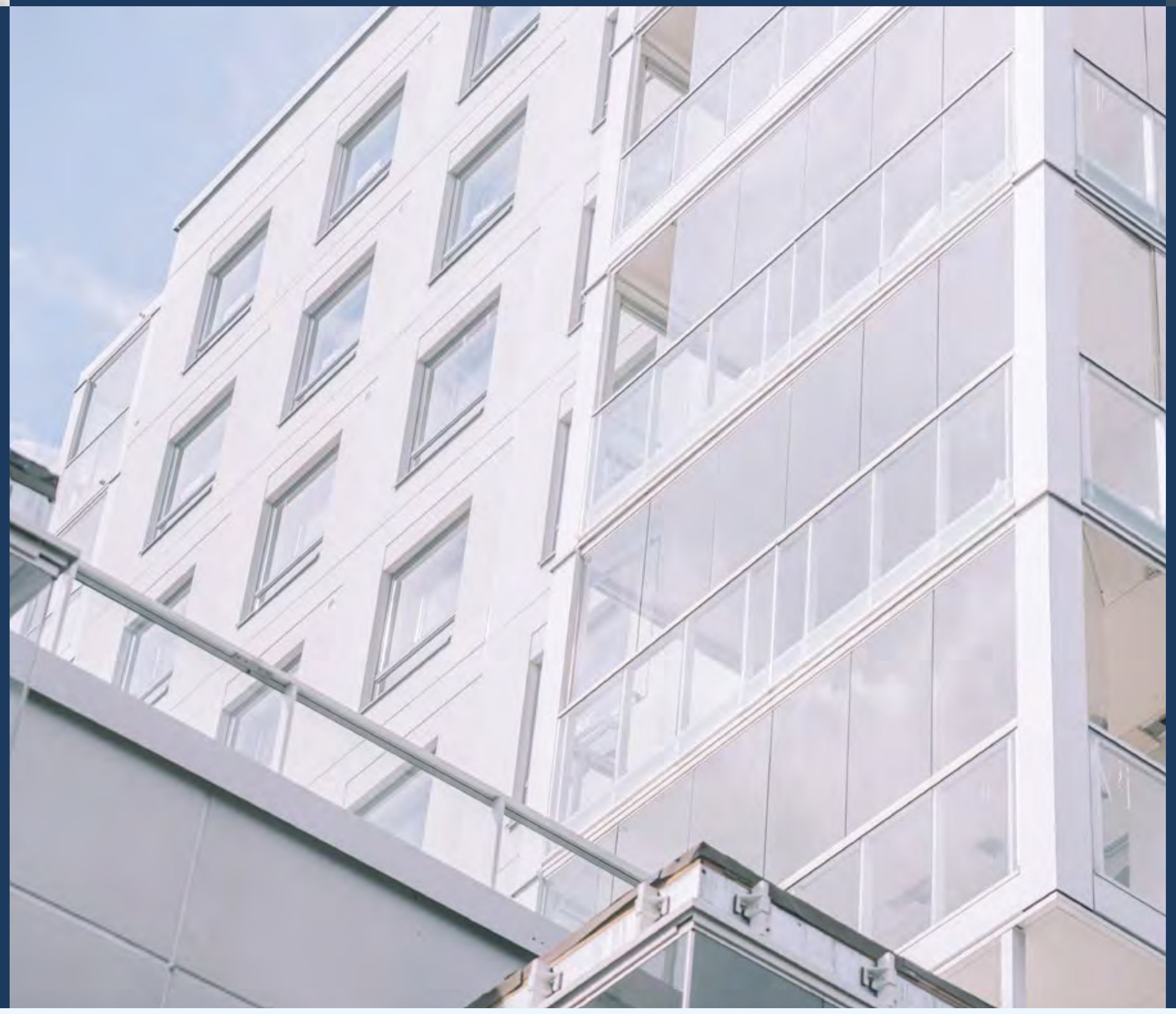
The global average temperature has risen by slightly over 1˚C in just over a century. The international community is trying to limit global warming to 1.5˚C in order to keep the effects bearable and to avoid catastrophic changes. Reducing greenhouse gases is a key factor in controlling global warming, for example through renewable energy and bioindustry solutions. In addition, the EU aims to steer funding and investments more strongly towards sustainable investments through its sustainable finance programme.

Changing values

While awareness of, for example, climate change, nature loss and human inequality has been increasing, people's attitudes and values have also changed. Sustainability and responsibility are becoming increasingly important selection criteria for consumers, which is guiding companies to seek new solutions, for example from bio-based and recycled materials produced by the bioindustry to replace virgin raw materials.

Electrification

Electricity has a key role to play as the world moves towards zero emissions. Electrification of energy systems can significantly reduce CO2 emissions and help meet climate targets, but at the same time electricity needs will increase significantly. In order to achieve emission reductions, electricity must be produced with low emissions, it must be possible to store and its emissions must not be outsourced.



Urbanisation

Migration from the countryside to cities continues worldwide. By 2050, up to 80% of the world's population will live in cities. In Finland, too, the population will continue to seek out growth centres in the future, and around 80% are expected to live in urban areas in 2050. Urbanisation increases the need for new housing and also supports the popularity of renting. In the construction of urban areas, more account must be taken of emissions from construction, the energy efficiency of buildings, sustainable modes of transport, recycling and urban nature, climate change adaptation and people's everyday needs.

Business and impact

Focus on growth and impact in private equity funds

In 2022, Taaleri focused on growing the private asset management business and advancing impact. In addition to the investment activities of the existing funds, we focused on preparing the next fund of our renewable energy business, as well as raising funds and making first investments for our first bioindustry fund. All of our new funds have specific sustainability targets that we measure and report to investors.

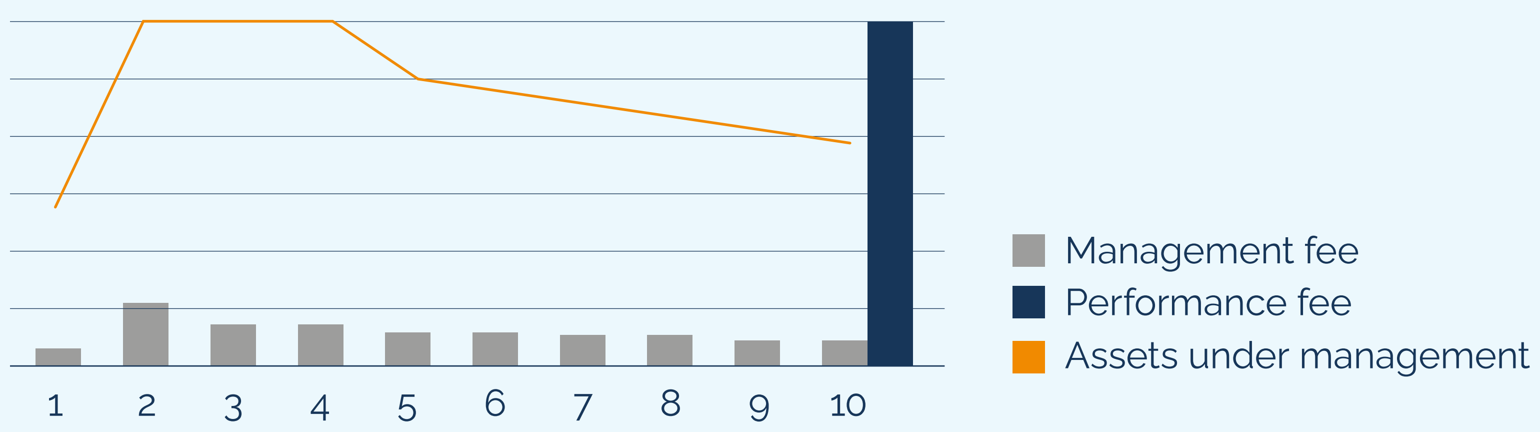
We continued to promote our strategy that focuses on renewable energy, real estate and bioindustry in a determined manner by growing our private asset management business and advancing impact. The development and expansion of new private equity funds requires time and front-loaded investments, which is reflected in Taaleri's results over the current strategy period.

Among our businesses, renewable energy has progressed to a stage where we will achieve benefits of scale with the next private equity fund, Taaleri SolarWind III. In the real estate and bioindustry businesses, we focus on the development and ramp-up of operations. With all new funds, we promote sustainable development, that is, we have defined sustainability targets for them, the fulfilment of which we measure and on which we report to the investors of the funds.

At the end of 2022, the assets under management in the Private Asset Management segment amounted to EUR 2.5 billion, and their earnings to EUR 40.1 million during the year. Of these, EUR 20.7 million consisted of continuing earnings and the rest of performance fees.

Different funds have slightly different earning models, which consist of management fees and performance fees. Typically, the fund's performance fee is realised in full or to a large extent in connection with the fund exit (see figure provided).

Example of the income and assets under management of a Taaleri international private equity fund



In new private equity funds, the management fee is usually earned for the first years based on the amount of the fund's investment commitments and, after the investment period, on the investment assets under management. Exits carried out after the fund's investment period reduce the assets under management. Where a fund exceeds its targets, it may distribute performance fee in accordance with the fund's rules. Taaleri assesses performance fees and their realisation every six months, at which time performance fees are recognised as income if the specified conditions are met. The final amount of the performance fee will be determined in connection with the exit of the fund or co-investment, at which point the performance fee will be paid.

Taaleri Business model

Our business operations emphasise the three pillars of our strategy:

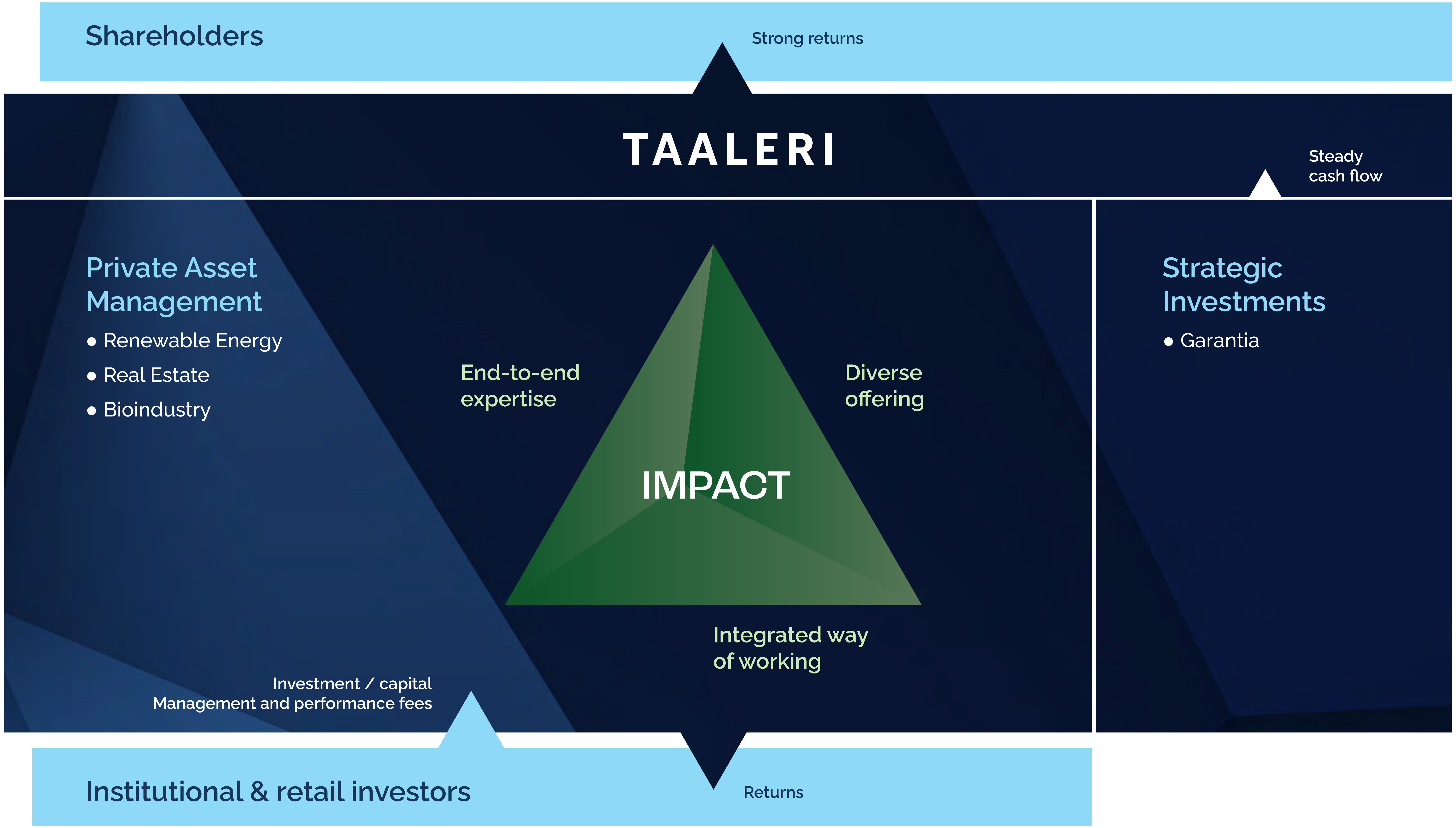
- Integrated way of working: Strong track record in connecting capital, ideas, talent and entrepreneurship
- End-to-end expertise: Professionals from engineers to financial experts with expertise across our entire value chain from developing, building and managing investments to exiting them
- Diverse offering in impact and renewables: Unique product offering across multiple asset classes

By combining our integrated way of working with our extensive expertise, we can have a positive impact on both the environment and society.

Sustainability as part of investment decisions

Taaleri examines the sustainability risks and impacts of investments made by its funds over the entire lifecycle of the fund. Before making an investment decision, fund's potential investment targets go through an initial pre-screening phase. If the investees pass, they move on to the due diligence assessment stage.

Sustainability impacts are also considered in negotiations and agreements, and they must be in line with our policies in order for the investments to be made. We monitor the sustainability impacts and risks of investees and guide their operations through active ownership, for example through stewardship on the company's Board of Directors. In addition, we commit investees to Taaleri's emission targets and code of conduct.



Renewable energy

Taaleri Energia's business proceeded according to plans with the focus on investments in the Taaleri SolarWind II fund, building of the project development portfolio and preparation of the next fund, Taaleri SolarWind III.

Taaleri announced the SolarWind III fund in November 2022. The fund's investment strategy is to acquire, develop, construct, operate and exit a portfolio of utility-scale onshore wind farms, photovoltaic solar parks and battery storage assets. The fund's target markets are the Nordic and Baltic countries, Poland, Southeast Europe, Iberia and Texas. The aim of the fund is to double the size of Taaleri SolarWind II, which is EUR 354 million.

The fund will be significantly supported by a seeded portfolio of 25–35 development projects, procured using EUR 44 million in project development funding arranged by Taaleri Energia in 2021. At the end of 2022, the portfolio contained 20 development projects. New development projects will be added to the portfolio until the first closing.

During the year, in addition to preparation of the new fund, the renewable energy business focused on advancing the Taaleri SolarWind II fund's projects that are in the construction phase and on operating the completed projects of all its funds. The Taaleri SolarWind II fund's projects that are in the construction phase progressed mostly according to plan, and the Escalade wind farm in Texas entered production in the early part of the year.

Impact

Sustainability goals: Replacing fossil energy production, mitigating climate change

Emissions reduction: The funds' estimated realized emission reduction in 2022 was 597,816 tonnes of carbon dioxide equivalent (tCO_2e)*

Article 9 funds (SFDR): Taaleri SolarWind II, Taaleri SolarWind I, Taaleri Wind Power Fund III, Taaleri Wind Power Fund II and Taaleri Wind Power Fund IV.

* The calculations are based on project-specific data and are calculated using the methodology of the European Investment Bank.

CASE

Taaleri SolarWind II fund accelerates the energy transition

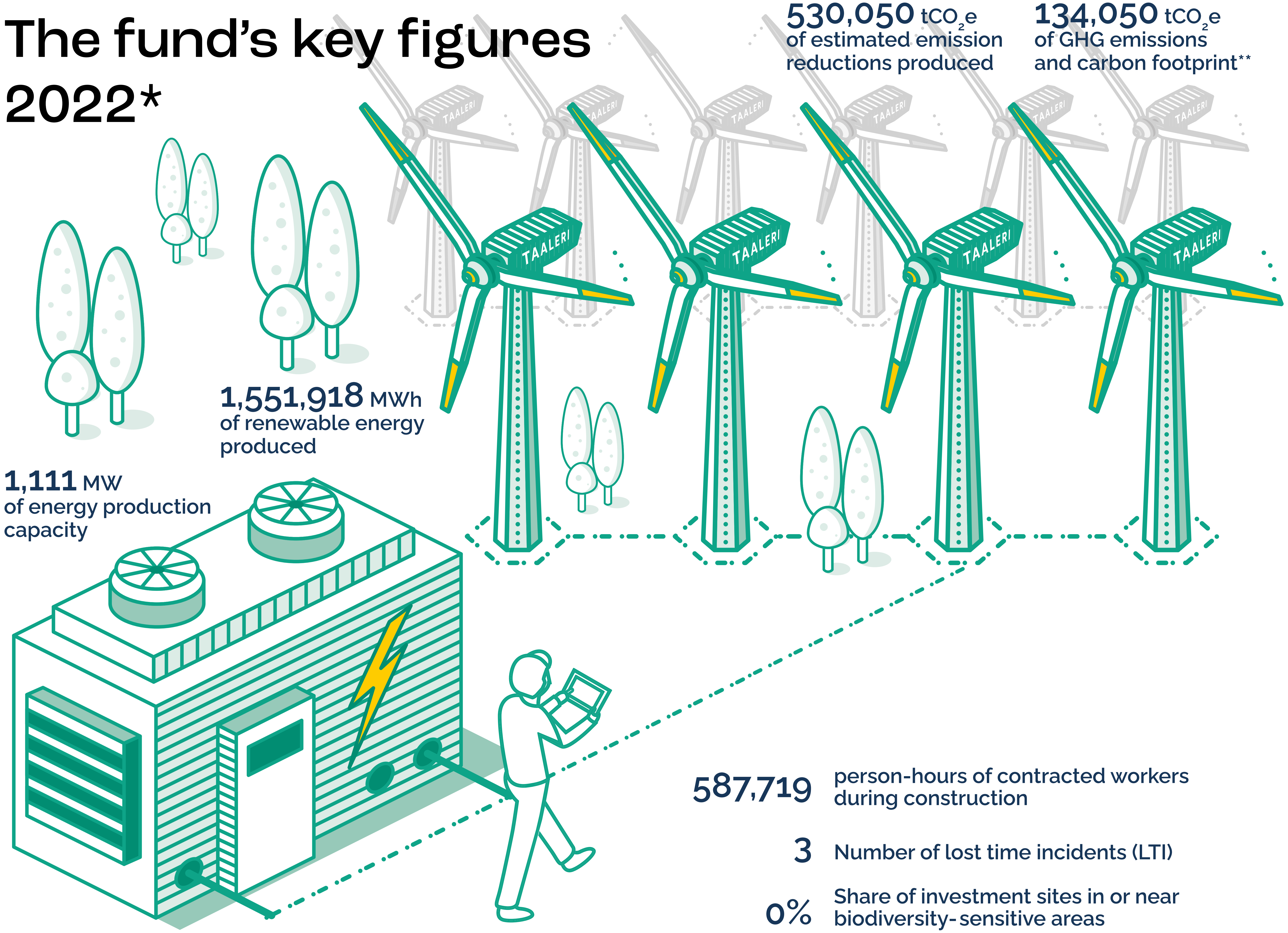
Taaleri SolarWind II is an international private equity fund investing in solar and wind energy. Its 12 investments have been diversified into construction-ready projects in the fund's key market areas in the Nordics, the Baltics, Poland, South-East Europe, Iberia, and Texas.

Taaleri SolarWind II finances approximately 1,111 MW of renewable energy capacity, which will offset over 1,003,439 tonnes of CO2 annually over the 30+ year lifetime of the assets. Many of the fund's projects were still under construction in 2022, which is why the fund generated a relatively small portion of its total [production] capacity.

The fund's investors include among others the European Investment Bank, Ilmarinen, Varma, the European Bank for Reconstruction and Development, Obligo Global Infrastuktur II Fund, the Nordic Environment Finance Corporation, the Finnish Church Pension Fund, Taaleri Group and the Taaleri Energia team.

In the autumn, the Taaleri SolarWind II fund won the Private Equity Wire ESG AAA European Award for Best ESG Fund: Energy Transition/Clean Energy. In addition, the fund was ranked among the top three in the ESG Fund of the Year category. The fund's investments have significant positive impacts through the reduction of greenhouse gas emissions, while simultaniously providing local infrastructure, employment, tax revenues, and increased energy security.

The fund's key figures 2022*



* Fund's key figures represent the total impact of Taaleri's fund's partially owned wind and solar farms.
** Scope 3 emissions are modelled by the Upright Platform.

Real estate business

During the year, Taaleri's real estate business focused on making new investments for Taaleri's own private equity funds and Aktia's special mutual funds in the portfolio management of the real estate business. In addition, the real estate business successfully exited the Taaleri Daycare Properties fund.

The investment activity of Taaleri Housing Fund VIII started in the spring, and the fund made two acquisitions during the year. In the spring, the fund made an investment in an asset to be constructed in Turku, and in the autumn, it carried out a significant portfolio transaction worth approximately EUR 85 million for three assets in the Helsinki metropolitan area. In addition, Taaleri Rental Home acquired two assets under construction in September.

Furthermore, the real estate business carried out a significant number of transactions during the year for Aktia Commercial Properties and Aktia Residential Fund+ special investment funds.

Impact

Sustainability factors to be promoted: Energy efficiency, accessibility of housing

Built housing: 758 affordable rental apartments were built and 116 were under construction at the end of 2022 (Taaleri Rental Home fund). Taaleri's housing funds had built a total of 1,819 rental apartments in Finland by the end of 2022.

Article 8 funds (SFDR): Taaleri Housing Fund VIII, Taaleri Rental Home

Bioindustry

During the year, the bioindustry business focused on raising funds and making first investments for its first fund, the construction and start-up of Fintoil's tall oil refinery, and the preparation of a bioindustry plant producing torrefied biomass to be built in Joensuu.

The first private equity fund of the bioindustry business, Taaleri Bioindustry Fund I, reached the size of over EUR 100 million in its second closing. The fund's anchor investor, the state-owned special-assignment company Finnish Climate Fund, made a total of EUR 15.0 million in investments in the fund during the year. The fund made its first two investments in the second half the year. The investees were Colombier, a company producing ecological packaging, and Nordtreat, a company producing bio-based flame retardants.

Taaleri's associated company's Fintoil's tall oil refinery, which is reported under bioindustry business, was launched in September, and its start of operations proceeded as planned. The first batches of high-quality distilled tall oil were delivered to customers in the autumn. Additionally, Fintoil concluded a significant sales contract with the Swiss company VARO Energy in June.

The bioindustry business launched planning works for Joensuu Biocoal Oy to build a bioindustry plant in Joensuu as a co-investment. The decision to invest in the plant, which will produce torrefied biomass, was made in January. The Centre for Economic Development, Transport and the Environment granted the project support from the European Regional Development Fund, and the Climate Fund granted the project a capital loan. A number of Finnish family-owned investment companies have also invested in the project. The total investment is valued at approximately EUR 20 million.

Impact

Sustainability objectives: Climate change mitigation, promotion of the circular economy, replacement of fossil and virgin raw materials

Carbon handprint*: 131.7 tCO_2e

Renewable and recycled raw materials: 93.9%

Article 9 funds (SFDR): Taaleri Bioindustry I

*Reported carbon handprint is based on calculations made by an independent third party and is partly based on estimates.
Information covers values reported by Taaleri Bioindustry I Fund.

Garantia

In line with its strategy, Garantia continued to modernise collateral practices, providing customers with easy and cost-effective guaranty solutions.

Garantia's insurance business continued its strong development due to the growth of its guaranty insurance exposure. The combined ratio, which describes the profitability of the insurance business, was the best ever, 28.4 percent. The net income from guaranty insurance operations increased by approximately two percent from the previous year. The net income from guaranty insurance operations was driven up by increased premiums earned and a sustained low level of claims incurred. Garantia's investment performance was weak due to the historically high rise in interest rates and changes in risk premiums, which affected the fair values of Garantia's fixed-income investments.

In November 2022, the international credit rating agency Standard & Poor's confirmed Garantia's rating as A- with a stable outlook, which demonstrates Garantia's credibility and strong solvency.

Impact

Objectives: Accessibility of housing

New homes: Through its guaranty insurance operations, Garantia helped facilitate approximately 14,000 new homes in Finland in 2022.

Creating a new culture

Skilled and knowledgeable Taaleri employees are the foundation of Taaleri's success. That is why it is critical for us to recruit people who are right for us, to keep them at Taaleri and to give them the opportunity to improve themselves. The values reshaped in 2022 are the cornerstone of our culture.

One of our most important successes in 2022 was the redefinition of Taaleri's values. All Taaleri employees were engaged in the process.

Taaleri's new values reflect the spirit of our new era. To succeed, we need a combination of know-how, skills and will, harnessed by the courage to do and succeed. We respect and value our colleagues, support each other and want to succeed together. The values were very well received at the launch in March, and their implementation continues.

Taaleri's values

With know-how, skills and will

- We are highly skilled. We understand our markets and the needs of our investors.
- We want to understand the future and learn something new every day.
- We love what we do.
- Together, our know-how, our skills and our will, allow us to excel in our work.

Dare to succeed

- We are proud to say it out loud: we have a desire to succeed.
- For us, success means delighted investors, happy employees in a great workplace and a sustainable society.
- Success requires courage. Courage to challenge. Courage to try out new methods and new things. Courage to be the first.
- Because we have the know-how and the skills, we can be brave. In fact, we must be brave.

Support each other

- We value each other as individuals and professionals.
- We understand the importance of each role at Taaleri.
- We help each other to succeed because we will only succeed together.
- Together we cherish the spirit of Taaleri. We leave no colleague behind.

Improved wellbeing at work

The wellbeing at work of Taaleri employees has further improved. According to an extensive wellbeing survey conducted in the summer, there had been a clear improvement in all measured areas of wellbeing. Particular strengths included job satisfaction, mental wellbeing and health. Areas that people thought needed improvement were, once again, lack of time and workload issues, self-compassion and the management of employees' own time and work, although significant improvements had been achieved with these from the previous year. The number of employees who were well had clearly grown, and the number of those in need of care had decreased accordingly.

Two Pulssi surveys measuring the feelings of personnel at the given moment were conducted during the year, confirming the results of the extensive wellbeing survey. The results improved consistently over the course of the year. Compared to the previous year, the greatest improvement was in the clarification of goals, in reducing the strain of work, and in supervisory work.

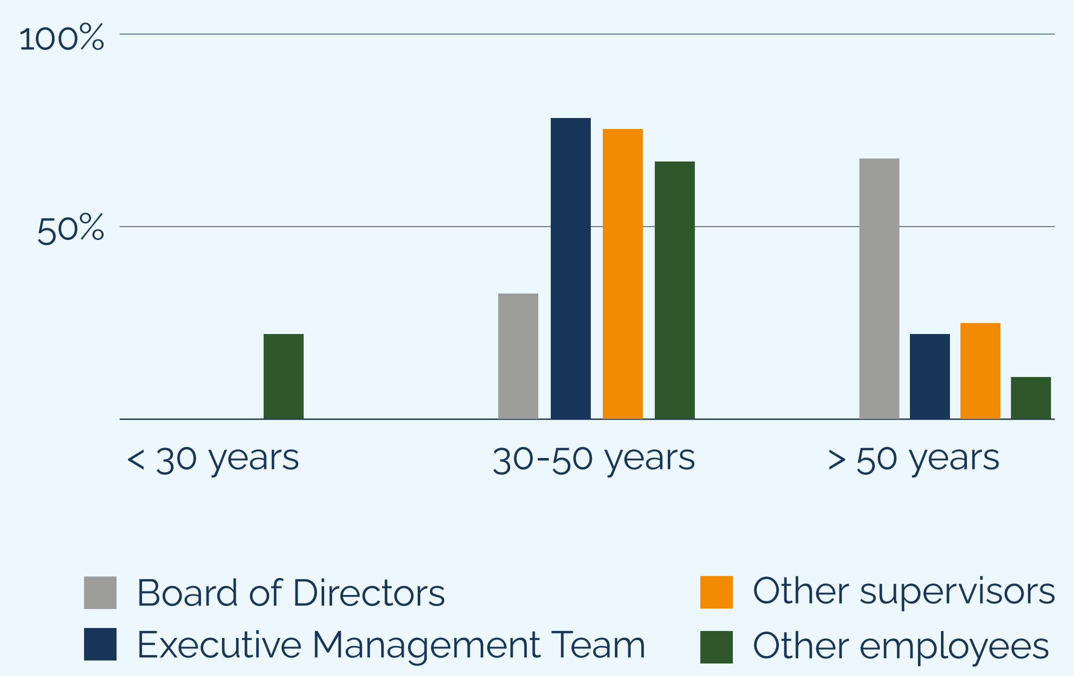
An attractive employer

According to the Pulssi surveys, eNPS, which measures the willingness of Taaleri employees to recommend their employer, has risen significantly, and in the last survey of the year, it was excellent for the industry at 60.8.

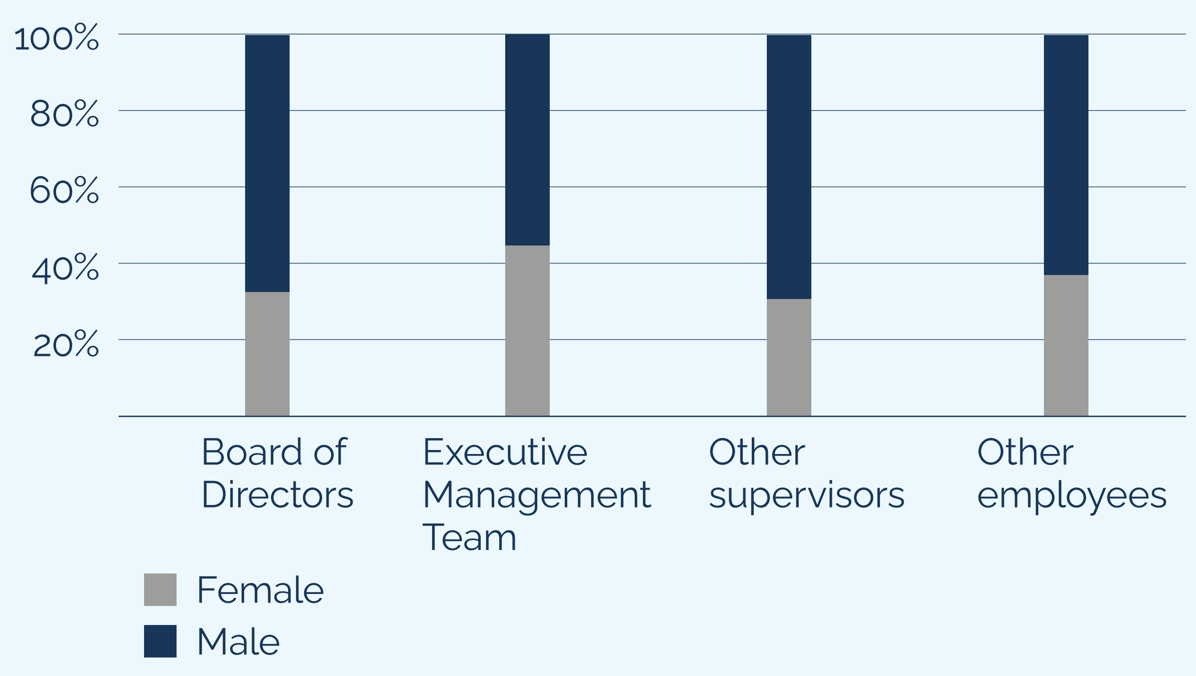
Taaleri is an attractive employer, which shows when recruiting new colleagues. In 2022, there were many applicants for each open position, allowing us to choose the most suitable candidate. We did not use headhunting services for these recruitments but we could use them to support the process, if needed.

During the year, we introduced a new recruitment system, which enabled us to create a more functional career site that better highlights our values and employer promises, among other things.

Employee categories and Board of Directors by age group (GRI 405-1)



Employee categories and Board of Directors by gender (GRI 405-1)



Hybrid work continued

Since the end of the restrictions caused by the COVID-19 pandemic, a large part of the personnel have returned to work at the office. The hybrid work model created in 2021 is still in use. According to the model, Taaleri employees work primarily at the office but can also work remotely. With hybrid work, we want to help employees with their work-life balance to reduce strain.

In the autumn, we started a project to modify the premises of Taaleri's head office to be more suitable for hybrid work.

Training for sustainability and management

Taaleri staff complete the regulatory online training as soon as they are recruited, and thereafter on an annual basis, which is monitored. In addition, each business determines its team's training needs annually and implements them. During the year, Taaleri organised three new sustainability trainings for all employees and several business-specific trainings.

We trained supervisors, for example, in connection with the value project, for the new framework of supervisory work. In addition, we started management training for supervisors in the autumn. The quarterly training focuses on, among other things, facing difficult issues, giving feedback and managing oneself.

Special share savings plan for employees

Our remuneration primarily comprises a fixed total salary and variable short-term and long-term remuneration. In accordance with our personnel policy, we strive to acknowledge and reward our employees with more than just financial recognition and rewards.

Through remuneration, we aim to maintain growth in accordance with our strategy, engage key personnel in the long term, and reward people in particular for achieving and exceeding goals, particularly good performance, and promoting our corporate culture. In accordance with our remuneration policy, we also take sustainability and ESG objectives into account in remuneration. The short-term goals of each Taaleri employee include a concrete goal related to sustainability.

In the first half of the year, we launched Taaleri's first employee share savings plan, and as many as 75% of Taaleri employees enrolled for the plan. This contributed to expanding the company's ownership base among Taaleri employees while helping to align the interests of shareholders and personnel.

Governance and management

Compliance is the foundation of Taaleri's operations. Legal compliance and responsible, ethical behaviour are cornerstones of our business and are strongly linked to our cooperation with stakeholders. In addition to the laws and regulations applicable to listed companies, the regulations of the Finnish Financial Supervisory Authority and Taaleri's Articles of Association, we adhere to the Securities Market Association's Finnish Corporate Governance Code.

Taaleri is committed to following the laws and statutes as well as official regulations and instructions of all countries where our business is conducted. In addition to local laws and regulations, we are committed to respecting internationally recognised human rights, as defined in the UN Universal Declaration of Human Rights and the core conventions of the International Labour Organisation (ILO). Taaleri also follows other minimum safeguards under the EU's sustainable finance framework. In addition, we actively cooperate with stakeholders, for example by participating in working groups and activities of key organizations in the industry (e.g. Finsif, Finnish Venture Capital Association).

Taaleri has published a Corporate Governance Statement for 2022. The statement was prepared as a separate document from the Board of Directors' Report. In 2022, Taaleri complied with the Corporate Governance Code without exception.

Active participation in memberships of associations

Taaleri participates in the following industry associations' working groups:

- Finnish Venture Capital Association (FVCA): ESG, Legal and Sustainable Finance committees
- Other working groups: Green Buiding Council Finland

Taaleri is a member of:

- Finnish Business & Society (FIBS)
- Finland's Sustainable Investment Forum (Finsif)
- Finnish Venture Capital Association (FVCA)
- Finnish Wind Power Association
- Finnish Property Owners Rakli
- Green Building Council Finland

Taaleri is a signatory of:

- UNPRI (UN Principles for Responsible Investing)
- NZAM (Net Zero Asset Managers Initiative)
- TCFD (Task Force on Climate-related Financial Disclosures)

Introduction of a whistleblowing channel

During the year, Taaleri introduced a whistleblowing channel, which is a tool for maintaining ethical principles and trust in the Group. If an employee or a representative of one of our stakeholders suspects misuse, they can report it anonymously using the whistleblowing channel. During the year, there were no reports through the channel.

Confirmed cases of corruption and measures

There were no confirmed cases of corruption or breaches of business ethics during the year. Not a single employee was fired or convicted for corruption. All employees completed anti-money laundering and anti-terrorist financing training online.

During the reporting period, no complaints were received about customer privacy violations or loss of customer data.

> Taaleri's Corporate Governance Statement is available on the Taaleri website under Corporate Responsibility and **Document Archive**

Board of Directors

Juhani Elomaa
b. 1960
M.Pol.Sc., eMBA

Hallituksen puheenjohtaja, member of the Board since 2019.
Independent of major shareholders of the company
Shares in Taaleri Plc on 31 December 2022: 1,793,690 pcs

Elina Björklund
b. 1970
IDBM Pro, M.Sc. (Econ.)

Member of the Board since 2019
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2022: 12,000 pcs

Petri Castrén
b. 1962
LL.M.

Member of the Board since 2020
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2022: 4,000 pcs

Hanna Maria Sievinen
b. 1972
D.Sc. (Econ.)

Deputy Chairperson of the Board, member of the Board since 2016
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2022: 7,900 pcs

Tuomas Syrjänen
b. 1976
M.Sc. (Tech.)

Member of the Board since 2017
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2022: 7,782 pcs

Jouni Takakarhu
b. 1959
M.Sc. (Tech.)

Member of the Board since 2022
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2022: 0 pcs

Read more on our website at www.taaleri.com/en/corporate-responsibility/governance/board-of-directors-and-committees

Executive Management Team

Peter Ramsay
b. 1967
M.Sc. (Econ.)

CEO
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2022: 39,934 pcs

Titta Elomaa
b. 1967
M.Sc. (Econ.)

CEO at Garantia Insurance Company Ltd
Employed by Taaleri since 2015
Shares in Taaleri Plc on 31 December 2022: 53,006 pcs

Pasi Erlin
b. 1976
LL.M.

General Counsel
Employed by Taaleri since 2022
Shares in Taaleri Plc on 31 December 2022: 0 pcs

Mikko Ervasti
b. 1982
BA (Econ.)

Head of Sales
Employed by Taaleri since 2022
Shares in Taaleri Plc on 31 December 2022: 4,433 pcs

Siri Markula
b. 1972
M.Soc.Sc.

Head of Communications and IR
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2022: 314 pcs

Kai Rintala
b. 1975
PhD Construction Management

Director, Renewable Energy
Employed by Taaleri since 2016
Shares in Taaleri Plc on 31 December 2022: 0 pcs

Tero Saarno
b. 1981
M.Sc. (Tech.), B.Sc. Geothermal Engineering

Director, Bioindustry
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2022: 434 pcs

Minna Smedsten
b. 1976
M.Sc. (Econ.)

CFO
Employed by Taaleri since 2013
Shares in Taaleri Plc on 31 December 2022: 30,578 pcs

Essi Sten
b. 1973
LL.M., eMBA

Director, Real Estate
Employed by Taaleri since 2020
Shares in Taaleri Plc on 31 December 2022: 491 pcs

Read more on our website at www.taaleri.com/en/corporate-responsibility/governance/executive-management-team

Sustainability management

Sustainability at the heart of our strategy

At Taaleri, sustainability management is based on the Group's strategy, which focuses on sustainable development and renewable energy. We implement our strategy by providing responsible, sustainable and high-quality financial products. In addition to the strategy, our sustainability work is guided by the expectations of our stakeholders, regulatory requirements and our own commitments and guidelines.

The requirements of our stakeholders and regulation are constantly increasing, which also increases the requirements for sustainability management. During 2022, we made significant progress in sustainability management and sustainability work by, for example, updating our policies, operating methods and guidelines at both Group and business level. We set concrete climate targets and developed impact measurement. We also recruited more resources for our sustainability work.

The guiding themes of our sustainability work

- A positive impact on the environment and society – long-term value creation
- Attracting and retaining talent
- Sustainable partnerships
- Sustainability through operations and functions – a frontrunner in impact and sustainability

Taaleri's carbon footprint and handprint 2022

2,118.1 tCO_2e*

599,537.9 tCO_2e

Taaleri has made a commitment to reduce its absolute emissions by half from 2022 levels by 2030.

* Information partly based on the Uprigh Platform's modelled estimate.

Sustainability roadmap guides our work

Our ESG Committee, which consists of the Group's administration's and businesses' experts, continued to work actively to advance sustainability work and share information within the Group. The committee drew up a sustainability roadmap to guide our sustainability work and will monitor its implementation. We also established a Compliance working group that monitors the development of sustainability-related regulatory requirements and compliance with regulations, commitments, as well as our own policies in our operations. We also increasingly integrated sustainability considerations into the Group's risk mapping and reporting.

In addition, we manage our sustainability work by collecting and monitoring information on the measurable sustainability impacts and risks of our operations. We develop our policies and processes to reduce our adverse sustainability impacts and to increase our positive impact.

We prepared for new disclosure requirements

Implementing new EU-level regulation was one of our priorities for the year. We prepared in particular for the SFDR disclosure requirements, which entered into force at the beginning of 2023 and oblige us to report in more detail on, for example, the principal adverse impacts and sustainability impacts of funds. The aim of the regulation is to increase transparency and comparability of sustainability reporting of financial products.

During the year, we developed processes and tools for collecting and monitoring the Group's ESG data. We gathered more detailed information on the Group's greenhouse gas emissions in order to advance our net zero target and to plan concrete emission reduction targets.

We are already working on developing our data collection and reporting to meet the requirements of the future EU Corporate Sustainability Reporting Directive (CSRD). In this report, we have reported with reference to the GRI (Global Reporting Initiative) reporting standard, which partially takes into account future reporting requirements.

Halving emissions by 2030

Taaleri's long-term goals for the development of its sustainability work include, for example, reducing our direct and financed emissions in accordance with our Net Zero Asset Managers (NZAM) commitment. Our goal is to cut our absolute emissions by 50% by 2030 and to be carbon neutral, also in terms of our indirect emissions, by 2050. In addition, we continue to develop the identification and monitoring of the sustainability impacts and risks of our value chain and map the emissions and sustainability impacts of the Group's direct investments.

Taaleri committed to the NZAM initiative in November 2021. The commitment applies to all of our assets under management in the Private Asset Management segment.

Sustainability integrated into remuneration

At Taaleri, the short-term goals of every employee include a concrete goal(s) related to sustainability. In addition, the strategy and objectives of the businesses take into account goals related to sustainability and sustainable development and their achievement. Integrating sustainability into incentive schemes ensures that sustainability work is carried out throughout the organisation.

We organise mandatory personnel training biannually to raise awareness of sustainability, sustainable development, our policies and sustainable finance.

Sustainability management at Taaleri Group

Board of Directors

Taaleri Plc's Board of Directors approves the Group-level key guidelines and documents for sustainability work. The committees of the Board of Directors deal with sustainability themes as appropriate or necessary.

Executive management

In Taaleri Plc's Executive Management Team, the Head of Communications and IR is also responsible for sustainability at the Group level and reports to the CEO. The Group's Executive Management Team ensures that the Group complies with the applicable regulations and commitments. Business directors ensure that internal and external obligations are met in respect of their own business and manage the sustainability work of their business.

Committees and specialists

The ESG Committee of Taaleri Plc is responsible for Taaleri's sustainability planning, implementation, responsibility assignment and for enhancing the flow of information. During 2022, the ESG Committee consisted of 19 experts from the Group's various functions and was led by the Group's ESG Team.

The investment committees of the businesses, for example, also have responsibilities and roles in relation to the performance of sustainability work.

All Group personnel

Through their own activities and work, each employee is responsible for compliance with the common policies, principles and guidelines related to sustainability and the role of the employee.

Sustainability key figures

Measuring our impact

At Taaleri, sustainability is measured from social and environmental perspectives and the perspective of good governance practices. During 2022, we focused on, among other things, gathering more detailed information on the Group's greenhouse gas emissions for advancing our net zero emission target and for planning concrete climate actions.

The key figures reported by Taaleri measure our impacts on the surrounding society and the environment and describe our governance practices in sustainability management. The reporting references the GRI standards. By referencing these reporting standards and updating our Sustainability Policy and Sustainability Risk Policy, we have started to prepare for the Corporate Responsibility Reporting Directive (CSRD) that will enter into force in the next few years.

The reported key sustainability figures cover the entire Taaleri Group, and the indicators were selected on the basis of a materiality assessment. The environmental indicators were calculated and reported with reference to the guidelines of the EU SFDR and the GRI standards. In calculating the emissions of our carbon footprint, we take into account the absolute direct and indirect emissions (Scope 1 and 2), as well as the emissions caused by our procurements, the emissions of business travel and the emissions financed by us (Scope 3). The Scope 2 emissions were calculated using data on water, electricity and energy consumption and waste generation received from the property managers of our offices. Electricity and energy consumption emissions were calculated using the emission factors of the European Investment Bank (EIB) and the Intergovernmental Panel on Climate Change (IPCC), as well as data from electricity companies related to district heating production.

The indicators measuring social impact are based on the GRI standards and on the draft criteria of the future European sustainability reporting standards (ESRS). Indicators related to human rights and good governance follow the reporting guidelines of the SFDR. The financial key figures comply with the GRI standards.

We are continuously developing the quantitative measurement of our sustainability and data collection in order to increase the transparency of our operations, and to prepare for tightening reporting requirements and the verification of reported data.

Taaleri's net impact

The guiding themes of Taaleri's sustainability work 'Positive impact on the environment and society – longterm value creation', 'Responsibility through operations and functions – a frontrunner in ESG', 'Attractiveness and engaging experts' and 'Responsible partnerships' drive our sustainability work and are linked to the UN's sustainable development goals. Our operations support sustainable development goals such as: "7. Affordable and clean energy", "9. Industry, innovation, and infrastructure", and "13. Climate action". In addition, we take into account our impact on goals "15. Life on land", "5. Gender equality", "8. Decent work and economic growth", "10. Reduced inequalities", "11. Sustainable cities and communities", and "17. Partnership for the goals".

NEGATIVE		POSITIVE
-0.0	**SOCIETY**	**+2.7**
	Jobs	+0.6
	Taxes	+0.8
	Societal infrastructure	+1.3
-0.0	Societal stability	+0.0
-0.0	Equality & human rights	+0.0
-1.2	**KNOWLEDGE**	**+0.1**
	Knowledge infrastructure	+0.0
	Creating knowledge	+0.0
	Distributing knowledge	+0.1
-1.2	Scarce human capital	
-0.1	**HEALTH**	**+0.2**
-0.1	Physical diseases	+0.1
	Mental diseases	
	Nutrition	
	Relationships	+0.0
-0.0	Meaning & joy	+0.1
-1.2	**ENVIRONMENT**	**+1.0**
-0.5	GHG emissions	+0.7
-0.2	Non-GHG emissions	+0.2
-0.1	Scarce natural resources	
-0.1	Biodiversity	
-0.2	Waste	+0.0

Taaleri and its financial products use resources and cause principal adverse impacts mainly through greenhouse gas emissions, waste and the use of natural resources. Most of the negative impacts of the financial products are caused during the construction phase of investments, such as wind farms or real estate. Greenhouse gas emissions from the Bioindustry fund's investments are caused by energy, electricity and/or fuels used in production. Waste is generated during the construction, operation, production and the final stage of the life cycle of investments. Natural resources are utilised in building materials and in bioindustry production.

The net impact of Taaleri, covering social, information, environmental and health impacts, is estimated to be positive. Taaleri's positive sustainability impacts arise through the assets under management and sustainable operating methods and procurements. The largest positive impacts come from our investments in renewable energy to replace fossil fuels and in bioenergy, which has a significant displacing effect on emissions. Taaleri also directs funds towards the circular economy and more sustainable construction. These investments reduce the use of virgin resources and the generation of waste, enhance recycling and promote energy-efficient housing solutions as well as the building of a more sustainable infrastructure.

+36% Net Impact ratio

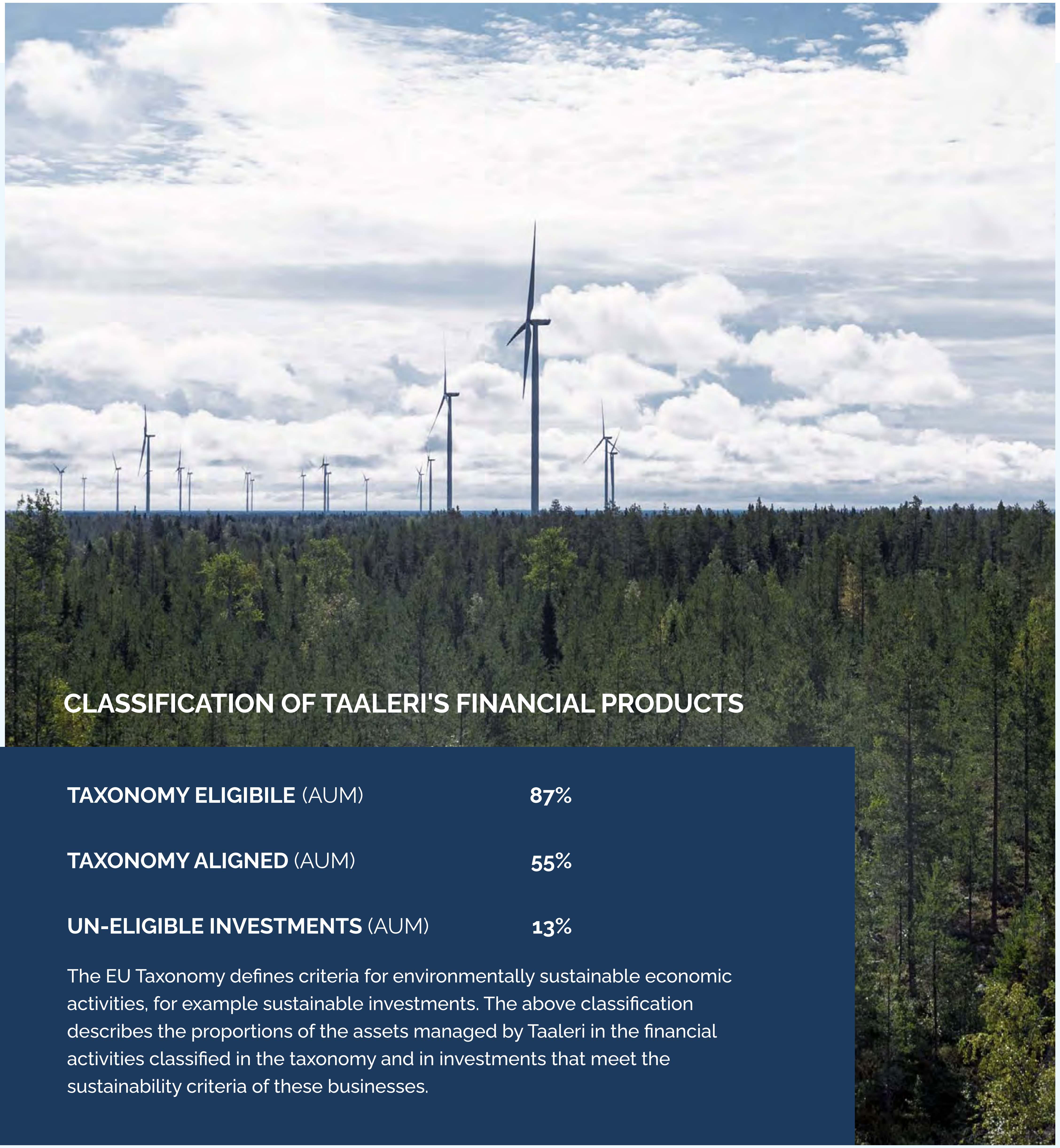
Find out more: **www.uprightplatform/taaleri**

Environmental sustainability

Taaleri's sustainability key figures related to the environment describe our emissions to air and consumption of natural resources and its intensity.

Environmental impact (GRI: 302-1, 302-3, 303-5, 305-1, 305-2, 305-3, 305-4)	
GHG emissions, scope 1, tCO_2e	0
GHG emissions, scope 2, tCO_2e	0.129
GHG emissions, scope 3, tCO_2e*	2,118.0
Carbon footprint, total GHG emissions, tCO_2e*	2,118.1
Carbon handprint, tCO_2e**	599,537.9
Emission intensity, carbon footprint/income in EUR million*	33.5
Compensated GHG emissions, tCO_2e	193.5
Energy consumption, GWh	31
Energy intensity, GWh/income in EUR million	0.49
Waste generated, kg	3,605.5
Recycling rate, % of total waste produced	45%
Water consumption, m^3	339
Share of non-renewable energy from total energy consumption	0.22%

* Scope 3 information based on the Upright Platform's modelled estimate.
** The carbon handprint calculation considers Taaleri's share from the funded projects' achieved total carbon emission reductions. Carbon emission reductions refer to emissions that would have been emitted without the funded activity.



CLASSIFICATION OF TAALERI'S FINANCIAL PRODUCTS

TAXONOMY ELIGIBILE (AUM)	87%
TAXONOMY ALIGNED (AUM)	55%
UN-ELIGIBLE INVESTMENTS (AUM)	13%

The EU Taxonomy defines criteria for environmentally sustainable economic activities, for example sustainable investments. The above classification describes the proportions of the assets managed by Taaleri in the financial activities classified in the taxonomy and in investments that meet the sustainability criteria of these businesses.

Social sustainability

Employees by gender, headcount (GRI 2-7)

31.12.2022	Female	Male	Total
Number of employees	47	81	128
Number of employees	36.7%	63,3%	100,0%
Number of permanent employees	43	77	120
Number of temporary employees	4	4	8
Number of non-guaranteed hours employees	1	3	4
Number of full-time employees	42	74	116
Number of part-time employees	4	4	8
Ratio of permanent employees	35.8%	64.2%	100.0%

Employees by gender, FTE (GRI 2-7)

31.12.2022	Female	Male	Total
Number of employees	38.6	77.1	115.7
Number of permanent employees	35.5	74.8	110.3
Number of temporary employees	3.1	2.3	5.4

Employees by region, headcount (GRI 2-7)

31.12.2022	Helsinki	Other	Total
Number of employees	110	18	128
Number of permanent employees	102	18	120
Number of temporary employees	8	0	8
Number of non-guaranteed hours employees	4	0	4
Number of full-time employees	99	17	116
Number of part-time employees	7	1	8

Employees by region, FTE (GRI 2-7)

31.12.2022	Helsinki	Other	Total
Number of employees	98.5	17.2	115.7
Number of permanent employees	93.1	17.2	110.3
Number of temporary employees	5.4	0.0	5.4

The following methodologies, limitations, assumptions and contextual information apply to the information reported in this section, depending on the content requirements of a disclosure:

Gender breakdown: female/male (the breakdown is based on the data entered in the system according to the personal identification number. In the future, we will report with the gender breakdown female/male/other)

Regional breakdown: Helsinki/other (Helsinki has our headquarters and the largest number of employees.) Other: Oulu, Tampere, Budapest, Madrid and Luxembourg.

Age breakdown: <30 yrs. / 30-50 yrs. / >50 yrs.

New employees hires and employee turnover by gender (GRI 401-1)*

2022	Female	Male	Total
New employee hire, headcount	5	13	18
New employee hire	27.8%	72.2%	100.0%
Employee turnover, headcount	5	9	14
Employee turnover	4.4%	8.0%	12.4%

New employees hires and employee turnover by region (GRI 401-1)*

2022	Helsinki	Other	Total
New employee hire, headcount	16	2	18
New employee hire	88.9%	11.1%	100.0%
Employee turnover, headcount	12	2	14
Employee turnover	10.6%	1.8%	12.4%

New employees hires and employee turnover by age group (GRI 401-1)*

2022	< 30 years	30-50 years	> 50 years	Total
New employee hire, headcount	5	13	0	18
New employee hire	27.8%	72.2%	0.0%	100.0%
Employee turnover, headcount	2	10	2	14
Employee turnover	1.8%	8.8%	1.8%	12.4%
Employee retention rate				87.6%

Ratio of basic salary and remuneration of women to men for employee categories (GRI 405-2)**

2022, EUR	Female average	Male average	Ratio of female/male
Executive Management Team	358,886	288,092	1.2
Other supervisors	158,566	163,445	1.0
Other employees	63,212	85,832	0.7

Annual total compensation ratio (GRI 2-21)

2022	Total
Annual total compensation of the Chief Executive Officer, EUR	486,640
Annual total compensation median for all the other employees, EUR	83,565
Annual total compensation ratio	0.2
Ratio of the percentage increase in annual total compensation (2021-2022) for the organization's highest-paid individual to the median percentage increase in annual total compensation for all other employees	0.8
Unadjusted gender pay-gap (excluding the Executive Management Team)	11.0%

Parental leave by gender (GRI 401-3) and sickness leave for average days per employee

2022	Female	Male	Total
Employees that took maternity/paternity/parental leave	6	5	11
Employees that took maternity/paternity/parental leave and are still working at Taaleri 31.12.	5	5	10
Employees that took maternity/paternity/parental leave and did not return to work (employment agreement terminated at the same time as maternity/paternity/parental leave terminated)	0	0	0
Average days of sickness leave per employee			4.1

Average hours of training per year per employee***

2022	Executive Management Team	Other supervisors	Other employees
Total number of mandatory trainings conducted	14	14	11
Hours undertaken of mandatory trainings per employee	18.5	26.5	7.5

* Temporary employment relationships are not taken into account in the figures.

** The numbers do not include salaries that are not reported to the Finnish income register.

The total remuneration of the Executive Management Team for 2022 does not take into account the long-term remuneration, which was paid in November 2022 for the CEO who worked in 2021, nor the remuneration related to resigning of the General Counsel in 2022.

For other employees, the ratio of basic salary and compensation does not take into account employees who left during 2022, temporary summer employees or employees who have been absent for a long time without pay.

*** Our goal is to improve the monitoring and reporting of employee training in the coming years. We will monitor the training opportunities offered to employees and report on these based on gender and employee category and hourly from 2023 (GRI 404-3).

Good governance and financial impact

Taaleri's financial impacts and good governance practices can be examined and evaluated through processes such as taxes paid, competition practices, prevention of corruption and bribery and verification of practices. In 2022, Taaleri paid a total of EUR 8.9 million in taxes. We pay taxes appropriately and on time in accordance with good governance practices. We compete fairly and honestly and comply with competition laws. We also demand good governance practices from our partners.

During the reporting period of 2022, no significant changes took place in the organization's size, structure, ownership, or its value chain. In 2022, the product portfolio of Taaleri's Private Asset Management segment included 30 funds or similar products, in addition to which the service offering includes Garantia's guaranty insurance services.

In accordance with good governance practices Taaleri describes and evaluates sustainability risks related to its operations in its Sustainability Risk Policy. Sustainability risks can potentially cause a negative financial impact on Taaleri or the value of the investments it manages. The sustainability risk realized during the reporting period did not have significant negative financial impacts. Mitigative actions will be planned during 2023.

Economic impact (GRI: 201-1)

1.1.-31.12.2022	Total
Income, EUR million	63.2
Operating profit and costs, % and EUR million	43.2%, 35.9
Return on equity, %	9.9
Earnings per share, EUR	0.73
Growth of continuing earnings, %	0.8
Assets under management, EUR million, 31.12.2022	2,516
Long-term financial targets:	
Growth in continuing earnings > 15%	0.8%
Operating profit > 25%	43.2%
Return on equity > 15%	9.9%
Salaries and benefits, EUR million	19.0
Payments to providers of capital, EUR million	34.8
Payments to government, EUR million	3.3
Economic value retained, EUR million	-10.8
Total market capitalization, EUR million	316.5

Tax footprint

1.1.-31.12.2022, EUR million	Finland
Income tax	3.3
Taxes paid on behalf of employees	5.6
Property tax	0.0
Total	8.9

The tax footprint shows Taaleri's paid taxes related to the business, the properties we use, and the taxes paid on behalf of our employees. Taaleri Group and its subsidiaries are only liable for taxes in Finland.

Sustainability management and good governance

31.12.2022, %	Total
Share of AUM, which has committed to following Taaleri's codes of conduct	59
Share of AUM, which has commited to EU Taxonomy minimum social safeguards.	59
Share of AUM, which has gone through an ESG due diligence assessment	59

GRI index

Statement of use	Taaleri has reported the information cited in this GRI content index for the period 1.1.2022-31.12.2022 with reference to the GRI Standards. The report was published on 16th of March 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location / Additional information
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	Taaleri Plc (Public Limited Company), Business ID 2234823-5 Headquarters: Helsinki, Finland. Taaleri has offices also in Oulu, Tampere, Madrid (Spain), Budapest (Hungary), and Luxembourg. Taaleri Annual Report 2022 (p. 38, 70) Taaleri Plc Articles of Association
	2-2 Entities included in the organization's sustainability reporting	Taaleri Plc and its subsidiaries: Taaleri Private Equity Funds Ltd Group, Taaleri Energia Ltd Group, Taaleri Investments Ltd Group and Garantia Insurance Company Ltd. In addition, Taaleri has nine associated companies (see Group companies in accordance with the financial statements of the parent company). The financial statements are consolidated. Taaleri Plc Financial Statement 2022 (p. 70)
	2-3 Reporting period, frequency and contact point	Similarly to the consolidated financial statements of Taaleri Plc Group, the annual report has been prepared for a 12-month period from January 1, 2022 to December 31, 2022, with a publication date of March 16, 2023. The annual report is a report published annually. **Contact point for questions about the report and reported information:** Sustainability Manager Karoliina Laine and Head of Communications and Investor Relations Siri Markula (email: firstname.lastname@taaleri.com).
	2-4 Restatements of information	No restatements of information from previous reporting periods.
	2-7 Employees	**Taaleri Plc Annual Report 2022, p. 32**
	2-9 Governance structure and composition	**Taaleri Plc Annual Report 2022:** Administration and Management, Sustainability management (p. 26) and Management, Board of Directors, Executive Management Team (p. 24-25) **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2022 (p. 4-7) Taaleri Plc Sustainability Policy 2022 (p. 11-13) **Taaleri website sections:** Board of Directors and Committees
	2-10 Nomination and selection of the highest governance body	**Taaleri Plc Annual Report 2022:** Administration and Management, Management, Board of Directors, Executive Management Team (p. 24-25) **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2022 (p. 3-9) **Taaleri website sections:** Board of Directors and Committees
	2-11 Chair of the highest governance body	The Chair of the Board is not a senior executive in the organization operative business. **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2022 (p. 4) **Taaleri website sections**: Board of Directors and Committees, Members of the Board of Directors, Juhani Elomaa

GRI Standard	Disclosure	Location / Additional information
	2-12 Role of the highest governance body in overseeing the management of impacts	**Taaleri Plc Annual Report 2022:** Administration and management (p. 22-25) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 11-13); Taaleri Plc Code of Conduct; Taaleri Plc Corporate Governance Statements 2022 (p. 5); Taaleri Energia ESG policy 2022 (p. 3); Taaleri Bioindustry Sustainability Principles 2022 (p. 1, 4); Taaleri Kiinteistöt Sustainability Principles 2022 (p. 1, 4); and Taaleri Pääomarahastot Oy Sustainable Investing Principles 2022 (s. 1, 4) **Taaleri website sections:** Board of Directors and Committees
	2-13 Delegation of responsibility for managing impacts	See locations mentioned above in Disclosure 2-12, especially: **Taaleri Plc Annual Report 2022:** Sustainability management (p. 22-26 & 27-28) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 11-13)
	2-14 Role of the highest governance body in sustainability reporting	The Report of the Board of Directors includes sections Sustainability and A Statement of Non-financial Information. In addition, the Board has reviewed and approved the sustainability themes as part of the approval of the Sustainability Policy. In general, the Executive Management Team is responsible for reporting. **Taaleri Plc Annual Report 2022:** Sustainability management (p. 28)
	2-15 Conflicts of interest	**Document Archive on Taaleri's webpage:** Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Policy 2022 (p. 25); Taaleri Energia Code of Conduct 2019 (p. 4-5); Taaleri Bioindustry Code of Conduct 2022 (p. 6-7); and Taaleri Plc Corporate Governance Statements 2022 (p. 14-15); **Taaleri website sections:** Corporate Responsibility, Governance, Remuneration Corporate Responsibility, Governance, Code of Conduct
	2-18 Evaluation of the performance of the highest governance body	**Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2022 (p. 3, 7-8, 13-14) Taaleri Plc Sustainability Policy 2022 (p. 11) **Taaleri website sections:** Corporate Responsibility, Governance, Board of Directors and Committees Corporate Responsibility, Governance, Remuneration
	2-19 Remuneration policies	**Taaleri Plc Annual Report 2022:** Administration and management, Sustainability management (p. 21, 27) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 11-13); Taaleri Plc Corporate Governance Statements 2022 (p 8, 11); Taaleri Plc Remuneration Policy for Governing Bodies, (p. 2-4); and Remuneration Report 2022 (p. 4-5) **Taaleri website sections:** Corporate Responsibility, Governance, Remuneration
	2-20 Process to determine remuneration	**Taaleri Plc Annual Report 2022:** Administration and management, Sustainability managemen (p. 27) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 11-13); Taaleri Plc Remuneration Policy for Governing Bodies (p. 2, 3-4); Remuneration Report 2022 (p. 4-5); and Taaleri Plc Personnel Policy (p. 3) **Taaleri website sections:** Corporate Responsibility, Governance, Remuneration Corporate Responsibility, Governance, General Meetings, Remuneration Report for the Governing Bodies
	2-21 Annual total compensation ratio	**Taaleri Plc Annual Report 2022 (p. 33)**

GRI Standard	Disclosure	Location / Additional information
	2-23 Policy commitments	**Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2022; Taaleri Plc Sustainability Policy 2022; Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2022; Taaleri Energia Code of Conduct 2019; Taaleri Bioindustry Code of Conduct 2022; Taaleri Energia ESG Policy 2023; Taaleri Bioindustry Sustainability Principles 2022; Taaleri Pääomarahastot Oy Sustainable Investing Principles 2022; Taaleri Real Estate Sustainability Principles 2022; and Taaleri's Statement on principal adverse impacts of investment decisions on sustainability factors 2022.
	2-24 Embedding policy commitments	**Taaleri Plc Annual Report 2022 (p. 6, 12-18, 26-29)** **Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2022 (p. 4); Taaleri Plc Sustainability Policy 2022 (p. 5-24); Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2022 (p. 8); Taaleri Energia Code of Conduct 2019; Taaleri Bioindustry Code of Conduct 2022; Taaleri Energia ESG Policy 2023, (p. 3, 9-12); Taaleri Bioindustry Sustainability Principles 2022, (p. 4, 8-10); Taaleri Pääomarahastot Oy Sustainable Investing Principles 2022 (p. 4, 6-7); and Taaleri Real Estate Sustainability Principles 2022 (p. 4, 6-7)
	2-25 Processes to remediate negative impacts	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 20-24); Taaleri Plc Sustainability Risk Policy 2022 (p. 8); and Taaleri's Statement on principal adverse impacts of investment decisions on sustainability factors 2022.
	2-26 Mechanisms for seeking advice and raising concerns	**Taaleri Plc Annual Report 2022:** Board of Directors' report, A statement of non-financial information (p. 58) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 12) and Taaleri Plc Code of Conduct; **Taaleri website sections:** Corporate Responsibility, Governance Corporate Responsibility, Whistleblowing
	2-27 Compliance with laws and regulations	During the reporting period, there were no significant instances of non-compliance with laws and regulations, and for example no fines incurred on Taaleri for violating laws and regulations.
	2-28 Membership associations	**Taaleri Plc Annual Report 2022:** Administration and management, Active participation in memberships of associations (p. 23) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 5-6) **Taaleri website sections:** Corporate Responsibility, Sustainability, Memberships and Commitments
	2-29 Approach to stakeholder engagement	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 7-8) and Taaleri Plc Code of Conduct **Taaleri website sections:** Corporate Responsibility, Governance Corporate Responsibility, Whistleblowing
	2-30 Collective bargaining agreements	**Document Archive on Taaleri's webpage:** Taaleri Personnel Policy (p. 3) 17.5% of the Group's employees are covered by collective bargaining agreements. The collective agreements mainly cover Garantia's employees. For all Group employees (including those not covered by collective bargaining agreements), the terms and conditions of employment, such as working hours and salary and working conditions, are determined in the agreements in accordance with the Finnish law.

GRI Standard	Disclosure	Location / Additional information
GRI 3: Material Topics 2021	3-1 Process to determine material topics	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 7–12)
	3-2 List of material topics	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 9–11) The guiding themes of our sustainability work, with which we aim to influence the impacts of our operations and sustainability risks, are the same as the previous year: 'Positive impact on the environment and society – longterm value creation', 'Responsibility through operations and functions – a frontrunner in ESG', 'Attractiveness and engaging experts' and 'Responsible partnerships'. Reporting on these themes is integrated into the Annual Report, but not detailed in this GRI content index. Instead, below are GRI disclosures that describe material sustainability themes and our impacts.
	3-3 Management of material topics	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 11–13); Taaleri Plc Annual Report 2022 (p. 26–29); Taaleri Plc Corporate Governance Statements 2022 (p. 11–15); Taaleri's Statement on principal adverse impacts of investment decisions on sustainability factors 2022; Taaleri Plc Sustainability Risk Policy 2022 (p. 4–8); and Taaleri Plc Code of Conduct;
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	**Taaleri Plc Annual Report 2022 (p. 34)** Payments to Government are only available for Finland.
	201-2 Financial implications and other risks and opportunities due to climate change	**Taaleri Plc Annual Report 2022:** Business with an impact (p. 9–10) Good governance and financial impact (p. 34) Financial Statement (p. 102-103, 107, 118) **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Risk Policy 2022 (p. 8) Taaleri has described approx. 17 sustainability risks in its sustainability risk policy. During the reporting period, one sustainability risk materialized. The risk is potentially related to acute and chronic climate risks (extreme rises in temperature). The financial impact of the realized risk was not significant. Adaptation measures are planned during 2023. Omitting from disclosure 201-2: Costs for managing climate and/or sustainability risks or opportunities have not been specified. The Group is developing ways to calculate the financial effects of sustainability risks as part of its reporting.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	**Taaleri Plc Annual Report 2022 (p. 31)** The Group does not use fuels in its direct operations. Its energy consumption emissions are caused by the electricity, heating and cooling of the premises. Energy consumption covers the total energy consumption of Taaleri's office spaces. The information used in the calculations has been collected from these premises' property managers. Explanation regarding disclosure 3-3: Taaleri is committed to reducing its absolute emissions by half by 2030. This means the Group will take measures related to the management of energy consumption and the energy sources used. Taaleri's office spaces use automatic lighting and temperature regulating systems to optimize energy consumption. The Group does not sell energy.
	302-3 Energy intensity	**Taaleri Plc Annual Report 2022 (p. 31)** Values calculated based on the energy consumption of the Group's direct operations (electricity, heating and cooling) in gigawatt hours per million euros of turnover.
GRI 303: Water and Effluents 2018	303-5 Water consumption	**Taaleri Plc Annual Report 2022 (p. 31)** Water consumption expressed in mega litres: 0.339 No water consumption from areas with water stress. The Group's water consumption is calculated as the total water consumption of Taaleri's premises and it describes Taaleri's water-related effects. The information has been collected from the premises' property managers. Explanation regarding disclosure 3-3: In Taaleri's office premises, water taps with motion detection are used to optimize water consumption.
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Taaleri or the investment targets managed by its funds do not operate in biodiversity-sensitive areas that have been classified as Natura 2000 areas, protected areas, or UNESCO World Heritage sites, or KBA areas (Key Biodiversity Areas), or as defined by the EU Commission: (2021/2139 (12)) classified as sensitive areas. The management of Taaleri's indirect biodiversity impacts are described in the document: Taaleri's Statement on principal adverse impacts of investment decisions on sustainability factors 2022.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	**Taaleri Plc Annual Report 2022 (p. 29, 31)** Taaleri has no direct (scope 1) greenhouse gas emissions. Greenhouse gas emissions are calculated using carbon dioxide equivalent coefficients that include greenhouse gas emissions according to the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). The base year for reported emissions is 2022, due to data availability. Explanation regarding disclosure 3-3: The management of Taaleri's direct climate impacts are described in the document: Sustainability Policy 2022 (p. 7) The management of Taaleri's indirect climate impacts are described in the document: Taaleri's Statement on principal adverse impacts of investment decisions on sustainability factors 2022.

GRI Standard	Disclosure	Location / Additional information
	305-2 Energy indirect (Scope 2) GHG emissions	**Taaleri Plc Annual Report 2022 (p. 29, 31)** Indirect greenhouse gas emissions caused by energy consumption have been calculated using consumption-based data provided by the property managers who manage Taaleri's offices. Greenhouse gas emissions are calculated using carbon dioxide equivalent coefficients that include greenhouse gas emissions according to the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). Contrary to the GRI guidelines, market-based and location-based values are not specified in the reporting. In the calculation, market-based emission factors have been used for our Finnish offices, and EIB (2023) location-based emission factors for our foreign offices, as the origin of the energy of these offices is unknown. The base year for reported emissions is 2022, due to data availability.
	305-3 Other indirect (Scope 3) GHG emissions	**Taaleri Plc Annual Report 2022 (p. 29, 31)** Other reported indirect greenhouse gas emissions are based on the Upright Platform's modelled estimates. These modelled estimates are partly based on details and background information provided by Taaleri, regarding its operations and investments. Modelled emissions include Greenhouse Gas Emissions defined in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3). Available market-based and EIB (2023) location-based emission factors have been used in the calculation. Taaleri's Scope 3 emissions cover emissions from the Group's work travel, waste and its handling, purchases, and balance sheet investments, as well as the scope 1 and 2 emissions of our funds' investment targets. The base year for reported emissions is 2022, due to data availability.
	305-4 GHG emissions intensity	**Taaleri Plc Annual Report 2022 (p. 31)** Greenhouse gas emissions intensity includes scope 1, 2 and 3 GHG emissions, which are divided per million euros of turnover. Emissions include Greenhouse Gas Emissions defined in the Kyoto Protocol: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfur hexafluoride (SF_6) and nitrogen trifluoride (NF_3).
GRI 306: Waste 2020	306-3 Waste generated	**Taaleri Plc Annual Report 2022 (p. 31)** Contrary to the GRI guidelines, reported waste generated has not been separated by waste type in the calculation. The weighted average recycling rate of Taaleri's offices is 45%. The amount of waste and the recycling rate have been calculated using data based on the waste management of properties which was provided by the property managers of Taaleri's offce premises.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**Taaleri Plc Annual Report 2022 (p. 33)**
	401-3 Parental leave	**Taaleri Plc Annual Report 2022 (p. 33)**
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	**Taaleri Plc Annual Report 2022 (p. 33)** Taaleri Plc Interim Statement Q1 (p. 12) **Document Archive on Taaleri's webpage:** Taaleri Personnel Policy 2022 (p. 4) Taaleri has organized its occupational health care for the Finnish personnel through Heltti Oy. Other employees working abroad are also covered by healthcare services provided by private medical care. All Taaleri's employees are covered by health care. Occupational health covers preventive health care, general and occupational health care, doctor provided medical care, medical care with laboratory tests, and an annual gynecologist visit.
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	**Taaleri Plc Annual Report 2022 (p. 20)** **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2022 (p. 6-7) Taaleri Personnel Policy 2022 (p. 3-4)
	405-2 Ratio of basic salary and remuneration of women to men	**Taaleri Plc Annual Report 2022 (p. 33)**
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases or suspicions of discrimination were identified during the reporting period. **Document Archive on Taaleri's webpage:** Taaleri Personnel Policy 2022 (p. 3)
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No cases or suspicions of incidents of violations involving the rights of indigenous peoples were identified during the reporting period. **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2022 (p. 17) and Taaleri Energia ESG Policy 2023 (p. 5)
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	**Taaleri Plc Annual Report 2022 (p.31)** Taaleri Private Equity Funds Taaleri Energia Taaleri Bioindustry Taaleri Real Estate Garantia Requirements for product and service information and labeling is given on the fund and insurance product-specific websites, as well as in investor reports. Disclosure: 417-1 is reported with adaptations, as all product information required by the disclosure (such as instructions for use) is not relevant for financial/insurance products.

Information for investors

During 2022, Taaleri provided its shareholders with an annual return of 10.5%, taking into account the share price development and the dividend of EUR 1.20. Taaleri's share price was EUR 11.30 on the first day of trading and EUR 11.18 on the last day of trading of the year.

In 2022, 5,605,644 Taaleri shares were traded on Nasdaq Helsinki, which corresponds to the exchange value of EUR 63,712,300 during the period. On average, 22,157 Taaleri shares were traded daily.

In 2022, Taaleri organised an event called Investor Day 2022, where we reported on the progress of our strategy. In connection with each result announcement, we also organised a webcast event available to everyone who wished to attend it. In addition, Taaleri participated in a number of investor events in Finland aimed at both institutional and private investors.

During 2022, the number of Taaleri shareholders increased by one third to approximately 10,200.

Share analysis

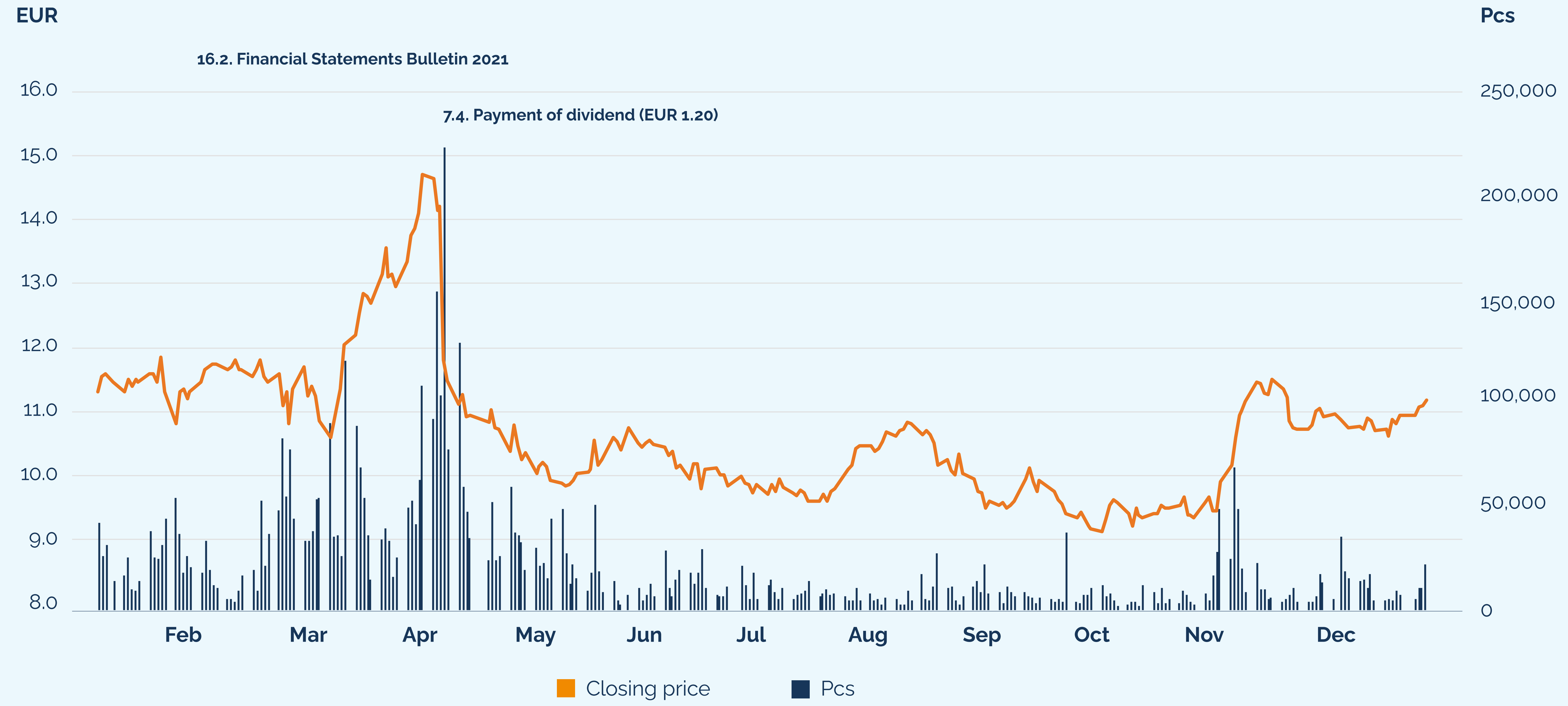
At the end of 2022, Taaleri was being followed by Danske Bank, Inderes and Nordea. The reports and the analysts' contact information can be found at https://www.taaleri.com/en/investors/share/share-analysis.

Taaleri's interim financial reporting in 2023

- Interim statement Q1 2023, 3 May 2023
- Half-year financial report H1 2023, 16 August 2023
- Interim statement Q3 2023, 1 November 2023

Taaleri's Annual General Meeting will be held on Thursday, 13 April 2023.

Taaleri's share price development 1.1.2022–31.12.2022



Share information

Listing market: Nasdaq Helsinki

Listing date: 1 April 2016 (main list), 24 April 2013 (First North Finland)

Trading currency: Euro

Market value segment: Mid Cap

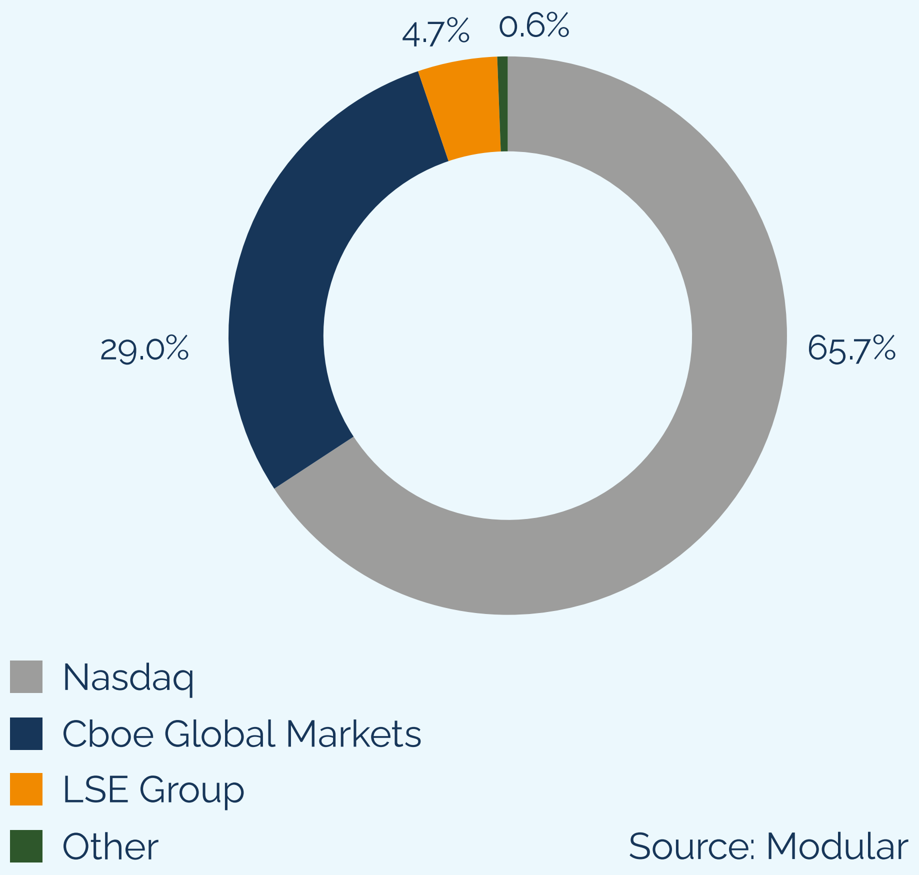
Trading code: TAALA

ISIN code: FI4000062195

Reuters symbol: TAALA.HE

Bloomberg symbol: TAALA:FH

Trading in Taaleri Plc's shares by marketplace



Source: Modular Finance Monitor

The Report of the Board of Directors and Financial Statements 2022

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The Report of the Board of Directors 1.1.–31.12.2022

Highlights of the financial year

Taaleri had a successful year supported by record high performance fees, but changes in the fair value of investment operations weighed on the financial year's income and operating profit

January–December 2022

- Continuing earnings grew by 0.8% to EUR 41.0 (40.7) million. The Private Asset Management segment's continuing earnings grew by 2.8% to EUR 20.7 (20.1) million, and the Strategic Investments segment's continuing earnings grew by 2.2% to EUR 18.0 (17.6) million.
- Performance fees were EUR 19.4 (11.4) million, and net income from investment operations was EUR 2.8 (17.6) million.
- Income decreased by 9.3% and was EUR 63.2 (69.7) million.
- Operating profit was EUR 27.3 (30.8) million, corresponding to 43.2% of income.
- The assets under management in the Private Asset Management segment grew by 12.9% to EUR 2.5 (31 December 2021: 2.2) billion.
- Earnings per share were EUR 0.73 (4.81).
- The Board of Directors proposes a dividend of EUR 0.70 per share for 2022.

Group key figures

	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Earnings key figures			
Continuing earnings, MEUR	41.0	40.7	0.8%
Income, MEUR	63.2	69.7	-9.3%
Operating profit, MEUR	27.3	30.8	-11.3%
Operating profit, %	43.2%	44.2%	
Profit for the period in consolidated income statement, MEUR	21.3	136.1	-84.3%
Return on equity, %	9.9%	75.0%	
Balance sheet key figures			
Equity ratio, %	67.4%	72.1%	
Other key figures			
Cost/income ratio excluding investment operations	60.9%	77.9%	
Cost/income ratio	58.2%	58.3%	
Full-time permanent personnel, at the end of the period	106	104	1.9%
Assets under management in Private Asset Management segment, BEUR	2.5	2.2	12.9%
Guaranty insurance portfolio, BEUR	1.9	1.7	9.8%

Income	Operating profit	Growth in continuing earnings	Assets Under Management 31.12.2022
63.2	43.2	0.8	2.5
EUR MILLION	%	%	BEUR
(2021: 69.7)	(2021: 44.2)	(2021: 13.5)	(31.12.2021: 2.2)

Review by CEO Peter Ramsay

We can be pleased with the progress of our strategy in 2022. Although the general market conditions have been challenging due to both the war in Ukraine, the rise in inflation and interest rates, and the effects of the COVID-19 pandemic, our strategy has worked well also in the current situation. Our private equity funds focusing on sustainability respond to many current challenges, such as mitigating climate change and strengthening self-sufficiency. This also supports new openings, such as expanding our business to energy storage systems.

The Group's income for the period was EUR 63.2 million and the operating profit margin was 43%. Both continuing earnings and performance fees increased, but unrealized changes in fair value of EUR -10.1 million in the Strategic Investments segment weighed on the Group's income and operating profit. The decrease in fair values is due to, among other things, the rise in interest rates and changes in risk premiums, which have affected the valuations of Garantia's investment portfolio.

During the last quarter of the year, our continuing earnings developed satisfactorily, and performance fees booked grew to more than EUR 12 million. The Group's investment operations weighed on income and operating profit.

Operating profit from the Private Asset Management segment grew in the last quarter by 68% to EUR 12.3 million due to, among other things, performance fees.

The renewable energy business announced its sixth fund, Taaleri SolarWind III. Its fundraising is ongoing, and the first closing is anticipated in the first half of 2023. The fund will be based on a project development portfolio of 25–35 projects, which already included 20 projects at the end of the financial year. With the new fund, we aim to double the size of Taaleri SolarWind II, which is approximately EUR 350 million.

I am particularly proud to say that we are the largest wind power producer in Finland with a market share of 12% (Finnish Wind Power Association's wind power statistics 2022). This reflects both our long history as a developer of domestic wind power and the know-how and capability of our current team.

In the real estate business, investment operations proceeded as planned despite the general slowdown in the real estate investment market. The business made one acquisition for Aktia's special mutual fund in our portfolio management.

Taaleri Bioindustry I, the first fund of the bioindustry business launched a year ago, made its first two investments. The investees are Colombier, a company producing ecological packaging, and Nordtreat, a company producing bio-based flame retardants. In the last quarter of the year, the ramp-up of Taaleri's associated company Fintoil's tall oil refinery was also successfully completed.

In the Strategic Investments segment, Garantia achieved its best ever profitability in its insurance operations in the fourth quarter. The combined ratio was 23.9% in the quarter and 28.4% in the full year. However, Garantia's investment performance was weak due to the historically high interest rate movement.

I would like to thank our personnel once more for 2022. Skilled and knowledgeable Taaleri employees are the foundation of our success. One of our most important successes in 2022 was the definition of Taaleri's new values – With know-how, skills and will, Dare to succeed and Support each other – in a process that engaged all Taaleri employees. In addition, we invested in management and the development of supervisory work. I am pleased that the personnel surveys clearly show that wellbeing at work has improved further. In addition, our eNPS score measuring employee loyalty has risen to an excellent 60.8, which is high for the sector.

Finally, I would like to thank all our shareholders and welcome the new shareholders to our impactful journey. At the end of the year, the number of shareholders rose to over 10,000, having grown by almost 70% since the 2021 strategy reform. Taaleri wants to be a pioneer in alternative investments focusing on sustainability, and our mission is to use capital and our expertise to build a better future. We believe that together, we will have an even better chance of achieving our goals this year.

Dividend proposal of the Board of Directors

The Board of Directors proposes that a dividend of EUR 0.70 per share, a total of EUR 19,813,934.00 will be paid for the financial year 2022. The dividend proposal is to distribute EUR 0.45 as a dividend based on the profit for the period of continuing operations, and EUR 0.25 as a dividend based on the sale of the wealth management operations. The parent company's distributable funds were EUR 139,396,913.81, which includes EUR 14,892,445.81 in net profit for the financial year. The dividend is to be paid in one instalment.

The dividend will be paid to shareholders who are registered in the list of shareholders maintained by Euroclear Finland Ltd on the record date, which is 17 April 2023. The dividend payment date proposed by the Board of Directors is 24 April 2023.

The Board of Directors' report and financial statements for 2022 will be available at www.taaleri.com on 23 March 2023 at the latest.

Outlook and financial targets

Taaleri does not publish a short-term outlook. However, the company has set itself targets related to growth, profitability and return on invested capital.

Taaleri's long-term targets include:
- Continuing earnings growth at least 15 per cent
- Operating profit at least 25 per cent of income
- Return on equity at least 15 per cent.

The company's goal is to distribute to its shareholders at least 50 per cent of the profit for the financial year as well as the capital that the company does not need for growth investments or to fulfil its targets for solvency.

Operating environment and market prospects

Development of the global economy and of the capital markets is still surrounded by a high degree of uncertainty. The higher prices of energy and consumables caused by the war in Ukraine and by the COVID-19 pandemic have accelerated inflation with extraordinary force. This has prompted central banks to tighten monetary policy considerably, which has increased the likelihood of a recession.

More private capital will be needed in the future to achieve the global emission reduction, energy self-sufficiency and circular economy targets

Although the operating environment of the capital market has become more challenging, the growth of alternative investments has continued. A possible recession can, however, affect the willingness of some customer groups to invest in long-term, illiquid products. The demand for alternative investments is strengthened by the opportunity they offer to diversify risks and smooth out returns. In addition, more private capital will be needed in the future to achieve the targets for global emission reduction, energy self-sufficiency and circular economy. The EU's Sustainable Finance Disclosure Regulation is also guiding both investors and financial actors towards sustainable investments.

Taaleri has no business or investments in Russia or in Ukraine, and the changed geopolitical situation has not had any direct impact on our business. Europe's desire to break away from Russian energy sources and to increase its self-sufficiency will strengthen the operating environment for renewable energy and bioindustry, in particular.

In the renewable energy business, the war in Ukraine, higher interest rates and accelerating inflation have all increased the costs of project development and project construction, while the higher energy prices yield more revenue from wind and solar farms. In October, the Council of Europe adopted a regulation on emergency measures in response to the energy crisis and the exceptional rise in energy prices. The regulation, which includes a cap on market revenues and a solidarity levy, has been applied in different ways in different countries. According to Taaleri's assessment, the impacts of the Finnish model are not significant for Taaleri's business.

In the real estate business, the rise in interest rates has caused uncertainty in the market. Transaction activity slowed down significantly in the second half of the year, and there was a clear slowdown in new start-ups in housing construction. The rise in interest rates has caused the yield requirements to rise, and thus the values to fall, especially in the real estate segments of the lowest yield claims and in real estate properties. However, occupancy rates remained good in both the housing and commercial premises markets.

The long-term fundamentals supporting real estate investments, such as urbanization, are still seen as strong in the Finnish real estate market, and new capital is expected to continue to flow into real estate investments in the near future. The nature of the real estate market is characterized by the cyclical nature of the sector. For long-term investors, the opportunities offered by the current economic situation can offer better returns in relation to the average return over the cycle.

Bioindustry is a new, high-growth market that offers impressive and innovative solutions for many of the sustainability problems of our time. The outlook of the bioindustry business remained good. The war in Ukraine may affect the timetables and costs of potential target companies and of the near-future projects of investments, owing to developments such as the poor availability of some raw materials, availability of financing and energy prices. Sustainability, impact and self-sufficiency will continue to be at the heart of the bioindustry operating environment.

In the European operating environment of Taaleri's associated company Fintoil's biorefinery in Hamina, the prices of raw materials levelled off at the end of the year and the upward pressure on prices seems to have subsided.

The operating environment and market prospects of Garantia Insurance Company Ltd's insurance business were negatively impacted compared to the strong previous year. Uncertainty caused by the war in Ukraine, accelerated inflation and sharply rising market interest rates weakened consumer confidence and dampened the housing market, which at the end of the year began to be reflected in a decrease in the demand for mortgage guarantees. The number of housing transactions and the demand for mortgages may remain lower than during the pandemic years for a longer time. However, the creditworthiness of the company's consumer and corporate customers remained good, and no material changes occurred in the risk position of the guaranty insurance portfolio. The investment market was difficult during the year, the stock market fell globally and, due to a steep rise in market rates of interest and the widening of risk premiums, the changes in the fair values of fixed-income investments were negative.

Financial result

Continuing earnings, income, and operating profit

Group, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	**41.0**	**40.7**	**0.8%**
Private Asset Management	20.7	20.1	2.8%
Strategic Investments	18.0	17.6	2.2%
Other	2.4	3.0	-20.1%
Income	**63.2**	**69.7**	**-9.3%**
Private Asset Management	42.6	31.0	37.1%
Strategic Investments	8.1	30.3	-73.4%
Other	12.6	8.4	50.4%
Operating profit	**27.3**	**30.8**	**-11.3%**
Private Asset Management	18.6	7.5	>100.0%
Strategic Investments	3.2	24.4	-87.0%
Other	5.5	-1.0	n/a

The Group's share of the result of associated companies is taken into account in the segment income. In addition, transit items that have no effect on the result for the financial year have been eliminated from segment income. Segment information and the reconciliation statement to the IFRS income statement are presented on pages 67–69.

January–December 2022

The Group's continuing earnings grew by 0.8% to EUR 41.0 (40.7) million during the past financial year. The Private Asset Management segment's continuing earnings grew by 2.8% and the Strategic Investments segment's continuing earnings by 2.2%. The continuing earnings for the comparison period included EUR 0.9 million in non-recurring fees from the last closing of the Taaleri SolarWind II fund and management fees from Taaleri Housing Fund VI, which was sold in July 2021.

Performance fees were recognized during the financial year at a record level of EUR 19.4 (11.4) million. A total of EUR 7.0 million in realized performance fees was recognized from the exits of the Taaleri Datacenter Ky co-investment and the Taaleri Daycare Properties fund. In addition, EUR 10.3 million in performance fees was recognized in the renewable energy business and a total of EUR 2.0 million in other private asset management businesses. The Group's net income from investment operations in the financial year was EUR 2.8 (17.6) million, of which EUR 2.5 (-0.5) million was generated in the Private Asset Management segment, EUR -9.9 (12.7) million in the Strategic Investments segment and EUR 10.2 (5.4) million in the Other group. The majority of the loss recognized from the investment operations of the Strategic Investments segment was due to unrealized changes in fair value totalling EUR -10.1 (7.6) million. EUR 7.5 million of the net income from investment operations in the Other group was from an associated company in the form of consolidated profit after the sale of the shares of Ficolo Ltd by Taaleri Datacenter Ky, EUR 6.7 million was from the earn-out of the Finsilva holding sold in 2016, and EUR -3.8 million was from write-downs of non-strategic investments. The Group's income fell in the financial year to EUR 63.2 (69.7) million.

The Group's operating profit in the financial year was EUR 27.3 (30.8) million, corresponding to 43.2% of income. The Group's operating expenses totalled EUR 35.9 (38.9) million, of which personnel costs were EUR 16.2 (19.0) million and fee and commission expenses were EUR 8.9 (9.6) million. The Group's operating profit excluding net income from investment operations was EUR 24.5 (13.2) million, corresponding to 40.6% (25.4) of income excluding investment operations.

In the consolidated income statement, which applies the IFRS 5 standard, income from continuing operations fell in the financial year by 16.0% to EUR 61.0 (72.6) million. Net income from insurance operations totalled EUR 9.5 (27.9) million, consisting of net income from guaranty insurance operations of EUR 18.0 (17.6) million and net income from investment operations of EUR -8.5 (10.3) million. Return on investments at fair value from insurance operations was -11.2% (6.1). In the consolidated income statement, profit from continuing operations was EUR 21.3 (21.2) million, profit from discontinued operations was EUR 0.0 (114.9) million, profit for the period was EUR 21.3 (136.1) million, and the Group's total comprehensive income was EUR 9.4 (135.8) million.

Balance sheet, investments, and financing

At the end of the review period, the Group's cash and cash equivalents totalled EUR 46.8 (53.3) million, and Taaleri Group's balance sheet total was EUR 300.8 (318.7) million. The investments were EUR 200.7 (221.5) million, corresponding to 66.8% (69.5) of the Group's balance sheet total. The liabilities of the Group totalled EUR 98.1 (89.0) million, of which insurance liabilities were EUR 44.0 (39.4) million, deferred tax liabilities were EUR 17.5 (16.6) million and interest-bearing liabilities were EUR 14.9 (14.9) million.

In the second quarter of the year, EUR 34.0 million in dividends was paid to the Taaleri shareholders, and Taaleri Group's equity at the end of December was EUR 202.7 (229.7) million. The Group's equity ratio remained strong at 67.4% (72.1), and the Group's return on equity during the financial year stood at 9.9% (75.0), with the comparison period including the profit from the sale of the wealth management operations.

Business segments

Taaleri's continuing operations include two reported segments: Private Asset Management, which is divided to Renewable energy and Other private asset management, and Strategic Investments, which includes Garantia. The group Other presents Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments.

The segment-specific income statements are presented on pages 67–68.

Private Asset Management

In reporting, the Private Asset Management segment is divided into Renewable energy and Other private asset management. Renewable energy includes Taaleri Energia, which develops and invests in industrial-scale wind and solar power projects. It also manages investments throughout their lifecycle. The other areas within Private Asset Management include Taaleri's real estate, bioindustry and other businesses. Group investments that support the core business and the development of the businesses reported under the Private Asset Management segment are reported under the segment. Such investments include, for example, seed investments in new funds. Group investments are presented in further detail under segment information on page 69.

Private Asset Management, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	20.7	20.1	2.8%
Performance fees	19.4	11.4	69.7%
Investment operations	2.5	-0.5	n/a
Income	**42.6**	**31.0**	**37.1%**
Operating profit	**18.6**	**7.5**	**>100.0%**
Allocation of financing expenses	-1.8	-2.3	-19.4%
Profit before tax	**16.8**	**5.2**	**>100.0%**
Full-time permanent personnel, at the end of the period	72	67	7.5%

Private Asset Management segment's investments, EUR million	31.12.2022	31.12.2021	Change, %
Investments and receivables, fair value	**28.4**	**33.1**	**-14.1%**
Renewable energy	18.8	15.9	18.3%
Real estate	0.2	6.5	-97.4%
Bioindustry	9.4	6.8	38.8%
Other investments	0.1	3.9	-98.6%

Renewable energy

Renewable energy, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	14.6	15.2	-4.4%
Performance fees	10.3	6.2	67.3%
Investment operations	0.9	0.6	39.5%
Income	**25.8**	**22.0**	**16.9%**
Operating profit	**11.5**	**7.6**	**51.4%**
Allocation of financing expenses	-1.3	-1.5	-16.0%
Profit before tax	**10.2**	**6.1**	**68.7%**
Full-time permanent personnel, at the end of the period	42	36	16.7%
Assets under management, EUR billion	1.4	1.2	14.2%

January–December 2022

Continuing earnings from the renewable energy business decreased in the past financial year by 4.4% to EUR 14.6 (15.2) million, with the comparison period including EUR 0.9 million in non-recurring fees from the last closing of the Taaleri SolarWind II fund. Income increased by 16.9% to EUR 25.8 (22.0) million. A total of EUR 10.3 (6.2) million in performance fees was recognized in the past financial year, of which EUR 8.8 million is based on a management estimate. The result of investment operations in the renewable energy business for the financial year was EUR 0.9 (0.6) million, consisting mainly of exchange rate changes.

Operating expenses totalled EUR 14.2 (14.4) million, of which fee and commission expenses were EUR 5.3 (5.0) million and included a non-recurring expense of EUR 0.2 million from the buying out of the management fee profit sharing agreements of the Taaleri Wind II and Taaleri Wind III funds. Personnel costs totalled EUR 5.8 (6.1) million, of which fixed personnel costs were EUR 4.7 (4.3) million and variable personnel costs were EUR 1.2 (1.8) million. Operating profit for the renewable energy business in the past financial year was EUR 11.5 (7.6) million, corresponding to 44.7% (34.5) of income.

The renewable energy business announced its sixth fund, Taaleri SolarWind III, at the end of the financial year and started fundraising for the fund. The building of the project development portfolio for Taaleri SolarWind III proceeded as planned during the financial year. The goal is to have a project development portfolio of 25–35 projects before the planned closing of Taaleri SolarWind III's first funding round in the first half of 2023.

During the financial year, the renewable energy business also focused on the management and development of its 4.9-GW wind and solar portfolio in Europe, the United States and the Middle East. According to the Finnish Wind Power Association's statistics, Taaleri Energia was the largest wind power producer in Finland in 2022 with a market share of 12%. The Taaleri SolarWind II fund's projects in the construction phase in Finland, Spain, Croatia and the United States progressed according to plan during the review period, and the Escalade wind farm in Texas entered production. At the end of the past financial year, Taaleri SolarWind II had a total of seven wind and solar projects in the construction phase in Finland, Lithuania, Croatia and Spain. All projects in the construction phase are expected to be completed during 2023.

Other private asset management

Other private asset management, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	6.1	4.9	25.0%
Performance fees	9.0	5.2	72.5%
Investment operations	1.6	-1.2	n/a
Income	**16.8**	**9.0**	**86.6%**
Operating profit	**7.1**	**-0.2**	**n/a**
Allocation of financing expenses	-0.5	-0.7	-26.6%
Profit before tax	**6.6**	**-0.9**	**n/a**
Full-time permanent personnel, at the end of the period	30	31	-3.2%
Assets under management, EUR billion	1.1	1.0	11.4%

January–December 2022

Continuing earnings from Taaleri's real estate, bioindustry and other businesses during the past financial year grew by 25.0% to EUR 6.1 (4.9) million. A total of EUR 9.0 (5.2) million in performance fees were recognized during the financial year from the Taaleri Datacenter Ky co-investment after its exit of Ficolo Ltd, from the sale of the Taaleri Daycare Properties fund units, and EUR 2.0 million based on a management estimate. Income increased in the financial year by 86.6% to EUR 16.8 (9.0) million due to performance fees and profitable net income from investment operations. In line with its strategy, Taaleri is investing in the growth of the private asset management business, and this is reflected on a front-loaded basis in the increase in the number of employees and personnel costs. Operating expenses in Other private asset management totalled EUR 9.7 (9.2) million, of which personnel costs were EUR 4.2 (3.7) million and fee and commission expenses were EUR 3.1 (3.9) million. Operating expenses include an EUR 0.3 million write-down of goodwill as a result of the winding up of the infrastructure business. Operating profit in the financial year was EUR 7.1 (-0.2) million, corresponding to 42.3% (negative in the comparison period) of income.

In the financial year, the real estate business carried out a sale of Taaleri Daycare Properties fund units and made new investments both in Aktia's special mutual funds that are portfolio-managed by the real estate business and in Taaleri's own closed private equity funds. The investment activity of Taaleri Housing Fund VIII, which invests in rental housing under construction, was launched during the financial year, and the first investments of the fund are a 76-unit rental property to be built in Kirstinpuisto, Turku, and three rental properties with a total of 313 energy-efficient housing units to be built in the Helsinki Metropolitan Area.

The first private equity fund of the bioindustry business, Taaleri Bioindustry I, reached the size of over EUR 100 million during the financial year. The fund's anchor investor is the state-owned special-assignment company Ilmastorahasto Oy, and the fund will continue to raise funds in 2023. At the end of the financial year, Taaleri Bioindustry I made its first two investments in Colombier, a company producing ecological packaging, and Nordtreat, a company producing bio-based flame retardants.

During the financial year, the bioindustry business launched more detailed planning works for Joensuu Biocoal Oy, a bioindustry plant to be built in Joensuu as a co-investment project. The decision to invest in the plant, which will produce torrefied biomass, was made in January. Additionally, Taaleri's associated company Fintoil signed a significant offtake agreement with Swiss VARO Energy in June, and Fintoil's tall oil refinery started operations in September. The refinery's start of operations proceeded as planned.

Taaleri's private equity funds in a table

Renewable energy, EUR million	Founded	Product	Business area	AUM 31.12.2022	Stage of the fund
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Investing period
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Investing period
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Investing period
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				**1,379**	

Other private asset management, EUR million	Founded	Product	Business area	AUM 31.12.2022	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate		Invested
Taaleri Forest Fund III Ky	2014	Private equity fund	Real estate		Invested
Taaleri Housing Fund IV Ky	2010	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Investing period
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Investing period
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate		Fundraising
Managed accounts	2021-	Managed accounts	Real estate		Investing period
Real estate total				**816**	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Investing period
Joensuu Biocoal	2021	Co-investment	Bioindustry		Fundraising
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Fundraising
Bioindustry total				**163**	
Other funds total				**158**	
Other private asset management total				**1,137**	
Taaleri's Private Asset Management segment total, EUR million				**2,516**	

Assets under management in the Private Asset Management segment grew during the financial year by 12.9% to EUR 2.5 (2.2) billion. Assets under management in the renewable energy business grew by 14.2% to EUR 1.4 (1.2) billion and assets under management in the real estate business remained at the comparison period level of EUR 0.8 billion, while assets under management in the bioindustry business quadrupled to EUR 0.2 (0.0) billion due to fundraising for new fund products.

The assets under management of the Private Asset Management segment reported by Taaleri Group are assets that generate continuing earnings and include both equity and debt financing. If Taaleri's earnings are based on the amount of investment commitments, the assets under management are also based on the investment commitments. Assets under management in real estate mandates are gross assets under management in portfolio management mandates and market value of real estate portfolios under management in other real estate management mandates.

Strategic Investments

The Strategic Investments segment includes Garantia Insurance Company Ltd., an insurance company specializing in guaranty insurance, and the shares in Aktia Bank Plc, which Taaleri received as part of the transaction amount as a result of the sale of the wealth management operations.

Strategic Investments, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	18.0	17.6	2.2%
Performance fees	-	-	-
Investment operations	-9.9	12.7	n/a
Income	**8.1**	**30.3**	**-73.4%**
Operating profit	**3.2**	**24.4**	**-87.0%**
Allocation of financing expenses	-1.9	-1.8	7.0%
Profit before tax	**1.3**	**22.6**	**-94.4%**
Full-time permanent personnel, at the end of the period	18	22	-18.2%

Garantia

The objective of Garantia is to modernize collateral practices and provide customers with easy and cost-effective guaranty solutions and new business opportunities through digital channels. The company's business is divided into guaranty insurance and investment operations.

Garantia, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Net income from guaranty insurance operations	18.0	17.6	2.3%
- of which Earned premiums, net	18.2	17.9	2.1%
- of which Claims incurred, net	-0.3	-0.3	-9.5%
Net income from investment operations	-8.5	10.3	n/a
Other income	0.0	0.0	-64.8%
Income	**9.5**	**27.9**	**-65.9%**
Operating expenses	-4.9	-5.9	-17.1%
Operating profit	**4.6**	**22.0**	**-79.0%**
Allocation of financing expenses	-1.9	-1.8	7.0%
Profit before tax	**2.7**	**20.2**	**-86.5%**
Return on investments at fair value, %	-10.1	-1.0	>100%
Result at fair value before tax	-7.4	19.3	n/a
Full-time permanent personnel, at the end of the period	18	22	-18.2%

Garantia	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Claims ratio (IFRS), %	1.5%	1.7%	-0.2%-p.
Expense ratio (IFRS), %	26.8%	33.1%	-6.2%-p.
Combined ratio (IFRS), %	28.4%	34.8%	-6.4%-p.
Return on investments at fair value, %	-11.2%	6.1%	-17.3%-p.

Garantia	31.12.2022	31.12.2021	Change, %
Investment portfolio, fair value, MEUR	155	170	-9.3%
Guaranty insurance portfolio, MEUR	1,862	1,695	9.8%
Solvency ratio, %	231.3%	219.2%	12.1%-p.
Credit rating (S&P)	A-	A-	-

January–December 2022

Garantia's income in 2022 reached EUR 9.5 (27.9) million. The net income from guaranty insurance operations grew by 2.3% from the period of comparison and amounted to EUR 18.0 (17.6) million. The net income from guaranty operations was driven up by increased premiums earned and a sustained low level of claims incurred. The reduction in income was caused by the net income from investment operations, that decreased to EUR -8.5 (10.3) million. During the review period, the net income from investment operations was exceptionally weak due to pronounced increases in market interest rates, widening credit spreads and declining equity prices.

Operating expenses amounted to EUR 4.9 (5.9) million, of which personnel expenses were EUR 2.7 (3.7) million. Operating expenses came down mainly on account of decreased variable personnel expenses.

The operating profit was EUR 4.6 (22.0) million. The result at fair value before tax was EUR -7.4 (19.3) million. The combined ratio (IFRS) improved to 28.4% (34.8), thanks to growth in earned premiums, low level of claims incurred and improved cost efficiency.

Insurance operations

Garantia's earned premiums increased by 2.1% in 2022 compared to the previous year and amounted to EUR 18.2 (17.9) million. The growth in earned premiums was especially attributable to growing exposure amounts in the residential mortgage guaranty portfolio.

Gross guaranty insurance exposure grew by 9.8% during the year and amounted to EUR 1,862 (1,695) million at the end of the year. Of the total guaranty insurance exposure, EUR 1,310 (1,130) million, or 72% (67), was made up of consumer exposure and EUR 519 (565) million, or 28% (33), of corporate exposure. The consumer exposure includes residential mortgage guaranties and rent guarantees. The corporate exposure includes corporate loan guaranties, commercial bonds, and other business-related guarantees.

Claims incurred in the year amounted to EUR 0.3 (0.3) million. Claims ratio (IFRS) remained at a low level at 1.5% (1.7), and the ratio of claims, as a percentage of the guaranty insurance exposure[1], was 0.03% (0.04). The level of claims incurred in the review period remained overall low.

The expense ratio (IFRS) decreased to 26.8% (33.1), and the combined ratio (IFRS) improved to 28.4% (34.8). The profitability of insurance operations during the year was very good.

Investment operations

Net income from investment operations amounted to EUR -8.5 (10.3) million in 2022, and mainly consisted of interest income, fair value changes and realized losses. The change in the fair value of investment assets recognized in comprehensive income before taxes was EUR -10.1 (-1.0) million. Hence, net investment income at fair value totalled EUR -18.6 (9.3) million, resulting in a return of -11.2% (6.1). The development of the financial markets was exceptionally weak in the review period. Fixed-income investments saw impairments due to rising interest rates and widening credit risk spreads, and equity markets declined. At the end of the review period, the fair value of the investment portfolio was EUR 155 (170) million. The reduction in the value of investment assets was mainly the result of negative changes in fair value and the EUR 15.0 million dividend paid to the parent company.

[1]) The ratio of claims as a percentage of total guaranty insurance exposure is based on Garantia's FAS accounts, where claims expense also includes operating expenses attributable to claims handling. The total guaranty insurance exposure figure used is that from the end of the review period.

Risk position

The principal risks associated with Garantia's operations are the credit risks arising from guaranty insurance operations, and the market risks incurred in investment operations.

The risk position of Garantia's guaranty insurance operations has remained stable. Total guaranty insurance exposure grew compared to the end of the previous year. The proportion of consumer exposures increased, and the proportion of corporate exposures decreased.

Consumer exposures amounted to EUR 1,343 (1,130) million at the end of the financial year and represented 72% (67) of the total guaranty insurance exposure. The consumer exposures are made up of residential mortgage guaranties and rent guarantees underwritten to private households. The residential mortgage guaranty is a supplementary collateral underwritten to cover a housing loan. The rent guarantee protects landlords against tenants defaulting on obligations specified in lease contracts. Most of the consumer exposure is made up of the residential mortgage guaranty portfolio, the risk position of which did not see any material changes during the year. The portfolio is well diversified with respect to counterparty, geographical location of collateral property and underwriting year, and the creditworthiness of the counterparties in the portfolio is very good on average. The credit risks of the portfolio are in addition limited by means of an excess-of-loss portfolio reinsurance arrangement.

Corporate exposure amounted to EUR 519 (565) million at the end of the financial year and represented 28% (33) of the total guaranty insurance exposure. The corporate exposure is made up of corporate loan guarantees, commercial bonds, and other business-related guarantees. The guaranteed companies in the corporate portfolio mainly include medium and large Finnish companies and other organisations. The credit risks in the portfolio are, in addition to risk selection, managed by applying reinsurance, collaterals and risk-mitigating contractual arrangements.

The share of exposures with investment grade ratings of AAA...BBB- amounted to 23.0% (20.6), and the share of exposures rated BB- or better made up 67.0% (78.4) of all rated corporate exposures. The share of exposures with weak ratings of C+ or lower decreased slightly and stood at 2.2% (3.9). The creditworthiness of the corporate counterparties in the company's guaranty insurance portfolio has remained good on average, although the weakened economic outlook has had an impact on the creditworthiness of some counterparties.

The principal industry sectors in the corporate portfolio were manufacturing at 23,8% (28.3), construction at 17.2% (25.6), wholesale and retail trade at 15.6% (10.4), and financial and insurance services at 13.1% (5.5). The shares of other industry sectors were all less than 10% each.

Helsinki District Court has, through a ruling made on 31st October 2022, rejected an insurance claim-related complaint brought up against Garantia. The amount of the claim was EUR 5 million, with added penalty interest and legal expenses. The claim concerned a pension fund, a guaranty insurance customer of Garantia, that was placed in liquidation in 2011, and subsequently declared bankrupt in 2018. The ruling is final.

In investment operations, the risk level was reduced compared to the previous year, especially by decreasing the amount of interest rate and equity risks in the portfolio. At the end of the year, fixed-income investments (incl. cash & bank balances) made up 88.2% (83.2), equity & private equity investments 10.4% (15.9) and real estate investments 1.4% (0.9) of the investment portfolio (incl. cash, bank balances and accrued interest). Majority of the fixed income investments was made up of investments in bonds of Nordic companies, credit institutions and insurance companies with strong creditworthiness. The fixed-income investments also include bond funds that invest in government debt securities. The proportion of investment grade-rated fixed-income investments was 68.8% (73.4). The modified duration of the fixed-income investments was 2.3 (3.9).

Credit rating

On 7th November 2022, Standard & Poor's Global Ratings (S&P) confirmed Garantia Insurance Company's credit rating as A- with a stable outlook[2]. There have been no changes in the credit rating or the outlook since.

Shareholding in Aktia Bank Plc

In addition to Garantia, the Strategic Investments segment includes the shares in Aktia Bank Plc, which Taaleri received as part of the transaction amount as a result of the sale of the wealth management operations.

Shareholding in Aktia Bank Plc, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	-	-	-
Performance fees	-	-	-
Investment operations	-1.5	2.4	n/a
Income	**-1.5**	**2.4**	**n/a**
Operating profit	**-1.5**	**2.4**	**n/a**
Profit before tax	**-1.5**	**2.4**	**n/a**

January–December 2022

The shareholding produced during the financial year EUR -2.0 (2.0) million change in fair value and EUR 0.5 (0.4) million of dividends. The closing price for Aktia's share at the end of the financial year was EUR 10.22 (31.12.2021: 12,28) and the market value of the shareholding was EUR 10.0 (12.0) million.

[2] The credit rating concerns the company's Issuer Credit Rating (ICR), Financial Strength Rating (FSR) and Financial Enhancement Rating (FER).

Other

The group Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. On 31 December 2022, Taaleri's non-strategic investments totalled EUR 25.2 (23.7) million. The change in the portfolio during the financial year is mainly due to the transfer of real estate and other investments from the Private Asset Management segment's investments to non-strategic investments amounting EUR 8.2 million, the capitalization of Fellow Bank Plc amounting EUR 2.5 million, the exits carried out during the financial year, and the write-downs of the non-strategic investments amounting EUR -3.8 million. The Group investments are presented in further detail under segment information on page 69.

Other, EUR million	1.1.-31.12.2022	1.1.-31.12.2021	Change, %
Continuing earnings	2.4	3.0	-20.1%
Performance fees	-	-	-
Investment operations	10.2	5.4	88.9%
Income	**12.6**	**8.4**	**50.4%**
Operating profit	**5.5**	**-1.0**	**n/a**
Profit before tax	**8.3**	**0.7**	**>100.0%**
Full-time permanent personnel, at the end of the period	16	15	6.7%

Non-strategic investments, EUR million	31.12.2022	31.12.2021	Change, %
Investments and receivables, fair value	**25.2**	**23.7**	**6.6%**
Real estate	16.4	12.9	27.3%
Other investments	8.9	10.8	-17.9%

January–December 2022

During the past financial year, the income of the Other group totalled EUR 12.6 (8.4) million, of which the continuing earnings were EUR 2.4 (3.0) million. Net income from investment operations was EUR 10.2 (5.4) million.

During the financial year, Taaleri continued to exit non-strategic investments in accordance with its strategy. A transaction concerning the shares of Ficolo Ltd owned by Taaleri's co-investment and associated company Taaleri Datacenter Ky took place in July. Taaleri Group recognized a total profit of EUR 14.0 million from the transaction, of which EUR 7.5 million was consolidated as income from the associated company into net income from investment operations in the Other group. In addition, the net income of Other group's investment operations was affected by an earn-out of EUR 6.7 million from the Finsilva holding sold in 2016 and write-downs of EUR -3.8 million made in December on Taaleri's non-strategic investments.

The Other group's operating expenses during the past financial year were EUR 7.1 (9.4) million, of which personnel costs were EUR 3.4 (5.6) million. Personnel costs in the comparison period included EUR 1.8 million in severance payments to the previous CEO. External interest and finance costs decreased to EUR 0.9 (2.3) million. The Other group's operating profit for the past financial year was EUR 5.5 (-1.0) million.

Sustainability

Focuses in 2022
- We set concrete climate targets and develop impact measurement more broadly
- We continue the integration of sustainability work into business and reporting
- We promote the wellbeing at work of Taaleri employees
- We commit significant partners to Taaleri's sustainability goals

Focuses in 2023
- Planning and implementing the climate roadmap and preparing NZAM reporting
- Sustainable partnerships: better understanding of sustainability impacts in the value chain, due diligence and audits
- Sustainability data and reporting: regulatory compliance and preparation for regulatory developments, ensuring data availability and accuracy
- Promoting the wellbeing of personnel and expanding and developing related measurement

Progress Q4/2022
- We prepared for the new obligations of the Sustainable Finance Disclosure Regulation and Taxonomy Regulation and started to collect sustainability data from investees
- We organized personnel training on sustainable investment and related regulation
- We started a partnership to advance the collection and management of sustainability data
- We updated our Sustainability Policy, Sustainability Risk Policy and Code of Conduct to increase transparency on the implementation of sustainability work
- We created and implemented the Group's first separate Partner Code of Conduct agreement annex that takes sustainability issues into account
- We approved and adopted an updated work community development plan, which aims to promote the development of competence, wellbeing at work and the work community at Taaleri

In the last quarter of the year, we emphasized ensuring the Group's compliance in our sustainability work and the collection of sustainability data from investees to be reported for the fund investors in the spring of 2023. We organized training to ensure that our personnel are up to date on the new regulatory obligations related to sustainable finance. We launched a partnership to enhance the collection, management, and monitoring of sustainability data.

We updated and published the Group's Code of Conduct and created a separate Partner Code of Conduct to promote sustainable partnerships. We updated the Group's Sustainability Policy and Sustainability Risk Policy to respond more comprehensively to our stakeholders' questions about the management of our sustainability work and related processes. To further advance our net zero target, we refined the Group's emission calculations for our previously modelled Scope 2 and 3 emissions.

We approved and adopted an updated work community development plan, which aims to promote the development of Taaleri employees' competence, wellbeing at work and work community.

During 2022, we advanced our climate work by measuring and calculating Taaleri's absolute emissions, setting concrete emission reduction targets and committing the investees of our new funds to net zero targets. At the beginning of 2023, we will compensate for the emissions caused by business travel in 2022 with the Compensate service.

We promoted the integration of our sustainability work during 2022 by developing internal processes for sustainability risk and impact assessment, due diligence and active ownership, as well as for collecting data for sustainability reporting. In addition, we organized a total of three sustainability training courses for personnel.

We promoted sustainable partnerships by creating the Group's first Partner Code of Conduct. When forming new partnerships, we aim to commit the other party to our Code of Conduct or at least ensure the adequacy of their own Code of Conduct. In addition, we expanded the assessment of our sustainability impacts and risks further into our value chain. During 2023, we will seek a more comprehensive understanding of the practices and impacts of the actors in our value chain and develop internal processes related to partner auditing.

According to personnel surveys, the wellbeing at work of Taaleri employees improved even further in 2022. Hybrid work continued at Taaleri, making it easier to maintain a work-life balance. In addition, we set concrete goals to improve wellbeing at work.

In 2023, we will continue to focus on advancing our emission targets in our sustainability work. We are also investing more in knowing our value chain, assessing and measuring its sustainability impacts and ensuring appropriate operating methods. In addition, we are focusing on measuring and monitoring our own direct sustainability impacts. More accurate measurement and reporting of sustainability data will also help us prepare for tighter regulation. The fourth focus of our responsibility work in 2023 is the development and assessment of the wellbeing, equality and diversity of our personnel.

Changes in Group structure

Taaleri Plc established Taaleri Bioindustry Ltd during the financial year and sold 25.0 per cent of the company to the key personnel in the bioindustry business. Taaleri Investments Ltd sold part of its holding in Taaleri Kapitaali Oy to the company's minority shareholders, and Taaleri's holding in Taaleri Kapitaali Oy decreased to 50.0 (70.0) per cent. Additionally, Taaleri Investments Ltd acquired few holdings from non-controlling interest holders of Taaleri Energia Ltd, and Taaleri Group's joint holding in Taaleri Energia Ltd and the subgroup it forms, increased to 79.4 (78.6) per cent.

During the financial year, Taaleri decided to wind down the infrastructure business that was part of the Private Asset Management segment. As a result of the decision, Taaleri Private Equity Funds Ltd redeemed a 20.0 per cent non-controlling interest in Taaleri Infra I GP Oy, and the Taaleri Group wrote down of the goodwill arising from the company's acquisition in 2021 of EUR 0.3 million.

During the financial year, management companies and project companies, which are part of Taaleri's private asset management business, have also been established, acquired, sold and dissolved. Some of the management and project companies have minority shareholders that are key personnel in Taaleri's private asset management business.

Annual General Meeting 2022

Taaleri Plc's Annual General Meeting was held on 6 April 2022 in Helsinki.

Decisions of Taaleri Plc's Annual General Meeting

The General Meeting adopted the financial statements for the 2021 financial period, granted the members of the Board of Directors and the CEO discharge from liability and approved the Remuneration Report for governing bodies.

Deciding on dividend distribution

The General Meeting decided according to the proposal of the Board of Directors that a dividend of EUR 1.20 per share be paid based on the balance sheet adopted for the financial year ended 31 December 2021. The dividend was paid to shareholders who on the dividend record date of 8 April 2022 were entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The dividend was paid on 20 April 2022.

Deciding on the remuneration of members of the Board of Directors

The General Meeting decided that the members of the Board of Directors be paid annual remuneration as follows:
- Chairperson of the Board EUR 55,000 per year
- Deputy Chairperson of the Board EUR 41,000 per year
- Chairperson of the Audit Committee EUR 41,000 per year
- Member of the Board EUR 35,000 per year

The General Meeting decided that the members of the Audit Committee will be paid a meeting-specific fee of EUR 1,000 to the Chairperson of the Audit Committee and EUR 500 to all other members of the Audit Committee.

The annual remuneration will cover the entire term of office and Committee work.

The Annual General Meeting decided additionally that travel and accommodation expenses of the members are paid against invoices when the meeting of the Board of Directors and the Committees takes place outside members' domicile.

Deciding on the number of members and the members of the Board of Directors

The General Meeting decided that the number of the members of the Board of Directors be set as six (6).

Current members of Board of Directors, Elina Björklund, Petri Castrén, Juhani Elomaa, Hanna Maria Sievinen and Tuomas Syrjänen, were re-elected to the Board of Directors. Further, Jouni Takakarhu was elected as a new member of the Board.

Election of the chairman and deputy chairman of the Board of Directors

The General Meeting decided to elect Juhani Elomaa as the chairperson of the Board of Directors and Hanna Maria Sievinen as a deputy chairperson.

Selecting the auditor and deciding on the auditor's remuneration

The General Meeting decided that Ernst & Young Oy, a firm of authorised public accounts, be re-elected as the company's auditor for a term ending at the close of the next Annual General Meeting. Ernst & Young Oy has announced that Johanna Winqvist-Ilkka, Authorised Public Accountant, will act as the auditor with principal responsibility.

The General Meeting decided that the auditor's remuneration be paid based on invoices approved by the company.

Authorising the Board of Directors to decide on the purchase of the company's own shares

The General Meeting decided to authorize the Board of Directors to decide on the repurchase of the company's own shares using assets belonging to unrestricted equity on the following conditions:

Up to 2,000,000 shares may be repurchased, corresponding to 7.05% of all the company's shares. The repurchase may be made in one or more instalments.

The purchase price per share shall be the price given on the Helsinki Stock Exchange or another market-based price.

The shares may be repurchased to develop the company's capital structure, to finance or implement corporate acquisitions, investments or other arrangements related to the company's business operations, to be used as part of the company's incentive scheme, or to be cancelled if justified from the point of view of the company and its shareholders.

The authorisation issued includes the right to decide whether the shares will be repurchased in a private placement or in proportion to the shares owned by shareholders. The repurchase may take place through private placement only if there is a weighty financial reason for it from the company's perspective.

The Board of Directors has the right to decide on other matters concerning the repurchase of shares.

This authorisation is valid for 18 months from the date of the close of the Annual General Meeting.

This authorisation cancels the authorisation to purchase the company's own shares issued at the General Meeting of 25 March 2021.

Authorising the Board of Directors to decide on share issue and the issuance of option rights and other special rights entitling to shares

The General Meeting decided to authorise the Board of Directors to decide on the issue of new shares and the assignment of treasury shares in the possession of the company and/or the issuance of option rights or other special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act, on the following terms:

The Board of Directors may issue new shares and assign treasury shares in the possession of the company up to a maximum of 2,500,000 shares, corresponding to 8.82% of all the company's shares.

The new shares may be issued and the treasury shares possessed by the company may be assigned and/or option rights or other special rights entitling to shares may be issued to the company's shareholders in proportion to their ownership of shares or deviating from the shareholder's pre-emptive subscription right in a private placement, if there is a weighty financial reason for it from the point of view of the company, such as using the shares as consideration in potential corporate acquisitions or other arrangements that are part of the company's business operations, or to finance investments or as part of the company's incentive scheme.

The Board of Directors may also decide on a free-of-charge share issue to the company itself.

The new shares and/or option rights or other special rights entitling to shares may be issued and the shares possessed by the company may be assigned either against payment or without payment. A private placement may only be without payment if there is an especially weighty reason for it from the point of view of the company and taking into account the benefit of all its shareholders.

The Board of Directors will decide on all other factors related to share issues and the assignment of shares and decide on all terms and conditions of the option rights and other special rights entitling to shares.

The authorisation is valid until the end of the next Annual General Meeting, however no longer than 30 June 2023.

This authorisation cancels the authorisation regarding the share issue issued at the General Meeting on 25 March 2021.

The maximum ratio between fixed and variable components of remuneration

The General Meeting decided that a maximum ratio limit of 200% concerning the ratio between fixed and variable components of remuneration as decided by the General Meeting on 28 February 2017 will not be applied to employees of Taaleri Plc or its subsidiaries.

Decisions regarding the organisation of Taaleri Plc's Board of Directors

Hanna Maria Sievinen, Petri Castrén and Jouni Takakarhu were elected as members of the Board of Directors' Audit Committee. The Board of Directors elected Hanna Maria Sievinen as Chairperson of the Audit Committee.

Juhani Elomaa, Tuomas Syrjänen and Elina Björklund were elected as members of the Board of Directors' Remuneration Committee. The Board elected Juhani Elomaa as Chairperson of the Remuneration Committee.

Taaleri's personnel

The number of permanent full-time employees in the Group's continuing operations at the end of the financial year was 106 (104). The number of permanent full-time employees in the Private Asset Management segment was 72 (67) and in the Strategic Investments segment 18 (22). The number of permanent full-time employees in the Other group was 16 (15). 96% (97) of the personnel were employed in Finland.

Taaleri Group's personnel costs in October–December were EUR 3.8 (7.1) million, of which fixed personnel costs were EUR 3.5 (3.4) million. In January–December, Taaleri Group's personnel costs were EUR 16.2 (19.0) million, of which fixed personnel costs were EUR 12.5 (12.2) million.

Incentive schemes

Performance Share Plan 2021–2025

On June 17, 2021, Taaleri Plc's Board of Directors decided on a new share-based incentive scheme for the Group's key personnel. If a participant's employment or managerial contract expires before the reward is paid, the rewards of the plan will generally not be paid. The share-based incentive scheme for key personnel 2021–2025 has three earning periods: calendar years 2021–2023, 2022–2024 and 2023–2025. The Board of Directors decides on the scheme's earning criteria and the targets to be set at the beginning of each earning period.

The reward of the scheme in the earning period 2021–2023 is based on the total return per share (TSR) of Taaleri Plc. Any reward earned for the earnings period 2021–2023 will be paid at the end of the earnings period in spring 2024, partly in company shares and partly in cash. The purpose of the cash contribution is to cover taxes and tax-like payments incurred by the key personnel from the remuneration. The gross rewards to be paid for the earning period 2021–2023 corresponds to a maximum total value of 185,000 Taaleri Plc shares, including the portion to be paid in cash. The target group of the scheme of the earning period 2021–2023 include approximately 10 key personnel, including some members of the Executive Management Team.

On December 14, 2022, Taaleri Plc's Board of Directors decided on the launch of the earning period 2022–2024. The plans target group includes approximately 18 key employees, including the members of the Group Executive Management Team, except for the CEO. The potential reward of the plan from the earning period 2022–2024 depends on the total shareholder return of the Taaleri Plc share. The maximum reward of the plan is 183,000 shares including the portion to be paid cash. The cash portion is intended to cover taxes and tax-related expenses arising from the reward to the participant. The potential reward will be paid approximately in April 2025.

CEO's option plan

On April 6, 2022, Taaleri Plc's Board of Directors decided to launch a new stock option plan for the CEO of the company. The prerequisite for the receipt of stock options was that the CEO acquiries Taaleri Plc shares from the market worth of 400,000 euros in spring 2022. The maximum total number of stock options issued is 300,000 and they entitle the CEO to subscribe for a maximum total of 300,000 new shares in the company or existing shares held by the company. The stock options are issued gratuitously. Of the stock options, 100,000 are marked with the symbol 2022A, 100,000 are marked with the symbol 2022B and 100,000 are marked with the symbol 2022C.

Employee Share Savings Plan: Plan period 2022–2025

On May 6, 2022, Taaleri Plc's Board of Directors decided on a new share-based incentive for the employees of Taaleri Plc and its subsidiaries. The aim of the plan is to encourage employes to acquire and own Taaleri shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' motivation and long-term commitment to the company. The Employee Share Savings Plan (ESSP) consists of plan periods that commence every second year. Taaleri's Board of Directors will decide on each plan period and its details separately. In the plan period 2022–2025, Taaleri Plc's employees have the opportunity to save a proportion of their salaries and invest those savings in Taaleri shares. The savings will be used for acquiring Taaleri shares quarterly after the publication dates of the respective interim reports. As a reward for commitment, the employees are granted with one gross matching share for each savings share acquired with their savings. If a participant's employment or managerial contract expires or if the participants sell their savings shares before the matching share reward is paid, the matching reward of the plan will generally not be paid. The gross matching reward is paid partly in company shares and partly in cash after the holding period, approximately in July 2025. The purpose of the cash contribution is to cover taxes and tax-like payments incurred by the personnel from the remuneration.

Matching Share Plan 2022

On November 4, 2022, Taaleri Plc's Board of Directors decided on the establishment of a new share-based incentive plan for the company's Head of Sales. The plan consists of one matching period starting on 4 November 2022 and ending on 31 December 2025. The prerequisite for receiving the matching reward is that the participant acquires company's shares in advance and that his employment with the company is valid until the reward payment. The achievement of the target set for the amount of assets under management by the company will affect the size of the reward multiplier. The reward value corresponds to the value of a maximum of 21,041 Taaleri Plc shares, including also the potential proportion to be paid in cash (gross reward), calculated on the basis of the current share price and assuming that the participant invests in the shares the maximum amount set by the Board of Directors and the company's target for the reward multiplier is achieved. The plan rewards will be paid partly in company shares and partly in cash, approximately in March 2026. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to the participant.

Changes In Taaleri's management

On 11 April 2022, Taaleri Plc announced changes in Taaleri's Executive Management Team. Taaleri appointed Mikko Ervasti as the Group's Head of Sales and a member of the Executive Management Team. He took up his position on 2 May 2022.

On 1 July 2022, Taaleri Plc announced the appointment of Pasi Erlin as the new Group's General Counsel and member of the Executive Management Team. He took up his position on 12 September 2022. At the same time, Janne Koikkalainen, the Group's former General Counsel, left the Executive Management Team.

Shares and share capital

Taaleri's share on Nasdaq Helsinki

1–12/2022	No of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
TAALA	5,605,644	63,712,300	14.82	8.97	11.37	11.18

* Volume weighted average

Taaleri's share has been listed on Nasdaq Helsinki, among mid-cap companies, since 2016. The trading code is TAALA. On 31 December 2022, the company possessed 45,000 (45,000) treasury shares. At the end of the financial year, the company had 10,201 (7,695) shareholders.

On 31 December 2022, Taaleri Plc's shareholders' equity was EUR 125,000.00 and the company had 28,350,620 registered shares.

Flaggings during January–December 2022

During the financial year, there were no changes in shareholdings that would have required a flagging notification.

Shareholders by sector 31.12.2022

Sector	Shares	Of shares, %
Private companies	9,292,707	32.8%
Financial and insurance corporations	1,987,911	7.0%
Public sector organizations	30,837	0.1%
Non-profit institutions	14,545,504	51.3%
Households	226,869	0.8%
Nominee registrations and direct foreign shareholders	2,266,792	8.0%
Total	**28,350,620**	**100.0%**

Shareholders by the number of shares held 31.12.2022

Number of shares	Shareholders	Of shareholders, %	Shares	Of shares, %
1–100	4,732	46.4%	220,358	0.8%
101–500	3,396	33.3%	888,643	3.1%
501–1,000	966	9.5%	767,544	2.7%
1,001–5,000	717	7.0%	1,539,970	5.4%
5,001–10,000	157	1.5%	1,198,853	4.2%
10,001–50,000	180	1.8%	3,698,000	13.0%
50,001–100,000	20	0.2%	1,446,068	5.1%
100,001–500,000	25	0.2%	5,595,284	19.7%
500,001–	8	0.1%	12,995,900	45.8%
Total	**10,201**	**100.0%**	**28,350,620**	**100.0%**

Ten largest shareholders 31.12.2022

Shareholder	Shares	Of shares, %
1. Veikko Laine Oy	3,248,582	11.5%
2. Oy Hermitage Ab	2,920,308	10.3%
3. Elomaa Juhani	1,793,690	6.3%
4. Vakuutusosakeyhtiö Henki-Fennia	1,469,677	5.2%
5. Haaparinne Karri	1,453,223	5.1%
6. Swiss Life Luxembourg S.A.	765,746	2.7%
7. Mathur Ranjit	513,000	1.8%
8. Lampinen Petri	480,000	1.7%
9. AC Invest Five B.V.	400,000	1.4%
10. Neva-Aho Ronnie	320,051	1.1%
Total	**13,364,277**	**47.1%**
Nominee registrations	**1,009,923**	**3.6%**

Shares owned by the Board of Directors 31.12.2022

The shareholdings include organizations with controlling interests.

Shareholder		Shares	Of shares and voting rights, %
Chairperson	Juhani Elomaa	1,793,690	6.3%
Member	Elina Björklund	12,000	0.0%
Member	Hanna Maria Sievinen	7,900	0.0%
Member	Tuomas Syrjänen	7,782	0.0%
Member	Petri Castrén	4,000	0.0%
Total		**1,825,372**	**6.4%**

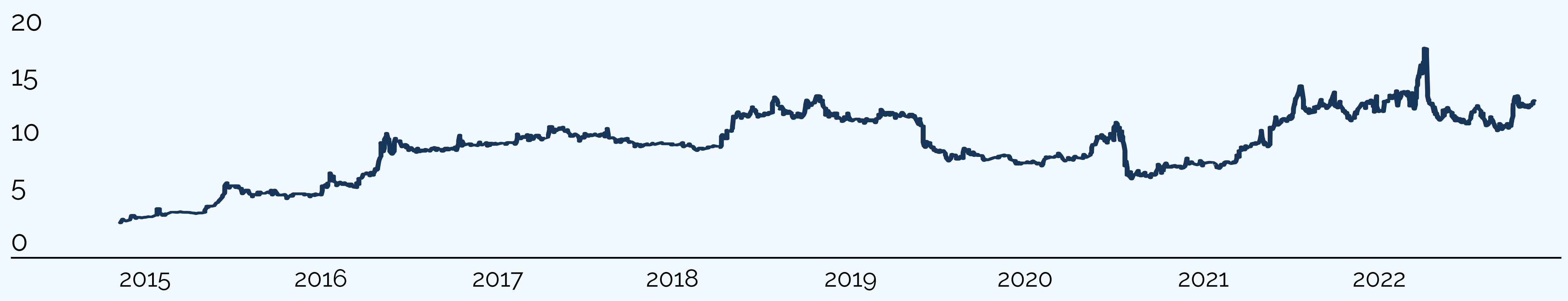
Shares owned by the Group Executive Management Team 31.12.2022

The shareholdings include organizations with controlling interests.

Shareholder		Shares	Of shares and voting rights, %
MD, Garantia Insurance Company Ltd	Titta Elomaa	53,006	0.2%
CEO	Peter Ramsay	39,934	0.1%
CFO	Minna Smedsten	30,578	0.1%
Head of Sales	Mikko Ervasti	4,433	0.0%
Director, Real Estate	Essi Sten	491	0.0%
Director, Bioindustry	Tero Saarno	434	0.0%
Head of Communications and IR	Siri Markula	314	0.0%
Total		**129,190**	**0.5%**

Share price development

The chart represents the price development of Taaleri's share since listing from April 20, 2013, to December 31, 2022:



Capital adequacy

The Taaleri Group forms an insurance company group according to Chapter 26 of the Insurance Companies Act and is supervised by the Finnish Financial Supervisory Authority. According to the FSA's decision, as the parent company of an insurance company group, Taaleri Plc fulfills the definition of a multi-sector holding company according to Chapter 26, section 1, subsection 1, point 10 of the Insurance Companies Act.

On October 29, 2021, the Financial Supervision Authority decided that the Taaleri Group would no longer fall within the scope of the Act on the Supervision of Financial and Insurance Conglomerates (RaVa) after the sale of its wealth management operations.

Taaleri Private Equity Funds Ltd and Taaleri Energia Funds Management Ltd are licensed as alternative fund managers by the Financial Supervisory Authority. Garantia Insurance Company Ltd is an insurance company operating under the supervision of the Finnish Financial Supervisory Authority. Taaleri Plc's operations are regulated especially by the requirements of a listed company, and Garantia is mainly responsible for meeting the requirements set by the Insurance Companies Act in the Taaleri Group.

Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency strengthened during the year mainly thanks to a decreased solvency capital requirement. The company's basic own funds amounted to EUR 105.3 (117.0) million at the end of the year, and the solvency capital requirement amounted to EUR 45.5 (53.4) million. The solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 231.3% (219.2).

Basic own funds decreased mainly due to the comprehensive loss reported for the period, resulting from decreased fair values of investment assets. The basic own funds include foreseeable dividends as a reduction, the amount of which on the other hand, came down from the previous year.

The decrease in the solvency capital requirement was mainly attributable to decreased capital requirements for market risks. The decrease in the capital requirement for market risk was mainly due to reduced equity and credit spread risks. Risk reduction was also affected by the lowered value of the investment portfolio, and changes in the investment allocation executed during the year. In addition, the underwriting risk related capital add-on decreased from the previous year.

Solvency II capital adequacy regulations do not fall within the sphere of statutory audit, and hence the Solvency II figures have not been audited.

Risk management and risk position

The task of risk management is to identify, assess, measure, treat and control risks in all Taaleri Group's businesses that influence the realization of the Group's strategic and operative goals, as well as to oversee compliance with the principles approved by the Taaleri Plc's Board of Directors.

Risk management aims to mitigate the likelihood of unforeseeable risks being realized, and their influence on and the threat they present to Taaleri Group's business operations. Risk management supports achievement of strategic goals by promoting better utilization of opportunities in all activities and more efficient distribution of risk-taking capacity to the different functions and projects within the defined risk appetite framework.

Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk and operational risk (including compliance risk). Sustainability- and climate risks include in the risks abovementioned. Taaleri's risks and risk management are described in more detail in Note 37 of the Group financial statements.

The risk capacity of the Taaleri Group consists of a properly optimized capital structure, profitability of business operations and qualitative factors, including good corporate governance, internal control, and proactive risk and capital adequacy management. Taaleri Group's attitude towards risk-taking is based on careful consideration of an adequate risk/return relationship. Taaleri Plc's Board of Directors has decided that the Group may not in its activities take a risk that jeopardizes the target level set for the company's own funds.

Segment-specific risks

Taaleri's continuing operations include two reported segments: Private Asset Management, which is divided to Renewable energy and Other private asset management, and Strategic Investments, which includes Garantia Insurance Company. The group Other presents Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments.

Private Asset Management segment

In reporting the Private Asset Management segment is divided into Renewable energy and Other private asset management. Renewable energy includes Taaleri Energia, which develops and invests in industrial-scale wind and solar power projects. It also manages investments throughout their lifecycle. The other areas within Private Asset Management include Taaleri's real estate, bioindustry and other businesses. Group investments that support the core business and the development of the businesses reported under the Private Asset Management segment are reported under the segment.

The main risks of Taaleri's private equity fund operations consist mainly of operational risks, risks relating to own investment projects, and, to a slight extent, credit risks. The result of the business is influenced by the development of assets under management, which depends among other things on the progress of private equity fund projects, the development of capital markets and the success of the cooperation with Aktia. The profit development is also influenced by the realization of performance fees and the success of own investment projects. On the other hand, private equity fund management fees are based on long-term contracts that bring in a steady cash flow.

The objective of the renewable energy business is to channel assets under management to renewable energy production projects and to other energy projects supporting sustainability. The goal is to internationalize and expand the renewable energy business considerably, which naturally increase the risks relating to the growth and internationalization of the operations. The earnings of the renewable energy business are impacted by its success in finding suitable projects, its ability to identify all risks related to renewable energy's international development, construction, financing and operations, and its success in the internationalization of its operations. The earnings of the renewable energy business are also affected by the success of its own investments in energy projects.

Strategic Investments segment

The objective of Garantia is to modernize collateral practices and provide customers with easy and cost-effective guaranty solutions and new business opportunities through digital channels. The company's business is divided into guaranty insurance and investment operations.

The insurance and investment activities carried out by Garantia Insurance Company are central to Taaleri's risk position. The main risks associated with Garantia's business operations are credit risks arising from guaranty operations, the market risk regarding investment assets, and regulatory risks. In residential mortgage guaranties, Garantia is dependent on cooperation with its distribution partners. Garantia's capital adequacy is strong, and its risk position has remained stable.

Other group

The group Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. The most significant risks of the Other group consist primarily of private investments and financing granted by Taaleri Sijoitus Oy as well as of credit risks related to Taaleri Plc's granted loans and receivables from credit institutions. In addition to the commission income of Taaleri Kapitaali, the Other group's earnings consist of the fair value changes in investments and of profits/losses gained in connection with the sales of its investments. The earnings and results of the Other group may thus vary significantly between periods under review.

Short term risks and concerns

The Russian invasion of Ukraine in late February increased uncertainty in the operating environment. Since Taaleri has no business operations or investments in Russia or Ukraine, the changed geopolitical situation does not have a direct impact on our business. However, the war may increase the country risk in Finland and cause uncertainty among investors. The strong transition to renewable energy may intensify competition in project development and, in turn, increase costs. Interest rates have risen, risk premiums have increased, and inflation has accelerated. This has prompted central banks to tighten monetary policy considerably, which has increased the likelihood of a recession. The impact of the pandemic is expected to diminish as COVID-19 restrictions have been lifted despite the spread of new variants.

Taaleri's risks and risk management are described in more detail in Note 37 of Group financial statements.

Statement of non-financial information

We are voluntarily publishing this statement following the content requirements of Chapter 3a of the Accounting Act, although Taaleri, due to its size, is not currently bound by this chapter or related EU-level legislation.

Taaleri carries out investment activities in many different forms. We manage private equity funds that invest client assets, and in addition to the funds, our private asset management business includes co-investments and mandates. The Private Asset Management segment consists of, for example, renewable energy, real estate and bioindustry businesses. Garantia Insurance Company Ltd, which is part of Taaleri's Strategic Investments segment, has investment activities. In addition, we invest Taaleri's own funds in investees that support our businesses.

Taaleri's sustainability work includes environmental, social and employee-related matters, respect for human rights and prevention of corruption, bribery, and money laundering. We also define other material sustainability themes for our operations. In this process, we take into account the principle of double materiality, i.e. the direct and indirect effects of our own operations on various sustainability factors and the effects of the environment on our operations, as well as the expectations of our stakeholders. Depending on the business area and product, we emphasize different aspects of sustainability in key sustainability issues and in sustainability work principles.

We publish information on the principal adverse sustainability impacts, sustainability risks, and the positive impact and opportunities of our operations, key performance indicators, ethical principles and the results of their implementation. This information is included in Taaleri's Code of Conduct, Group-level and business-specific sustainability and sustainability risk policies, the AIFM statement on the principal adverse impacts of investment decisions on sustainability factors, the Group's annual report, and periodic reports of the funds.

Taaleri's Code of Conduct defines our values and our way of working. Taaleri's Sustainability Policy clarifies our approach to and principles of sustainable investing, as well as our processes for assessing our impacts and stakeholder engagement.

Our Sustainability Policy also describes the approach and processes regarding due diligence and active ownership. These methods include compliance with the precautionary principle in environmental matters, compliance with the UN Guiding Principles on Business and Human Rights in social matters, and, among others, compliance with the OECD Guidelines for Multinational Enterprises in governance matters.

The Sustainability Risk Policy describes the material sustainability risks identified by Taaleri, caused by our operations and actions. The policy also describes how external sustainability risks are taken into account in the Group's own operations and as part of investment activities. We have identified as key climate risks, among other things, the effects of the physical acute and chronic climate-related hazards on the value of our investments and the businesses we invest in, as well as on the Group's operations. These include extreme weather phenomena caused by global warming, temperature fluctuations and changes in soil moisture balance. These phenomena increase the risk of increases in the construction, service, repair, maintenance, and raw material costs of investees. The realization of these risks, on the other hand, may have an impact on the profitability of investments and on fund raising. The most significant climate-related transition risks for the Group's operations are the tightening related to regulation and compliance, which may increase costs.

Other key sustainability risks related to our value chain include risks of violations of human rights in the supply chain of our investments and the uncertainty regarding the comprehensive implementation of good governance in all of our geographical operating areas. In the future, the risks related to biodiversity will particularly affect our bioindustry business.

The management of sustainability risks has been integrated into Taaleri's overall risk management, which is described in this Board of Directors' Report in the sections Risk management and risk position and Short-term risks and concerns, as well as the mentioned notes in the financial statements. The key sustainability indicators we report in our annual report include general indicators regarding good governance, employee matters, as well as environmental impacts, such as greenhouse gas emissions, water consumption, the amount of waste generated, and GHG-emission reduction achieved through our private equity funds. We report this information with reference to the revised GRI reporting standards.

No violations or non-compliance of Taaleri's principles or policies were detected during the reporting period. We monitor the implementation of internal governance and compliance through, among other things, Taaleri's digital whistleblowing channel and remuneration processes. Our whistleblowing channel is open to both personnel and all other stakeholders. This grievance mechanism assures the anonymity of the whistleblower.

According to our remuneration policy, we withhold or limit performance-related bonuses/variable remuneration if the individual's performance has not met or complied with Group-level and/or business-specific sustainability principles. In addition, our remuneration criteria for 2023 considers business-specific strategic sustainability targets more extensively.

Material events after the financial period

Taaleri announced on 8 February 2023 that it expands its business to energy storage systems. Taaleri's renewable energy business Taaleri Energia is investing in a 30 MW / 36 MWh battery energy storage system in Lempäälä, some 25 kms south of Tampere. The facility will be one of the largest battery energy storage systems operating in the Finnish frequency reserve market.

Helsinki, 16 February 2023
Taaleri Plc
Board of Directors

Key figures

The Group

Unless otherwise stated, the key figures regarding the consolidated income statement presented in the table below have been calculated on the basis of the Group's consolidated income statement, which applies IFRS 5, and the result of discontinued operations is reported separately from income and expenses from continuing operations. The key figures for the comparison periods have been adjusted accordingly. The key figures regarding the consolidated income statement presented in the explanatory part of this Board of Directors' Report have been calculated on the basis of the Group's segment reporting, unless otherwise stated.

	2022	2021	2020
Income, EUR 1,000	61,030	72,629	33,950
Operating profit (-loss), EUR 1,000	27,372	28,785	9,649
- as percentage of income	44.8%	39.6%	28.4%
Segments' operating profit excluding investment operations, EUR 1,000	24,517	13,234	9,174
- as percentage of segments' income	40.6%	25.4%	24.9%
Net profit for the period, EUR 1,000	21,323	136,126	12,961
- as percentage of income	34.9%	187.4%	38.2%
Basic earnings per share, EUR	0.73	4.81	0.45
Diluted earnings per share, EUR	0.72	4.71	0.44
Return on equity % (ROE)	9.9%	75.0%	10.0%
Return on equity at fair value % (ROE)	4.3%	74.8%	9.9%
Return on assets % (ROA)	6.9%	46.4%	4.8%
Cost/income ratio	59.5%	58.9%	81.0%
Cost/income ratio excluding investment operations	62.0%	80.7%	84.4%
Price/earnings (P/E)	15.3	2.3	17.9
Full-time permanent personnel, at the end of the period	106	104	200
Full-time permanent personnel, avg	103	138	192
Equity ratio -%	67.4%	72.1%	49.7%
Net gearing -%	-15.6%	-16.7%	29.3%
Equity/share, EUR	7.18	8.14	4.74
Dividend or distribution of funds /share, EUR [1]	0.70	2.20	0.32
Dividend or distribution of funds / earnings, %	96.1%	45.8%	70.4%

	2022	2021	2020
Effective dividend yield, %	6.3%	19.6%	3.9%
Loan receivables, EUR 1,000	6,243	6,021	6,699
Conglomerate's capital adequacy ratio, % [2]	-	-	181.5%
Financing sector capital adequacy ratio, % [2]	-	-	37.9%
Number of shares at the end of period [3]	28,305,620	28,305,620	28,305,620
Average number of shares [3]	28,305,620	28,305,620	28,305,620
Share average price, EUR	11.37	10.15	7.26
- highest price, EUR	14.82	12.50	9.76
- lowest price, EUR	8.97	7.80	5.82
- closing price, EUR	11.18	11.20	8.12
Market capitalization, EUR 1,000 [3]	316,457	317,023	229,842
Shares traded, thousands	5,606	7,826	4,104
Shares traded, %	20%	28%	14%

[1] Distribution of funds EUR 0.70 per share for the financial year 2022 represents Board of Directors' proposal for a divided for the result of the financial year 2022. Distribution of funds EUR 2.20 per share for the financial year 2021 is distributed as follows: Annual General Meeting's decision for the result of the financial year 2021 EUR 1.20 per share and an additional dividend and return of capital of EUR 1.00 per share distributed on 8 June 2021.
[2] According to the decision of the Financial Supervisory Authority on 29 October 2021, Taaleri no longer forms a RaVa conglomerate, and Taaleri no longer reports the conglomerate's solvency ratio. Investment services business is no longer part of Taaleri Group starting from 1 May 2021 and therefore Taaleri does not report its financing sector capital adequacy anymore.
[3] Reduced by own shares acquired.

Insurance operations key figures

Taaleri's insurance business operations consist entirely of Garantia. Insurance Company Ltd. Garantia Insurance Company Ltd has been consolidated from 1 April 2015.

EUR 1,000	2022	2021	2020
Net income from insurance	**17,969**	**17,561**	**14,614**
Earned premiums, net	18,244	17,865	14,885
Claims incurred, net	-275	-304	-270
Other income	**15**	**44**	**33**
Net income from investment operations	**-8,453**	**10,315**	**2,534**
Operating expenses	**-4,897**	**-5,907**	**-5,281**
Allocation of financing expenses	**-1,900**	**-1,775**	**-1,738**
Profit before tax	**2,733**	**20,237**	**10,163**
Change in fair value of investments	**-10,141**	**-967**	**195**
Profit before tax at fair value	**-7,408**	**19,270**	**10,359**
Combined ratio, %	28.4%	34.8%	37.3%
Claims ratio, %	1.5%	1.7%	1.8%
Expense ratio, %	26.8%	33.1%	35.5%
Return on investments at fair value, %	-11.2%	6.1%	1.8%
Solvency ratio (S2), % [1)]	231.3%	219.2%	229.4%
Insurance exposure, EUR million	1,862	1,695	1,817
Full-time permanent personnel, at the end of the period	18	22	21
Full-time permanent personnel, avg	19	21	21

[1)] The key figures based on the Solvency II regulations do not fall within the sphere of statutory auditing under the Insurance Companies Act. The related key figures have not been audited.

Key figures accounting principles

Key figure	Numerator	Denominator
Basic earnings per share, EUR	Profit or loss attributable to ordinary shareholders of the parent company	Weighted average number of ordinary shares outstanding - repurchased own shares
Diluted earnings per share, EUR	Profit or loss attributable to ordinary shareholders of the parent company	Weighted average number of ordinary shares outstanding + dilutive potential ordinary shares - repurchased own shares

Alternative performance measures

The Alternative Performance Measures (APMs) are presented to illustrate the financial performance of business operations and to improve comparability between reporting periods. They should not be replacements for the performance measures defined in IFRS standards.

Key figure	Numerator	Denominator
Segments' operating profit excluding investment operations, % of segments' income	(Segments' operating profit - segments' investment operations) x 100	(Segments' income - segments' investment operations)
Return on equity (ROE), %	Profit for the period x 100	Total equity (average of the beginning and end of the year)
Return on equity at fair value %, (ROE)	Total comprehensive income for the period x 100	Total equity (average of the beginning and end of the year)
Return on assets (ROA), %	Profit for the period x 100	Balance sheet total (average of the beginning and end of the year)
Cost/income ratio, %	Fee and commission expense + interest and other financing expense + administrative expenses + depreciation + other operating expenses	Total income + share of associates' profit or loss
Cost/income ratio, % excluding investment operations	Fee and commission expense + interest and other financing expense + administrative expenses + depreciation + other operating expenses	Fee and commission income + net income from guaranty insurance operations + interest income + other operating income
Price/Earnings (P/E)	Price of share at the end of the period	Earnings/share
Equity ratio, %	Total equity x 100	Balance sheet total
Gearing ratio, %	(Interest-bearing liabilities - cash and cash equivalents) x 100	Total equity
Equity/share, EUR	Equity attributable to ordinary shareholders of the parent company	Number of shares at end of period - repurchased own shares
Dividend/share, EUR	Dividend payable for the financial period x 100	Weighted average number of ordinary shares outstanding - repurchased own shares
Dividend/earnings, %	Dividend/share x 100	Basic earnings per share
Effective dividend yield, %	Dividend/share x 100	Price of share at the end of the period
Conglomerate's capital adequacy ratio, %	Conglomerate's total capital base	Conglomerate's minimum requirement of total capital base
Total capital in relation to risk-weighted items	Total Capital (TC)	Risk-weighted items (Total risk)
Common equity tier in relation to risk-weighted items	Common Equity Tier (CET1)	Risk-weighted items (Total risk)
Market capitalization	Number of shares at end of financial period, less repurchased own shares, multiplied by stock exchange price at end of financial period	
Shares traded, %	Shares traded during the financial period x 100	Weighted average number of ordinary shares outstanding

Key figures for insurance operations

Combined ratio (IFRS), %	Claims ratio, % + Expense ratio, %
Claims ratio (IFRS), %	$\dfrac{\text{Claims incurred, net x 100}}{\text{Earned premiums, net}}$ This key figure is calculated after the share of the reinsurers.
Expense ratio (IFRS), %	$\dfrac{\text{Operating expenses x 100}}{\text{Earned premiums, net}}$ This key figure is calculated after the share of the reinsurers.
Solvency ratio (S2), %	$\dfrac{\text{Basic own funds x 100}}{\text{Solvency capital requirement (SCR)}}$

Group Financial Statements

Consolidated income statement

EUR 1,000	Note	1.1.–31.12.2022	1.1.–31.12.2021
Continuing operations			
Fee and commission income	3	42,945	32,211
Net income from insurance	4	9,515	27,875
From guaranty insurance operations		17,969	17,561
From investment operations		-8,453	10,315
Net gains or net losses on trading in securities and foreign currencies	5	5,454	8,038
Income from equity investments	6	1,816	2,163
Interest income	7	1,139	1,475
Other operating income	8	159	867
Total income		**61,030**	**72,629**
Fee and commission expense	9	-10,035	-8,325
Administrative expenses			
Personnel costs	10, 43	-16,593	-20,674
Other administrative expenses	11	-6,076	-5,295
Depreciation, amortisation and impairment of tangible and intangible assets	12, 49	-1,203	-788
Other operating expenses	13, 49	-3,715	-4,615
Expected credit losses from financial assets measured at amortised cost	14	166	-2,235
Impairment losses on loans and other receivables		-	-649
Share of associates' profit or loss	46	3,797	-1,263
Operating profit		**27,372**	**28,785**
Interest and other financing expenses	15, 49	-953	-2,362
Income tax expense	16	-5,096	-5,199
Profit from continuing operations		**21,323**	**21,224**
Discontinued operations			
Profit from discontinued operations (attributable to owners of the parent company)	45	-	114,902
Profit for the period		**21,323**	**136,126**

Income is presented as gross figures, except for gains or losses on trading in securities and foreign currencies, which are presented as net figures to give a fair presentation of the operations.

Consolidated statement of comprehensive income

EUR 1,000	Note	1.1.–31.12.2022	1.1.–31.12.2021
Profit for the period		**21,323**	**136,126**
Items that may be reclassified to profit or loss	17		
Translation differences		42	71
Changes in the fair value reserve		-10,141	-967
Income tax		2,028	193
Items that may be reclassified to profit or loss in total		**-8,071**	**-703**
Items that may not be reclassified to profit or loss	17		
Changes in the fair value reserve		-3,986	441
Income tax		99	-88
Items that may not be reclassified to profit or loss in total		**-3,887**	**353**
Total comprehensive income for the period		**9,364**	**135,775**
Profit for the period attributable to:			
Owners of the parent company		20,617	136,088
Non-controlling interests		706	38
Total		**21,323**	**136,126**
Total comprehensive income for the period attributable to:			
Owners of the parent company		8,658	135,737
Non-controlling interests		706	38
Total		**9,364**	**135,775**
Earnings per share for profit attributable			
Basic earnings per share, continuing operations	18	0.73	0.75
Diluted earnings per share, continuing operations	18	0.72	0.73
Basic earnings per share, discontinued operations	18	0.00	4.06
Diluted earnings per share, discontinued operations	18	0.00	3.98
Basic earnings per share, profit for the period	18	0.73	4.81
Diluted earnings per share, profit for the period	18	0.72	4.71

Consolidated balance sheet

Assets, EUR 1,000	**Note**	**31.12.2022**	**31.12.2021**
Receivables from credit instutions	19, 24, 25, 38, 40	46,817	53,255
Receivables from the public and general government	20, 24, 25, 38, 40	6,243	6,021
Shares and units	21, 24, 25, 38, 40	44,462	41,546
Assets classified as held for sale	22, 40	-	5,246
Participating interests	21, 24, 25, 46	3,708	8,889
Insurance assets	23, 24, 25, 42	153,898	168,973
Insurance receivables		1,381	3,119
Investments		152,517	165,854
Intangible assets	26	355	711
Goodwill		347	696
Other intangible assets		8	15
Tangible assets	27, 49	421	1,149
Owner-occupied properties		83	746
Other tangible assets		338	403
Other assets	28	13,206	13,669
Accrued income and prepayments	29	28,510	16,921
Deferred tax assets	33	3,150	2,343
		300,770	**318,723**

Liabilities, EUR 1,000	**Note**	**31.12.2022**	**31.12.2021**
Liabilities		**98,075**	**88,975**
Liabilities to the public and general government	24, 25, 38, 40	410	-
Insurance liabilities	23, 24, 25, 41	43,950	39,421
Other liabilities	24, 31, 38, 49	1,749	3,318
Accrued expenses and deferred income	24, 32	19,620	14,172
Deferred tax liabilities	33	17,476	16,580
Derivative contracts	24, 25, 34, 38, 40	-	630
Subordinated debt	24, 25, 35, 38, 40	14,870	14,854
Equity capital	36	**202,695**	**229,747**
Share capital		125	125
Reserve for invested non-restricted equity		18,831	18,831
Fair value reserve		-13,285	-1,285
Translation difference		23	-18
Retained earnings or loss		176,785	76,694
Profit or loss for the period		20,617	136,088
Non-controlling interest		-400	-687
		300,770	**318,723**

Consolidated statement of cash flows

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operating activities:		
Operating profit (loss)	27,372	28,785
Depreciation	855	788
Change in goodwill	348	-
Other adjustments		
Changes in fair value of investments	7,118	-9,784
Other adjustments	3,276	1,061
Interest and other financing expenses	-936	-2,362
Cash flow before change in working capital	38,032	18,487
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-2,347	500
Increase (-)/decrease (+) in current interest-free receivables	-9,536	-8,348
Increase (+)/decrease (-) in current interest-free liabilities	4,048	7,066
Cash flow from operating activities before financial items and taxes	30,198	17,705
Direct taxes paid (-)	-1,798	-3,774
Cash flow from operating activities from continuing operations	**28,400**	**13,931**
Cash flow from operating activities from discontinued operations	-	115,339
Cash flow from operating activities (A)	**28,400**	**129,270**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-	-360
Investments in subsidiaries and associated companies net of cash acquired	7,849	-1,186
Other investments	-9,173	-10,830
Cash flow from investing activities from continuing operations	**-1,324**	**-12,376**
Cash flow from investing activities from discontinued operations	-	-382
Cash flow from investing activities (B)	**-1,324**	**-12,759**

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from financing activities:		
Changes in share-based incentives	359	-1,479
Transactions with non-controlling interests	-224	29
Decrease in debt securities issued to the public	-	-35,000
Increase in non-current liabilities	410	-
Decrease in non-current liabilities	-	-15,000
Dividends paid and other distribution of profit		
To parent company shareholders	-33,967	-37,363
To non-controlling shareholders	-93	-228
Cash flow from financing activities from continuing operations	**-33,515**	**-89,042**
Cash flow from financing activities from discontinued operations	-	-
Cash flow from financing activities (C)	**-33,515**	**-89,042**
Increase/decrease in cash and cash equivalents (A+B+C)	-6,438	27,469
Cash and cash equivalents at beginning of period	53,255	25,786
Cash and cash equivalents at end of period	46,817	53,255
Net change in cash and cash equivalents	-6,438	27,469

Changes in Group equity capital

EUR 1,000	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
31.12.2021	**125**	**-1,285**	**18,831**	**-18**	**212,782**	**230,435**	**-687**	**229,747**
Changes to previous periods					-979	-979	-217	-1,196
1.1.2022	**125**	**-1,285**	**18,831**	**-18**	**211,803**	**229,456**	**-905**	**228,551**
Total comprehensive income for the financial period		-12,000		42	20,617	8,658	706	9,364
Earnings for the period					20,617	20,617	706	21,323
Other comprehensive income items		-12,000		42		-11,959		-11,959
Distribution of profit					-33,967	-33,967	-93	-34,060
Dividend EUR 1.20/share					-33,967	-33,967		-33,967
Distribution of profit for subgroup							-93	-93
Share-based payments payable as equity					-848	-848		-848
Transactions with non-controlling interests [1]					-158	-158	-109	-267
Other					-46	-46		-46
31.12.2022	**125**	**-13,285**	**18,831**	**23**	**197,401**	**203,095**	**-400**	**202,695**
1.1.2021	**125**	**-864**	**35,814**	**-89**	**99,215**	**134,202**	**-1,134**	**133,068**
Total comprehensive income for the financial period		-421		71	136,088	135,737	38	135,775
Earnings for the period					136,088	136,088	38	136,126
Other comprehensive income items		-421		71		-351		-351
Distribution of profit			-16,983		-20,380	-37,363	-228	-37,591
Dividend EUR 0.72/share					-20,380	-20,380		-20,380
Return of capital EUR 0.60/share			-16,983			-16,983		-16,983
Distribution of profit for subgroup						-	-228	-228
Share-based payments payable as equity					-2,168	-2,168		-2,168
Transactions with non-controlling interests [1]					29	29	635	663
Other					-2	-2	2	0
31.12.2021	**125**	**-1,285**	**18,831**	**-18**	**212,782**	**230,435**	**-687**	**229,747**

[1] Further information on Note 44

Segment information

Taaleri's continuing operations include two reportable segments: Private Asset Management, which is divided into Renewable energy and Other private asset management, and Strategic Investments, which includes Garantia and Taaleri's shareholdings in Aktia Bank Plc. The Other group presents the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. The segment reporting accounting principles are explained in greater detail in Note 2.

Private Asset Management

In reporting, the Private Asset Management segment is divided into Renewable energy and Other private asset management.

Renewable energy includes Taaleri Energia Ltd and its subsidiaries. Taaleri Energia develops and invests in industrial-scale wind and solar power projects. It also manages investments throughout their lifecycle. The objective of the renewable energy business is to channel assets under management to renewable energy production projects and to other energy projects supporting sustainability.

The other areas within Private Asset Management include Taaleri Private Equity Funds Ltd and its subsidiaries, ie Taaleri's real estate, bioindustry and other businesses.

Continuing management fee income and more non-recurring performance fees from private equity funds are the most significant types of income in the Private Asset Management segment. Income and expenses for own projects are recognized in the financial year when the outcome of the project can be assessed reliably. The renewable energy business also includes wind farm operation and maintenance services, which provide annual fees, and other private asset management businesses also include mandate-based fee income. The expenses of the Private Asset Management -segment mainly consist of personnel expenses and commission expenses as well as other administrative expenses. The main risks of Taaleri's private asset management operations consist mainly of operational risks and, to a slight extent, credit risks. The result of the business is influenced by the development of assets under management, which depends among other things on the progress of private equity fund projects, the development of capital markets and the success of the cooperation with Aktia. The profit development is also influenced by the realization of performance fees and the success of own investment projects. On the other hand, private equity fund management fees are based on long-term contracts that bring in a steady cash flow.

Group investments that support the core business and the development of the businesses reported under the Private Asset Management segment are reported under the segment.

Strategic Investments

The Strategic Investments segment includes Garantia Insurance Company Ltd., an insurance company specializing in guaranty insurance, and the shares in Aktia Bank Plc, which Taaleri received as part of the transaction amount as a result of the sale of the wealth management operations.

The objective of Garantia is to modernize collateral practices and provide customers with easy and cost-effective guaranty solutions and new business opportunities through digital channels. The company's business is divided into guaranty insurance and investment operations. The main risks associated with Garantia's business operations are credit risks arising from guaranty operations, and the market risk regarding investment assets.

Other

The group Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. The costs of services that support the business segments are allocated to the segments and charged monthly. The most significant risks of the Other group consist primarily of private investments and financing granted by Taaleri Investments Ltd as well as of credit risks related to Taaleri Plc's granted loans and receivables from credit institutions. In addition to the commission income of Taaleri Kapitaali, the Other group's earnings consist of the fair value changes in investments and of profits/losses gained in connection with the sales of its investments. The earnings and results of the Other group may thus vary significantly between periods under review.

Segment information - earnings

1.1.-31.12.2022, EUR 1,000	Continuing operations Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	20,699	14,559	6,140	17,984	2,366	41,049
Performance fees	19,365	10,326	9,040	-	-	19,365
Investment operations	2,485	869	1,617	-9,915	10,241	2,811
Total income	**42,550**	**25,754**	**16,796**	**8,069**	**12,607**	**63,226**
Fee and commission expense	-8,338	-5,285	-3,053	-187	-351	-8,876
Personnel costs	-10,027	-5,818	-4,209	-2,723	-3,447	-16,197
Direct expenses	-5,175	-3,114	-2,062	-1,976	-3,250	-10,401
Depreciation, amortisation and impairment	-385	-20	-366	-12	-9	-407
Impairment losses on loans and other receivables	-	-	-	-	-17	-17
Operating profit	**18,624**	**11,518**	**7,106**	**3,171**	**5,533**	**27,329**
Operating profit, %	**43.8%**	**44.7%**	**42.3%**	**39.3%**	**43.9%**	**43.2%**
Interest and other financing expenses	-24	-23	-1	-	-892	-916
Allocation of financing expenses	-1,804	-1,278	-527	-1,900	3,704	-
Profit before taxes and NCI	**16,796**	**10,218**	**6,578**	**1,271**	**8,345**	**26,412**
Change in fair value of investments	41	42	-	-10,141	-3,986	-14,085
Profit before taxes and NCI at fair value	**16,837**	**10,259**	**6,578**	**-8,870**	**4,359**	**12,327**

1.1.-31.12.2021, EUR 1,000	Continuing operations Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	20,145	15,232	4,913	17,604	2,962	40,711
Performance fees	11,411	6,171	5,240	-	-	11,411
Investment operations	-530	623	-1,153	12,701	5,421	17,593
Total income	**31,026**	**22,026**	**9,000**	**30,306**	**8,383**	**69,715**
Fee and commission expense	-8,901	-5,025	-3,876	-321	-369	-9,590
Personnel costs	-9,836	-6,088	-3,748	-3,659	-5,552	-19,046
Direct expenses	-4,260	-2,747	-1,513	-1,906	-3,450	-9,616
Depreciation, amortisation and impairment	-42	-25	-17	-22	-8	-71
Impairment losses on loans and other receivables	-534	-535		-	-31	-565
Operating profit	**7,454**	**7,606**	**-152**	**24,399**	**-1,026**	**30,827**
Operating profit, %	**24.0%**	**34.5%**	**neg**	**80.5%**	**neg**	**44.2%**
Interest and other financing expenses	-10	-9	-	-	-2,283	-2,293
Allocation of financing expenses	-2,258	-1,539	-719	-1,775	4,033	-
Profit before taxes and NCI	**5,186**	**6,058**	**-872**	**22,624**	**724**	**28,534**
Change in fair value of investments	-	13	-13	-967	441	-526
Profit before taxes and NCI at fair value	**5,186**	**6,071**	**-885**	**21,656**	**1,165**	**28,007**

Reconciliations

Reconciliation of total income, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Total income of segments	63,226	69,715
Share of associates' profit or loss allocated to total income of segments	-3,797	1,263
Transactions between continuing and discontinued operations [1]	-	-2,061
Transit items eliminated in segment reporting	2,096	1,393
Transfer of impairments to or out of total income	-495	2,318
Consolidated total income	**61,030**	**72,629**

Reconciliation of operating profit, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Total earnings of segments before taxes and NCI	12,327	28,007
Change in fair value of investments	14,085	526
Interest and other financing expenses (excl. IFRS 16)	953	2,362
IFRS 16 Leases [2]	7	-11
Transactions between continuing and discontinued operations [1]	-	23
Direct costs related to the sale of the discontinued operations [3]	-	-2,122
Consolidated operating profit	**27,372**	**28,785**

[1] Intra-group income and expenses between discontinued and continuing operations have been eliminated in the consolidated income statement. In segment reporting, income and expenses between discontinued and continuing operations are presented as transactions outside the Group. The chosen presentation will improve the comparability of segment reporting in the coming years.

[2] The division of lease expense to depreciation and interest expense according to IFRS 16 Leases standard is not applied in the segment reporting.

[3] Direct costs related to the sale of the discontinued operations have been allocated to discontinued operations in segment reporting.

Further information is provided below on Taaleri Group's own balance sheet investments, the fair value of which exceeds EUR 1,000 thousand at the balance sheet date. Taaleri Group's investments that support the core business and development of the private asset management, are reported under Private Asset Management segment. Taaleri's shareholding in Aktia Bank Plc is strategic for Taaleri's business and is presented as part of Strategic Investments segment together with Garantia. Non-strategic investments are presented as part of the Other group.

Private Asset Management segment's investments, EUR 1,000	Investment type	Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	10,973	10,580	7.0%
Taaleri SolarWind II	Shares and participations	2,363	2,363	0.9%
Taaleri Debt Ky	Shares and participations	3,000	3,000	15.0%
Masdar Taaleri Generation d.o.o.	Shares and participations	50	50	50.0%
Masdar Taaleri Generation d.o.o.	Loan	1,250	1,280	-
Taaleri Aurinkotuuli Management Ky	Shares and participations	615	1,026	80.1%
Bioindustry investments				
Fintoil Oy	Shares and participations	3,000	4,800	24.0%
Tracegrow Ltd	Shares and participations	1,992	2,184	7.9%
WasteWise Ltd	Loan	1,047	1,109	-

Strategic Investments, EUR 1,000	Investment type	Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022
Aktia Bank Plc	Shares and participations	10,000	9,960	1.3%

Non-strategic investments, EUR 1,000	Investment type	Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022
Real estate investments				
TT Canada RE Holdings Corporation	Loan	6,729	10,014	-
Sepos Oy	Shares and participations	2,834	606	30.0%
Sepos Oy	Loan	1,722	1,743	-
Turun Toriparkki Oy	Shares and participations	6,198	2,791	59.2%
Other investments				
Fellow Bank Plc	Shares and participations	5,460	5,550	17.3%
Taaleri Infra I Ky	Shares and participations	2,040	1,858	50.0%

Investments in the non-strategic investment portfolio have a project-specific exit plan. Taaleri's own co-investment projects will be divested at the same pace as other co-investors.

Private Asset Management segment's investments, EUR 1,000	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	10,973	9,916	7.0%
Taaleri SolarWind II	Shares and participations	2,085	2,085	0.9%
Taaleri Debt Ky	Shares and participations	1,300	1,300	15.0%
Masdar Taaleri Generation d.o.o.	Shares and participations	1,174	1,174	50.0%
Real estate investments				
Sepos Oy	Shares and participations	2,500	2,534	30.0%
Sepos Oy	Loan	1,675	1,737	-
Turun Toriparkki Oy	Shares and participations	3,502	1,682	48.2%
Bioindustry investments				
Fintoil Oy	Shares and participations	3,025	3,025	24.2%
Tracegrow Ltd	Shares and participations	1,992	1,992	7.9%
Other investments				
Taaleri Infra I Ky	Shares and participations	1,950	1,881	50.0%

Strategic Investments, EUR 1,000	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Aktia Bank Plc	Shares and participations	10,000	11,968	1.4%

Non-strategic investments, EUR 1,000	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Real estate investments				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,910	22.6%
TT Canada RE Holdings Corporation	Loan	6,729	9,195	-
Other investments				
Inderes Plc	Shares and participations + Derivative contract	150	1,259	3.1%
Fellow Finance Plc	Shares and participations	2,974	5,246	25.7%
Taaleri Telakka Ky	Shares and participations	3,430	1,620	16.1%
Betolar Plc	Shares and participations	808	2,063	1.7%

Notes for the Consolidated Financial Statements 31 December 2022

Accounting policies for preparing the Consolidated Financial Statements

1 Corporate Information

Taaleri Plc is a Finnish public limited liability company. It is domiciled in Helsinki, Finland and its registered office is at Kasarmikatu 21 B, 00100 Helsinki. Taaleri Plc's shares are listed on the Nasdaq Helsinki stock exchange. Taaleri Plc and its subsidiaries form the Taaleri Group ("Taaleri" or "the Group"). The Taaleri Group has two business segments: Private Asset Management and Strategic Investments. The Private Asset Management segment consists of renewable energy, real estate and bioindustry businesses. The Strategic Investments segment consists of Garantia Insurance Company Ltd. The Group's subsidiaries engaging in business are: Taaleri Private Equity Funds Ltd Group, Taaleri Energia Ltd Group, Taaleri Investments Ltd Group and Garantia Insurance Company Ltd. In addition, Taaleri has nine associated companies (see Group companies in accordance with the financial statements of the parent company). Taaleri's principal place of business is Finland, but it has also offices in Budapest, Luxembourg and Madrid. The operations of Taaleri are monitored by the Finnish Financial Supervisory Authority, as the Group includes companies engaged in the business referred to in the Act on Alternative Fund Managers and in the business of insurance companies. Taaleri Group formed until 29 October 2021 a financing and insurance conglomerate (RaVa conglomerate) and, therefore, was within the scope of the Finnish Act on the Supervision of Financial and Insurance Conglomerates. The RaVa conglomerate dissolved by a decision of the Finnish Financial Supervisory Authority on October 29, 2021, after Taaleri sold Its wealth management operations to Aktia on 30 April, 2021. At the end of financial year 2022 Taaleri forms an insurance company group according to chapter 26 of the Insurance Companies Act (521/2008), which is subject to group supervision according to that chapter.

2 Summary of significant accounting policies for the financial statements

Key accounting policies applied to these consolidated financial statements are presented below. They have been applied consistently during all presented financial periods, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of Taaleri have been prepared according to the International Financial Reporting Standards (IFRS). In the preparation of the financial statements, the IAS and IFRS standards and the SIC and IFRIC interpretations which were valid on 31 December 2022 have been followed. IFRS refers to the standards and interpretations which have been approved in accordance with Regulation (EC) No. 1602/2002 of the European Parliament and of the Council.

The consolidated financial statements have been prepared over 12 months for the financial period of 1 January–31 December 2022. The Board of Directors of Taaleri Plc approved the consolidated financial statements for public release on 16 February 2023. Shareholders have the right to approve or reject the financial statements at the Annual General Meeting held after the release of the financial statements.

The information included in the financial statements is presented in EUR thousand and prepared in accordance with an accounting model based on recoverable historical cost, unless otherwise stated in the accounting policies below. As the values presented in the financial statements have been rounded from their exact values, the sum of individual figures presented may differ from the sum presented. Key figures have been calculated using exact values. The Board of Director's report and the financial statements are available in Finnish and English. The Finnish version is the official version that will apply if there is any discrepancy between the language versions.

The preparation of financial statements according to IFRS requires certain key accounting estimates to be used. In addition, it requires that members of the management use judgement when applying the accounting policies. Section 2.18 offers a more detailed description on complex matters that require judgement, and assumptions or estimates that have a material impact on the group financial statements.

2.2 Consolidation principles

The consolidated financial statements include Taaleri Plc and its subsidiaries that the parent company controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. If there are changes to one or more of the elements of control, the group will reassess whether it still controls the subsidiary. If the group loses control over a subsidiary, it recognizes any investment retained in the former subsidiary at its fair value on the day control is lost, and any change in the carrying amount is recognized through profit or loss.

The profit for the period attributable to the owners of the parent company and the non-controlling interests is presented in the consolidated income statement, and the attribution of other comprehensive income is presented in the separate statement of comprehensive income. The profit for the period and comprehensive income are allocated to non-controlling interests also if the proportion of non-controlling interests became negative. The proportion of non-controlling interests has been presented in shareholders' equity on the consolidated balance sheet, separate from equity attributable to the shareholders of the parent company. Non-controlling interests in an acquiree are measured at either fair value or the proportionate share in the recognized amounts of the acquiree's net identifiable assets. The measurement principle is defined separately for each purchase.

Associates, in which the parent company holds 20–50 per cent of the votes provided by all shares or in which it otherwise has significant influence, but not control, are consolidated using the equity method. If the investment in an associate has been made by a venture capital organization, the decision can be made to measure the investment at fair value through profit or loss in accordance with IFRS 9. When applying the equity method, investments are initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. If the Group's proportion of an associate's losses exceeds the carrying amount of the investment, the investment is recognized as zero on the balance sheet and the losses exceeding the carrying amount are not consolidated, unless the Group is committed to fulfilling the associate's obligations. The Group's share of the associate's profit for the period is presented before the operating profit. The Group's proportion from changes recognized in other comprehensive income is recognized in the Group's other comprehensive income. When the Group loses its significant influence, the remaining holding is recognized at fair value, and the difference between the carrying amount and the fair value of the remaining holding and any transfer gains/losses is recognized through profit or loss. At the end of each reporting period, it is evaluated whether there is objective evidence of any decrease in the value of the investment in the associate. If there is such evidence, an impairment loss is defined as the difference between the recoverable amount of the investment and its carrying amount, and it is recognized in the income statement line item Share of associates' profit or loss.

Subsidiaries or associates acquired during the financial period are consolidated from the date on which the Group obtained control or significant influence, and subsidiaries or associates sold are correspondingly consolidated until the date on which control or significant influence is lost. If required, adjustments are made to the financial statements of subsidiaries so that their accounting policies correspond with those of the Group.

All intra-group transactions, as well as receivables, liabilities, unrealized profit, and internal distribution of profit are eliminated. Unrealized losses are not eliminated if the losses are caused by impairment.

2.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Acquisition costs are defined as the acquisition-date fair value of the consideration transferred and any non-controlling interest in the acquired entity. For each business combination, the Group selects whether the non-controlling interests are measured at fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. Acquisition-related costs are recognized as expenses in the income statement over the periods, during which the costs are incurred, and the corresponding services are received.

When the Group acquires a business, it evaluates assets and liabilities in the light of agreement terms, financial conditions and other related conditions prevailing on the acquisition date, to determine the correct classification. This evaluation includes the separation of embedded derivatives included in main agreements of the acquired business.

Any contingent consideration is recognized at fair value on the acquisition date. A contingent consideration which has been classified as an asset or liability, is a financial instrument and is within the scope of IFRS 9 (Financial Instruments), is measured at fair value, with any resulting gain or loss recognized either in profit or loss or in other comprehensive income in accordance with that IFRS. If a contingent consideration is not within the scope of IFRS 9, it is accounted for according to the applicable IFRS. A contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

Goodwill is recognized at the original acquisition cost, which corresponds to the amount that the consideration transferred and any non-controlling interest in the acquired business, exceeds the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the acquired net assets exceeds the total transferred contribution, the Group will reassess whether it has correctly identified all the assets acquired and liabilities assumed, and it will review the procedures used to measure the amounts to be recognized at the acquisition date. If the fair value of the acquired net assets, even after the reassessment, exceeds the total transferred contribution, profit is recognized through profit or loss.

After the original recognition, goodwill is recognized at the acquisition cost less accrued impairment losses. Goodwill acquired through business combinations is allocated, for impairment testing purposes starting from the acquisition date to the Group's cash-generating units which are expected to benefit from the business combination, regardless of whether other assets or liabilities of the object of acquisition are allocated to these entities. Cash generating units are either business segments or companies thereof.

Goodwill is tested annually against any impairment by discounting estimated future net cash flows using market-based discount factors. If the recoverable assets of a cash-generating unit are lower than their carrying amount, an impairment loss is recognized. Impairment losses associated with goodwill are not reversed in future periods.

When goodwill has been allocated to a cash-generating unit and an operation of the unit is disposed of, the goodwill allocated to the operation disposed of is included in the carrying amount of that operation when defining gains or losses on the disposal. Goodwill transferred in such a situation is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

2.4 Segment reporting

On March 10, 2021, Taaleri announced the sale of the wealth management operations and on 30 April 2021, that it has completed the sale. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations. Taaleri only reports continuing operations in its segment reporting, so as a result of the sale of the wealth management operations, the wealth management operations will no longer be reported as part of segment reporting.

On March 16, 2021, Taaleri announced its renewed strategy, and according to this, from 2021, Taaleri's continuing operations will include two reportable segments: Private Asset Management, which is divided into Renewable energy and Other private asset management, and Strategic Investments, which includes Garantia and Taaleri's shareholdings in Aktia Bank Plc. The Other group presents the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments.

Operating segments are reported in a way which is consistent with internal reporting to the chief operating decision maker. The Group's Executive Management Team has been designated as the chief operating decision maker, which is responsible for the allocation of resources to operating segments and the evaluation of their results.

Segment reporting follows the Taaleri Group's accounting policies for financial statements, except for the following exceptions:

- The division of lease expense to depriciation and interest expense according to IFRS 16 Leases -standard is not applied in the segment reporting.
- There are differences in the figures in the Group's consolidated income statement and segment reporting due to the application of IFRS 5. In the consolidated income statement, intra-group income and expenses between discontinued and continuing operations have been eliminated. In segment reporting, income and expenses between discontinued and continuing operations are presented as transactions outside the Group. In addition, the consolidated income statement in the period from 1 January to 31 December 2021 includes EUR 2.1 million direct costs related to the sale of the discontinued operations, which are presented in the segment reporting as part of the discontinued operations. The earnings figures in the explanatory section of the Report of the Board of Directors attached to the Group Financial Statements represents the Group's continuing operations according to segment reporting, unless otherwise stated. The chosen presentation will improve the comparability of segment reporting in the coming years.

The management monitors in segment reporting only Group's external income and expenses, which have been allocated to segments in accordance with the accrual principle. Assets and liabilities are not monitored on a segment level and are therefore not presented in the group financial statements. The profitability and result of the segments are assessed before tax.

2.5 Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, the asset is available for immediate sale in its present condition, and the sale is highly probable. For the sale to be highly probable, the appropriate level of management must be committed to a plan to sell the asset, and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. The management must be committed to the expected sale within one year after the classification.

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale, and represents a separate major line of business or is part of a separate major line of business that has been disposed of or classified as held for sale. Assets classified as held for sale are measured at the smaller of their carrying amount, and fair value less costs to sell. Assets that meet the requirements set for being held for sale are presented separately on the balance sheet and the result of discontinued operations are presented separately as a single amount in the statement of comprehensive income.

No depreciation is made on tangible or intangible assets if they have been classified as held for sale. Assets and liabilities held for sale are presented separately as current items on the balance sheet.

On March 10, 2021, Taaleri announced the sale of the wealth management operations and on 30 April 2021, that it has completed the sale. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations. Taaleri reports the wealth management operations as discontinued operations as of the Q1 2021 interim statement. The result of discontinued operations has been reported separately from income and expenses from continuing operations in the consolidated income statement. Intra-group income and expenses between continuing and discontinued operations have been eliminated.

2.6 Foreign currency items

Items included in the financial statements of Group companies are measured in the currency of the economic environment in which the company is mainly operating (functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group.

Transactions denominated in a foreign currency are translated at the exchange rate valid on the transaction date. Any receivables and liabilities denominated in a foreign currency and remaining open on the closing date are translated at the exchange rate valid on the closing date. Exchange rate gains and losses associated with actual business operations are recognized in the income statement line item Net gains or net losses on trading in foreign currencies.

Income statements and balance sheets of Group companies (none of which are operating in a country with hyperinflation), using a functional currency other than the presentation currency of the Group, are translated into the presentation currency as follows: assets and liabilities on the balance sheet are translated at the exchange rate valid on the closing date and income and expenses on the income statement are translated at the period's average exchange rate. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. All translation differences are recognized in other comprehensive income. If a subsidiary is disposed of, the cumulative translation differences are transferred to the income statement as part of the gain or loss on disposal.

2.7 Financial assets and liabilities

Assets and liabilities are presented in the order of liquidity which, for the Taaleri Group, offers more reliable and significant information than the presentation of current and non-current items.

Financial assets
At initial recognition, the Group's financial assets are classified into the following categories: those measured at fair value through profit or loss, those measured at fair value through other comprehensive income and those measured at amortized cost. For the purpose of classification, financial assets are grouped into debt instruments, equity instruments and derivatives.

The classification of debt instruments depends on Taaleri's business model in the management of financial assets and the characteristics of the cash flows of the financial assets in question. Taaleri mainly manages its debt instruments according to two different business models. Due to the nature of the insurance operations, the objective of Garantia's investment operations is achieved by both collecting contractual cash flows and selling financial assets, i.e., applying the "hold to collect and sell" business model. Accordingly, debt instruments that pass the cash flow test are measured at fair value through other comprehensive income. For debt instruments other than those of insurance operations, the business model is mainly holding the debt instruments to collect contractual cash flows, meaning that debt instruments that pass the cash flow test are measured at amortized cost. This estimate is performed instrument-specifically, so the measurement basis is also determined instrument-specifically. In both insurance investment operations and the Group's other investment operations, debt instruments that do not pass the cash flow test are measured at fair value through profit or loss.

Changes in fair value from debt instruments measured at fair value through other comprehensive income are recognized in the fair value reserve. Interest income, impairment gains and losses as well as foreign exchange rate gains and losses are recognized in profit or loss. When a debt instrument is derecognized, the profit or loss accumulated in the fair value reserve is transferred, as an adjustment due to a change in the classification, from equity to net Income from insurance investment operations in profit and loss, as the item belongs to the investment assets of insurance operations.

The carrying amount of debt instruments recognized at amortized cost includes the deductible item for expected credit losses, and interest income is recognized in interest income using the effective interest method. Sales gains and losses are recognized in profit or loss.

Debt instruments measured at fair value through profit or loss are measured at fair value, and any changes in fair value are recognized in profit or loss. Interest income, profits from funds, foreign exchange rate gains and losses as well as sales gains and losses are also recognized in profit or loss.

A business model indicates how financial assets are managed to achieve a certain business objective. In the "hold to collect" business model, the objective is to collect contractual cash flows; in the "hold to collect and sell" business model, the objective is achieved by both collecting contractual cash flows and selling financial assets; in the "trading" business model, the objective is achieved by actively trading in the financial assets. Determining the business model is based on estimating, for example, how the profitability of the financial assets is assessed, how the risks of the operations are managed and how often and to what extent the assets are traded in.

The characteristics of the cash flows of the debt instruments are evaluated in the cash flow test. If contractual cash flows do not consist solely of payments of principal and interest (basic lending arrangement), the instrument in question is measured at fair value through profit or loss. If the cash flows are subject to, for example, share prices or the debtor's financial situation, it is not a basic lending arrangement. At Taaleri, such debt instruments mainly consist of mutual fund investments, convertible bonds as well as profit-sharing and subordinated loans.

Investments in equity instruments are measured at fair value through profit or loss, meaning that changes in fair value, dividends, interest income, foreign exchange rate gains and losses as well as sales gains and losses are recognized in profit or loss. At the time of initial recognition, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognized in other comprehensive income and will not later be recycled to profit or loss. In this case, dividend yields are recognized in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognized in other comprehensive income. Taaleri's non-strategic investments will be measured according to this procedure at fair value in other comprehensive income without recycling. Taaleri does not have significant non-strategic investments.

Investments in financial assets are originally recognized at fair value, to which transaction expenses are added, except if the financial asset in question is recognized at fair value through profit or loss, in which case the transaction expense is recognized in expenditure. When recognizing financial instrument purchase and sales contracts, the date of the transaction is used as the basis for recognition.

Financial assets are derecognized when the Group has lost its contractual right to receive cash flows or moved the risks and profits outside the Group to a significant extent. Cash and cash equivalents, which correspond to the Receivables from credit institutions item in the Group's balance sheet, comprise call deposits and fixed deposits.

Financial liabilities
At the time of initial recognition, the Group's financial liabilities are classified into those measured at fair value through profit or loss and those measured at amortized cost. At the end of the financial year 2022, the Group had no financial liabilities measured at fair value through profit or loss. At the end of the financial year 2021, the Group had one financial liability measured at fair value through profit or loss, which was a derivative contract.

Other loans are originally recognized at fair value, to which transaction expenses are added. Later, other loans are recognized at amortized cost using the effective interest method. Other liabilities are derecognized when their obligations have been met and their validity has expired.

Fair value measurement

The Group recognizes the aforementioned financial instruments at fair value on the balance sheet or in the notes to the financial statements. The Group has no other assets or liabilities recognized at fair value. The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of financial instruments quoted in active markets is based on prices quoted on the measurement date, and the fair value of financial instruments not quoted on active markets is based on the group's own valuation methods. All financial instruments which have been recognized at fair value on the balance sheet or the fair value of which is presented in the notes, are classified into three hierarchical levels according to the valuation techniques.

Level 1 includes instruments, the fair value of which is based on quoted prices for identical assets or liabilities in active markets. Markets are deemed to be active if price quotations are easily and regularly available, and they represent actual and regular market transactions between independent parties. The fair value of financial assets is based on buy quotations on the measurement date. Level 1 instruments mainly consist of quoted equity investments, equity and interest fund investments and bond investments which have been classified to be available for sale or recognized at fair value through profit or loss.

Level 2 includes instruments, the fair value of which is based on information other than quoted prices, but still on directly or indirectly observable information. To measure the fair value these instruments, the Group uses generally accepted valuation models, the input data of which is largely based on verifiable market information.

Level 3 includes instruments, the fair value of which is measured based on other than observable significant input data. Level 3 instruments mainly consist of unquoted equity investments. The value of these instruments is based on the best information available in the prevailing conditions. Often, they are recognized at acquisition cost or price details are obtained from third parties. A significant amount of managerial judgement is included in these measurements. Note 25 offers a more detailed description of the measurement methods applied to Level 3 instruments.

Regarding assets and liabilities presented repeatedly in financial statements, the Group defines when transfers have occurred between the hierarchical levels of fair value by reassessing the classification (on the basis of input data available at the lowest level, which is significant considering the entire measurement process) at the end of each reporting period.

Impairment

Impairments are based on an expected credit loss (ECL) model and impairments are recognized on all loans and debt instruments that are not measured at fair value through profit or loss, and on off-balance sheet liabilities.

Impairment is calculated using an individual credit risk calculation model based on the probability of default (PD), the loss given default (LGD), the exposure at default (EAD) and the maturity (M): ECL = PD * LGD * EAD * M(min 1 or M).

For the purpose of impairment testing, assets to be tested are divided into three stages. On the first stage are instruments whose credit risk has not increased significantly; on the second stage are instruments whose credit risk has in-creased significantly; and on the third stage are instruments whose value has decreased. For instruments on the first stage, a loss allowance for 12 month expected credit losses is recorded. For instruments on the second and third stages, a loss allowance for lifetime expected credit losses is recognized. On every reporting date Taaleri estimates whether the credit risks of instruments have increased significantly compared to the credit risk at initial recognition and based on this defines the expected credit loss.

A significant increase in credit risk is estimated based on changes (or expected changes) in the credit rating. The credit rating is deemed to take into account sensible and reasonable information to the necessary extent. Additionally, the credit risk is estimated to have increased significantly if payments are over 30 days due.

The credit risk is deemed to have increased significantly if the counterparty's credit rating declines as follows:

- From investment grade, or rating classes AAA…BBB-, to rating class BB- or lower;
- From rating classes BB+…BB- to rating class B- or lower:
- From rating classes B+…B- to rating class C or lower.

The expected credit loss for loans measured at amortized cost is recognized in the P/L line item Expected credit loss from financial assets measured at amortized cost and booked against the book value of the loan. The expected credit loss for financial assets measured at fair value through other comprehensive income is recognized in the P/L line-item Net income from insurance, investment operations, when the asset is part of the insurance business' investment portfolio and booked against the fair value reserve in other comprehensive income.

2.8 Insurance assets and liabilities

Insurance contracts have been treated and valued according to the definition of the IFRS 4 standard. According to the definition, an insurance contract is a contract under which significant insurance risk has been passed from the policy holder to the insurer. The company has no financial contracts pertaining to the IFRS 4 standard which would deviate from insurance contracts in that a financial risk, but no significant insurance risk is passed to the issuer of the contract.

Technical liabilities generated from insurance contracts are mainly calculated according to national regulations. Deviating from national regulations, the equalization provision is recognized, according to IFRS, in shareholders' equity adjusted for deferred taxes. Technical liabilities generated from insurance contracts consist of the provision for unearned premiums and the provision for claims outstanding. The provision for unearned premiums includes the proportion of the insurance premium income accumulated during the financial year and previous years, where corresponding risk is attributable to time periods following the financial year. The provision for claims outstanding consists of two parts: claims to be paid by the company after the financial year caused by known losses occurred during or before the financial year, and provisions made for unknown losses calculated using statistical methods, for losses that have occurred on or before the reporting date but have not yet been reported to the company.

Investment assets of insurance operations are measured either at fair value through other comprehensive income or at fair value through profit or loss, depending on the business model used for managing the financial assets and the characteristics of the cash flows of the financial assets in question. More detailed measurement principles are presented in Section 2.7 Financial assets and liabilities.

Recognition and valuation of insurance contracts

Premiums written include the premiums from contract periods agreed in insurance contracts that have started during the financial period. Insurance premium receivables that are unlikely to be paid have been deducted from premiums written as credit losses. In addition to premiums, premiums written include start-up fees, management fees, waiver fees and other such one-off payments, premium rebates, and credit losses. The provision for unearned premiums includes the proportion of insurance premiums written accrued during the financial year and previous years, where the corresponding risk is attributable to future financial periods.

Claims paid include claims paid during the financial period, regardless of the date of loss occurrence. Claims paid also include income from the recovery of recourse receivables, and expenses arising from the collection of such receivables. According to guarantee insurance agreements, the insurance company generally has the right of recourse after a claim has been paid. Therefore, claims paid can be adjusted by the amount of the relevant recourse receivable. Recourse receivables from insurance claims are recognized in Garantia's accounting records at probable values that are calculated based on best possible information available on the evaluation date. The valuation of recourse receivables is updated regularly. The provision for outstanding claims includes the claims that have occurred during or before the financial period and that have not yet been paid.

Reinsurance receivables

"Reinsurance" refers to insurance contracts defined in the IFRS 4 standard, with which an insurance company can obtain compensation from another insurance company in case of an insurance event. For mitigating primary insurance risk, the company utilizes both portfolio reinsurance and facultative reinsurance. The reinsurance cover acquired can be of excess-of-loss type or proportional reinsurance. According to the IFRS 4 standard, the reinsurers' share of technical provisions is treated as an asset. If an insurance liability has been reinsured, the reinsurers' share of the claims paid is simultaneously recognized in a separate account as a receivable from reinsurers, reducing the amount of claims expenses. Similar recognitions are made for reinsurers' share of claims recourse.

Adequacy testing for liabilities associated with insurance contracts

On the balance sheet date, the adequacy of the insurance liabilities recognized on the balance sheet is evaluated. The testing is based on current estimates of future cash flows from insurance contracts. According to the adequacy test performed on the balance sheet date 31 December 2022, the liabilities are at a sufficient level.

2.9 Tangible assets

Tangible assets are recognized on the balance sheet if their acquisition cost can be measured reliably, and it is probable that future economic benefits associated with the assets will flow to the company. Tangible assets are carried on the balance sheet at cost less any accumulated depreciation and accumulated impairment losses. Tangible assets mainly consist of machinery and equipment which are depreciated in four years. Depreciation of an asset begins when it is available for use. When an asset is classified as available for sale in accordance with IFRS 5, depreciation ceases.

The residual values and useful lives of assets are reviewed on every closing date, and they are changed as required. If the carrying amount of an asset is higher than the estimated recoverable amount, the carrying amount is immediately reduced to correspond to the recoverable amount. The gain or loss arising from the derecognition of an asset is included in profit or loss. Gains are recognized in other operating income and losses in depreciation and impairment. Gains or losses are determined as the difference between the net disposal proceeds and the carrying amount of the asset.

If there are indications that a tangible asset is impaired, the assets recoverable amount is estimated. If the recoverable amount is less than the assets carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

2.10 Intangible assets

Other intangible assets

Intangible assets are recognized on the balance sheet if their acquisition cost can be measured reliably, and it is probable that future economic benefits associated with the assets will flow to the company. Other intangible assets are carried on the balance sheet at cost less any accumulated depreciation and accumulated impairment losses.

Development costs for software not owned or controlled by the company, such as cloud computing services, are not capitalized. If the control of the acquired cloud computing service is not transferred to the company, the expense will not be capitalized as an intangible asset in accordance with IAS 38. In this case, the cloud computing service is treated as a service contract and the costs do not generally constitute an asset to be recognized in the balance sheet, but the expense is recognized as an expense when the service is received. The implementation costs related to the implementation of such cloud computing services are recognized as an advance payment and recognized as operative expense when the service is received, if the implementation is performed by the cloud computing service provider, or the supplier's subcontractor, and the implementation costs are not distinct services from the software. In other cases, the implementation costs associated with deploying the cloud computing service are expensed as soon as the service is received.

No internally generated intangible assets have been recognized on the balance sheet.

The gain or loss arising from the derecognition of an asset is included in profit or loss. Gains are recognized in other operating income and losses in depreciation and impairment. Gains or losses are determined as the difference between the net disposal proceeds and the carrying amount of the asset.

If there are indications that an intangible asset is impaired, the assets recoverable amount is estimated. If the recoverable amount is less than the assets carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

Goodwill
Goodwill accounting policies have been presented in Section 2.3 (Business combinations and goodwill).

2.11 Lease agreements

The Group as lessee
The Group's leased assets are mainly business premises, company cars and IT equipment. Taaleri recognizes right-of-use assets at the commencement date of the lease according to IFRS 16. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are recognized in tangible assets and are depreciated on a straight-line basis over the lease term. The lease term used is the non-cancellable lease period. Any renewal options are included if management deems it reasonably certain that they will be exercised.

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, and the exercise price of a purchase option reasonably certain to be exercised, and payments of penalties for terminating a lease, if the lease term reflects exercising the option to terminate. Lease liabilities are recognized in other liabilities and interest expenses in the interest expenses line item. In calculating the present value of lease payments, Taaleri uses its incremental borrowing rate, which management has defined as being the interest rate of the latest debt security issued to the public by Taaleri.

Taaleri applies an exemption on short-term leases (lease term less than one year) and on leases of low-value assets (below EUR 5,000). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

The Group as lessor
Agreements regarding property, plant, and equipment, where the Group is the lessor, are accounted for as finance leases, when a substantial part of the risks and rewards of ownership are transferred to the lessee. At the commencement date, for the subleases, a net investment (lease receivable), equaling to the present value of lease payments and the present value of the unguaranteed residual value, is recognized. The proportion of the right-of-use asset that is subleased is derecognized from the balance sheet. The difference between the right-of-use asset and the sublease receivable (net investment) is recognized in other operating income or expense. Lease payments received later are recorded as repayments of lease receivables and as interest income.

Taaleri has subleased the premises in which it is the main tenant in the financial years 2022 and 2021.

2.12 Employee benefits

Long-term remuneration of management and other personnel
The Group uses long-term remuneration systems for personnel based on which persons belonging to them may receive a bonus settled in Taaleri's shares or cash for work performed during the vesting period. Depending on the payment method, these remuneration programs are recognized either in equity or as cash-settled share-based payment transactions.

Share-based employee benefits paid in equity are measured at fair value at the moment of granting. The amount recognized in expenditure is amortized in personnel costs and as an increase in equity during the vesting period. Also, in arrangements settled in the net amount – in which the Group is obliged to pay withholding tax on the bonus to be paid, due to which part of the bonus earned is spent on paying taxes – the bonus earned is treated as an asset fully paid in equity instruments, despite the tax part paid in money.

The estimated number of shares to be implemented is checked quarterly. The possible effects of adjustments made to the original estimates are recognized in the income statement as personnel costs, and the corresponding adjustment is made in equity.

Pensions
The statutory pension cover of the company's employees and management has been arranged using TyEL (employee pension) insurance agreements. Voluntary additional pension insurance has been taken out for the company's CEO. All of the Group's pension arrangements are defined-contribution plans. Expenses arising from statutory pension arrangements are recognized in the income statement under personnel costs and those arising from voluntary additional pension insurance is recognized under other administrative expenses. Insurance premiums are paid to the insurance company and recognized as expenses over the financial period, which the premiums cover. The defined-contribution plans have no other payment obligations.

2.13 Contingent liabilities

A contingent liability is a possible obligation that arises from past events, and whose existence will be confirmed by the occurrence of an uncertain event not wholly in the control of the Group. In addition, an existing obligation which probably does not require that the payment obligation is met, or the amount of which cannot be estimated reliably, is considered to be a contingent liability. The Group's contingent liabilities are presented in the notes to the financial statements.

2.14 Income taxes and deferred taxes

Tax expenses consist of taxes based on the taxable income for the period, taxes for previous periods and deferred taxes. Taxes are recognized through profit or loss, unless they are associated with items recognized directly in shareholders' equity or other comprehensive income. In this case, taxes are recognized in the items in question. Taxes based on the taxable income for the period is calculated from the taxable income based on tax rates valid in the specific country.

Deferred taxes are calculated on temporary differences between the carrying amount and taxable value. However, deferred tax liabilities are not recognized on the original recognition of goodwill. Deferred tax assets are recognized up to the amount at which it is likely that taxable income will be generated in the future, against which the temporary difference can be utilized. The Group's most significant temporary differences are generated from the elimination of the equalization provision related to insurance activities and the measurement of investments at fair value. Deferred taxes are calculated using the tax rates regulated by the closing date or tax rates which have been approved in practice before the closing date.

2.15 Revenue recognition principles

Revenue recognition principles for Private Asset Management
Income from customer agreements in the private asset management business is recognized in Fee and commission income. According to IFRS 15, revenue from customer contracts is recognized in such a way that the transaction price is first allocated to the performance obligations and when the performance obligation is fulfilled by transferring control of the related service to the customer, the related revenue is recognized. The performance obligation can be fulfilled either at a specific time or over time. The main income of Taaleri's private asset management business is generated from private equity funds and co-investment projects managed by Taaleri.

A management fee will be paid to the alternative fund manager or the responsible partner of the alternative fund for the entire duration of the fund. The management fee is a variable consideration and is based on, for example, the fund's initial investment commitments, the value of the fund or the fund's investments in accordance with the valuations of the fund or the total amount of equity and liabilities committed to the fund. The management fees paid by the funds and the consulting fees paid by co-investments are recognized over time as the management of the fund is the sole performance obligation of the agreement and the fund management service is provided over time. Management fees are invoiced in advance on a quarterly basis and accrued as income on a monthly basis.

The private asset management business also includes mandate-based fee income, which is recognized over time as the mandate-based portfolio management service is delivered over time. The renewable energy business also includes operation and maintenance services for wind farms, the invoicing of which is based on a pre-agreed annual fee, which is recognized as income during the year.

Due to the successful investment activities of private equity funds and co-investments, fee income may also include performance fees. The calculation formulas for the performance fees of Taaleri's private equity funds and co-investments are fund-specific, but they are always based on the returns at the fund or co-investment level after reaching a separately agreed hurdle rate. The performance fee is recognized at the time when the realization of the performance fee is reasonably certain, but the performance fee is paid only in connection with the exit of the fund or co-investment. If the exit takes place only in later financial years, but the realization of the performance fee can already be reasonably certain in previous financial years, an asset based on the contract is recognized in connection with the recognition of the unrealized performance fee. Taaleri only considers the performance fee to the extent that it is probable that the amount of the accrued recognized income will not need to be significantly reversed later. Taaleri calculates the value of its funds on a quarterly basis and reviews semi-annually the performance fees of private equity funds and co-investments attributable to the alternative fund manager or the responsible partner of the alternative fund and models the probabilities of factors related to their realization and the final amount of the performance fees.

In order to avoid the need for a significant reversal of accrued income recognized as a performance fee at a later date, a discount factor approved by management for the cash flows unrealized at the time of modeling is used in the modeling of performance fees, which is determined on a fund-by-fund and case-by-case basis. The discount factor reflects the volatility of the estimated performance fee, the timing uncertainty associated with the exit of the fund and the amount of the final performance fee. As the uncertainty surrounding the performance fee decreases over time, a performance fee may be recognized for the same fund over several financial years as the discount factor changes before the final fee is determined upon exit of the fund. Performance fees recognized but not yet realized are recognized in the balance sheet under Accrued income and advanced payments. The final amount of the performance fee will be determined in connection with the exit of the fund or co-investment, in which case the performance fee will be derecognized from Accrued income.

Commission expenses include commission expenses payable to another from the income recognized in commission income.

The private asset management business also develops projects, in which case unfinished project costs are capitalized in the balance sheet. Project income and expenses are recognized in the financial year when the outcome of the project can be estimated reliably. Project income is presented in other operating income and project expenses in other operating expenses, respectively.

Revenue recognition principles for insurance activities
Revenue recognition principles for insurance activities have been described in Section 2.8 (Assets and liabilities from insurance activities). All income from insurance activities is presented in net income from insurance activities, apart from changes in fair value from financial assets measured at fair value through other comprehensive income, which are presented in the statement of comprehensive income.

Other income
Income from equity investments mainly includes dividend income from equity investments and transfer gains/losses from associates and subsidiaries, as well as available-for-sale financial assets. Dividends are mainly recognized after the Annual General Meeting of the distributing company has made its decision on the distribution of dividends.

Net income from securities trading includes changes in fair value of all financial instruments measured at fair value through profit or loss. Net income from trading in foreign currencies includes net gains from foreign exchange transactions, as well as positive and negative foreign exchange differences from translating assets and liabilities into euros.

Interest income and expenses on interest bearing assets and liabilities are recognized on an accrual basis. On receivables, the difference between the acquisition cost and the nominal value is recognized in interest income on an accrual basis, and on liabilities the difference is recognized in interest expenses on an accrual basis. The difference between the nominal value and acquisition cost of fixed-rate bonds is recognized in interest income and expenses over the loan term on an accrual basis.

The effective interest method has been applied to the recognition of interest income and expenses over the agreement term. When calculating the effective interest rate, the expected life of the financial instrument and the future cash flows are estimated based on all contractual terms. Received commissions, transaction costs and possible premiums or discounts, which are an integral part of the effective interest rate of the financial instrument, have been taken into account when recognizing interest income and expenses.

2.16 Shareholders' equity

The Group classifies instruments it has issued, into equity or liabilities (financial liabilities) based on their characteristics. Equity instruments include any contracts which indicate a right to obtain a proportion of an entity's assets after deducting all its liabilities. Costs related to the issuance or acquisition of equity instruments are accounted for as a deduction from equity. If the company reacquires its own equity instruments, those instruments are deducted from equity.

2.17 Operating profit and income

The IAS 1 (Presentation of Financial Statements) standard does not define the concept of operating profit.

Taaleri's operating profit is calculated as follows: Operating profit is the net amount of Total income, Fee and commission expenses, Administrative expenses, Depreciation and Impairments, Other operating expenses and the Share of associate's profit or loss. All income statement items other than those listed above are presented below the Operating profit.

Income included in the total income have been presented as a gross amount, apart from income from securities and currency trading and income from insurance, which are presented as a net amount to offer a fair view.

2.18 Accounting policies requiring management's judgment and key uncertainties regarding estimations

When preparing the financial statements, estimates and assumptions concerning the future need to be made, and their outcome may differ from the estimates and assumptions made. In addition, applying the accounting policies requires judgement.

In 2015 Taaleri acquired Garantia insurance company. The purchase price paid, compared to the actual market value includes uncertainty and managerial judgement. The Group has measured assets and liabilities of the acquired company at fair value according to best estimates, but future guaranty losses involve significant uncertainties, particularly in a poor market situation. The fact that EUR 28.6 million was recognized in negative goodwill on the acquisition date of 31 March 2015, does not mean that no guaranty losses relating to the outstanding guaranties on the acquisition date, could occur in the future. On the acquisition date, the company was not aware of any guaranty losses which the company had not taken into account on its balance sheet and, according to IFRS, general unallocated provisions cannot be made.

The measurement of the liabilities associated with the guaranty insurance operations offered by Garantia involve several factors and uncertainties subject to judgement. In addition to assumptions concerning the external operating environment, the evaluation is mainly based on the insurance mathematical analysis of its loss statistics. The managerial judgement is particularly required to define risks and the capital required for business operations, to price risks according to profitability and solvency objectives, to fulfil the obligations required by insurance agreements and to evaluate provisions for outstanding claims caused by loss events that have already occurred.

When assessing the Group's control in structured entities, the power of the Group to affect relevant activities and its exposure to variable returns are evaluated. The assessment of control is subject to judgement. The assessment of control is done in more detail, when the Group's share in the structured entity's net assets and returns exceeds 20 per cent. The investee is consolidated as a subsidiary at the latest, when the Group's exposure to variable returns is significant and the Groups is able to use its power over the investee to affect the amount of the variable returns.

Management's judgment has been used in determining and measuring the identifiable assets acquired and liabilities assumed acquired by Suomen Vuokravastuu Oy, a company acquired in 2018, which has affected the amount of goodwill recognized.

The values of businesses acquired through business combinations are based on estimated future development, estimated cash flows and the discount rate used. Goodwill is tested annually for impairment. The recoverable amount defined in impairment testing is often based on the value in use, the calculation of which requires estimates of future cash flows and the discount rate used. More detailed information on goodwill is provided in Note 26 Intangible assets.

Managerial judgement is needed when measuring the unfinished projects of the Private Asset Management segment. External costs associated with active projects have been recognized on the balance sheet if the net present value of the project is positive. Project expenses have been recognized through profit or loss if a project has ended or its net present value is negative. The coronavirus pandemic and extreme weather conditions have caused delays in the progress of projects, but this has not had a material effect on the valuation of unfinished projects.

When classifying and measuring financial assets managerial judgement is needed, i.e. when deciding whether an equity instrument is strategic or not, which affects whether the instrument is measured through profit or loss or other comprehensive income without recycling. Evaluating expected credit loss requires judgement, i.e. when choosing which credit loss models and parameters to use. The expected credit loss model is described in more detail in section 2.7 of the accounting policies.

Management must evaluate when the markets of financial instruments are no longer deemed to be active. When the fair value of a financial instrument is measured using valuation methods, the management's judgement is required for the selection of the applicable valuation method. International Valuation Standards (IVS) and valuation methods based on their applications have been used to measure the fair value of private equity fund investments and unquoted shares and units. The valuations take a number of different factors into consideration, such as when an investment was made and at what price, the price development of quoted reference companies, local market conditions in the specific industry, realized and estimated operating results, and additional investments. Value analyses have usually been prepared for finished projects using a cash flow-based income approach and a comparative market-based measurement method. Unfinished projects in the funds have been measured at their acquisition cost or lower fair value. Estimates and managerial judgement is required in the valuations. Illiquid investments include uncertainty regarding the future realized gains or losses, compared to the estimated fair value.

Taaleri recognizes the performance fees of the private asset management business only to the extent that it is probable that the amount of the accrued recognized income will not have to be significantly reversed later. Taaleri reviews semi-annually the performance fees of private equity funds and co-investments attributable to the alternative fund manager or the responsible partner of the alternative fund and models the probabilities of the factors related to their realization and the final amount of the performance fees. Modeling requires management judgment in determining the forecast parameters used and the discount factor that describes the uncertainty of the reward.

Managerial judgement has been applied when measuring the fair value of synthetic options, and the amount recognized in profit or loss from share-based payment schemes. Hence, deferred taxes from the share-based payment schemes have been recognized in profit or loss and on the balance sheet.

Deferred taxes have been recognized from the equalization provision of Garantia, the amount of which is based on calculation principles approved by the Financial Supervisory Authority, loss statistics confirmed by the management and estimated future losses. Managerial judgement is needed when comparing the current period's loss ratio with the long-term expected average, on the basis of which the equalization amount is either increased or decreased through profit or loss, which has a direct impact on the amount of deferred tax liabilities.

Taaleri has taken into account the uncertainty caused by climate change in the preparation of the financial statements. The effects of the prevailing circumstances have been assessed in the estimates that require management's judgment and in the related key uncertainties. The uncertainties related to climate and sustainability risks are described in more detail in Note 37 Group's Internal Control and Risk Management Principles.

Identified risks related to climate change can negatively affect, for example, the yield of Taaleri's funds, the value of holdings, capital- and operating costs in funds' investments, and the production of facilities, for example through acute and chronic changes in weather, weather patterns, and temperature conditions. Potential negative impacts may also be caused by transition risks, such as tightening regulation, changes in the operating environment, as well as changes in stakeholder needs and preferences. Climate and sustainability risks may affect Taaleri Group's contingent liabilities, taxes, revenue recognition principles, employee benefits, insurance operations, financial assets and financial liabilities and other assets and liabilities. For example, transition risks related to climate change can affect the Group's operating abilities and performants through, for example, more difficult fund raising, which is reflected in Group's management fees and performance fees generated from the funds and there for in the Group's total income, and thus they need to be considered e.g. in determining revenue recognition principles and in valuation of financial assets and liabilities.

On the other hand, extreme weather phenomena can negatively affect the operations of entities that are subject to Taaleri's funds' investments, make it more difficult to procure production inputs and increase the risk of damage to production facilities, all of which is reflected as increased costs and as production slowdowns in the funds' investments, which in turn affects e.g. in the valuation of assets.

2.19 Applying new and revised standards and new interpretations

Starting from 1 January 2022, the Group has applied the following new and revised standards and interpretations with an impact on the financial statements:

Improvements to IFRS
Annual improvements to standards are performed collectively once a year. The impact of these changes varies according to standard, but these changes have not had any significant impact on consolidated financial statements.

2.20 New and revised standards to be applied later

Several new standards and amendments to and interpretations of standards will only be adopted later than in the financial periods beginning 1 January 2022, and they have not been applied in the preparation of these consolidated financial statements. It is expected that the following revisions will have some impact on Taaleri's financial statements.

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts was issued on 18 May 2017. The standard was endorsed by the EU on 19 November 2021 and it will become applicable on 1 January 2023. IFRS 17 was issued as a replacement for IFRS 4 Insurance Contracts. The overall objective of IFRS 17 is to provide better information on the financial position and profitability of insurance companies. The purpose of the standard is to increase the transparency and improve the comparability of financial statements. Accounting under IFRS 17 differs in principle from both the measurement methods under IFRS 4, and from the calculation methods applied under Solvency II, a framework used by insurance companies to calculate capital adequacy. This results in mutually different valuations of insurance

liabilities in the frameworks. IFRS 17 harmonizes the accounting for insurance liabilities and the application of local accounting policies will no longer be allowed. Under IFRS 17 the insurance liability will be measured at fair value.

Taaleri applies the general model in accordance with IFRS 17 (Building Block Approach, BBA) in the valuation of all insurance contracts, and divides the insurance contracts into four portfolios according to the product groups applied in its business. The portfolio division is based on the similarity of risks and the fact that the contracts are managed jointly. Taaleri applies a modified retrospective approach to the majority of its insurance contracts and a full retrospective approach to some groups of insurance contracts underwritten in the past few years. Taaleri applies a fair value approach to one portfolio of insurance contracts for a small number of contracts underwritten in 2019 or earlier.

IFRS 17 is about valuing insurance and reinsurance contracts at fair value, based on the cash flows and risks arising from the contracts, whereas under IFRS 4 contract valuation was purely based on the allocation of insurance premiums in relation to the passage of time. According to IFRS 17, the value of an insurance contract adds up as the sum of the present value of future cash outflows, the present value of a risk adjustment reflecting the uncertainty of these cash flows, and the present value of future profits inherent in the contract, also known as the Contractual Service Margin (CSM). Despite the differences between the two valuation methods, the difference between Taaleri's net insurance assets and liabilities under IFRS 17 and IFRS 4 remains small. The valuation difference of the net assets and liabilities will be booked into equity on the date of transition.

Another key difference between financial statements prepared under IFRS 17 and IFRS 4 relates to the recognition of insurance premiums and profits and losses arising from insurance contracts. Under IFRS 17, insurance premiums and insurance contract profits are recognised in relation to insurance services performed. The measurement for insurance services performed is based on coverage units, that in turn are mainly based upon guaranty insurance exposure. If the contracts are determined to be onerous at initial recognition, the total loss arising from the contract during the entire contract period is recognised instantly through profit or loss as part of insurance service expense. Under IFRS 4, insurance premiums and profits and losses arising from insurance contracts were recognised in relation to the passage of time regardless of whether the contracts were profitable or not.

Due to the recognition principles described above, risk and cost-based pricing of insurance contracts and estimates concerning future cash flows and risks may have significant effects on the profit or loss, when financial statements are prepared according to IFRS 17. Inadequate insurance contract pricing will under the method lead to a total loss for the contract period being booked at initial recognition. Also, contracts previously regarded profitable may turn onerous, or contracts previously regarded as onerous may turn profitable, should the future estimates change from initial recognition. This may in turn result in significant impacts on profit or loss. The most crucial future estimates are related to the cash flows arising from insurance premiums, claims and operating expenses, and the risks related to these cash flows.

As a result of the accounting treatment of onerous contracts, changes in future estimates may in the future have a significant impact on the profit or loss for individual reporting periods, which in turn may increase Taaleri's earnings volatility compared to financial statements prepared according to IFRS 4.

The standard is applied retrospectively to financial periods starting on or after January 1, 2023, with the transition date being January 1, 2022. Each group of insurance contracts is valued as if IFRS 17 had always applied. The negative net difference, approximately EUR 1.5–2.5 million, arising from the valuation of groups of insurance contracts at the time of transition is recognized in Group's equity. The insurance liability measured according to IFRS 17 standard will be on the transition date, January 1, 2022, approximately EUR 40.0–42.0 million, including a Contractual Service Margin (CSM) of approximately EUR 32.0–34.0 million.

Taaleri will record the insurance service result, as defined by IFRS 17, in the Group's Total income both in the IFRS income statement and in segment reporting. According to IFRS 17, the insurance service result includes insurance revenue and insurance service expenses. In addition to incurred claims, insurance service expenses include, among other things, operating expenses incurred from insurance operations and losses on onerous contracts and reversal of those losses. When applying the IFRS 4 standard, operating expenses incurred from insurance operations have been presented below Total income, and losses on onerous contracts have been recognized in proportion to time. The implementation of IFRS 17 therefore has the effect of decreasing Taaleri Group's Total income and Other operating expenses. However, the implementation of the standard is not expected to have a significant impact on the Group's Profit for the period.

The content of the Insurance assets line item in Taaleri Group's consolidated balance sheet will change in connection of the implementation of IFRS 17. When applying IFRS 4, the Insurance assets line item has included Insurance receivables and Insurance investment assets, but when applying the IFRS 17 standard, the Insurance receivables have been valued as part of the Insurance liability. On the other hand, Reinsurance contract assets, as a new item, is recorded under Insurance assets, which represents the fair value of Taaleri's reinsurance contracts. The implementation of IFRS 17 has no effect on the Insurance investment assets. The valuation principles of the Insurance liabilities item in Taaleri's consolidated balance sheet will change, and in the future the line item will represent the fair value of insurance contracts measured according to IFRS 17, as described above.

Taaleri will publish the quarterly adjusted figures for 2022 before publishing the Q1 interim statement of 2023.

No other IFRS standard or IFRIC interpretation already published but not yet valid is expected to have a material impact on the Group.

Notes to the Income Statement

3 Fee and commission income

1.1.-31.12.2022, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	24,013	17,511	6,502	-	1,094	25,106
Performance fees	17,839	8,799	9,040	-	-	17,839
Total	**41,851**	**26,310**	**15,541**	**-**	**1,094**	**42,945**

1.1.–31.12.2021, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	19,425	14,820	4,605	-	1,373	20,798
Performance fees	11,412	6,172	5,240	-	-	11,412
Total	**30,837**	**20,992**	**9,845**	**-**	**1,373**	**32,211**

During the financial year 2022, a total of EUR 17.8 (11.4) million in performance fees were recognized in the income statement, of which EUR 10.8 (5.4) million is based on the management's conservative estimate and is unrealized at the balance sheet date. On December 31, 2022, Taaleri has unrealized performance fees recognized in fee and commission income totaling EUR 16.2 (5.4) million. For further information, see Note 29 Accrued income and prepayments.

4 Net income from insurance

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Earned premiums, net		
Premiums written	24,664	25,142
Reinsurers' share	-479	-532
Change in provision for unearned premiums	-5,874	-6,520
Reinsurers' share	-67	-225
Total	**18,244**	**17,865**
Claims incurred, net		
Claims paid	-1,257	-1,739
Reinsurers' share	505	843
Change in provision for outstanding claims	1,160	1,965
Reinsurers' share	-683	-1,373
Total	**-275**	**-304**
Net income from investment operations		
Financial assets at fair value through other comprehensive income	**-1,442**	**3,610**
Interest income	1,876	2,034
Profit or loss from sales	-3,487	1,714
Others	170	-138
- of which change in expected credit loss	170	44
Financial assets at fair value through profit or loss	**-7,012**	**6,705**
Financial assets that need to be measured at fair value through profit or loss	**-7,012**	**6,705**
Change in fair value	1,061	5,540
Interest income	-8,214	1,093
From dividends	84	-
Profit or loss from sales	-115	-92
Others	172	164
Total	**-8,453**	**10,315**
Net income from insurance, total	**9,515**	**27,875**

5 Net gains or net losses on trading in securities and foreign currencies

Net gains or net losses on trading in securities, EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
From financial assets measured at fair value through profit or loss		
Financial assets that need to be measured at fair value through profit or loss	4,760	7,480
Total	**4,760**	**7,480**

Net gains or net losses on trading in securities and foreign currencies, EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Net gains or net losses on trading in securities by type		
From shares and units	4,760	8,109
Sales profit and loss	5,798	3,413
Changes in fair value	-1,038	4,697
From derivative instruments	-	-630
Changes in fair value	-	-630
Net gains or let losses on trading in securities, total	4,760	7,480
Net gains or net losses on trading in foreign currencies	695	558
Total	**5,454**	**8,038**

6 Income from equity investments

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
From financial assets recognised at fair value in profit or loss	620	521
Dividend income	586	-
Profit or loss from divestments	34	521
From assets classified as held for sale	1,244	-111
Changes in fair value	1,244	-111
From associated companies	10	-100
Profit or loss from divestments	10	-100
From group companies	-58	1,854
Profit or loss from divestments	-58	1,854
Total	**1,816**	**2,163**

The gain on the sale of the wealth management operations classified as a discontinued operations has been recognized as part of the result of discontinued operations in 2021. See Note 45 Discontinued Operations and the Sale of a Subsidiary.

7 Interest income

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Interest income from other loans and receivables		
From receivables from the public and general government	1,113	1,359
From debt securities	-	57
From net investments in leases	12	20
Other interest income	14	38
Total	**1,139**	**1,475**

Interest income do not include income from financial assets that are impaired.

8 Other operating income

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Rental income	-	5
Income from wind projects	-	553
Other income	159	310
Total	**159**	**867**

9 Fee and commission expense

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Private Asset Management fee and commission expenses	9,839	7,918
Other commission expenses	196	407
Total	**10,035**	**8,325**

10 Personnel costs

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Wages, salaries and fees	13,404	14,886
Whereof variable fees	2,502	4,498
Pension expenses from defined contribution plans	2,257	2,059
Share-based payments	511	2,899
Payable in cash or equity	511	2,899
Social security contributions	420	830
Total	**16,593**	**20,674**

During 2021, Taaleri Plc paid a total of EUR 1,366,732.34 in one-time compensation to Robin Lindahl, the former CEO of Taaleri Plc, due to the termination of his employment. At the end of 2021, EUR 854,732.34 of the compensation to Robin Lindahl were still unpaid. The remaining amount of the compensation have been paid in full during 2022. During 2021, the final purchase price for Evervest Ltd acquired in 2018 was also paid in the amount of EUR 2,255,960.52. The final purchase price has been considered an employee benefit and has been recognized in personnel expenses.

11 Other administrative expenses

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
ICT expenses	2,785	2,223
Marketing and communication expenses	764	633
Other expenses	2,526	2,439
Total	**6,076**	**5,295**

12 Depreciation, amortisation and impairment on tangible and intangible assets

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Intangible assets		
Planned depreciation	8	12
Goodwill impairment	348	
Tangible goods		
Planned depreciation	847	776
Total	**1,203**	**788**

13 Other operating expenses

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Premises and other rental expenses	332	394
External services	2,066	3,061
Equipment rental and leasing	26	73
Fees paid to the company's auditors	352	357
Auditing fees	274	272
Tax services	19	-
Other	60	85
Other expenses	938	731
Total	**3,715**	**4,615**

14 Expected credit losses

EUR 1,000	Amortised cost	At fair value through other comprehensive income[1]	Total
ECL 1.1.2022	2,920	460	3,380
Additions due to initial issue and purchases	62	62	123
Deductions due to derecognitions	-1,726	-202	-1,929
Changes in risk parameters	-	-29	-29
Recognised in profit or loss	**-1,664**	**-170**	**-1,834**
ECL 31.12.2022	**1,255**	**290**	**1,545**

EUR 1,000	Amortised cost	At fair value through other comprehensive income[1]	Total
ECL 1.1.2021	691	504	1,195
Additions due to initial issue and purchases	2,393	204	2,598
Deductions due to derecognitions	-164	-248	-412
Changes in risk parameters	-	-	-
Recognised in profit or loss	**2,229**	**-44**	**2,185**
ECL 31.12.2021	**2,920**	**460**	**3,380**

All financial assets subject to ECL calculations are on level 1, i.e. the credit risk has not increased significantly.

[1] Expected credit losses from financial assets measured at fair value through other comprehensive income all pertain to the insurance business, and therefore the expected credit loss has been recognised in net income from insurance investment operations. See Note 4.

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Received payments related to loans that have been written-off	-	50
Change in ECL	1,664	-2,229
Realized credit losses	-1,498	-56
Expected credit losses from financial assets measured at amortised cost recognised in profit or loss	**166**	**-2,235**

15 Interest and other financing expense

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Interest expenses from other liabilities		
From liabilities to credit institutions	-	359
From receivables from credit institutions	125	187
From liabilities to the public and general government	19	-
From debt securities issued to the public	-	1,057
From subordinated debts	768	752
Other interest expenses	41	8
Total	**953**	**2,362**

16 Income taxes

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
From profit for the financial period	2,921	5,273
Taxes from previous periods	68	3
Deferred taxes	2,107	-77
Total	**5,096**	**5,199**

Reconciliation of taxes on the income statement with profit before taxes	1.1.–31.12.2022	1.1.–31.12.2021
Operating profit (profit before taxes)	27,372	28,785
Interest and other financing expenses	-953	-2,362
Taxes calculated at the tax rate of the parent company (20%)	5,284	5,285
Different tax rates on foreign subsidiaries	103	-
Tax-free income	-909	-842
Non-deductible expenses	24	851
The use of taxable losses confirmed previously	125	-20
Unbooked deferred tax receivables from taxable losses	-152	-110
Share of the profits of associated and joint venture companies with taxes deducted	774	253
Taxes from previous financial periods	-68	-3
Tax elimination difference for discontinued operations	-	-211
Other items	-85	-3
Taxes on the income statement	**5,096**	**5,199**

The effective tax rate in 2022 was 19% (2021: 20%).

17 Other comprehensive income items

Taxes concerning other comprehensive income

	1.1.–31.12.2022			1.1.–31.12.2021		
EUR 1,000	**Pre-tax**	**Tax effect**	**After taxes**	**Pre-tax**	**Tax effect**	**After taxes**
Changes in the fair value reserve	-14,127	2,127	-12,000	-526	105	-421
Items that may be reclassified to profit or loss	-10,141	2,028	-8,113	-967	193	-774
Items that may not be reclassified to profit or loss	-3,986	99	-3,887	441	-88	353
Translation differences	42	-	42	71	-	71
Total	**-14,085**	**2,127**	**-11,959**	**-456**	**105**	**-351**

18 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average of the number of shares outstanding - with the exception of repurchased own shares (Note 36 Equity).

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Profit from continuing operations attributable to the owners of the parent company	20,617	21,186
Profit from discontinued operations attributable to the owners of the parent company	-	114,902
Total	**20,617**	**136,088**
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,306	28,306
Basic earnings per share, continuing operations, EUR	**0.73**	**0.75**
Basic earnings per share, discontinued operations, EUR	**0.00**	**4.06**
Basic earnings per share, EUR	**0.73**	**4.81**

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding so that all dilutive potential ordinary shares are assumed to be converted into ordinary shares. The Group's dilutive potential ordinary shares consist of share-based incentive arrangements payable as shares. They are taken into account like options, from the date of their granting when calculating the diluted earnings per share.

EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Profit from continuing operations attributable to the owners of the parent company	20,617	21,186
Profit from discontinued operations attributable to the owners of the parent company	-	114,902
Total	**20,617**	**136,088**
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,306	28,306
The dilutive effect of share options (1,000 pcs)	523	591
The weighted average of the number of shares when calculating the diluted earnings per share (1,000 pcs)	**28,828**	**28,896**
Diluted earnings per share, continuing operations, EUR	**0.72**	**0.73**
Diluted earnings per share, discontinued operations, EUR	**0.00**	**3.98**
Diluted earnings per share, EUR	**0.72**	**4.71**

Notes to the Balance Sheet

19 Receivables from credit institutions

EUR 1,000	31.12.2022	31.12.2021
Repayable on demand	46,817	53,255
From domestic credit institutions	45,152	52,770
From foreign credit institutions	1,665	485
Total	**46,817**	**53,255**

Receivables from credit institutions correspond fully to the Group's cash balances. All cash balances are available for use by the Group.

20 Receivables from the public and general government

EUR 1,000	31.12.2022	31.12.2021
Other than repayable on demanded		
Companies and housing associations	4,335	4,865
Households	231	467
Foreign	1,678	688
Total	**6,243**	**6,021**

The group has subordinated receivables amounting to EUR 0.3 (0.8) million. Information about impairment losses is presented in Note 14 to the income statement. The maturity dates of receivables are presented in Note 38.

21 Shares and units

Shares and units, EUR 1,000	31.12.2022	31.12.2021
Fair value through profit or loss	38,185	40,567
Fair value through other comprehensive income	6,277	979
Total	**44,462**	**41,546**
- of which publicly quoted	15,623	15,972
- of which shares in funds	-	-
Participating interests, EUR 1,000	**31.12.2022**	**31.12.2021**
Acquisition cost	7,009	10,549
Share of the associates' profits	-3,301	-1,660
Total	**3,708**	**8,889**
Total	**48,170**	**50,435**

The share of the result of associated companies in 2022 includes an impairment loss on the shares of Sepos Oy totaling EUR 2.3 million and in 2021 on the shares of Hernesaaren Kehitys Oy totaling EUR 0.2 million.

22 Assets classified as held for sale

EUR 1,000	31.12.2022	31.12.2021
Investments in associated companies	-	5,246
Total	**-**	**5,246**

As Taaleri's associated company Fellow Finance Plc was listed on the First North exchange in October 2018, Taaleri Plc decided to reclassify the holding as an asset held for sale. Taaleri Plc has promoted actively and continuously the sale. Fellow Finance Plc and Evli Bank Plc announced on 14 July 2021 that Fellow Finance Plc and Evli Pankki Plc's banking business will merge. The date of implementation of the arrangement was April 2, 2022. Taaleri's holding in the new Fellow Bank Plc is 17.6 per cent after the arrangement.

After the date of implementation of the arrangement, Taaleri will again apply IFRS 9 in the classification and recognition of Fellow Bank Plc's shares and will classify the share position as non-strategic for the Group, as Fellow Bank Plc's operations are not closely related to the Group's strategy. In accordance with Taaleri's accounting policies, such investments are specifically classified at fair value through other comprehensive income on initial recognition. In this case, dividend income is recognized in profit or loss, but changes in fair value, foreign exchange gains and losses and capital gains and losses are recognized in comprehensive income. Items recognized in other comprehensive income are not subsequently transferred to profit or loss. Fellow Bank Plc's shares are included in Taaleri's balance sheet in the Shares and units -group.

23 Insurance assets and liabilities

Insurance assets, EUR 1,000	31.12.2022	31.12.2021
Investments		
Loans and other receivables	117,210	137,169
Shares and units	35,307	28,685
Total	152,517	165,854
Receivables		
Arising out of direct insurance operations	956	1,894
Arising out of reinsurance operations	425	1,225
Total	1,381	3,119
Total	**153,898**	**168,973**

Insurance liabilities, EUR 1,000	31.12.2022	31.12.2021
Provision for unearned premiums	42,541	36,667
Claims outstanding	1,248	2,408
Liabilities arising out of direct insurance operations	59	294
Liabilities arising out of reinsurance operations	102	53
Total	**43,950**	**39,421**

24 Classification of financial assets and liabilities

Financial assets and liabilities 31.12.2022, EUR 1,000		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Receivables from credit institutions [1]	46,817					46,817	46,817
Receivables from the public and general government	3,861				2,383	6,243	6,243
Shares and units		6,277		38,185		44,462	44,462
Insurance assets			88,155	36,606	27,755	152,517	152,517
Other financial assets						38,159	
Financial assets total	**50,677**	**6,277**	**88,155**	**74,792**	**30,138**	**288,197**	
Participating interests						3,708	
Other than financial assets						8,864	
Assets in total 31.12.2022						**300,770**	

Financial liabilities	At fair value through profit or loss	Other liabilities	Total	Fair value
Liabilities to the public and general government [1]		410	410	410
Subordinated debt		14,870	14,870	15,154
Other financial liabilities		16,804	16,804	
Financial liabilities total	**-**	**32,083**	**32,083**	
Other than financial liabilities			65,991	
Liabilities in total 31.12.2022			**98,075**	

[1] The carrying amount of these receivables are seen as the best estimate of their fair values.

[2] Bonds included in Debt securities issued to the public are carried at amortised cost.

[3] At initial recognition the Group's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2022 the fair value of non-strategic investments was EUR 6.3 (31 Dec 2021 EUR 1.0) million, of which none paid dividends in 2022 or 2021. No material non-strategic investments were derecognised in 2022.

Financial assets and liabilities 31.12.2021, EUR 1,000		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Receivables from credit institutions [1]	53,255					53,255	53,255
Receivables from the public and general government	3,355				2,666	6,021	6,021
Shares and units		979		40,567		41,546	41,546
Insurance assets			98,844	44,819	22,191	165,854	165,854
Other financial assets						25,366	
Financial assets total	**56,610**	**979**	**98,844**	**85,386**	**24,857**	**292,042**	
Participating interests						8,889	
Other than financial assets						17,792	
Assets in total 31.12.2021						**318,723**	

Financial liabilities	At fair value through profit or loss	Other liabilities	Total	Fair value
Derivative contracts	630		630	630
Subordinated debt		14,854	14,854	15,526
Other financial liabilities		15,168	15,168	
Financial liabilities total	**630**	**30,022**	**30,651**	
Other than financial liabilities			58,324	
Liabilities in total 31.12.2021			**88,975**	

[1] The carrying amount of these receivables are seen as the best estimate of their fair values.

[2] Bonds included in Debt securities issued to the public are carried at amortised cost.

[3] At initial recognition the Group's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2022 the fair value of non-strategic investments was EUR 6.3 (31 Dec 2021 EUR 1.0) million, of which none paid dividends in 2022 or 2021. No material non-strategic investments were derecognised in 2022.

25 Fair value of financial instruments

Fair value of assets 31 December 2022, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions		46,817		46,817
Receivables from the public and general government		5,218	1,026	6,243
Shares and units	15,623		28,839	44,462
Insurance assets	144,965		7,552	152,517
Total	**160,588**	**52,034**	**37,417**	**250,038**

Fair value of liabilities 31 December 2022, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Liabilities to the public and general government		410		410
Subordinated debt		15,154		15,154
Total	**-**	**15,564**	**-**	**15,564**

Fair value of assets 31 December 2021, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions		53,255		53,255
Receivables from the public and general government		5,107	914	6,021
Shares and units	15,972		25,574	41,546
Insurance assets	159,360		6,494	165,854
Total	**175,332**	**58,362**	**32,982**	**266,676**

Fair value of liabilities 31 December 2021, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Derivative contracts		630		630
Subordinated debts		15,526		15,526
Total	**-**	**16,156**	**-**	**16,156**

Fair value hierarchy

Level 1: Fair values are based on the prices quoted on the active market on identical assets or liabilities.

Level 2: Fair values are based on information other than quoted prices included within level 1 that are observable for the asset or liability, either directly (from prices) or indirectly (derived from prices). When measuring the fair value of these instruments, Taaleri Group uses generally accepted valuation models whose information is based to a significant degree on verifiable market information.

Level 3: Fair values are based on information concerning an asset or liability, which is not based on verifiable market information. Level 3 assets are mainly valued at a price received from an external party or, if no reliable fair value is available/determinable, at purchase price.

Assets classified at level 3

Assets categorised within level 3 consist of unquoted shares in private equity funds, other stocks and share units. Shares in private equity funds are mainly measured at the latest fair value received from the management company. Unquoted stocks are valued either at the latest trading price used on the unregulated market, at the book value of the entity subject to the investment, using the cash flow-based return value method, or if it is estimated that the fair value cannot be determined with sufficient accuracy, at the acquisition cost.

Reconciliation of assets categorised within level 3, EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Fair value January 1	32,982	27,147
Purchases	6,123	9,810
Sales and deductions	-1,888	-2,707
Change in fair value - income statement	833	1,493
Change in fair value - comprehensive income statement	-633	475
Transfers to level 1	-	-3,236
Fair value at end of period	**37,417**	**32,982**

Unrealised gains or losses attributable to fair value measurements of assets or liabilities categorised within level 3 held at the end of the reporting period recognised in profit or loss, EUR 1,000	1.1.–31.12.2022	1.1.–31.12.2021
Net income from insurance	765	1,473
Net gains or net losses on trading in securities and foreign currencies	68	20
Total	**833**	**1,493**

26 Intangible assets

EUR 1,000	31.12.2022	31.12.2021
Goodwill	347	696
Other intangible assets	8	15
IT systems and software	2	15
Other long-term expenses	6	-
Total	**355**	**711**

2022	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2022	696	760	1,456
Increases	-	-	-
Acquisition cost 31 December 2022	696	760	1,456
Accumulated depreciation, amortisation and impairment 1 January 2022	-	745	745
Depreciation during the financial period	-	8	8
Impairments	349	-	349
Accumulated depreciation, amortisation and impairment 31 December 2022	349	753	1,102
Book value 1 January 2022	696	15	711
Book value 31 December 2022	**347**	**8**	**355**

2021	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2021	5,097	7,504	12,601
Increases	349	-	349
Assets classified as held for sale and other disposals	4,750	6,744	11,493
Acquisition cost 31 December 2021	696	760	1,456
Accumulated depreciation, amortisation and impairment 1 January 2021	-	6,164	6,164
Depreciation during the financial period	-	12	12
Assets classified as held for sale and other disposals	-	5,430	5,430
Accumulated depreciation, amortisation and impairment 31 December 2021	-	745	745
Book value 1 January 2021	5,097	1,340	6,437
Book value 31 December 2021	**696**	**15**	**711**

Goodwill allocation and impairment testing

On 31 December 2022 the goodwill amounted to EUR 0.3 million, which was allocated entirely to the Strategic Investments segment. On 31 December 2021 the goodwill amounted to EUR 0.7 million, of which EUR 0.3 million was allocated to the Private Asset Management segment and EUR 0.3 million to the Strategic Investments segment. During the financial year of 2022, Taaleri decided to wind down the infrastructure business that was part of the Private Asset Management segment. As a result of the decision, Taaleri Group wrote down of the goodwill arising from the acquisition of Taaleri Infra I GP Oy in 2021 of EUR 0.3 million.

In impairment testing, the recoverable amount of the unit is determined based on its value in use. Cash flow forecasts are based on predictions for a four-year period. Cash flows after the forecast period are extrapolated using an even 0.5% growth factor, which is assessed as being suitable for a growing business. Future cash flows are discounted using the weighted average cost of capital, which is 13.4 percent for the Strategic Investments segment. Parameters used in determining the discount rate (risk-free interest, risk coefficient, risk premium and capital structure) are based on factors observed in companies engaged in similar or competing business and on the prevailing market conditions at the end of September 2022. The impairment testing of goodwill did not lead to recognition of impairment losses.

In conjunction with impairment testing, sensitivity analyses were carried out with regard to key assumptions, the discount rate and residual value growth factor. The variables used in the calculations are an increase of one percentage point in the discount rate and a decrease of one percentage points in growth following the forecast period. Separately examined, the sensitivity analyses did not show any risk of impairment.

27 Tangible assets

EUR 1,000	31.12.2022	31.12.2021
Other tangible assets	421	1,149
Total	**421**	**1,149**

	2022	2021
Acquisition cost 1 January	5,174	8,084
Increases	119	360
Transfer to non-current assets classified as available-for-sale	-	3,271
Acquisition cost 31 December	5,293	5,174
Accumulated depreciation, amortisation and impairment 1 January	4,025	5,140
Depreciations during the financial period	847	776
Transfer to non-current assets classified as available-for-sale	-	1,892
Accrued depreciation, amortisation and impairment 31 December	4,872	4,025
Book value on 1 January	1,149	2,944
Book value on 31 December	**421**	**1,149**

28 Other assets

EUR 1,000	31.12.2022	31.12.2021
Fee and commission income receivables	3,714	5,734
Other	9,492	7,935
Total	**13,206**	**13,669**

29 Accrued income and prepayments

EUR 1,000	31.12.2022	31.12.2021
Pension and employer insurance premiums	59	12
Interest receivables	4,503	3,527
Tax receivables	546	184
Development projects	2,242	3,917
Contract assets from unrealized performance fees	16,173	5,374
Other accrued income	4,988	3,907
Total	**28,510**	**16,921**

The performance fees of Taaleri's private asset management business are recognized at the moment when the realization of the performance fee can be reasonably certain, but the performance fee will only be paid in connection with the exit of the fund or co-investment. If the exit takes place only in later financial years, but the realization of the performance fee can already be reasonably certain in previous financial years, the performance fee is recognized and an unrealized contract asset is recognized in accrued income. The final amount of the performance fee will be determined in connection with the exit of the fund or co-investment, in which case the performance fee will be derecognized from accrued income.

Contract assets from unrealized performance fees at the balance sheet date were EUR 16.2 million according to management's estimate. Management has utilized several scenarios in estimating the amount of unrealized performance fees. At the balance sheet date, management has decided to use a conservative scenario in estimating the amount of unrealized performance fees arising from two funds, and an external valuation arising from one fund. In addition, a discount factor in the range of 30.0 to 50.0 per cent has been used to calculate the amount of unrealized performance fees to reflect the volatility of the estimated performance fee and the timing uncertainty associated with the exit of the fund. Taaleri reviews unrealized performance fees semi-annually and models the probabilities of factors related to their realization and the final amount of performance fees.

30 Liabilities to the public and general government

EUR 1,000	31.12.2022	31.12.2021
Other liabilities to the public and general government	410	-
Total	**410**	**-**

31 Other liabilities

EUR 1,000	31.12.2022	31.12.2021
Accounts payable	937	1,415
Fee and commission liabilities	-	105
Tax account liabilities	393	232
Lease liabilities	277	1,490
Other liabilities	142	76
Total	**1,749**	**3,318**

32 Accrued expenses and deferred income

EUR 1,000	31.12.2022	31.12.2021
Accrued personnel costs	1,508	1,373
Cash settled share options	-	855
Accrued interest	154	154
Accrued tax	1,721	2,009
Other accrued expenses	16,237	9,782
Total	**19,620**	**14,172**

33 Deferred tax assets and liabilities

Deferred tax assets, EUR 1,000	31.12.2022	31.12.2021
From employment benefits	111	210
From unused tax losses	2,746	1,989
From other IFRS adjustments	294	144
Total	**3,150**	**2,343**

Deferred tax liabilities, EUR 1,000	31.12.2022	31.12.2021
From financial assets recorded at fair value in profit or loss	639	1,146
From financial assets measured at fair value through other comprehensive income	96	435
From insurance equalisation provision	13,971	14,086
From other IFRS adjustments	2,770	914
Total	**17,476**	**16,580**

34 Derivative contracts

Derivative risks

EUR 1,000	31.12.2022			
	Nominal value of underlying, gross	Fair value	Asset	Liability
Held for trading				
Equity-linked derivatives				
Options granted	-	-	-	-
Derivative contracts, total	**-**	**-**	**-**	**-**

The option granted was a call option on shares of Inderes Plc that Taaleri hold. At the balance sheet date 31 December 2021, Taaleri hold 50,364 Inderes Plc shares and all of the shares held were accompanied by a unilateral call option on the part of Inderes Plc. The option was valid until June 30, 2022 and it was exercised in May, 2022. Taaleri was committed to restrictions on the transfer of the number of shares subject to the option. The shares subject to the option had been valued at fair value and presented under Shares and units. The option had been valued at fair value and presented as a separate agreement under Derivative contracts.

EUR 1,000	31.12.2021			
	Nominal value of underlying, gross	Fair value	Asset	Liability
Held for trading				
Equity-linked derivatives				
Options granted	1,259	-630	-	-630
Derivative contracts, total	**1,259**	**-630**	**-**	**-630**

35 Subordinated debt

EUR 1,000	31.12.2022	31.12.2021
Tier 2 bond	14,870	14,854
Total	**14,870**	**14,854**

On 18 October 2019 Taaleri Plc issued Tier 2 notes totalling EUR 15 million. The Tier 2 Notes constitute a subordinated debt instrument, which is included in the Tier 2 capital referred to in Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council. The notes mature in ten years and bear a fixed interest rate of 5.0 per cent until 18 October 2024 and then onwards EUR 5-year mid-swap rate plus 5.33 per cent. The terms and conditions of the Notes include a call option after five years from the issuance and the company is also entitled to an early repayment before the call option under certain preconditions provided in the terms and conditions of the Notes.

36 Equity

Share capital

The company's share capital on 31 December 2022 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. Trading in Taaleri Plc's shares are traded on the Nasdaq Helsinki main market. The shares' trading code is "TAALA" and ISIN code FI4000062195.

The parent company possesses 45,000 of its own shares. All shares issued have been paid for in full. The group uses share-based incentive schemes. The company has not issued convertible bonds or other than the above-mentioned special rights.

Share rights and restrictions	
Shareholders' priority for new shares when increasing share capital	Shareholders have priority for new shares in relation to the shares they already own
Voting right	Each share entitles to one vote
Dividend right	Equal for all

Other authorisations

The General Meeting of 6 April 2022 decided to authorize the Board of Directors' to decide on the repurchase of the company's own shares using assets belonging to unrestricted equity on the following conditions:

Up to 2,000,000 shares may be repurchased, corresponding to 7.05% of all the company's shares. The repurchase may be made in one or more instalments. The purchase price per share shall be the price given on the Helsinki Stock Exchange or another market-based price. The shares may be repurchased to develop the company's capital structure, to finance or implement corporate acquisitions, investments or other arrangements related to the company's business operations, to be used as part of the company's incentive scheme, or to be cancelled if justified from the point of view of the company and its shareholders. The authorisation issued includes the right to decide whether the shares will be repurchased in a private placement or in proportion to the shares owned by shareholders. The repurchase may take place through private placement only if there is a weighty financial reason for it from the company's perspective. The Board of Directors has the right to decide on other matters concerning the repurchase of shares. This authorisation is valid for 18 months from the date of the close of the Annual General Meeting. This authorisation cancels the authorisation to purchase the company's own shares issued at the General Meeting of 25 March 2021.

The General Meeting of 6 April 2022 decided to authorise the Board of Directors to decide on the issue of new shares and the assignment of treasury shares in the possession of the company and/or the issuance of option rights or other special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act, on the following terms:

The Board of Directors may issue new shares and assign treasury shares in the possession of the company up to a maximum of 2,500,000 shares, corresponding to 8.82% of all the company's shares. The new shares may be issued and the treasury shares possessed by the company may be assigned and/or option rights or other special rights entitling to shares may be issued to the company's shareholders in proportion to their ownership of shares or deviating from the shareholder's pre-emptive subscription right in a private placement, if there is a weighty financial reason for it from the point of view of the company, such as using the shares as consideration in potential corporate acquisitions or other arrangements that are part of the company's business operations, or to finance investments or as part of the company's incentive scheme. The Board of Directors may also decide on a free-of-charge share issue to the company itself. The new shares and/or option rights or other special rights entitling to shares may be issued and the shares possessed by the company may be assigned either against payment or without payment. A private placement may only be without payment if there is an especially weighty reason for it from the point of view of the company and taking into account the benefit of all its shareholders. The Board of Directors will decide on all other factors related to share issues and the assignment of shares and decide on all terms and conditions of the option rights and other special rights entitling to shares. The authorisation is valid until the end of the next Annual General Meeting, however no longer than 30 June 2023. This authorisation cancels the authorisation regarding the share issue issued at the General Meeting on 25 March 2021.

Changes in number of shares 2022	Total
Number of shares 1 January 2022	28,350,620
Number of shares 31 December 2022	28,350,620
Number of votes 31 December 2022	28,350,620

Changes in number of shares 2021	Total
Number of shares 1 January 2021	28,350,620
Number of shares 31 December 2021	28,350,620
Number of votes 31 December 2021	28,350,620

Issuer's reserves within equity

The following are descriptions of the reserves within equity.

Reserve for invested non-restricted equity

Cash received in the share issues in 2013 and 2015 were recognized in the reserve for invested non-restricted equity.

Translation differences

Translation differences caused by the conversion of the financial statements of foreign units.

Fair value reserve

The change in fair value of financial assets measured at fair value through other comprehensive income is recognised in the fair value reserve. The fair value change of debt instruments is reclassified to profit or loss, when the instrument is derecognised or an expected credit loss is recognised. The fair value change of equity instruments is not reclassified to profit or loss at any time.

Changes in the Fair value reserve 2022	At fair value through other comprehensive income		
EUR 1,000	**Loans and receivables certificates**	**Stocks, shares and funds**	**Total**
Fair value reserve 1 January 2022	336	-1,621	-1,285
Changes in fair value	-3,986	-10,311	-14,297
Changes in expected credit losses	-	170	170
Deferred taxes	99	2,028	2,127
Fair value reserve 31 December 2022	-3,551	-9,734	-13,285

Changes in the Fair value reserve 2021	At fair value through other comprehensive income		
EUR 1,000	**Loans and receivables certificates**	**Stocks, shares and funds**	**Total**
Fair value reserve 1 January 2021	-17	-847	-864
Changes in fair value	441	-1,011	-570
Changes in expected credit losses	-	44	44
Deferred taxes	-88	193	105
Fair value reserve 31 December 2021	336	-1,621	-1,285

Notes concerning Risk Position

37 Group's internal control and risk management principles

1. Group's Internal Control and Risk Management

General
Based on the values, strategy and business plan of the Group, targets are set for Taaleri Group that take into account the future prospects and risks of Taaleri's businesses and the industries they operate in. The Group's values and strategic and operational objectives create a foundation for the management of the Group's risks. In addition to the strategy, business plan and annual budget, the Board of Directors of Taaleri Plc approves the Group structure which strives to achieve the objectives.

The aim of internal control is to support and promote business by systematically taking care of risk control of the Group and its companies and functions, by reviewing and following up risks and by treating the risks in an appropriate manner. Internal control is an integrated part of the operational management of Taaleri Group, and includes an independent Risk Control Function, risk management operations in the businesses, Compliance Functions and Internal Audit.

The task of risk control is to identify, assess, measure, treat and control risks in all Taaleri Group's businesses that influence the realization of the Group's strategic and operative goals, as well as to oversee that the principles approved by the Taaleri Plc Board of Directors are complied with.

Risk management aims to reduce the likelihood of unexpected risks being realised and their impact to Taaleri Group's business operations. Risk management supports achievement of strategic goals by promoting better utilisation of opportunities in all activities and more efficient distribution of risk-taking capacity to the different functions and projects within the defined risk appetite framework.

In Taaleri Group risk is defined as the effect of uncertainty on objectives. Risk is seen as two-sided, it can be hazard or financial loss but on the other hand there might also be opportunities for better results. In risk reviews and analyses risks can be further divided into five main categories: strategic and business operations risk, credit risk, liquidity risk, market risk and operational risk (including compliance risk). Sustainability and climate risks are included in the aforementioned risks.

Risk control and management aims to assure Taaleri Group's risk capacity and liquidity and ensure the continuity of the Group's operations.

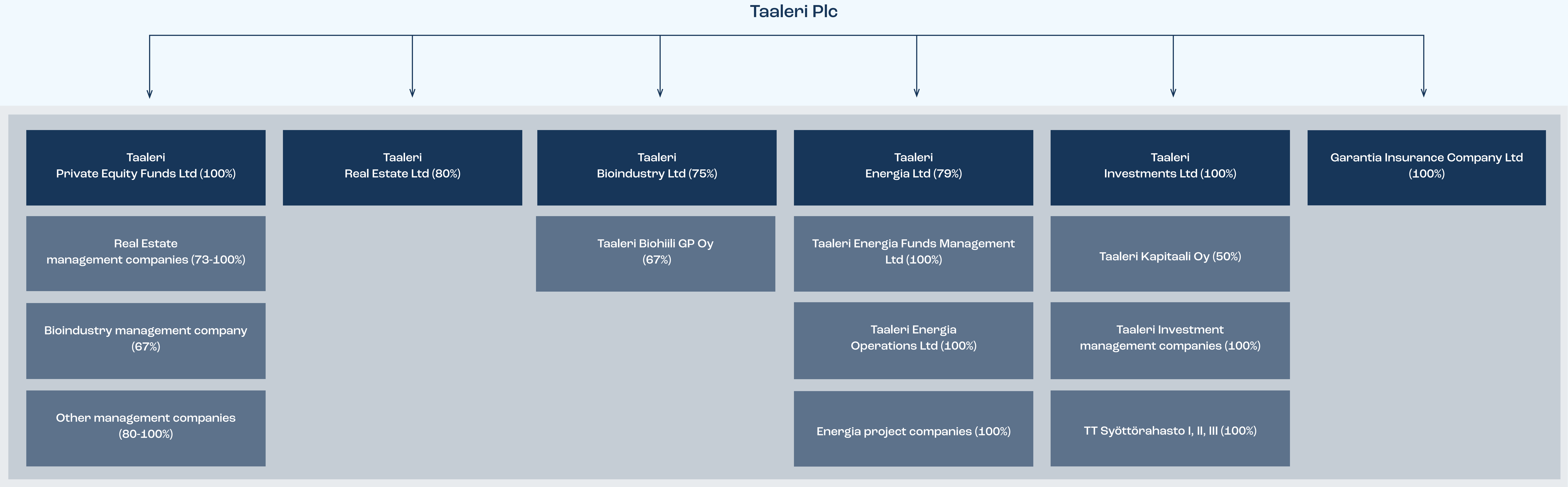
According to the rules of procedure of Taaleri Plc's Board of Directors, the Board of Directors confirms the Group's common objectives and targets, and approves the principles for internal control and risk management.

Risk management is based on a systematic process. Risks affecting group's results, capital adequacy and liquidity are continuously monitored by the risk control and finance functions. Operational and business risks are regularly assessed in risk reviews aiming to identify, assess, measure and treat risks that could affect the achievement of the Group's objectives and the amount of own capital.

Group Risk Officer is responsible for organizing risk reviews in all Group companies and operations at least annually. Risks are continuously monitored, and risk events reported to the Board of Directors and the Executive Management Team on a quarterly basis.

Laws and regulations concerning Taaleri Group
Taaleri Group is operating under the Limited Liability Companies Act, Insurance companies Act and Act on Alternative Fund Managers. The shares of the Group's parent company, Taaleri Plc, are listed on the stock exchange maintained by Nasdaq Helsinki. The Taaleri Group comprises two business segments: Private Asset Management and Strategic Investments. Private Asset Management consists of renewable energy, real estate and bioindustry businesses. The Strategic Investments segment includes Garantia Insurance Company Ltd.

Taaleri Private Equity Funds Ltd and Taaleri Energia Funds Management Ltd have licenses granted by the Finnish Financial Supervisory Authority (FSA) to act as alternative funds managers. Garantia Insurance Company Ltd is an insurance company operating under supervision of the FSA.



The Taaleri Group forms an insurance company group according to Chapter 26 of the Insurance Companies Act and is supervised by the Finnish Financial Supervisory Authority. According to the FSA's decision, as the parent company of an insurance company group, Taaleri Plc fulfills the definition of a multi-sector holding company according to Chapter 26, section 1, subsection 1, point 10 of the Insurance Companies Act.

Prior to the sale of its wealth management operations in 2021, Taaleri Group operated under the Act on the Supervision of Financing and Insurance Conglomerates (699/2004), known as the RaVa-act, according to which the Group formed a Financial Conglomerate. As the Group then owned an investment management subsidiary holding a license for investment management activities, the Investment Services Act, Credit Institutions Act, EU Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR) were also applied to the Group. The FSA decided on 29.10.2021, that the Act on the Supervision of Financing and Insurance Conglomerates is no longer applicable to Taaleri Group as, since the sale of the investment management activities, the Group does not have an investment services firm, which was a prerequisite for forming a financial conglomerate. In addition, the Investment Services Act, Credit institutions Act, CRD and CRR are no longer applicable to Taaleri Group.

2. Internal Control Organization

The Board of Directors of Taaleri Plc takes care of the Group's corporate governance and the appropriate organization of its operations, which includes organizing and maintaining adequate and effective internal control framework. In matters concerning internal control and risk management, the highest decision-making body is the Board of Directors of Taaleri Plc, which is responsible for:

- ensuring that the Group and its regulated entities always have sufficient own funds of adequate quality and distribution to cover regulatory minimum capital requirements and internal risk-based capital requirements
- approving the group risk strategy and risk appetite based on group strategy and annual planning
- monitoring the integrity of the internal control system, including an efficient and robust risk management framework
- supervising the implementation of the Internal Audit Plan after the initial participation of the Audit Committee
- approving the Group's internal control and risk management principles
- approving the Group's general policies and principles (including dividend policy)
- annually approving the principles for internal audit and the Group's continuity management principles
- regularly monitoring the development of the Group's businesses, risk capacity, risk situation, and capital adequacy as part of the company's general financial situation using quarterly risk management reports

The three lines of defense describe the structure and operation of internal control in the Taaleri Group. Taaleri Group's first line of defense consists of the Group's business operations, which perform daily risk management duties and ensure compliance with internal and external requirements. The Group's second line of defense consists of the risk control and Compliance Function and persons responsible for risk control and compliance in the businesses whose task is to develop, maintain and monitor the general operating and risk management principles and the internal control framework. The Group's third line of defense consists of the Internal Audit function.

The second and third lines of defense are independent of the controlled businesses, and report directly to the Board of Directors.

The Group Executive Management Team is responsible for operational management of the internal control as instructed by the Board of Directors. In matters related to internal control and risk management, the Group Executive Management Team is responsible for promoting a culture within the Group that accepts regulatory compliance, internal control and risk management as a normal and necessary part of the Group's operations.

The Group's risk control is performed by the risk control function operating under the Group CEO. The risk control function is responsible for the independent control of the Group's risks. The risk control function comprises of Group Risk Officer and the persons responsible for risk control and compliance in the businesses. In addition, the group's ESG team participates in the identification and assessment of sustainability and climate risks at the group level and in business units. The risk control function:

- maintains, develops and prepares the Group's internal control and risk management principles
- supports business operations in risk management measures

Internal control framework and operating procedures

1st line of defence comprises risk management and compliance activities performed in the day to day operations throughout Taaleri Group.

2nd line of defence consists of the Group legal, risk control and compliance function and persons responsible for risk & compliance in the businesses. They develop and maintain the internal control framework and procedures and perform control activities that are independent of the business operations.

3rd line of defence is an internal audit function that is independent of the Group's business and control operations. Internal audit assures that internal control, risk management, capital adequancy management and the management of Group's operations are properly and adequately performed.

Picture: Three Lines of Defense

- ensures that all material risks are identified, assessed and managed in the Group and Group companies and regularly reported to the Group Executive Management Team and the Board of Directors
- ensures that the Group's risks remain within established limits and ensures that risk measurement and risk control methods are appropriate and reliable
- produces group-level reporting on risks and risk management and ensures that the Executive Management Team, the Audit Committee and the Board of Directors receive a reliable overall picture of the Group's risks
- supports Group companies in risk reviews and in development and implementation of risk management
- assists management in planning the risk strategy and risk appetite of the Group and its businesses in connection of the setting of the strategic goals
- ensures that risk management issues are properly taken into consideration in key business decisions.

The risk control function is responsible for the effectiveness and efficiency of the Group's risk management, and it regularly reports to the Executive Management Team, the Board of Directors' Audit Committee and the Board of Directors.

The compliance of the Group's parent company has been outsourced to an external service provider and it consists of a designated Compliance Officer and the Taaleri employees responsible for compliance matters in the businesses cooperating with them. The main tasks of the Group Compliance are to:

- monitor the functioning of the compliance in the regulated group companies
- advise the Executive Management Team and the Board of Directors and other personnel on compliance with regulatory and internal guidelines
- assist Taaleri Plc's Board of Directors, the Executive Management Team and other relevant bodies in compliance risk management
- monitor and regularly evaluate the adequacy and effectiveness of the Group's measures and procedures to ensure compliance
- supervise anti-money laundering activities in the Group.

Internal Audit is an assurance function independent of the operational functions of the Taaleri Group companies. The Internal Audit function is set up by the Board of Directors and operates under the authority of the Group CEO. The Taaleri Group has outsourced the practical implementation of the Group's internal audit to external service providers.

Internal Audit is an independent, objective assurance and consulting activity designed to verify the adequacy, effectiveness and efficiency of internal control. Internal Audit supports the Group's senior and operational management (Board of Directors, CEO, line managers) in managing and supervising operations.

The objective of the Group's internal audit is to support the Group in achieving its goals by providing a systematic approach to assessing and developing the effectiveness of risk management, risk control and management processes. Internal audit aims to add value to the organization and improve its performance.

Internal audit work is guided by national and international regulations as well as international standards of professional practice in the field, including ethical rules, professional standards, and practical guidelines.

The Group's strategic planning process (strategy process) covers setting strategic goals, defining development pro-jects, and preliminary financial forecasts for the coming years. Decisions on risk management strategy and risk appetite in relation to the Group's risk capacity and expected returns are also made in the strategy process. Risk management development issues are also agreed upon in the process.

The annual plans generated in the Group's strategy process include financial analyses of the impact of business developments on the targeted profits of different businesses in various risk scenarios.

Based on the scenarios, the regulated companies and other businesses can estimate the adequacy of their capital in different scenarios. If capital adequacy seems to be compromised in any of the scenarios, the Board of Directors will decide on actions regarding additional capitalization of the regulated companies.

In addition to the Group CEO, the Group Executive Management Team participates in the strategy process. Taaleri Plc's Board of Directors approves the Group's strategy and annual plan presented by the CEO.

Continuity plans

Business continuity planning is a holistic process that identifies the factors that threaten the continuity of the Group's operations and their consequences and provides the basis for resilience and effective countermeasures to safeguard the Group's stakeholders, reputation, brand, and operations. The aim of Taaleri Group's continuity planning is to prepare for possible disturbances in advance and to ensure the continuity and reliability of the Group's operations. Continuity planning is used to prepare for business interruptions so that operations can be continued, and losses can be limited in various business-related disruptions.

The Group Risk Officer maintains continuity planning support material, on the basis of which the Group, its businesses and companies make their continuity plans, supported by the Group Risk Officer, if needed.

Based on the threat and vulnerability analyses, Taaleri Group's continuity plans review operating models for different situations in different business processes and analyze processes and disruptions. The continuity plans guide operations in various continuity situations and also take into account disruptions in the processes of external service providers and suppliers.

The continuity plans are annually reviewed. The Group Risk Officer is responsible for drafting the continuity plans and organizing their annual updates. Taaleri Plc's Board of Directors approves the continuity management principles and the management of businesses their respective recovery plans.

3. Capital Management

Risk capacity and risk appetite

The risk capacity of the Taaleri Group consists of a properly optimized capital structure, profitability of business operations and qualitative factors, including good corporate governance, internal control and proactive risk management. Additionally, regulated companies perform proactive capital adequacy assessments. Through effective risk management, the Taaleri Group strives to ensure the continuity of the operations of the Group and its companies, and the risk capacity required to achieve set strategic goals.

Taaleri Group's attitude towards risk-taking is based on careful consideration of adequate risk/return relationship. Taaleri Plc's Board of Directors has decided that the Group may not in its activities take a risk that exceeds the agreed risk appetite.

Regarding sustainability risks, Taaleri Group does not take risks in its operations that conflict with Taaleri's Sustainability and Sustainability Risk Policies, the Group's Operating Principles, or Taaleri's voluntary sustainability commitments to external parties.

Capital management

The objective of Taaleri Group's capital management is to maintain an efficient capital structure that enables the management of usual financial obligations and ensures the continuity of the business also in exceptional circumstances. The Group's capital structure, i.e. how the Group's financing is organized and how it is divided into debt and equity is regularly monitored in connection with balance sheet management. The Group's strategic objective is to have at least 30 per cent equity ratio and a 15 per cent return on equity over the long term. The development of the Group's net gearing is also followed up.

Taaleri Plc has strengthened the Group's own funds by arranging two share issues in 2013 and 2015, which have raised a total of EUR 37.5 million to increase equity and strengthen the balance sheet structure. During 2019 Taaleri Plc issued a EUR 15 million Tier 2 bond to further strengthen its own funds.

4. Key Risks and Risk Management of the Private Asset Management Segment

Strategic risk and business risk

In Taaleri Group, strategic risk is defined as the risk of unexpected change in the business or operating environment, which affects the achievement of the Group's long-term goals, profitability or continuity of operations. Business risk is defined as the uncertainty in achieving Taaleri Group's current operational targets.

Strategic risks may arise, for example, from competition, changes in the operating environment, financial markets or customer behaviour, or choosing the wrong strategy. Business risks may arise from, for example, poor management, unexpected fluctuations in earnings or slow response to changes in the operating environment.

The effects of strategic and business risks on the Group have been assessed by analyzing the development of earnings, balance sheet and capital adequacy in different scenarios for external operating environment and global economy set in the strategy process: the baseline, good and bad scenarios. Within the private asset management segment similar business-specific scenarios based primarily on the main strategic risks affecting the business in question are set and analyzed.

In addition, strategic and business risks are assessed in connection with the operational risk reviews and annual planning in self assessment workshops facilitated by the Group Risk Officer.

In renewable energy projects, country risk (country and destination-specific legal and political risks, and their impact on individual investments); profitability risk (business risks of the fund's investments during construction and production phase) are the main business risks.

Renewable energy's investment-specific and especially international energy infrastructure investment risk management has been integrated into the Energy segment's operational processes that define quality criteria for investment projects and their review. International investment activities emphasize the need to commission external due diligence reports in addition to the analyses done by energy segment personnel. Each project or transaction is reviewed by the energy segment Investment Committee where experienced, independent infrastructure investment professionals challenge the investment proposals by Energia's investment managers. Each project or transaction is reviewed several times in the Board of Directors of Taaleri Energia Funds Management Ltd before the final investment decision is made. After the investment has been completed, the personnel of the Energy segment actively participate in project implementation and decision-making, from the investment to the exit. The Energy segment also continuously monitors the key factors that may affect the value of projects as part of risk management and investor reporting processes, and annually updates fund-specific risk analyses and stress tests.

Taaleri Energia Ltd also invests its own funds in development projects and its investment risk positions are monitored as part of the Group's risk control.

The most significant strategic and business risks in Taaleri Group are major changes in the operating and regulatory environment, failures in strategic investments, acquisition of new businesses and the integration of acquired companies into the Group, as well as the risks in growth and internationalization of the operations.

Strategic and business risk management aims to allocate risk-taking capacity to businesses and projects that have the best risk / return relationship, reduce the likelihood and impact of unexpected losses and reduce the threats to Group's reputation.

The management of these risks is based on the general principles and guidelines approved by the Group and adequate allocation of resources into the planning and management of operations. In addition, efforts are made to reduce uncertainty arising from strategic risks by actively monitoring legislative and regulatory changes and maintaining sufficient resilience to changes in the economy, business cycle and operating environment. Attempting to react proactively to potential risks aims at reducing the likelihood of the risk realizing, impact of the risk if it realizes, and vulnerability of the company when the risk realizes.

Credit risk

Credit risk in general refers to the risk that the borrower or other counterparty is unable to meet its obligation to the financial institution or that the value of the collateral is insufficient to cover the liability. Credit risks in Taaleri Group can be divided into credit risk (counterparty creditworthiness) and collateral risk.

Credit risk means that the counterparty is unable or unwilling to fulfil its contractual obligations. Collateral risk means that the collateral provided is not sufficient to cover the claim. Loans granted for investments are the largest source of credit risk, but credit risk also arises from other receivables, such as fee receivables from customers, liquid assets and investments, and off-balance sheet assets, such as issued guarantees and commitments made on behalf of the Group or Group companies.

The counterparties of the Taaleri Group companies are the Group's debtors, customers of the services of the Group companies, partners and subcontractors as well as banks and fixed income funds, to which the liquid funds of the Taaleri Group companies have been deposited.

In Taaleri Group credit risk from Garantia's guarantee insurance operations, from investments made by the parent company Taaleri Plc and Taaleri Investments Ltd, loans granted and bank receivables.

Taaleri's Private Asset Management segment does not engage in lending activities, so the segment's credit risk is comprised of counterparty risk. Companies in the segment may invest its own funds only in financial institutions with high credit ratings or in liquid fixed income funds. The financial standing and development of business of Taaleri's main counterparties is continuously monitored and changes in their risk standing are reported to the Executive Management Team and the Board of Directors. The aim is to always diversify both credit risk and counterparty risk to more than one counterparty, depending on the market and the situation.

Liquidity risk

Liquidity risk is the risk associated with the availability of refinancing that arises when the maturities of the receivables and liabilities are different. Liquidity risk also arises if receivables and liabilities are too concentrated on individual counterparties. Taaleri's liquidity is monitored daily and Taaleri has credit account that it can utilise in liquidity management. Liquidity is maintained by investing the excess liquidity buffer in low risk money market instruments that can be rapidly converted into cash.

Taaleri's cash flow consists of easily predictable management fees from private equity funds, interest income on loans granted by Taaleri Plc and Taaleri Investments Ltd, relatively predictable performance related fees, and equity investments made by Taaleri Investments Ltd and Taaleri Energia Group. Investment and exit activities may have a significant impact on cash flows.

The management fees of Taaleri Private Equity Funds Ltd and Taaleri Energia Funds Management Ltd are based on long-term contracts, and management fees from existing funds and projects can be relatively reliably forecasted for the next 12 months.

The Group's income stream is smoothed by the steady long-term inflow of income from existing alternative investment fund and co-investment projects. The aim is to reduce the concentration of Taaleri's operations by further expanding the customer base.

Taaleri Plc's CFO is responsible for the continuous monitoring of Taaleri's financial situation and balance sheet. The CFO monitors balance sheet items and the financial situation on a monthly basis and reports on the situation to the Executive Management Team and the CEO's of the group companies. In addition, financial administration regularly conducts analytical reviews to monitor the items in the income statement and balance sheet.

Market risk

Market risk refers to the impact of market price fluctuations on the market value of financial assets and liabilities. Different types of market risk include interest rate, currency, equity, real estate and commodity risks.

Interest rate risk refers to the impact of changes in interest rates on the market value or net interest income of items in the Group's balance sheet or off-balance sheet, and thereby their impact on solvency. Currency risk refers to the effect of changes in exchange rates. Equity risk refers to the effect of changes in share prices. Real estate risk refers to the risk of decline in value or income or damage to real estate or the shares of real estate entities. Commodity risk refers to the effect of changes in commodity prices.

The main items exposed to market risk in the private asset management segment are Taaleri Investment Ltd's investments and development projects. In addition, market risk arises from other interest rate and currency positions in the Group's balance sheet.

In the renewable energy business, the energy price risk can also affect the value of the energy projects being developed and the profits of the energy funds.

Potential significant changes in exchange rates for non-euro area investments might cause losses.

The market risks of Taaleri's liquidity buffer are limited as it is invested in short-term fixed income instruments and bank accounts.

Sensitivity analyses for market risk are performed in the Group for credit risk and price risk assessing their impact on the profits and own funds.

Operational risk

Operational risk refers to the risk of losses stemming from inadequate or failed internal processes, people and systems or from external events. Operational risk also includes legal, compliance and information security risks. It is typical for operational risks that the loss caused by the risk is not always measurable. Operational risk effects may also be delayed and indirectly manifested, for example, as a loss of reputation.

In Taaleri, operational risks are primarily managed by developing internal processes and by providing good operating instructions and adequate training of personnel. The aim is to reduce the losses due to operational risks by reducing the likelihood and impact of the risks and reducing the company's vulnerability if the risk realises. Taaleri has comprehensive insurance coverage for operational, crime, property, business interruption and liability risks, which contributes to reducing the impact of potential risks. The adequacy of the insurance cover is assessed annually.

Efforts are made to manage the risks caused by abuse or fraud by setting up internal procedures and arranging responsibilities so that proper segregation of duties is achieved. Control points assigned to different processes also play a key role in preventing abuse and errors. The Group's crime insurance covers damage caused by various internal and external misconduct. In addition, Taaleri's assets and premises are protected by, for example, monitoring and access rights.

Taaleri is dependent on leadership and the skills of key personnel and their commitment to Taaleri. Good reputation is important to Taaleri in order to maintain good customer and employee confidence.

Legal risks can be associated with contractual agreements with customers, service providers, suppliers and other external parties. The aim is to identify these risks through a detailed review of the contracts, using external expertise when necessary. The group companies and units are responsible for managing the operational risks in their operations.

In the annual self-assessment of operational risks, personnel in Taaleri's businesses and functions identify and assess the key operational risks in Group's operations. According to the self-assessment, the main sources of operational risk in Taaleri are currently process errors, regulatory and compliance risks, human errors, risks related to outsourcing and personnel risks.

Taaleri's principles of operational risk management, approved by the Board of Directors of Taaleri Group, describe in more detail the organisation of operational risk management and the methods for assessing, monitoring and reporting operational risk to the Board of Directors and the Financial Supervisory Authority.

Sustainability and climate risks

Sustainability and climate risk means an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of the investment or Taaleri's business. Taaleri Group's sustainability-related analyses also consider the impacts of investment decisions, advice, and other business activities, that result in negative or positive effects on environmental, social and employee matters, respect for human rights, anti-corruption, and anti-bribery matters.

In Taaleri's view, sustainability and responsibility are essential factors in the definition and management of the strategy, risk management, and the potential for financial returns and value creation, and will continue to be so in the future. Together with our clients and partners, we strive to promote effective investment activities by implementing financially profitable projects with a positive impact on the environment and stakeholders. We want to be the frontrunners in sustainable investing and impact investing. Impact investing refers to investing that, in addition to good financial returns, actively promotes solutions to key sustainability and responsibility issues. We implement impact in practice by offering our clients innovative investment options that promote, for example, climate change adaptation and mitigation, the circular economy, and sustainable development. We consider sustainability risks, sustainability factors, and principal adverse sustainability impacts as part of our operations.

In its own operations, Taaleri strives to minimize the negative impacts of sustainability risks on the Group, its stakeholders and the surrounding society. We examine the market environment from the risk perspective, but especially from the perspective of opportunities. We make our investment decisions based on economic factors, impact potential, sustainability risk assessment, and sustainability assessment (due diligence). Our goal is to offer investment products that aim to promote sustainability and effectiveness, minimize the negative impacts of sustainability risks and principal adverse sustainability impacts, which means negative impacts on sustainability factors caused by our operations and investment decisions.

Climate risks are examined through four IPCC climate change scenarios (RCP 2.6., RCP 4.5., RCP 6.0., and RCP 8.5.) and are evaluated according to the probability and effectiveness of their economic impacts. Identified risks related to climate change and weather, such as acute and chronic weather and temperature fluctuations, can affect, for example, the yield of Taaleri's funds due to changes in the capital and operating costs of the funds, and the production of facilities and the value of Taaleri's holdings. Potentially negative effects on business are also caused by transition risks, such as tightening regulation, changes in the operating environment, and the changing needs and preferences of stakeholders. Climate change prevention and adaptation also create many opportunities for Taaleri to develop projects and investment products that reduce the effects of climate change.

Our strategy, which focuses on sustainable development and positive impact, helps us adapt to climate risks in a preventive manner. In addition, Taaleri has set a net zero goal for its direct and indirect emissions by 2050.

Sustainability risk management is integrated into all of the group's operations and risks are assessed throughout the life cycle of operations. Managing sustainability risks starts with identifying and measuring them as part of existing operations and services as well as for new fund products. The key methods for assessing sustainability risks are the various analyses and surveys of investment targets carried out before the investment decision, monitoring and follow-up of investments, training, drawing up guidelines, active ownership and engaging our investment targets, our customers, our stakeholders and our partners. If necessary, we develop adaptation plans to mitigate, eliminate or treat risks.

The Sustainability Risk Policy on Taaleri's website (https://www.taaleri.com/en/corporate-responsibility/sustainability) describes in more detail Taaleri's sustainability and climate risks and their management.

Sustainability and climate risks can indirectly affect the aforementioned strategic and business risks, credit risks, liquidity risks and market risks. For example, transition risks related to climate change can affect the group's operating conditions and results through, for example, difficulty in fundraising, which could be reflected in the group's management fees and turnover, and through this, for example, strategic and business risks, operational risks and liquidity risks. On the other hand, extreme weather events can negatively affect the production of the investment properties, make it difficult to procure production inputs and increase the risk of damage to the production facilities, which could be reflected in the investment properties as an increase in costs and a slowdown in production, which in turn could affect the valuation of the investments. Thus, indirect climate risks may be reflected in risk assessments, for example, also in market risks or operational risks.

5. Key risks and risk management at Garantia Insurance Company

The company's risk management and solvency management are based on Garantia's values, Code of Conduct, strategy, and business objectives. The purpose of risk management is to support the achievement of the company's objectives by identifying the company's threats and opportunities and ensuring that they remain within the limits of risk appetite and risk capacity. Internal control that has been reliably organized ensures the observance of the company's business strategy, the set targets and the principles and procedures related to risk and solvency management.

At Garantia, the principal goal of internal control and risk management is to secure the company's risk capacity and thus ensure the continuity of operations. Internal control covers the activities of all of the company's units and this includes the arrangement of appropriate reporting on all of the company's organizational levels. Risk management includes the identification, measurement, monitoring, management and reporting of the individual risks and combined effect of risks that the company is exposed to. Risk and solvency management is also an integral part of Garantia's business processes and the planning and monitoring of operations.

Organization, responsibilities, and control of risk management

Internal control and risk management in Garantia are organized in accordance with a model in which internal control has three lines of defense. In accordance with this model, the tasks have been assigned to

1) (Units that take business risks in their operations by processing insurance policies or investments, by making binding decisions for the company and by operating at the client interface (Operational risk management);
2) 2. Units that are responsible for risk control, carry out independent risk assessments and ensure that company guidelines and acts and other legal provisions are complied with (Independent risk management); and
3) 3. Independent internal audit (Internal Audit).

External control is the responsibility of the auditors and supervisory authorities. The organizational structure of Garantia's risk management is depicted on following page.

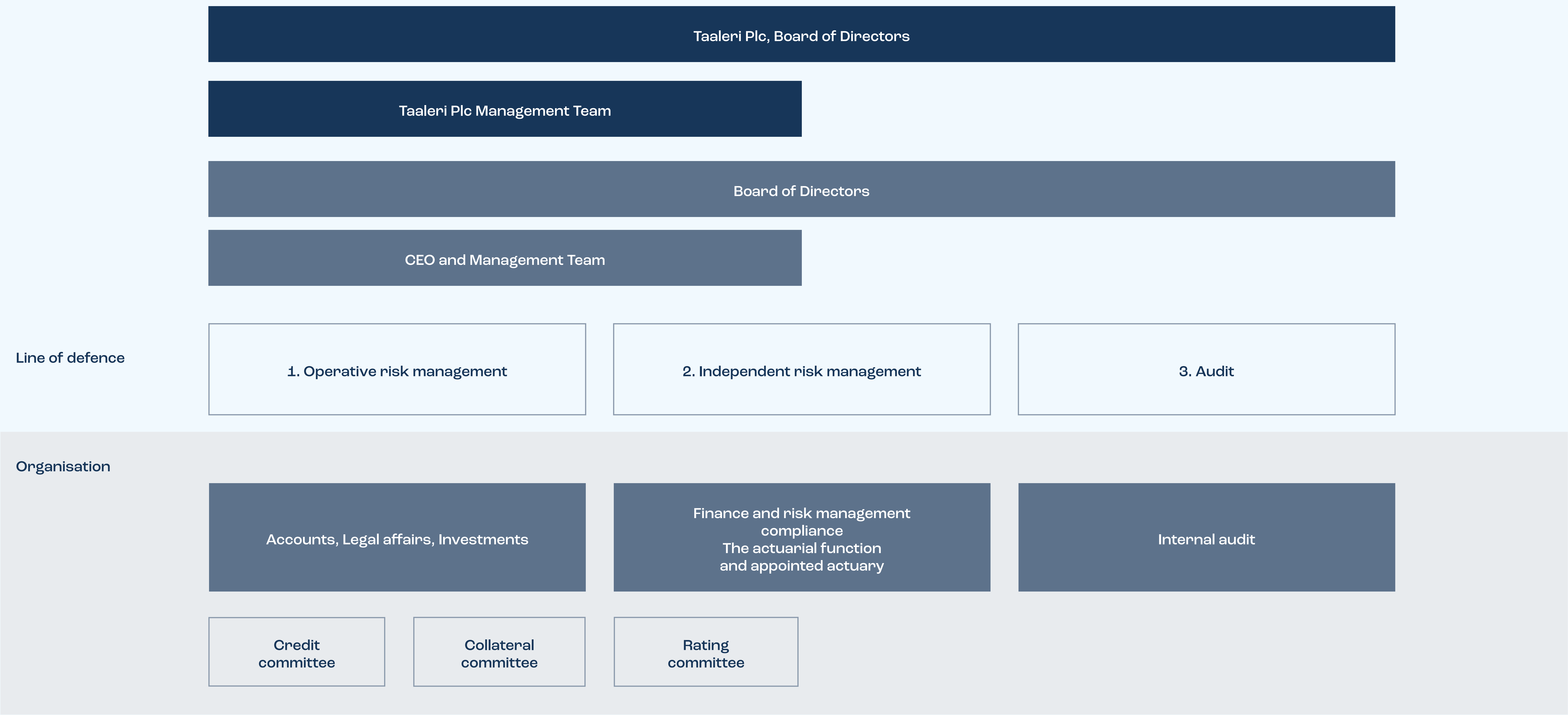
Risk Management in Taaleri Group is responsible for the functioning and effectiveness of the Group's risk management process, and for supporting and steering internal control and risk and solvency management at Garantia in order to ensure that Group-level principles and guidelines are also applied in the company. Group Risk Management reports to the Taaleri Group's Executive Management Team and Taaleri Plc's Board of Directors.

Garantia's Board of Directors is the supreme decision-making body in matters concerning Garantia's internal control, risk management and solvency management. The Board of Directors approves the principles and policies (incl. risk-taking limits) concerning internal control and risk management and their organization, and monitors and controls their effectiveness and the development of the risk and solvency position. Garantia's CEO, supported by the Executive Management Team, is responsible for the arrangement of internal control and risk management practices in accordance with internal control and risk management principles.

The Board of Directors has appointed a Credit Committee, Collateral Committee, and a Rating Committee, which, in accordance with the decision-making system approved by the Board of Directors, decide on matters within their purview. The Credit Committee is responsible for decisions relating to guaranties, claims and investments. The Collateral Committee is responsible for collateral assessment and for ensuring the quality and effectiveness of the collateral assessment process. The independent Rating Committee is responsible for approving credit ratings and for ensuring the quality and effectiveness of the ratings process. The Collateral Committee and Rating Committee report to the CEO and the Credit Committee reports to the Board of Directors.

The units in Garantia's organization that are responsible for risk control carry out independent risk assessments and ensure that company guidelines, acts and other legal provisions are complied with, and thus form a so-called independent risk manage-

The organisation of Garantia's risk management



Task	1. Operative risk management	2. Independent risk management	3. Audit
	• Applies risk management framework and single guidelines • Operational monitoring • Makes risk decisions	• Supports top management in arraging risk management • Responsible for conditions for risk management and control • Owns the risk management framework • Steering and development of risk decision process • Risk and capital calculation • Risk monitoring	• Inspects and assesses the risk management framework and its application

ment function. The task of the independent risk management function is to assist the Board of Directors and other functions to ensure efficient risk management, to monitor the functioning of the risk management system and the company's general risk profile, to report on exposure to risks and advise the Board of Directors in risk management matters, to identify and assess developing risks and to ensure the appropriateness of the risk models used to measure risks. The independent risk management function reports to Garantia's Board of Directors and CEO.

Internal audit is an assessment, verification and consulting function that is independent of the company's operational activities. The task of Internal Audit is to support the company's management in the achievement of targets by providing a systematic approach to the assessment and development of the adequacy and efficiency of the organization's risk management, control, management, and administration processes. Internal audit's activities are based on an action plan that is compiled annually. Internal Audit reports on its observations, conclusions, and recommendations to the Boards of Directors of Taaleri Plc and Garantia.

Risk management process

Garantia's risk management process is made up of the following areas:

- Operational planning;
- Capital management;
- Risk appetite;
- Identification and assessment of risks;
- Measurement of risks; and
- Control, treatment and reporting of risks.

Garantia's operational planning is made up of long-term (about 3-year) strategic planning and short-term (1-year) annual planning. Operational planning is based on an analysis of the operating environment, the competitive environment, the company's own operations and also on the Taaleri Group strategy. Profit and solvency scenarios, and stress tests, risk review results, and a risk and solvency assessment are used to define the company's goals, projects supporting the achievement of these goals and risk appetite. Every year, the actuary presents the statements required by the Insurance Companies Act to the Board of Directors to support operational planning. The strategy and annual plan, including the company's own risk and solvency assessment, are confirmed by its Board of Directors, and the entire personnel are involved in its preparation.

Garantia's goal is to be a reliable partner and the company maintains strong solvency to ensure the continuity and stability of its operations. The Board of Directors has set Garantia's target level for capitalization above the statutory solvency capital requirement, the minimum capital requirement required by credit rating agency Standard & Poor's for an AAA credit rating, and the economic capital model defined at a confidence level of 99.5%. Garantia only distributes dividends or returns capital to the owner when this does not put the A credit rating or the internal solvency target levels of Garantia at risk. The purpose of capital management is to ensure in a proactive way that the company has adequate capital reserves for exceptional situations. The principal means to maintain balance between risks, and actual capitalization is to ensure profitable business operations and active risk management. If an imbalance is detected, balance is restored with management of profit and risk position, by refraining from dividend payments or by acquiring new capital.

Risk appetite means the amount and type of risks that the company is prepared to take in order to achieve the targets set for its business. Garantia has moderate risk appetite, and this is defined through risk-taking limits and risk indicators. The Board of Directors approves the risk-taking limits and risk indicators annually as part of the capital plan (solvency limits), credit risk policy (concentration risks and risk-taking limits concerning insurance operations), reinsurance policy (risk-taking limits concerning reinsurance) and the investment plan (risk-taking limits concerning investment activities).

Constant identification and assessment of risks in the business and operating environment are part of Garantia's risk and solvency management process. The principal risks associated with Garantia's business operations are credit risks arising from guaranty operations, investment risks regarding assets covering technical provisions and shareholders' equity, strategic risks, and operational and compliance risks. The identification and assessment of risks are described separately for each risk below.

Garantia defines and assesses its capital requirement and measures the risk of its business operations with three different Value-at-Risk-based risk indicators. The primary indicator used in the steering of operations, measurement of risk and assessment of capital adequacy is economic capital ("Internal risk capital") at a confidence level of 99.5%. When estimating its capital requirement, the company also uses the solvency capital requirement (SCR) based on the Solvency II standard formula at a confidence level of 99.5% including the capital add-on and the minimum capital requirement corresponding to the AAA credit rating that is in accordance with the S&P's Insurance Capital Model. In addition to VaR-based risk indicators, Garantia measures, monitors and assesses the risks of its business operations and their development with other quantitative and qualitative risk indicators. The measurement of risks is described separately for each risk below.

Garantia's monitoring and reporting of risk and solvency position is divided into internal and external monitoring and reporting. External reporting means the information published for all stakeholders and reporting to the authorities. Garantia also reports on its operations to external credit rating agency Standard & Poor's. Internally, the risk and solvency position is reported to Garantia's Executive Management Team and Board of Directors at least once a month and quarterly to the Board of Directors of the Taaleri Group. The target of internal monitoring and reporting is to ensure that the company's risk and solvency position are within the limits of risk appetite.

Insurance risk

Insurance risk means a risk of loss arising from inadequate assumptions concerning pricing and technical provisions or an unfavorable change in the value of insurance liabilities. In guaranties, the insurance risk mostly consists of credit risk, i.e., the inability of the guaranteed counterparty to meet its contractually defined financial or operational obligations to the insured party. This may be the result of a default by the guaranteed counterparty (default risk,) or the guaranteed counterparty may fail to fulfil a contractual obligation on time (delivery risk). Credit risk is also considered to include the counterparty risk of the reinsurers or parties providing other counter guaranties, which results from the default of the reinsurer or the party providing other counter guaranties, and the value change risk, which is caused by changes in the fair value of the collateral.

The aim in the management of insurance risk related to guarantee insurance i.e., credit risk is to ensure that negative profit impacts arising from client and counterparty risks remain at acceptable levels, and that the returns on the insurance operations are adequate relative to the risks taken. In guaranty insurance, credit risks are reduced by means of client selection, active management of client relationships, monitoring of changes in the clients' operations, pricing, diversification and also typically through reinsurance, contract terms and collateral and covenant arrangements. Central to the management of credit risks is the process of underwriting insurance policies, which is controlled by the credit risk policy, reinsurance policy and decision-making system approved by the Board of Directors and the complementary process descriptions and guidelines on credit risk assessment, auditing of distribution partners, pricing, collateral, and covenants approved by the Executive Management Team. The risk management function monitors the functioning and quality of the insurance process. In addition to the daily insurance process, credit risks are identified and assessed at least once a year with a risk survey compiled in conjunction with annual planning.

The level of insurance risk is measured by the economic capital model, by the solvency capital requirement (SCR) including and excluding the capital add-on, and by S&P's insurance capital model. The insurance risk's economic capital is defined separately for each contract with internal ratings-based approach according to Basel II, which considers the exposure according to default (EAD), counterparty or instrument credit rating (probability of default, PD), duration, and loss-given default (LGD), which depends on counter-collateral, the collection of recourse receivables and reinsurance. The economic capital model also includes concentration risk. Garantia regularly assesses its economic capital model and the functionality of the parameters used in the calculation of the amount of economic capital.

Credit risks specific to clients and groups of connected clients are assessed with the following indicators in addition to economic capital model: client's rating and background variables, gross insurance exposure, proportion reinsured and the amount and type of other collateral, uncovered exposure, covenants and risk client status. The credit risk exposure of the insurance portfolio is assessed with the following indicators: gross exposure, proportion reinsured and other collateral, and uncovered exposure and economic capital figures by product group, rating class, industry, average maturity of exposure, claims incurred in relation to earned premiums and insurance exposure. The insurance risk position is monitored and reported to the Executive Management Team and the Board of Directors every month.

Quantitative information on insurance risks and technical provisions are presented in Note 41.

Actuarial assumptions
Under the Insurance Companies Act, insurance companies must adopt prudent calculation criteria for determining the technical provisions. The value of the technical provisions must always be sufficient that the company can be reasonably assumed to be able to manage its commitments.

The provision for unearned premiums is determined as 'pro rata parte temporis'. The proportion of the premiums written of the valid insurance policies allocated to future financial years is determined on guarantee level. The outstanding claims provision consists of known and unknown claims. The individual claims due after the closing date are allocated on a claims basis as part of the known outstanding claims. A proportion of the premiums written accrued by the company during a financial year is allocated to outstanding claims unknown to the company on the closing date as part of unknown outstanding claims, using a specific coefficient. Actual technical provisions are not discounted.

Investment risks
The company's investments are used to cover the technical provisions and the equity capital, and their primary purpose is to secure the liquidity of insurance operations, even in years with exceptionally high claims. Garantia's investment activities are long-term, and the objective is primarily to secure capital and achieve stable and steadily increasing asset growth. Investment risks are made up of market risks, counterparty credit risk and liquidity risk.

Market risk means the possibility of losses or an unfavorable change in the economic situation due (directly or indirectly) to the fluctuation in the market prices and volatility of assets, liabilities, and financial instruments. Changes in prices affect the value of investment assets and annual returns. The principal market risks are equity risk, interest rate risk, currency risk and property risk. The counterparty credit risk of investments is made up of credit spread risk and counterparty credit risk. Credit spread risk describes the risk arising from changes in the credit spread, i.e., the difference between risky interest rate instruments and comparable risk-free interest rate instruments. Counterparty risk means the risk of default pertaining to the contractual counterparty.

The main aim in the management of investment risks is to keep the negative profit impacts arising from investments and the changes in the values of investments at acceptable levels in the long term, to ensure that investment returns are adequate in relation to the risks taken and to safeguard the company's liquidity. Garantia follows the principle of prudence defined in the Insurance Companies Act in its investment activities. Assets are only invested in the type of assets where the company is able to identify, measure, monitor, manage, control and report the related risks. Investment activities should aim to ensure the security, convertibility into cash, rate of return and availability from location of investments, and to consider the nature of insurance agreements and the interests of the insured.

Investment risks are managed through effective diversification of the investments by asset class, sector, geographical area, credit category and counterparty, and by ensuring adequate liquidity of the investments. Central to the management of investment risks is the daily implementation of investment activity, which is controlled by the investment plan and decision-making powers approved by the Board of Directors. In addition to the daily investment activities and monthly reporting, investment, risks are assessed at least once a year with a risk survey compiled in conjunction with the annual planning.

Capital requirements for investment risks are measured by means of the economic capital model, the Solvency Capital Requirement (SCR) and S&P's insurance capital model. In the economic capital model, investment risks are measured on an instrument-specific basis with Value-at-Risk calculation models for equity risk, currency risk, interest rate risk and credit risk. The credit risk with fixed income and private equity investments is defined according to the internal ratings-based method based on Basel II which considers the amount of investment, the instrument's credit rating, the loss-given default and duration. In addition to economic capital, investment risks are measured based on asset class, by country, credit category, counterparty, modified duration, interest rate sensitivity and the amount of foreign currency-denominated investments. The investment risk position is monitored and reported to the Executive Management Team and the Board of Directors every month.

Quantitative information on insurance investment risks is presented in Note 42.

Operational risks
Operational risks mean the risk of loss resulting from deficient or faulty processes, human error, systems, or external events.

The successful management of operational risks helps to ensure that the company's operations are properly organized and that the risks do not cause any unexpected direct or indirect financial losses. Garantia is determined to maintain and strengthen a corporate culture that is positively disposed towards management of operational risks and internal control by continuously providing personnel with training and guidelines.

In order to manage the operational risks, it is important to identify and evaluate risks as well as to ensure the adequacy of the control and management methods. The principal tools in the management of operational risks are risk reviews of each unit at least once a year, continuous registration of operational risks, identification of corrective measures and the monitoring and reporting of these, continuity planning, principles for outsourcing, the planning and implementation of new products, knowing your customer (KYC), prevention of money laundering and terrorist financing, process descriptions and other working instructions and operating guidelines.

The extent of the operational risks is measured by the solvency capital requirement (SCR) and the amount of economic capital employed by operational risks, which is determined on the basis of the annual risk reviews. Actual risk events and near misses are monitored and registered, the corrective measures concerning these are specified and the implementation of the measures is followed. Operational risks are reported to the Executive Management Team and Board of Directors on a quarterly basis.

Other risks

Strategic risks are the risks that result from changes in the operating and competitive environment, slow reaction to changes, selection of the wrong strategy or business model, or the unsuccessful implementation of a strategy. Reputational and regulatory risks are strategic risks. 'Reputational risk' means the risk that unfounded or founded unfavorable publicity related to the company's business operations or relations weakens confidence in the company. Reputational risk is usually a consequence of a materialized operational or compliance risk, which results in the deterioration of the company's reputation among its customers and other stakeholders. Regulatory risk means the risk that changes in laws or regulations will materially weaken the company's ability to carry out its business operations.

The principal method in the management of strategic risks is a systematic and continuous operational planning and monitoring process, which makes it possible to identify and assess potential risks in the operating, competitive and regulatory environment, to update the strategy and manage the measures to treat risks. Reputational risk is managed proactively and in the long term by operating in accordance with Garantia's values, observing regulation and the Code of Conduct confirmed by the Board of Directors and by communicating openly and equitably with different stakeholders. Strategic risks are monitored and assessed at least once a year with a risk review compiled in conjunction with the annual planning.

Compliance risks are the risks pertaining to legal or administrative consequences, economic losses or loss of reputation that result from the failure of the company to comply with laws, decrees, or other regulations applicable to its operations. Legislative changes are actively monitored, and ongoing projects are regularly reported to the Board of Directors. The survey of risks conducted at Garantia in conjunction with annual planning also includes the identification and assessment of regulatory risks and the definition and monitoring of development measures to reduce the risks. Providing the personnel with guidelines and training is also central to managing compliance risks.

Sustainability risk refers to environmental responsibility, social responsibility or corporate governance-related events or circumstances that, should they arise, may have a negative impact on the value of the company's investments assets or insurance liability. In Garantia's business operations, notable sustainability risks are present in investment operations and guaranty insurance operations. In these operations, the sustainability risks mainly relate to the sustainability of the activities of individual corporate counterparties. These risks are assessed in conjunction with underwriting and investment decision-making. Sustainability risks are monitored and assessed also in the risk review compiled in the course of annual planning. The amount of sustainability risks inherent in Garantia's operations is estimated to be minor. For instance, the company does not have exposure from industry sectors or companies with exceptionally high levels of sustainability issues.

Concentration risk means all types of risks that could lead to such large losses that would endanger the solvency or financial position of insurance or reinsurance companies. The principal concentration risk in Garantia's business operations arises from the concentration risk of direct and indirect credit and counterparty risk in guaranty and/or investment operations. Garantia's total exposures comprise credit risk concentrations related to groups of connected clients of specific industry sectors. In addition, Garantia's guaranties and investments are concentrated in Finland. The selection of clients and investment targets and the continuous monitoring of changes in the situation of clients are emphasized above all in the management of credit concentration risk. Concentration risk is measured and assessed in the economic capital model with a separate concentration risk model and with risk limits specific to groups of connected clients.

Liquidity risk means the risk that an insurance company are unable to convert their investments or other assets into cash in order to meet their financial obligations that fall due for payment. Liquidity risk is limited at Garantia as premiums written are collected before claims are paid and the largest individual payments are insurance compensation payments to beneficiaries or the distribution of profit/repayment of capital to shareholders, and the payment dates for these payments are usually known well in advance. Garantia has no financial liabilities. The key tools for managing liquidity risk in Garantia are maintaining a sufficient amount of cash to handle daily payments and the liquidity of the investment portfolio.

38 Maturity spread of financial assets and liabilities

Financial assets 31.12.2022, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Receivables from credit institutions	46,817					46,817
Receivables from the public and general government 1)	624	2,729	1,792	752		5,897
Other financial assets	26,794	7,049				33,843
Interest	42	3,068	94	4		3,209
Financial assets total	**74,276**	**12,847**	**1,886**	**757**	**-**	**89,766**

Financial liabilities 31.12.2022, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Liabilities to the public and general government			410			410
Subordinadet debt				15,000		15,000
Other financial liabilities	4,760	9,843	2,046			16,650
- of which lease liabilities	137	57	82			277
Interest	-	750	3,750	750		5,250
Financial liabilities total	**4,760**	**10,593**	**6,206**	**15,750**	**-**	**37,310**

[1)] The maturity of financial assets are shown at their original value before impairments.

The maturity spread for insurance assets and liabilities is presented in Notes 41 and 42.

Financial assets 31.12.2021, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Receivables from credit institutions	53,255					53,255
Receivables from the public and general government 1)	360	2,272	3,492	1,466		7,589
Other financial assets	16,343		9,023			25,366
Interest	24	478	658	19		1,179
Financial assets total	**69,981**	**2,750**	**13,173**	**1,486**	**-**	**87,389**

Financial liabilities 31.12.2021, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Derivative contracts		630				630
Subordinadet debt				15,000		15,000
Other financial liabilities	4,804	7,925	2,284			15,014
- of which lease liabilities	319	971	195	5		1,490
Interest		750	3,000	2,250		6,000
Financial liabilities total	**4,804**	**9,305**	**5,284**	**17,250**	**-**	**36,643**

[1)] The maturity of financial assets are shown at their original value before impairments.

The maturity spread for insurance assets and liabilities is presented in Notes 41 and 42.

39 Changes in liabilities arising from financing activities

EUR 1,000	1.1.2022	Cash flows	Change in fair value	31.12.2022
Liabilities to the public and general government	-	410	-	410
Subordinated debt	14,854	-	16	14,870
Total	**14,854**	**410**	**16**	**15,280**

EUR 1,000	1.1.2021	Cash flows	Change in fair value	31.12.2021
Liabilities to credit institutions	14,939	-15,000	61	-
Debt securities issued to the public	34,937	-35,000	63	-
Subordinated debt	14,839	-	15	14,854
Total	**64,715**	**-50,000**	**139**	**14,854**

40 Sensitivity analysis on market risk

A market risk sensitivity analysis has been prepared for the Group's significant market risks, which are interest rate risk and price risk. Sensitivity analyses are prepared by evaluating how each possible change in interest rate or prices might influence balance sheet items that are sensitive to them. The effect is calculated before taxes. Separate sensitivity analyses have been prepared for insurance assets and liabilities and are presented in Notes 41 and 42.

			31.12.2022		31.12.2021	
EUR 1,000	Risk variable	Change	Effect on earnings	Effect on equity	Effect on earnings	Effect on equity
Interest rate risk [1]	Interest	One percentage point	472	472	536	536
Price risk [2]						
Shares and units	Fair value	10%	3,819	4,446	4,057	4,155
Receivables from the public and general government	Fair value	10%	238	238	267	267
Assets classified as held for sale	Fair value	10%	-	-	525	525
Derivative contracts	Fair value	10%	-	-	63	63

[1] In the interest rate risk sensitivity analysis financial assets and liabilities on the balance sheet with a variable interest rate have been taken into account.

[2] In the price risk sensitivity analysis financial instruments that are measured at fair value have been taken into account.

41 Quantitative information about insurance risk and insurance contract liabilities

Taaleri's insurance operations consist only of the business of Garantia Insurance Company Ltd. Below is a presentation of quantitative information for Garantia. Garantia Insurance Co Ltd was merged with the Group on 1 April 2015.

Trend in claims incurred, EUR 1,000	Claims paid	Change in provision for outstanding claims	Claims incurred	%, of insurance exposure	Claims ratio, %
2022	-1,055	477	-579	0.03%	3.20%
2021	-1,270	592	-677	0.04%	3.80%
2020	-855	263	-592	0.03%	4.00%
2019	-336	-1,282	-1,618	0.09%	12.20%
2018	427	355	783	-0.05%	-6.40%
2017	-343	-736	-1,079	0.07%	10.10%
2016	-934	-240	-1,174	0.09%	12.42%
2015	-1,421	-71	-1,492	0.13%	15.15%
2014	-569	157	-412	0.03%	3.70%
2013	-2,526	121	-2,405	0.18%	22.20%

The development of claims incurred is based on Garantia Insurance Company Ltd's FAS financial statements.

Claims paid include the share of reinsurers, recovery of claims and operating expenses allocated to claims operations. Change in provision for outstanding claims includes the share of reinsurers.

Insurance exposure by product groups, EUR million	31.12.2022	31.12.2021
Consumer exposure	1,343	1,130
Corporate exposure	519	565
Total	**1,862**	**1,695**

Consumer exposure includes residential mortgage loan guarantees and rent guarantees, where insurance risk is attributable to credit risk of households. Corporate exposure is made up of corporate loan guarantees, commercial bonds and other guarantees, where insurance risk is attributable to credit risk of corporates and other organisations.

Corporate insurance exposure by credit rating, MEUR	31.12.2022	31.12.2021
AAA...BBB-	113	109
BB...BB-	217	306
B+...B-	152	94
C+ or weaker	11	21
Rated exposure total	**492**	**530**
Other exposure	26	34
Corporate exposure total	**519**	**565**

Corporate insurance exposure by industry, MEUR	31.12.2022	31.12.2021
Manufacturing	117	150
Machinery and equipment industry (incl. repair)	53	61
Metals	25	42
Chemicals	22	22
Food	13	19
Other	4	7
Construction	85	136
Wholesale and retail trade	77	55
Finance and insurance	64	37
Water supply and waste management	46	35
Transport and logistics	29	29
Energy	20	26
Services	13	15
Information and communication	11	13
Other industries	30	32
Rated exposure total	**492**	**530**
Other exposure	26	34
Corporate exposure total	**519**	**565**

Other exposure consists of exposure where insurance risk is not directly attributable to the creditworthiness or industry sector of the counterparty. Hence, this exposure has not been rated. The industry classification is based on the classification taxonomy of Statistics Finland.

Technical provisions (FAS), EUR 1,000	31.12.2022	31.12.2021
Provision for unearned premiums	42,500	36,559
Provision for claims outstanding	1,241	1,718
Known provision for claims outstanding	12	467
Unknown provision for claims outstanding	1,229	1,250
Equalisation provision	69,853	70,432
Total	**113,594**	**108,708**

The reinsurers' share has been deducted from the provision for unearned premiums and the provision for outstanding claims.

Provision for unearned premiums and claims outstanding by estimated maturity 31 December 2022

EUR 1,000	< 1 year	1–2 years	2–3 years	> 3 years	Total
Provision for unearned premiums	13,406	8,954	6,817	13,324	42,500
Provision for claims outstanding	1,241				1,241
Total	**14,647**	**8,954**	**6,817**	**13,324**	**43,741**

Provision for unearned premiums and claims outstanding by estimated maturity 31 December 2021

EUR 1,000	< 1 year	1–2 years	2–3 years	> 3 years	Total
Provision for unearned premiums	11,494	7,498	5,762	11,805	36,559
Provision for claims outstanding	1,718	-	-	-	1,718
Total	**13,212**	**7,498**	**5,762**	**11,805**	**38,277**

The duration of the cash flow distribution of technical provisions (excluding equalization provision) is 2.8 (2.8) years.

Sensitivity analysis of insurance operations 31 December 2022

Risk parameter	Total amount, EUR 1,000	Change in risk parameter	Effect on equity, EUR 1,000	Effect on combined ratio, percentage point
Premium revenue	18,244	increases by 10%	1,785	improves 2.6pp
Claims incurred	579	increases by 10%	-	weakens 0.3pp
Large claim, EUR 10 million	-	EUR 10 million	-	weakens 54.8pp
Operating expenses	4,676	increases by 10%	-468	weakens 2.6pp

Sensitivity analysis is based on Garantia Insurance Company Ltd's FAS financial statements.

Sensitivity analysis of insurance operations 31 December 2021

Risk parameter	Total amount, EUR 1,000	Change in risk parameter	Effect on equity, EUR 1,000	Effect on combined ratio, percentage point
Premium revenue	17,865	increases by 10%	1,429	improves 3.2pp
Claims incurred	677	increases by 10%	-	weakens 0.4pp
Large claim, EUR 10 million	-	EUR 10 million	-	weakens 56.0pp
Operating expenses	5,657	increases by 10%	-453	weakens 3.2pp

Sensitivity analysis is based on Garantia Insurance Company Ltd's FAS financial statements.

42 Quantitative information on insurance investment risks

Taaleri's insurance operations consist only of the business of Garantia Insurance Company Ltd. Below is a presentation of quantitative information from Garantia from 2022 and the comparison periods, based on the figures in Garantia's FAS financial statements.

Investment distribution at fair value, EUR million	31.12.2022	31.12.2021
Fixed income investments*	136	142
Equity investments	16	27
Real estate investments	2	2
Total	**155**	**170**

* Includes cash, bank balances and accrued interest. Fixed income investments mainly include bonds issued by Nordic corporations and credit institutions, and government bonds.

Investment sensitivity analysis, 31 December 2022

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	136.3	Change in interest rate	1%	2.5
Shares	10.8	Fair value	10%	0.9
Capital investments	7.6	Fair value	10%	0.6

The sensitivity analysis is based on Garantia's FAS financial statements. When calculating the effects of changes, the market valuationhas, however, been assumed before and after the change.

Investment sensitivity analysis, 31 December 2021

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	141.8	Change in interest rate	1%	4.3
Shares	21.1	Fair value	10%	1.7
Capital investments	7.6	Fair value	10%	0.6

The sensitivity analysis is based on Garantia's FAS financial statements. When calculating the effects of changes, the market valuationhas, however, been assumed before and after the change.

Fixed-income portfolio (excl. bond funds) by maturity and credit rating 31 December 2022

EUR million	<1 year	1–3 years	3–5 years	>5 years	Total	%
AAA...AA-	0.3	21.8	-	-	22.1	16.2%
A+...A-	8.8	6.1	2.2	2.0	19.2	14.1%
BBB+...BBB-	3.5	21.7	22.1	5.3	52.6	38.5%
BB+ or weaker	-	26.6	14.3	1.6	42.5	31.2%
Total	**12.7**	**76.2**	**38.6**	**8.9**	**136.3**	**100.0%**

Fixed-income portfolio (excl. bond funds) by maturity and credit rating 31 December 2021

EUR million	<1 year	1–3 years	3–5 years	>5 years	Total	%
AAA...AA-	2.9	-	5.3	6.5	14.7	10.4%
A+...A-	0.5	14.8	2.5	2.7	20.5	14.5%
BBB+...BBB-	-	9.9	27.0	32.0	68.9	48.6%
BB+ or weaker	3.2	8.1	20.1	6.3	37.7	26.6%
Total	**6.6**	**32.9**	**54.9**	**47.5**	**141.8**	**100.0%**

Maturity date is the end of the term to maturity. If the instrument includes a call option, maturity is the first possible call date. The rating of an instrument is an issuer rating or senior debt rating published by an external rating agency. If an external rating is not available, Garantia's internal credit rating is used.

Other Notes

43 Notes concerning personnel and management

	2022		2021	
Number of personnel	**Average no.**	**Change**	**Average no.**	**Change**
Permanent full-time personnel	103	-35	138	-55
Temporary part-time personnel	10	2	8	-3
Total	**113**	**-33**	**146**	**-57**

Share option plans and share based incentive schemes for key employees

During 2022 expenses from options and other share based incentive schemes amounting to EUR 0.5 (2.9) million were recognised in personnel costs.

Performance Share Plan 2017–2021

On 30 October 2017, the Board of Directors of Taaleri Plc decided on a share-based incentive scheme for the Group's key employees. The scheme consists of three three-year earnings periods, namely 1.11.2017–31.10.2020, 1.11.2018–31.10.2021, and 1.11.2019–31.10.2022. At the beginning of each period, the Board of Directors has decided on the earnings criteria and has set the performance targets. Approximately twenty persons, including the members of the Group Executive Management Team, are part of the scheme. The potential rewards from the scheme in every earnings period were based on the total return of Taaleri Plc's share.

The rewards of the earning period 2019-2022 were paid in November 2022 and the reward corresponded to 122,811 Taaleri Plc shares, including the portion paid cash which was used to cover taxes and tax-related expenses.

Earning periods running during the financial year	Earning period 2019–2022
Initial amount, gross pcs	140,000
Initial allocation date	31.10.2019
Vesting date	31.10.2022
Maximum contractual life, yrs	3
Remaining contractual life, yrs	0
Number of persons at the end of reporting year	9
Payment method	Equity and cash, net settlement

Units outstanding	1.1.–31.12.2022	1.1.–31.12.2021
Outstanding at the beginning of the period	140,000	408,156
Granted during the period	-	-
Returned during the period	-	14,166
Excercised during the period *)	122,811	102,790
Expired during the period *)	17,189	151,200
Outstanding at the end of the period	**-**	**140,000**

*) The presentation of the comparative period has been adjusted to match the presentation of the financial period ended on 31 December 2022.

Performance Share Plan 2021–2025

On June 17, 2021, Taaleri Plc's Board of Directors decided on a new share-based incentive scheme for the Group's key personnel. If a participant's employment or managerial contract expires before the reward is paid, the rewards of the plan will generally not be paid. The share-based incentive scheme for key personnel 2021–2025 has three earning periods: calendar years 2021–2023, 2022–2024 and 2023–2025. The Board of Directors decides on the scheme's earning criteria and the targets to be set at the beginning of each earning period.

The reward of the scheme in the earning period 2021–2023 is based on the total return per share (TSR) of Taaleri Plc. Any reward earned for the earnings period 2021–2023 will be paid at the end of the earnings period in spring 2024, partly in company shares and partly in cash. The purpose of the cash contribution is to cover taxes and tax-like payments incurred by the key personnel from the remuneration. The gross rewards to be paid for the earning period 2021–2023 corresponds to a maximum total value of 185,000 Taaleri Plc shares, including the portion to be paid in cash. The target group of the scheme of the earning period 2021–2023 include approximately 10 key personnel, including some members of the Executive Management Team.

On December 14, 2022, Taaleri Plc's Board of Directors decided on the launch of the earning period 2022–2024. The plans target group includes approximately 18 key employees, including the members of the Group Executive Management Team, except for the CEO. The potential reward of the plan from the earning period 2022–2024 depends on the total shareholder return of the Taaleri Plc share. The maximum reward of the plan is 183,000 shares including the portion to be paid cash. The cash portion is intended to cover taxes and tax-related expenses arising from the reward to the participant. The potential reward will be paid approximately in April 2025.

Earning periods running during the financial year	Earning period 2021–2023	Earning period 2022–2024
Initial amount, gross pcs	185,000	183,000
Initial allocation date	17.6.2021	14.12.2022
Vesting date	28.02.2024	15.03.2025
Maximum contractual life, yrs	2.7	2.3
Remaining contractual life, yrs	1.16	2.2
Number of persons at the end of reporting year	9	18
Payment method	Equity and cash, net settlement	Equity and cash, net settlement

Units outstanding	1.1.-31.12.2022	1.1.-31.12.2021
Outstanding at the beginning of the period	170,000	-
Granted during the period	193,000	170,000
Returned during the period	40,000	-
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**323,000**	**170,000**

CEO's option plan

On April 6, 2022, Taaleri Plc's Board of Directors decided to launch a new stock option plan for the CEO of the company. The pre-requisite for the receipt of stock options was that the CEO acquiries Taaleri Plc shares from the market worth of 400,000 euros in spring 2022. The maximum total number of stock options issued is 300,000 and they entitle the CEO to subscribe for a maximum total of 300,000 new shares in the company or existing shares held by the company. The stock options are issued gratuitously. Of the stock options, 100,000 are marked with the symbol 2022A, 100,000 are marked with the symbol 2022B and 100,000 are marked with the symbol 2022C. .

Instrument	2022A	2022B	2022C	TOT/WA
Initial amount, pcs	100,000	100,000	100,000	300,000
The subscription ratio for underlying shares, pcs	1	1	1	
Initial excercise price, €	11.02	11.02	11.02	
Dividend adjustment	Yes	Yes	Yes	
Current exercise price, €	11.02	11.02	11.02	
Initial allocation date	9.5.2022	9.5.2022	9.5.2022	
Vesting date	1.2.2025	1.2.2026	1.2.2027	
Maturity date	31.1.2026	31.1.2027	31.1.2028	
Maximum contractual life, yrs	3.7	4.7	5.7	4.7
Remaining contractual life, yrs	3.1	4.1	5.1	4.1
Number of persons at the end of reporting year	1	1	1	
Payment method	Equity	Equity	Equity	

Units outstanding	1.1.–31.12.2022	1.1.–31.12.2021
Outstanding at the beginning of the period	-	-
Granted during the period	300,000	-
Returned during the period	-	-
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**300,000**	**-**
Excercisable at the end of the period	**-**	**-**

Employee Share Savings Plan: Plan period 2022–2025

On May 6, 2022, Taaleri Plc's Board of Directors decided on a new share-based incentive for the employees of Taaleri Plc and its subsidiaries. The aim of the plan is to encourage employes to acquire and own Taaleri shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' motivation and long-term commitment to the company. The Employee Share Savings Plan (ESSP) consists of plan periods that commence every second year. Taaleri's Board of Directors will decide on each plan period and its details separately. In the plan period 2022–2025, Taaleri Plc's employees have the opportunity to save a proportion of their salaries and invest those savings in Taaleri shares. The savings will be used for acquiring Taaleri shares quarterly after the publication dates of the respective interim reports. As a reward for commitment, the employees are granted with one gross matching share for each savings share acquired with their savings. If a participant's employment or managerial contract expires or if the participants sell their savings shares before the matching share reward is paid, the matching reward of the plan will generally not be paid. The gross matching reward is paid partly in company shares and partly in cash after the holding period, approximately in July 2025. The purpose of the cash contribution is to cover taxes and tax-like payments incurred by the personnel from the remuneration.

Plan periods running during the financial year	Plan period 2022–2024
Initial amount, gross pcs	*)
Initial allocation date	1.7.2022
Vesting date	30.6.2025
Maximum contractual life, yrs	3
Remaining contractual life, yrs	2.5
Number of persons at the end of reporting year	78
Payment method	Equity and cash, net settlement

*) Maximum savings amount 10% of monthly salary per participant. The savings period is in total 12 months. The gross matching ratio 1:1.

Units outstanding	1.1.–31.12.2022	1.1.–31.12.2021
Outstanding at the beginning of the period	-	-
Granted during the period *)	54,160	-
Returned during the period	-	-
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**54,160**	**-**
Kauden lopussa toteutettavissa olevat	**-**	**-**

*) Figures based on the estimated total number of shares to be purchased during the saving period based on the shares acquired with savings from July 2022 to September 2022. The saving period continues until June 2023.

CEO's share based incentive scheme

On 19 June, 2019, Taaleri Plc's Board of Directors decided on the establishment of a share-based incentive scheme for the company's then CEO. In the scheme, the CEO acquired the company's shares for at least EUR 200,000. The share-based incentive scheme was a one-off, five-year scheme, and the earnings period was 1 June 2019–15 June 2024. The earnings period included three measuring periods, which commenced at the beginning of the earnings period and ended on 15 September in years 2022, 2023 and 2024. Any reward earned under the scheme was be based on Taaleri Plc's total shareholder return (TSR). The reward corresponded at the establishment to the value of no more than 249,000 Taaleri Plc shares, including the part to paid in cash.

On October 25, 2021, Taaleri Plc's Board of Directors decided to pay 148,006 shares to Taaleri Plc's CEO for the share-based incentive plan and to reimburse distributions in 2020 and 2021. From the share-based incentive scheme, a total payable is EUR 1,709,464.68 of which EUR 854,732.35 was paid during the financial year of 2021, and the rest of the total payable was paid during the financial year 2022.

Matching Share Plan 2022

On November 4, 2022, Taaleri Plc's Board of Directors decided on the establishment of a new share-based incentive plan for the company's Head of Sales. The plan consists of one matching period starting on 4 November 2022 and ending on 31 December 2025. The prerequisite for receiving the matching reward is that the participant acquires company's shares in advance and that his employment with the company is valid until the reward payment. The achievement of the target set for the amount of assets under management by the company will affect the size of the reward multiplier. The reward value corresponds to the value of a maximum of 21,041 Taaleri Plc shares, including also the potential proportion to be paid in cash (gross reward), calculated on the basis of the current share price and assuming that the participant invests in the shares the maximum amount set by the Board of Directors and the company's target for the reward multiplier is achieved. The plan rewards will be paid partly in company shares and partly in cash, approximately in March 2026. The cash proportion is intended to cover taxes and tax-related expenses arising from the reward to the participant.

The number of the matching shares granted depends on the number of shares acquired by the participant. The fair value of the share based incentive will be determined at the time of the share purchase, after the investment requirement has been filled. The investment requirement needs to be filled by the end of February 2023.

Plan periods running during the financial year	Matching Share Plan 2022
Initial amount, gross pcs	21,041
Initial allocation date	4.11.2022
Vesting date	15.3.2026
Maximum contractual life, yrs	3.4
Remaining contractual life, yrs	3.2
Number of persons at the end of reporting year	1
Payment method	Equity and cash, net settlement

Determining fair value

Employee Share Savings Plan: Plan Period 2022–2025: The fair value of the share based incentive is based on the first share purchase made with the savings from July 2022 to September 2022 and is expensed until vesting. The share purchases with the savings from October 2022 to June 2023 will be made during the financial year 2023.

Earning period 2021–2023: The fair value of the share based incentive has been determined at grant date. The market condition in this case total share holder return has been taken into account when determining the fair value at grant and it will not be changed during the plan. The fair value is expensed until vesting.

Earning period 2022–2024: The fair value of the share based incentive has been determined on 31 December 2022. The market condition in this case total share holder return has been taken into account when determining the fair value at grant and it will not be changed during the plan. The fair value is expensed until vesting.

Instrument	Plan period 2022–2025	Earning period 2021–2023	Earning period 2022–2024
Share price at grant, €	10.60	10.90	11.18
Share price at reporting period end, €	11.18	11.18	11.18
Expected volatility, %*	-	31.82%	31.07%
Maturity, years	3.1	1.0	2.4
Risk-free rate	2.31%	2.16%	2.68%
Expected dividends, €	2.36	0.90	1.75
Reduction in equity FMW (investment requirement)	1.3	-	-
Valuation model	-	Monte Carlo	Monte Carlo
Fair Value	7.01	4.60	3.64

* Expected volatility was determined by calculating the historical volatility of the Group's share using monthly observations over corresponding maturity

Option plan: The fair value of the share based incentives have been determined at grant date and the fair value is expensed until vesting. The share subscription period of the option instruments 2022A, 2022B and 2022C does not commence unless the vesting criteria have been achieved. The 2022A options vest if the volume weighted average share price of 20 consecutive trading days exceeds the subscription priced added by 2.50 EUR during the period 1 December 2024–31 January 2025. The 2022B options vest if the volume weighted average share price of 20 consecutive trading days exceeds the subscription price added by 2.80 EUR during the period of 1 December 2025–31 January 2026. The 2022C options vest if the volume weighted average share price of 20 consecutive trading days exceeds the subscription price added by 3.10 EUR during the period of 1 December 2026–31 January 2027. The market condition has been taken into account when determining the fair value at grant and it will not be changed during the plan. The pricing of the stock options was determined by the inputs presented below.

Instrument	2022A-C
Share price at grant, €	9.87
Share price at reporting period end, €	11.18
Exercise price, €	11.02
Expected volatility, %*	30.84%
Maturity, years	4.7
Risk-free rate	0.007%
Valuation model	Binomial model
Fair Value, weighted average	1.7649

* Expected volatility was determined by calculating the historical volatility of the Group's share using monthly observations over corresponding maturity.

44 Investments in subsidiaries

Changes in subsidiary shareholdings 2022

Taaleri Plc established Taaleri Bioindustry Ltd during the financial year and sold 25.0 per cent of the company to the key personnel in the bioindustry business. Taaleri Investments Ltd sold part of its holding in Taaleri Kapitaali Oy to the company's minority shareholders, and Taaleri's holding in Taaleri Kapitaali Oy decreased to 50.0 (70.0) per cent. Additionally, Taaleri Investments Ltd acquired few holdings from non-controlling interest holders of Taaleri Energia Ltd, and Taaleri Group's joint holding in Taaleri Energia Ltd and the subroup it forms, increased to 79.4 (78.6) per cent.

During the financial year, Taaleri decided to wind down the infrastructure business that was part of the Private Asset Management segment. As a result of the decision, Taaleri Private Equity Funds Ltd redeemed a 20.0 per cent non-controlling interest in Taaleri Infra I GP Oy, and the Taaleri Group wrote down of the goodwill arising from the company's acquisition in 2021 of EUR 0.3 million.

During the financial year, management companies and project companies, which are part of Taaleri's private asset management business, have also been established, acquired, sold and dissolved. Some of the management - and project companies have minority shareholders that are key personnel in Taaleri's private asset management business. All group companies are listed in the parent company's financial statements.

Changes in subsidiary shareholdings 2021

During the financial year of 2021 Taaleri Plc sold its wealth management operations to Aktia Bank Plc. In the transaction, Taaleri Wealth Management Ltd, Taaleri Fund Management Company Ltd, Taaleri Tax Services Ltd and Evervest Ltd were transferred to Aktia. For further information, see Note 45 Discontinued Operations and the Sale of the subsidiary. In addition, Taaleri Investment Ltd sold its entire holding of 61.8 per cent in Mobify Invoices Oy.

In connection with the sale of Taaleri's wealth management operations, Taaleri Private Equity Funds Ltd acquired from Aktia Bank Plc its shares in Taaleri Infra I GP Ltd (formerly Aktia Infra Rahasto GP Ltd), a total of 80.0 per cent of the company's shares. The company belonged to the infrastructure business that started operations at Taaleri and thus belonged to the Private Asset Management segment. The purchase price, including the contingent consideration, was EUR 0.4 million the and the full purchase price was paid in cash. At the time of the acquisition, Taaleri Infra I GP Ltd's assets were EUR 0.1 million and consisted entirely of cash. The company had no debt at the time of acquisition. Goodwill of EUR 0.3 million was recorded and was based on the expertise of the persons transferred to Taaleri in the transaction. The company has been consolidated into the Taaleri Group as of April 30, 2021. Goodwill arising on the transaction will be tested annually.

Taaleri Plc established Taaleri Real Estate Ltd during the financial year and sold 20.0 per cent of the company to the key personnel in the real estate business. Additionally, during 2021, there were acquired and established some management - and project companies under Taaleri Private Equity Funds Ltd and Taaleri Energia Ltd.

Effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control, EUR 1,000	**2022**	**2021**
From an addition to the share owned in subsidiaries	-48	-
From a reduction in the share owned in subsidiaries without loss of control	-110	29
Net effect on equity	**-158**	**29**

There is not a material non-controlling interest in the group.

45 Discontinued operations and the sale of the subsidiary

Description of the sale of discontinued operations

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations. In March, 2021 Taaleri classified the wealth management operations as held-for-sale assets and reports them as discontinued operations. The transaction was completed on April 30, 2021 and the discontinued operations have been consolidated into the Group until April 30, 2021. After the completion of the transaction and the recognition of the capital gain, all the Group's transactions are transactions of continuing operations.

Profit from discontinued operations

Profit from discontinued operations, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Income	-	15,578
Expenses	-	-10,603
Operating profit	**-**	**4,975**
Income tax expense	-	-1,205
Profit after income tax of discontinued operations	**-**	**3,769**
Gain on sale of the subsidiary after income tax	-	111,133
Profit from discontinued operations	**-**	**114,902**

Net cash flows from discontinued operations are presented in Consolidated statement of cash flows.

Details of the sale of the subsidiary

Sale of the subsidiary, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Consideraion received in cash	-	113,680
Consideration received in shares	-	10,000
Total disposal consideration	**-**	**123,680**
Carrying amount of net assets sold	-	12,548
Gain on sale before income tax	**-**	**111,133**
Income tax expense on gain	-	-
Gain on sale after income tax	**-**	**111,133**

The disposal consideration will depend in part on the business of the coming years. Taaleri is committed to supplying new alternative investment products to Aktia, which Aktia can offer to its customers if it so wishes. If Taaleri does not offer a certain amount of new alternative investments, Taaleri may in certain circumstances have to reimburse part of the purchase price to Aktia. Similarly, Aktia is committed to selling a certain number of products offered by Taaleri.

The deed of sale related to the sale of the wealth management operations includes special business-related liabilities to Taaleri of up to EUR 36 million, as well as industry-related general and compliance responsibilities.

No contingent receivable or liability has been recognized for the contingent consideration, as Taaleri does not consider it probable that the contingent consideration will be realized.

Carrying amounts of assets and liabilities as at the date of sale, EUR 1,000	30.4.2021
Receivables from credit institutions	9,509
Goodwill	4,750
Other assets	6,733
Total assets	**20,992**
Other liabilities	2,937
Accrued expenses and deferred income	5,508
Total liabilities	**8,444**
Total net assets	**12,548**

46 Investments in associated companies

Changes in associated companies shareholdings 2022

On 31 December 2022 Taaleri had nine associated companies: Taaleri Datacenter Ky, Sepos Oy, Turun Toriparkki Oy, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Fintoil Oy, Taaleri SolarWind II SPV, Masdar Taaleri Generation and Domerel Nieruchomo ci Sp.z. None of these is considered material to the Group.

After the merger between Fellow Finance Plc and Evli Bank Plc that took place during the financial year, Taaleri owns 17.50 per cent of the new Fellow Bank Plc, while at the beginning of the financial year, Taaleri's holding in Fellow Finance Plc exceeded the associate company limit and was 25.7 per cent. Taaleri's shareholding in Turku Toriparkki Oy, on the other hand, increased to 59.2 per cent during the financial year, but Taaleri owns 48.15 per cent of the controlling shares, and therefore Turun Toriparkki Oy have been still consolidated into the Group using the equity method. In addition, Taaleri sold its holding in Surazo Sp.z o.o. associated company during the financial year.

Other associated companies, with the exception of Fintoil Oy, have been consolidated into the Group using the equity method. Regarding the capital investment made in Fintoil Oy, a decision has been made to value the associated company at fair value with effect on profit and loss in accordance with IFRS 9. From the financial year's results of the continuing operations of the associated companies, profits totaling EUR 3.8 million have been consolidated in the Group, which is presented in the item ""Share of associates' profit or loss"". The share of the result of associated companies in 2022 includes an impairment loss on the shares of Sepos Oy totaling EUR -2.3 million. Associated companies have no discontinued operations, and no items of comprehensive income that would have been consolidated into the group.

Changes in associated companies shareholdings 2021

On 31 December 2021 the group had eleven associated companies: Fellow Finance Plc, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Taaleri Datacenter Ky, Fintoil Oy, Taaleri SolarWind II SPV, Turun Toriparkki Oy, Masdar Taaleri Generation, Surazo Sp.z o.o., Domerel Nieruchomo ci Sp.z and Sepos Oy. None of these is considered material to the group.

The associated companies, except for Fellow Finance Plc and Fintoil Oy, are consolidated using the equity method. Fellow Finance Plc is classified as held for sale (see note 23) and Fintoil as an investment that is valued at fair value. A loss of EUR -1.3 million from continuing operations of the associated companies has been recognised in the Group in the income statement item Share of associates' profit or loss. The share of the result of associated companies in 2021 includes an impairment loss on the shares of Hernesaaren Kehitys Oy totaling EUR -0.2 million. The associated companies have neither discontinued operations nor comprehensive income items.

During the financial year Taaleri Energia acquired a 50.0 per cent share in two project companies, in Surazo Sp.z o.o. and Domerel Nieruchomo ci Sp.z, after which they were consolidated as associated company.

47 Contingent liabilities

Commitments not recognised as liabilities, EUR 1,000	**31.12.2022**	**31.12.2021**
Total gross exposures of guaranty insurance	1,861,598	1,694,866
Investment commitments	10,148	7,008
Credit limits (unused)	200	200
Total	**1,871,946**	**1,702,074**

Helsinki District Court has, through a ruling made on 31st October 2022, rejected an insurance claim related complaint brought up against Garantia. The amount of the claim was EUR 5 million, with added penalty interest and legal expenses. The claim concerned a pension fund, a guaranty insurance customer of Garantia, that was placed in liquidation in 2011, and subsequently declared bankrupt in 2018. The ruling is final. The district court ordered the counterparty to reimburse Garantia for legal expenses for the amount of EUR 0.3 million. The reimbursement received was booked into operating expenses in the fourth quarter of 2022 as an expense adjustment.

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. The disposal consideration will depend in part on the business of the coming years. The deed of sale related to the sale of the wealth management operations includes special business-related liabilities to Taaleri of up to EUR 36 million, as well as industry-related general and compliance responsibilities. No contingent receivable or liability has been recognized for the contingent consideration, as Taaleri does not consider it probable that the contingent consideration will be realized. Liabilities related to the transaction are not included in the table above. For further fetails, please see Note 45 Discontinued operations and sale of the subsidiary.

Taaleri has signed the Net Zero Asset Managers (NZAM) initiative, in which Taaleri, both as a company and for Taaleri's assets under management, commits to the goal of net zero greenhouse gas emissions by 2050 in accordance with the Paris Climate Agreement. Taaleri's interim target is to manage 75% of the assets under management in accordance with the initiative by 2030. Taaleri will report annually on the progress starting year 2023. Liabilities related to the initiative are not included in the table above.

48 Pension liabilities

Statutory pension cover for the company's employees and management is arranged through a TyEL insurance policy. Additional voluntary pension insurance has been taken out for the company's management. The company has no unrecognised pension liabilities. All the company's pension arrangements are defined contribution plans.

49 Leases

Right-of-use assets 2022, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2022	746	94	61	901
Increases	21	58	18	96
Remeasurements	23	-	-	23
Depreciation	-706	-73	-17	-796
Book value 31 December 2022	83	79	61	224
Lease liablities 31 December 2022				277

Right-of-use assets 2021, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2021	2,427	127	97	2,651
Increases	1,204	142	68	1,413
Remeasurements	12	6	-	18
Decreases	-2,056	-83	-87	-2,226
Depreciation	-842	-96	-17	-955
Book value 31 December 2021	746	94	61	901
Lease liablities 31 December 2021				1,490

Items recognised in profit and loss related to lease agreements, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Interest expense	-36	-69
Depreciation	-796	-717
Interest income from sublease contracts	12	20
Costs related to short term agreements	-168	-238
Costs related to agreements concerning low value assets	-27	-43
Total	**-1,015**	**-1,048**

Interest expenses are recognized in interest and other financing expenses on the income statement. Interest income from sublease contracts are recognized in interest income on the income statement. Costs related to short term agreements and agreements concerning low value assets are recognised in other operating expenses.

Outgoing cash flows related to lease agreements amounted to EUR 1.6 (1.4) million in 2022. Income from subleasing of right-of-use assets in 2022 totaled EUR 0.6 (0.4) million.

50 Related party disclosures

The parent company and its subsidiaries and associated companies belong to the group's related parties. Related parties also include the members of the Board of Directors and the executive board as well as their related parties.

The following belong to the company's related parties:

1) Someone who, by virtue of shareholding, options or convertible bonds has or may have at least 20 percent of the company's stocks or shares, or the voting rights attached to them, or a corresponding shareholding or voting right in an organisation belonging to the group, or in an organisation exercising control in the company, unless the significance of the company that is the subject of ownership is minor in terms of the whole group.
2) A member and deputy member of the Board of Directors, CEO and Deputy CEO, and somebody in a similar position in a company as referred to in point 1.
3) The children and spouse of someone as referred to in point 2, or someone in a marital relationship with that person.
4) An organisation and foundation in which an above-mentioned person, either alone or with another person, has control as specified in Chapter 1, Paragraph 5 of the Accounting Act.

Business transactions made with the company and companies belonging to the group have been carried out on terms equivalent to those that prevail in arm's length transactions. Companies belonging to the Group are listed in the financial statements of the parent company.

In June 2021, Taaleri sold the shares of its subsidiary, Mobify Invoices Oy. One of the buyer parties belongs to Taaleri's other related parties. The transaction and related trade receivable are included in the table below of related party transactions.

On 31 December 2022 the Chairman of the board Juhani Elomaa was among the 10 largest shareholders of the company.

Related party transactions with associated companies and related parties, EUR 1,000

2022	Sales	Purchases	Receivables	Liabilities
Associated companies	387	-	1,905	-
Other related parties	100	-	25	-

2021	Sales	Purchases	Receivables	Liabilities
Associated companies	301	-	1,841	-
Other related parties	279	-	3,819	-

Management shareholdings

At the end of 2022, members of the company's Board of Directors and Group Executive Management Team owned a total of 2,257,828 of the company's shares, which corresponds to 8.0% of the shares and the voting rights attached to all shares. The shareholdings of the members of the company's Board of Directors and Group Executive Management Team in the company, including related party holdings:

Name	Position	Number of shares
Juhani Elomaa [1)]	Chairman of the Board of Directors	2,149,857
Titta Elomaa [2)]	Managing Director, Garantia Insurance Company Ltd	2,102,673
Peter Ramsay [3)]	CEO	40,039
Minna Smedsten	CFO	30,578
Elina Björklund	Member of the Board of Directors	12,000
Hanna Maria Sievinen	Member of the Board of Directors	7,900
Tuomas Syrjänen	Member of the Board of Directors	7,782
Mikko Ervasti [4)]	Head of Sales	4,433
Petri Castrén	Member of the Board of Directors	4,000
Essi Sten	Director, Real Estate	491
Tero Saarno	Director, Bioindustry	434
Siri Markula	Head of Communications and Investor Relations	314
Total		**2,257,828**
Total of share capital, %		**8.0%**

[1)] Juhani Elomaa's shareholding consists of 2,149,857 shares, 356,167 of which are owned by their related parties.

[2)] Titta Elomaa's shareholding consists of 2,102,673 shares, 2,049,667 of which are owned by their related parties.

[3)] Peter Ramsay's shareholding consists of 40,039 shares, 38,895 of which are owned by their related parties.

[4)] Mikko Ervasti's shareholding consists of 4,433 shares, 4,119 of which are owned by their related parties.

Fringe benefits of senior management

Senior management consists of the Board of Directors and the Group Executive Management Team[1)]. Compensation paid or payable to them for their work consists of the following items:

EUR 1,000	2022	2021
Salaries, bonuses and other fringe benefits	4,331	5,281
Benefits to be paid at the end of employment	1,306	1,361
Total	**5,637**	**6,642**

[1)] The composition of Taaleri's Executive Management Team has changed during the 2022 and 2021 financial periods. The benefits of those who left the Executive Management Team are included in the table from the time when they belonged to the Executive Management Team.

Parent Company's Financial Statements

Parent company's income statement

EUR	Note	1.1.–31.12.2022	1.1.–31.12.2021
Revenue	2	3,043,944	3,418,107
Other operating income		566,139	361,985
Personnel costs	3		
Wages and salaries		-4,012,526	-7,747,868
Social security expenses			
Pension expenses		-350,325	-518,599
Other social security expenses		-16,021	-186,058
Personnel costs total		-4,378,872	-8,452,525
Depreciation, amortization and reduction in value			
Depreciation and amortization according to plan		-113,152	-74,086
Depreciation, amortization and reduction in value total		-113,152	-74,086
Other operating expenses	4	-5,706,357	-5,422,480
Operating profit (loss)		**-6,588,298**	**-10,168,999**
Financial income and expenses	5		
Income from group undertakings		15,308,421	143,062,109
Net income from other investments held as non-current assets			
From others		-1,429,283	2,342,700
Other interest income and other financial income			
From group undertakings		1,769,354	1,504,480
From others		7,518	63,889
Reduction in value of investments held as current assets	6	350	3,311
Interest and other financial expenses			
To others		-893,356	-2,305,286
Financial income and expenses total		14,763,005	144,671,203
Profit (loss) before appropriations and taxes		**8,174,707**	**134,502,204**
Appropriations	7		
Group contribution		6,500,000	3,000,000
Appropriations total		6,500,000	3,000,000
Income taxes	8		
Income taxes for the financial year		1,956	528
Defferd taxes		215,782	1,189,358
Income taxes total		217,739	1,189,886
Profit (loss) for the financial year		**14,892,446**	**138,692,090**

Parent company's balance sheet

Assets	Note	31.12.2022	31.12.2021
Non-current assets			
Intangible assets			
Other intangible assets	9	162,340	231,611
Intangible assets total		**162,340**	**231,611**
Tangible assets			
Machinery and equipment	10	130,031	173,448
Tangible assets total		**130,031**	**173,448**
Investments			
Holdings in group undertakings	11, 18	76,136,357	76,134,482
Participating interests	11, 18	150,000	3,147,624
Other shares and similar rights of ownership	18, 19	15,542,884	11,998,268
Investments total		**91,829,240**	**91,280,374**
Non-current assets total		**92,121,612**	**91,685,433**
Current assets			
Long-term receivables			
Amounts owed by group undertakings	17, 18, 20	25,428,000	35,314,450
Loan receivables		230,753	251,321
Deferred tax assets	12	1,264,432	1,191,029
Long-term receivables total		**26,923,185**	**36,756,799**
Short-term receivables			
Amounts owed by group undertakings	17, 18	7,659,417	7,356,292
Other receivables		115,494	41,819
Prepayments and accrued income	13	423,916	280,124
Short-term receivables total		**8,198,826**	**7,678,235**
Cash and cash equivalents	18, 20	**29,367,127**	**39,370,123**
Current assets total		**64,489,138**	**83,805,158**
Assets total		**156,610,751**	**175,490,590**

Equity and liabilities	Note	31.12.2022	31.12.2021
Equity	14		
Equity capital		125,000	125,000
Reserve for invested unrestricted equity		19,156,293	19,156,293
Fair value reserve		71,513	0
Retained earnings (loss)		105,348,175	765,208
Profit (loss) for the financial year		14,892,446	138,692,090
Equity total		**139,593,427**	**158,738,591**
Liabilities			
Long-term liabilities	15, 18, 20	14,869,688	14,853,985
Bonds			
Deferred tax liabilities	12	17,878	0
Long-term liabilities total		**14,887,566**	**14,853,985**
Accounts payable		285,309	290,502
Amounts owed to group undertakings	17	183,347	32,649
Other liabilities		236,352	146,623
Accruals and deferred income	16	1,424,749	1,428,240
Short-term liabilities total		**2,129,757**	**1,898,014**
Liabilities total		**17,017,324**	**16,751,999**
Equity and liabilities total		**156,610,751**	**175,490,590**

Parent company's cash flow statement

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from operating activities:		
Operating profit (loss)	-6,588,298	-10,168,999
Depreciation	113,152	74,086
Income from group undertakings	15,308,421	134,880,182
Income from other investments held as non-current assets	545,755	516,561
Other interest income and other financial income	583,661	69,521
Interest and other financial expenses	-835,183	-2,210,225
Cash flow before change in working capital	9,127,509	123,161,127
Change in working capital		
Increase (-)/decrease (+) in loan receivables	9,907,368	-956,082
Increase (-)/decrease (+) in current interest-free receivables	1,006,041	-1,660,110
Increase (+)/decrease (-) in current interest-free liabilities	385,853	537,704
Cash flow from operating activities before financial items and taxes	20,426,770	121,082,638
Direct taxes paid (-)	1,956	528
Cash flow from operating activities (A)	**20,428,726**	**121,083,166**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-465	-475,592
Investments in subsidiaries and associated companies	-1,875	-109,652
Other investments	-2,462,638	1,500,000
Cash flow from investing activities (B)	**-2,464,978**	**914,756**

EUR	1.1.–31.12.2022	1.1.–31.12.2021
Cash flow from financing activities:		
Decrease in debt securities issued to the public	0	-35,000,000
Decrease (-) in non-current liabilities	0	-15,000,000
Paid and received group contributions	6,000,000	3,000,000
Dividends paid and other distribution of profit	-33,966,744	-37,363,418
Cash flow from financing activities (C)	**-27,966,744**	**-84,363,418**
Increase/decrease in cash and cash equivalents (A+B+C)	-10,002,996	37,634,503
Cash assets at the beginning of the financial period	39,370,123	1,735,620
Cash assets at the end of the financial period	29,367,127	39,370,123
Difference in cash assets	-10,002,996	37,634,503

Notes to the Parent Company's Financial Statements

1 Accounting policies for preparing the parent company's financial statements

Basis of preparation for parent company's financial statements
Taaleri Plc's financial statements have been prepared in accordance with the Finnish Accounting Act. The financial statements have been prepared over 12 months for the financial period of 1 January–31 December 2022.

Foreign currency items
Foreign currency transactions are recorded based on the exchange rate on the day of the transaction. Foreign currency receivables and liabilities outstanding at the end of the financial period are measured based on the exchange rate on the balance sheet date.

Tangible and intangible assets
Intangible assets are carried on the balance sheet at cost less any accumulated depreciation. ICT software costs, among other things are activated as other long-term expenditure. Tangible assets are carried on the balance sheet at cost less any accumulated depreciation. If, at the end of the financial period, the estimated recoverable amount from intangible or tangible assets is found to be fundamentally and permanently lower than their carrying amount, the difference is recorded in profit or loss as an impairment loss.

The depreciation plan is as follows:
- ICT software: Straight-line depreciation, 4 years
- Other intangible rights: Straight-line depreciation, 4 years
- Other long-term expenditure: Straight-line depreciation, 3 years
- Machinery and equipment: Straight-line depreciation, 4 years

Financial instruments
Taaleri Plc applies the alternative procedure permitted by Chapter 5, Section 2a of the Accounting Act and measures financial instruments at fair value. Therefore IFRS 9 is applied when classifying and measuring financial instruments, and the notes to the financial statements regarding financial instruments are also presented as required by IFRS standards.

The accounting principles of financial instruments have been presented in more detail in Note 2 of the Consolidated Financial Statements. In Taaleri Plc's financial statements, holdings in group undertakings and participating interests have been measured at acquisition cost or, if their probable fair value on the balance sheet date is lower, in the amount thereof.
When recognizing financial instrument purchase and sales transactions, the date of the transaction is used as the basis for recognition.

In Taaleri Plc's financial statements a financial asset is recognized in investments in non-current assets when the purpose of the financial instrument is to generate income continuously over several financial years. Taaleri Plc's investments in non-current assets consist of shares and participations acquired in long-term ownership and subordinated loan receivables.

Other financial assets are variable in nature. Receivables are classified as non-current if they fall due after more than 12 months. Current investments include cash, receivables and other financial assets that are temporarily in another form.

The bonds issued by Taaleri Plc are recognized in Bonds. Interest and transaction costs on loans are amortized over the term of the loans. Bonds are classified as long-term if they mature after more than 12 months.

Revenue recognition principles
Revenue includes the sale of services to Taaleri Group's subsidiaries. Revenue from services is recognized when the service is delivered.

Pensions
The statutory pension cover of the company's employees and management has been arranged using TyEL (employee pension) insurance agreements. Voluntary additional pension insurance has been taken out for members of the company's management. All the company's pension arrangements are defined-contribution plans. Expenses arising from statutory pension arrangements are recognized in the income statement under personnel costs and those arising from voluntary additional pension insurance is recognized under other operating expenses. Insurance premiums are paid to the insurance company and recognized as expenses over the financial period, which the premiums cover. The defined-contribution plans have no other payment obligations.

Income taxes
Tax expenses consist of taxes based on the taxable income for the period, taxes for previous periods and deferred taxes. Taxes based on the taxable income for the period is calculated from the taxable income based on tax rates valid in Finland. Deferred taxes are calculated on temporary differences between the carrying amount and taxable value. Deferred tax assets are recognized up to the amount at which it is likely that taxable income will be generated in the future, against which the temporary difference can be utilized. Deferred taxes are calculated using the tax rates regulated by the balance sheet date or tax rates which have been approved in practice before the balance sheet date.

Notes to the Income Statement

2 Revenue

	1.1.–31.12.2022	1.1.–31.12.2021
Income from group undertakings	3,015,158	3,315,600
Other income	28,786	102,507
Total	**3,043,944**	**3,418,107**

3 Personnel costs

	1.1.–31.12.2022	1.1.–31.12.2021
Wages, salaries and fees	4,012,526	7,747,868
Pension expenses	350,325	518,599
Social security contributions	16,021	186,058
Total	**4,378,872**	**8,452,525**

During the 2022 financial period, a total of EUR 1.6 (2.6) million in salaries and fees were paid to the Board of Directors, the CEOs and former Deputy CEO including the voluntary pension insurance. Due to the change of the CEO during 2021, the company's former CEO Robin Lindahl, was paid EUR 1.4 million in 2021. At the end of the financial year 2021 EUR 0.9 million of the compensation for Robin Lindahl was still unpaid, which were paid in full during financial year 2022. During the financial period of 2022, the average number of personnel employed by the parent company was 15 (15).

The salaries and bonuses paid to the company's current and previous CEO in 2022 including fringe benefits, share-based incentive scheme and pension insurance amounted to EUR 1.3 (2.1) million. If CEO's employment is terminated by the company, the CEO is entitled to severance pay corresponding to 12 months salary. The CEO is entitled to a statutory pension and his retirement age is determined within the framework of the statutory pension system. The company's CEOs are entitled to a voluntary pension insurance paid for by the company, which cost was EUR 0.1 (0.3) million in 2022.

4 Other operating expenses

	1.1.–31.12.2022	1.1.–31.12.2021
Voluntary personnel expenses	494,829	772,473
Marketing and communication expenses	535,733	349,258
Premises and other leasing expenses	1,431,675	977,349
ICT expenses	1,277,612	790,303
Equipment rental and leasing	27,373	67,942
Fees paid to the company's auditors	185,053	163,095
Auditing fees	127,621	129,580
Tax services	0	0
Other	57,432	33,515
Group internal administrative services	226,385	46,538
Consultation and external expert services	613,291	1,256,366
Other operating expenses	914,406	999,155
Total	**5,706,357**	**5,422,480**

5 Financial income and expenses

	1.1.–31.12.2022	1.1.–31.12.2021
Income from group undertakings		
Dividends	15,308,421	21,200,000
Gaind and losses on disposals	0	121,862,109
Net income from other investments held as non-current assets		
From other investments held as non-current assets		
Dividends	545,755	419,062
Fair value changes	-2,005,038	1,875,144
Gaind and losses on disposals	30,000	0
Interest income	0	48,493
Other interest income and other financial income		
From group undertakings		
Interest income	1,769,354	1,504,480
From others		
Interest income	7,518	63,889
Reduction in value of investments held as current assets		
Expected credit losses	350	3,311
Interest and other financial expenses		
To others		
Interest expenses from liabilities to credit institutions	0	-257,762
Interest expenses from cash at bank	-123,581	-178,656
Interest expenses from bonds issued	-747,919	-1,728,997
Other financial expenses	-21,856	-139,871
Total	**14,763,005**	**144,671,203**

6 Expected credit losses

	Amortised cost
ECL 1.1.2022	5,040
Additions due to purchases	42
Deductions due to derecognitions	-392
Changes in risk parameters	0
Recognised in profit or loss	-350
ECL 31.12.2022	**4,690**

	Amortised cost
ECL 1.1.2021	8,352
Additions due to purchases	0
Deductions due to derecognitions	-3,311
Changes in risk parameters	0
Recognised in profit or loss	-3,311
ECL 31.12.2021	**5,040**

All financial assets subject to ECL calculations are on level 1, i.e. the credit risk has not increased significantly. There are no realised credit losses recognised in the presented financial periods.

	1.1.–31.12.2022	1.1.–31.12.2021
Expected credit losses from financial assets measured at amortised cost	350	3,311
Recognised in profit or loss	**350**	**3,311**

7 Appropriations

	1.1.–31.12.2022	1.1.–31.12.2021
Group contributions received	6,500,000	3,000,000
Group contributions paid	0	0
Total	**6,500,000**	**3,000,000**

8 Taxes

	1.1.–31.12.2022	1.1.–31.12.2021
From profit for the financial period	0	0
Taxes from previous periods	-1,956	-528
Deferred taxes	-215,782	-1,189,358
Total	**-217,739**	**-1,189,886**

Notes to the Balance Sheet

9 Intangible assets

2022	IT systems	Total
Acquisition cost 1 January	364,136	364,136
Increases	465	465
Acquisition cost 31 December	**364,601**	**364,601**
Accumulated depreciation, amortisation and impairment 1 January	132,525	132,525
Depreciation during the financial period	69,736	69,736
Accrued depreciation 31 December	**202,260**	**202,260**
Carrying amount 1 January	231,611	231,611
Carrying amount 31 December	**162,340**	**162,340**

2021	IT systems	Total
Acquisition cost 1 January	85,659	85,659
Increases	278,477	278,477
Acquisition cost 31 December	**364,136**	**364,136**
Accumulated depreciation, amortisation and impairment 1 January	82,106	82,106
Depreciation during the financial period	50,419	50,419
Accrued depreciation 31 December	**132,525**	**132,525**
Carrying amount 1 January	3,553	3,553
Carrying amount 31 December	**231,611**	**231,611**

10 Tangible assets

2022	Machinery and equipment	Total
Acquisition cost 1 January	197,115	197,115
Increases	0	0
Acquisition cost 31 December	**197,115**	**197,115**
Accumulated depreciation, amortisation and impairment 1 January	23,667	23,667
Depreciation during the financial period	43,417	43,417
Accrued depreciation 31 December	**67,084**	**67,084**
Carrying amount 1 January	173,448	173,448
Carrying amount 31 December	**130,031**	**130,031**

2021	Machinery and equipment	Total
Acquisition cost 1 January	0	0
Increases	197,115	197,115
Acquisition cost 31 December	**197,115**	**197,115**
Accumulated depreciation, amortisation and impairment 1 January	0	0
Depreciation during the financial period	23,667	23,667
Accrued depreciation 31 December	**23,667**	**23,667**
Carrying amount 1 January	0	0
Carrying amount 31 December	**173,448**	**173,448**

11 Holdings in Group undertakings and participating interests

2022	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	76,134,482	3,247,626	79,382,108
Increases	1,875	0	1,875
Decreases	0	2,997,624	2,997,624
Acquisition cost 31 December	**76,136,357**	**250,002**	**76,386,359**
Changes in value 1.1.	0	-100,002	-100,002
Changes in value during the financial period	0	0	0
Changes in value 31 December	**0**	**-100,002**	**-100,002**
Carrying amount 1 January	76,134,482	3,147,624	79,282,106
Carrying amount 31 December	**76,136,357**	**150,000**	**76,286,357**

2021	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	77,942,995	3,153,624	81,096,620
Increases	9,550	100,002	109,552
Decreases	1,818,064	6,000	1,824,064
Acquisition cost 31 December	**76,134,482**	**3,247,626**	**79,382,108**
Changes in value 1.1.	0	0	0
Changes in value during the financial period	0	-100,002	-100,002
Changes in value 31 December	**0**	**-100,002**	**-100,002**
Carrying amount 1 January	77,942,995	3,153,624	81,096,620
Carrying amount 31 December	**76,134,482**	**3,147,624**	**79,282,106**

Taaleri Plc's subsidiaries and poarticipating interests are listed in the attachment of the parent company's financial statements.

12 Deferred tax assets

Deferred tax assets	31.12.2022	31.12.2021
From unused tax losses	1,263,494	1,190,021
From expected credit losses	938	1,008
Total	**1,264,432**	**1,191,029**

Deferred tax liabilities	31.12.2022	31.12.2021
From financial assets measured at fair value through fair value reserve	17,878	0
Total	**17,878**	**0**

13 Prepayments accrued income

	31.12.2022	31.12.2021
Accrued interest	15,380	13,176
Other accrued income	408,536	266,947
Total	**423,916**	**280,124**

14 Increases and decreases in equity during the financial year

	1.1.2022	Increase	Decrease	31.12.2022
Share capital	125,000			125,000
Reserve for invested non-restricted equity	19,156,293			19,156,293
Fair value reserve	0	71,513		71,513
Retained earnings (loss)	139,457,298		34,109,123	105,348,175
Profit (loss) for the financial year	0	14,892,446		14,892,446
Total	**158,738,591**	**14,963,959**	**34,109,123**	**139,593,427**

Distributable non-restricted equity of the parent company on 31 December 2022	**31.12.2022**
Reserve for invested non-restricted equity	19,156,293
Retained earnings (loss)	105,348,175
Profit (loss) for the financial year	14,892,446
Total	**139,396,914**

Parent company 's restricted equity on December 31, 2022	196,513

	1.1.2021	Increase	Decrease	31.12.2021
Share capital	125,000			125,000
Reserve for invested non-restricted equity	36,139,665		16,983,372	19,156,293
Retained earnings or loss	21,145,254		20,380,046	765,208
Profit (loss) for the period	0	138,692,090		138,692,090
Total	**57,409,919**	**138,692,090**	**37,363,418**	**158,738,591**

Distributable non-restricted equity of the parent company on 31 December 2021	**31.12.2021**
Reserve for invested non-restricted equity	19,156,293
Retained earnings (loss)	765,208
Profit (loss) for the financial year	138,692,090
Total	**158,613,591**

Parent company 's restricted equity on December 31, 2021	125,000

15 Bonds

	31.12.2022	31.12.2021
Long-term bonds		
Tier 2 bond	14,869,688	14,853,985
Total	**14,869,688**	**14,853,985**

Tier 2 bond

On 18 October 2019 Taaleri Plc issued Tier 2 note totalling EUR 15 million. The Tier 2 note constitute a subordinated debt instrument, which is included in the Tier 2 capital referred to in Article 63 of Regulation (EU) No 575/2013 of the European Parliament and of the Council. The notes mature in ten years and bear a fixed interest rate of 5.0 per cent until 18 October 2024 and then onwards EUR 5-year mid-swap rate plus 5.33 per cent. The terms and conditions of the Notes include a call option after five years from the issuance and the company is also entitled to an early repayment before the call option under certain preconditions provided in the terms and conditions of the Notes.

16 Accruals and deferred income

	31.12.2022	31.12.2021
Holiday pay liability	254,169	212,043
Accrued interest	154,110	154,110
Other accrued expenses	1,016,470	1,062,088
Total	**1,424,749**	**1,428,240**

17 Amounts owed by or to Group undertakings

	31.12.2022	31.12.2021
Current assets, long-term receivables		
Amounts owed by group undertakings		
Other assets	25,428,000	35,314,450
Current assets, short-term receivables		
Amounts owed by group undertakings		
Accounts receivables	972,837	1,016,237
Other assets	858,292	1,000,679
Prepayments and accrued income	5,828,288	5,339,377
Total	**33,087,417**	**42,670,742**

	31.12.2022	31.12.2021
Short-term liabilities		
Amounts owed to group undertakings		
Accounts payable	36,389	0
Other liabilities	146,958	32,649
Total	**183,347**	**32,649**

18 Classification of financial assets and liabilities

Financial assets and liabilities 31 December 2022, EUR 1,000		At fair value through fair value reserve		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		5,549,654		9,993,230		15,542,884	15,542,884
Current amounts owed by group undertakings					25,428,000	25,428,000	25,428,000
Current amounts owed by others	230,753					230,753	230,753
Cash and cash equivalents [1]	29,367,127					29,367,127	
Other financial assets	7,839,463					7,839,463	
Financial assets total	**37,437,344**	**5,549,654**	**0**	**9,993,230**	**25,428,000**	**78,408,228**	
Participating interests						150,000	
Holdings in group undertakings						76,136,357	
Other than financial assets						1,916,166	
Assets in total 31 December 2022						**156,610,751**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2]		14,869,688	14,869,688	15,154,110
Other financial liabilities		1,928,627	1,928,627	
Financial liabilities total	**0**	**16,798,315**	**16,798,315**	
Other than financial liabilities			219,009	
Liabilities in total 31 December 2022			**17,017,324**	

[1] The carrying amount of these receivables are seen as the best estimate of their fair values.

[2] Bonds included in debt securities issued to the public are carried at amortised cost.

[3] At initial recognition the company's non-strategic investments are specifically classified as measured at fair value through fair value reserve. Thus, dividends are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in fair value reserve. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2022 the fair value of non-strategic investments was EUR 5,549,653.98 (4,234.71), of which none paid dividends in 2022 or 2021. No non-strategic investments were derecognised in 2022 or 2021.

Financial assets and liabilities 31 December 2021, EUR 1,000

		At fair value through fair value reserve		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		4,235		11,994,033		11,998,268	11,998,268
Current amounts owed by group undertakings	14,106,450			21,208,000		35,314,450	35,314,450
Current amounts owed by others	251,321					251,321	251,321
Cash and cash equivalents [1]	39,370,123					39,370,123	
Other financial assets	7,425,340					7,425,340	
Financial assets total	**61,153,234**	**4,235**	**0**	**33,202,033**	**0**	**94,359,502**	
Participating interests						3,147,624	
Holdings in group undertakings						76,134,482	
Other than financial assets						1,848,982	
Assets in total 31 December 2021						**175,490,590**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2]		14,853,985	14,853,985	15,154,110
Other financial liabilities		1,752,628	1,752,628	
Financial liabilities total	**0**	**16,606,613**	**16,606,613**	
Other than financial liabilities			145,386	
Liabilities in total 31 December 2021			**16,751,999**	

[1] The carrying amount of these receivables are seen as the best estimate of their fair values.

[2] Bonds included in Debt securities issued to the public are carried at amortised cost.

[3] At initial recognition the company's non-strategic investments are specifically classified as measured at fair value through fair value reserve. Thus, dividends are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in fair value reserve. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2022 the fair value of non-strategic investments was EUR 5,549,653.98 (4,234.71), of which none paid dividends in 2022 or 2021. No non-strategic investments were derecognised in 2022 or 2021.

19 Fair value hierarchy of financial assets

Financial instruments measured at fair value

2022	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	9,988,995		4,235	9,993,230
- Fair value through fair value reserve			5,549,654	5,549,654
Current amounts owed by group undertakings		25,428,000		25,428,000
Total	**9,988,995**	**25,428,000**	**5,553,889**	**40,970,884**

2021	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	11,994,033			11,994,033
- Fair value through fair value reserve			4,235	4,235
Current amounts owed by group undertakings		21,208,000		21,208,000
Total	**11,994,033**	**21,208,000**	**4,235**	**33,206,268**

Levels of hierarchy

Level 1: Fair values are based on the prices quoted on the active market on identical assets or liabilities.

Level 2: Fair values are based on information other than quoted prices included within level 1 that are observable for the asset or liability, either directly (from prices) or indirectly (derived from prices). When measuring the fair value of these instruments, Taaleri Group uses generally accepted valuation models whose information is based to a significant degree on verifiable market information.

Level 3: Fair values are based on information concerning an asset or liability, which is not based on verifiable market information. Level 3 assets are mainly valued at a price received from an external party or, if no reliable fair value is available/determinable, at purchase price.

20 Maturity analysis of financial assets and liabilities

31.12.2022	< 3 months	3–12 months	1–5 years	5–10 years	Total
Current amounts owed by group undertakings			3,000,000	22,428,000	**25,428,000**
Current amounts owed by others	235,443				**235,443**
Cash and cash equivalents [1]	29,367,127				**29,367,127**
Bonds [1]				15,000,000	**15,000,000**

31.12.2021	< 3 months	3–12 months	1–5 years	5–10 years	Total
Current amounts owed by group undertakings		6,450	14,100,000	21,208,000	**35,314,450**
Current amounts owed by others		76,784	179,577		**256,361**
Cash and cash equivalents [1]	39,370,123				**39,370,123**
Bonds [1]				15,000,000	**15,000,000**

[1] The maturity of financial assets and liabilities are shown at their original value before impairments.

Notes concerning Guarantees and Contingent Liabilities

21 Guarantees and contingent liabilities

Off balance sheet items	31.12.2022	31.12.2021
Unused loan commitments to group companies	780,000	0
Total	**780,000**	**0**

22 Pension liabilities

Statutory pension cover for the company's employees and management is arranged through a TyEL insurance policy. Additional voluntary pension insurance has been taken out for the company's management. The company has no unrecognised pension liabilities.

23 Leasing and other rental liabilities

31.12.2022	< 1 year	1–5 years
Leasing payments	15,314	53,947
Rental liabilities	378,052	2,139,196
Total	**393,366**	**2,193,143**

At the balance sheet date on December 31, 2022, the parent company had rental liabilities for the premises until the end of February 2023. The lease negotiations for the new premises have been completed at the time of signing the financial statements. In the table above, the rental liabilities include liabilities also for the period covered by the new lease to give a true and fair view.

31.12.2021	< 1 year	1–5 years
Leasing payments	29,507	62,337
Rental liabilities	1,266,866	1,363,581
Total	**1,296,374**	**1,425,918**

Subsidiaries and associated companies

Parent company	Registered office	Business ID	Group ownership
Taaleri Plc	Helsinki	2234823-5	

Parent company's direct shareholdings	Registered office	Business ID	Group ownership	
Taaleri Bioindustry Ltd [1]	Helsinki	3266590-4	75.00%	new
Taaleri Energia Ltd	Helsinki	2772984-6	79.40%	
Taaleri Private Equity Funds Ltd	Helsinki	2264327-7	100.00%	
Taaleri Real Estate Ltd	Helsinki	3207236-7	80.00%	
Taaleri Investments Ltd	Helsinki	2432616-0	100.00%	
Garantia Insurance Company Ltd	Helsinki	0944524-1	100.00%	

Subgroup of Taaleri Bioindustry Ltd	Registered office	Business ID	Group ownership
Taaleri Biohiili GP Oy	Helsinki	3151705-3	67.00%

Subgroup of Taaleri Investments Ltd	Registered office	Business ID	Group ownership
Taaleri Biojalostamo GP Oy	Helsinki	3115228-5	100.00%
Taaleri Datacenter GP Oy	Helsinki	2859905-1	100.00%
Taaleri Kapitaali Oy	Helsinki	2772994-2	50.00%
Galubaltis GP Oy	Helsinki	2840499-8	100.00%
Taaleri Telakka GP Oy	Helsinki	2743458-9	100.00%
Taaleri Varustamo GP Oy	Helsinki	2870420-2	100.00%
TT Syöttörahasto GP Oy	Helsinki	2504070-3	100.00%
TT Syöttörahasto II GP Oy	Helsinki	2677052-1	100.00%
TT Syöttörahasto III GP Oy	Helsinki	2637390-5	100.00%

[1] Exceptional financial period, first financial period shortened/lengthened

Subgroup of Taaleri Private Equity Funds Ltd	Registered office	Business ID	Group ownership
Taaleri Afrikka Rahaston hallinnointiyhtiö Oy	Helsinki	2606112-7	100.00%
Taaleri Afrikka Rahasto II GP Oy	Helsinki	2772992-6	100.00%
Taaleri Asuntorahasto VIII GP Oy	Helsinki	3161704-6	73.00%
Taaleri Aurinkotuuli Feeder GP Oy	Helsinki	3155769-6	100.00%
Taaleri Aurinkotuuli II GP Oy	Helsinki	2948690-5	100.00%
Taaleri Bioindustry Fund I GP Oy [1)]	Helsinki	3226348-9	67.00%
Taaleri Infra I GP Ltd	Helsinki	3152206-3	100.00%
Taaleri Kasvurahastot I GP Oy	Helsinki	3011817-3	100.00%
Taaleri Kiertotalous GP Oy	Helsinki	2745010-8	100.00%
Taaleri Kiinteistökehitysrahaston hallinnointiyhtiö Oy	Helsinki	2689264-1	100.00%
Taaleri Metsärahaston hallinnointiyhtiö Oy	Helsinki	2512332-2	100.00%
Taaleri Metsärahasto III hallinnointiyhtiö Oy	Helsinki	2652535-8	100.00%
Taaleri Oaktree Syöttörahaston hallinnointiyhtiö Oy	Helsinki	2442491-6	100.00%
Taaleri Porin Asuntorahaston hallinnointiyhtiö Oy	Helsinki	2364138-8	100.00%
Taaleri Rauman Asuntorahaston hallinnointiyhtiö Oy	Helsinki	2373394-4	100.00%
Taaleri Tallikiinteistöt GP Oy	Helsinki	2921262-1	100.00%
Taaleri Tonttirahaston hallinnointiyhtiö Oy	Helsinki	2669135-6	100.00%
Taaleri Tonttirahasto II GP Oy	Helsinki	2781839-8	100.00%
Taaleri Tuulitehtaan hallinnointiyhtiö Oy	Helsinki	2382657-7	80.00%
Taaleri Tuuli II Feeder GP Oy	Helsinki	3155719-4	100.00%
Taaleri Tuuli III Feeder GP Oy	Helsinki	3155720-7	100.00%
Taaleri Tuulirahasto IV GP Oy	Helsinki	2990792-5	100.00%
Taaleri Velkarahastot I GP Oy	Helsinki	3133283-3	100.00%
Taaleri Vuokrakoti GP Oy	Helsinki	2787453-3	100.00%

Subgroup of Taaleri Energia Ltd	Registered office	Business ID	Group ownership	
Taaleri Energia Funds Management Ltd	Helsinki	2833245-3	100.00%	
Taaleri Energia Operations Ltd	Helsinki	2710646-2	100.00%	
Taaleri Debt GP Oy [1)]	Helsinki	3222158-8	100.00%	new
Taaleri Aurinkotuuli GP Oy	Helsinki	2787459-2	100.00%	
Taaleri Tuulitehdas II hallinnointiyhtiö Oy	Helsinki	2623494-8	100.00%	
Taaleri Tuulitehdas III GP Oy	Helsinki	2748305-7	100.00%	
Oltavan Tuulipuisto GP Oy	Helsinki	2992126-8	100.00%	
Murtotuulen Tuulipuisto GP Oy	Helsinki	2994201-8	100.00%	
Isonevan Tuulipuisto Oy	Helsinki	3167933-5	100.00%	
Taaleri Energia Holding S.a.r.l.	Luxemburg	B223063	100.00%	
Taaleri Development Holding S.a.r.l. [1)]	Luxemburg	B258303	100.00%	new
Taaleri Energia North America LLC	Delaware, USA	6716103	100.00%	
Taaleri Solarwind II GP S.a.r.l.	Luxemburg	B232448	100.00%	
Taaleri Solarwind III GP S.a.r.l.	Luxemburg	B272636	100.00%	new
Global Evenor SL	Madrid	B88293154	100.00%	
Taaleri Energia Iberia SL	Madrid	B88293139	100.00%	
Global Berserker SL	Madrid	B88365135	100.00%	

Associated companies, consolidated using equity method	Registered office	Business ID	Group ownership
Sepos Oy	Helsinki	2614256-8	30.00%
Taaleri Datacenter Ky	Helsinki	2842816-4	21.28%
Turun Toriparkki Oy	Turku	2034713-2	59.21%
Munkkiniemi Group Oy	Helsinki	2910063-8	47.00%
Hernesaaren Kehitys Oy	Helsinki	2953535-9	33.32%
Taaleri SolarWind II SPV Sarl	Luxemburg	B234588	50.00%
Masdar Taaleri Generation	Belgrad, Serbia	21511501	50.00%
Domerel Nieruchomo ci Sp.z	Poland	430352	50.00%

Associated companies, consolidated as investments	Registered office	Business ID	Group ownership
Fintoil Oy	Helsinki	2871605-1	24.0%

[1)] Exceptional financial period, first financial period shortened/ lengthened

Signatures for the Financial Statements and the Report of the Board of Directors

Helsinki 16th February 2023

Juhani Elomaa
Chairman of the Board of Directors

Hanna Maria Sievinen
Vice Chairman of the Board of Directors

Elina Björklund
Member of the Board of Directors

Petri Castrén
Member of the Board of Directors

Tuomas Syrjänen
Member of the Board of Directors

Jouni Takakarhu
Member of the Board of Directors

Peter Ramsay
Chief Executive Officer

The Auditor's note

Our auditor's report has been issued today.

Helsinki, 16th February 2023

Ernst & Young Oy
Authorized audit firm

Johanna Winqvist-Ilkka
Authorised Public Accountant

Auditor’s report (Translation of the Finnish original)

To the Annual General Meeting of Taaleri Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taaleri Plc (business identity code 2234823-5) for the year ended 31 December, 2022. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of fee and commission income *We refer to the point 2.15 in Summary of key accounting policies on the financial statements and the note 3.* Fee and commission income in the consolidated group accounts comprise continuing earnings and performance fees including, among others, management fees and performance fees related to private asset management operations. Fees and commission income in the consolidated group accounts amounted to 42,9 million euros, of which 17,8 million euros were performance-based fees. Revenue recognition of fee and commission income was determined to be a key audit matter and the revenue recognition of performance-based fees a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2), because the timing and quantity of performance-based fee revenue recognition includes management assumptions and estimates.	To address the risk of material misstatement in respect of revenue recognition our audit procedures included, among other things, assessing the compliance of the Group's accounting policies over revenue recognition of the fees and commissions with applicable accounting standards. We also identified and tested the key controls relating to revenue recognition of performance-based fees. We tested the sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level in order to test that the fees and commissions have been recognized in a right accounting period and they are in compliance with the corresponding agreements. In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.
Valuation of the provision for unearned premiums and claims outstanding *We refer to the point 2.8 in Summary of key accounting policies on the financial statements and note 23.* At the balance sheet date 31.12.2022 the value of insurance liabilities amounted to 44,0 million euros. The amount comprises mostly provisions from unearned premiums and claims outstanding relating to the guaranty services of the group. The assessment of technical provisions was determined to be a key audit matter because it includes management assumptions and estimates relating to future amounts to be paid and still unknown claims.	Our audit procedures included, among other things, the assessment of the process relating to the identification and evaluation of the provisions as well as identification of key controls. In connection with the audit, we also assessed the methodologies and assumptions used. We involved our own internal actuarial specialist to assist us in assessing the estimates and assumptions used. We also assessed the adequacy of disclosures relating to insurance liabilities.

Responsibilities of the Board of Directors and the Managing Director for the Financial

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement
We were first appointed as auditors in 2007 by the Annual General meeting, and our appointment represents a total period of uninterrupted engagement of 16 years. Taaleri Plc has been a Public Interest Entity since April 1st 2016.

Other information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.
In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

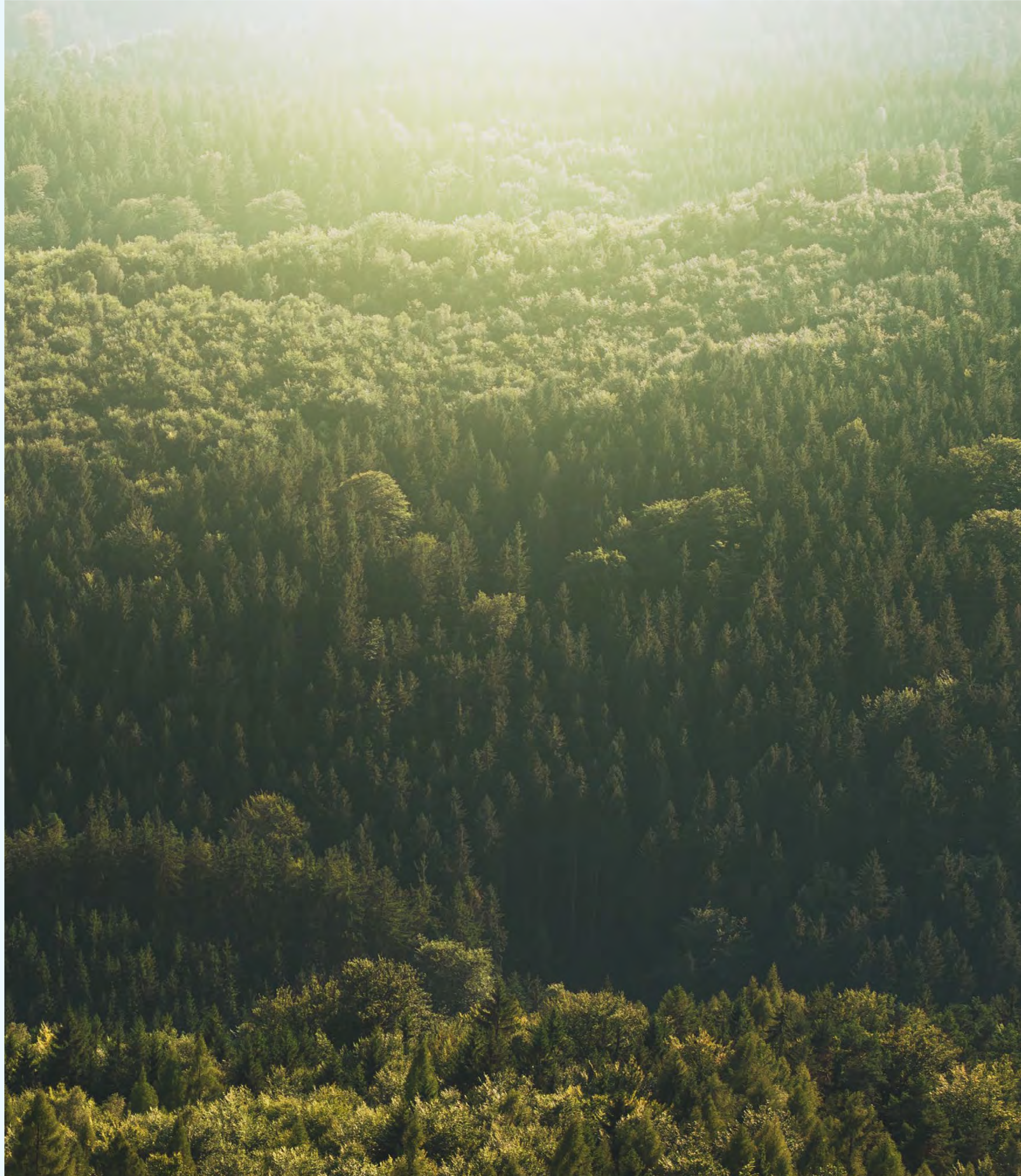
If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions based on assignment of the Audit Committee
We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable funds is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 16 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Johanna Winqvist-Ilkka
Authorized Public Accountant



TAALERI

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