

TAALERI

Q2

# Taaleri Plc Half-Year Financial Report

1 January–30 June 2023



# Taaleri Plc Half-Year Financial Report 1.1.–30.6.2023

Taaleri had a good second quarter due to an 11% increase in continuing earnings and a strong net income from investment operations

## April–June 2023

- Continuing earnings grew by 11.3% to EUR 9.9 (8.9) million. The Private Asset Management segment's continuing earnings grew by 16.7% to EUR 5.6 (4.8) million and the Strategic Investments segment's continuing earnings by 6.0% to EUR 3.5 (3.3) million.
- Performance fees were EUR 1.5 (0.0) million, and net income from investment operations grew to EUR 15.0 (2.3) million.
- Income increased by 136.0% to EUR 26.3 (11.1) million.
- Operating profit was EUR 17.8 (2.8) million, corresponding to 67.5% of income.
- The assets under management in the Private Asset Management segment grew by 5.2% to EUR 2.6 (31 December 2022: 2.5) billion.
- Earnings per share were EUR 0.49 (0.07).

## January–June 2023

- Continuing earnings grew by 17.1% to EUR 19.7 (16.8) million. The Private Asset Management segment's continuing earnings grew by 15.2% to EUR 11.2 (9.7) million and the Strategic Investments segment's continuing earnings by 26.1% to EUR 7.4 (5.8) million.
- Performance fees were EUR 1.5 (0.5) million, and net income from investment operations was EUR 14.4 (-0.4) million.
- Income increased by 109.5% to EUR 35.6 (17.0) million.
- Operating profit was EUR 19.3 (1.8) million, corresponding to 54.3% of income.
- Earnings per share were EUR 0.51 (0.02).

Taaleri has implemented the IFRS 17 Insurance Contracts standard on 1 January 2023, and the adjusted comparative financial information for 2022 was published on 30 March 2023. The figures for the comparison period in this Half-Year Financial Report are adjusted comparison figures.

This Half-Year Financial Report has been prepared in accordance with IAS 34. The Half-Year Financial Report is unaudited. Unless otherwise stated, the figures in parentheses in the Half-Year Financial Report refer to the corresponding period of the previous year. See page 20 for further information of the accounting policies of this Half-Year Financial Report.

Growth in continuing earnings, %

**11.3**

(Q2 2022: n/a)

Income, EUR million

**26.3**

(Q2 2022: 11.1)

Operating profit, %

**67.5**

(Q2 2022: 25.3)

Assets Under Management, BEUR

**2.6**

(31.12.2022: 2.5)

## Key figures

Group key figures	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
<b>Earnings key figures</b>							
Continuing earnings, MEUR	9.9	8.9	11.3	19.7	16.8	17.1	36.8
Income, MEUR	26.3	11.1	136.0	35.6	17.0	109.5	58.9
Operating profit, MEUR	17.8	2.8	>100.0	19.3	1.8	>100.0	27.3
Operating profit, %	67.5	25.3		54.3	10.4		46.3
Profit for the period in consolidated income statement, MEUR	16.0	1.9	>100.0	16.6	0.9	>100.0	21.3
Return on equity*, %	31.9	3.8		16.6	0.9		10.0
<b>Balance sheet key figures</b>							
Equity ratio, %	67.1	67.2		67.1	67.2		66.9
<b>Other key figures</b>							
Cost/income ratio excluding investment operations	79.4	96.3		80.1	90.3		58.0
Cost/income ratio	34.3	76.6		47.7	92.2		55.2
Full-time permanent personnel, at the end of the period	114	99	15.2	114	99	15.2	106
Assets under management in Private Asset Management segment, BEUR	2.6	2.4		2.6	2.4		2.5
Guaranty insurance portfolio, BEUR	1.9	1.7		1.9	1.7		1.9

\* Annualised

## Review by CEO Peter Ramsay

The second quarter of the year was strong for Taaleri, and we promoted our strategy focusing on renewable energy, real estate and bioindustry despite the challenges in the market environment. Our operating profit was EUR 17.8 million, corresponding to a profit margin of 67%.

Both the private asset management business and Garantia's guaranty insurance operations developed well during the second quarter, and the Group's continuing earnings increased by 11%. The Group's income grew to EUR 26.3 million, including EUR 15.0 million of net income from investment operations.

The continuing earnings from the Private Asset Management segment grew by 16.7% to EUR 5.6 million and operating profit grew to EUR 9.0 million. The segment recorded EUR 8.3 million in capital gains from the sale of the renewable energy project development portfolio, and a total of EUR 3.5 million in performance fees realized from the sale of the real estate business's Taaleri Forest Fund III, of which a previously unrecognised proportion of EUR 1.5 million was recognised as income for the period.

The renewable energy business held its technical first closing for its sixth fund, Taaleri SolarWind III, at the end of the second quarter, and the actual first closing after the review period at the beginning of July with EUR 286 million in commitments. In connection with the closing, the fund acquired a project development portfolio developed by Taaleri Energia, which included 50 projects. With a significant number of investors in active due diligence, we expect that there will be continued strong demand in future closings. Our goal is to raise EUR 700 million from investors for the Taaleri SolarWind III fund.

During the second quarter, the real estate business focused on the active development of new investment products and the preparations to exit funds at the end of their lifecycle. The sale of Taaleri Forest Fund III and its forest estate portfolio was successfully executed during the review period.

The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and to prepare a venture capital fund. In addition to these, at the turn of the review period, Taaleri made a total of EUR 3.7 million in investments in WasteWise Group, a Finnish company. The technology developed by the company enables the recycling of difficult-to-recycle plastics, and the pyrolysis oil resulting from the process can be used to replace crude oil, for example, in the raw material chain of plastic production. This fits perfectly with Taaleri's goals of creating value through sustainable development. One of the aims of the investment is to also accelerate the growth of Taaleri's bioindustry business, and the company will be reported as part of the bioindustry business.

In the Strategic Investments segment, Garantia's result was strong. Garantia's insurance service result was EUR 3.5 million and the combined ratio was once again excellent at 27.1%. Garantia's net income from investment operations increased to EUR 1.7 million as the investment market strengthened from the corresponding period.

In the Other group's non-strategic investments, a positive change of EUR 3.3 million in fair value was recognised from Turun Toriparkki Oy in connection with the company's refinancing. Taaleri participated in the company's EUR 16-million capitalisation with EUR 2.3 million.

One of our strategic priorities is to expand the sales and distribution of our private equity funds. In addition to our significant domestic cooperation with Aktia, we have strengthened our own international and institutional sales. We already had our own sales organisation in the renewable energy business, which has focused on large domestic institutions as well as international investors. We have also entered into or are in the process of negotiating distribution partnerships for our funds in Europe, North America and Asia. In addition, last year and this year, we have met with a number of European institutional investors and family offices focusing on impact investing, to whom we have presented Taaleri's operations and the SolarWind III fund.



## 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 percent
- Operating profit at least 25 percent of income
- Return on equity at least 15 percent.

The company's goal is to distribute to its shareholders at least 50 percent 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

Developments in the global economy and of the capital markets are still marked by uncertainty, although the outlook has improved. Inflation has slowed, but the central banks have continued to tighten monetary policy to contain underlying inflation. Economic growth is expected to be slower than average in the coming years, and the risk of a recession in the eurozone has increased. In the United States, the stock market has risen due to strong technology shares, but in Europe and especially in the Nordic countries, the development has been significantly weaker.

The operating environment of the capital market has become more challenging due to, for example, rising interest rates and strong inflation. The growth of alternative investments has slowed, but the asset class has become a significant part of the portfolios of institutional investors, as it offers the opportunity to diversify risks and smooth out returns. At the same time, the EU's Sustainable Finance Disclosure Regulation is guiding both investors and financial actors towards sustainable investments. In particular, more private capital will be needed in the future to achieve the global emission reduction, energy self-sufficiency and circular economy targets.

Europe's desire to break away from Russian energy sources and to increase its self-sufficiency strengthens the operating environment for renewable energy and bioindustry, in particular.

**Europe's desire to break away from Russian energy sources and to increase its self-sufficiency strengthens the operating environment for renewable energy and bioindustry, in particular.**

In the renewable energy business, the operating environment remained good, although the war in Ukraine, higher interest rates and inflation have all increased the costs of project development and project construction. The war in Ukraine has contributed to the acceleration of the green transition, but it has also created uncertainty among investors. The price of electricity has fallen significantly from the peak level of last year, but it is still higher than in previous years. The increased volatility of electricity prices contributed to increased uncertainty in regulation and taxation.

The real estate market is challenging, and transaction volumes have remained clearly lower than in previous years due to rising interest rates, although a slight increase in activity was seen towards the end of the review period. The rise in interest rates 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. In the review period, the rise in interest rates was moderate, so negative changes in value were also moderate. In the rental market, occupancy rates remained good and, due to index-linked rents, both housing and commercial premises rentals generally saw a slight increase.

The long-term fundamentals supporting real estate investments, such as urbanisation, are still seen as strong in the Finnish real estate market. Sustainability and impact will be at the core of investment activities, and capital will increasingly seek out key locations and sustainable development investment targets in the future.

In bioindustry, both investor interest and the activity of potential investments remained at a high level during the review period. The poor availability and/or high price of some raw materials, tightened financing conditions and general economic uncertainty affect the timetables and costs of both bioindustry business's potential portfolio companies and of short-term projects of investees. The outlook for the long-term operating environment of the business remains stable.

In the European operating environment of Taaleri's associated company Fintoil's biorefinery in Hamina, the market situation remains tight. The market situation of pulp mills affects the availability of crude tall oil, and the reduction of distribution obligations in several countries poses challenges to the demand for end products.

The operating environment of Garantia Insurance Company Ltd's insurance operations was sluggish in the early part of the year. Inflation, rising interest rates and economic uncertainty kept consumer confidence low. The volumes of housing transactions and mortgage loans raised decreased significantly from previous years, which affected the sales of mortgage guarantees. 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. In the early part of the year, investment market developments fluctuated. Although stock prices rose in some places, the continued rise in the central banks' interest rates put a strain on returns on fixed-income investments.

## Financial result

### Continuing earnings, income, and operating profit

Group, EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
<b>Continuing earnings</b>	<b>9.9</b>	<b>8.9</b>	<b>11.3%</b>	<b>19.7</b>	<b>16.8</b>	<b>17.1%</b>	<b>36.8</b>
Private Asset Management	5.6	4.8	16.7%	11.2	9.7	15.2%	20.7
Strategic Investments	3.5	3.3	6.0%	7.4	5.8	26.1%	13.7
Other	0.7	0.7	-1.1%	1.1	1.3	-10.0%	2.4
<b>Income</b>	<b>26.3</b>	<b>11.1</b>	<b>136.0%</b>	<b>35.6</b>	<b>17.0</b>	<b>109.5%</b>	<b>58.9</b>
Private Asset Management	16.1	5.8	177.6%	21.3	11.1	91.6%	42.6
Strategic Investments	5.4	-1.8	n/a	9.5	-2.9	n/a	3.8
Other	4.8	7.1	-32.0%	4.8	8.8	-45.8%	12.6
<b>Operating profit</b>	<b>17.8</b>	<b>2.8</b>	<b>&gt;100.0%</b>	<b>19.3</b>	<b>1.8</b>	<b>&gt;100.0%</b>	<b>27.3</b>
Private Asset Management	9.0	-0.7	n/a	8.2	-0.7	n/a	18.6
Strategic Investments	5.1	-1.9	n/a	8.8	-3.3	n/a	3.1
Other	3.7	5.5	-32.9%	2.3	5.8	-60.2%	5.5

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 33-34.

#### April-June 2023

The Group's continuing earnings grew by 11.3% to EUR 9.9 (8.9) million during the second quarter of the year. The Private Asset Management segment's continuing earnings grew by 16.7%, and the Strategic Investments segment's continuing earnings grew by 6.0%. During the review period, a performance fee of EUR 3.5 million was realized for the sale of Taaleri Forest Fund III, a previously unrecognised proportion of EUR 1.5 million of which was recognised as income for the period.

The Group's net income from investment operations was EUR 15.0 (2.3) million, EUR 9.0 (1.0) million of which was from the Private Asset Management segment, EUR 4.1 (6.4) million from the Other group and EUR 1.9 (-5.1) million from the Strategic Investments segment. During the period, Taaleri recognised in the net income from investment operations EUR 8.3 million in capital gains from the sale of the renewable energy project development portfolio.

The Group's operating expenses totalled EUR 8.6 (8.3) million, of which personnel costs were EUR 4.0 (3.7) million and fee and commission expenses EUR 1.9 (1.8) million. The Group's operating profit excluding net income from investment operations was EUR 2.8 (0.5) million, corresponding to 24.7% (6.0) of income excluding investment operations. The Group's operating profit was EUR 17.8 (2.8) million, corresponding to 67.5% (25.3) of income.

In the Group's consolidated IFRS income statement, income grew by 95.5% to EUR 23.8 (12.2) million. Net income from insurance operations totalled EUR 5.2 (-0.6) million, which included EUR 3.5 (3.4) million in insurance service result and EUR 1.7 (-3.9) million in net income from investment operations. Return on investment at fair value from insurance operations was 0.8% (-7.2%). In the consolidated IFRS income statement, the profit for the period was EUR 16.0 (1.9) million and the Group's total comprehensive income was EUR 15.9 (-5.3) million.

#### January-June 2023

The Group's continuing earnings grew by 17.1% to EUR 19.7 (16.8) million in January-June. The Private Asset Management segment's continuing earnings grew by 15.2% to EUR 11.2 (9.7) million. The continuing earnings of the Strategic Investments segment grew by 26.1%, largely due to the growth in insurance revenue. During the review period, EUR 1.5 million in performance fees was recognised for the sale of Taaleri Forest Fund III. The Group's net income from investment operations was EUR 14.4 (-0.4) million, EUR 8.6 (0.9) million of which was from the Private Asset Management segment, EUR 3.6 (7.5) million from the Other group and EUR 2.1 (-8.8) million from the Strategic Investments segment. Some EUR 9.2 million of the entire Group's net income from investment operations consisted of realised capital gains.

The Group's operating expenses totalled EUR 16.2 (15.2) million, of which personnel costs were EUR 8.3 (7.2) million and fee and commission expenses EUR 3.4 (3.5) million. The Group's operating profit excluding net income from investment operations was EUR 4.9 (2.1) million, corresponding to 23.3% (12.2) of income excluding investment operations. The Group's operating profit was EUR 19.3 (1.8) million, corresponding to 54.3% (10.4) of income.

In the Group's consolidated IFRS income statement, income grew by 79.4% to EUR 34.0 (18.9) million. Net income from insurance operations totalled EUR 10.0 (-0.4) million, which included EUR 7.3 (6.1) million in insurance service result and EUR 2.6 (-6.3) million in net income from investment operations. Return on investment at fair value from insurance operations was 2.4% (-11.2). In the consolidated IFRS income statement, the profit for the period was EUR 16.6 (0.9) million and the Group's total comprehensive income was EUR 17.4 (-10.2) million.

## Balance sheet, investments, and financing

At the end of the review period, the Group's cash and cash equivalents totalled EUR 31.1 (46.8) million, and Taaleri Group's balance sheet total was EUR 298.2 (299.9) million. The investments were EUR 200.6 (200.7) million, corresponding to 67.3% (66.9) of the Group's balance sheet total. The liabilities of the Group totalled EUR 98.2 (99.4) million, of which insurance contract liabilities were EUR 45.3 (46.5) million, deferred tax liabilities were EUR 16.6 (16.9) million and interest-bearing liabilities were EUR 14.9 (15.3) million. Interest-bearing liabilities consisted of EUR 14.9 (14.9) million of Taaleri Plc's Tier 2 bond.

At the end of June, Taaleri Group's equity was EUR 200.0 (200.5) million. The Group's equity ratio remained strong at 67.1% (66.9), and the Group's annualised return on equity during January–June stood at 16.6% (0.9).

## 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 33–34.

### 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 and energy storage systems. 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 pages 35–36.

Private Asset Management, EUR million	4–6/2023	4–6/2022	Change, %	1–6/2023	1–6/2022	Change, %	1–12/2022
Continuing earnings	5.6	4.8	16.7%	11.2	9.7	15.2%	20.7
Performance fees	1.5	0.0	100.0%	1.5	0.5	198.7%	19.4
Investment operations	9.0	1.0	>100.0%	8.6	0.9	>100.0%	2.5
<b>Income</b>	<b>16.1</b>	<b>5.8</b>	<b>177.6%</b>	<b>21.3</b>	<b>11.1</b>	<b>91.6%</b>	<b>42.6</b>
<b>Operating profit</b>	<b>9.0</b>	<b>-0.7</b>	<b>n/a</b>	<b>8.2</b>	<b>-0.7</b>	<b>n/a</b>	<b>18.6</b>
Allocation of financing expenses	-0.7	-0.4	77.6%	-1.2	-1.0	24.0%	-1.8
<b>Profit before tax</b>	<b>8.3</b>	<b>-1.1</b>	<b>n/a</b>	<b>7.0</b>	<b>-1.7</b>	<b>n/a</b>	<b>16.8</b>
Full-time permanent personnel, at the end of the period	77	63	22.2%	77	63	22.2%	72

Private Asset Management segment's investments, EUR million	30.6.2023	31.12.2022	Change, %
<b>Investments and receivables, fair value</b>	<b>29.7</b>	<b>28.4</b>	<b>4.4%</b>
Renewable energy	18.7	18.8	-0.3%
Real estate	0.2	0.2	0.0%
Bioindustry	10.8	9.4	14.4%
Other investments	0.0	0.1	-100.0%

## Renewable energy

Renewable energy, EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Continuing earnings	4.0	3.6	11.4%	7.9	7.1	11.6%	14.6
Performance fees	0.0	0.0	0.0%	0.0	0.0	0.0%	10.3
Investment operations	8.9	0.8	>100.0%	8.6	1.1	>100.0%	0.9
<b>Income</b>	<b>12.9</b>	<b>4.3</b>	<b>197.6%</b>	<b>16.5</b>	<b>8.2</b>	<b>102.9%</b>	<b>25.8</b>
<b>Operating profit</b>	<b>8.1</b>	<b>0.4</b>	<b>&gt;100.0%</b>	<b>7.8</b>	<b>1.0</b>	<b>&gt;100.0%</b>	<b>11.5</b>
Allocation of financing expenses	-0.6	-0.3	101.1%	-1.0	-0.7	50.3%	-1.3
<b>Profit before tax</b>	<b>7.5</b>	<b>0.1</b>	<b>&gt;100.0%</b>	<b>6.8</b>	<b>0.3</b>	<b>&gt;100.0%</b>	<b>10.2</b>
Full-time permanent personnel, at the end of the period	47	35	34.3%	47	35	34.3%	42
Assets under management, EUR billion	1.5	1.3		1.5	1.3		1.4

### April–June 2023

Continuing earnings from the renewable energy business grew by 11.4% to EUR 4.0 (3.6) million during the second quarter of the year. No performance fees were recognised during the review period. Net income from investment operations was EUR 8.9 (0.8) million, EUR 8.3 million of which came from the capital gain from the sale of the project development portfolio to the Taaleri SolarWind III Fund. EUR 0.7 million of invoicing related to renewable energy projects was also recognised in net income from investment operations, the corresponding costs of which were recognised in operating expenses in the same amount. Income of the renewable energy business grew to EUR 12.9 (4.3) million due the net income from investment operations. Operating expenses totalled EUR 4.8 (4.0) million, of which fee and commission expenses were EUR 1.1 (1.3) million and personnel costs EUR 2.4 (1.7) million. The number of personnel in the renewable energy business has increased from the comparison period due to the resourcing of the Taaleri SolarWind III Fund and the expansion of the business. EUR 0.7 million of other operating expenses were invoiced as billable expenses. Operating profit of the renewable energy business was EUR 8.1 (0.4) million.

During the review period, the renewable energy business continued fundraising for the Taaleri SolarWind III Fund, which held a technical first closing at the end of the review period. The actual first closing was held after the review period at the beginning of July, by which time EUR 286 million had been raised for the fund. In connection with the closing, Taaleri Energia sold its project development portfolio developed for the fund, which included 50 projects. In addition to the capital gain recognised for the period from the sale, the transaction involves the possibility of an earn-out if the fund's projects progress according to agreed terms.

### January–June 2023

Continuing earnings from the renewable energy business grew by 11.6% to EUR 7.9 (7.1) million during the first half of the year. No performance fees were recognised during the review period. Net income from investment operations was EUR 8.6 (1.1) million, which consisted mainly of EUR 8.3 million in capital gains from the sale of the project development portfolio to the Taaleri SolarWind III Fund, EUR 0.7 million in billable expenses and EUR -0.2 million in exchange rate changes in the holding of a wind power project in the United States. Income of the renewable energy business doubled to EUR 16.5 (8.2) million due to net income from investment operations. Operating expenses totalled EUR 8.7 (7.1) million, of which fee and commission expenses were EUR 2.1 (2.3) million and personnel costs EUR 4.2 (3.2) million. Personnel costs included EUR 1.3 (0.9) million in variable personnel costs. EUR 0.7 million of operating expenses were billable expenses, and thus has no impact on profit of the period. Operating profit of the renewable energy business in January–June was EUR 7.8 (1.0) million.

During the review period, the renewable energy business continued fundraising for the Taaleri SolarWind III Fund, which is classified as a dark green fund under Article 9 of the EU's Sustainable Finance Disclosure Regulation. The fund held its technical first closing at the end of June and its actual first closing after the review period at the beginning of July, having raised EUR 286 million. Several investors are currently conducting due diligence on the fund, and fundraising continues, supported by strong demand.

The Taaleri SolarWind III Fund's investment strategy is to acquire, develop, construct and operate a portfolio of utility-scale onshore wind farms, photovoltaic solar parks and battery storage assets. The fund's target markets are the Nordic countries, the Baltic countries, South-East Europe, Spain and Texas in the United States. The fund is based on a project development portfolio of 50 projects compiled by Taaleri Energia, which Taaleri Energia sold to the fund at the end of the review period. The transaction involves the possibility of an earn-out if the fund's projects progress according to agreed terms.

## Other private asset management

Other private asset management, EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Continuing earnings	1.7	1.3	31.7%	3.3	2.6	25.1%	6.1
Performance fees	1.5	0.0	100.0%	1.5	0.5	198.7%	9.0
Investment operations	0.0	0.2	-95.7%	0.0	-0.2	n/a	1.6
<b>Income</b>	<b>3.2</b>	<b>1.5</b>	<b>117.9%</b>	<b>4.8</b>	<b>3.0</b>	<b>60.5%</b>	<b>16.8</b>
<b>Operating profit</b>	<b>0.9</b>	<b>-1.1</b>	<b>n/a</b>	<b>0.4</b>	<b>-1.7</b>	<b>n/a</b>	<b>7.1</b>
Allocation of financing expenses	-0.1	-0.1	9.4%	-0.2	-0.3	-32.3%	-0.5
<b>Profit before tax</b>	<b>0.8</b>	<b>-1.2</b>	<b>n/a</b>	<b>0.2</b>	<b>-2.0</b>	<b>n/a</b>	<b>6.6</b>
Full-time permanent personnel, at the end of the period	30	28	7.1%	30	28	7.1%	30
Assets under management, EUR billion	1.1	1.1		1.1	1.1		1.1

### April–June 2023

Continuing earnings from Taaleri's real estate, bioindustry and other businesses in the second quarter grew by 31.7% to EUR 1.7 (1.3) million due to successful product launches in 2022 in bioindustry business. Performance fees of EUR 1.5 million were recognised for the sale of Taaleri Forest Fund III. The performance fee on the sale of the fund is EUR 3.5 million in total, EUR 2.0 million of which was recognised as income in 2022. The transaction involves the possibility of an earn-out. Income from Taaleri's real estate, bioindustry and other businesses more than doubled to EUR 3.2 (1.5) million in the quarter ended.

Operating expenses in Other private asset management totalled EUR 2.3 (2.5) million, fee and commission expenses of which were EUR 0.8 (0.4) million and personnel costs EUR 0.9 (1.2) million. Fixed personnel costs remained at the level of the corresponding period at EUR 0.9 (0.9) million and fee and commission expenses included EUR 0.3 (0.0) million of costs related to performance fees. Operating profit from Taaleri's real estate, bioindustry and other businesses was EUR 0.9 (-1.1) million.

During the review period, the real estate business focused on the active development of new investment products. In addition, the business continued the preparations to exit funds at the end of their lifecycle and successfully implemented the sale of Taaleri Forest Fund III and its forest estate portfolio.

During the review period, the bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and participated closely in the strategy and sustainability work of the investees already acquired for the fund. The business also continued to prepare a new venture capital fund.

The convertible bond of WasteWise Group, a Finnish company, held by Taaleri was converted into the company's shares during the review period. In addition, Taaleri made an additional EUR 2.5-million investment in the company after the review period. The technology developed by WasteWise Group enables the recycling of difficult-to-recycle plastics, and the pyrolysis oil resulting from the process can be used to replace crude oil, for example, in the raw material chain of plastic production. One of the aims of the investment is to accelerate the growth of Taaleri's bioindustry business. The additional investment increased Taaleri's shareholding in the company to 34.1%, and in the future the company will be consolidated into the bioindustry business as an associated company.

### January–June 2023

Continuing earnings from Taaleri's real estate, bioindustry and other businesses in the first half of the year grew by 25.1% to EUR 3.3 (2.6) million due to successful product launches in 2022 in bioindustry business. During the period, EUR 1.5 million in performance fees was recognised for the sale of Taaleri Forest Fund III. Income from Taaleri's real estate, bioindustry and other businesses grew by 60.5% to EUR 4.8 (3.0) million. 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 4.4 (4.7) million. Personnel costs decreased from the level of the corresponding period to EUR 2.0 (2.4) million due to a decrease in variable personnel costs, but fee and commission expenses increased to EUR 1.3 (1.1) million due to costs related to performance fees. Operating profit from Taaleri's real estate, bioindustry and other businesses was EUR 0.4 (-1.7) million.

During the first half of the year, the real estate business focused on the active development of new investment products and the preparations to exit old funds. In addition, the business successfully implemented the sale of Taaleri Forest Fund III.

During the review period, the bioindustry business focused on mapping potential new investees for its first fund, Taaleri Bioindustry I. During the first half of the year, the fund made its third investment in the Nordic Bioproducts Group, a Finnish company producing cellulose-based materials with a high processing value. In addition, the bioindustry business also prepared its next fund, the strategy of which would be to invest in start-up companies in the bioindustry sector. The goal of the venture capital fund would be to offer early-stage companies the opportunity to grow into the next scale-up phase.

During the review period, Taaleri also acquired shares in WasteWise Group, a Finnish company, and further increased its shareholding after the end of the review period. The additional investment increased Taaleri's shareholding in the company, and in the future the company will be consolidated into the bioindustry business as an associated company.

### Taaleri's private equity funds in a table

Renewable energy, EUR million	Founded	Product	Business area	AUM Q2 2023	Stage of the fund
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		Invested
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Invested
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Invested
Taaleri SolarWind III	2023	Private equity fund	Renewable energy		Fundraising
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
<b>Renewable energy total</b>				<b>1,508</b>	
Other private asset management, EUR million	Founded	Product	Business area	AUM Q2 2023	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		Exited
Taaleri Housing Fund IV Ky	2010	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Invested
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
<b>Real estate total</b>				<b>811</b>	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Invested
Joensuu Biocoal	2021	Co-investment	Bioindustry		Investing period
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Fundraising
<b>Bioindustry total</b>				<b>164</b>	
<b>Other funds total</b>				<b>163</b>	
<b>Other private asset management total</b>				<b>1,138</b>	
<b>Taaleri's Private Asset Management segment total, EUR million</b>				<b>2,646</b>	

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	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Continuing earnings	3.5	3.3	6.0%	7.4	5.8	26.1%	13.7
Performance fees	-	-	-	-	-	-	-
Investment operations	1.9	-5.1	n/a	2.1	-8.8	n/a	-9.9
<b>Income</b>	<b>5.4</b>	<b>-1.8</b>	<b>n/a</b>	<b>9.5</b>	<b>-2.9</b>	<b>n/a</b>	<b>3.8</b>
<b>Operating profit</b>	<b>5.1</b>	<b>-1.9</b>	<b>n/a</b>	<b>8.8</b>	<b>-3.3</b>	<b>n/a</b>	<b>3.1</b>
Allocation of financing expenses	-0.5	-0.5	0.0%	-1.0	-1.0	0.0%	-1.9
<b>Profit before tax</b>	<b>4.6</b>	<b>-2.4</b>	<b>n/a</b>	<b>7.9</b>	<b>-4.2</b>	<b>n/a</b>	<b>1.2</b>
Full-time permanent personnel, at the end of the period	19	19	0.0%	19	19	0.0%	18

## 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	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Insurance service result	3.5	3.4	1.2%	7.3	6.1	19.7%	14.1
Insurance revenue	4.8	4.5	6.6%	9.8	8.9	10.0%	19.1
Insurance service expenses	-1.2	-0.8	50.1%	-2.3	-2.5	-6.4%	-4.3
- of which incurred claims	-0.4	-0.3	34.5%	-0.7	-0.6	20.5%	-1.2
- of which other insurance administrative expenses	-0.8	-0.8	4.6%	-1.6	-1.5	3.6%	-3.1
- of which losses on onerous contracts	-0.0	-0.0	59.8%	-0.0	-0.5	-92.1%	-0.2
- of which changes in liability of incurred claims	0.3	0.4	-31.4%	0.4	0.5	-24.5%	1.0
- of which insurance acquisition costs	-0.2	-0.0	216.4%	-0.4	-0.4	-7.5%	-0.8
Net expenses from reinsurance contracts	-0.1	-0.3	-52.3%	-0.2	-0.4	-41.7%	-0.7
Net finance income and expense from insurance	0.0	-0.1	n/a	0.0	-0.3	n/a	-0.4
Net income from investment operations	1.7	-3.9	n/a	2.6	-6.3	n/a	-8.5
Other income	0.0	-0.0	n/a	0.0	-0.0	n/a	0.0
<b>Income</b>	<b>5.2</b>	<b>-0.6</b>	<b>n/a</b>	<b>10.0</b>	<b>-0.4</b>	<b>n/a</b>	<b>5.3</b>
Other expenses	-0.3	-0.2	80.1%	-0.7	-0.3	95.7%	-0.6
<b>Operating profit</b>	<b>4.9</b>	<b>-0.8</b>	<b>n/a</b>	<b>9.3</b>	<b>-0.8</b>	<b>n/a</b>	<b>4.6</b>
Allocation of financing expenses	-0.5	-0.5	0.0%	-1.0	-1.0	0.0%	1.9
<b>Profit before tax</b>	<b>4.4</b>	<b>-1.2</b>	<b>n/a</b>	<b>8.4</b>	<b>-1.7</b>	<b>n/a</b>	<b>2.7</b>
Change in the fair value of investments	-0.5	-7.0	-93.1%	0.9	-11.8	n/a	-10.1
Result at fair value before tax	4.0	-8.3	n/a	9.3	-13.5	n/a	-7.4
Full-time permanent personnel, at the end of the period	19	19	0.0%	19	19	0.0%	18

Garantia	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Claims ratio (IFRS), %	3.8%	-1.5%	5.3%-p.	3.1%	5.4%	-2.3%-p.	2.1%
Expense ratio (IFRS), %	20.7%	18.9%	1.8%-p.	20.3%	22.1%	-1.8%-p.	20.6%
Reinsurance ratio (IFRS), %	2.6%	5.8%	-3.2%-p.	2.2%	4.2%	-2.0%-p.	3.5%
Combined ratio (IFRS), %	27.1%	23.2%	3.9%-p.	25.6%	31.7%	-6.1%-p.	26.2%
Return on investments at fair value, %	0.8%	-7.2%	8.0%-p.	2.4%	-11.2%	13.6%-p.	-11.2%

Garantia	30.6.2023	31.12.2022	Change, %
Investment portfolio, fair value, MEUR	153	155	-1.0%
Guaranty insurance portfolio, MEUR	1,856	1,862	-0.3%
Solvency ratio, %	259.8%	231.3%	12.4%-p
Credit rating (S&P)	A-	A-	-

### April–June 2023

Garantia's income in April–June was EUR 5.2 (-0.6) million. The growth in income was mainly a result of increased net investment income compared to the period of comparison.

Insurance service result grew by 1.2% to EUR 3.5 (3.4) million in the reporting period. Insurance service result was lifted by increased insurance revenue, although insurance service expenses also increased. Insurance revenue grew as a result of increased volume and change in the product mix of the guaranty insurance portfolio, as compared to the corresponding period last year. Insurance service expenses on the other hand grew due to increases in claims, insurance administrative expenses and insurance acquisition expenses. The combined ratio (IFRS) stood at 27.1% (23.2). As in the period of comparison the profitability of insurance operations was very good.

Net investment income grew to EUR 1.7 (-3.9) million. Net investment income significantly exceeded the level seen in the corresponding period last year as the start of the war in Ukraine and the surge in market interest rates depressed the investment markets during the period of comparison.

Other expenses amounted to 0.3 (0.2). Other expenses include the proportion of the company's expenses that is not related to insurance operations, such as variable personnel costs.

Operating profit amounted to EUR 4.9 (-0.8) million. The result at fair value before tax was EUR 4.0 (-8.3) million.

### January–June 2023

Garantia's income in January–June was EUR 10.0 (-0.4) million. The growth in income was a result of significantly increased net investment income compared to the period of comparison. The insurance service result was also clearly better than in the period of comparison.

Insurance service result grew by 19.7% to EUR 7.3 (6.1) million in the reporting period. Insurance service result was lifted by increased insurance revenue, whereas insurance service expenses were also somewhat lower than in the period of comparison. Insurance revenue grew as a result of increased volume and change in the product mix of the guaranty insurance portfolio, as compared to the corresponding period last year. Insurance service expenses were lower than in the period of comparison, as less losses on onerous contracts were booked compared to the period of comparison. The combined ratio (IFRS) strengthened to 25.6% (31.7). As in the period of comparison, the profitability of insurance operations was very good.

Net investment income grew to EUR 2.6 (-6.3) million. Net investment income significantly exceeded the level seen in the corresponding period last year, as the start of the war in Ukraine and the surge in market interest rates depressed investment markets during the period of comparison.

Other expenses amounted to 0.7 (0.3). Other expenses include the proportion of the company's expenses that is not related to insurance operations, such as variable personnel costs.

Operating profit amounted to EUR 9.3 (-0.8) million. The result at fair value before tax was EUR 9.3 (-13.5) million.

### Insurance operations

Garantia's insurance revenue increased by 10.0% compared to the corresponding period last year and amounted to EUR 9.8 (8.9) million. The growth in insurance revenue was a result of growth in the volume of the guaranty insurance portfolio and its increased return, as compared to the corresponding period last year.

Guaranty insurance exposure contracted by 0.3% during the first half of the year and amounted to EUR 1,856 (1,862) million at the end of the review period. The contraction of the guaranty insurance portfolio was attributable to lower underwriting volumes in the first half of the year.

Of the total guaranty insurance exposure, EUR 1,345 (1,343) million, or 72% (72), was made up of consumer exposure and EUR 511 (519) million, or 28% (28), of corporate exposure. The consumer exposure includes residential mortgage guaranties and rent guarantees underwritten to private households. The corporate exposure includes corporate loan guaranties, commercial bonds, and other business-related guarantees underwritten to corporates and other organisations.

Insurance service expenses amounted to EUR 2.3 (2.5) million during the first half of the year. Insurance service expenses were mainly reduced due to decreased losses on onerous contracts compared against the corresponding period last year. Claims ratio (IFRS) for the first half of the year was low at 3.1% (5.4). Expense ratio (IFRS) also came down to 20.3% (22.1). The improvements seen in the claims ratio and expense ratio were both driven by increased insurance revenue compared to the period of comparison.

Net expenses from reinsurance contracts amounted to EUR 0.2 (0.4) million during the review period. Reinsurance ratio (IFRS) stood at 2.2% (4.2).

Garantia's combined ratio (IFRS) was 25.6% (31.7) in first half of the year. The profitability of insurance operations during the first half of the year was very good.

### Investment operations

Net income from investment operations amounted to EUR 2.6 (-6.3) million in the first half of the year, and mainly consisted of interest income, fair value changes and realized gains and losses. The change in the fair value of investment assets recognized in comprehensive income before taxes was EUR 0.9 (-11.8) million. Hence, net investment income at fair value totalled EUR 3.5 (-18.1) million, implying an investment return of 2.4% (-11.2).

The development of the investment market was varied in the reporting period. In the United States and Japan equity markets saw strong gains, whereas in Europe equity prices developed without clear direction. In the fixed-income market rate hikes by central banks extended beyond investor expectations, putting pressure on the return of fixed-income investments. In general, the investment market has remained sensitive to monetary policy decisions of central banks in a weakening economic environment.

At the end of the review period, the fair value of Garantia's investment portfolio was EUR 153 (155) million. The value of the investment portfolio was affected by the EUR 10 million dividend paid to the parent company during the first half of the year.

### 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 contracted slightly compared to the end of the previous year, and the shares of consumer and corporate exposures remained at the level seen at the end of the previous year.

Consumer exposures amounted to EUR 1,345 (1,343) million at the end of June and represented 72% (72) 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 their lease contract obligations.

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 half of 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. Increased interest rates and inflation have put a strain on the debt service capacity of borrowers, and housing prices have come down during the first half of the year, resulting in lower residential collateral values. However, this has not materially increased claims, thanks to the good underlying creditworthiness of the borrowers.

Corporate exposure amounted to EUR 511 (519) million at the end of the review period and represented 28% (28) 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 corporate exposures with investment grade ratings of AAA...BBB- amounted to 22.3% (23.0), and the share of exposures rated BB- or better made up 72.8% (67.0) of all rated corporate exposures. The share of exposures with weak ratings of C+ or lower came down to 0.9% (2.2). The creditworthiness of the corporate counterparties in the company's guaranty insurance portfolio has remained good on average, although the weakened economic environment has had an impact on the creditworthiness of individual counterparties.

The principal industry sectors in the corporate portfolio were manufacturing at 24.2% (23.8), construction at 16.0% (17.2), retail and wholesale trade at 15.2% (15.6), and financial and insurance services at 13.0% (13.1). The shares of other industry sectors were all less than 10%.

In investment operations, the overall risk level was kept unchanged during the first half of the year. At the end of the review period, fixed-income investments made up 88.1% (88.2), equity & private equity investments 10.4% (10.4) and real estate investments 1.5% (1.4) of the investment portfolio (incl. cash, bank balances and accrued interest). The 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 69.6% (71.4). The modified duration of the fixed-income investments was 2.1 (2.3).

## 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<sup>1</sup>. 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	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Continuing earnings	-	-	-	-	-	-	-
Performance fees	-	-	-	-	-	-	-
Investment operations	0.2	-1.2	n/a	-0.5	-2.5	-81.0%	-1.5
<b>Income</b>	<b>0.2</b>	<b>-1.2</b>	<b>n/a</b>	<b>-0.5</b>	<b>-2.5</b>	<b>-81.0%</b>	<b>-1.5</b>
<b>Operating profit</b>	<b>0.2</b>	<b>-1.2</b>	<b>n/a</b>	<b>-0.5</b>	<b>-2.5</b>	<b>-81.0%</b>	<b>-1.5</b>
<b>Profit before tax</b>	<b>0.2</b>	<b>-1.2</b>	<b>n/a</b>	<b>-0.5</b>	<b>-2.5</b>	<b>-81.0%</b>	<b>-1.5</b>

### April-June 2023

During April-June, the shareholding generated EUR -0.2 (-1.7) million in changes in fair value and EUR 0.4 (0.5) million in dividend income. The closing price for Aktia's share at the end of the review period was EUR 9.30 (31 December 2022: 10.22), and the market value of the shareholding was EUR 9.1 (10.0) million.

### January-June 2023

During January-June, the shareholding generated EUR -0.9 (-3.1) million in changes in fair value and EUR 0.4 (0.5) million in dividend income.

## 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 30 June 2023, Taaleri's non-strategic investments totalled EUR 29.1 (25.2) million. The change in the portfolio during the period is mainly due to the EUR 2.3-million capitalisation of Turun Toriparkki Oy and its change in value, the exit from Taaleri Infra Ky and other changes in the portfolio's fair value. The Group investments are presented in further detail under segment information on pages 35-36.

Other, EUR million	4-6/2023	4-6/2022	Change, %	1-6/2023	1-6/2022	Change, %	1-12/2022
Continuing earnings	0.7	0.7	-1.1%	1.1	1.3	-10.0%	2.4
Performance fees	-	-	-	-	-	-	-
Investment operations	4.1	6.4	-35.6%	3.6	7.5	-51.9%	10.2
<b>Income</b>	<b>4.8</b>	<b>7.1</b>	<b>-32.0%</b>	<b>4.8</b>	<b>8.8</b>	<b>-45.8%</b>	<b>12.6</b>
<b>Operating profit</b>	<b>3.7</b>	<b>5.5</b>	<b>-32.9%</b>	<b>2.3</b>	<b>5.8</b>	<b>-60.2%</b>	<b>5.5</b>
<b>Profit before tax</b>	<b>4.4</b>	<b>6.1</b>	<b>-28.6%</b>	<b>3.7</b>	<b>7.2</b>	<b>-48.7%</b>	<b>8.3</b>
Full-time permanent personnel, at the end of the period	18	17	5.9%	18	17	5.9%	16

Non-strategic investments, EUR million	30.6.2023	31.12.2022	Change, %
<b>Investments and receivables, fair value</b>	<b>29.1</b>	<b>25.2</b>	<b>15.3%</b>
Real estate	22.0	16.4	34.2%
Other investments	7.1	8.9	-19.7%

### April-June 2023

In the second quarter of the year, the income of the Other group totalled EUR 4.8 (7.1) million, consisting of continuing earnings of EUR 0.7 (0.7) million and net income from investment operations of EUR 4.1 (6.4) million. During the quarter ended, a profit of EUR 0.9 million was recognised from the exit from Taaleri Infra I Ky. In addition, changes in the fair value of EUR 3.2 million in the non-strategic investment portfolio were reflected in the result of the investment operations in the Other group. The most significant change in value of EUR 3.3 million was recognised from Taaleri's associated company Turun Toriparkki Oy due to the successful refinancing of the company.

<sup>1</sup> The credit rating concerns the company's Issuer Credit Rating (ICR), Financial Strength Rating (FSR) and Financial Enhancement Rating (FER).

Operating expenses were EUR 1.2 (1.7) million, of which personnel costs amounted to EUR 0.4 (0.6) million. The Other group's operating profit in the second quarter was EUR 3.7 (5.5) million.

### January–June 2023

In January–June, the income of the Other group totalled 4.8 (8.8) million, consisting of continuing earnings of EUR 1.1 (1.3) million and net income from investment operations of EUR 3.6 (7.5) million. The EUR 0.9 million return recognised from the exit from Taaleri Infra I Ky and the EUR 2.7 million in unrealised changes in fair value and exchange rate changes had an impact on the net income from investment operations in the half ended. Net income from investment operations in the corresponding period included an earn-out of EUR 6.7 million for the Finsilva holding sold in 2016.

Operating expenses were EUR 2.5 (3.0) million, of which personnel costs amounted to EUR 1.4 (1.4) million. The operating profit of the Other group in January–June was EUR 2.3 (5.8) million.

## Sustainability

### 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 Q2/2023

- Publication of notices on the principal adverse sustainability impacts of alternative fund managers and funds (EU SFDR)
- Continuing to implement the Partner Code of Conduct and training for funds' investees
- Developing a system to support the collection, management and reporting of sustainability data with a partner
- Launching a project to promote personnel diversity, equity and inclusion (DEI)

In the second quarter of the year, we emphasised the collection and reporting of data describing the adverse sustainability impacts of our operations in our sustainability work, partly on a voluntary basis, while fulfilling the obligations of EU regulation. We published the announcements of our alternative investment fund managers (Taaleri Private Equity Funds Ltd and Taaleri Energia Funds Management Ltd) about the principal adverse impacts of investment decisions on sustainability factors on Taaleri's [website](#). In addition, we published the remaining disclosures for funds classified under Articles 9 and 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR) in the fund-specific sections of our website. We use the collected data to monitor and manage the impacts and risks of our operations and to utilise business opportunities.

We selected partners for a personnel survey and for a mapping of diversity, equity and inclusion (DEI), to be conducted for the first time on this scale at the end of the year. With the help of the survey and mapping, we can develop and improve employee engagement, wellbeing at work, managerial experience, competence development, cooperation and community spirit. A deeper examination of DEI aspects also supports the broader development of the industry, as it enables us to, for example, more strongly promote similar initiatives and themes in our investments.

We developed the monitoring of our commitment to the Partner Code of Conduct within the Group and revised our sustainability risk assessments from the perspective of several businesses. We also developed sustainability communication by updating the sustainability section on Taaleri's website and prepared for the UNPRI/NZAM reporting on sustainable investing and the progress of the climate target.

## Annual General Meeting 2023

Taaleri Plc's Annual General Meeting was held on 13 April 2023 in Helsinki.

### Decisions of Taaleri Plc's Annual General Meeting

The General Meeting adopted the financial statements for the 2022 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 0.70 per share be paid based on the balance sheet adopted for the financial year ended 31 December 2022. The dividend was paid to

shareholders who on the dividend record date of 17 April 2023 were entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The dividend was paid on 24 April 2023.

#### **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 monthly remuneration as follows:

- EUR 6,000 for the Chairperson of the Board (2022: annual remuneration EUR 55,000 corresponding to EUR 4,583 / month)
- EUR 5,000 for the Deputy Chairperson of the Board (2022: annual remuneration EUR 41,000 corresponding to EUR 3,417 / month)
- EUR 5,000 for the Chairperson of the Audit Committee (2022: annual remuneration EUR 41,000 corresponding to EUR 3,417 / month)
- EUR 4,000 for other Members of the Board (2022: annual remuneration EUR 35,000 corresponding to EUR 2,917 / month)

The General Meeting decided that meeting-specific fees will not be paid (2022: EUR 1,000 for the Chairperson of the Audit Committee and EUR 500 for other members).

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

The 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 members of the Board of Directors be set as six (6).

The General Meeting re-elected current members of Board of Directors, Elina Björklund, Petri Castrén, Juhani Elomaa, Hanna Maria Sievinen, Tuomas Syrjänen and Jouni Takakarhu to the Board of Directors.

The Board Members were elected for a term ending at the close of the next Annual General Meeting.

#### **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 and Hanna Maria Sievinen as Deputy Chairperson of the Board.

#### **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 Audit Committee.

#### **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 6 April 2022.

### **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 2024.

This authorisation cancels the authorisation regarding the share issue issued at the General Meeting on 6 April 2022.

### **Amendment to the Articles of Association**

The General Meeting decided to amend Article 10 of the Articles of Association so that it enables organising a general meeting entirely without a meeting venue as a so-called remote meeting in addition to the company's domicile Helsinki. The provision of the Articles of Association in question reads, as amended, as follows:

"§ 10 Notice to the general meeting of shareholders

The notice to the general meeting of shareholders must be published on the company's website no more than three (3) months and no less than three (3) weeks prior to the meeting, but always at least nine (9) days before the record date of the general meeting. The Board of Directors can also decide to publish an invitation or a notice about the invitation in one or more newspapers within the above-mentioned deadline.

The general meeting shall be organised in Helsinki. In addition, the Board of Directors may also decide that the general meeting is organised without a meeting venue so that the shareholders exercise their power of decision during the meeting in full in real time using telecommunication connection and technical means."

In other respects, the Articles of Association remained unchanged.

### **Authorising the Board of Directors to decide on charitable contributions**

The General Meeting decided to authorise the Board of Directors to decide on one or more donations for charitable or similar purposes up to a total value of EUR 50,000, and to decide on the recipients, purposes and other terms of the contributions.

The authorization is valid until the end of the next Annual General Meeting.

### **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 at the end of the review period was 114 (99). The number of permanent full-time employees in the Private Asset Management segment was 77 (63) and in the Strategic Investments segment 19 (19). The number of permanent full-time employees in the Other group was 18 (17). 96% (96) of the personnel were employed in Finland.

Taaleri Group's personnel costs in the second quarter of the year totalled EUR 4.0 (3.7) million, consisting of fixed personnel costs of EUR 3.2 (2.9) million and variable personnel costs of EUR 0.8 (0.8) million. In January–June, Taaleri Group's personnel costs totalled EUR 8.3 (7.2) million, consisting of fixed personnel costs of EUR 6.0 (5.3) million and variable personnel costs of EUR 2.2 (1.9) million.

### Incentive schemes

At the end of the review period, Taaleri had in force the CEO's stock option plan, two share-based incentive schemes for the Group's key personnel and an employee share savings plan. Further information on share-based incentive schemes can be found in Note 43 on pages 112–115 of Taaleri's Consolidated Financial Statements included in the Annual Report 2022. No new share-based incentive schemes were launched during the review period.

## Shares and share capital

### Taaleri's share on Nasdaq Helsinki

1–6/2023	No of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
TAALA	1,842,519	20,036,504	12.94	9.15	10.87	9.34

\* Volume weighted average

Taaleri's share has been listed on Nasdaq Helsinki, among mid-cap companies, since 2016. The trading code is TAALA. On 30 June 2023, the company possessed 45,000 (45,000) treasury shares. At the end of the review period, the company had 11,095 (31.12.2022: 10,201) shareholders.

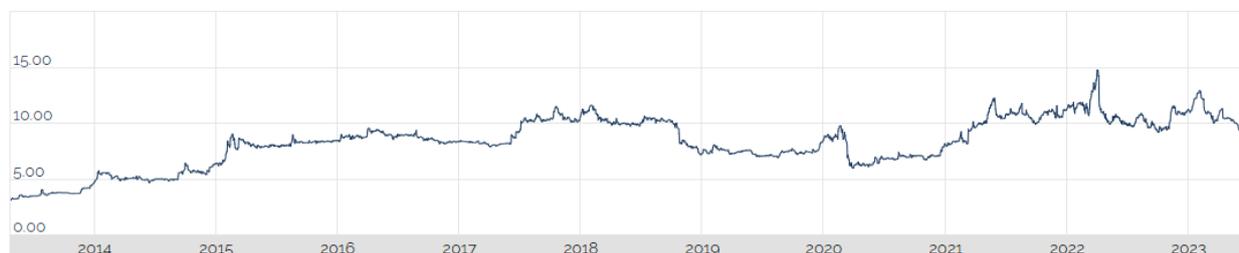
On 30 June 2023, Taaleri Plc's shareholders' equity was EUR 125,000.00 and the company had 28,350,620 registered shares.

### Flaggings during January–June 2023

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

### Share price development

The chart represents the price development of Taaleri's share since listing from April 20, 2013, to June 30, 2023:



## 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.

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.

Taaleri Private Equity Funds Ltd and Taaleri Energia Funds Management Ltd are licensed as alternative fund managers by the Financial Supervisory Authority. Alternative fund managers are subject to their own capital adequacy requirements.

### Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency strengthened clearly during the first half of the year, thanks to an increase in basic own funds and a reduced solvency capital requirement. At the end of June, the company's basic own funds amounted to EUR 113.7 (105.3) million, and the solvency capital requirement amounted to EUR 43.8 (45.5) million. The solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 259.8% (231.3).

Basic own funds grew mainly due to profits accumulated in the review period. The solvency capital requirement decreased due to lesser solvency capital requirements for market risks of investment assets.

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

## Short term risks and concerns

The Russian invasion of Ukraine in late February 2022 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, but Finland's Nato membership has brought stability to the situation. Interest rates have risen, risk premiums have increased, and inflation is strong. Central banks have continued to tighten monetary policy, which has increased the likelihood of a recession in the euro area. In addition, inflation and the increased price levels of raw materials can be seen in the costs of project development and funds' investees.

The result of Private Asset Management segment 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, the success of the own fundraising and the success of the cooperation with Aktia. Profit development is also influenced by the realisation of performance fees and the success of own investment projects.

Garantia's guaranty insurance business and investment activities have a major impact on Taaleri's operational income and capital adequacy. Garantia's risk position is described in more detail on page 12.

The Other group's income consist of the market value changes in investments and of sales profits/losses gained as well as returns of loans granted. The earnings and results of the Other group may thus vary significantly between periods under review.

Taaleri's risks and risk management are described in more detail in Note 37 on pages 96–107 of the 2022 Financial Statements, which is attached to the 2022 Annual Report.

## Material events after the financial period

The Taaleri SolarWind III Fund, Taaleri Energia's sixth renewable energy fund, held a technical first close at the end of the review period. On 7 July 2023, Taaleri announced the actual first closing, with approximately EUR 286 million in commitments.

Helsinki, 16 August 2023  
Taaleri Plc  
Board of Directors

## Additional info

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## Webcast presentation for analysts, investors and media

An analyst, investor and media conference will be held in English by CEO Peter Ramsay and CFO Minna Smedsten on August 16, 2023, at 11:00 EEST at Event Venue Eliel at Sanomatalo, Töölönlahdenkatu 2, Helsinki. The webcast can be followed online at: <https://taaleri.videosync.fi/q2-2023-result>. The event will be recorded and available later on Taaleri's investor pages at <http://www.taaleri.com/en/investors/reports-and-presentations>.

## Taaleri in brief

Taaleri is a Nordic investment and asset manager with an emphasis on renewable energy and other alternative investments. We channel capital towards economically profitable undertakings that have a lasting positive impact on the environment and society. We combine capital with talent, expertise, entrepreneurship, and a bold sense of purpose. We are a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010, and we joined the Net Zero Asset Managers initiative in 2021. Taaleri's vision is to be a Nordic forerunner in alternative investments focusing on sustainability.

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.

Taaleri has EUR 2.6 bn of assets under management in its private equity funds and co-investments. The company has approximately 120 employees. Taaleri Plc is listed on Nasdaq Helsinki.

[www.taaleri.com](http://www.taaleri.com)

# Accounting policies of the Half-Year Financial Report

Taaleri's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This Half-Year Financial Report has been prepared in accordance with IAS 34. The Half-Year Financial Report is unaudited. The Half-Year Financial Report has been published in Finnish and English. The Finnish Half-Year Financial Report is official and is used if there is a discrepancy between the language versions. All figures in the Half-Year Financial Report have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

The accounting policies of the Half-Year Financial Report are substantially the same as those presented in Taaleri's Financial Statements for 2022, except for the amendments to IFRS standards that came into force on 1 January 2023 or later. The significant accounting policies for preparing Taaleri's consolidated financial statements regarding the IFRS 17 standard, which entered into force on January 1, 2023, are described below. Other revised standards and interpretations do not have a material impact on the reported result or financial position.

## IFRS 17 Insurance Contracts

### Insurance contracts

The company measures its primary insurance contracts and its ceded reinsurance contracts according to IFRS 17 Insurance Contracts. The company applies the standard in financial periods beginning on and after 1 January, 2023. The transition date of the company was 1 January, 2022.

A contract is considered to be an insurance contract if a transfer of significant insurance risk is accepted from the insured in a way that the insurer is liable for reimbursing the beneficiary in case an insurance event specified in the contract adversely affects the beneficiary.

The company's insurance contracts, where the company acts as the insurer, are in their entirety made up of guaranty insurance contracts, and the ceded reinsurance contracts, where the company acts in the role of the insured, are entirely made up of reinsurance contracts taken up to reinsure risks arising from the guaranty insurance contracts. The company's insurance contracts do not include service components, investment components or embedded derivatives, that should be separated from the insurance component.

For the purposes of measuring insurance contracts, the company divides its insurance contracts into four (4) insurance contract portfolios, and furthermore, into insurance contract groups. The division into insurance contract portfolios is done on the basis of similarities in risk characteristics and the way the contracts are managed. The division into insurance contract groups is done on the basis of the timing of initial recognition, whether the contracts are onerous or not, and on the basis of possible reinsurance cover related to the contract. The number of the company's insurance contract groups is approximately 70. Insurance contracts are recognised and measured on an insurance contract group basis.

Insurance groups are recognised on the start date of the first insurance contract of the group or on the due date of the insurance premium collected from the insured in the case the due date is before the start date of the contract. Onerous insurance contract groups are recognised when the groups become onerous.

The company applies the Building Block Approach (BBA), as specified in IFRS 17 Insurance Contracts, in the measurement of all its insurance contracts.

### Measurement of insurance contracts on initial recognition

In connection with initial recognition, the company measures an insurance contract group to be the sum of the capital value of the fulfilment cashflows required to satisfy the contract, a risk adjustment for non-financial risk, and the contractual service margin.

The capital value of the fulfilment cashflows includes the present value of expected future cash flows arising from premiums, claims, claims recourse collections, administrative expenses, and acquisition costs of the insurance contracts.

The fulfilment cashflows are discounted into their present value by applying an interest rate curve, that includes a risk-free rate, reflecting the time value of money, and an adjustment for financial risk that reflects the illiquidity of the cashflows of the insurance contracts (the liquidity premium). The applied risk-free interest rate is the German government bond yield curve. The liquidity premium has been estimated based on observed market risk premia on instruments with similar risk characteristics compared with the company's guaranty insurance portfolio.

The risk adjustment for non-financial risk reflects the implicit cost of capital that the company incurs, when in it exposes itself to the uncertainty related to future claims. The cost of capital is calculated by estimating the amount of unexpected claims arising from the insurance contracts in each future period, resulting in an estimate on the amount of capital required to cover these claims. The monetary cost of the capital required is then calculated by applying a specific 6.0% annual cost of capital

rate on the future capital requirements. The adjustment for non-financial risk is then achieved by discounting the hypothetical future cost of capital payments to their present value, applying the discount rate discussed above.

The capital requirement for the contracts is calculated on contract level primarily by applying the Internal Ratings Approach set by the Basel II capital adequacy regulations. A confidence level of 99.5% is applied, matching the level set forth in the Solvency II rules governing the capital requirements for insurance companies. Due to the confidence level applied, the capital requirement for the contracts reflects the amount of claims, in excess of expected claims, that is exceeded once every 200 years.

The contractual service margin represents the unearned profit of insurance contract groups, that will be recognised in future reporting periods, proportionate to insurance services delivered in these periods.

#### **Subsequent measurement of insurance contracts and recognition principles**

The carrying value of an insurance contract group is made up of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage includes the capital value of the fulfilment cash flows required to satisfy the contract, an adjustment for non-financial risk, and the contractual service margin (i.e., unearned profit).

The liability for incurred claims includes the capital value of future claims payments from claims that have already been incurred, and a risk adjustment reflecting the uncertainty of these cash flows. The future claims also include the estimated effects of claims recourse recoveries.

The company recognises insurance revenue on the basis of expiration of the liability for remaining coverage to the extent that the expiration is attributable to insurance services delivered in the reporting period. Hence, the recognised revenue equals the monetary value of the compensation the company considers it has earned by delivering insurance services in that period.

An insurance contract that has been underwritten by the company in the role of the insurer ends and will be derecognised off the balance sheet, when the insurance contract ceases to exist, the company is no more subjected to risk from the contract, and when the company can no longer be required to forgo economic resources to satisfy the contract.

#### **Onerous contracts**

An insurance contract group is onerous on initial recognition, if the capital value of fulfilment cashflows required to fulfil the contract, the risk adjustment for non-financial risk, and the cashflows arising from the acquisition costs of the insurance contract result in net cash outflow.

Insurance contract groups classified as onerous will result in a loss recognised in the income statement on the basis of the negative net cash flow of the group. In this case, the carrying value of the insurance contract liability of the onerous insurance contract group equals the capital value of the fulfilment cashflows required to satisfy the contract, and the contractual service margin of the group will be nil.

An insurance contract group will become subsequently onerous, if the adverse changes in the fulfilment cashflows of the group, in consequence of any changes in estimates of cashflows concerning future service exceed the carrying value of the contractual service margin of the group

#### **Reinsurance contracts**

The company divides its' ceded reinsurance contracts into insurance contract portfolios and groups in the same manner as in contracts related to primary insurance. In addition, the measurement accounts for counterparty default risk of the reinsurers.

At initial recognition of ceded reinsurance contracts, the company recognises a contractual service margin that can arise from a net profit or a net loss attributable to the ceded reinsurance contract.

Net profit is generated if the present value of cash inflows of the ceded reinsurance contract is greater than the value of its cash outflows. Net loss is generated if the present value of the cash outflows is greater than the value of cash inflows.

If the contractual service margin of the ceded reinsurance contracts is made up of net profit, the contractual service margin is recognised as a liability. If the contractual service margin is made out of a net loss, it is recognised as an asset.

#### **Transition approaches applied**

The company has applied the Full Retrospective Approach in the transition of most insurance contracts recognised in 2020-2021, and the Modified Retrospective Approach for most of the insurance contracts recognised in 2019 and earlier. The Modified Retrospective Approach has also been applied on a small number of contracts recognised in 2020-2021. The company has also applied the Fair Value Approach (FVA) on a small number of contracts recognised in 2019 and earlier.

Contracts measured according to the Full Retrospective Approach have been valued as if IFRS 17 Insurance Contracts would have been applied always. If the information needed for the application of the Full Retrospective Approach has not been available, the contracts have been measured following the Modified Retrospective Approach by using reasonable and justifiable information. In other cases, the contracts have been measured according to the Fair Value Approach.

Of the total insurance revenue generated in the financial year 2022, 51% was generated from contracts measured using the Full Retrospective Approach, 49% was generated from contracts measured using the Modified Retrospective Approach, an 0% from contracts using the Fair Value Approach.

#### Effect on opening Group balance sheet 1 January 2022

	Reported 31.12.2021 (audited)	Change 1.1.2022 (unaudited)	Adjusted 1.1.2022 (unaudited)
<b>Assets, EUR 1,000</b>			
Receivables from credit institutions	53,255	-	53,255
Receivables from the public and general government	6,021	-	6,021
Shares and units	41,546	-	41,546
Assets classified as held for sale	5,246	-	5,246
Participating interests	8,889	-	8,889
Insurance assets	168,973	-1,790	167,183
Insurance assets	3,119	-3,119	-
Reinsurance contract assets	-	1,329	1,329
Investments	165,854	-	165,854
Intangible assets	711	-	711
Goodwill	696	-	696
Other intangible assets	15	-	15
Tangible assets	1,149	-	1,149
Owner-occupied properties	746	-	746
Other tangible assets	403	-	403
Other assets	13,669	5	13,674
Accrued income and prepayments	16,921	-	16,921
Deferred tax assets	2,343	-	2,343
	<b>318,723</b>	<b>-1,785</b>	<b>316,938</b>

	Reported 31.12.2021 (audited)	Change 1.1.2022 (unaudited)	Adjusted 1.1.2022 (unaudited)
<b>Liabilities, EUR 1,000</b>			
<b>Liabilities</b>	<b>88,975</b>	<b>368</b>	<b>89,344</b>
Liabilities to the public and general government	-	-	-
Insurance liabilities	39,421	-39,421	-
Insurance contract liabilities	-	41,175	41,175
Other liabilities	3,318	-416	2,902
Accrued expenses and deferred income	14,172	-431	13,741
Deferred tax liabilities	16,580	-538	16,042
Derivative contracts	630	-	630
Subordinated debt	14,854	-	14,854
<b>Equity</b>	<b>229,747</b>	<b>-2,154</b>	<b>227,594</b>
Share capital	125	-	125
Reserve for invested non-restricted equity	18,831	-	18,831
Fair value reserve	-1,285	-	-1,285
Translation difference	-18	-	-18
Retained earnings or loss	76,694	-2,154	74,541
Profit or loss for the period	136,088	-	136,088
Non-controlling interest	-687	-	-687
	<b>318,723</b>	<b>-1,785</b>	<b>316,938</b>

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

The measurement of Garantia's insurance contract liability according to IFRS 17 Insurance Contracts includes several factors that involve judgement and uncertainty. The most significant uncertainties are related to the estimation of future claims cashflows, and to the estimation of the amount of the adjustment for non-financial risk reflecting the variation in the claims cashflows. Also, the selection of the interest rate curve applied in cashflow discounting, and the measurement of the liquidity premium include uncertainties.

The value of Garantia's insurance contract liability differs significantly between IFRS and national GAAP accounting. The valuation difference gives rise to a deferred tax liability, that has been recognised on the group balance sheet. Most of the valuation difference is attributable to the equalisation provision, a part of the technical provisions as measured by the national GAAP rules. The measurement of the equalisation provision is based on calculation principles approved by the Financial Supervisory Authority, claims statistics approved by the management, and estimated future claims development. When calculating the equalisation provision, judgement is exercised in comparing the claims ratio for the period against expected long term average, that forms the basis for the accumulation or reversal of the equalisation provision. Hence, the accumulation and reversal of the equalisation provision have direct effect on the value of the deferred tax liability arising from the valuation difference of insurance contract liabilities.

# 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 standards. The key figures regarding the Consolidated Income Statement presented in the explanatory part of this Half-Year Financial Report have been calculated on the basis of the Group's segment reporting, unless otherwise stated.

	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Income, EUR 1,000	23,806	12,177	33,952	18,928	56,752
Operating profit (-loss), EUR 1,000	17,755	2,826	19,318	1,790	27,347
- as percentage of income	74.6%	23.2%	56.9%	9.5%	48.2%
Segments' operating profit excluding investment operations, EUR 1,000	2,799	530	4,943	2,116	24,665
- as percentage of segments' income	24.7%	6.0%	23.3%	12.2%	43.9%
Net profit for the period, EUR 1,000	16,007	1,928	16,631	877	21,302
- as percentage of income	67.2%	15.8%	49.0%	4.6%	37.5%
Basic earnings per share, EUR	0.49	0.07	0.51	0.02	0.73
Diluted earnings per share, EUR	0.47	0.07	0.49	0.02	0.71
Return on equity % (ROE) <sup>1)</sup>	31.9%	3.8%	16.6%	0.9%	10.0%
Return on equity at fair value % (ROE) <sup>1)</sup>	31.7%	-10.5%	17.4%	-9.9%	4.4%
Return on assets % (ROA) <sup>1)</sup>	21.1%	2.7%	11.1%	0.6%	6.9%
Cost/income ratio	35.7%	77.5%	49.4%	92.6%	56.7%
Cost/income ratio excluding investment operations	76.1%	96.3%	78.8%	90.8%	58.8%
Price/earnings (P/E) <sup>1)</sup>	4.8	36.7	9.2	266.7	15.4
Full-time permanent personnel, at the end of the period	114	99	114	99	106
Equity ratio -%	67.1%	67.2%	67.1%	67.2%	66.9%
Net gearing -%	-8.1%	-6.1%	-8.1%	-6.1%	-15.7%
Equity/share, EUR	7.00	6.45	7.00	6.45	7.10
Dividend or distribution of funds /share, EUR	-	-	-	-	0.70
Dividend or distribution of funds / earnings, %	-	-	-	-	96.2%
Effective dividend yield, %	-	-	-	-	6.3%
Loan receivables, EUR 1,000	6,013	6,516	6,013	6,516	6,243
Number of shares at the end of period <sup>2)</sup>	28,305,620	28,305,620	28,305,620	28,305,620	28,305,620
Average number of shares <sup>2)</sup>	28,305,620	28,305,620	28,305,620	28,305,620	28,305,620
Share average price, EUR	10.33	11.57	10.87	11.71	11.37
- highest price, EUR	11.38	14.82	12.94	14.82	14.82
- lowest price, EUR	9.15	9.68	9.15	9.68	8.97
- closing price, EUR	9.34	9.73	9.34	9.73	11.18
Market capitalisation, EUR 1,000 <sup>2)</sup>	264,374	275,414	264,374	275,414	316,457
Shares traded, thousands	730	2,054	1,843	4,306	5,606
Shares traded, %	3%	7%	7%	15%	20%

1) Annualised

2) 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	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
<b>Insurance service result</b>	<b>3,486</b>	<b>3,445</b>	<b>7,301</b>	<b>6,099</b>	<b>14,102</b>
Insurance revenue	4,780	4,484	9,818	8,927	19,102
Insurance service expenses	-1,170	-779	-2,300	-2,457	-4,330
- of which incurred claims	-422	-314	-673	-559	-1,182
- of which other insurance administrative expenses	-834	-798	-1,605	-1,549	-3,089
- of which losses on onerous contracts	-37	-23	-36	-464	-228
- of which changes in liability of incurred claims	277	404	405	536	1,019
- of which insurance acquisition costs	-154	-49	-390	-421	-849
Net expenses from reinsurance contracts	-124	-260	-217	-372	-670
Net finance income and expense from insurance	-9	-143	41	-256	-409
Net income from investment operations	1,707	-3,906	2,615	-6,259	-8,453
Other income	13	-9	22	-4	13
<b>Income</b>	<b>5,197</b>	<b>-612</b>	<b>9,979</b>	<b>-421</b>	<b>5,252</b>
Other expenses	-276	-153	-679	-347	-646
<b>Operating profit</b>	<b>4,921</b>	<b>-765</b>	<b>9,300</b>	<b>-768</b>	<b>4,607</b>
Allocation of financing expenses	-475	-475	-950	-950	-1,900
<b>Profit before tax</b>	<b>4,446</b>	<b>-1,240</b>	<b>8,350</b>	<b>-1,718</b>	<b>2,707</b>
Change in fair value of investments	-484	-7,016	914	-11,807	-10,141
<b>Profit before tax at fair value</b>	<b>3,962</b>	<b>-8,257</b>	<b>9,264</b>	<b>-13,525</b>	<b>-7,434</b>
Claims ratio (IFRS), %	3.8%	-1.5%	3.1%	5.4%	2.1%
Expense ratio (IFRS), %	20.7%	18.9%	20.3%	22.1%	20.6%
Reinsurance ratio (IFRS), %	2.6%	5.8%	2.2%	4.2%	3.5%
Combined ratio (IFRS), %	27.1%	23.2%	25.6%	31.7%	26.2%
Return on investments at fair value, %	0.8%	-7.2%	2.4%	-11.2%	-11.2%
Investment portfolio, fair value, MEUR	153	145	153	145	155
Insurance exposure, EUR million	1,856	1,742	1,856	1,742	1,862
Solvency ratio (S2), % <sup>1)</sup>	259.8%	237.8%	259.8%	237.8%	231.3%

<sup>1)</sup> 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

Basic earnings per share, EUR

$$\frac{\text{Profit or loss attributable to ordinary shareholders of the parent company}}{\text{Weighted average number of ordinary shares outstanding - repurchased own shares}}$$

Diluted earnings per share, EUR

$$\frac{\text{Profit or loss attributable to ordinary shareholders of the parent company}}{\text{Weighted average number of ordinary shares outstanding + dilutive potential ordinary shares - repurchased own shares}}$$

## 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.

Segments' operating profit excluding investment operations, % of segments' income

$$\frac{(\text{Segments' operating profit} - \text{segments' investment operations}) \times 100}{(\text{Segments' income} - \text{segments' investment operations})}$$

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

## Key figures for insurance operations

Combined ratio (IFRS), %	Claims ratio + Expense ratio + Reinsurance ratio
Claims ratio (IFRS), %	$\frac{\text{Incurred claims} + \text{Losses on onerous contracts} + \text{Changes in liability for incurred claims}}{\text{Insurance revenue}}$
Expense ratio (IFRS), %	$\frac{\text{Insurance administrative expenses} + \text{Insurance acquisition costs}}{\text{Insurance revenue}}$
Reinsurance ratio (IFRS), %	$\frac{\text{Net expenses from reinsurance contracts}}{\text{Insurance revenue}}$
Solvency ratio (S2), %	$\frac{\text{Basic own funds}}{\text{Solvency capital requirement (SCR)}}$

## Consolidated income statement

EUR 1,000	Note	1.4.-30.6.2023	1.4.-30.6.2022	1.1.-30.6.2023	1.1.-30.6.2022
Fee and commission income	1	7,871	5,662	13,814	11,751
Net income from insurance	2	5,184	-603	9,957	-417
Insurance service result		3,486	3,445	7,301	6,099
Net finance expenses from insurance contracts		-9	-143	41	-256
Net income from investment operations		1,707	-3,906	2,615	-6,259
Net gains or net losses on trading in securities and foreign currencies	3	809	6,157	-369	4,951
Income from equity investments	4	8,686	586	8,686	1,844
Interest income	5	417	333	644	730
Other operating income	6	838	43	1,220	68
<b>Total income</b>		<b>23,806</b>	<b>12,177</b>	<b>33,952</b>	<b>18,928</b>
Fee and commission expense		-2,282	-2,131	-4,292	-4,251
Administrative expenses					
Personnel costs		-4,018	-3,776	-8,415	-7,428
Other administrative expenses		-1,717	-1,304	-2,883	-2,246
Depreciation, amortisation and impairment of tangible and intangible assets		-87	-556	-237	-764
Other operating expenses		-994	-998	-1,535	-1,524
Expected credit losses from financial assets measured at amortised cost	9	-33	-20	-36	-26
Share of associates' profit or loss		3,081	-566	2,763	-900
<b>Operating profit</b>		<b>17,755</b>	<b>2,826</b>	<b>19,318</b>	<b>1,790</b>
Interest and other financing expenses		-496	-232	-773	-488
Income tax expense		-1,252	-667	-1,914	-425
<b>Profit for the period</b>		<b>16,007</b>	<b>1,928</b>	<b>16,631</b>	<b>877</b>
<b>Consolidated statement of comprehensive income</b>					
		<b>1.4.-30.6.2023</b>	<b>1.4.-30.6.2022</b>	<b>1.1.-30.6.2023</b>	<b>1.1.-30.6.2022</b>
<b>Profit for the period</b>		<b>16,007</b>	<b>1,928</b>	<b>16,631</b>	<b>877</b>
<b>Items that may be reclassified to profit or loss</b>					
Translation differences		1	57	-16	78
Changes in the fair value reserve		-484	-7,016	914	-11,807
Income tax		97	1,403	-183	2,361
<b>Items that may be reclassified to profit or loss in total</b>		<b>-387</b>	<b>-5,556</b>	<b>714</b>	<b>-9,368</b>
<b>Items that may not be reclassified to profit or loss</b>					
Changes in the fair value reserve		393	-1,243	55	-1,249
Income tax		-79	-450	-11	-449
<b>Items that may not be reclassified to profit or loss in total</b>		<b>314</b>	<b>-1,693</b>	<b>44</b>	<b>-1,698</b>
<b>Total comprehensive income for the period</b>		<b>15,935</b>	<b>-5,321</b>	<b>17,390</b>	<b>-10,188</b>
<b>Profit for the period attributable to:</b>					
Owners of the parent company		13,774	1,878	14,297	516
Non-controlling interests		2,233	50	2,334	360
<b>Total</b>		<b>16,007</b>	<b>1,928</b>	<b>16,631</b>	<b>877</b>
<b>Total comprehensive income for the period attributable to:</b>					
Owners of the parent company		13,702	-5,371	15,056	-10,549
Non-controlling interests		2,233	50	2,334	360
<b>Total</b>		<b>15,935</b>	<b>-5,321</b>	<b>17,390</b>	<b>-10,188</b>
<b>Earnings per share for profit attributable to the shareholders of the parent company</b>					
		<b>1.4.-30.6.2023</b>	<b>1.4.-30.6.2022</b>	<b>1.1.-30.6.2023</b>	<b>1.1.-30.6.2022</b>
Basic earnings per share, profit for the period		0.49	0.07	0.51	0.02
Diluted earnings per share, profit for the period		0.47	0.07	0.49	0.02

## Consolidated quarterly income statement

EUR 1,000	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Fee and commission income	7,871	5,943	18,504	12,689	5,662
Net income from insurance	5,184	4,772	1,283	4,374	-603
Insurance service result	3,486	3,815	4,713	3,290	3,445
Net finance expenses from insurance contracts	-9	49	-143	-10	-143
Net income from investment operations	1,707	908	-3,288	1,094	-3,906
Net gains or net losses on trading in securities and foreign currencies	809	-1,178	-907	1,410	6,157
Income from equity investments	8,686	-	50	-78	586
Interest income	417	227	91	318	333
Other operating income	838	382	39	50	43
<b>Total income</b>	<b>23,806</b>	<b>10,147</b>	<b>19,060</b>	<b>18,763</b>	<b>12,177</b>
Fee and commission expense	-2,282	-2,010	-2,974	-2,624	-2,131
Administrative expenses					
Personnel costs	-4,018	-4,397	-3,304	-3,765	-3,776
Other administrative expenses	-1,717	-1,166	-1,525	-1,002	-1,304
Depreciation, amortisation and impairment of tangible and intangible assets	-87	-150	-221	-208	-556
Other operating expenses	-994	-541	-1,218	-314	-998
Expected credit losses from financial assets measured at amortised cost	-33	-3	11	181	-20
Share of associates' profit or loss	3,081	-317	-2,592	7,289	-566
<b>Operating profit</b>	<b>17,755</b>	<b>1,562</b>	<b>7,237</b>	<b>18,320</b>	<b>2,826</b>
Interest and other financing expenses	-496	-276	-255	-210	-232
Income tax expense	-1,252	-661	-1,271	-3,396	-667
<b>Profit for the period</b>	<b>16,007</b>	<b>625</b>	<b>5,711</b>	<b>14,715</b>	<b>1,928</b>

Consolidated statement of comprehensive income	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
<b>Profit for the period</b>	<b>16,007</b>	<b>625</b>	<b>5,711</b>	<b>14,715</b>	<b>1,928</b>
Items that may be reclassified to profit or loss					
Translation differences	1	-17	-72	35	57
Changes in the fair value reserve	-484	1,398	2,721	-1,055	-7,016
Income tax	97	-280	-544	211	1,403
<b>Items that may be reclassified to profit or loss in total</b>	<b>-387</b>	<b>1,101</b>	<b>2,105</b>	<b>-809</b>	<b>-5,556</b>
Items that may not be reclassified to profit or loss					
Changes in the fair value reserve	393	-338	-259	-2,478	-1,243
Income tax	-79	68	52	496	-450
<b>Items that may not be reclassified to profit or loss in total</b>	<b>314</b>	<b>-270</b>	<b>-207</b>	<b>-1,983</b>	<b>-1,693</b>
<b>Total comprehensive income for the period</b>	<b>15,935</b>	<b>1,455</b>	<b>7,609</b>	<b>11,923</b>	<b>-5,321</b>

### Profit for the period attributable to:

Owners of the parent company	13,774	524	5,652	14,428	1,878
Non-controlling interests	2,233	101	59	286	50
<b>Total</b>	<b>16,007</b>	<b>625</b>	<b>5,711</b>	<b>14,715</b>	<b>1,928</b>

### Total comprehensive income for the period attributable to:

Owners of the parent company	13,702	1,355	7,550	11,637	-5,371
Non-controlling interests	2,233	101	59	286	50
<b>Total</b>	<b>15,935</b>	<b>1,455</b>	<b>7,609</b>	<b>11,923</b>	<b>-5,321</b>

## Consolidated balance sheet

<b>Assets, EUR 1,000</b>	<b>Note</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
Receivables from credit institutions	7, 8	31,138	46,817
Receivables from the public and general government	7, 8	6,013	6,243
Shares and units	7, 8	43,354	44,462
Participating interests	7, 8, 13	8,831	3,708
Insurance assets	7, 8	148,999	153,043
Reinsurance contract assets		623	526
Investments		148,376	152,517
Intangible assets		573	355
Goodwill		347	347
Other intangible assets		226	8
Tangible assets		2,755	421
Owner-occupied properties		2,332	83
Other tangible assets		424	338
Other assets		22,980	13,210
Accrued income and prepayments		30,159	28,451
Deferred tax assets		3,395	3,208
		<b>298,197</b>	<b>299,918</b>

<b>Liabilities and equity, EUR 1,000</b>	<b>Note</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
<b>Liabilities</b>		<b>98,197</b>	<b>99,397</b>
Liabilities to the public and general government	7, 8	5	410
Insurance contract liabilities		45,299	46,544
Other liabilities		4,495	1,454
Accrued expenses and deferred income		16,958	19,185
Deferred tax liabilities		16,563	16,933
Subordinated debt	10	14,878	14,870
<b>Equity capital</b>	<b>11</b>	<b>200,000</b>	<b>200,521</b>
Share capital		125	125
Reserve for invested non-restricted equity		18,831	18,831
Fair value reserve		-12,510	-13,285
Translation difference		7	23
Retained earnings or loss		177,297	174,631
Profit or loss for the period		14,297	20,597
Non-controlling interest		1,952	-400
		<b>298,197</b>	<b>299,918</b>

## Consolidated statement of cash flows

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
<b>Cash flow from operating activities:</b>		
Operating profit (loss)	19,318	1,790
Depreciation	237	416
Change in goodwill	-	348
Other adjustments		
Changes in fair value of investments	302	7,071
Other adjustments	-2,813	267
Interest and other financing expenses	21	-115
Cash flow before change in working capital	17,064	9,777
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-2,632	-2,093
Increase (-)/decrease (+) in current interest-free receivables	-11,257	-2,032
Increase (+)/decrease (-) in current interest-free liabilities	-2,811	-1,609
Cash flow from operating activities before financial items and taxes	364	4,042
Direct taxes paid (-)	-2,834	-695
<b>Cash flow from operating activities (A)</b>	<b>-2,470</b>	<b>3,347</b>
<b>Cash flow from investing activities:</b>		
Investments in tangible and intangible assets	-536	-386
Investments in subsidiaries and associated companies net of cash acquired	-1,722	-2,406
Other investments	7,683	6,116
<b>Cash flow from investing activities (B)</b>	<b>5,425</b>	<b>3,324</b>
<b>Cash flow from financing activities:</b>		
Changes in share-based incentives	245	173
Transactions with non-controlling interests	1,515	21
Increase (+)/decrease (-) in current liabilities	-405	-
Dividends paid and other distribution of profit		
To parent company shareholders	-19,814	-33,967
To non-controlling shareholders	-175	-93
<b>Cash flow from financing activities (C)</b>	<b>-18,634</b>	<b>-33,866</b>
<b>Increase/decrease in cash and cash equivalents (A+B+C)</b>	<b>-15,679</b>	<b>-27,196</b>
Cash and cash equivalents at beginning of period	46,817	53,255
Cash and cash equivalents at end of period	31,138	26,059
<b>Net change in cash and cash equivalents</b>	<b>-15,679</b>	<b>-27,196</b>

## Changes in group equity capital

	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
<b>2023, EUR 1,000</b>								
<b>1.1.2023</b>	<b>125</b>	<b>-13,285</b>	<b>18,831</b>	<b>23</b>	<b>195,228</b>	<b>200,922</b>	<b>-400</b>	<b>200,521</b>
Total comprehensive income for the financial period		775		-16	14,297	15,056	2,334	17,390
Earnings for the period					14,297	14,297	2,334	16,631
Other comprehensive income items		775		-16		759		759
Distribution of profit					-19,814	-19,814	-175	-19,989
Dividend EUR 0.70/share					-19,814	-19,814		-19,814
Distribution of profit for subgroup						-	-175	-175
Share-based payments payable as equity					239	239		239
Transactions with non-controlling interests					1,639	1,639	191	1,830
Other					5	5	3	8
<b>30.6.2023</b>	<b>125</b>	<b>-12,510</b>	<b>18,831</b>	<b>7</b>	<b>191,595</b>	<b>198,047</b>	<b>1,952</b>	<b>200,000</b>
<b>2022, EUR 1,000</b>								
<b>31.12.2021</b>	<b>125</b>	<b>-1,285</b>	<b>18,831</b>	<b>-18</b>	<b>212,782</b>	<b>230,435</b>	<b>-687</b>	<b>229,747</b>
Changes to previous periods *)					-1,196	-1,196		-1,196
Implementation of IFRS 17 standard					-2,154	-2,154		-2,154
<b>1.1.2022</b>	<b>125</b>	<b>-1,285</b>	<b>18,831</b>	<b>-18</b>	<b>209,433</b>	<b>227,085</b>	<b>-687</b>	<b>226,398</b>
Total comprehensive income for the financial period		-11,143		78	516	-10,549	360	-10,188
Earnings for the period					516	516	360	877
Other comprehensive income items		-11,143		78		-11,065		-11,065
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					173	173		173
Transactions with non-controlling interests					-68	-68	162	94
Other					-46	-46		-46
<b>30.6.2022</b>	<b>125</b>	<b>-12,428</b>	<b>18,831</b>	<b>60</b>	<b>176,041</b>	<b>182,629</b>	<b>-258</b>	<b>182,371</b>

\*) Changes to previous periods in 2022 include exchange rate adjustments of balance sheet items.

## Segment information, earnings 1.4.–30.6.2023

1.4.-30.6.2023, EUR 1,000	Continuing operations					Total
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	
Continuing earnings	5,643	3,976	1,667	3,491	727	9,860
Performance fees	1,494	-	1,494	-	-	1,494
Investment operations	8,951	8,943	8	1,882	4,121	14,955
<b>Total income</b>	<b>16,088</b>	<b>12,919</b>	<b>3,169</b>	<b>5,373</b>	<b>4,848</b>	<b>26,308</b>
Fee and commission expense	-1,847	-1,057	-790	-	-7	-1,854
Personnel costs	-3,268	-2,399	-868	-265	-423	-3,956
Direct expenses	-1,968	-1,361	-608	-11	-701	-2,680
Depreciation, amortisation, and impairment	-9	-5	-4	-	-22	-31
Impairment losses on loans	-	-	-	-	-33	-33
<b>Operating profit</b>	<b>8,996</b>	<b>8,097</b>	<b>899</b>	<b>5,097</b>	<b>3,661</b>	<b>17,754</b>
<b>Operating profit, %</b>	<b>55.9%</b>	<b>62.7%</b>	<b>28.4%</b>	<b>94.9%</b>	<b>75.5%</b>	<b>67.5%</b>
Interest expenses	-298	-298	-	-	-193	-491
Allocation of financing expenses	-419	-306	-113	-475	894	-
<b>Profit before tax</b>	<b>8,279</b>	<b>7,494</b>	<b>786</b>	<b>4,622</b>	<b>4,362</b>	<b>17,263</b>
Change in fair value of investments	1	1	-	-484	393	-90
<b>Profit before taxes and NCI at fair value</b>	<b>8,280</b>	<b>7,494</b>	<b>786</b>	<b>4,138</b>	<b>4,755</b>	<b>17,173</b>

### 1.4.-30.6.2022, EUR 1,000

Continuing earnings	4,834	3,568	1,266	3,293	735	8,862
Performance fees	-	-	-	-	-	-
Investment operations	961	774	188	-5,075	6,399	2,285
<b>Total income</b>	<b>5,795</b>	<b>4,341</b>	<b>1,454</b>	<b>-1,782</b>	<b>7,133</b>	<b>11,147</b>
Fee and commission expense	-1,699	-1,250	-449	-	-75	-1,774
Personnel costs	-2,940	-1,691	-1,249	-129	-638	-3,707
Direct expenses	-1,507	-1,022	-485	-24	-939	-2,470
Depreciation, amortisation, and impairment	-354	-3	-351	-	-6	-360
Impairment losses on loans	-	-	-	-	-20	-20
<b>Operating profit</b>	<b>-705</b>	<b>376</b>	<b>-1,081</b>	<b>-1,935</b>	<b>5,455</b>	<b>2,815</b>
<b>Operating profit, %</b>	<b>neg</b>	<b>8.7%</b>	<b>neg</b>	<b>neg</b>	<b>76.5%</b>	<b>25.3%</b>
Interest expenses	-3	-3	-	-	-218	-221
Allocation of financing expenses	-400	-297	-103	-475	875	-
<b>Profit before tax</b>	<b>-1,109</b>	<b>76</b>	<b>-1,185</b>	<b>-2,410</b>	<b>6,113</b>	<b>2,594</b>
Change in fair value of investments	78	78	-	-7,016	-1,243	-8,181
<b>Profit before taxes and NCI at fair value</b>	<b>-1,031</b>	<b>154</b>	<b>-1,185</b>	<b>-9,426</b>	<b>4,869</b>	<b>-5,587</b>

### Reconciliations

Reconciliation of total income, EUR 1,000	1.4.-30.6.2023	1.4.-30.6.2022
Total income of segments	26,308	11,147
Share of associates' profit or loss allocated to total income of segments	-3,081	566
Transit items eliminated in segment reporting	578	465
<b>Consolidated total income</b>	<b>23,806</b>	<b>12,177</b>

Reconciliation of operating profit, EUR 1,000	1.4.-30.6.2023	1.4.-30.6.2022
Total earnings of segments before taxes and NCI	17,173	-5,587
Change in fair value of investments	90	8,181
Interest and other financing expenses (excl. IFRS 16)	496	232
IFRS 16 Leases <sup>1)</sup>	-4	1
<b>Consolidated operating profit</b>	<b>17,755</b>	<b>2,826</b>

<sup>1)</sup> The division of lease expense to depreciation and interest expense according to IFRS 16 Leases -standard is not applied in the segment reporting.

## Segment information, earnings 1.1.–30.6.2023

1.1.-30.6.2023, EUR 1,000	Continuing operations					Total
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	
Continuing earnings	11,192	7,913	3,279	7,364	1,142	19,699
Performance fees	1,494	-	1,494	-	-	1,494
Investment operations	8,612	8,626	-14	2,137	3,618	14,367
<b>Total income</b>	<b>21,298</b>	<b>16,540</b>	<b>4,758</b>	<b>9,501</b>	<b>4,761</b>	<b>35,560</b>
Fee and commission expense	-3,382	-2,119	-1,264	-	-32	-3,414
Personnel costs	-6,200	-4,221	-1,979	-652	-1,413	-8,265
Direct expenses	-3,498	-2,392	-1,106	-27	-964	-4,489
Depreciation, amortisation, and impairment	-19	-11	-9	-	-25	-44
Impairment losses on loans	-	-	-	-	-36	-36
<b>Operating profit</b>	<b>8,198</b>	<b>7,797</b>	<b>401</b>	<b>8,822</b>	<b>2,290</b>	<b>19,311</b>
<b>Operating profit, %</b>	<b>38.5%</b>	<b>47.1%</b>	<b>8.4%</b>	<b>92.9%</b>	<b>48.1%</b>	<b>54.3%</b>
Interest expenses	-425	-425	-	-	-340	-765
Allocation of financing expenses	-815	-599	-216	-950	1,765	-
<b>Profit before tax</b>	<b>6,959</b>	<b>6,773</b>	<b>185</b>	<b>7,872</b>	<b>3,715</b>	<b>18,546</b>
Change in fair value of investments	-17	-16	-	914	55	952
<b>Profit before taxes and NCI at fair value</b>	<b>6,942</b>	<b>6,757</b>	<b>185</b>	<b>8,786</b>	<b>3,770</b>	<b>19,498</b>

### 1.1.-30.6.2022, EUR 1,000

Continuing earnings	9,712	7,092	2,620	5,839	1,269	16,819
Performance fees	500	-	500	-	-	500
Investment operations	903	1,059	-156	-8,774	7,521	-350
<b>Total income</b>	<b>11,115</b>	<b>8,150</b>	<b>2,965</b>	<b>-2,935</b>	<b>8,790</b>	<b>16,970</b>
Fee and commission expense	-3,337	-2,279	-1,058	-	-149	-3,485
Personnel costs	-5,570	-3,203	-2,368	-305	-1,372	-7,247
Direct expenses	-2,555	-1,642	-913	-42	-1,476	-4,073
Depreciation, amortisation, and impairment	-360	-6	-355	-	-12	-373
Impairment losses on loans	-	-	-	-	-26	-26
<b>Operating profit</b>	<b>-707</b>	<b>1,021</b>	<b>-1,728</b>	<b>-3,282</b>	<b>5,755</b>	<b>1,766</b>
<b>Operating profit, %</b>	<b>neg</b>	<b>12.5%</b>	<b>neg</b>	<b>neg</b>	<b>65.5%</b>	<b>10.4%</b>
Interest expenses	-4	-4	-	-	-460	-463
Allocation of financing expenses	-996	-677	-318	-950	1,946	-
<b>Profit before tax</b>	<b>-1,707</b>	<b>340</b>	<b>-2,047</b>	<b>-4,232</b>	<b>7,242</b>	<b>1,303</b>
Change in fair value of investments	78	78	-	-11,807	-1,249	-12,978
<b>Profit before taxes and NCI at fair value</b>	<b>-1,629</b>	<b>418</b>	<b>-2,047</b>	<b>-16,039</b>	<b>5,993</b>	<b>-11,675</b>

### Reconciliations

Reconciliation of total income, EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
Total income of segments	35,560	16,970
Share of associates' profit or loss allocated to total income of segments	-2,763	900
Transit items eliminated in segment reporting	1,156	1,059
<b>Consolidated total income</b>	<b>33,952</b>	<b>18,928</b>

Reconciliation of operating profit, EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
Total earnings of segments before taxes and NCI	19,498	-11,675
Change in fair value of investments	-952	12,978
Interest and other financing expenses (excl. IFRS 16)	764	488
IFRS 16 Leases <sup>1)</sup>	7	-1
<b>Consolidated operating profit</b>	<b>19,318</b>	<b>1,790</b>

<sup>1)</sup> The division of lease expense to depreciation and interest expense according to IFRS 16 Leases -standard is not applied in the segment reporting.

Further information is provided below on Taaleri Group's own balance sheet investments, excluding personnel receivables, the fair value of which exceeds one million euros 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.

<b>Private Asset Management segment's investments, EUR 1,000</b>	<b>Investment type</b>	<b>Purchase price 30.6.2023</b>	<b>Fair value 30.6.2023</b>	<b>Holding 30.6.2023</b>
<b>Renewable energy investments</b>				
Truscott Gilliland East Wind	Shares and participations	10,973	10,356	7.0%
Taaleri SolarWind II	Shares and participations	2,311	2,311	0.9%
Taaleri Debt Ky	Shares and participations	3,000	3,000	15.0%
<b>Bioindustry investments</b>				
Fintoil Oy	Shares and participations	3,000	4,800	24.0%
Tracegrow Ltd	Shares and participations	1,992	2,184	7.9%
Tracegrow Ltd	Loan	200	201	-
WasteWise Group Oy	Shares and participations	1,150	1,150	14.9%
Taaleri Biocoal Development Ky	Shares and participations	1,120	1,066	13.7%
<b>Strategic investments, EUR 1,000</b>				
	<b>Investment type</b>	<b>Purchase price 30.6.2023</b>	<b>Fair value 30.6.2023</b>	<b>Holding 30.6.2023</b>
Aktia Bank Plc	Shares and participations	10,000	9,063	1.3%
<b>Non-strategic investments EUR 1,000</b>				
	<b>Investment type</b>	<b>Purchase price 30.6.2023</b>	<b>Fair value 30.6.2023</b>	<b>Holding 30.6.2023</b>
<b>Real estate investments</b>				
TT Canada RE Holdings Corporation	Loan	6,729	10,451	-
Sepos Oy	Shares and participations	2,834	407	30.0%
Sepos Oy	Loan	1,853	1,898	-
Turun Toriparkki Oy	Shares and participations	8,503	8,059	39.3%
<b>Other investments</b>				
Alisa Bank Plc	Shares and participations	5,460	5,802	17.3%

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.

<b>Private Asset Management segment's investments, EUR 1,000</b>		<b>Purchase price 31.12.2022</b>	<b>Fair value 31.12.2022</b>	<b>Holding 31.12.2022</b>
<b>Investment type</b>				
<b>Renewable energy investments</b>				
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%
<b>Bioindustry investments</b>				
Fintoil Oy	Shares and participations	3,000	4,800	24.0%
Tracegrow Ltd	Shares and participations	1,992	2,184	7.9%
WasteWise Group Oy	Loan	1,047	1,109	-
<b>Strategic investments, EUR 1,000</b>				
<b>Investment type</b>		<b>Purchase price 31.12.2022</b>	<b>Fair value 31.12.2022</b>	<b>Holding 31.12.2022</b>
Aktia Bank Plc	Shares and participations	10,000	9,960	1.3%
<b>Non-strategic investments EUR 1,000</b>				
<b>Investment type</b>		<b>Purchase price 31.12.2022</b>	<b>Fair value 31.12.2022</b>	<b>Holding 31.12.2022</b>
<b>Real estate investments</b>				
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%
<b>Other investments</b>				
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%

## Notes to the Half-Year Financial Report

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## 1 Fee and commission income

1.1.-30.6.2023, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	11,732	8,300	3,432	-	588	12,320
Performance fees	1,494	-	1,494	-	-	1,494
<b>Total</b>	<b>13,226</b>	<b>8,300</b>	<b>4,925</b>	<b>-</b>	<b>588</b>	<b>13,814</b>

1.1.-30.6.2022, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	10,586	7,767	2,819	-	665	11,251
Performance fees	500	-	500	-	-	500
<b>Total</b>	<b>11,086</b>	<b>7,767</b>	<b>3,319</b>	<b>-</b>	<b>665</b>	<b>11,751</b>

During January–June 2023, a total of EUR 1.5 (0.5) million in performance fees were recognised in the income statement. The performance fee recognised in the period is related to the sale of Taaleri Forest Fund III. The performance fee received from the sale of the fund is a total of EUR 3.5 million, of which EUR 2.0 million was recognised in the last quarter of 2022.

## 2 Net income from insurance

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
<b>Insurance revenue</b>		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognized for services provided	6,182	5,245
Change in risk adjustment for non-financial risk for risk expired	1,184	1,037
Expected incurred claims	1,032	1,020
Expected other insurance service expenses	1,203	1,204
Premium experience adjustments	-3	261
Recovery of insurance acquisition cash flows	221	159
<b>Insurance revenue total</b>	<b>9,818</b>	<b>8,927</b>
<b>Insurance service expenses</b>		
Incurring claims	-673	-559
Changes in liabilities for incurred claims	405	536
Incurring other insurance service expenses	-1,605	-1,549
Losses on onerous contracts	-36	-464
Insurance acquisition cash flows	-390	-421
<b>Insurance service expenses total</b>	<b>-2,300</b>	<b>-2,457</b>
<b>Net expenses from reinsurance contracts</b>	<b>-217</b>	<b>-372</b>
<b>Insurance service result</b>	<b>7,301</b>	<b>6,099</b>
<b>EUR 1,000</b>	<b>1.1.-30.6.2023</b>	<b>1.1.-30.6.2022</b>
<b>Net finance income and expense from insurance</b>		
Net finance income and expense from insurance	31	-252
Interest accreted to insurance contracts	-95	-29
Effect of changes in financial assumptions through P/L	46	-207
Other	80	-16
Net finance expenses from reinsurance contracts	9	-4
Interest accreted to reinsurance contracts	10	-2
Other	-1	-2
<b>Net finance income and expense from insurance</b>	<b>41</b>	<b>-256</b>

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
<b>Net income from investment operations</b>		
<b>Financial assets at fair value through other comprehensive income</b>	<b>689</b>	<b>155</b>
Interest income	1,046	925
Profit or loss from sales	-280	-951
Others	-76	181
- of which change in expected credit loss	-76	181
<b>Financial assets at fair value through profit or loss</b>	<b>1,925</b>	<b>-6,415</b>
<b>Financial assets that need to be measured at fair value through profit or loss</b>	<b>1,925</b>	<b>-6,415</b>
Interest income	591	535
Change in fair value	1,037	-7,127
From dividends	177	-
Profit or loss from sales	162	-55
Others	-42	232
<b>Net income from insurance investment operations</b>	<b>2,615</b>	<b>-6,259</b>
<b>Net income from insurance total</b>	<b>9,957</b>	<b>-417</b>

### 3 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.-30.6.2023	1.1.-30.6.2022
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	-153	3,408
<b>Total</b>	<b>-153</b>	<b>3,408</b>

Net gains or net losses on trading in securities and foreign currencies, EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
Net gains or net losses on trading in securities by type		
From shares and units	-153	3,408
Sales profit and loss	886	5,800
Changes in fair value	-1,039	-2,392
Net gains or net losses on trading in securities, total	-153	3,408
Net gains or net losses on trading in foreign currencies	-215	1,543
<b>Total</b>	<b>-369</b>	<b>4,951</b>

### 4 Income from equity investments

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
From financial assets recognised at fair value in profit or loss	415	570
Dividend income	419	586
Profit or loss from divestments	-4	-16
From assets classified as held for sale	-	1,244
Changes in fair value	-	1,244
From associated companies	-	30
Profit or loss from divestments	-	30
From group companies	8,271	-
Profit or loss from divestments	8,271	-
<b>Total</b>	<b>8,686</b>	<b>1,844</b>

## 5 Interest income

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
Interest income from other loans and receivables		
From receivables from credit institutions	30	-
From receivables from the public and general government	612	721
From net investments in leases		9
Other interest income	2	1
<b>Total</b>	<b>644</b>	<b>730</b>

Interest income does not include profits from financial assets, which value is reduced.

## 6 Other operating income

EUR 1,000	1.1.-30.6.2023	1.1.-30.6.2022
Project sales	979	-
Other income	242	68
<b>Total</b>	<b>1,220</b>	<b>68</b>

## 7 Classification of financial assets and liabilities

### Financial assets and liabilities 30.6.2023, EUR 1,000

Financial assets	Amortised cost	At fair value through other comprehensive income		At fair value through profit or loss		Total	Fair value
		Equity instruments <sup>3)</sup>	Others	Equity instruments	Others		
Receivables from credit institutions <sup>1)</sup>	31,138					31,138	31,138
Receivables from the public and general government	4,567				1,446	6,013	6,013
Shares and units		5,949		37,404		43,354	43,354
Insurance assets			87,276	40,900	20,200	148,376	148,376
Other financial assets						50,163	
<b>Financial assets total</b>	<b>35,705</b>	<b>5,949</b>	<b>87,276</b>	<b>78,305</b>	<b>21,646</b>	<b>279,044</b>	
Participating interests						8,831	
Other than financial assets						10,322	
<b>Assets in total 30.6.2023</b>						<b>298,197</b>	

Financial liabilities	At fair value through profit or loss	Other liabilities	Total	Fair value
Liabilities to the public and general government		5	5	5
Subordinated debt		14,878	14,878	15,526
Other financial liabilities		18,199	18,199	
<b>Financial liabilities total</b>	<b>-</b>	<b>33,082</b>	<b>33,082</b>	
Other than financial liabilities			65,116	
<b>Liabilities in total 30.6.2023</b>			<b>98,197</b>	

### Financial assets and liabilities 31.12.2022, EUR 1,000

Financial assets	Amortised cost	At fair value through other comprehensive income		At fair value through profit or loss		Total	Fair value
		Equity instruments <sup>3)</sup>	Others	Equity instruments	Others		
Receivables from credit institutions <sup>1)</sup>	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						38,163	
<b>Financial assets total</b>	<b>50,677</b>	<b>6,277</b>	<b>88,155</b>	<b>74,792</b>	<b>30,138</b>	<b>288,202</b>	
Participating interests						3,708	
Other than financial assets						8,008	
<b>Assets in total 31.12.2022</b>						<b>299,918</b>	

Financial liabilities	At fair value through profit or loss	Other liabilities	Total	Fair value
Liabilities to the public and general government		410	410	410
Subordinated debt		14,870	14,870	15,154
Other financial liabilities		16,150	16,150	
<b>Financial liabilities total</b>	<b>-</b>	<b>31,429</b>	<b>31,429</b>	
Other than financial liabilities			67,967	
<b>Liabilities in total 31.12.2022</b>			<b>99,397</b>	

<sup>1)</sup> The carrying amount of these receivables are seen as the best estimate of their fair values.

<sup>2)</sup> Bonds included in Debt securities issued to the public are carried at amortised cost.

<sup>3)</sup> 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 30 June 2023 the fair value of non-strategic investments was EUR 5.9 (31 Dec 2022 EUR 6.3) million, of which none paid dividends in 2023 or 2022. No material non-strategic investments were derecognised in 2023.

## 8 Fair value of financial instruments

Fair value of assets 30.6.2023, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions		31,138		31,138
Receivables from the public and general government		5,088	925	6,013
Shares and units	14,928		28,426	43,354
Insurance assets	140,378		7,998	148,376
<b>Total</b>	<b>155,306</b>	<b>36,226</b>	<b>37,349</b>	<b>228,881</b>

Fair value of liabilities 30.6.2023, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Liabilities to the public and general government		5		5
Subordinated debt		15,526		15,526
<b>Total</b>	<b>-</b>	<b>15,531</b>	<b>-</b>	<b>15,531</b>

Fair value of assets 31.12.2022, 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
<b>Total</b>	<b>160,588</b>	<b>52,034</b>	<b>37,417</b>	<b>250,038</b>

Fair value of liabilities 31.12.2022, 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
<b>Total</b>	<b>-</b>	<b>15,564</b>	<b>-</b>	<b>15,564</b>

### 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.-30.6.2023	1.1.-31.12.2022
Fair value January 1		32,982
Purchases	37,417	6,123
Sales and deductions	1,341	-1,888
Change in fair value - income statement	-2,504	833
Change in fair value - comprehensive income statement	141	-633
Transfers to level 3	-197	-
	1,150	
<b>Fair value at end of period</b>	<b>37,349</b>	<b>37,417</b>

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.-30.6.2023	1.1.-31.12.2022
Net income from insurance	499	765
Net gains or net losses on trading in securities and foreign currencies	-358	68
<b>Total</b>	<b>141</b>	<b>833</b>

## 9 Impairment losses on receivables

EUR 1,000	Amortised cost	At fair value through other comprehensive income <sup>1)</sup>	Total
ECL 1.1.2023	1,255	290	1,545
Additions due to initial issue and purchases	36	19	55
Deductions due to derecognitions	-	-11	-11
Changes in risk parameters	-	69	69
<b>Recognised in profit or loss</b>	<b>36</b>	<b>76</b>	<b>113</b>
<b>ECL 30.6.2023</b>	<b>1,292</b>	<b>366</b>	<b>1,658</b>

EUR 1,000	Amortised cost	At fair value through other comprehensive income <sup>1)</sup>	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
<b>Recognised in profit or loss</b>	<b>-1,664</b>	<b>-170</b>	<b>-1,834</b>
<b>ECL 31.12.2022</b>	<b>1,255</b>	<b>290</b>	<b>1,545</b>

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

<sup>1)</sup> 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 2.

EUR 1,000	1.1.-30.6.2023	1.1.-31.12.2022
Received payments related to loans that have been written-off	-	-
Change in ECL	-36	1,664
Realized credit losses	-	-1,498
<b>Expected credit losses from financial assets measured at amortised cost recognised in profit or loss</b>	<b>-36</b>	<b>166</b>

## 10 Subordinated debts

EUR 1,000	30.6.2023	31.12.2022
Tier 2 bond	14,878	14,870
<b>Total</b>	<b>14,878</b>	<b>14,870</b>

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 percent until 18 October 2024 and then onwards EUR 5-year mid-swap rate plus 5.33 percent. 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.

## 11 Equity capital

### Share capital

The company's share capital on 30 June 2023 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. 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.

## 12 Investments in subsidiaries

### Changes in subsidiary shareholdings 1.1.–30.6.2023

During the period, Taaleri Plc and Taaleri Investments Ltd sold part of their holdings in Taaleri Energia Ltd to key personnel in the renewable energy business. The Taaleri Group's joint ownership of Taaleri Energia Ltd and its subgroup decreased to 76.2 (79.4) percent. In addition, Taaleri Plc sold a 5.0 percent stake in Taaleri Real Estate Ltd to key personnel in the real estate business, and at the end of the period, Taaleri Group owned 75.0 percent of Taaleri Real Estate Ltd. Taaleri Private Equity Funds Ltd, on the other hand, sold a 3.0 percent stake in Taaleri Asuntorahasto VIII GP Oy to key personnel in the real estate business, and Taaleri Group's ownership in the company was 70.0 percent at the end of the period.

During the period, Taaleri Energia Holdings Sarl sold all the shares it owned in Taaleri Energia Development Holdings Sarl, Global Evenor SL and Global Berserker SL. The transactions were carried out as part of the sale of the project development portfolio built for the Taaleri SolarWind III fund.

### Changes in subsidiary shareholdings 1.1.–31.12.2022

Taaleri Plc established Taaleri Bioindustry Ltd during the financial year and sold 25.0 percent 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) percent. 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) percent.

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 percent 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.

**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**

	1.1.-30.6.2023	1.1.-31.12.2022
From an addition to the share owned in subsidiaries	-	-48
From a reduction in the share owned in subsidiaries, without loss of control	1,639	-110
<b>Net effect on equity</b>	<b>1,639</b>	<b>-158</b>

There is not a material non-controlling interest in the group.

## 13 Investments in associated companies

### Changes in associated company shareholdings 1.1.–30.6.2023

On 30 June 2023 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, Taaleri SolarWind III SPV, and Masdar Taaleri Generation. None of these is considered material to the Group.

During the period, Taaleri Investments Ltd participated with EUR 2.3 million in the financing round of Turun Toriparkki Oy, but due to the new investors who joined the company, Taaleri's ownership in Turun Toriparkki Oy was diluted to 39.3 (59.2) percent. In addition, after Taaleri sold all the shares it owned in Taaleri Energia Development Holdings Sarl, Domrel Nieruchomo ci Sp.z, which had previously been an associated company to Taaleri Group, also left the group.

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. During January–June 2023, from the results of the review period of the associated companies and other changes in their equity, a total of EUR 2.8 million has been consolidated into the Group and presented in the line item "Share of the result of associated companies". Associated companies have no discontinued operations, and no items of comprehensive income that would have been consolidated into the group.

## Changes in associated company shareholdings 1.1.–31.12.2022

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 Domrel 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 owned 17.50 percent 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 percent. Taaleri's shareholding in Turku Toriparkki Oy, on the other hand, increased to 59.2 percent during the financial year, but Taaleri owned 48.15 percent of the controlling shares, and therefore Turun Toriparkki Oy was 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 totalling EUR 3.8 million have been consolidated in the Group during the period, which is presented in the item "Share of associates' profit or loss". The share of the result of associated companies in 2022 includes also an impairment loss on the shares of Sepos Oy totalling EUR -2.3 million. Associated companies have no discontinued operations, and no items of comprehensive income that would have been consolidated into the group.

## 14 Conditional liabilities and contingent liabilities

<b>Commitments not recognised as liabilities, EUR 1,000</b>	<b>30.6.2023</b>	<b>31.12.2022</b>
Total gross exposures of guaranty insurance	1,856,088	1,861,598
Investment commitments	18,478	10,148
Credit limits (unused)	200	200
<b>Total</b>	<b>1,874,766</b>	<b>1,871,946</b>

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.

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.

## 15 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.

### Related party transactions with associated companies and related parties, EUR 1,000

<b>1.1.-30.6.2023</b>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
Associated companies	508	-	2,342	-
Other related parties	-	4	-	-

<b>1.1.-30.6.2022</b>	<b>Sales</b>	<b>Purchases</b>	<b>Receivables</b>	<b>Liabilities</b>
Associated companies	191	-	1,621	-
Other related parties	-	-	176	-

# TAALERI

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