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Taaleri Plc Financial Statements Bulletin

1 January–31 December 2022

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A good last quarter for Taaleri supported by EUR 12.4 million in performance fees, but investment operations weighed on income and operating profit

October–December 2022

- Continuing earnings grew by 2.1% to EUR 11.7 (11.4) million. The Private Asset Management segment's continuing earnings grew by 3.9% to EUR 5.7 (5.4) million and the Strategic Investments segment's continuing earnings by 2.4% to EUR 5.7 (5.5) million.
- Performance fees were EUR 12.4 (10.6) million, and net income from investment operations was EUR -6.7 (7.4) million.
- Income decreased to EUR 17.3 (29.4) million as a result of negative net income from investment operations.
- Operating profit was EUR 7.1 (14.7) million, corresponding to 41.0% of income.
- The assets under management in the Private Asset Management segment grew by 12.9% to EUR 2.5 (31 December 2021: 2.2) billion.
- Earnings per share were EUR 0.25 (0.42).

January–December 2022

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

This Financial Statements Bulletin has been prepared in accordance with IAS 34. The Financial Statements Bulletin is based on the audited Financial Statements of 2022. The auditor's report has been issued on 16 February 2023. Unless otherwise stated, the figures in parentheses in the Financial Statements Bulletin refer to the corresponding period of the previous year. See page 23 for further information of the accounting policies of this Financial Statements Bulletin.

Key figures

Group key figures	10–12/2022	10–12/2021	Change, %	1–12/2022	1–12/2021	Change, %
Earnings key figures						
Continuing earnings, MEUR	11.7	11.4	2.1	41.0	40.7	0.8
Income, MEUR	17.3	29.4	-41.2	63.2	69.7	-9.3
Operating profit, MEUR	7.1	14.7	-51.7	27.3	30.8	-11.3
Operating profit, %	41.0	49.9		43.2	44.2	
Profit for the period in consolidated income statement, MEUR	7.1	12.1	-41.2	21.3	136.1	-84.3
Return on equity*, %	14.3	21.5		9.9	75.0	
Balance sheet key figures						
Equity ratio, %	67.4	72.1		67.4	72.1	
Other key figures						
Cost/income ratio excluding investment operations	43.6	68.0		60.9	77.9	
Cost/income ratio	60.5	51.0		58.2	58.3	
Full-time permanent personnel, at the end of the period	106	104	1.9	106	104	1.9
Assets under management in Private Asset Management segment, BEUR	2.5	2.2	12.9	2.5	2.2	12.9
Guaranty insurance portfolio, BEUR	1.9	1.7	9.8	1.9	1.7	9.8

* Annualised



Review by CEO Peter Ramsay

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

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

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

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

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

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

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

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

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

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

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

Dividend proposal of the Board of Directors

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

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

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

Outlook and financial targets

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

Taaleri's long-term targets include:

- Continuing earnings growth at least 15 per cent
- Operating profit at least 25 per cent of income
- Return on equity at least 15 per cent.

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

Operating environment and market prospects

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

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

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

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

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

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

the lowest yield claims and in real estate properties. However, occupancy rates remained good in both the housing and commercial premises markets.

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

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

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

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

Financial result

Continuing earnings, income, and operating profit

Group, EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	11.7	11.4	2.1%	41.0	40.7	0.8%
Private Asset Management	5.7	5.4	3.9%	20.7	20.1	2.8%
Strategic Investments	5.7	5.5	2.4%	18.0	17.6	2.2%
Other	0.4	0.5	-23.9%	2.4	3.0	-20.1%
Income	17.3	29.4	-41.2%	63.2	69.7	-9.3%
Private Asset Management	18.9	16.2	16.3%	42.6	31.0	37.1%
Strategic Investments	2.9	9.4	-69.2%	8.1	30.3	-73.4%
Other	-4.5	3.8	n/a	12.6	8.4	50.4%
Operating profit	7.1	14.7	-51.7%	27.3	30.8	-11.3%
Private Asset Management	12.3	7.3	67.8%	18.6	7.5	>100.0%
Strategic Investments	1.6	7.3	-78.3%	3.2	24.4	-87.0%
Other	-6.8	-0.0	>-100.0%	5.5	-1.0	n/a

The Group's share of the result of associated companies is taken into account in the segment income. In addition, transit items that have no effect on the result for the financial year have been eliminated from segment income. Segment information and the reconciliation statement to the IFRS income statement are presented on pages 33-34.

October-December 2022

The Group's continuing earnings grew by 2.1% to EUR 11.7 (11.4) million in the review period. The Private Asset Management segment's continuing earnings grew by 3.9% and the Strategic Investments segment's continuing earnings by 2.4%. A total of EUR 12.4 million in performance fees was recognized, of which EUR 10.3 million was recognized in the renewable energy business. The Group's net income from investment operations was EUR -6.7 (7.4) million, of which EUR -2.8 (3.9) million was generated in the Strategic Investments segment and EUR -4.8 (3.3) million in the Other group. Taaleri recognized in the profit and loss EUR -3.8 million in impairment losses on non-strategic investments and EUR -1.7 million in changes in exchange rates.

The Group's operating expenses decreased by 30.6% to EUR 10.2 (14.7) million, of which personnel costs were EUR 3.8 (7.1) million and fee and commission expenses were EUR 3.0 (4.0) million. Personnel expenses in the comparison period include EUR 1.8 million in severance payments to the previous CEO. A total of EUR 1.2 million in fee and commission expenses was recognized for performance fees in the review period. Other operating expenses decreased by 4.7% from the comparison period. The Group's operating profit excluding net income from investment operations was EUR 13.8 (7.3) million.

corresponding to 57.5% (33.2) of income excluding investment operations. The Group's operating profit was EUR 7.1 (14.7) million, corresponding to 41.0% (49.9) of income.

In the consolidated income statement, which applies the IFRS 5 standard, the income from continuing operations totalled EUR 20.1 (30.2) million, a decrease of 33.4%. Net income from insurance operations totalled EUR 2.4 (8.4) million, which included EUR 5.7 (5.5) million in net income from guaranty insurance operations and EUR -3.3 (2.8) million in net income from investment operations. Return on investments at fair value from insurance operations was -0.4% (0.9). In the consolidated income statement, the profit for the period was EUR 7.1 (12.1) million and the Group's total comprehensive income was EUR 9.0 (10.9) million.

January–December 2022

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

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

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

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

Balance sheet, investments, and financing

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

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

Business segments

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

The segment-specific income statements are presented on pages 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. 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	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	5.7	5.4	3.9%	20.7	20.1	2.8%
Performance fees	12.4	10.6	16.7%	19.4	11.4	69.7%
Investment operations	0.8	0.2	>100.0%	2.5	-0.5	n/a
Income	18.9	16.2	16.3%	42.6	31.0	37.1%
Operating profit	12.3	7.3	67.8%	18.6	7.5	>100.0%
Allocation of financing expenses	-0.4	-0.6	-36.0%	-1.8	-2.3	-19.4%
Profit before tax	11.9	6.7	77.8%	16.8	5.2	>100.0%
Full-time permanent personnel, at the end of the period	72	67	7.5%	72	67	7.5%

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

Renewable energy

Renewable energy, EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	3.8	4.2	-9.6%	14.6	15.2	-4.4%
Performance fees	10.3	5.4	92.1%	10.3	6.2	67.3%
Investment operations	-1.0	0.6	n/a	0.9	0.6	39.5%
Income	13.1	10.2	28.9%	25.8	22.0	16.9%
Operating profit	9.0	5.3	68.2%	11.5	7.6	51.4%
Allocation of financing expenses	-0.3	-0.4	-28.3%	-1.3	-1.5	-16.0%
Profit before tax	8.7	4.9	76.8%	10.2	6.1	68.7%
Full-time permanent personnel, at the end of the period	42	36	16.7%	42	36	16.7%
Assets under management, EUR billion	1.4	1.2	14.2%	1.4	1.2	14.2%

October–December 2022

Management fees for the renewable energy business remained on a par with the comparison period but continuing earnings from the business nevertheless decreased by 9.6% to EUR 3.8 (4.2) million in the last quarter. A total of EUR 10.3 (5.4) million in performance fees was recognized, of which EUR 8.8 million is based on a management estimate. The result of investment operations in the review period was EUR -1.0 (0.6) million, which was from exchange rate changes in the holding of a wind power project in the United States. Income from the renewable energy business grew by 28.9% to EUR 13.1 (10.2) million due to performance fees. Operating expenses totalled EUR 4.1 (4.8) million, of which fee and commission expenses were EUR 1.9 (1.9) million and personnel costs were EUR 1.1 (1.7) million. Operating profit for the renewable energy business was EUR 9.0 (5.3) million, corresponding to 68.6% (52.6) of income.

The renewable energy business started fundraising for the Taaleri SolarWind III fund, which was announced during the review period and is classified as a dark green fund under Article 9 of the EU's Sustainable Finance Disclosure Regulation. The 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, Iberia and Texas in the United States. The fund will be seeded with a portfolio of 25–35 development projects assembled by Taaleri Energia, which already included 20 projects at the end of the financial year.

January–December 2022

Continuing earnings from the renewable energy business decreased in the past financial year by 4.4% to EUR 14.6 (15.2) million, with the comparison period including EUR 0.9 million in non-recurring fees from the last closing of the Taaleri SolarWind II

fund. Income increased by 16.9% to EUR 25.8 (22.0) million. A total of EUR 10.3 (6.2) million in performance fees was recognized in the past financial year, of which EUR 8.8 million is based on a management estimate. The result of investment operations in the renewable energy business for the financial year was EUR 0.9 (0.6) million, consisting mainly of exchange rate changes.

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

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

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

Other private asset management

Other private asset management, EUR million	10–12/2022	10–12/2021	Change, %	1–12/2022	1–12/2021	Change, %
Continuing earnings	1.9	1.3	47.5%	6.1	4.9	25.0%
Performance fees	2.0	5.2	-60.8%	9.0	5.2	72.5%
Investment operations	1.8	-0.5	n/a	1.6	-1.2	n/a
Income	5.8	6.1	-4.7%	16.8	9.0	86.6%
Operating profit	3.3	2.0	66.5%	7.1	-0.2	n/a
Allocation of financing expenses	-0.1	-0.2	-51.9%	-0.5	-0.7	-26.6%
Profit before tax	3.2	1.8	80.3%	6.6	-0.9	n/a
Full-time permanent personnel, at the end of the period	30	31	-3.2%	30	31	-3.2%
Assets under management, EUR billion	1.1	1.0	11.4%	1.1	1.0	11.4%

October–December 2022

Continuing earnings from Taaleri's real estate, bioindustry and other businesses in the last quarter grew by 47.5% to EUR 1.9 (1.3) million due to successful product launches. EUR 2.0 (5.2) million in performance fees were recognized. Income from Taaleri's real estate, bioindustry and other businesses fell to EUR 5.8 (6.1) million due to decreased performance fees. 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 2.4 (4.1) million, of which personnel costs were EUR 0.9 (1.6) million and fee and commission expenses were EUR 0.9 (1.9) million. Of the fee and commission expenses, EUR 0.4 (1.3) million were related to performance fees. Operating profit from Taaleri's real estate, bioindustry and other businesses was EUR 3.3 (2.0) million, corresponding to 57.8% (33.1) of income.

The real estate business carried out one acquisition for Aktia's special mutual fund in its portfolio management in the fourth quarter. In the real estate business, the investment operations of funds proceeded as expected in the review period despite the general slowdown in the real estate investment market.

The first fund of the bioindustry business, Taaleri Bioindustry I, continued its fundraising during the review period and made its first two investments. The investees are Colombier, a company producing ecological packaging, and Nordtreat, a company producing bio-based flame retardants. New capital was also raised during the review period for a co-investment project to be invested in Joensuu Biocoal Oy, a bioindustrial plant to be built in Joensuu.

January–December 2022

Continuing earnings from Taaleri's real estate, bioindustry and other businesses during the past financial year grew by 25.0% to EUR 6.1 (4.9) million. A total of EUR 9.0 (5.2) million in performance fees were recognized during the financial year from the Taaleri Datacenter Ky co-investment after its exit of Ficolo Ltd, from the sale of the Taaleri Daycare Properties fund units, and EUR 2.0 million based on a management estimate. Income increased in the financial year by 86.6% to EUR 16.8 (9.0) million due

to performance fees and profitable net income from investment operations. In line with its strategy, Taaleri is investing in the growth of the private asset management business, and this is reflected on a front-loaded basis in the increase in the number of employees and personnel costs. Operating expenses in Other private asset management totalled EUR 9.7 (9.2) million, of which personnel costs were EUR 4.2 (3.7) million and fee and commission expenses were EUR 3.1 (3.9) million. Operating expenses include an EUR 0.3 million write-down of goodwill as a result of the winding up of the infrastructure business. Operating profit in the financial year was EUR 7.1 (-0.2) million, corresponding to 42.3% (negative in the comparison period) of income.

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

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

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

Taaleri's private equity funds in a table

Renewable energy, EUR million	Founded	Product	Business area	AUM Q4 2022	Stage of the fund
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Investing period
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Investing period
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Investing period
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				1,379	
Other private asset management, EUR million	Founded	Product	Business area	AUM Q4 2022	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate		Invested
Taaleri Forest Fund III Ky	2014	Private equity fund	Real estate		Invested
Taaleri Housing Fund IV Ky	2010	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Investing period
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Investing period
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate		Fundraising
Managed accounts	2021-	Managed accounts	Real estate		Investing period
Real estate total				816	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Investing period
Joensuu Biocoal	2021	Co-investment	Bioindustry		Fundraising
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Fundraising
Bioindustry total				163	
Other funds total				158	
Other private asset management total				1,137	
Taaleri's Private Asset Management segment total, EUR million				2,516	

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

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

Strategic Investments

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

Strategic Investments, EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	5.7	5.5	2.4%	18.0	17.6	2.2%
Performance fees	-	-	-	-	-	-
Investment operations	-2.8	3.9	n/a	-9.9	12.7	n/a
Income	2.9	9.4	-69.2%	8.1	30.3	-73.4%
Operating profit	1.6	7.3	-78.3%	3.2	24.4	-87.0%
Allocation of financing expenses	-0.5	-0.5	0.0%	-1.9	-1.8	7.0%
Profit before tax	1.1	6.9	-83.7%	1.3	22.6	-94.4%
Full-time permanent personnel, at the end of the period	18	22	-18.2%	18	22	-18.2%

Garantia

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

Garantia, EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Net income from guaranty insurance operations	5.7	5.5	2.5%	18.0	17.6	2.3%
- of which Earned premiums, net	5.7	5.7	0.2%	18.2	17.9	2.1%
- of which Claims incurred, net	-0.1	-0.2	-72.2%	-0.3	-0.3	-9.5%
Net income from investment operations	-3.3	2.8	n/a	-8.5	10.3	n/a
Other income	0.0	0.0	-70.3%	0.0	0.0	-64.8%
Income	2.4	8.4	-71.6%	9.5	27.9	-65.9%
Operating expenses	-1.3	-2.1	-37.2%	-4.9	-5.9	-17.1%
Operating profit	1.1	6.3	83.2%	4.6	22.0	-79.0%
Allocation of financing expenses	-0.5	-0.5	0.0%	-1.9	-1.8	7.0%
Profit before tax	0.6	5.8	-90.0%	2.7	20.2	-86.5%
Return on investments at fair value, %	2.7	-1.4	n/a	-10.1	-1.0	>100%
Result at fair value before tax	3.3	4.4	-24.5%	-7.4	19.3	n/a
Full-time permanent personnel, at the end of the period	18	22	-18.6%	18	22	-18.2%

Garantia	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Claims ratio, %	0.9%	3.1%	-2.2%-p.	1.5%	1.7%	-0.2%-p.
Expense ratio, %	23.1%	36.8%	-13.7%-p.	26.8%	33.1%	-6.3%-p.
Combined ratio, %	23.9%	39.9%	-16.0%-p.	28.4%	34.8%	-6.4%-p.
Return on investments at fair value, %	-0.4%	0.9%	-1.2%-p.	-11.2%	6.1%	-17.3%-p.

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

October–December 2022

Garantia's income in October–December 2022 was EUR 2.4 (8.4) million. The net income from guaranty insurance operations grew by 2.5% to EUR 5.7 (5.5) million. The growth resulted from lower level of claims incurred compared to the corresponding period last year, as earned premiums remained at the level seen in the period of comparison. The decrease in overall income was caused by the weakening of net income from investment operations down to EUR -3.3 (2.8) million. During the review period, net income from investment operations suffered especially from rising market interest rates and widening credit spreads, which negatively affected the valuations of fixed-income investments.

Operating expenses were EUR 1.3 (2.1) million, of which personnel expenses amounted to EUR 0.7 (1.2) million. Operating expenses came down from the period of comparison mainly on account of decreased variable personnel expenses.

The operating profit was EUR 1.1 (6.3) million. The result at fair value before tax was EUR 3.3 (4.4) million. The combined ratio (IFRS) improved to 23.9% (39.9).

January–December 2022

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

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

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

Insurance operations

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

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

Claims incurred in the year amounted to EUR 0.3 (0.3) million. Claims ratio (IFRS) remained at a low level at 1.5% (1.7), and the ratio of claims, as a percentage of the guaranty insurance exposure¹, was 0.03% (0.04). The level of claims incurred in the review period remained overall low.

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

Investment operations

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

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.

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

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

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

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

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

The principal industry sectors in the corporate portfolio were manufacturing at 23.8% (28.3), construction at 17.2% (25.6), wholesale and retail trade at 15.6% (10.4), and financial and insurance services at 13.1% (5.5). The shares of other industry sectors were all less than 10% each.

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

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

Credit rating

On 7th November 2022, Standard & Poor's Global Ratings (S&P) confirmed Garantia Insurance Company's credit rating as A- with a stable outlook². 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	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	-	-	-	-	-	-
Performance fees	-	-	-	-	-	-
Investment operations	0.5	1.1	-49.5%	-1.5	2.4	n/a
Income	0.5	1.1	-49.5%	-1.5	2.4	n/a
Operating profit	0.5	1.1	-49.5%	-1.5	2.4	n/a
Profit before tax	0.5	1.1	-49.5%	-1.5	2.4	n/a

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

October–December 2022

In October–December the shareholding produced EUR 0.5 (0.6) million positive change in fair value. The closing price for Aktia's share at the end of the financial year was EUR 10.22 (31.12.2021: 12.28) and the market value of the shareholding was EUR 10.0 (12.0) million.

January–December 2022

The shareholding produced during the financial year EUR -2.0 (2.0) million change in fair value and EUR 0.5 (0.4) million of dividends.

Other

The group Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. On 31 December 2022, Taaleri's non-strategic investments totalled EUR 25.2 (23.7) million. The change in the portfolio during the financial year is mainly due to the transfer of real estate and other investments from the Private Asset Management segment's investments to non-strategic investments amounting EUR 8.2 million, the capitalization of Fellow Bank Plc amounting EUR 2.5 million, the exits carried out during the financial year, and the write-downs of the non-strategic investments amounting EUR -3.8 million. The Group investments are presented in further detail under segment information on pages 35–36.

Other, EUR million	10-12/2022	10-12/2021	Change, %	1-12/2022	1-12/2021	Change, %
Continuing earnings	0.4	0.5	-23.9%	2.4	3.0	-20.1%
Performance fees	-	-	-	-	-	-
Investment operations	-4.8	3.3	n/a	10.2	5.4	88.9%
Income	-4.5	3.8	n/a	12.6	8.4	50.4%
Operating profit	-6.8	-0.0	n/a	5.5	-1.0	n/a
Profit before tax	-6.2	0.9	n/a	8.3	0.7	>100.0%
Full-time permanent personnel, at the end of the period	16	15	6.7%	16	15	6.7%

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

October–December 2022

In the last quarter of the year, the income of the Other group totalled EUR -4.5 (3.8) million, consisting of continuing earnings of EUR 0.4 (0.5) million and net income from investment operations of EUR -4.8 (3.3) million. Net income from investment operations for the review period was materially affected by impairments made on non-strategic investments of EUR -3.8 million and negative exchange rate changes of EUR -0.5 million.

Operating expenses were EUR 2.4 (3.8) million, of which personnel costs amounted to EUR 1.1 (2.6) million. Personnel expenses in the comparison period include EUR 1.8 million in severance payments to the previous CEO. The Other group's operating profit (loss) in the last quarter of the year was EUR -6.8 (-0.0) million.

January–December 2022

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

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

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

Sustainability

Focuses in 2022

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

Focuses in 2023

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

Progress Q4/2022

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

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

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

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

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

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

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

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

In 2023, we will continue to focus on advancing our emission targets in our sustainability work. We are also investing more in knowing our value chain, assessing and measuring its sustainability impacts and ensuring appropriate operating methods. In addition, we are focusing on measuring and monitoring our own direct sustainability impacts. More accurate measurement

and reporting of sustainability data will also help us prepare for tighter regulation. The fourth focus of our responsibility work in 2023 is the development and assessment of the wellbeing, equality and diversity of our personnel.

Changes in Group structure

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

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

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

Annual General Meeting 2022

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

Decisions of Taaleri Plc's Annual General Meeting

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

Deciding on dividend distribution

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

Deciding on the remuneration of members of the Board of Directors

The General Meeting decided that the members of the Board of Directors be paid annual remuneration as follows:

- Chairperson of the Board EUR 55,000 per year
- Deputy Chairperson of the Board EUR 41,000 per year
- Chairperson of the Audit Committee EUR 41,000 per year
- Member of the Board EUR 35,000 per year

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

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

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

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

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

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

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

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

Selecting the auditor and deciding on the auditor's remuneration

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The maximum ratio between fixed and variable components of remuneration

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

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

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

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

Taaleri's personnel

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

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

Incentive schemes

Performance Share Plan 2021–2025

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

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

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

CEO's option plan

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

Employee Share Savings Plan: Plan period 2022–2025

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

Matching Share Plan 2022

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

Changes In Taaleri's management

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

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

Shares and share capital

Taaleri's share on Nasdaq Helsinki

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

* Volume weighted average

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

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

Flaggings during January–December 2022

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

Shareholders by sector 31.12.2022

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

Shareholders by the number of shares held 31.12.2022

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

Ten biggest shareholders 31.12.2022

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

Shares owned by the Board of Directors 31.12.2022

The shareholdings include organizations with controlling interests.

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

Shares owned by the Group Executive Management Team 31.12.2022

The shareholdings include organizations with controlling interests.

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

Share price development

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



Capital adequacy

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

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

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

Solvency according to the Insurance Companies Act (Solvency II)

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

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

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

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

Risk management and risk position

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

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

Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk and operational risk (including compliance risk). Sustainability- and climate risks include in the risks abovementioned. Taaleri's risks and risk management are described in more detail in Note 39 on pages 86–96 of the 2021 financial statements, which is attached to the 2021 annual report.

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

Segment-specific risks

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

Private Asset Management segment

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

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

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

Strategic Investments segment

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

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

Other group

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

Short term risks and concerns

The Russian invasion of Ukraine in late February increased uncertainty in the operating environment. Since Taaleri has no business operations or investments in Russia or Ukraine, the changed geopolitical situation does not have a direct impact on our business. However, the war may increase the country risk in Finland and cause uncertainty among investors. The strong transition to renewable energy may intensify competition in project development and, in turn, increase costs. Interest rates

have risen, risk premiums have increased, and inflation has accelerated. This has prompted central banks to tighten monetary policy considerably, which has increased the likelihood of a recession. The impact of the pandemic is expected to diminish as COVID-19 restrictions have been lifted despite the spread of new variants.

Taaleri's risks and risk management are described in more detail in Note 39 on pages 86–96 of the 2021 financial statements, which is attached to the 2021 annual report.

Material events after the financial period

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

Helsinki, 16 February 2023
Taaleri Plc
Board of Directors

Additional info

CEO Peter Ramsay, +358 50 343 7493, peter.ramsay@taaleri.com
CFO Minna Smedsten, +358 40 700 1738, minna.smedsten@taaleri.com
Head of Communications and IR Siri Markula, +358 40 743 2177, siri.markula@taaleri.com

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 February 16, 2023, at 11:00 EET at Hotel Kämp, Symposium room, Pohjoisesplanadi 29, Helsinki. The webcast can be followed online at: <https://taaleri.videosync.fi/q4-2022-results>. The event will be recorded and available later on Taaleri's investor pages at www.taaleri.com/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 2.5 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

Accounting policies of the Financial Statements Bulletin

Taaleri's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This Financial Statement Bulletin has been prepared in accordance with IAS 34. The Financial Statements Bulletin is based on the audited Financial Statements of 2022. The auditor's report has been issued on 16 February 2023. The Financial Statements Bulletin has been published in Finnish and English. The Finnish Financial Statements Bulletin is official and is used if there is a discrepancy between the language versions. All figures in the accounts have been rounded and consequently the sum of individual figures can deviate from the presented sum figure.

The accounting policies of the Financial Statements Bulletin are substantially the same as those presented in Taaleri's Financial Statements for 2021, except for the amendments to IFRS standards that came into force on 1 January 2022. The revised standards and interpretations do not have a material impact on the reported result or financial position.

New and revised standards to be applied later: IFRS 17

IFRS 17 Insurance Contracts was issued on 18 May 2017. The standard was endorsed by the EU on 19 November 2021 and it will become applicable on 1 January 2023. IFRS 17 was issued as a replacement for IFRS 4 Insurance Contracts. The overall objective of IFRS 17 is to provide better information on the financial position and profitability of insurance companies. The purpose of the standard is to increase the transparency and improve the comparability of financial statements. Accounting under IFRS 17 differs in principle from both the measurement methods under IFRS 4, and from the calculation methods applied under Solvency II, a framework used by insurance companies to calculate capital adequacy. This results in mutually different valuations of insurance liabilities in the frameworks. IFRS 17 harmonizes the accounting for insurance liabilities and the application of local accounting policies will no longer be allowed. Under IFRS 17 the insurance liability will be measured at fair value.

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

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

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

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

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

The standard is applied retrospectively to financial periods starting on or after January 1, 2023, with the transition date being January 1, 2022. Each group of insurance contracts is valued as if IFRS 17 had always applied. The negative net difference, approximately EUR 1.5–2.5 million, arising from the valuation of groups of insurance contracts at the time of transition is

recognized in Group's equity. The insurance liability measured according to IFRS 17 standard will be on the transition date, January 1, 2022, approximately EUR 40.0–42.0 million, including a Contractual Service Margin (CSM) of approximately EUR 32.0–34.0 million.

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

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

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

Key figures

The Group

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

	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Income, EUR 1,000	20,149	30,245	61,030	72,629
Operating profit (-loss), EUR 1,000	7,098	14,686	27,372	28,785
- as percentage of income	35.2%	48.6%	44.8%	39.6%
Segments' operating profit excluding investment operations, EUR 1,000	13,826	7,313	24,517	13,234
- as percentage of segments' income	57.5%	33.2%	40.6%	25.4%
Net profit for the period, EUR 1,000	7,097	12,071	21,323	136,126
- as percentage of income	35.2%	39.9%	34.9%	187.4%
Basic earnings per share, EUR	0.25	0.42	0.73	4.81
Diluted earnings per share, EUR	0.24	0.42	0.72	4.71
Return on equity % (ROE) ¹⁾	14.3%	21.5%	9.9%	75.0%
Return on equity at fair value % (ROE) ¹⁾	18.1%	19.4%	4.3%	74.8%
Return on assets % (ROA) ¹⁾	9.6%	15.0%	6.9%	46.4%
Cost/income ratio	61.1%	51.8%	59.5%	58.9%
Cost/income ratio excluding investment operations	44.1%	67.2%	62.0%	80.7%
Price/earnings (P/E) ¹⁾	11.2	6.6	15.3	2.3
Full-time permanent personnel, at the end of the period	106	104	106	104
Equity ratio -%	67.4%	72.1%	67.4%	72.1%
Net gearing -%	-15.6%	-16.7%	-15.6%	-16.7%
Equity/share, EUR	7.18	8.14	7.18	8.14
Dividend or distribution of funds /share, EUR ²⁾	-	-	0.70	2.20
Dividend or distribution of funds / earnings, %	-	-	96.1%	45.8%
Effective dividend yield, %	-	-	6.3%	19.6%
Loan receivables, EUR 1,000	6,243	6,021	6,243	6,021
Number of shares at the end of period ³⁾	28,305,620	28,305,620	28,305,620	28,305,620
Average number of shares ³⁾	28,305,620	28,305,620	28,305,620	28,305,620
Share average price, EUR	10.48	10.80	11.37	10.15
- highest price, EUR	11.60	11.50	14.82	12.50
- lowest price, EUR	8.97	9.82	8.97	7.80
- closing price, EUR	11.18	11.20	11.18	11.20
Market capitalization, EUR 1,000 ³⁾	316,457	317,023	316,457	317,023
Shares traded, thousands	746	1,051	5,606	7,826
Shares traded, %	3%	4%	20%	28%

1) Annualized.

2) Distribution of funds EUR 0.70 per share for the financial year 2022 represents Board of Directors' proposal for a dividend for the result of the financial year 2022. Distribution of funds EUR 2.20 per share for the financial year 2021 is distributed as follows: Annual General Meeting's decision for the result of the financial year 2021 EUR 1.20 per share and an additional dividend and return of capital of EUR 1.00 per share distributed on 8 June 2021.

3) Reduced by own shares acquired.

Insurance operations key figures

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

EUR 1,000	10-12/2022	10-12/2021	1-12/2022	1-12/2021
Net income from insurance	5,659	5,519	17,969	17,561
Earned premiums, net	5,708	5,694	18,244	17,865
Claims incurred, net	-49	-175	-275	-304
Other income	3	11	15	44
Net income from investment operations	-3,288	2,844	-8,453	10,315
Operating expenses	-1,317	-2,096	-4,897	-5,907
Allocation of financing expenses	-475	-475	-1,900	-1,775
Profit before tax	582	5,803	2,733	20,237
Change in fair value of investments	2,721	-1,425	-10,141	-967
Profit before tax at fair value	3,303	4,378	-7,408	19,270
Combined ratio, %	23.9%	39.9%	28.4%	34.8%
Claims ratio, %	0.9%	3.1%	1.5%	1.7%
Expense ratio, %	23.1%	36.8%	26.8%	33.1%
Return on investments at fair value, %	-0.4%	0.9%	-11.2%	6.1%
Solvency ratio (S2), % ¹⁾	231.3%	219.2%	231.3%	219.2%
Insurance exposure, EUR million	1,862	1,695	1,862	1,695

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

Key figures accounting principles

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	$\frac{\text{Fee and commission expense} + \text{interest and other financing expense} + \text{administrative expenses} + \text{depreciation} + \text{other operating expenses}}{\text{Fee and commission income} + \text{net income from guaranty insurance operations} + \text{interest income} + \text{other operating income}}$
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, %
Claims ratio (IFRS), %	$\frac{\text{Claims incurred, net} \times 100}{\text{Earned premiums, net}}$ This key figure is calculated after the share of the reinsurers.
Expense ratio (IFRS), %	$\frac{\text{Operating expenses} \times 100}{\text{Earned premiums, net}}$ This key figure is calculated after the share of the reinsurers.
Solvency ratio (S2), %	$\frac{\text{Basic own funds} \times 100}{\text{Solvency capital requirement (SCR)}}$

Consolidated income statement

EUR 1,000	Note	1.10.- 31.12.2022	1.10.- 31.12.2021	1.1.- 31.12.2022	1.1.- 31.12.2021
Fee and commission income	1	18,504	16,642	42,945	32,211
Net income from insurance	2	2,371	8,363	9,515	27,875
From guaranty insurance operations		5,659	5,519	17,969	17,561
From investment operations		-3,288	2,844	-8,453	10,315
Net gains or net losses on trading in securities and foreign currencies	3	-907	3,845	5,454	8,038
Income from equity investments	4	50	585	1,816	2,163
Interest income	5	91	388	1,139	1,475
Other operating income	6	39	421	159	867
Total income		20,149	30,245	61,030	72,629
Fee and commission expense		-3,157	-4,267	-10,035	-8,325
Administrative expenses					
Personnel costs		-3,891	-7,227	-16,593	-20,674
Other administrative expenses		-1,876	-1,880	-6,076	-5,295
Depreciation, amortisation and impairment of tangible and intangible assets		-223	-205	-1,203	-788
Other operating expenses		-1,322	-1,596	-3,715	-4,615
Expected credit losses from financial assets measured at amortised cost	10	11	25	166	-2,235
Impairment losses on loans and other receivables		-	-11	-	-649
Share of associates' profit or loss		-2,592	-398	3,797	-1,263
Operating profit		7,098	14,686	27,372	28,785
Interest and other financing expenses		-255	-272	-953	-2,362
Income tax expense		253	-2,343	-5,096	-5,199
Profit from continuing operations		7,097	12,071	21,323	21,224
Discontinued operations					
Profit from discontinued operations (attributable to owners of the parent company)		-	-	-	114,902
Profit for the period		7,097	12,071	21,323	136,126
Consolidated statement of comprehensive income		1.10.- 31.12.2022	1.10.- 31.12.2021	1.1.- 31.12.2022	1.1.- 31.12.2021
Profit for the period		7,097	12,071	21,323	136,126
Items that may be reclassified to profit or loss					
Translation differences		-72	24	42	71
Changes in the fair value reserve		2,721	-1,425	-10,141	-967
Income tax		-544	285	2,028	193
Items that may be reclassified to profit or loss in total		2,105	-1,116	-8,071	-703
Items that may not be reclassified to profit or loss					
Changes in the fair value reserve		-259	-40	-3,986	441
Income tax		52	8	99	-88
Items that may not be reclassified to profit or loss in total		-207	-32	-3,887	353
Total comprehensive income for the period		8,995	10,923	9,364	135,775
Profit for the period attributable to:					
Owners of the parent company		7,037	11,997	20,617	136,088
Non-controlling interests		59	74	706	38
Total		7,097	12,071	21,323	136,126
Total comprehensive income for the period attributable to:					
Owners of the parent company		8,935	10,849	8,658	135,737
Non-controlling interests		59	74	706	38
Total		8,995	10,923	9,364	135,775
Earnings per share for profit attributable to the shareholders of the parent company		1.10.- 31.12.2022	1.10.- 31.12.2021	1.1.- 31.12.2022	1.1.- 31.12.2021
Basic earnings per share, continuing operations		0.25	0.42	0.73	0.75
Diluted earnings per share, continuing operations		0.24	0.42	0.72	0.73
Basic earnings per share, discontinued operations		0.00	0.00	0.00	4.06
Diluted earnings per share, discontinued operations		0.00	0.00	0.00	3.98
Basic earnings per share, profit for the period		0.25	0.42	0.73	4.81
Diluted earnings per share, profit for the period		0.24	0.42	0.72	4.71

Consolidated quarterly income statement

EUR 1,000	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Fee and commission income	18,504	12,689	5,662	6,089	16,642
Net income from insurance	2,371	5,524	102	1,519	8,363
From guaranty insurance operations	5,659	4,430	4,008	3,872	5,519
From investment operations	-3,288	1,094	-3,906	-2,354	2,844
Net gains or net losses on trading in securities and foreign currencies	-907	1,410	6,157	-1,206	3,845
Income from equity investments	50	-78	586	1,258	585
Interest income	91	318	333	397	388
Other operating income	39	50	44	26	421
Total income	20,149	19,914	12,883	8,084	30,245
Fee and commission expense	-3,157	-2,633	-2,125	-2,120	-4,267
Administrative expenses					
Personnel costs	-3,891	-4,174	-4,363	-4,164	-7,227
Other administrative expenses	-1,876	-1,290	-1,681	-1,229	-1,880
Depreciation, amortisation and impairment of tangible and intangible assets	-223	-211	-559	-210	-205
Other operating expenses	-1,322	-596	-1,130	-667	-1,596
Expected credit losses from financial assets measured at amortised cost	11	181	-20	-6	25
Impairment losses on loans and other receivables	-	-	-	-	-11
Share of associates' profit or loss	-2,592	7,289	-566	-334	-398
Operating profit	7,098	18,480	2,439	-646	14,686
Interest and other financing expenses	-255	-210	-232	-257	-272
Income tax expense	253	-2,902	-2,124	-322	-2,343
Profit for the period	7,097	15,367	83	-1,225	12,071

Consolidated statement of comprehensive income	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Profit for the period	7,097	15,367	83	-1,225	12,071
Items that may be reclassified to profit or loss					
Translation differences	-72	35	57	21	24
Changes in the fair value reserve	2,721	-1,055	-7,016	-4,791	-1,425
Income tax	-544	211	1,403	958	285
Items that may be reclassified to profit or loss in total	2,105	-809	-5,556	-3,812	-1,116
Items that may not be reclassified to profit or loss					
Changes in the fair value reserve	-259	-2,478	-1,243	-6	-40
Income tax	52	496	-450	1	8
Items that may not be reclassified to profit or loss in total	-207	-1,983	-1,693	-4	-32
Total comprehensive income for the period	8,995	12,576	-7,166	-5,041	10,923

Profit for the period attributable to:

Owners of the parent company	7,037	15,081	34	-1,536	11,997
Non-controlling interests	59	286	50	311	74
Total	7,097	15,367	83	-1,225	12,071

Total comprehensive income for the period attributable to:

Owners of the parent company	8,935	12,290	-7,215	-5,352	10,849
Non-controlling interests	59	286	50	311	74
Total	8,995	12,576	-7,166	-5,041	10,923

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

Consolidated balance sheet

Assets, EUR 1,000	Note	31.12.2022	31.12.2021
Receivables from credit institutions	7, 8	46,817	53,255
Receivables from the public and general government	7, 8	6,243	6,021
Shares and units	7, 8	44,462	41,546
Assets classified as held for sale	9	-	5,246
Participating interests	7, 8, 16	3,708	8,889
Insurance assets	7, 8	153,898	168,973
Insurance assets		1,381	3,119
Investments		152,517	165,854
Intangible assets		355	711
Goodwill		347	696
Other intangible assets		8	15
Tangible assets		421	1,149
Owner-occupied properties		83	746
Other tangible assets		338	403
Other assets		13,206	13,669
Accrued income and prepayments		28,510	16,921
Deferred tax assets		3,150	2,343
		300,770	318,723
<hr/>			
Liabilities, EUR 1,000		31.12.2022	31.12.2021
Liabilities		98,075	88,975
Liabilities to the public and general government	7, 8	410	-
Insurance liabilities		43,950	39,421
Other liabilities		1,749	3,318
Accrued expenses and deferred income		19,620	14,172
Deferred tax liabilities		17,476	16,580
Derivative contracts	11	-	630
Subordinated debt	12	14,870	14,854
Equity Capital	13	202,695	229,747
Share capital		125	125
Reserve for invested non-restricted equity		18,831	18,831
Fair value reserve		-13,285	-1,285
Translation difference		23	-18
Retained earnings or loss		176,785	76,694
Profit or loss for the period		20,617	136,088
Non-controlling interest		-400	-687
		300,770	318,723

Consolidated statement of cash flows

EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Cash flow from operating activities:		
Operating profit (loss)	27,372	28,785
Depreciation	855	788
Change in goodwill	348	-
Other adjustments		
Changes in fair value of investments	7,118	-9,784
Other adjustments	3,276	1,061
Interest and other financing expenses	-936	-2,362
Cash flow before change in working capital	38,032	18,487
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-2,347	500
Increase (-)/decrease (+) in current interest-free receivables	-9,536	-8,348
Increase (+)/decrease (-) in current interest-free liabilities	4,048	7,066
Cash flow from operating activities before financial items and taxes	30,198	17,705
Direct taxes paid (-)	-1,798	-3,774
Cash flow from operating activities from continuing operations	28,400	13,931
Cash flow from operating activities from discontinued operations	-	115,339
Cash flow from operating activities (A)	28,400	129,270
Cash flow from investing activities:		
Investments in tangible and intangible assets	-	-360
Investments in subsidiaries and associated companies net of cash acquired	7,849	-1,186
Other investments	-9,173	-10,830
Cash flow from investing activities from continuing operations	-1,324	-12,376
Cash flow from investing activities from discontinued operations	-	-382
Cash flow from investing activities (B)	-1,324	-12,759
Cash flow from financing activities:		
Changes in share-based incentives	359	-1,479
Transactions with non-controlling interests	-224	29
Decrease in debt securities issued to the public	-	-35,000
Decrease in non-current liabilities	-	-15,000
Dividends paid and other distribution of profit		
To owners of the parent company	-33,967	-37,363
To non-controlling shareholders	-93	-228
Cash flow from financing activities from continuing operations	-33,515	-89,042
Cash flow from financing activities from discontinued operations	-	-
Cash flow from financing activities (C)	-33,515	-89,042
Increase/decrease in cash and cash equivalents (A+B+C)	-6,438	27,469
Cash and cash equivalents at beginning of period	53,255	25,786
Cash and cash equivalents at end of period / Group	46,817	53,255
Net change in cash and cash equivalents	-6,438	27,469

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
2022, EUR 1,000								
31.12.2021	125	-1,285	18,831	-18	212,782	230,435	-687	229,747
Changes to previous periods *)					-979	-979	-217	-1,196
1.1.2022	125	-1,285	18,831	-18	211,803	229,456	-905	228,551
Total comprehensive income for the financial period		-12,000		42	20,617	8,658	706	9,364
Earnings for the period					20,617	20,617	706	21,323
Other comprehensive income items		-12,000		42		-11,959		-11,959
Distribution of profit					-33,967	-33,967	-93	-34,060
Dividend of EUR 1.20/share					-33,967	-33,967		-33,967
Distribution of profit for subgroup						-	-93	-93
Share-based payments payable as equity					-848	-848		-848
Transactions with non-controlling interests					-158	-158	-109	-267
Other					-46	-46		-46
31.12.2022	125	-13,285	18,831	23	197,401	203,095	-400	202,695
2021, EUR 1,000								
1.1.2021	125	-864	35,814	-89	99,215	134,202	-1,134	133,068
Total comprehensive income for the financial period		-421		71	136,088	135,737	38	135,775
Earnings for the period					136,088	135,088	38	136,126
Other comprehensive income items		-421		71		-351		-351
Distribution of profit			-16,983		-20,380	-37,363	-228	-37,591
Dividend EUR 0.72/share					-20,380	-20,380		-20,380
Return of capital EUR 0.60/share			-16,983			-16,983		-16,983
Distribution of profit for subgroup						-	-228	-228
Share-based payments payable as equity					-2,168	-2,168		-2,168
Transactions with non-controlling interests					29	29	635	663
Other					-2	-2	2	
31.12.2021	125	-1,285	18,831	-18	212,782	230,435	-687	229,747

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

Segment information, earnings 1.10.–31.12.2022

1.10.-31.12.2022, EUR 1,000	Continuing operations					Total
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	
Continuing earnings	5,653	3,753	1,900	5,662	355	11,670
Performance fees	12,373	10,326	2,048	-	-	12,373
Investment operations	835	-988	1,822	-2,752	-4,820	-6,737
Total income	18,861	13,092	5,769	2,910	-4,465	17,306
Fee and commission expense	-2,769	-1,892	-877	-183	-61	-3,013
Personnel costs	-2,003	-1,144	-858	-672	-1,094	-3,769
Direct expenses	-1,746	-1,057	-689	-457	-1,228	-3,431
Depreciation, amortisation, and impairment	-19	-11	-8	-4	9	-14
Impairment losses on loans	-	-	-	-	11	11
Operating profit	12,324	8,987	3,337	1,593	-6,828	7,089
Operating profit, %	65.3%	68.6%	57.8%	54.8%	neg	41.0%
Interest expenses	-13	-13	-	-	-238	-250
Allocation of financing expenses	-400	-300	-100	-475	875	-
Profit before tax	11,911	8,674	3,236	1,118	-6,190	6,839
Change in fair value of investments	-72	-72	-	2,721	-259	2,390
Profit before taxes and NCI	11,839	8,603	3,236	3,839	-6,449	9,229

1.10.-31.12.2021, EUR 1,000

Continuing earnings	5,439	4,152	1,287	5,530	466	11,435
Performance fees	10,601	5,374	5,227	-	-	10,601
Investment operations	173	632	-459	3,906	3,293	7,372
Total income	16,212	10,157	6,055	9,437	3,759	29,408
Fee and commission expense	-3,753	-1,878	-1,875	-220	-70	-4,044
Personnel costs	-3,331	-1,728	-1,602	-1,170	-2,575	-7,077
Direct expenses	-1,790	-1,216	-574	-700	-1,115	-3,605
Depreciation, amortisation, and impairment	8	7	1	-6	-13	-11
Impairment losses on loans	-	-	-	-	14	14
Operating profit	7,346	5,342	2,004	7,340	-1	14,685
Operating profit, %	45.3%	52.6%	33.1%	77.8%	neg	49.9%
Interest expenses	-7	-7	-	-	-248	-255
Allocation of financing expenses	-638	-429	-209	-475	1,113	-
Profit before tax	6,701	4,906	1,795	6,865	863	14,429
Change in fair value of investments	-	-	-	-1,425	-40	-1,465
Profit before taxes and NCI	6,701	4,906	1,795	5,440	823	12,964

Reconciliations

Reconciliation of total income, EUR 1,000	1.10.-31.12.2022	1.10.-31.12.2021
Total income of segments	17,306	29,408
Share of associates' profit or loss allocated to total income of segments	2,592	398
Transit items eliminated in segment reporting	562	439
Transfer of impairments to or from the total income	-312	-
Consolidated total income	20,149	30,245

Reconciliation of operating profit, EUR 1,000	1.10.-31.12.2022	1.10.-31.12.2021
Total earnings of segments before taxes and NCI	9,229	12,964
Change in fair value of investments	-2,390	1,465
Interest and other financing expenses (excl. IFRS 16)	255	272
IFRS 16 Leases ¹⁾	5	-2
Direct costs related to the sale of the discontinued operations ²⁾	-	-13
Consolidated operating profit	7,098	14,686

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

²⁾ Direct costs related to the sale of the discontinued operations have been allocated to discontinued operations in segment reporting.

Segment information, earnings 1.1.–31.12.2022

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

1.1.-31.12.2021, EUR 1,000

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

Reconciliations

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

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

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

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

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

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

Private Asset Management segment's investments, EUR 1,000		Investment type	Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022
Renewable energy investments					
Truscott Gilliland East Wind	Shares and participations	10,973	10,580	7.0%	
Taaleri SolarWind II	Shares and participations	2,363	2,363	0.9%	
Taaleri Debt Ky	Shares and participations	3,000	3,000	15.0%	
Masdar Taaleri Generation d.o.o.	Shares and participations	50	50	50.0%	
Masdar Taaleri Generation d.o.o.	Loan	1,250	1,280	-	
Taaleri Aurinkotuuli Management Ky	Shares and participations	615	1,026	80.1%	
Bioindustry investments					
Fintoil Oy	Shares and participations	3,000	4,800	24.0%	
Tracegrow Ltd	Shares and participations	1,992	2,184	7.9%	
WasteWise Ltd	Loan	1,047	1,109	-	
Strategic investments, EUR 1,000					
Investment type		Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022	
Aktia Bank Plc	Shares and participations	10,000	9,960	1.3%	
Non-strategic investments, EUR 1,000					
Investment type		Purchase price 31.12.2022	Fair value 31.12.2022	Holding 31.12.2022	
Real estate investments					
TT Canada RE Holdings Corporation	Loan	6,729	10,014	-	
Sepos Oy	Shares and participations	2,834	606	30.0%	
Sepos Oy	Loan	1,722	1,743	-	
Turun Toriparkki Oy	Shares and participations	6,198	2,791	59.2%	
Other investments					
Fellow Bank Plc	Shares and participations	5,460	5,550	17.3%	
Taaleri Infra I Ky	Shares and participations	2,040	1,858	50.0%	

Private Asset Management segment's investments, EUR 1,000	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	10,973	9,916	7.0%
Taaleri SolarWind II	Shares and participations	2,085	2,085	0.9%
Taaleri Debt Ky	Shares and participations	1,300	1,300	15.0%
Masdar Taaleri Generation d.o.o.	Shares and participations	1,174	1,174	50.0%
Real estate investments				
Sepos Oy	Shares and participations	2,500	2,534	30.0%
Sepos Oy	Loan	1,675	1,737	-
Turun Toriparkki Oy	Shares and participations	3,502	1,682	48.2%
Bioindustry investments				
Fintoil Oy	Shares and participations	3,025	3,025	24.2%
Tracegrow Ltd	Shares and participations	1,992	1,992	7.9%
Other investments				
Taaleri Infra I Ky	Shares and participations	1,950	1,881	50.0%
Strategic investments, EUR 1,000				
	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Aktia Bank Plc	Shares and participations	10,000	11,968	1.4%
Non-strategic investments, EUR 1,000				
	Investment type	Purchase price 31.12.2021	Fair value 31.12.2021	Holding 31.12.2021
Real estate investments				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,910	22.6%
TT Canada RE Holdings Corporation	Loan	6,729	9,195	-
Other investments				
Inderes Plc	Shares and participations + Derivative contract	150	1,259	3.1%
Fellow Finance Plc	Shares and participations	2,974	5,246	25.7%
Taaleri Telakka Ky	Shares and participations	3,430	1,620	16.1%
Betolar Plc	Shares and participations	808	2,063	1.7%

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.

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1 Fee and commission income

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

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

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

2 Net income from insurance

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

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.-31.12.2022	1.1.-31.12.2021
From financial assets measured at fair value through profit or loss		
Financial assets that need to be measured at fair value through profit or loss	4,760	7,480
Total	4,760	7,480
Net gains or net losses on trading in securities and foreign currencies, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Net gains or net losses on trading in securities by type		
From shares and units	4,760	8,109
Sales profit and loss	5,798	3,413
Changes in fair value	-1,038	4,697
From derivative contracts	-	-630
Changes in fair value	-	-630
Net gains or net losses on trading in securities, total	4,760	7,480
Net gains or net losses on trading in foreign currencies	695	558
Total	5,454	8,038

4 Income from equity investments

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

5 Interest income

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

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

6 Other operating income

EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Rental income	-	5
Project sales	-	553
Other income	159	310
Total	159	867

7 Classification of financial assets and liabilities

Financial assets and liabilities 31.12.2022, EUR 1,000

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

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

Financial assets and liabilities 31.12.2021, EUR 1,000

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

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

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

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

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

8 Fair value of financial instruments

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
Total	160,588	52,034	37,417	250,038

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
Total	-	15,564	-	15,564

Fair value of assets 31.12.2021, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions		53,255		53,255
Receivables from the public and general government		5,107	914	6,021
Shares and units	15,972		25,574	41,546
Insurance assets	159,360		6,494	165,854
Total	175,332	58,362	32,982	266,676

Fair value of liabilities 31.12.2021, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Derivative instruments		630		630
Subordinated debt		15,526		15,526
Total	-	16,156	-	16,156

Fair value hierarchy

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

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

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

Assets classified at level 3

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

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

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

9 Assets classified as held for sale

Assets classified as held for sale, EUR 1,000	31.12.2022	31.12.2021
Investments in associates	-	5,246
Total	-	5,246

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

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

10 Impairment losses on receivables

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

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

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

³⁾ 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.-31.12.2022	1.1.-31.12.2021
Received payments related to loans that have been written-off	-	50
Change in ECL	1,664	-2,229
Realized credit losses	-1,498	-56
Expected credit losses from financial assets measured at amortised cost recognised in profit or loss	166	-2,235

11 Derivative contracts

Derivative risks

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

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

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

12 Subordinated debts

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

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

13 Equity capital

Share capital

The company's share capital on 31 December 2022 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. 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.

14 Investments in subsidiaries

Changes in subsidiary shareholdings 1.1.–31.12.2022

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

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

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

Changes in subsidiary shareholdings 1.1.–31.12.2021

During the financial year of 2021 Taaleri Plc sold its wealth management operations to Aktia Bank Plc. In the transaction, Taaleri Wealth Management Ltd, Taaleri Fund Management Company Ltd, Taaleri Tax Services Ltd and Evervest Ltd were transferred to Aktia. For further information, see Note 15 Discontinued Operations and the Sale of the subsidiary. In addition, Taaleri Investment Ltd sold its entire holding of 61.8 per cent in Mobify Invoices Oy.

In connection with the sale of Taaleri's wealth management operations, Taaleri Private Equity Funds Ltd acquired from Aktia Bank Plc its shares in Taaleri Infra I GP Ltd (formerly Aktia Infra Rahasto GP Ltd), a total of 80.0 per cent of the company's shares. The company belonged to the infrastructure business that started operations at Taaleri and thus belonged to the Private Asset Management segment. The purchase price, including the contingent consideration, was EUR 0.4 million and the full purchase price was paid in cash. At the time of the acquisition, Taaleri Infra I GP Ltd's assets were EUR 0.1 million and consisted entirely of cash. The company had no debt at the time of acquisition. Goodwill of EUR 0.3 million was recorded and was based on the expertise of the persons transferred to Taaleri in the transaction. The company has been consolidated into the Taaleri Group as of April 30, 2021. Goodwill arising on the transaction will be tested annually.

Taaleri Plc established Taaleri Real Estate Ltd during the financial year and sold 20.0 per cent of the company to the key personnel in the real estate business. Additionally, during 2021, there were acquired and established some management - and project companies under Taaleri Private Equity Funds Ltd and Taaleri Energia Ltd.

Effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control, EUR 1,000

	1.1.-31.12.2022	1.1.-31.12.2021
From an addition to the share owned in subsidiaries	-48	-
From a reduction in the share owned in subsidiaries, without loss of control	-110	29
Net effect on equity	-158	29

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

15 Discontinued operations and sale of the subsidiary

Description of the sale of discontinued operations

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations. In March 2021 Taaleri classified the wealth management operations as held-for-sale assets and reports them as discontinued operations. The transaction was completed on April 30, 2021, and the discontinued operations have been consolidated into the Group until April 30, 2021. After the completion of the transaction and the recognition of the capital gain, all the Group's transactions are transactions of continuing operations.

Profit from discontinued operations

Profit from discontinued operations, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Income	-	15,578
Expenses	-	-10,603
Operating profit	-	4,975
Income tax expense	-	-1,205
Profit after income tax of discontinued operations	-	3,769
Gain on sale of the subsidiary after income tax	-	111,133
Profit from discontinued operations	-	114,902

The discontinued operations cashflows are presented together with Group's cashflow statement.

Details of the sale of the subsidiary

Sale of the subsidiary, EUR 1,000	1.1.-31.12.2022	1.1.-31.12.2021
Consideration received in cash	-	113,680
Consideration received in shares	-	10,000
Total disposal consideration	-	123,680
Carrying amount of net assets sold	-	12,548
Gain on sale before income tax	-	111,133
Income tax expense on gain	-	-
Gain on sale after income tax	-	111,133

The disposal consideration will depend in part on the business of the coming years. Taaleri is committed to supplying new alternative investment products to Aktia, which Aktia can offer to its customers if it so wishes. If Taaleri does not offer a certain amount of new alternative investments, Taaleri may in certain circumstances have to reimburse part of the purchase price to Aktia. Similarly, Aktia is committed to selling a certain number of products offered by Taaleri.

The deed of sale related to the sale of the wealth management operations includes special business-related liabilities to Taaleri of up to EUR 36 million, as well as industry-related general and compliance responsibilities.

No contingent receivable or liability has been recognized for the contingent consideration, as Taaleri does not consider it probable that the contingent consideration will be realized.

Carrying amounts of assets and liabilities as at the date of sale, EUR 1,000	30.4.2021
Receivables from credit institutions	9,509
Goodwill	4,750
Other assets	6,733
Total assets	20,992
Other liabilities	2,937
Accrued expenses and deferred income	5,508
Total liabilities	8,444
Total net assets	12,548

16 Investments in associated companies

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 Domerel Nieruchomo ci Sp.z. None of these is considered material to the Group.

After the merger between Fellow Finance Plc and Evli Bank Plc that took place during the financial year, Taaleri owns 17.50 per cent of the new Fellow Bank Plc, while at the beginning of the financial year, Taaleri's holding in Fellow Finance Plc exceeded the associate company limit and was 25.7 per cent. Taaleri's shareholding in Turku Toriparkki Oy, on the other hand, increased to 59.2 per cent during the financial year, but Taaleri owns 48.15 per cent of the controlling shares, and therefore Turun Toriparkki Oy have been still consolidated into the Group using the equity method. In addition, Taaleri sold its holding in Surazo Sp.z o.o. associated company during the financial year.

Other associated companies, with the exception of Fintoil Oy, have been consolidated into the Group using the equity method. Regarding the capital investment made in Fintoil Oy, a decision has been made to value the associated company at fair value with effect on profit and loss in accordance with IFRS 9. From the financial year's results of the continuing operations of the associated companies, profits totalling EUR 3.8 million have been consolidated in the Group, which is presented in the item 'Share of associates' profit or loss'. The share of the result of associated companies in 2022 includes an impairment loss on the shares of Sepos Oy 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.

Changes in associated company shareholdings 1.1.–31.12.2021

On 31 December 2021 the group had eleven associated companies: Fellow Finance Plc, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Taaleri Datacenter Ky, Fintoil Oy, Taaleri SolarWind II SPV, Turun Toriparkki Oy, Masdar Taaleri Generation, Surazo Sp.z o.o., Domerel Nieruchomo ci Sp.z and Sepos Oy. None of these is considered material to the group. The associated companies, except for Fellow Finance Plc and Fintoil Oy, are consolidated using the equity method. Fellow Finance Plc is classified as held for sale (see note 23) and Fintoil as an investment that is valued at fair value. A loss of EUR -1.3 million from continuing operations of the associated companies has been recognised in the Group in the income statement item Share of associates' profit or loss. The share of the result of associated companies in 2021 includes an impairment loss on the shares of Hernesaaren Kehitys Oy totalling EUR -0.2 million. The associated companies have neither discontinued operations nor comprehensive income items.

During the financial year Taaleri Energia acquired a 50.0 per cent share in two project companies, in Surazo Sp.z o.o. and Domerel Nieruchomo ci Sp.z, after which they were consolidated as associated company.

17 Conditional liabilities and contingent liabilities

Commitments not recognised as liabilities, EUR 1,000	31.12.2022	31.12.2021
Total gross exposures of guaranty insurance	1,861,598	1,694,866
Investment commitments	10,148	7,008
Credit limits (unused)	200	200
Total	1,871,946	1,702,074

Helsinki District Court has, through a ruling made on 31st October 2022, rejected an insurance claim related complaint brought up against Garantia. The amount of the claim was EUR 5 million, with added penalty interest and legal expenses. The claim concerned a pension fund, a guaranty insurance customer of Garantia, that was placed in liquidation in 2011, and subsequently declared bankrupt in 2018. The ruling is final. The district court ordered the counterparty to reimburse Garantia for legal expenses for the amount of EUR 0.3 million. The reimbursement received was booked into operating expenses in the fourth quarter of 2022 as an expense adjustment.

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. The disposal consideration will depend in part on the business of the coming years. The deed of sale related to the sale of the wealth management operations includes special business-related liabilities to Taaleri of up to EUR 36 million, as well as industry-related general and compliance responsibilities. No contingent receivable or liability has been recognized for the contingent consideration, as Taaleri does not consider it probable that the contingent consideration will be realized. Liabilities related to the transaction are not included in the table above. For further details, please see Note 15 Discontinued operations and sale of the subsidiary.

Taaleri has signed the Net Zero Asset Managers (NZAM) initiative, in which Taaleri, both as a company and for Taaleri's assets under management, commits to the goal of net zero greenhouse gas emissions by 2050 in accordance with the Paris Climate

Agreement. Taaleri's interim target is to manage 75% of the assets under management in accordance with the initiative by 2030. Taaleri will report annually on the progress starting year 2023. Liabilities related to the initiative are not included in the table above.

18 Related party disclosures

The parent company and its subsidiaries and associated companies belong to the group's related parties. Related parties also include the members of the Board of Directors and the executive board as well as their related parties.

The following belong to the company's related parties:

- 1) Someone who, by virtue of shareholding, options or convertible bonds has or may have at least 20 percent of the company's stocks or shares, or the voting rights attached to them, or a corresponding shareholding or voting right in an organisation belonging to the group, or in an organisation exercising control in the company, unless the significance of the company that is the subject of ownership is minor in terms of the whole group.
- 2) A member and deputy member of the Board of Directors, CEO and Deputy CEO, and somebody in a similar position in a company as referred to in point 1.
- 3) The children and spouse of someone as referred to in point 2, or someone in a marital relationship with that person.
- 4) An organisation and foundation in which an above-mentioned person, either alone or with another person, has control as specified in Chapter 1, Paragraph 5 of the Accounting Act.

Business transactions made with the company and companies belonging to the group have been carried out on terms equivalent to those that prevail in arm's length transactions. Companies belonging to the Group are listed in the financial statements of the parent company.

In June 2021, Taaleri sold the shares of its subsidiary, Mobify Invoices Oy. One of the buyer parties belongs to Taaleri's other related parties. The transaction and related trade receivable are included in the table below of related party transactions.

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

1.1.-31.12.2022	Sales	Purchases	Receivables	Liabilities
Associated companies	387	-	1,905	-
Other related parties	100	-	25	-
1.1.-31.12.2021	Sales	Purchases	Receivables	Liabilities
Associated companies	301	-	1,841	-
Other related parties	279	-	3,819	-

TAALERI

Taaleri Plc
Kasarmikatu 21 B
00130 Helsinki