TAALERI

Annual report 2023

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Taaleri in 2023

Taaleri in brief

Taaleri is a Nordic investment and asset manager that focuses on businesses with industrial-scale opportunities within bioindustry and renewable energy. We create value through both funds under management and direct investments by combining extensive know-how, deep expertise, entrepreneurship and capital.

Our private equity funds create, for example, wind and solar power and bio-based products to replace fossil resources, and construct affordable and energy-efficient rental homes.

Sustainability is a central part of Taaleri's operating methods and principles. We have been a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010, and we joined the Net Zero Asset Managers (NZAM) initiative in 2021. Taaleri's vision is to become one of the leading international investors in bioindustry and renewable energy.

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

TAALERI

Private Asset Management: TAALERI Bioindustry, TAALERI Energia, TAALERI Real Estate

Strategic Investments: GARANTIA

Key figures 2023

(2022 figures in parentheses)

Income
66.3 MEUR
(58.9 MEUR)

Operating profit
48.1 %
(46.3%)

Growth of continuing earnings
8.4 %
(n/a)

Assets under management
2.6 BEUR
31.12.2023
(2.5 BEUR)

Sustainable products under Article 8 and 9 of the EU Sustainable Finance Disclosure Regulation
9 funds
31.12.2023

Women's share on the Group's Executive Management Team
38 %
31.12.2023

Renewable energy produced
2,247,772 MWh
Corresponds to the annual consumption of 149,852 Finnish households

Highlights of the year

8 February
Taaleri announces the expansion of its business to battery energy storage systems

30 March
Taaleri's Bioindustry Fund invests in the Nordic Bioproducts Group, a company producing cellulose-based materials with a high processing value

26 June
Taaleri announces the successful sale of Taaleri Forest Fund III

3 July
Taaleri increases its shareholding in WasteWise Group, a Finnish company recycling difficult-to-recycle plastics, to 34.1%

5 July
Taaleri announces that it will record a profit of approximately EUR 8 million from the sale of the renewable energy project development portfolio to Taaleri SolarWind III Fund

7 July
Taaleri announces the first close of SolarWind III at EUR 286 million

16 August
Taaleri announces a change of CEO of its subsidiary Garantia Insurance Company Ltd at the turn of the year – Garantia CFO Henrik Allonen appointed as the new CEO

21 November
Taaleri announces change of Director of Real Estate – Mikko Krootila appointed as the new director as of 1 January 2024

21 November
Taaleri announces updates of its strategy and long-term targets

22 November
Taaleri organises a Capital Markets Day, focusing on its strategy

1 December
Taaleri records an operating profit of approximately EUR 4.1 million for renewable energy development activities

19 December
Taaleri announces the launch of a share repurchase programme

20 December
Taaleri reports the completion of its first EU taxonomy-aligned real estate investments

22 December
Taaleri announces the second close of SolarWind III at EUR 430 million

CEO's review
Peter Ramsay

Towards international growth

Despite the challenging operating environment, we determinedly promoted our strategy in 2023. At the same time, we clarified our direction for the strategy period that started at the beginning of 2024. In the future, we will focus especially on industrial-scale business opportunities created in the bioindustry and renewable energy ecosystems, and we seek strong international growth.

The year 2023 was the last year of Taaleri's strategy period that started in 2021, and we can be satisfied with the implementation of the strategy. The goal of the strategy period was to accelerate growth with private equity funds focused on renewable energy and other alternative investments. Last year, in the implementation of the strategy, we focused especially on fund-raising for the Taaleri SolarWind III Fund and promoting bioindustry private equity funds and co-investments.

One of our priorities last year was the strategy update, which we announced in November. The biggest changes to our strategy are bringing direct bioindustry investments to the forefront of the business alongside the private asset management business and seeking strong international growth.

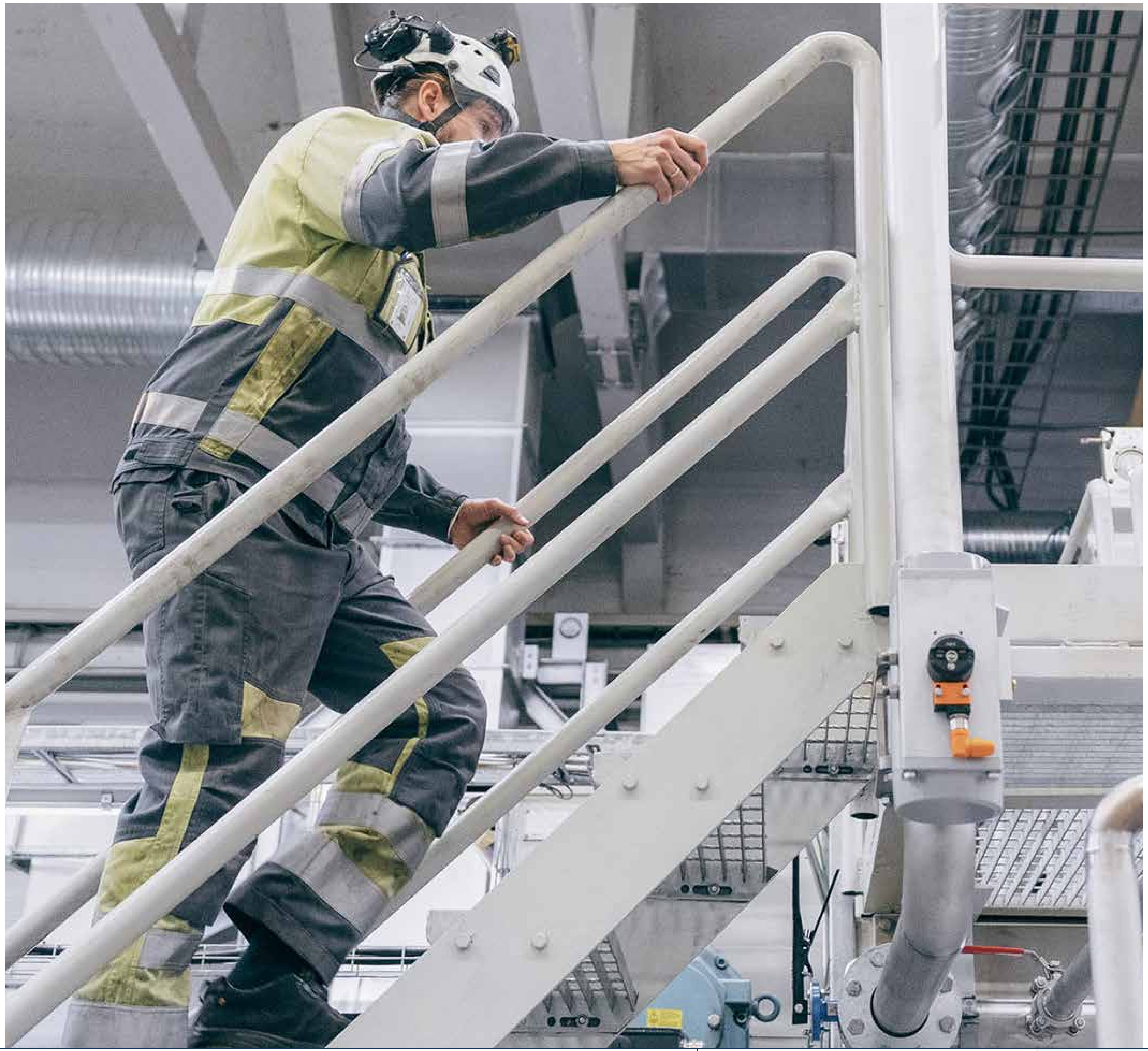
Our vision is to become a leading investment manager operating internationally in bioindustry and renewable energy. Our goal is to increase the assets under management to EUR 4 billion and the Group's direct industrial investments to at least EUR 100 million by the end of 2026. The goals are ambitious, but I believe we have every opportunity to achieve them.

We can be pleased with the Group's profit development over the entire year. The Group's continuing earnings for the financial year grew by 8.4%. Income increased by 12.5% to EUR 66.3 million and operating profit by 16.8% to EUR 31.9 million. The operating profit margin was 48.1. Our assets under management grew to EUR 2.6 billion.

I would also like to thank all Taaleri employees for their excellent work during 2023, as well as our customers and partners for their trust and cooperation. In addition, I would like to warmly welcome all our shareholders to our new strategic period.

We at Taaleri want to combine our deep industrial and financial expertise with capital to create attractive returns for our stakeholders and to build a better future. I believe this will inspire both us Taaleri residents and our partners to work even harder towards our goals in the year that has just begun.

Business with an impact



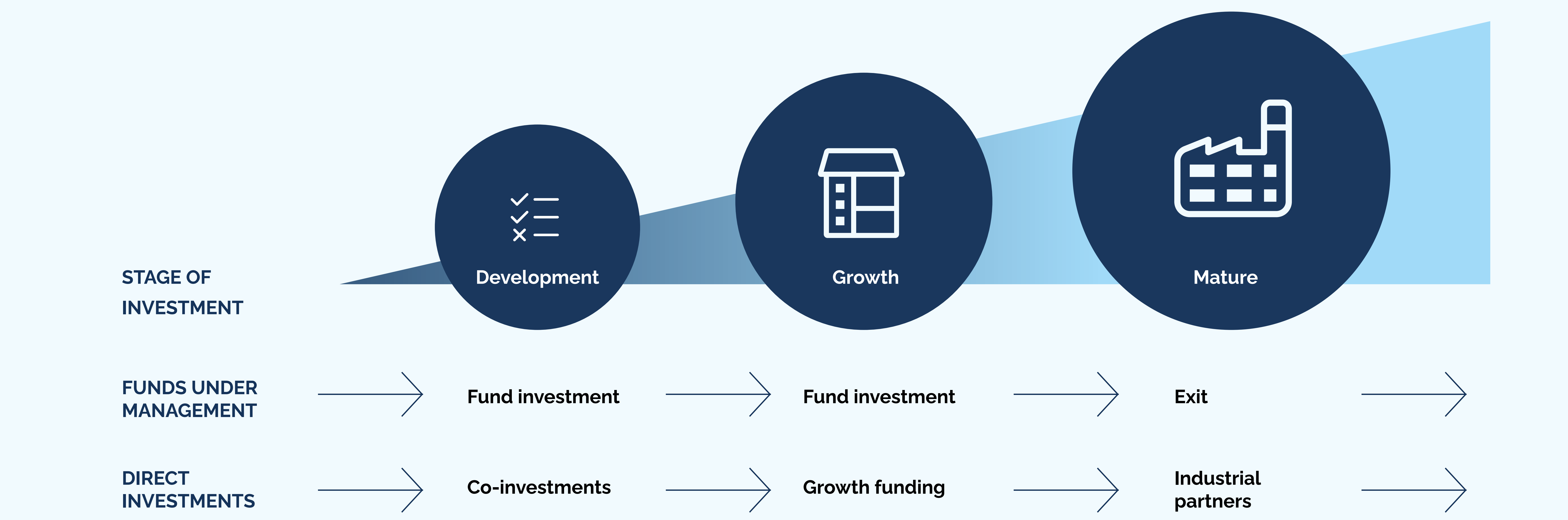
Strategy update further increases the role of bioindustry

During 2023, Taaleri promoted its strategy based on renewable energy and sustainable development. At the same time, we worked on a strategy update, which we announced at the end of the year. The biggest changes to the strategy involve bringing direct bioindustry investments to the forefront alongside the private asset management business, and seeking strong international growth.

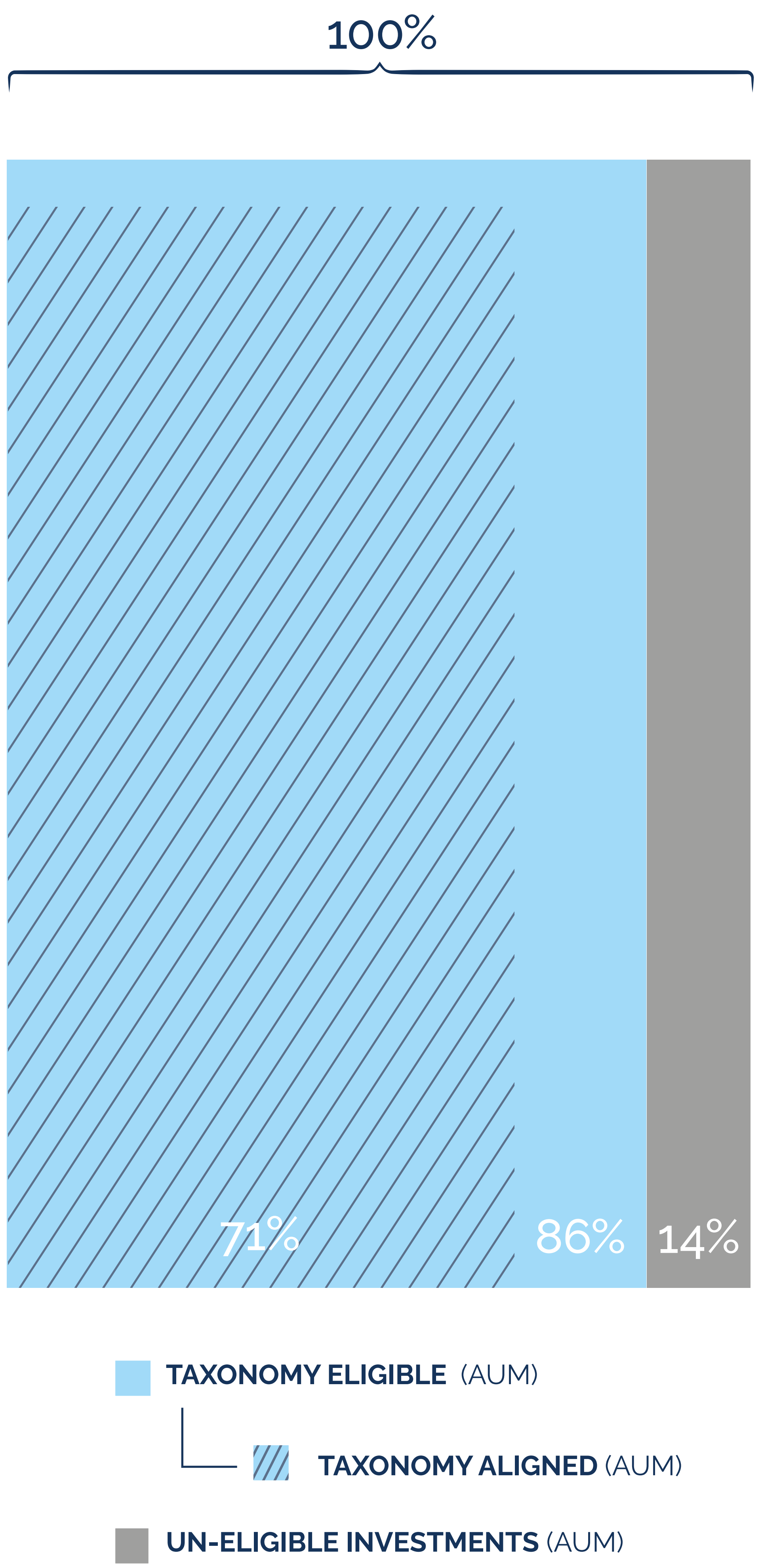
In November, Taaleri announced its updated strategy, which focuses on the private asset management business and significant industrial investments, especially in bioindustry. Our goal is to increase the assets under management to EUR 4 billion and the Group's direct industrial investments to at least EUR 100 million by the end of 2026. Taaleri's vision is to become a leading investment manager operating internationally in bioindustry and renewable energy.

The biggest changes to the strategy are bringing direct bioindustry investments to the forefront alongside the private asset management business, and seeking international growth.

Operating model



Classification of Taaleri's investment products*



*EU taxonomy-aligned include funds in which, in line with their sustainability objective, minimum 90 % of investments made are allocated to taxonomy-aligned investments. The eligibility assessment is indicative.

Priorities of Taaleri's updated strategy:

1) Grow within our business areas through both funds under management and direct investments.
2) Make substantial industrial investments and co-operate with industrial partners especially in the bioindustry eco-system.
3) Expand our investor base outside of Finland and partner with international organisations on investments.
4) Develop impact and sustainability in all investments throughout their lifecycle.

Taaleri's strategy is based on its competitive advantages: our end-to-end expertise throughout the lifecycle of our investments and projects, the commercialisation of ideas, and our ability to combine ideas with capital.

Alongside the strategy update work, we promoted the objectives for the strategy period 2021–2023. During the strategy period ended, the Group had four strategic priorities. Below, we outline how we advanced each priority in 2023:

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

We develop and expand private equity funds that seek not only economic returns but also measurable benefits for the environment and society. In 2023, we managed nine private equity funds that fall under Articles 9 and 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR), i.e. they either make only sustainable investments or promote select environmental and/or social characteristics.

All six of our renewable energy funds and the Taaleri Bioindustry Fund I have been classified as dark green, i.e. Article 9 funds. They only make sustainable investments in projects that, for example, contribute substantially to climate change mitigation.

In addition, two real estate funds, Taaleri Housing Fund VIII and Taaleri Rental Home Fund, are classified as Article 8 funds. While Article 8 funds do not aim to make sustainable investments under the SFDR, they can also do so. The first sustainable investments of Housing Fund VIII aligned with the EU taxonomy were completed at the end of 2023.

2. We seek to scale all our businesses

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

Taaleri's assets under management increased during 2023 from EUR 2.5 billion to EUR 2.6 billion. During the year, we mainly raised funds for the Taaleri SolarWind III Fund. The assets under management were reduced by the exit of Taaleri Forest Fund III in June and the ending of the asset management mandate of the real estate business in July.

Taaleri's latest renewable energy fund, Taaleri SolarWind III, progressed as planned during the year. In July, the fund announced that it had raised EUR 286 million in the initial close, and the second close in December increased the fund to EUR 430 million. The fund's fundraising was supported by a project portfolio that included 61 projects at the end of the financial year.

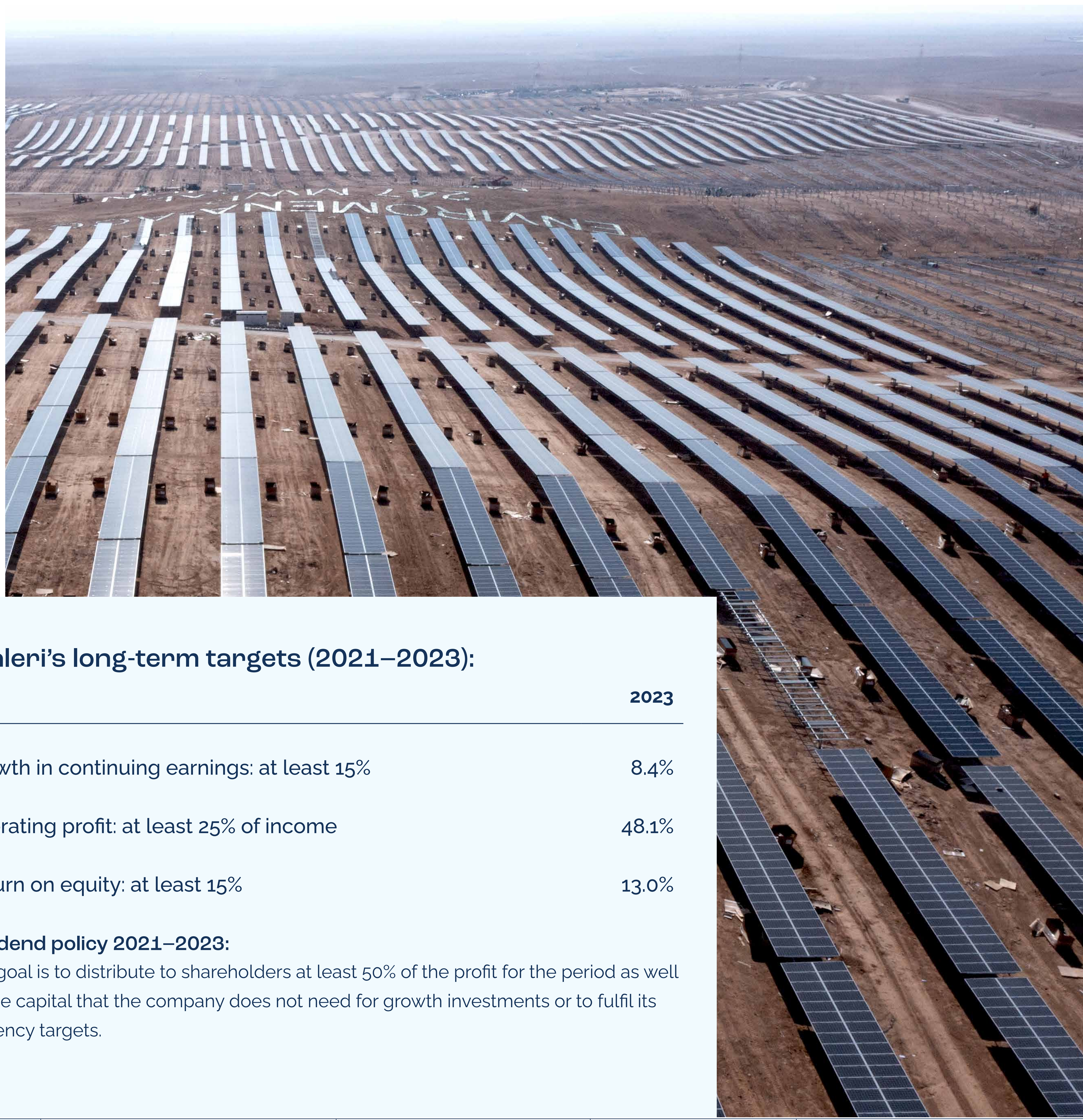
At Garantia Insurance Company Ltd, we continued to advance a strategy based on a scalable business model, risk pooling and an extensive distribution network, which yielded even in an exceptionally challenging operating environment a strong underwriting result.

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

In addition to our significant domestic cooperation with Aktia, we strengthened our own institutional and international sales during 2023. In the renewable energy business, Taaleri has its own sales organisation, which has focused on large domestic institutions as well as international investors. During the year, we entered into distribution partnerships for our funds in Europe, North America and Asia. We also met with a number of European institutional and family offices focusing on impact investing, to whom we presented Taaleri's operations and the SolarWind III Fund. This work will continue and expand as we focus on internationalisation under the updated strategy.

4. We optimise return on equity and balance sheet usage

In accordance with our strategy, we enhanced our use of equity and distributed to shareholders the capital that the company does not need for growth investments or to fulfil its solvency targets. Taaleri distributed a dividend of EUR 0.70 per share for 2022. The amount of the dividend was based on the distribution of EUR 0.45 as a dividend based on the operating profit of continuing operations and EUR 0.25 as a dividend based on the profit from the sale of the wealth management operations.



Taaleri's long-term targets (2021–2023):

	2023
Growth in continuing earnings: at least 15%	8.4%
Operating profit: at least 25% of income	48.1%
Return on equity: at least 15%	13.0%

Dividend policy 2021–2023:

Our goal is to distribute to shareholders at least 50% of the profit for the period as well as the capital that the company does not need for growth investments or to fulfil its solvency targets.

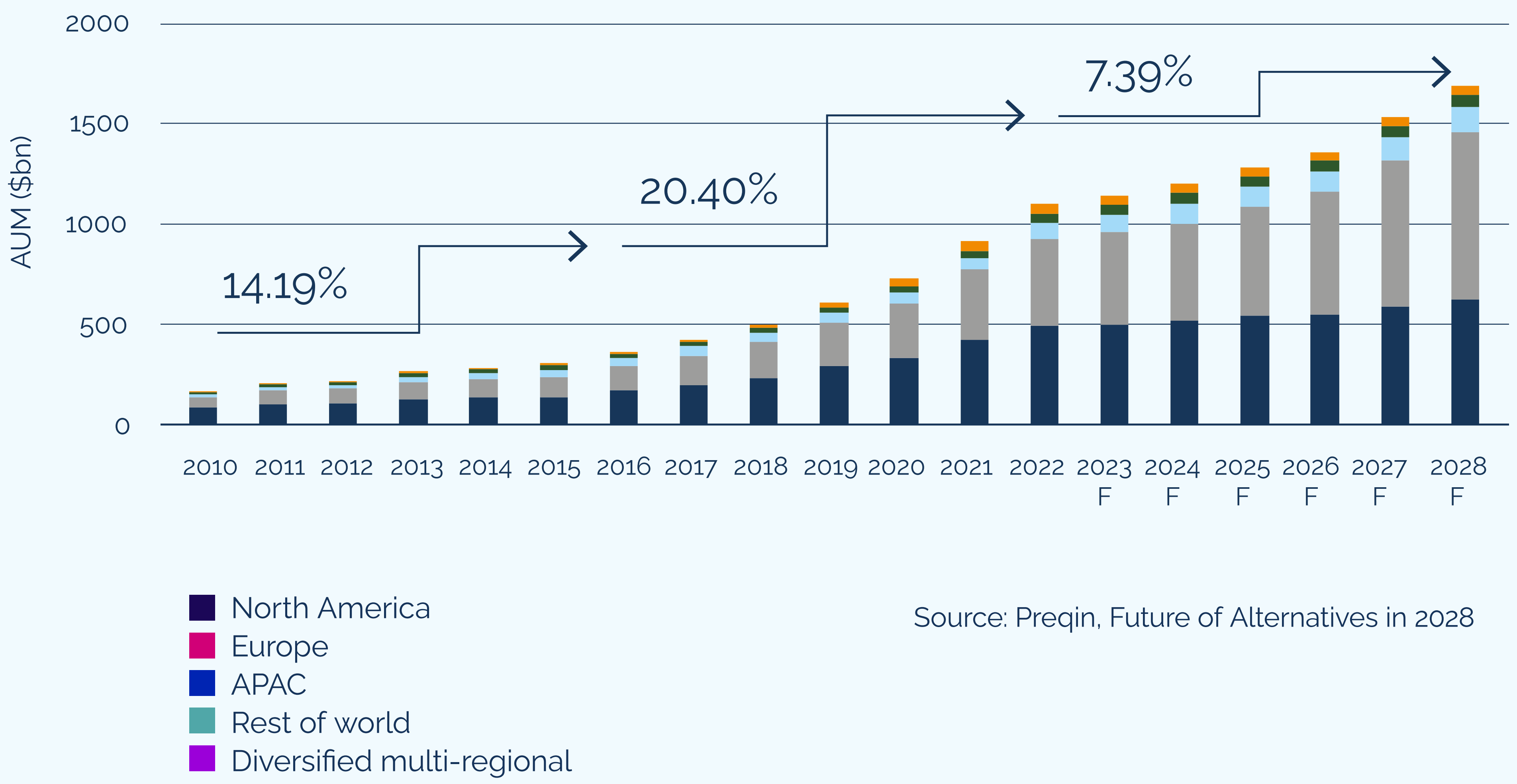
Investors want to contribute to the energy transition and sustainable development

Taaleri's operating environment continued to hold many uncertainties in 2023. Accelerating inflation, central bank interest rate hikes and Russia's continued war of aggression in Ukraine weakened the outlook for the economy and the capital markets. Although the growth of alternative investments has slowed, the asset class has become a significant part of major portfolios. Investors are particularly interested in investments that promote the energy transition and sustainable development.

Development of the global economy and of the capital markets was still surrounded by a high degree of uncertainty in 2023. Unusually strong inflation prompted central banks to continue to tighten monetary policy considerably, which slowed down economic growth worldwide. The interest rate increases curbed inflation, and the US and European central banks stopped hikes during the year. Inflation is expected to slow down to around 2% in 2024 and 2025. In Taaleri's view, 2024 will bring a soft landing; the economy will slow down moderately while avoiding a more serious recession, and interest rates will start to decline in 2024.

The growth of alternative investments has slowed, but the asset class has become a significant part of the portfolios of institutional investors, as it offers the opportunity to diversify risks and smooth out returns. The EU's sustainable finance regulation guides both investors and financial actors towards

Infrastructure assets under management ($bn) by primary region focus, 2010–2028F



Source: Preqin, Future of Alternatives in 2028 sustainable investments. In particular, more private capital will be needed in the future to achieve the global emission reduction, energy self-sufficiency and circular economy targets.

Assets under management invested in infrastructure, such as renewable energy, are expected to grow at an annual rate of over 7% between 2022 and 2028 (see table on page 11).

Increased need for the green transition from many directions

Europe has been striving for a green transition for a long time due to climate change, but the war of aggression in Ukraine started by Russia in 2022 made it a priority to break away from Russian fossil energy sources and increase energy independence. Europe has succeeded in reducing its dependence on Russian energy, but the price of energy is very sensitive to changes in the global market.

At the same time, climate change has progressed – and the global temperature increased – more quickly than predicted. The global mean temperature for 2023 was estimated to rise by 1.48 °C from pre-industrial levels (Source: Copernicus Climate Change Service). According to climate scientists, this is due to both the El Niño climate pattern and climate change. It is possible that 2024 will be the first year in which the average global surface temperature temporarily rises more than 1.5 °C above the pre-industrial levels. The progress of climate change will increase extreme weather conditions, raise sea levels, increase food production problems and bring social problems to a critical point. This creates sustainability risks for companies' business.

The European Parliament has outlined that 45% of the energy used by the EU should come from renewable sources by 2030. The EU estimates that meeting the new target requires additional investments in renewable energy to the tune of EUR 210 billion in 2023–2027.

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

Uncertainty in the operating environment of businesses

Uncertainties in the operating environment of Taaleri's businesses affected the businesses both positively and negatively during 2023.

In the renewable energy business, the operating environment remained good, although the war in Ukraine, higher interest rates and inflation all increased the costs of project construction. The war in Ukraine has contributed to the acceleration of the green transition and countries' efforts to achieve energy self-sufficiency, but it has also created uncertainty among investors. The price of electricity fell significantly in 2023 from the peak level of the previous year, but it was still higher than in previous years, especially in Central and Southern Europe. The volatility of electricity prices contributed to increased uncertainty about future regulation and increased discussion on new support mechanisms that would increase investments in renewable energy.

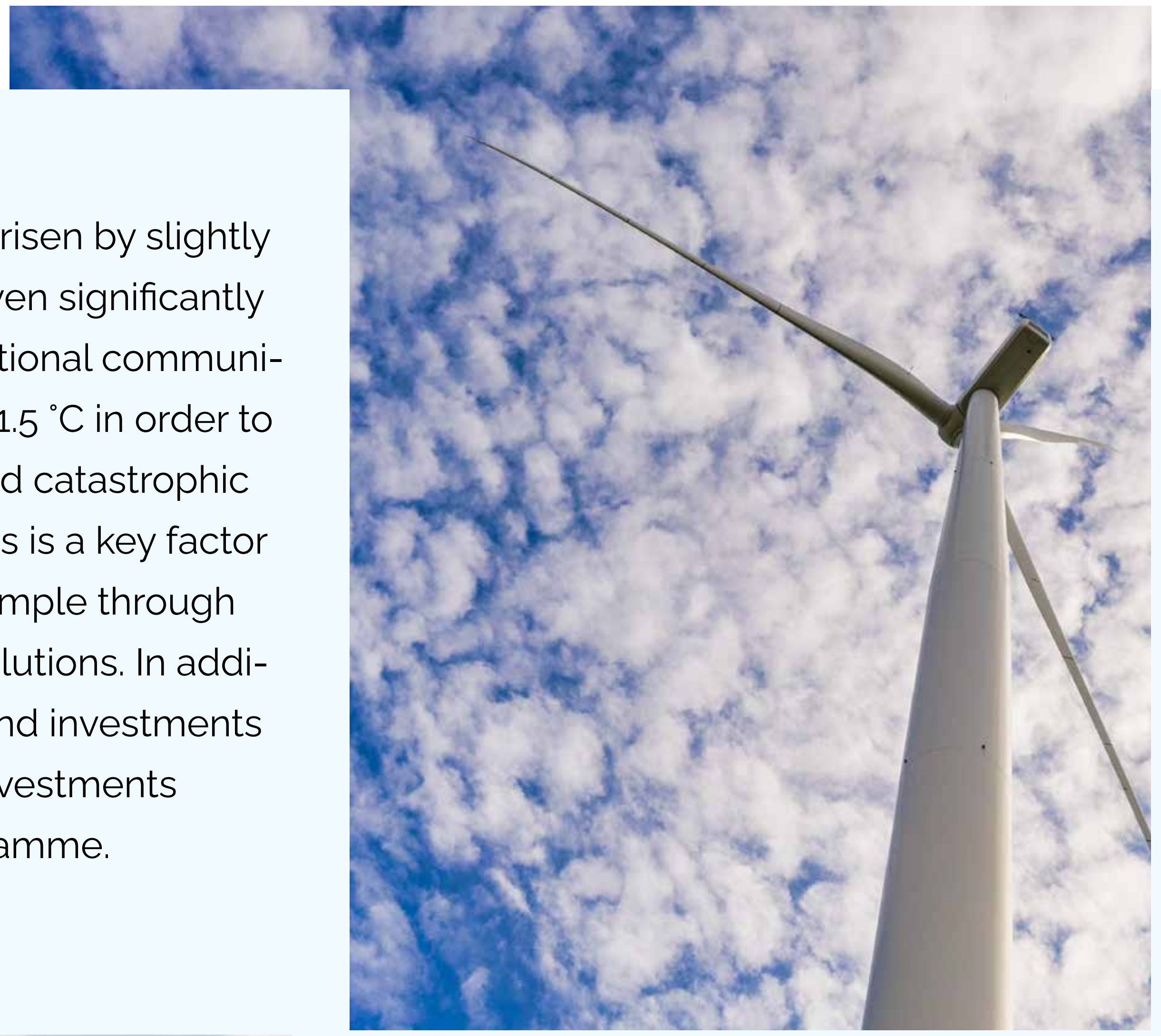
Bioindustry is still a new, high-growth market that offers impactful and innovative solutions for many of the sustainability problems of our time. The outlook for the bioindustry business remained good, although the general economic uncertainty and weakened situation affected the financial arrangements and timetables of the operating environment during 2023. Planned funding rounds stretched, but there was downward pressure on the valuation levels of investees. The poor availability and/or high price of some raw materials and tightened financing conditions of banks created pressure on the timetables and costs of projects of potential investees and investments.

The real estate market continued to be challenging. Transaction volumes remained clearly below those of previous years. The rise in interest rates reversed towards the end of the year, but the yield requirements continued to grow slightly. In the rental market, however, occupancy rates and rental levels remained good. The long-term fundamentals supporting real estate investments, such as urbanisation, are still seen as strong in the Finnish real estate market. Sustainability and impact will continue to be at the core of investment activities, and capital will increasingly seek out key locations and sustainable investments.

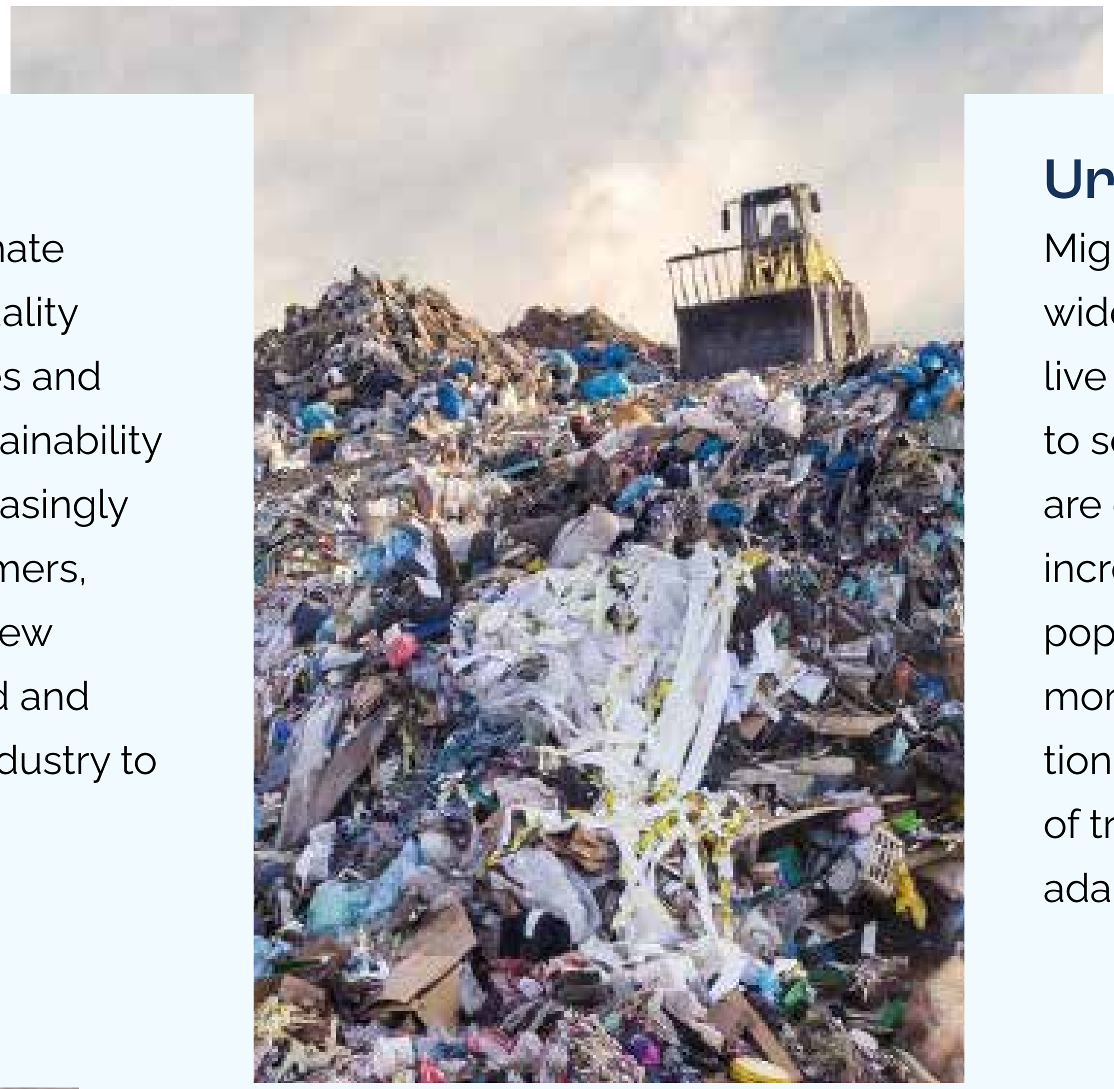
In the operating environment of Garantia's insurance operations, inflation, rising interest rates and economic uncertainty kept consumer confidence low. Due to low consumer confidence, the volumes of housing transactions and mortgage loans raised decreased significantly from previous years, which affected the company's sales of mortgage guarantees. However, the creditworthiness of the company's warranty customers remained good, and no significant changes occurred in the risk position of the guaranty insurance portfolio. Positive investment market performance affected positively to Garantia's investment performance as market interest rate started to decrease in the second half of the year and optimism returned to equity market.

Megatrends driving Taaleri's business

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

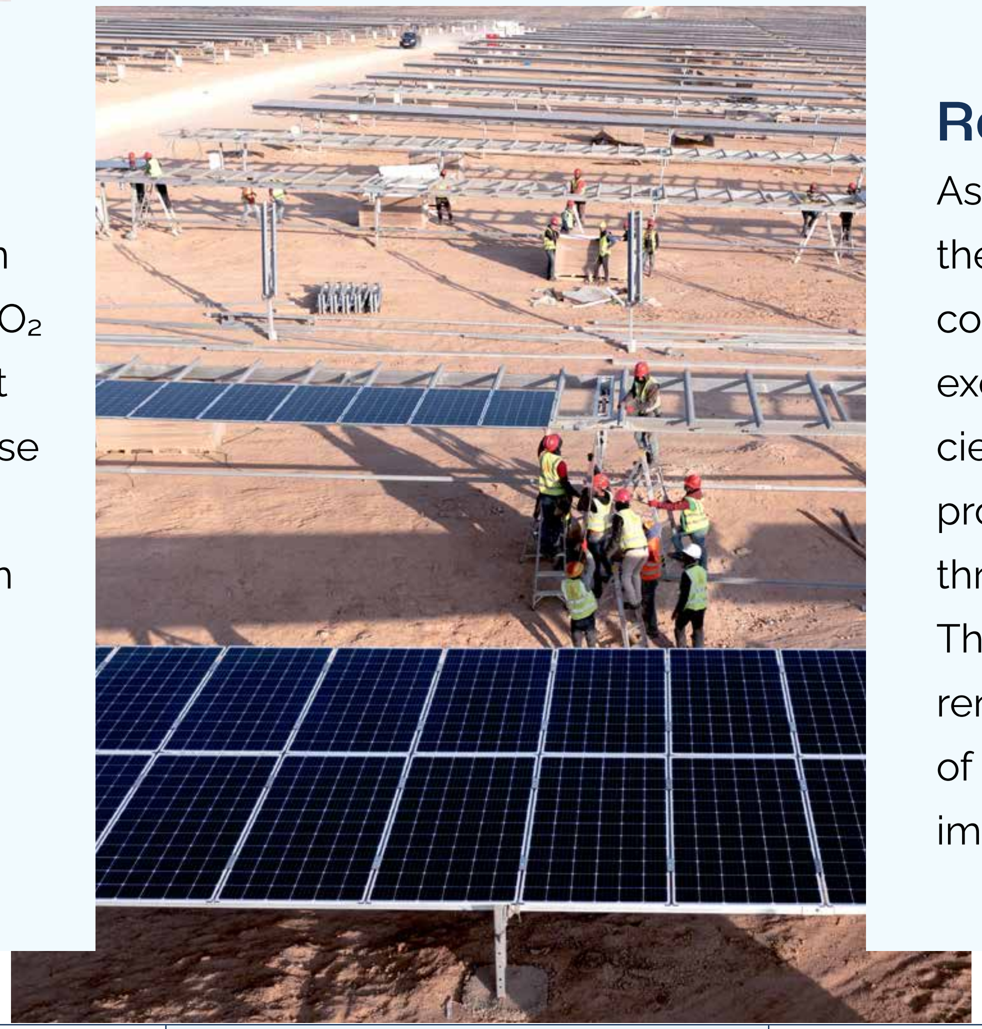


Changing values
While awareness of, for example, climate change, nature loss and human inequality has been increasing, people's attitudes and values have also been changing. Sustainability and responsibility are becoming increasingly important selection criteria for consumers, which is guiding companies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

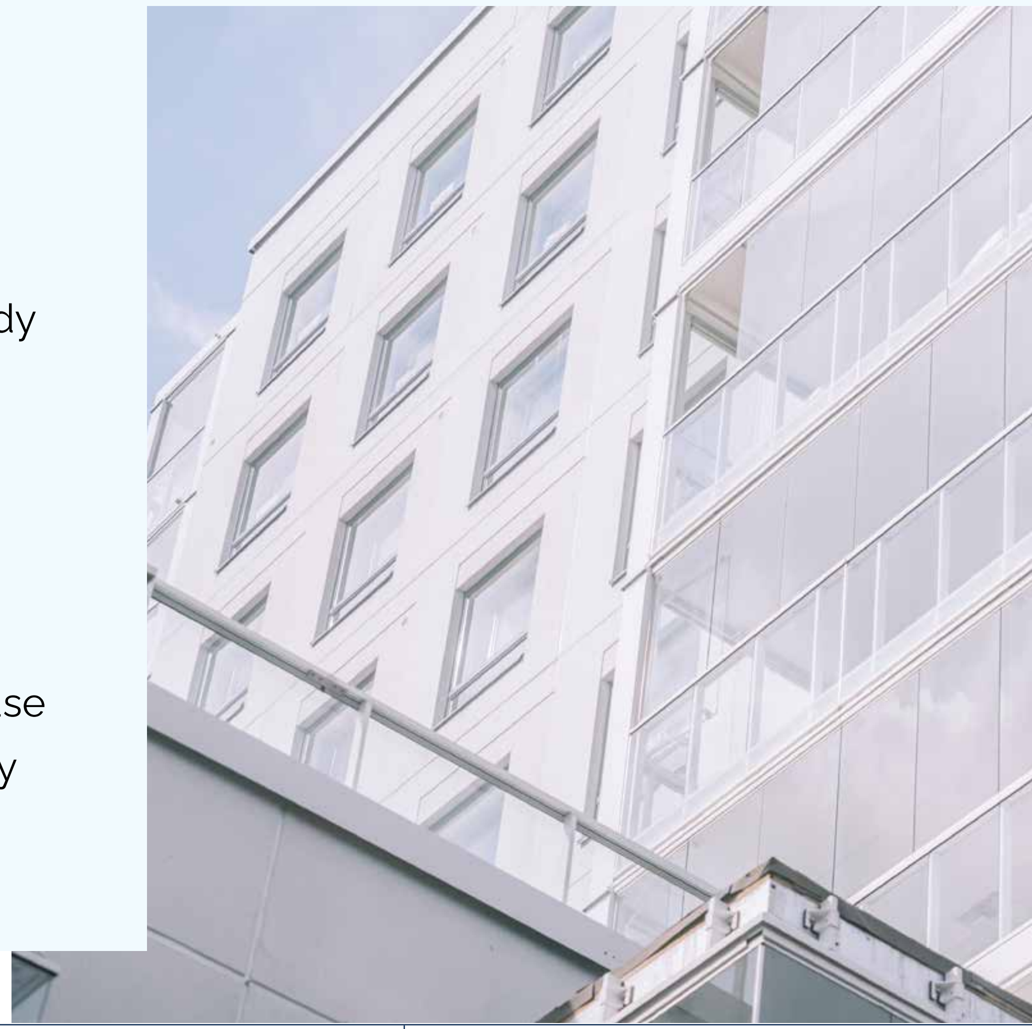


Urbanisation
Migration from the countryside to cities continues worldwide. By 2050, up to 80% of the world's population will live in cities. In Finland, too, the population will continue to seek out growth centres in the future, and around 80% are expected to live in urban areas in 2050. Urbanisation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

Electrification
Electricity has a key role to play as the world moves towards zero emissions. Electrification of energy systems can significantly reduce CO_2 emissions and help meet climate targets, but at the same time electricity needs will increase significantly. In order to achieve emission reductions, electricity must be produced with low emissions, it must be possible to store it and its emissions must not be outsourced.



Resource efficiency
As the world's population grows and increases in wealth, the need for energy, raw materials, water and arable land continues to grow strongly. The current consumption already exceeds the carrying capacity of the earth. Resource efficiency is essential to reduce the environmental impact of products and services, from the extraction of raw materials through final consumption to re-circulation and disposal. This means, among other things, the use of recycled and renewable raw materials and by-products, optimising the use of materials, avoiding and reducing waste, and continuously improving the efficiency of processes.



Share of sustainable investments has increased

In 2023, Taaleri remained focused on increasing the private asset management business and advancing impact. One of the main priorities of the year was the fundraising of the Taaleri SolarWind III Fund, which proceeded as planned. Like SolarWind III, all of our major funds have sustainability targets that we measure and report on to investors.

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

Among our businesses, renewable energy has progressed to a stage where we will achieve benefits of scale with the most recent private equity fund of the business, Taaleri SolarWind III Fund. In the past strategy period, the bioindustry and real estate businesses focused on the ramp-up and development of operations.

With all our new funds, we promote sustainable development, that is, we have defined sustainability targets for them, the fulfilment of which we measure and on which we report to the investors of the funds. These funds comply with Articles 9 or 8 of the EU SFDR. At the end of 2023, 85% of Taaleri's assets under management were in these funds.

At the end of 2023, the assets under management in the Private Asset Management segment amounted to EUR 2.6 billion, and their earnings to EUR 25.9 million during the year. Of these, EUR 24.4 million consisted of continuing earnings and the rest of performance fees.

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

Our business operations emphasise the three pillars of our strategy:

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

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

Sustainability as part of investment decisions

Taaleri examines the sustainability risks and impacts of investments made by its funds over the entire lifecycle of the fund. Before making an investment decision, we conduct an initial assessment of the fund's potential investment targets. If the targets pass, they advance to the due diligence stage.

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

Taaleri's sustainable fund products

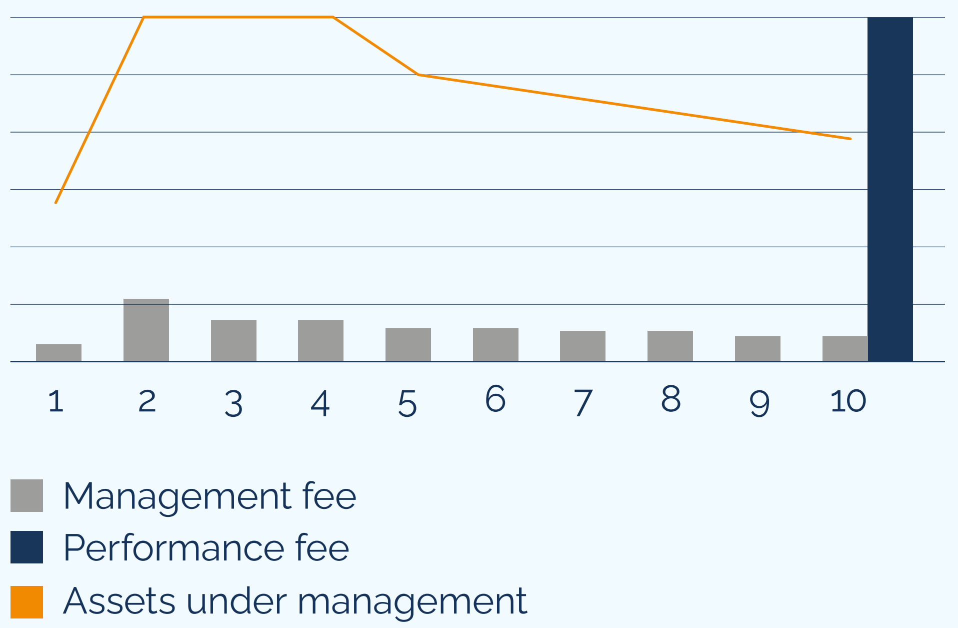
Article 8 funds
The fund promotes environmental and/or social sustainability factors

- Taaleri Housing Fund VIII
- Taaleri Rental Home Fund

Article 9 funds
The aim of the fund is to make sustainable investments. All investments must make a significant contribution to an environmental objective and must not cause significant harm to other objectives

- Taaleri SolarWind III
- Taaleri SolarWind II
- Taaleri SolarWind I
- Taaleri Wind IV
- Taaleri Wind III
- Taaleri Wind II
- Taaleri Bioindustry I

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



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

Renewable energy

During the year, the focus of the renewable energy business was on the fundraising and project development of Taaleri SolarWind III Fund. The goal of SolarWind III Fund is to raise EUR 700 million from investors. At the end of the year, after the second funding round, the fund had raised EUR 430 million.

The investment strategy of Taaleri SolarWind III Fund is to acquire, develop, construct and operate a portfolio of industrial-scale onshore wind farms, photovoltaic solar parks and battery energy storage assets. The fund's target markets are the Nordic countries, the Baltic countries, Poland, South-East Europe, Spain and Texas. The fund owns a project portfolio that at the end of 2023 included 61 projects, the majority of which were in the development phase and have a net electricity production capacity of 5.9 GW. This is about four times as much as the fund needs to invest its capital.

During the year, in addition to fundraising for the latest fund, the renewable energy business focused on advancing Taaleri SolarWind II Fund's projects that are in the construction phase, operating the completed projects of all its funds, and preparing the exits of Taaleri Wind II and Taaleri Wind III Funds.

Impact

Sustainability objectives:
Replacing fossil energy production, mitigating climate change

Avoided emissions:
Actual avoided emissions by the funds in 2023 were 632,970 tonnes of carbon dioxide equivalent (tCO_2e)*

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

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

Case

Taaleri SolarWind II fund reached full capacity

The construction works of all projects of the Taaleri SolarWind II fund were completed during 2023, and the fund reached full capacity just before the end of the year.

The fund's projects produced 2,435 gigawatt hours of renewable energy. This equates to approximately 378,165 the household's average annual electricity consumption.

Taaleri SolarWind II finances approximately 1,111 MW of renewable energy capacity, which will produce emission reductions of over one million tonnes of CO_2 annually over the 30+ year lifetime of the assets. In 2023, the avoided emissions were more than 700,000 tonnes.

Taaleri SolarWind II is an international private equity fund investing in solar and wind energy. Its investment period ended during 2023. Its 11 investments have been diversified into projects in the fund's key market areas in the Nordic countries, the Baltic countries, Poland, South-East Europe, Spain and Texas.

Not only does the energy produced reduce greenhouse gas emissions, but we also contribute locally through the fund in a number of ways: we build infrastructure, employ people, improve energy self-sufficiency and pay taxes.

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

The fund's key figures 2023*

722,783 million tCO_2e of estimated emission reductions produced

61,674 tCO_2e of carbon footprint**

1,111 MW of energy production capacity

2,435,473 MWh of renewable energy produced

310,069 hours of work on construction sites in total

0% of investments in biodiversity-sensitive areas

11 accidents leading to absences

*Fund's key figures represent the total impact of Taaleri's fund's partially owned wind and solar farms

**Scope 2 emissions are accounted for on a market basis. The total location-based scope 2 emissions were 1,185 tCO_2e.

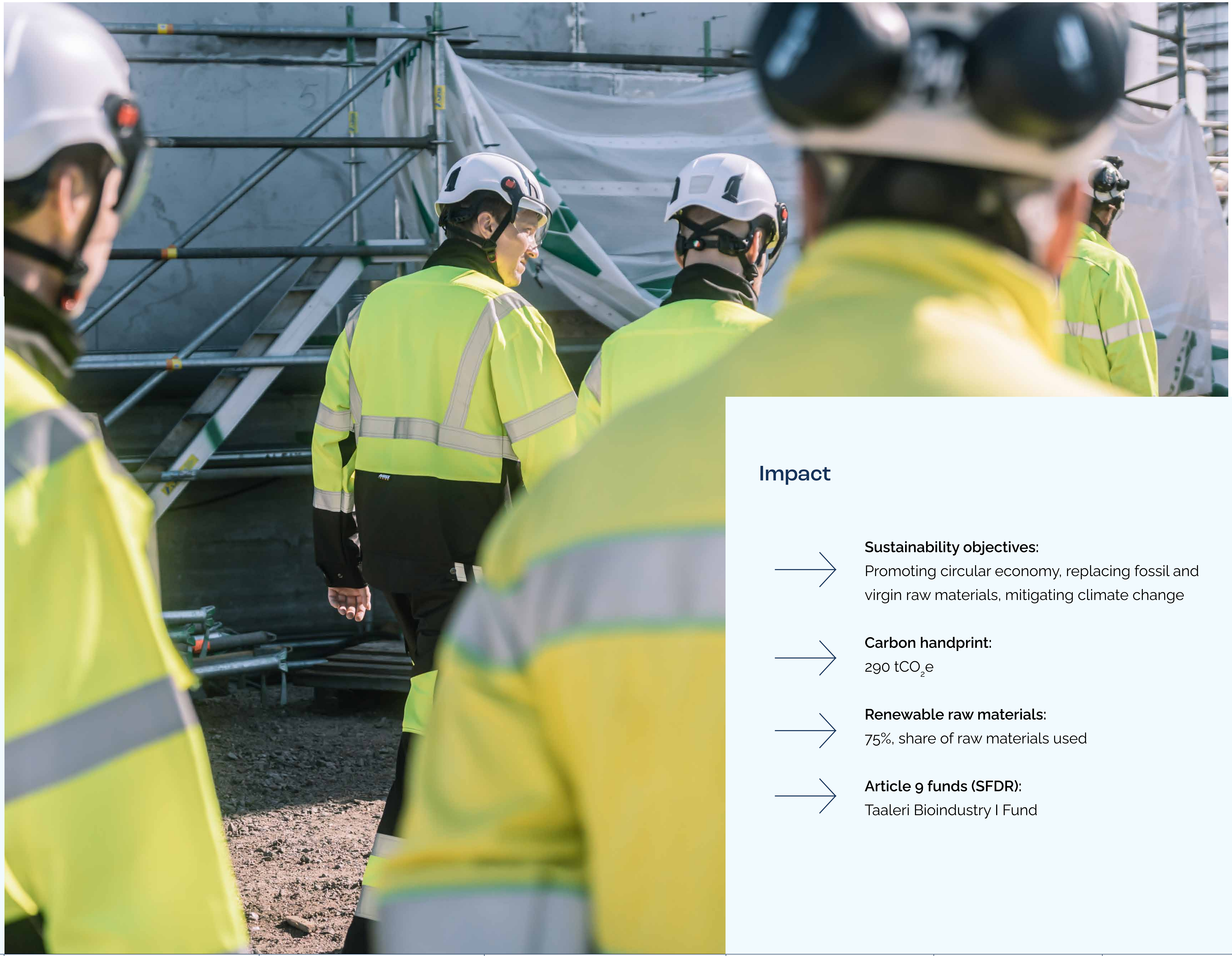
Bioindustry

During the year, the bioindustry business focused on mapping new investees for its first fund, Taaleri Bioindustry I, and on promoting due diligence processes. The fund made an investment in the Nordic Bioproducts Group, a Finnish company producing cellulose-based materials with a high processing value. The investment was the fund's third.

The bioindustry business prepared its next fund, the strategy of which would be to invest in start-up companies in the bioindustry sector. The goal of this venture capital fund would be to offer early-stage companies the opportunity to grow into the next scale-up phase.

In addition, the bioindustry business focused on the preparation of a bioindustry plant for torrefied biomass to be built in Joensuu. The construction of the biomass plant started in the autumn.

During the year, Taaleri acquired shares in WasteWise Group, a Finnish company, and increased its shareholding to over a third. The technology developed by WasteWise Group enables the recycling of difficult-to-recycle plastics, and the pyrolysis oil resulting from the process can be used to replace crude oil, for example in the raw material chain of plastics production. One of the aims of the investment is to accelerate the growth of Taaleri's bioindustry business.



Impact

Sustainability objectives:
Promoting circular economy, replacing fossil and virgin raw materials, mitigating climate change

Carbon handprint:
290 tCO_2e

Renewable raw materials:
75%, share of raw materials used

Article 9 funds (SFDR):
Taaleri Bioindustry I Fund

Case

Colombier increases productivity through funding from Taaleri Bioindustry I Fund

Taaleri Bioindustry I Fund has enabled Colombier, a company producing ecological packaging, to increase its production capacity at the ecological packaging plant in Pyhtää, Finland. The Bioindustry I Fund invested in the company in 2022.

The funding increases productivity of the production line through the technological solutions, and it will be possible to produce 4–5 times more ecological packaging materials. The construction work of the production line was finished at the end of the year 2023, and full capacity will be reached in 2024.

Colombier makes disposable plastic cups and plastic packages redundant by producing sustainable paper and board packaging in Pyhtää. Colombier produces, for example, plastic-free flexible packaging and cups for coffee, salad and ice cream. In addition, Colombier produces many kinds of boxes and food-carry-bags.

"Usually, it is difficult to recycle packages that include plastic. EcoBarrier™ technology makes it possible to produce plastic-free packaging from 100-percent recyclable material. Our products enable us to decrease the amount of waste in the world," says Colombier Group's CEO Juha Viitala.

"The market for sustainable packaging is growing rapidly, as plastic-based packaging is increasingly being replaced by paper- and cardboard-based products. Colombier has excellent products for this market and an expanding selection," says Tero Saarno, Director of Taaleri Bioindustry.

The fund's investment strategy is to make sustainable minority or majority investments in industrial-scale proven technologies, production facility opportunities of biomaterials and -fuels, circular economy and renewable energy (excluding wind and solar power) in Europe, primarily the Nordics, with a preference on opportunities with international expansion situation and/or potential.

The fund is one of Finland's first private equity funds to be classified as dark green, i.e. funds under Article 9 of the EU's Sustainable Finance Disclosure Regulation

Key figures of the investment in Colombier 2023

EUR 2.6 million, business unit net turnover in 2023

EUR 7.5 million, business unit expected net turnover in 2024

2,600 tonnes of produced biodegradable packaging material in 2023

4–5 times higher productivity*

100 percent of the products are recyclable

25 percent more employees at Pyhtää plant

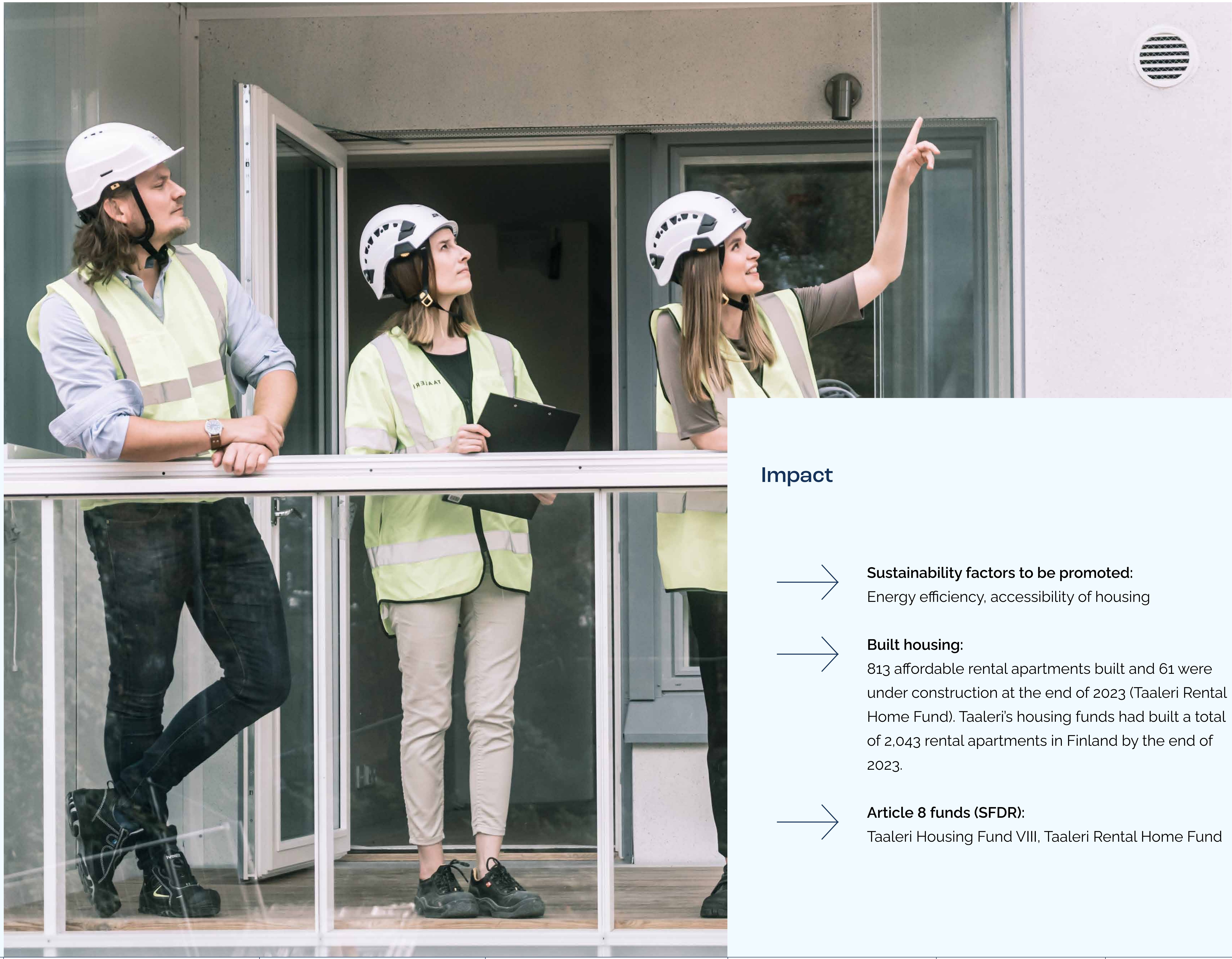
*Estimated growth in productivity when the full production capacity is reached.

Real estate

In 2023, the business of Taaleri Real Estate focused on the active development of new investment products and the preparations to exit old funds. In addition, the business successfully implemented the sale of Taaleri Forest Fund III and its forest holding portfolio.

The first EU taxonomy-aligned properties of Taaleri's latest real estate investment fund, Taaleri Housing Fund VIII, were completed during the year in Turku and Kirkkonummi. These properties include a total of 169 new homes with special attention paid to energy-efficient and low-emission solutions. Read more about taxonomy-aligned investments on page 21.

The director of Real Estate business changed in November, with Mikko Krootila elected as the new Director as of 1 January 2024. Group CEO Peter Ramsay served as interim director.



Impact

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

Built housing:
813 affordable rental apartments built and 61 were under construction at the end of 2023 (Taaleri Rental Home Fund). Taaleri's housing funds had built a total of 2,043 rental apartments in Finland by the end of 2023.

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

Case

Taaleri's first EU taxonomy-aligned real estate properties completed

Taaleri Real Estate's first EU taxonomy-aligned properties were completed during 2023. The properties were built for Taaleri Housing Fund VIII in Turku and Kirkkonummi. These properties include a total of 169 new homes with special attention paid to energy-efficient and low-emission solutions.

Aittakuja 3 in Kirkkonummi is the first residential property in Finland to use low-carbon concrete elements to this extent. Low-carbon concrete was used in the floor slabs of the buildings, load-bearing walls and elevator shafts. This made it possible to reduce carbon dioxide emissions during construction by approximately one-fifth. This means approximately 200,000 kg less emissions (CO_2e) compared to a standard solution.

Both properties are energy-efficiency class A residential properties which, among other things, produce electricity with their own solar power plants. The Kirkkonummi property also uses geothermal heating.

The assets are being constructed by Bonava Suomi Ltd, which also has two more taxonomy-aligned properties under construction for the fund.

"We are very pleased with our projects that meet the criteria of the EU taxonomy. They also show our commitment to the climate goals of the Net Zero Asset Managers initiative. We have focused on sustainable real estate funds already for years, and the taxonomy aligned assets completed now are key continuation of our development work", says the fund's portfolio manager Jan Hellman.

Taxonomy is an EU classification system for sustainable finance, which determines, for example, what kind of investments are in line with sustainable development. In Taaleri's fund, this means in practice that the sites contribute significantly to mitigating climate change.

At the design stage, climate risk assessments were prepared for the properties, and are taken into account when constructing the properties. This supports the development of the value of investments, when the operating environment changes due to climate change.

Taaleri Housing Fund VIII key figures 2023

169 new energy class A homes built

220 new energy class A homes under construction

200,000 kg avoided emissions (CO_2e) during construction

76% recycling rate during construction*

71 employment effect of person-years of work at work sites

3 accidents at construction sites

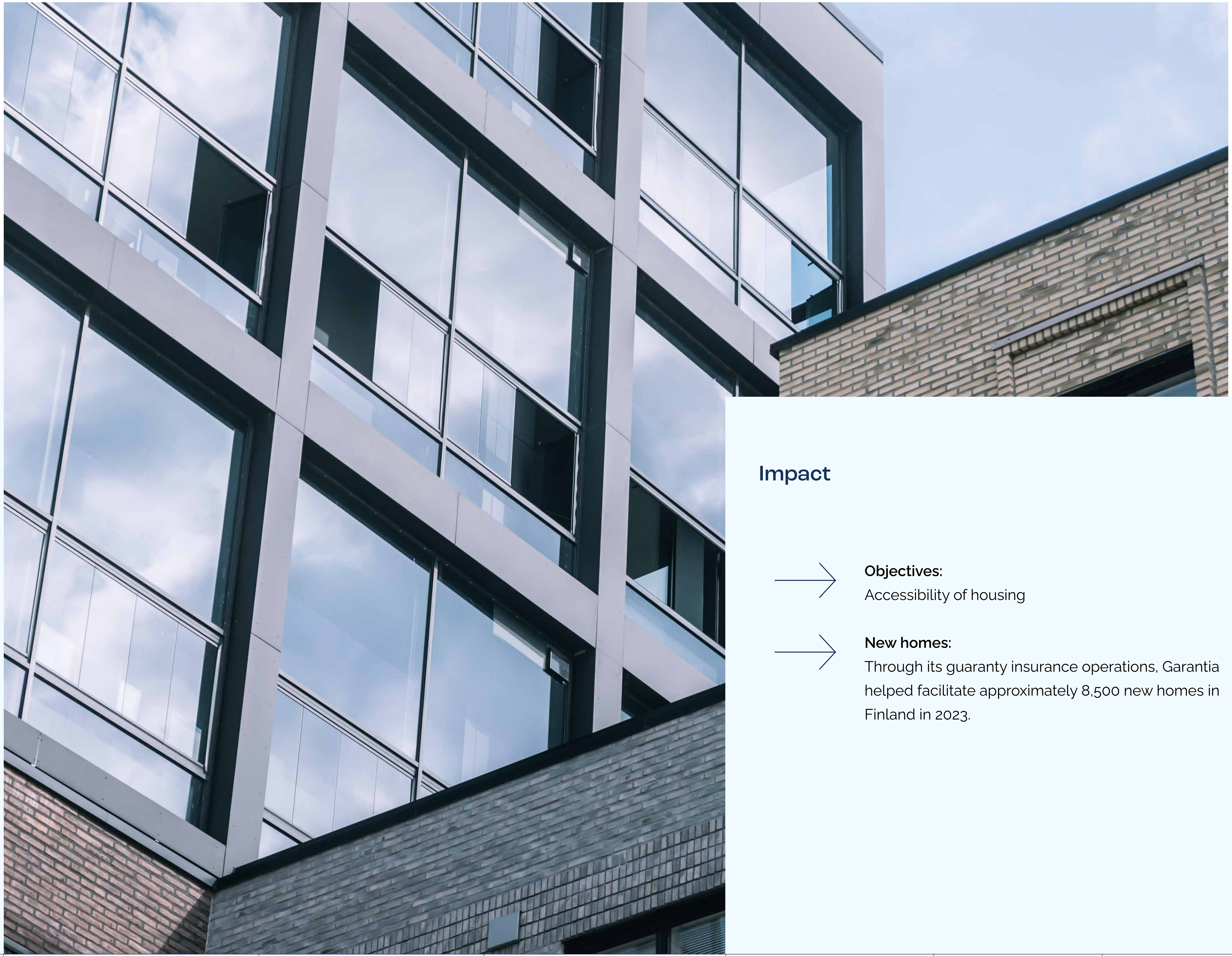
*Site-specific average

Garantia

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

Garantia's insurance business continued its strong development, despite the challenging market situation in the housing market, thanks to stable insurance premium income and low level of incurred claims. The combined expense ratio, which describes the profitability of insurance operations, remained at a very good level at 28.7 percent. The insurance service result decreased by 3.9 percent from the previous year to 13.5 million euros. The decrease in the insurance service result was influenced by higher insurance service expenses than in the comparison period. The result of Garantia's investment operations was good, with the return on investments at fair value rising to 6.9 percent. The strong increase in investment income was influenced by the stagnation of the rise in market interest rates after inflation had declined, and on the other hand, the Russian attack on Ukraine and the strong rise in market interest rates had put pressure on the investment market in the comparison period.

In December 2023, the international credit rating agency Standard & Poor's confirmed Garantia's rating as A- with a stable outlook, which demonstrates Garantia's reliability and strong solvency.



Impact

Objectives:
Accessibility of housing

New homes:
Through its guaranty insurance operations, Garantia helped facilitate approximately 8,500 new homes in Finland in 2023.

Governance and management

Good spirit and cooperation strong points of Taaleri's work community

Skilled and knowledgeable Taaleri employees are the foundation of Taaleri's success. That is why it is critical for us to recruit people who are right for us, retain them and to give them opportunities to improve themselves. Our values are the cornerstone of our culture.

During the year, we developed surveys for employees to obtain essential and more extensive information on their well-being and experiences. This will allow us to further improve our work community and Taaleri as an employer. We asked in more detail about, for example, managerial work, career development and remuneration.

During the autumn, we conducted two extensive surveys: a redesigned personnel survey and a mapping survey, which asked about the employees' experiences related to diversity, equity and inclusion (DEI) at Taaleri.

The themes of the personnel survey included enthusiasm and commitment, managerial experience, cooperation and community spirit. According to the results of the survey, Taaleri employees are satisfied with their workplace. The thing Taaleri employees agreed most strongly about was that they can be themselves in the work community. The results were at a good or excellent level in all five overarching themes of the survey, and the overall rating was also at a good level (4.04 out of 5). Experience of the employer's responsibility was at an excellent level (at least 4.3). In addition to these, good spirit in the work community and managerial work stood out as positives. The respondents saw room for improvement, for example, in opportunities to improve their skills, advancement opportunities and personal rewards. The survey's employee net promoter score (eNPS), which measures the willingness of Taaleri employees to recommend their employer, was at a good level at 38. The response rate in the survey was very high at 91%.

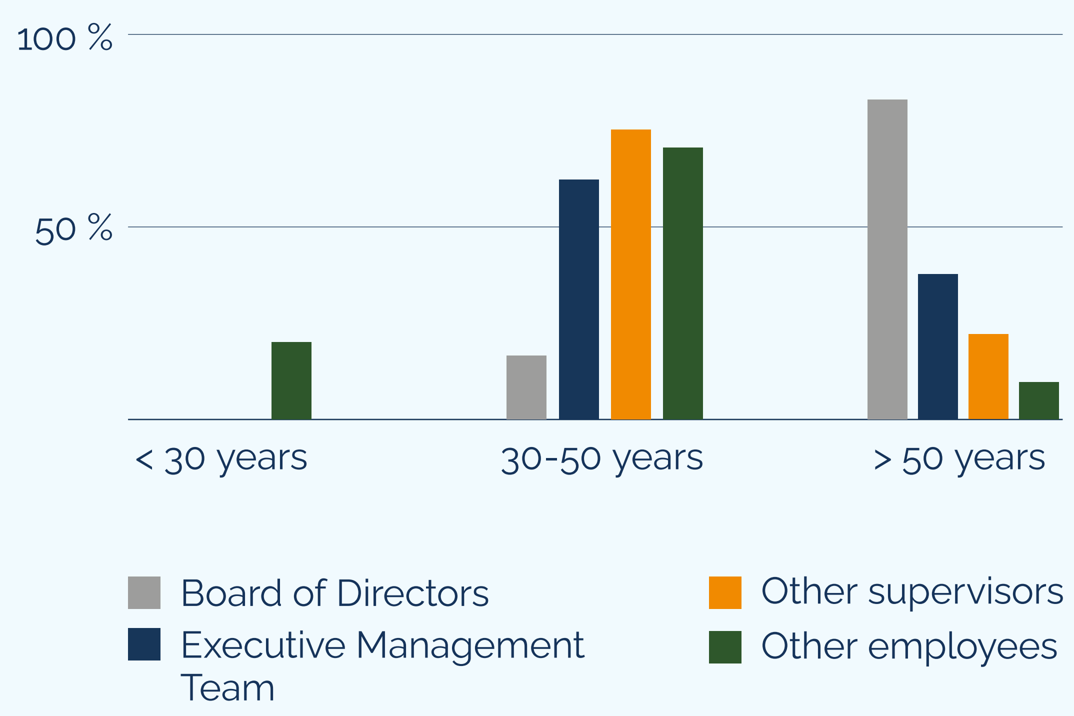
The results of the DEI survey supported the results of the personnel survey. A strong culture of cooperation and the fact that Taaleri employees can be their true selves in the workplace indicated a high level of psychological safety in the work community. At the same time, the survey revealed that employees' different life situations could be better taken into account, and that older employees and men had more positive experiences of the survey themes than young people and women. Overall, the respondents felt that Taaleri's DEI journey was off to a good start and hoped to see a strong commitment from senior management.

Modernised office for hybrid work

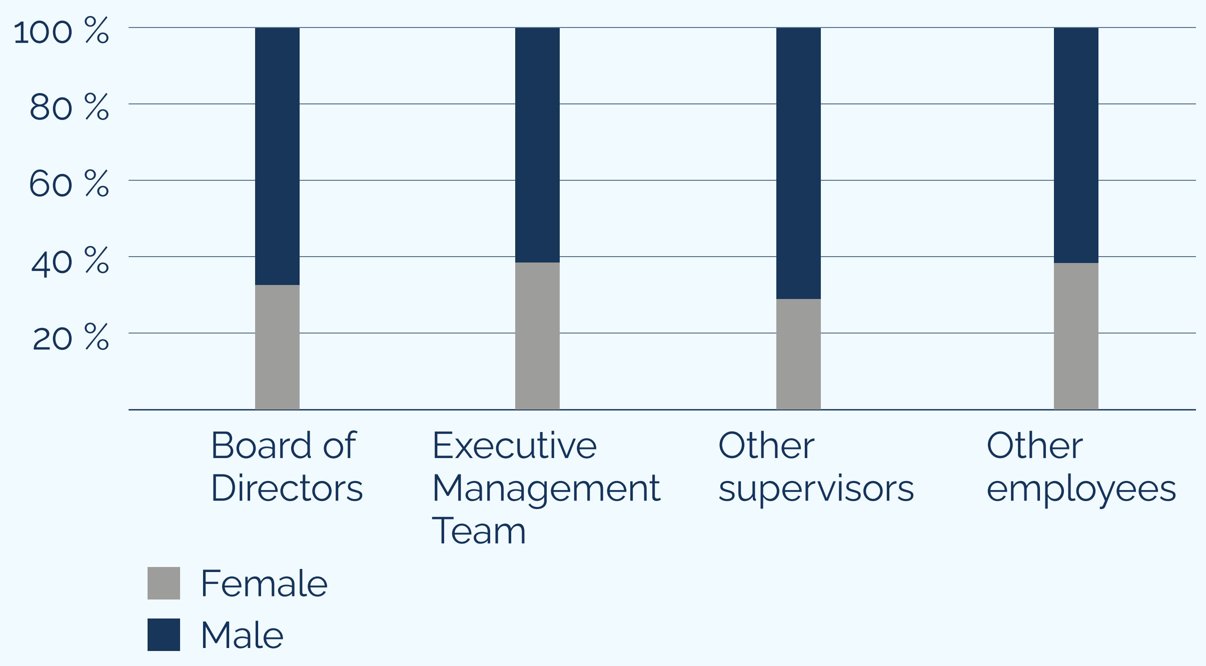
The premises of Taaleri's head office were renovated during 2023 to be more appropriate for today's hybrid work model. The office has no designated workstations except for those who need one based on their role or special tools. The number of small rooms suitable for remote meetings was increased, quiet workspaces are available for tasks requiring concentration, and people can book rooms for team projects.

A large internal cafeteria space for meetings, meals and internal events was also created for the office. During the year, the space was used as a venue for, among other things, a housewarming party, a Halloween party, a Christmas break-fast and after-work events. The space is also used for weekly

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



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



Taaleri's values

With know-how, skills and will

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

Dare to succeed

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

Support each other

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

morning yoga sessions. In this way, the space contributes to strengthening Taaleri's culture.

According to Taaleri's hybrid work model, work is primarily done at the office but can also be done remotely. Most of employees spend at least part of the week at the office. With hybrid work, we want, for example, to help employees with their work-life balance to reduce strain.

Training and support for supervisors in practical work

During the year, we continued management training aimed at supervisors. The quarterly training focused on, among other things, addressing difficult issues, giving feedback and self-management. The training received very good feedback from the participants, and the good results of the personnel survey on managerial work supported the perception of the benefits of the training.

We introduced a new digital tool to support human resource management, which helps supervisors in their practical management work. First, the tool was used to introduce regular one-to-one discussions between managers and team members and, at the beginning of 2024, development discussions will also be moved to the new environment. The tool gives meeting reminders, facilitates the scheduling of meetings and provides a jointly agreed structure for discussions, which harmonises and equalises management.

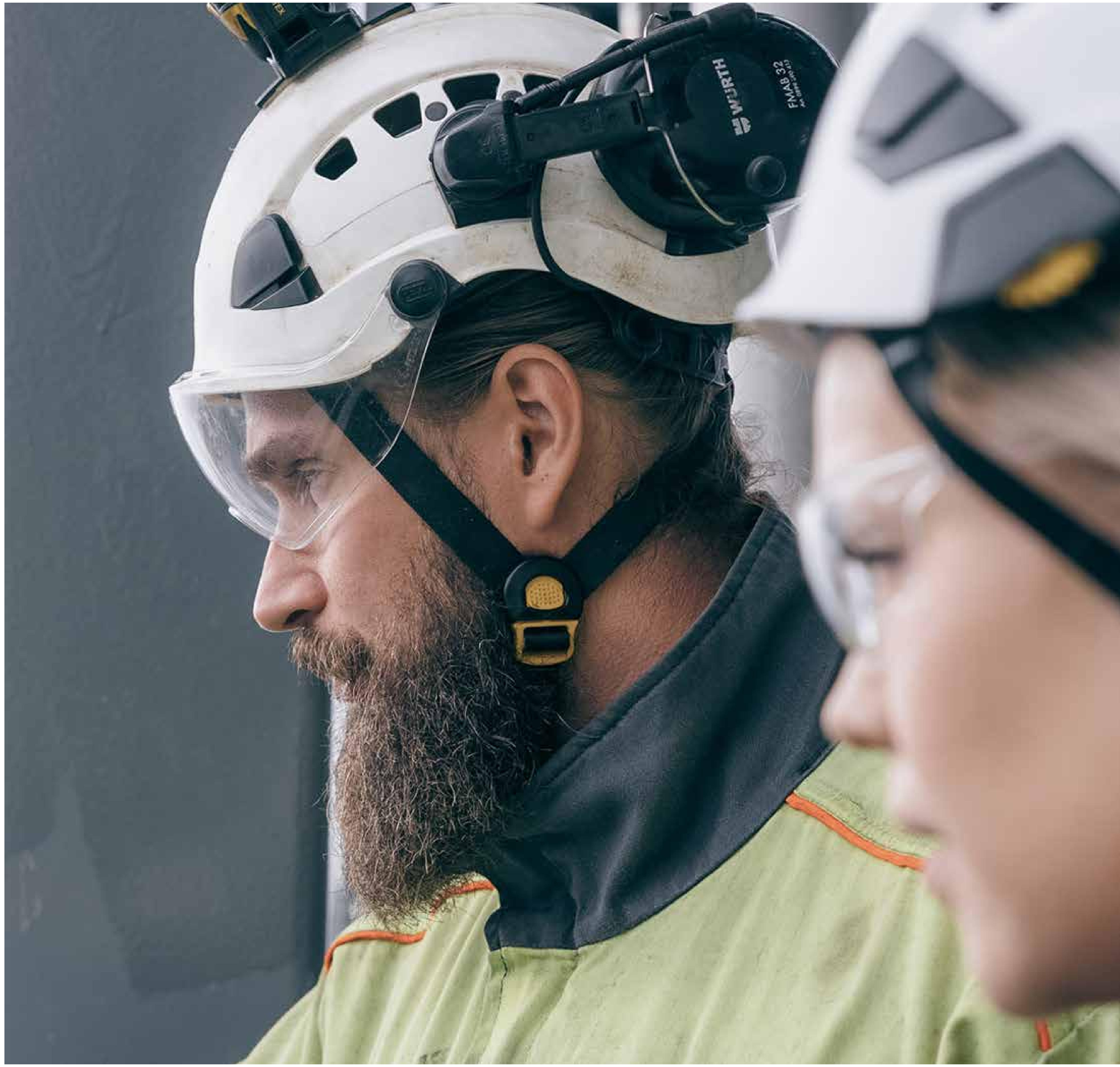
Sustainability as a criterion in remuneration

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

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

The savings period of Taaleri's first employee share savings plan, launched in 2022, ended in the summer of 2023. Most Taaleri employees are covered by the plan. The share savings plan has helped us expand the company's ownership base among Taaleri employees and align the interests of shareholders and staff.

Taaleri staff complete the regulatory online training as soon as they are recruited, and thereafter on an annual basis, which is monitored. Completion of mandatory training sessions is a condition for short-term remuneration. In addition to the general training sessions, each business determines the training needs of its team annually and arranges what is needed. During the year, Taaleri organised, among other things, sustainability training for all employees and various business-specific training courses.



Administration and management

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

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

Taaleri has published a Corporate Governance Statement for 2023, which was prepared as a separate document from the Board's Annual Report. In 2023, Taaleri complied with the Corporate Governance Code without exception.

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

Confirmed cases of corruption and measures

There were no confirmed cases of corruption or breaches of business ethics during the year. No employees were fired or convicted for corruption, either. All employees completed anti-money laundering and anti-terrorist financing training online.

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

Influencing in working groups and organisations

Taaleri participates in the following industry associations' working groups:

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

Taaleri is a member of:

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

Taaleri is a signatory of:

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

Taaleri's Corporate Governance Statement is available on the Taaleri website under Document Archive

Board of Directors

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

Chairperson of the Board, member of the Board since 2019.
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 1,793,690 pcs

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

Member of the Board since 2019
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 12,000 pcs

Petri Castrén
b. 1962
LL.M.

Member of the Board since 2020
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 4,000 pcs

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

Deputy Chairperson of the Board, member of the Board since 2016
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 7,900 pcs

Tuomas Syrjänen
b. 1976
M.Sc. (Tech.)

Member of the Board since 2017
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 7,782 pcs

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

Member of the Board since 2022
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2023: 0 pcs

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

Executive Management Team

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

CEO
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2023: 43,478 pcs

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

CEO at Garantia Insurance Company Ltd
Employed by Taaleri since 2015
Shares in Taaleri Plc on 31 December 2023: 54,868 pcs

Pasi Erlin
b. 1976
LL.M.

General Counsel
Employed by Taaleri since 2022
Shares in Taaleri Plc on 31 December 2023: 0 pcs

Mikko Ervasti
b. 1982
BA (Econ.)

Head of Sales
Employed by Taaleri since 2022
Shares in Taaleri Plc on 31 December 2023: 14,980 pcs

Siri Markula
b. 1972
M.Soc.Sc.

Head of Investor Relations, Sustainability and Communications
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2023: 1,289 pcs

Kai Rintala
b. 1975
PhD Construction Management

Director, Renewable Energy
Employed by Taaleri since 2016
Shares in Taaleri Plc on 31 December 2023: 0 pcs

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

Director, Bioindustry
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2023: 1,763 pcs

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

CFO
Employed by Taaleri since 2013
Shares in Taaleri Plc on 31 December 2023: 31,863 pcs

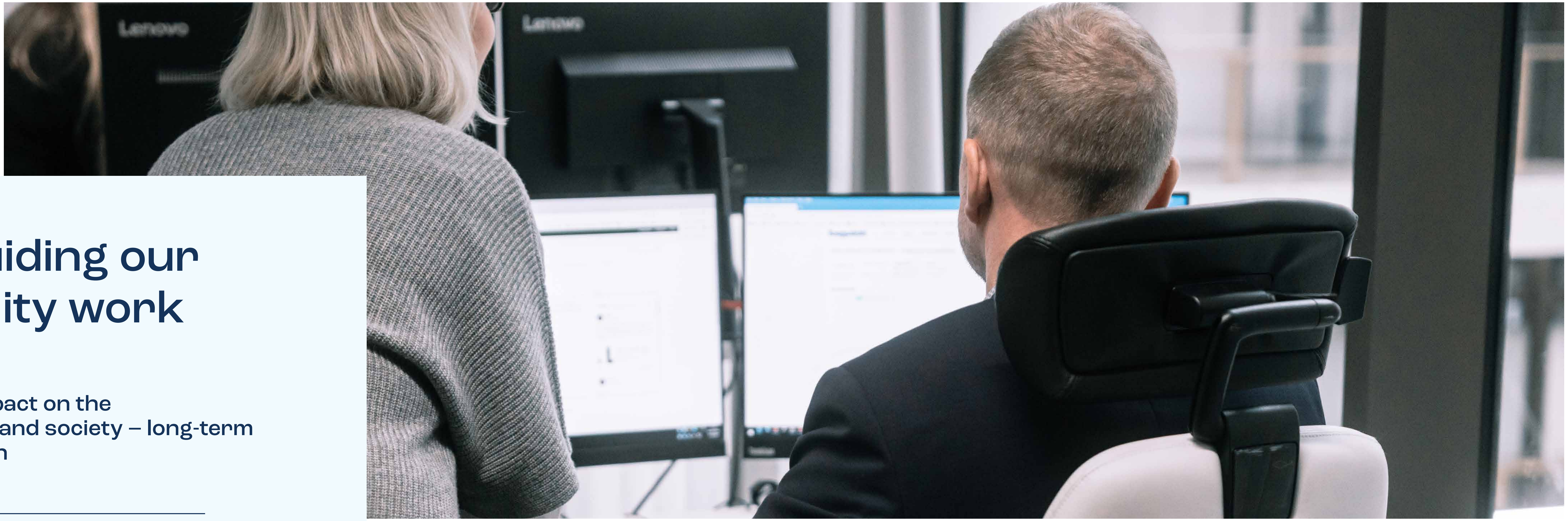
Read more on our website at www.taaleri.com/en/corporate-responsibility/governance/executive-management-team

Sustainability at the heart of the strategy

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

The requirements of our stakeholders and regulation are constantly increasing, which also increases the requirements for sustainability management and work on sustainability. We defined sustainability priorities and a roadmap for 2023, and used them to develop our operations and report on sustainability topics. For example, we expanded our climate and sustainability risk assessments related to investments and climate roadmaps in 2023. We prepared the use of a new software tool to manage and utilise sustainability data more efficiently. For the first time, we conducted an extensive personnel survey for the employees and a DEI mapping.

In the personnel survey, excellent results were achieved in the section evaluating the success and significance of Taaleri's sustainability work. Taaleri also received excellent or good results from all categories in the external UNPRI assessment of sustainable investing.



Themes guiding our sustainability work

A positive impact on the environment and society – long-term value creation

Attracting and retaining talent

Responsible partnerships

Sustainability through operations and functions – a frontrunner in impact and sustainability

The sustainability roadmap guides our work
Our ESG Committee, which consists of experts from the Group's management and businesses, continued to work actively to advance sustainability work and share information within the Group. We updated our short-term sustainability roadmap to guide our sustainability work, and will monitor its implementation. We worked on preparing the Group's long-term sustainability roadmap.

Taaleri has a separate Compliance team that monitors the development of the requirements of sustainability regulation and compliance with commitments and our own policies in our operations. We also increasingly integrated sustainability considerations into the Group's risk mapping and reporting.

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

Preparing for new disclosure obligations
Implementing EU-level regulation was again one of our priorities for the year. We prepared in particular for the obligations of the EU Corporate Sustainability Reporting Directive (CSRD) and the Sustainability Reporting Standards (ESRS), which will enter into force at the beginning of 2024, and which must be implemented in Taaleri's reporting for the financial year 2025. Among other things, we carried out a gap analysis of Taaleri's key future obligations and planned a comprehensive ESRS-compliant double materiality analysis and test verification for 2024.

In addition, we continued to implement the obligations of the EU's Sustainable Finance Disclosure Regulation (SFDR),

Taaleri's carbon footprint and handprint 2023

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

* Partly based on data from Upright.

which gradually entered into force between 2021 and 2023. The SFDR obliges Taaleri to report on, for example, the principal adverse impacts, sustainability impacts and risks of funds and compliance with EU classifications. The aim of the regulation is to increase the comparability of the sustainability of companies and financial products and the transparency of information.

We are gradually developing our data collection and reporting to meet future requirements. During the year, we developed processes and tools for collecting and monitoring sustainability data, for example by preparing for the use of a new software tool. In this report, we have primarily applied the Global Reporting Initiative (GRI) reporting standard, which partially takes into account future EU and International Financial Reporting Standards (IFRS) reporting requirements.

Outstanding results in UNPRI assessment

Taaleri's sustainable investment practices and progress towards climate goals are subject to an external assessment as part of the UNPRI and NZAM initiative processes. Taaleri did extremely well in the latest assessment, for 2022, which was published in December 2023. Results have developed positively compared to the previous results describing the activities in 2020.

In the UNPRI assessment, Taaleri received a full five stars for the sections related to overall policy, governance, strategy, infrastructure and real estate investment. The section on infrastructure investments consists of our renewable energy investments. Taaleri received the second-best result, four stars, in the general section on confidence-building measures and the section on private equity investments. The section

UNPRI assessment report

		Taaleri's result	Median of results for all participants in the UNPRI assessment
Policy, Governance and Strategy	★★★★★	91%	59%
Direct – Infrastructure	★★★★★	100%	79%
Direct – Real Estate	★★★★★	97%	62%
Direct – Private equity	★★★★☆	86%	69%
Confidence-building measures	★★★★☆	85%	80%

on private equity investments includes not only our private equity investments in bioindustry, but also Taaleri's older investments through non-strategic private equity funds. The scores in all five of areas relevant to Taaleri clearly exceeded the median scores of the UNPRI respondents.

Taaleri has been a signatory to UNPRI since 2010 and to NZAM since 2021. More information about the commitments and their implementation from Taaleri's point of view can be found on the initiatives' website: UNPRI website and NZAM website.

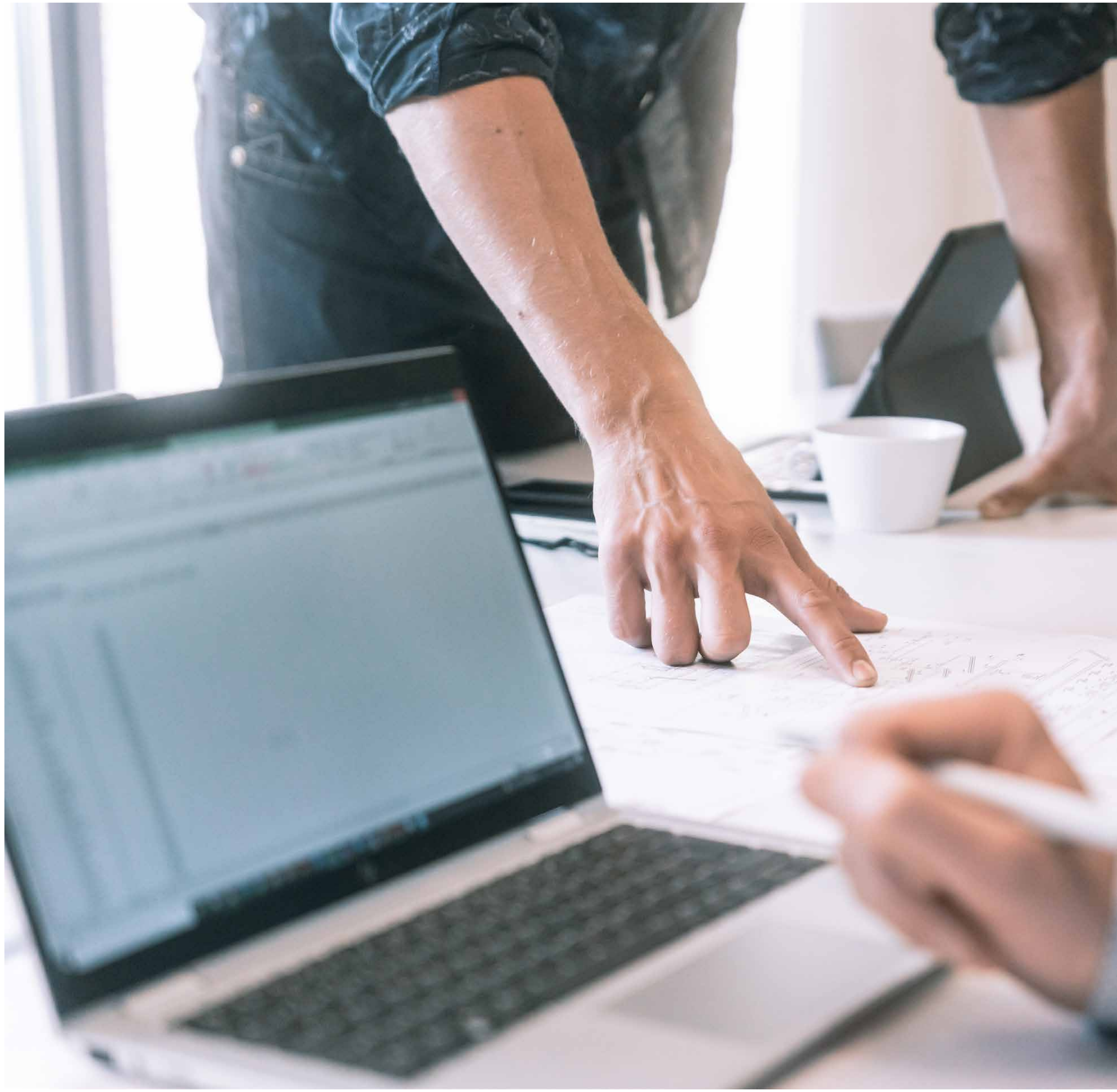
Taaleri's long-term climate goals are to reduce the Group's absolute direct and indirect greenhouse gas emissions resulting from the purchase of energy (scope 1 and 2) by 50% by 2030 from 2022 levels and to be carbon neutral not only in these but also in our funded and other relevant indirect emissions (scope 3) by 2050 in line with our NZAM commitment.

Ensuring sustainable partnerships

The aim of our work on sustainable partnerships is to ensure that Taaleri's operations meet standards and expectations, and to support our partners' own sustainability work. We ensure that our partners commit to obligations and commitments that are important to us by attaching sustainability principles to cooperation agreements using the Group's Partner Code of Conduct or the corresponding documents of the businesses. Alternatively, we at least check that our partners' own policy documents do not conflict with Taaleri's counterparts. As of 2024, we are doing this at least in the case of ongoing or business-relevant cooperation agreements by the Group, its subsidiaries and funds that fall under Article 9 of the EU SFDR. When concluding contracts, we consider the terms on breaching these commitments.

In December 2022, we published Taaleri Group's first Partner Code of Conduct, which we implemented in 2023. Our renewable energy and bioindustry businesses already had codes of conduct in place for partners of our private equity funds before that. In 2023, we collected information on our various contract partners and assessed their business significance and compliance with the requirements. Partner engagement is described in the Sustainability Key Figures section. In addition, we provided training to bioindustry investee companies on the requirements of the Code of Conduct.

We did not carry out separate sustainability audits for partners, but sustainability aspects were included in general site visits and other audits. The Partner Code of Conduct of Taaleri Group and the businesses enable audits to be carried out in the future.



Sustainability management in Taaleri Group

The roles, responsibilities and practices of sustainability management are in line with Taaleri's Code of Conduct and our governance and management model.

Board of Directors

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

Executive management

In Taaleri Plc's Executive Management Team, the Head of Investor Relations, Sustainability and Communications was responsible for ensuring sustainability at Group level, and reported to the CEO. The Group's Executive Management Team ensures that the Group complies with the applicable regulations and commitments. Business managers ensure that internal and external obligations are met in respect of their own business and manage the sustainability work of their business.

Committees and specialists

The ESG Committee of Taaleri Plc is responsible for Taaleri's sustainability planning, implementation or responsibility assignment and for promoting the flow of information. At the end of 2023, the ESG Committee consisted of 11 experts and managers from the Group's various functions. Taaleri's ESG team consists of experts focusing entirely on sustainability at Group and/or business level, of whom there were three in 2023. The Group's Head of Sustainability led the ESG Committee and Team together with the Group's Sustainability Manager.

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

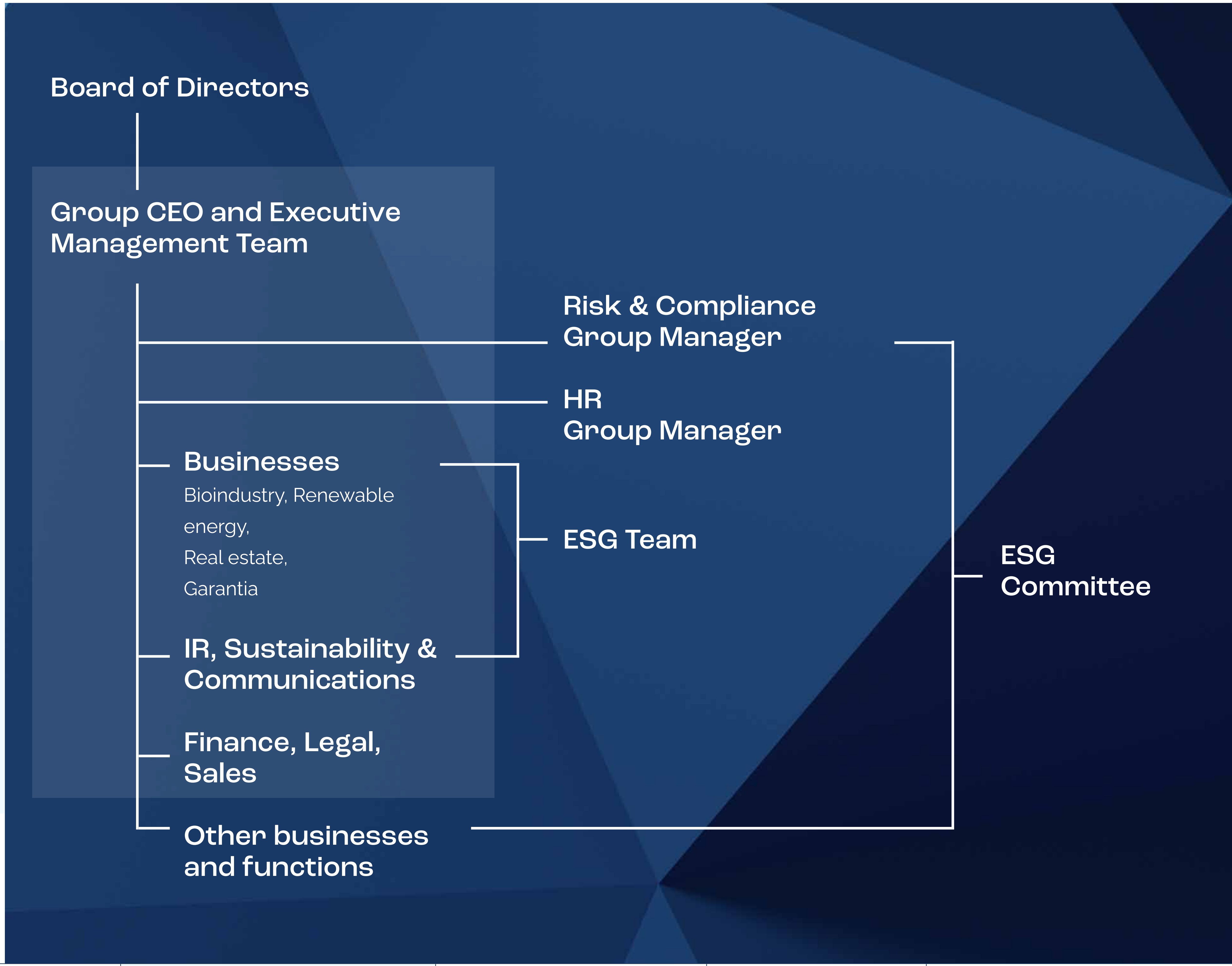
All Group personnel

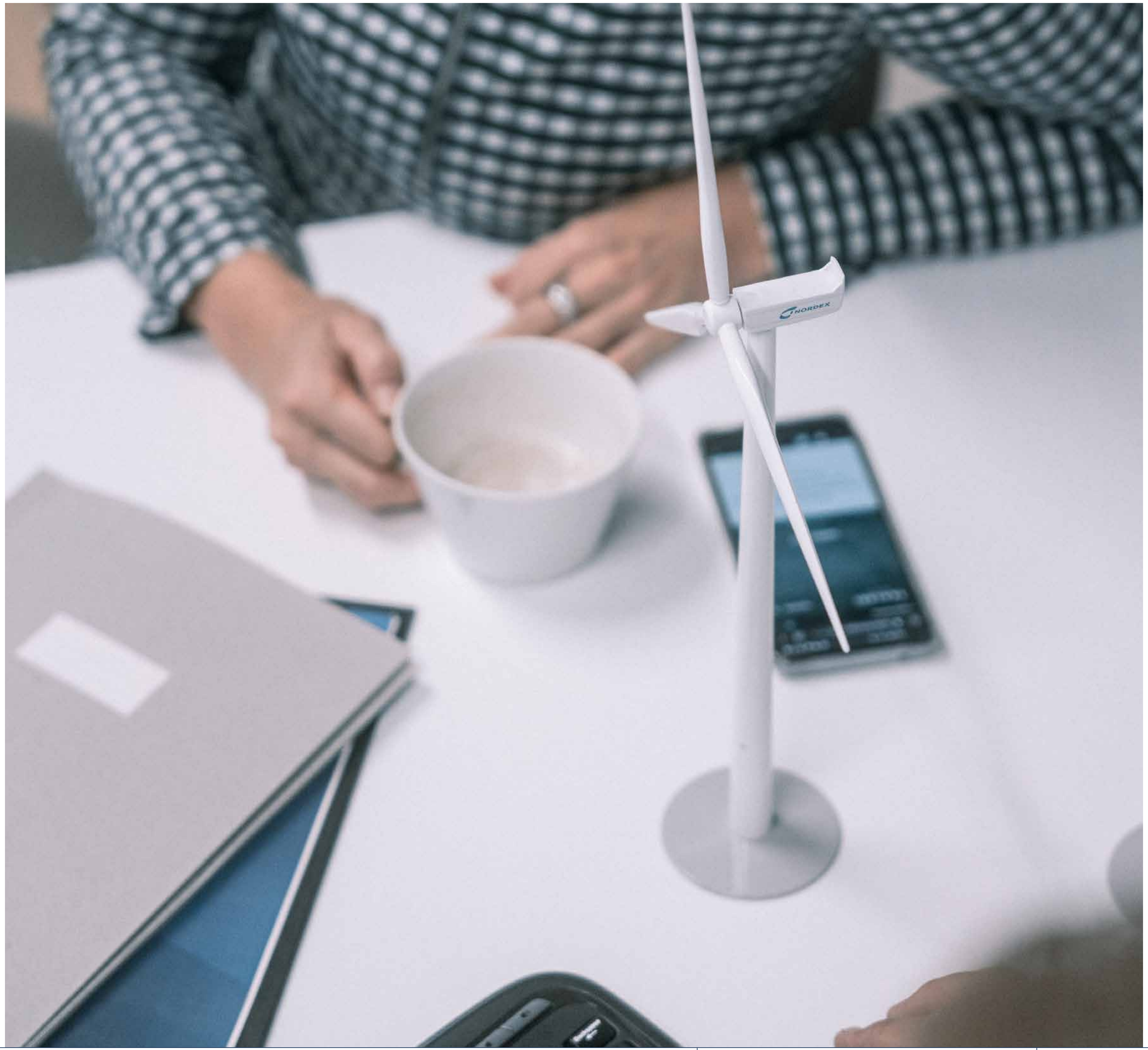
Through their own activities and work, each employee is responsible for compliance with the common policies, principles and guidelines related to sustainability and the role of the employee. We organise mandatory personnel training to raise awareness of sustainability, sustainable development, our policies and sustainable investment approximately every six months.

Sustainability integrated into remuneration

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

Sustainability management





Key figures for sustainability

At Taaleri, sustainability is measured from environmental and social perspectives and the perspective of good governance practices. We use sustainability data to manage the impacts and risks of our operations and to utilise business opportunities. Ensuring the availability and accuracy of sustainability data is essential for regulatory compliance and preparation for regulatory developments.

Sustainability data enables in-depth analysis of the value chain and supply chain management. For example, with the help of the carbon roadmaps of investees, we develop measures to reduce emissions in line with our climate target.

In 2023, we prepared the use of a new software tool to manage and utilise sustainability data more efficiently. The tool is intended, as a first step, to facilitate data collection and reporting in our funds that fall under Articles 8 and 9 of the EU SFDR. The tool will also support data assurance in the future.

General accounting principles

The key figures reported by Taaleri measure our impact on the environment and society, as well as describe the management practices of business and sustainability. The reported key figures cover the entire Taaleri Group, unless otherwise stated, and the indicators have been selected based on materiality assessment. Reporting applies the GRI Standards. In its preparation, other frameworks have also been considered, such as the EU Corporate Sustainability Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) disclosure requirements that will bind Taaleri from 2025 onwards. The GRI index starts from page 45 of this report. Background information and possible limitations are generally described below and, as needed, in more detail in connection with the figures and in the relevant section of the GRI index.

Generally, the key environmental sustainability figures include site-specific boundaries and assumptions. All of our sites are leased office spaces in properties that also house other users. Foreign offices have been excluded from the 2023 figures, whereas the 2022 figures partially include data from foreign offices. Our offices in Finland are significantly larger than our foreign offices, where only individual personnel work. Energy and water consumption data, as well as waste generated and recycled, are proportionate shares of the overall property figures.

In our carbon footprint, i.e., our greenhouse gas emissions, calculations we considers in material respects the emissions from our entire value chain in accordance with the GHG Protocol standard, including direct (scope 1) and indirect emissions from purchased energy (scope 2) and other indirect emissions from operations (scope 3) from different types of greenhouse gases (including CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, NF_3). The base year for reported emissions is 2022 due to data availability.

For the calculation of scope 1 and 2 emissions, we have utilized data on energy consumption obtained from the property managers and primarily market-based emission factors from energy companies. Scope 3 emissions are based on data from our partner Upright and are estimates. Upright has modeled scope 3 emissions based on information provided by Taaleri regarding our products, services and financial operations.

In carbon handprint calculations, we take into account our renewable energy and bioindustry fund products' share of avoided emissions generated by the investment targets in total. By avoided emissions, we mean the amount of greenhouse gases that would have been released into the atmosphere without the financed activity or by an alternative/a replaced product. The calculation and emission factors used are based on the European Investment Bank's methodology for renewable energy and the IRIS PD2243 methodology for bioindustry products.

Calculation and reporting of indicators related to our workforce are based on the GRI Standards, as well as, where applicable, the guidelines of the EU's ESRS standards. Strenghtening the ESRS accordance is a focus area of the coming years. The data reflects the situation as of 31 December. Regional breakdown includes our headquarters in Helsinki and as consolidated the other offices (Oulu, Tampere, Budapest, Madrid and Luxembourg). In the other offices there are significantly less personnel compared to Helsinki.

In the definition of indicators for sustainability management and good governance related to assets under management, guidelines from the EU's Sustainable Finance Disclosure Regulation (SFDR) have been utilized.

Taaleri's relevant topics and impact

The focus of Taaleri's sustainability work is defined by a double materiality analysis. The two-way analysis is based, among other things, on net impact modelling carried out by Upright. We strive to promote the UN Sustainable Development Goals, including '7 Affordable and clean energy', '9 Industry, innovation and infrastructure' and '13 Climate action'. The analysis and its results are described in more detail in Section 2.4 of [Taaleri's Sustainability Policy 2023].

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

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

+45% Net Impact ratio

More information: www.uprightplatform.com

Environmental sustainability

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

Environmental impact (GRI: 302-1, 302-3, 303-5, 305-1, 305-2, 305-3, 305-4)	2023	2022
GHG emissions, scope 1, tCO_2e	0.0	0.0
GHG emissions, scope 2, tCO_2e	0.0	0.1
GHG emissions, scope 3, tCO_2e*	2,220	2,118
Carbon footprint, tCO_2e* (scope 1-3)	2,220	2,118
Carbon handprint, tCO_2e	633,260	599,538
Emission intensity, tCO_2e/million euros (carbon footprint/income)	33	36
Compensated GHG emissions, tCO_2**	733	194
Energy consumption, MWh	175	113
Energy intensity, MWh/million euros (energy consumption/income)	2.6	1.9
Waste generated, t	3,584	3,606
Recycling rate, % (recycled share of waste produced)**	43	45
Water consumption, m^3	399	339
Share of non-renewable energy, % (share of non-renewable energy from energy consumption)	0.0	0.2

* Partly based on data from Upright.
** From 2023 we will offset at least the CO_2 emissions of air travel, from 2022 also CO_2e emissions from other business travels were compensated. The difference in approach is due to data availability. We use overcompensation and continue to develop operational models regarding compensation.
*** Weighted average

Social sustainability

Employees by gender, headcount (GRI 2-7)	2023	2022
Number of employees*	129	128
Female	47	47
Male	82	81
Number of permanent employees	122	120
Female	44	43
Male	78	77
Number of temporary employees	7	8
Female	3	4
Male	4	4
Number of non-guaranteed hours employees	4	4
Female	0	1
Male	4	3
Number of full-time employees	118	116
Female	42	42
Male	76	74
Number of part-time employees	7	8
Female	5	4
Male	2	4

* The proportion of female employees is 36.4% (36.7%), and of male employees is 63.6% (63.3%).

Employees by gender, FTE (GRI 2-7)	2023	2022
Number of employees	118.0	115.7
Female	41.1	38.6
Male	76.9	77.1
Number of permanent employees	113.4	110.3
Female	38.5	35.5
Male	74.9	74.8
Number of temporary employees	4.6	5.4
Female	2.6	3.1
Male	2.0	2.3

Employees by region, headcount (GRI 2-7)	2023	2022
Number of employees	129	128
Helsinki	112	110
Other	17	18
Number of permanent employees	122	120
Helsinki	105	102
Other	17	18
Number of temporary employees	7	8
Helsinki	7	8
Other	0	0
Number of non-guaranteed hours employees	4	4
Helsinki	4	4
Other	0	0
Number of full-time employees	118	116
Helsinki	102	99
Other	16	17
Number of part-time employees	7	8
Helsinki	6	7
Other	1	1

Employees by region, FTE (GRI 2-7)	2023	2022
Number of employees	118.0	115.7
Helsinki	101.8	98.5
Other	16.2	17.2
Number of permanent employees	113.4	110.3
Helsinki	97.2	93.1
Other	16.2	17.2
Number of temporary employees	4.6	5.4
Helsinki	4.6	5.4
Other	0.0	0.0

Employee categories and Board of Directors by gender (GRI 405-1)	2023	2022
Board of Directors	6	6
Female	33.3%	33.3%
Male	66.7%	66.7%
Executive Management Team	8	9
Female	37.5%	44.4%
Male	62.5%	55.5%
Other supervisors	24	20
Female	29.2%	30.0%
Male	70.8%	70.0%
Other employees	97	99
Female	38.1%	37.4%
Male	61.9%	62.6%

Employee categories and Board of Directors by age group (GRI 405-1)	2023	2022
Board of Directors	6	6
< 30 years	0.0%	0.0%
30-50 years	16.7%	33.3%
> 50 years	83.3%	66.7%
Executive Management Team	8	9
< 30 years	0.0%	0.0%
30-50 years	62.5%	77.8%
> 50 years	37.5%	22.2%
Other supervisors	24	20
< 30 years	0.0%	0.0%
30-50 years	75.0%	75.0%
> 50 years	25.0%	25.0%
Other employees	97	99
< 30 years	19.6%	22.2%
30-50 years	71.1%	66.7%
> 50 years	9.3%	11.1%

New employee hires and employee turnover by gender, region and age group (GRI 401-1)*	2023	2022
New employee hire, headcount	10	18
Female	5	5
Male	5	13
Helsinki	10	16
Other	0	2
< 30 years	6	5
30-50 years	3	13
> 50 years	1	0
Employee turnover, headcount	9	14
Female	5	5
Male	4	9
Helsinki	8	12
Other	1	2
< 30 years	1	2
30-50 years	4	10
> 50 years	4	2

* The overall employee retention rate is 92.6% (87.6%). The employee turnover rate is 7.4% (12.4%).

The share of female from new employees is 50.0% (27.8%) and male is 50.0% (72.2%). The share of Helsinki-based employees of new employees is 100.0% (88.9%) and other regions is 0.0% (11.1%). The share of under 30 years old employees from new employees is 60.0% (27.8%), 30-50 years old is 30.0% (72.2%) and over 50 years old is 10.0% (0.0%).

The share of female from employee turnover is 55.6% (35.7%) and males is 44.4% (64.3%). The share of Helsinki-based employees from employee turnover is 88.9% (85.7%) and from other regions is 11.1% (14.3%). The share of under 30 years old employees from employee turnover is 11.1% (14.3%), 30-50 years old is 44.4% (71.4%), and over 50 years old is 44.4% (14.3%).

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

Basic salary and remuneration by gender and employee categories (GRI 405-2)**	2023	2022
Executive Management Team, female average	287,900	358,886
Executive Management Team, male average	335,155	288,092
Other supervisors, female average	138,796	158,566
Other supervisors, male average	184,734	163,445
Other employees, female average	74,233	63,212
Other employees, male average	97,172	85,832

** The female/male ratio in the Executive Management Team is 0.9 (1.2), in other supervisors 0.8 (1.0), and in other employees 0.8 (0.7).

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

The total remuneration of the Executive Management Team for 2023 does not take into account one-time payments related to the change of the Real Estate business director. In turn, the total remuneration of the Executive Management Team for 2022 does not take into account the long-term remuneration, which was paid in November 2022 for the CEO who worked in 2021, nor the remuneration related to resigning of the General Counsel in 2022.

In the figures for the year 2023, all persons who were employed have been taken into account with a weighted employment value. In turn, the ratio of basic salary and remuneration for the year 2022 does not take into account employees who left during 2022, temporary summer employees or employees who have been absent for a long time without pay.

In 2023, no stock-based remuneration was paid to the Executive Management Team, whereas in 2022, some members of the Management Team received such remuneration. Short-term performance bonuses were paid to the current CEO in 2023 but not in 2022.

Annual total compensation ratio (GRI 2-21)	2023	2022
Annual total compensation of the CEO, EUR	735,280	486,640
Annual total compensation median for all other employees, EUR	93,905	83,565
Annual total compensation ratio	7.8	5.8
Ratio of the percentage increase in annual total compensation 2022-2023 (2023) and 2021-2022 (2022) for the organization's highest-paid individual to the median percentage increase in annual total compensation for all other employees	1.3	0.8

Parental leave by gender (GRI 401-3) and average days of sickness leave per employee	2023	2022
Employees that took maternity/paternity/parental leave	13	11
Female	8	6
Male	5	5
Employees that took maternity/paternity/parental leave and are still working at Taaleri 31.12.	13	10
Female	8	5
Male	5	5
Employees that took maternity/paternity/parental leave and did not return to work (employment agreement terminated at the same time maternity/paternity/parental leave terminated)	0	0
Female	0	0
Male	0	0
Average days of sickness leave per employee	1.6	4.1

Trainings by employee categories*	2023	2022
Total number of mandatory trainings conducted		
Executive Management Team	16	14
Other supervisors	13	14
Other employees	10	11
Hours undertaken for mandatory trainings per employee		
Executive Management Team	27.5	18.5
Other supervisors	17.0	26.5
Other employees	6.0	7.5

* In mandatory trainings, we address key and current topics relevant to the business. In addition to the mandatory trainings organized for everyone, we arrange mandatory trainings, coaching sessions and orientations tailored to specific groups such as the Executive Management Team, supervisors or new employees. We also provide voluntary trainings for everyone. We ensure the completion of at least the most essential mandatory trainings through a test, HR system recording and/or development discussion.

Good governance and financial impact

Taaleri's financial impacts and good governance practices can be examined and evaluated for example through processes related to taxes paid, competition practices, prevention of corruption and bribery and assurance of operations. In 2023, Taaleri paid a total of 10.7 (8.9) million euros in taxes. We pay taxes appropriately and on time in accordance with good governance practices. We compete fairly and honestly and comply with competition laws. We also demand good governance practices from our partners

During the reporting period, no significant changes took place in the organization's size, location, structure, ownership or its value chain. Taaleri's Private Asset Management segment included 28 (30) funds or similar products in the end of the year, in addition to which the service offering included Garantia's guaranty insurance services.

In accordance with good governance practices, Taaleri has described and assessed sustainability risks related to its operations in its Sustainability Risk Policy. Sustainability risks, if realized, can have a negative impact on either Taaleri or the investments it manages. No sustainability risks having an actual material impact on the value of the Group were identified as realized in 2023.

* Period from 1 January to 31 December, and figures in millions of euros unless otherwise stated.

** Tax footprint indicates Taaleri's taxes paid to Finland during the period from 1 January to 31 December (in million euros), related to business operations, taxes paid on behalf of employees and properties utilized.

*** 31 December 2023

Economic impact (GRI 201-1)*	2023	2022
Income	66.3	58.9
Operating profit and costs	34.5 (48.1%)	31.6 (46.3%)
Return on equity	13.0%	10.0%
Earnings per share, EUR	0.81	0.73
Growth of continuing earnings	8.4%	0.8%
Assets under management	2,641	2,516
Long-term financial targets		
Growth in continuing earnings > 15%	8.4%	0.8%
Operating profit > 25%	48.1%	46.3%
Return on equity > 15%	13.0%	10.0%
Salaries and benefits	18.8	19.0
Payments to providers of capital	21.9	34.8
Payments to government (income tax, Finland)	5.7	3.3
Economic value retained	4.3	10.8
Total market capitalization	254.3	316.5

Tax footprint**	2023	2022
Income tax	5.7	3.3
Taxes paid on behalf of employees	5.0	5.6
Property tax	0.0	0.0
Total	10.7	8.9

Sustainability management and good governance related to the assets under management***	2023	2022
Share of AUM, which has committed to following Taaleri's codes of conduct	68.3%	59.1%
Share of AUM, which has committed to EU minimum social safeguards	68.3%	59.1%
Share of AUM, which has gone through an ESG DD assessment	66.5%	59.1%

GRI-index

Statement of use	Taaleri has reported the information cited in this GRI content index for the period 1.1.2023-31.12.2023 with reference to the GRI Standards. The report was published on 14 March 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location / Additional information
General Disclosures		
GRI 2: General Disclosures 2021	2-1 Organizational details	**Taaleri Plc Annual Report 2023, p. 80** Taaleri website: Taaleri Plc Articles of Association
	2-2 Entities included in the organization's sustainability reporting	Taaleri Plc and its subsidiaries. **Taaleri Plc Annual Report 2023, p. 80**
	2-3 Reporting period, frequency and contact point	Similarly to the consolidated financial statements of Taaleri Plc Group, the annual report has been prepared for a 12-month period from 1 January 2023 to 31 December 2023 with a publication date of 14 March 2023. The annual report is a report published annually. Contact point regarding the sustainability information of the Annual Report: Sustainability Manager Karoliina Laine (email: firstname.lastname@taaleri.com).
	2-4 Restatements of information	Scope 3 (GRI 305-3) calculation criteria updated. The basis for calculating the annual total compensation ratio (GRI 2-21), collective agreements (GRI 2-30) and energy consumption (GRI 302-1, 302-3) indicators and the figures for 2022 have been updated. The figures related to the financial information for 2022 have been adjusted to comply with the IFRS 17 standard: income, operating profit and costs and return on equity (GRI 201-1, 302-3, 305-4) **Taaleri Plc Annual Report 2023, p. 36-37, 43**
	2-7 Employees	**Taaleri Plc Annual Report 2023, p. 40-41** Omission for the disclosure 2-7: Not reported breakdown by country.
	2-9 Governance structure and composition	**Taaleri Plc Annual Report 2023, p. 29-30, 35** **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2023 Taaleri Plc Sustainability Policy 2023 Taaleri website: Board of Directors and Committees
	2-10 Nomination and selection of the highest governance body	**Taaleri Plc Annual Report 2023, p. 29-30** **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2023 Taaleri website: Board of Directors and Committees
	2-11 Chair of the highest governance body	The Chair of the Board is not a senior executive in the organization operative business. **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statements 2023 Taaleri website: Board of Directors and Committees, Members of the Board of Directors, Juhani Elomaa

GRI Standard	Disclosure	Location / Additional information
	2-12 Role of the highest governance body in overseeing the management of impacts	**Taaleri Plc Annual Report 2023, p. 27-35** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 1, 10-11, 24 Taaleri Plc Code of Conduct Taaleri Plc Corporate Governance Statement 2023 Taaleri Energia ESG Policy 2023 Taaleri Bioindustry Sustainability Principles 2022, p. 1, 4 Taaleri Real Estate Sustainability Principles 2022. s. 1, 4 Taaleri Private Equity Funds Sustainable Investing Principles 2023, p. 1, 4-5 **Taaleri website:** Board of Directors and Committees
	2-13 Delegation of responsibility for managing impacts	See locations mentioned above in Disclosure 2-12, especially Annual Report 2023 and Sustainability Policy.
	2-14 Role of the highest governance body in sustainability reporting	The Report of the Board of Directors includes section A Statement of Non-financial Information. In addition, the Board has reviewed and approved the sustainability themes as part of the approval of the Sustainability Policy. In general, the Executive Management Team is responsible for reporting. **Taaleri Plc Annual Report 2023, p. 35**
	2-15 Conflicts of interest	**Document Archive on Taaleri's webpage:** Taaleri Plc Code of Conduct Taaleri Plc Sustainability Policy 2023, p. 10, 24 Taaleri Energia Code of Conduct 2019, p. 4-5 Taaleri Bioindustry Code of Conduct 2022, p. 6-7 Taaleri Plc Corporate Governance Statement 2023 **Taaleri website:** Remuneration Code of Conduct
	2-18 Evaluation of the performance of the highest governance body	**Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statement 2023 Taaleri Plc Sustainability Policy 2023, p. 10-11 **Taaleri website:** Board of Directors and Committees Governance Remuneration
	2-19 Remuneration policies	**Taaleri Plc Annual Report 2023, p. 26** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, s. 11 Taaleri Plc Corporate Governance Statement 2023 Taaleri Plc Remuneration Policy, p. 3-4 Taaleri Plc Remuneration Report 2023 **Taaleri website:** Remuneration
	2-20 Process to determine remuneration	**Taaleri Plc Annual Report 2023, p. 26** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 11 Taaleri Plc Remuneration Policy, p. 2-4 Taaleri Plc Remuneration Report 2023 Taaleri Plc Personnel Policy, p. 3 **Taaleri website:** Remuneration General Meetings, Remuneration Report for the Governing Bodies
	2-21 Annual total compensation ratio	**Taaleri Plc Annual Report 2023, p. 43**

GRI Standard	Disclosure	Location / Additional information
	2-23 Policy commitments	**Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2023 Taaleri Plc Sustainability Policy 2023 Taaleri Plc Code of Conduct Taaleri Plc Sustainability Risk Policy 2023 Taaleri Energia Code of Conduct 2019 Taaleri Bioindustry Code of Conduct 2022 Taaleri Energia ESG Policy 2023 Taaleri Bioindustry Sustainability policy 2022 Taaleri Private Equity Funds Sustainable Investing Principles 2023 Taaleri Real Estate Sustainability policy 2022 Taaleri Energia Statement on principal adverse impacts of investment decisions on sustainability factors 2023 Taaleri Private Equity Funds Statement on principal adverse impacts of investment decisions on sustainability factors 2023
	2-24 Embedding policy commitments	**Taaleri Plc Annual Report 2023, p. 8, 11-22, 31-37** **Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2022, p. 4 Taaleri Plc Sustainability Policy 2023, p. 5-24; Taaleri Plc Code of Conduct Taaleri Plc Sustainability Risk Policy 2023, p. 4-11 Taaleri Energia Code of Conduct 2019 Taaleri Bioindustry Code of Conduct 2022 Taaleri Energia ESG Policy 2023 Taaleri Bioindustry Sustainability Principles 2022, p. 4, 8-10 Taaleri Private Equity Funds Sustainable Investing Principles 2023, p. 4, 6-7 Taaleri Real Estate Sustainability Principles 2022, p. 4, 6-7
	2-25 Processes to remediate negative impacts	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 20-24 Taaleri Plc Sustainability Risk Policy 2023, p. 4-11 Taaleri Energia Statement on principal adverse impacts of investment decisions on sustainability factors 2023 Taaleri Private Equity Funds Statement on principal adverse impacts of investment decisions on sustainability factors 2023
	2-26 Mechanisms for seeking advice and raising concerns	**Taaleri Plc Annual Report 2023, p. 61-62** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 4, 7 Taaleri Plc Code of Conduct **Taaleri website:** Governance
	2-27 Compliance with laws and regulations	During the reporting period, there were no significant instances of non-compliance with laws and regulations, and for example no fines incurred on Taaleri for violating laws and regulations.
	2-28 Membership associations	**Taaleri Plc Annual Report 2023, p. 28** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 6 **Taaleri website:** Commitments and memberships
	2-29 Approach to stakeholder engagement	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 8-9 Taaleri Plc Code of Conduct **Taaleri website:** Governance
	2-30 Collective bargaining agreements	**Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy, p. 3 13.2% (13.3%) of the Group's employees are covered by collective bargaining agreements. The collective agreements covers Garantia's employees. For all Group employees (including those not covered by collective bargaining agreements), the terms and conditions of employment, such as working hours and salary and working conditions, are determined in the agreements in accordance with the Finnish law.

GRI Standard	Disclosure	Location / Additional information
GRI 3: Material Topics 2021	3-1 Process to determine material topics	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 8-10
	3-2 List of material topics	**Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 9-10 The guiding themes of our sustainability work, with which we aim to influence the impacts of our operations and sustainability risks, are the same as the previous year: 'Positive impact on the environment and society – longterm value creation', 'Responsibility through operations and functions – a frontrunner in ESG', 'Attractiveness and engaging experts' and 'Responsible partnerships'. Reporting on these themes is integrated into the Annual Report, but not detailed in this GRI content index. Instead, below are GRI disclosures that describe material sustainability themes and our impacts.
	3-3 Management of material topics	**Taaleri Plc Annual Report 2023, p. 31-38** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023 Taaleri Plc Corporate Governance Statement 2023 Taaleri Energia Statement on principal adverse impacts of investment decisions on sustainability factors 2023 Taaleri Private Equity Funds Statement on principal adverse impacts of investment decisions on sustainability factors 2023 Taaleri Plc Sustainability Risk Policy 2023 Taalerin Plc Code of Conduct
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	**Taaleri Plc Annual Report 2023, p. 44** Payments to Government are only available for Finland.
	201-2 Financial implications and other risks and opportunities due to climate change	**Taaleri Plc Annual Report 2023, p. 8-22, 44, 121, 123, 136** **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Risk Policy 2023, p. 5-6 Omission for the disclosure 201-2: Costs for managing climate and/or sustainability risks or opportunities have not been specified. Reporting of the financial effects is further developed.
GRI 302: Energy 2016	302-1 Energy consumption within the organization	**Taaleri Plc Annual Report 2023, p. 36-39** The Group does not use fuels nor sell energy in its direct operations. Its energy consumption is caused by its premises' electricity, heating and cooling use, which are consolidated in reporting. Explanation regarding disclosure 3-3: Taaleri's office spaces use automatic lighting and temperature regulating systems to optimize energy consumption.
	302-3 Energy intensity	**Taaleri Plc Annual Report 2023, p. 36-39** Calculated based on the energy consumption of the Group's direct operations (electricity, heating and cooling) per turnover.
GRI 303: Water and Effluents 2018	303-5 Water consumption	**Taaleri Plc Annual Report 2023, p. 36-39** No water consumption from areas with identified water stress. The Group's direct water consumption is from office premises. **Document Archive on Taaleri's webpage:** Additional information from the funds' point of view is available, for example, in Taaleri Energia's and Taaleri Private Equity Funds' Statements on principal adverse impacts of investment decisions on sustainability factors. Explanation regarding disclosure 3-3: In Taaleri's office premises, water taps with motion detection are used to optimize water consumption.

GRI Standard	Disclosure	Location / Additional information
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Taaleri or the investment targets managed by its funds do not operate in biodiversity-sensitive areas that have been classified as Natura 2000 areas, protected areas, or UNESCO World Heritage sites, or KBA areas (Key Biodiversity Areas), or as defined by the EU Commission: (2021/2139 (12)) classified as sensitive areas. **Document Archive on Taaleri's webpage:** Additional information from the funds' point of view is available, for example, in Taaleri Energia's and Taaleri Private Equity Funds' Statements on principal adverse impacts of investment decisions on sustainability factors.
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	**Taaleri Plc Annual Report 2023, p. 36-39**
	305-2 Energy indirect (Scope 2) GHG emissions	**Taaleri Plc Annual Report 2023, p. 36-39** Omission for the disclosure 305-2: Location-based values not reported. In the calculation of the year 2022 figure, market-based emission factors have been used for our Finnish offices and EIB (2023) location-based emission factors for our foreign offices.
	305-3 Other indirect (Scope 3) GHG emissions	**Taaleri Plc Annual Report 2023, p. 36-39**
	305-4 GHG emissions intensity	**Taaleri Plc Annual Report 2023, p. 36-39**
GRI 306: Waste 2020	306-3 Waste generated	**Taaleri Plc Annual Report 2023, p. 36-37, 39** Omission for the disclosure 305-2: Breakdown by waste type not reported.
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	**Taaleri Plc Annual Report 2023, p. 36-37, 42**
	401-3 Parental leave	**Taaleri Plc Annual Report 2023, p. 36-37, 43**
GRI 403: Occupational Health and Safety 2018	403-6 Promotion of worker health	All Taaleri's employees are covered by occupational health care. The occupational health care covers preventive health care, general and occupational health care, doctor provided medical care, medical care with laboratory tests and an annual gynecologist visit. **Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2022, p. 4
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	**Taaleri Plc Annual Report 2023, p. 25, 36-37, 41** **Document Archive on Taaleri's webpage:** Taaleri Plc Corporate Governance Statement 2023 Taaleri Plc Personnel Policy 2022, p. 3-4
	405-2 Ratio of basic salary and remuneration of women to men	**Taaleri Plc Annual Report 2023, p. 36-37, 42**

GRI Standard	Disclosure	Location / Additional information
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	No cases or suspicions of discrimination were identified during the reporting period. **Document Archive on Taaleri's webpage:** Taaleri Plc Personnel Policy 2022, p. 3
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	No cases or suspicions of incidents of violations involving the rights of indigenous peoples were identified during the reporting period. **Document Archive on Taaleri's webpage:** Taaleri Plc Sustainability Policy 2023, p. 7-8 Taaleri Energia ESG Policy 2023
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	Taaleri Plc Annual Report 2023, p. 9 Requirements for product and service information and labeling is given on the fund and insurance product-specific websites, as well as in investor reports. **Taaleri website:** Taaleri Private Equity Funds Taaleri Energia Taaleri Bioindustry Taaleri Real Estate Garantia Omission for the disclosure 417-1: Reported with adaptations as all mentioned aspects are not relevant for financial products.

Information for investors

During 2023, Taaleri provided its shareholders with an annual return of -13.3%, taking into account the share price development and the dividend of EUR 0.70. Taaleri's share price was EUR 11.18 on the first day of trading and EUR 8.99 on the last day of trading of the year.

In 2023, 2,748,751 Taaleri shares were traded on Nasdaq Helsinki, which corresponds to an exchange value of EUR 28,119,723 during the period. On average, 10,951 Taaleri shares were traded daily.

In November 2023, Taaleri hosted the Capital Markets Day, where we shared our plans for implementing our updated strategy, creating value and achieving financial targets. In connection with each result announcement, we also organised a webcast event available to everyone who wished to attend it. Taaleri also participated in a number of investor events in Finland aimed at both institutional and private investors.

During 2023, the number of Taaleri shareholders increased from 10,200 to approximately 11,400.

Share analysis

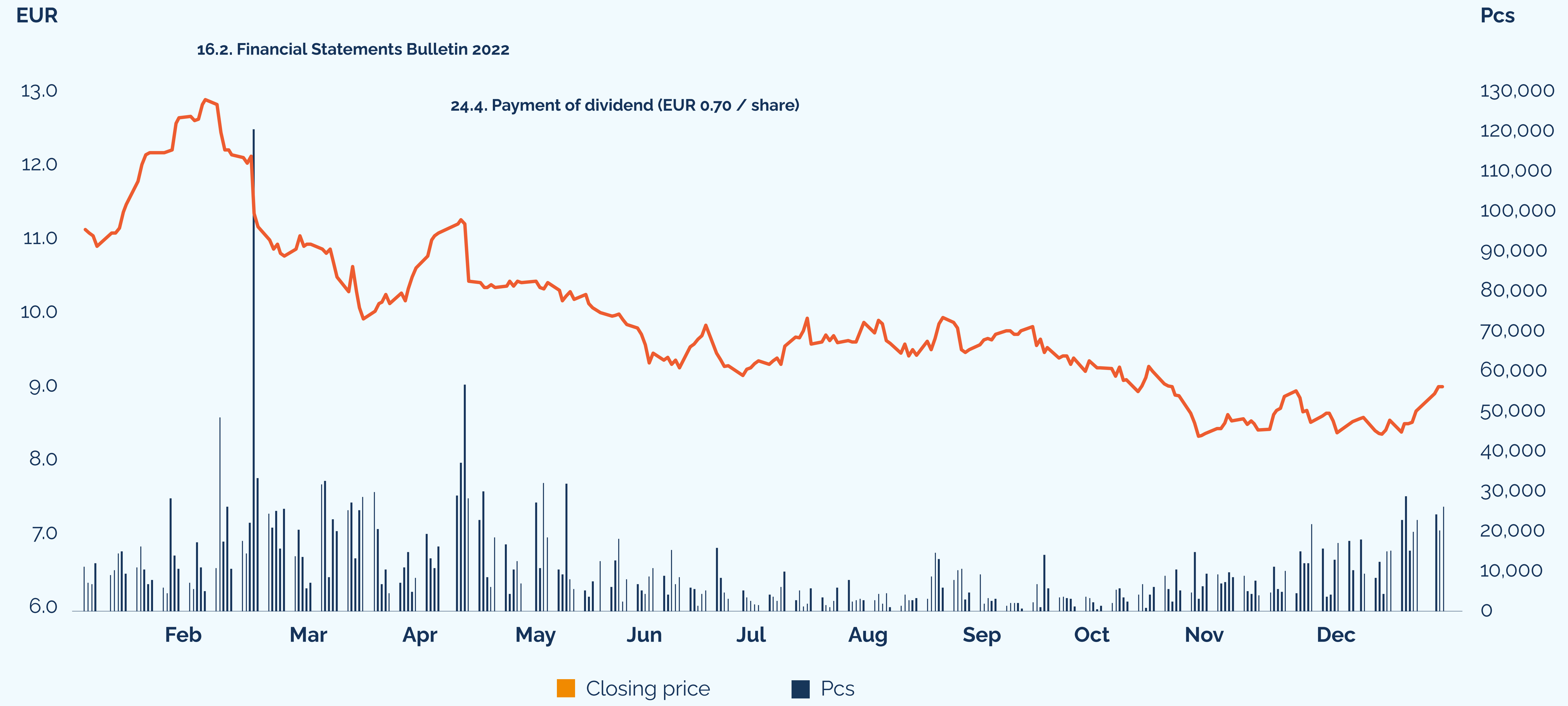
At the end of 2023, Taaleri was being followed by Inderes and Nordea. The reports and the analysts' contact information can be found at https://www.taaleri.com/en/investors/share/share-analysis.

Taaleri's interim financial reporting in 2024

- Interim statement Q1 2024, 7 May 2024
- Half-year financial report H1 2024, 20 August 2024
- Interim statement Q3 2024, 5 November 2024

Taaleri's Annual General Meeting will be held on Wednesday, 10 April 2024.

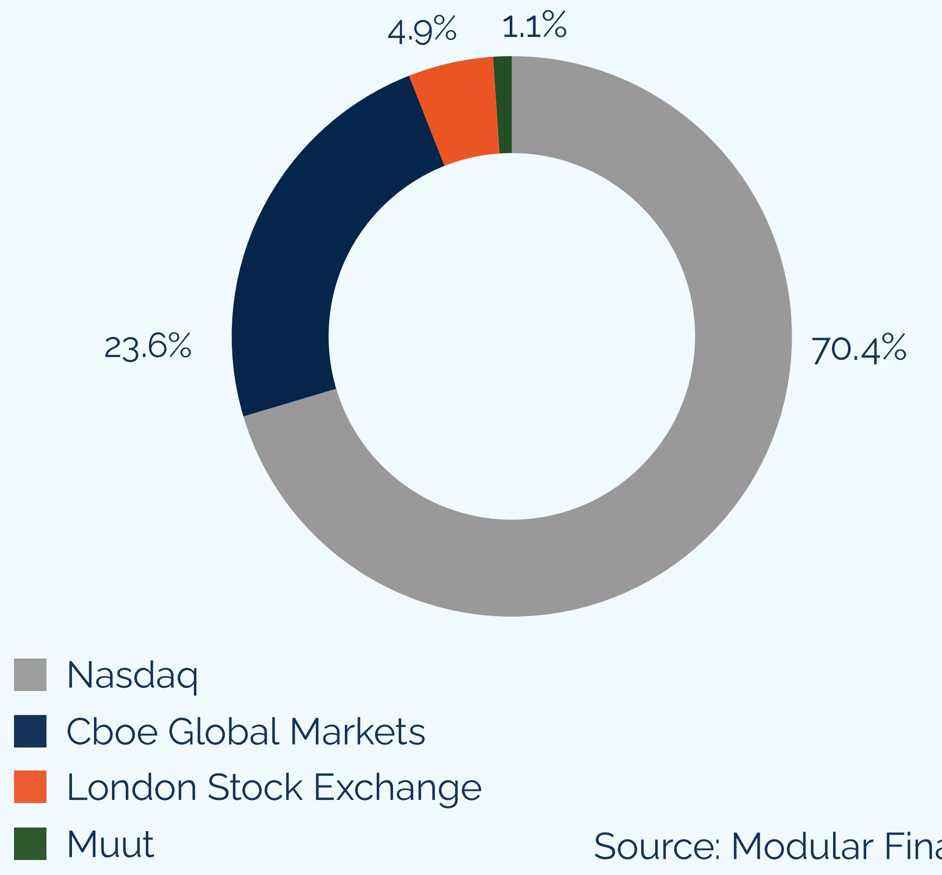
Taaleri's share price development 1.1.2023–31.12.2023



Share information

Listing market: Nasdaq Helsinki
Listing date: 1 April 2016 (main list), 24 April 2013 (First North Finland)
Trading currency: Euro
Market value segment: Mid Cap
Trading code: TAALA
ISIN code: FI4000062195
Reuters symbol: TAALA.HE
Bloomberg symbol: TAALA:FH

Trading in Taaleri Plc's shares by marketplace



Source: Modular Finance Monitor

The Report of the Board of Directors and Financial Statements 2023

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The Board of Directors' Report 1.1.–31.12.2023

Taaleri in brief

Taaleri is a Nordic investment and asset manager that focuses on businesses with industrial-scale opportunities within bioindustry and renewable energy. We create value through both funds under management and direct investments by combining extensive know-how, deep expertise, entrepreneurship and capital. Taaleri's vision is to become a leading investment manager operating internationally in bioindustry and renewable energy.

Taaleri's growth in the bioindustry and renewable energy ecosystems is supported by sustainability-driven megatrends and a strong demand for novel industrial and energy solutions. Through investments in bioindustry, Taaleri utilises renewable and recyclable raw materials to create sustainable products through industrial innovations and technologies. In renewable energy, Taaleri develops utility-scale clean energy solutions.

Sustainability is a central part of Taaleri's operating methods and principles. We have been a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010, and we joined the Net Zero Asset Managers (NZAM) initiative in 2021. Taaleri's vision is to become one of the leading international investors in bioindustry and renewable energy.

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

Promoting the strategy

The year 2023 was the last year of Taaleri's strategy period that began in 2021, and we can be satisfied with the implementation of the strategy. The aim for the strategy period was to drive growth through private equity funds focusing on renewable energy and other alternative investments. In 2023, the main priorities of the implementation of the strategy were the fundraising of the Taaleri SolarWind III Fund and the promotion of bioindustry business's private equity funds and co-investments. The objective of the strategy period was to increase the assets under management to more than EUR 3 billion. At the end of 2023, assets under management amounted to EUR 2.6 billion.

Taaleri had four strategic priorities during the strategy period ended. Below, we outline how we advanced each of the priorities during 2023.

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

We develop and expand private equity funds that seek not only economic returns but also measurable benefits for the environment and society. In 2023, we managed nine private equity funds that fall under Articles 9 and 8 of the EU's Sustainable Finance Disclosure Regulation (SFDR), i.e. they either make only sustainable investments or contribute to select sustainability factors. Approximately 75% of our assets under management are in Article 9 and 8 funds.

All six of our renewable energy business's funds and Taaleri Bioindustry I Fund have been classified as dark green, i.e. Article 9 funds. In addition, two real estate funds, Taaleri Housing Fund VIII and Taaleri Rental Home, are classified as Article 8 funds.

2. We seek to scale up all our businesses

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

Assets under Taaleri's management increased during 2023 from EUR 2.5 billion to EUR 2.6 billion. During the year, we raised funds mainly for the Taaleri SolarWind III Fund. The assets under management were reduced by, among other things, the exit of Taaleri Forest Fund III in June and the ending of the asset management mandate of the real estate business in July.

Taaleri's latest renewable energy fund, Taaleri SolarWind III, progressed as planned during the year. In July, the fund announced that it had raised EUR 286 million in the first closing, and the second closing in December increased the fund size to EUR 430 million. The fundraising was supported by a project development portfolio that included 61 projects at the end of the financial year.

At Garantia Insurance Company Ltd, we continued to advance a strategy based on a scalable business model, risk diversification and an extensive distribution network, which produced an extraordinarily strong performance in insurance operations despite the challenging operating environment.

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

In addition to our significant domestic cooperation with Aktia, we strengthened our own institutional and international sales during 2023. In the renewable energy business, Taaleri has its own sales organisation, which has focused on large domestic institutions as well as international investors. During the year, we entered into distribution partnerships for our funds in Europe, North America and Asia. We also met with a number of European institutional and family offices focusing on impact investing, to whom we presented Taaleri's operations and the SolarWind III Fund. This work will continue and expand as we focus on internationalisation under the updated strategy.

4. We optimise return on capital and balance sheet usage

In accordance with our strategy, we enhanced the use of our equity and distributed to shareholders the capital that the company does not need for growth investments or to fulfil its solvency targets. Taaleri distributed a dividend of EUR 0.70 per share for 2022. The amount of the dividend was based on the distribution of EUR 0.45 as a dividend based on the operating profit of continuing operations and EUR 0.25 as a dividend based on the profit from the sale of the wealth management operations.

Strategy update

Taaleri updated its strategy during 2023 for the new strategy period starting at the beginning of 2024. At the core of the updated strategy are the private equity fund business and substantial industrial investments especially in bioindustry. Taaleri's goal is to increase its assets under management to EUR 4 billion and the amount of direct industrial investments to at least EUR 100 million by the end of 2026. Taaleri's vision is to become a leading investment manager operating internationally in bioindustry and renewable energy.

Taaleri's growth in the bioindustry and renewable energy ecosystems is supported by sustainability-driven megatrends and a strong demand for novel industrial and energy solutions. Through investments in bioindustry, Taaleri utilises renewable and recyclable raw materials to create sustainable products through industrial innovations and technologies. In renewable energy, Taaleri develops utility-scale clean energy solutions.

Taaleri's updated strategic priorities are:

1. Grow within our business areas through both funds under management and direct investments.
   - Growth strengthens our market position, attracts talent and makes us more relevant to our value chain.
   - We make investments in both talent and companies to drive our growth.
   - Our business areas are in different stages of maturity, allowing us to grow profitably.

2. Make substantial industrial investments and co-operate with industrial partners especially in the bioindustry ecosystem.
   - We want to become a meaningful industrial operator in the rapidly evolving bioindustry ecosystem.
   - We make long-term direct minority or majority investments or co-investments in companies that aim to solve global challenges in a profitable, measurable and impactful way.
   - We create value and opportunities for all our stakeholders by being a frontrunner in the ecosystem.

3. Expand our investor base outside of Finland and partner with international organisations on investments.
   - We aim to be a leading manager that investors turn to when considering investing in bioindustry or renewables.
   - We strengthen our sales to major institutional clients and international investors both directly and through third-party distributors.

4. Develop impact and sustainability in all investments throughout their lifecycle.
   - We strive to find and promote solutions to climate and other sustainability challenges with our investments. We emphasise positive impact in our operations.
   - We use credible sustainability criteria and targets. We make our investment decisions based on economic factors, impact potential, sustainability, as well as sustainability risk assessments.

Taaleri's new long-term financial targets are:
- Growth: at least 15% in Group's continuing earnings and performance fees p.a. (revised metric)
- Return on equity: at least 15% (unchanged)
- Dividend: at least 50% payout of the FY profit (unchanged)

Operating environment and market prospects

Development of the global economy and of the capital markets was still surrounded by a high degree of uncertainty in 2023. Unusually strong inflation prompted central banks to continue to tighten monetary policy considerably, which slowed down economic growth worldwide. The interest rate increases curbed inflation, and the US and European central banks stopped hikes during the year. Inflation is expected to slow down to around 2% in 2024 and 2025. According to the prevailing market view, 2024 will bring a soft landing; the economy will slow down moderately while avoiding a more serious recession, and interest rates will start to decline in 2024.

The growth of alternative investments has slowed, but the asset class has become a significant part of the portfolios of institutional investors, as it offers the opportunity to diversify risks and smooth out returns. The EU's sustainable finance regulation guides both investors and financial actors towards sustainable investments. In particular, more private capital will be needed in the future to achieve the global emission reduction, energy self-sufficiency and circular economy targets.

Uncertainties in the operating environment of Taaleri's businesses affected the businesses both positively and negatively during 2023.

In the renewable energy business, the operating environment remained good, although the war in Ukraine, higher interest rates and inflation all increased the costs of project construction. The war in Ukraine has contributed to the acceleration of the green transition and countries' efforts to achieve energy self-sufficiency, but it has also created uncertainty among investors. The price of electricity fell significantly in 2023 from the peak level of the previous year, but it was still higher than in previous years, especially in Central and Southern Europe. The volatility of electricity prices contributed to increased uncertainty about future regulation and increased discussion on new support mechanisms that would increase investments in renewable energy.

Bioindustry is still a new, high-growth market that offers impactful and innovative solutions for many of the sustainability problems of our time. The outlook for the bioindustry business remained good, although the general economic uncertainty and weakened situation affected the financial arrangements and timetables of the operating environment during 2023. Planned funding rounds stretched, but there was downward pressure on the valuation levels of investees. The poor availability and/or high price of some raw materials and tightened financing conditions of banks created pressure on the timetables and costs of projects of potential investees and investments.

The real estate market continued to be challenging. Transaction volumes remained clearly below those of previous years. The rise in interest rates reversed towards the end of the year, but the yield requirements continued to grow slightly. In the rental market, however, occupancy rates and rental levels remained good. The long-term fundamentals supporting real estate investments, such as urbanisation, are still seen as strong in the Finnish real estate market. Sustainability and impact will continue to be at the core of investment activities, and capital will increasingly seek out key locations and sustainable investments.

In the operating environment of Garantia Insurance Company Ltd inflation, rising interest rates and economic uncertainty kept consumer confidence low. As a result, the volumes of housing transactions and new mortgage loans raised decreased significantly from previous years, which affected the sales of residential mortgage guarantees. However, the creditworthiness of the company's consumer and corporate customers remained good, and no material changes occurred in the risk position of the guaranty insurance portfolio. Positive investment market performance affected positively to Garantia's investment performance as market interest rate started to decrease in the second half of the year and optimism returned to equity market.

Financial result

Continuing earnings, income, and operating profit

Group, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	**39.9**	**36.8**	**8.4%**
Private Asset Management	24.4	20.7	17.8%
Strategic Investments	13.6	13.7	-1.0%
Other	1.9	2.4	-18.6%
Income	**66.3**	**58.9**	**12.5%**
Private Asset Management	42.3	42.6	-0.5%
Strategic Investments	17.9	3.8	>100.0%
Other	6.1	12.6	-52.0%
Operating profit	**31.9**	**27.3**	**16.8%**
Private Asset Management	14.9	18.6	-19.9%
Strategic Investments	16.5	3.1	>100.0%
Other	0.5	5.5	-90.9%

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 page 78.

The Group's continuing earnings grew by 8.4% to EUR 39.9 (36.8) million during 2023. The Private Asset Management segment's continuing earnings grew by 17.8% to EUR 24.4 (20.7) million. The continuing earnings of the Strategic Investments segment, on the other hand, fell by 1.0%, largely due to the growth in insurance service expenses.

A performance fee of EUR 3.6 million was realised from the sale of Taaleri Forest Fund III in the summer, from which a previously unrecognised proportion of EUR 1.6 million was recorded as income for the period. A total of EUR 19.4 million was recognised as performance fees in the corresponding period.

The Group's net income from investment operations was EUR 25.0 (2.8) million, of which EUR 16.5 (2.5) million was from the Private Asset Management segment, EUR 4.4 (-9.9) million from the Strategic Investments segment and EUR 4.1 (10.2) million from the Other group. The Group's net income from investment operations included EUR 15.2 million of realised capital gains, most of which were represented by EUR 8.9 million of capital gains from the sale of the renewable energy project development portfolio, adjusted by the purchase price specified in the second half of the year, and EUR 5.5 million of income from renewable energy development activities in Texas between 2018 and 2021. The Group's income grew by 12.5% to EUR 66.3 (58.9) million.

The Group's operating expenses totalled EUR 34.5 (31.6) million, of which personnel costs were EUR 16.1 (14.0) million and fee and commission expenses EUR 6.6 (8.7) million. The Group's operating profit was EUR 31.9 (27.3) million, corresponding to 48.1% (46.3) of income.

In the Group's consolidated IFRS income statement, income grew by 15.6% to EUR 65.6 (56.8) million. the profit for the period was EUR 26.5 (21.3) million and the Group's total comprehensive income was EUR 28.5 (9.3) million.

Balance sheet, investments, and financing

At the end of the review period, the Group's cash and cash equivalents totalled EUR 38.3 (46.8) million, and Taaleri Group's balance sheet total was EUR 307.9 (299.9) million. Investments were EUR 212.1 (200.7) million, corresponding to 68.9% (66.9) of the Group's balance sheet total. At the end of the review period, the Group's accrued income included unrealised performance fees of EUR 14.2 (16.2) million.

The liabilities of the Group totalled EUR 99.3 (99.4) million, of which insurance contract liabilities were EUR 45.6 (46.5) million, deferred tax liabilities were EUR 16.5 (16.9) million and interest-bearing liabilities were 14.9 (15.3) million. The interest-bearing liabilities comprised of EUR 14.9 (14.9) million of Taaleri Plc's Tier 2 bond.

At the end of December, Taaleri Group's equity was EUR 208.6 (200.5) million. The Group's equity ratio remained strong at 67.8% (66.9), and the Group's return on equity during the financial period stood at 13.0% (10.0%).

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 page 78.

Private Asset Management

In reporting, the Private Asset Management segment is divided into Renewable energy and Other private asset management. Renewable energy includes Taaleri Energia, which develops and invests in industrial-scale wind and solar power projects and energy storage systems. It also manages investments throughout their lifecycle. The other areas within Private Asset Management include Taaleri's real estate, bioindustry and other businesses. Group investments that support the core business and the development of the businesses reported under the Private Asset Management segment are reported under the segment. Such investments include, for example, seed investments in new funds. Group investments are presented in further detail under segment information on page 79.

Private Asset Management, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	24.4	20.7	17.8%
Performance fees	1.5	19.4	-92.3%
Investment operations	16.5	2.5	562.8%
Income	**42.3**	**42.6**	**-0.5%**
Operating profit	**14.9**	**18.6**	**-19.9%**
Allocation of financing expenses	-2.1	-1.8	17.4%
Profit before tax	**12.8**	**16.8**	**-24.0%**
Full-time permanent personnel, at the end of the period	78	72	8.3%

Private Asset Management segment's investments, EUR million	31.12.2023	31.12.2022	Change, %
Investments and receivables, fair value	**32.3**	**28.8**	**12.2%**
Renewable energy	19.3	19.1	1.2%
Real estate	0.2	0.2	0.0%
Bioindustry	12.8	9.4	35.5%
Other investments	0.0	0.1	-100.0%

Renewable energy

Renewable energy, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	18.1	14.6	24.5%
Performance fees	0.0	10.3	-100.0%
Investment operations	17.2	0.9	>100.0%
Income	**35.4**	**25.8**	**37.3%**
Operating profit	**16.3**	**11.5**	**41.7%**
Allocation of financing expenses	-1.6	-1.3	26.6%
Profit before tax	**14.7**	**10.2**	**43.6%**
Full-time permanent personnel, at the end of the period	46	42	9.5%
Assets under management, EUR billion	1.6	1.4	19.6%

The continuing earnings of the renewable energy business grew during the financial period 2023 by 24.5% to EUR 18.1 (14.6) million, mainly due to the successful fundraising of the Taaleri SolarWind III Fund. No performance fees were recognised in the financial period, while EUR 10.3 million in performance fees were recognised in the corresponding period. Net income from investment operations was strong at EUR 17.2 (0.9) million, most of which was represented by EUR 8.9 million of capital gains from the sale of the project development portfolio to the Taaleri SolarWind III Fund, adjusted by the purchase price specified in the second half of the year, and EUR 5.5 million from renewable energy development activities in Texas between 2018 and 2021. The income from investment operations for the financial year 2023 also included income of EUR 2.9 million from expenses billed from the funds. Income from the renewable energy business grew by 37.3% to EUR 35.4 (25.8) million.

Operating expenses totalled EUR 19.0 (14.2) million, of which fee and commission expenses were EUR 4.2 (5.3) million and personnel costs were EUR 7.6 (5.8) million. Personnel costs included EUR 2.0 (1.2) million in variable personnel costs. EUR 2.9 million of operating expenses was billable expenses and thus has no impact on profit or loss. However, a total of EUR 1.4 million in project costs was written down during the financial year, which weakened the operating profit for the financial year. Operating profit for the renewable energy business in the financial year ended was EUR 16.3 (11.5) million, corresponding to 46.2% (44.7) of income.

During the period, the renewable energy business continued fundraising for the Taaleri SolarWind III Fund, which is classified as a dark green fund under Article 9 of the EU SFDR. The fund held its first closing at the beginning of July after it had raised EUR 286 million and held a second closing in December. At the end of the financial year, the fund had raised EUR 430 million in investment commitments, and fundraising will continue in the coming financial year. The Taaleri SolarWind III Fund's investment strategy is to acquire, develop, construct, and operate a portfolio of utility-scale onshore wind farms, photovoltaic solar parks, and battery storage assets. The fund's target markets are the Nordic countries, the Baltic countries, South-East Europe, Spain and Texas. The fund is based on a project development portfolio of 50 projects compiled by Taaleri Energia, which Taaleri Energia sold to the fund at the end of June. In addition to the capital gain of EUR 8.9 million recognised from the sale for the period, the transaction involves the possibility of an earn-out if the fund's projects progress in accordance with the agreed terms.

Furthermore, during the financial period, the renewable energy business started preparations to exit the Taaleri Wind II and Taaleri Wind III Funds, which are at the end of their lifecycle. In previous financial years, Taaleri has recognised a total of EUR 14.2 million in performance fees from the Taaleri Wind II and Taaleri Wind III Funds, which have been based on management estimates. The amount of the performance fees is determined, and the fees are realised upon the exit of the funds.

Other private asset management

Other private asset management, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	6.2	6.1	1.7%
Performance fees	1.5	9.0	-83.5%
Investment operations	-0.8	1.6	n/a
Income	**7.0**	**16.8**	**-58.5%**
Operating profit	**-1.4**	**7.1**	**n/a**
Allocation of financing expenses	-0.5	-0.5	-5.4%
Profit before tax	**-1.9**	**6.6**	**n/a**
Full-time permanent personnel, at the end of the period	32	30	6.7%
Assets under management, EUR billion	1.0	1.1	-12.8%

Continuing earnings from Taaleri's real estate, bioindustry and other businesses during the financial period 2023 grew by 1.7% to EUR 6.2 (6.1) million. Continuing earnings were boosted by successful product launches in the bioindustry business in 2022. However, continuing earnings were reduced by both the exits carried out in 2023 and a decrease in fees based on real estate mandates.

During the financial period, Taaleri received a performance fee of EUR 3.6 million for the sale of Taaleri Forest Fund III, of which EUR 1.6 million was recognised as income during the financial period ended and EUR 2.0 million as income in 2022. The transaction involves the possibility of an earn-out. In addition to the performance fee of EUR 2.0 million recorded for Taaleri Forest Fund III, the performance fees of EUR 9.0 million for the corresponding period consisted primarily of a transaction concerning the shares of Ficolo Ltd owned by Taaleri's co-investment and associated company Taaleri Datacenter Ky. Among other things, changes in the fair value of Taaleri's own balance sheet investments reported under the Private Asset Management segment are recorded in the investment result of Other private asset management. In the financial period ended, changes in fair value were negative, while in the corresponding period they were positive. Income from Taaleri's real estate, bioindustry and other businesses fell to EUR 7.0 (16.8) million due to decreased performance fees and a decreased 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 in the financial period ended totalled EUR 8.4 (9.7) million, of which EUR 2.3 (3.1) million was fee and commission expenses. The decreased proportion of fee and commission expenses was due to higher fee and commission expenses associated with performance fees in the corresponding period. Personnel costs decreased from the level of the corresponding period to EUR 4.0 (4.2) million due to a decrease in variable personnel costs. Operating profit from Taaleri's real estate, bioindustry and other businesses was EUR -1.4 (7.1) million.

During the financial period, the real estate business focused on the active development of new investment products and the preparations to exit old funds. The business successfully implemented the sale of Taaleri Forest Fund III and its forest holding portfolio during the first half of the financial year, and the asset management mandate of an international client's real estate portfolio ended at the beginning of July in accordance with the agreement. At the end of the financial year, the real estate business welcomed the new director, who took up his duties after the end of the financial year in January 2024.
During the financial year, the bioindustry business focused on mapping new investees for its first fund, Taaleri Bioindustry I, and on promoting due diligence processes of potential investments. The fund made its third investment in the Nordic Bioproducts Group, a Finnish company producing cellulose-based materials with a high processing value, during the period. The bioindustry business also prepared its next fund, the strategy of which would be to invest in start-up companies in the bioindustry sector. The goal of the venture capital fund would be to offer early-stage companies the opportunity to grow into the next scale-up phase. The construction work of the torrefied biomass plant to be built in Joensuu as a co-investment project of Taaleri's bioindustry business started during the financial year.

During the financial period, Taaleri acquired shares in WasteWise Group, a Finnish company, increasing its shareholding to 34.1%. The technology developed by WasteWise Group enables the recycling of difficult-to-recycle plastics, and the pyrolysis oil resulting from the process can be used to replace crude oil, for example in the raw material chain of plastics production. One of the aims of the investment is to accelerate the growth of Taaleri's bioindustry business. The company has been consolidated into the bioindustry business as an associated company since July 2023.

At the end of the financial year, the bioindustry business began several recruitment processes to support direct investments and international growth in line with Taaleri's strategy updated in late 2023.

Taaleri's private equity funds in a table

Renewable energy, EUR million	Founded	Product	Business area	AUM 31.12.2023	Stage of the fund
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Invested
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Invested
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Invested
Taaleri SolarWind III	2023	Private equity fund	Renewable energy		Fundraising
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				**1,649**	

Other private asset management, EUR million	Founded	Product	Business area	AUM 31.12.2023	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	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		Invested
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Investing period
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate		Investing period
Managed accounts	2021-	Managed accounts	Real estate		Investing period
Real estate total				**675**	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Invested
Joensuu Biocoal	2021	Co-investment	Bioindustry		Investing period
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Fundraising
Bioindustry total				**164**	
Other funds total				**152**	
Other private asset management total				**991**	
Taaleri's Private Asset Management segment total, EUR million				**2,641**	

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

Strategic Investments

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

Strategic Investments, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	13.6	13.7	-1.0%
Performance fees	-	-	-
Investment operations	4.4	-9.9	n/a
Income	**17.9**	**3.8**	**>100.0%**
Operating profit	**16.5**	**3.1**	**>100.0%**
Allocation of financing expenses	-1.9	-1.9	0.0%
Profit before tax	**14.6**	**1.2**	**>100.0%**
Full-time permanent personnel, at the end of the period	19	18	5.6%

Garantia

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

Garantia, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Insurance service result	13.5	14.1	-3.9%
Insurance revenue	19.0	19.1	-0.5%
Insurance service expenses	-4.9	-4.3	14.1%
- of which incurred claims	-1.2	-1.2	1.2%
- of which other insurance administrative expenses	-3.2	-3.1	5.1%
- of which losses on onerous contracts	-0.5	-0.2	106.4%
- of which changes in liability of incurred claims	0.8	1.0	-20.3%
- of which insurance acquisition costs	-0.8	-0.8	-1.1%
Net expenses from reinsurance contracts	-0.5	-0.7	-22.5%
Net finance income and expense from insurance	-0.0	-0.4	-96.7%
Net income from investment operations	4.7	-8.5	n/a
Other income	0.0	0.0	195.2%
Income	**18.3**	**5.3**	**248.6%**
Other expenses	-1.5	-0.6	129.8%
Operating profit	**16.8**	**4.6**	**265.2%**
Allocation of financing expenses	-1.9	-1.9	0.0%
Profit before tax	**14.9**	**2.7**	**451.4%**
Change in the fair value of investments	5.7	-10.1	n/a
Result at fair value before tax	20.6	-7.4	n/a
Full-time permanent personnel, at the end of the period	19	18	5.6%

Garantia	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Claims ratio (IFRS), %	4.5%	2.1%	2.4%-p.
Expense ratio (IFRS), %	21.5%	20.6%	0.9%-p.
Reinsurance ratio (IFRS), %	2.7%	3.5%	-0.8%-p.
Combined ratio (IFRS), %	28.7%	26.2%	2.6%-p.
Return on investments at fair value, %	6.9%	-11.2%	18.1%-p.

Garantia	31.12.2023	31.12.2022	Change, %
Investment portfolio, fair value, MEUR	164	155	6.0%
Guaranty insurance portfolio, MEUR	1,749	1,862	-6.0%
Solvency ratio, %	245.7%	231.3%	14.4%-p.
Credit rating (S&P)	A-	A-	-

Garantia's income in 2023 was EUR 18.3 (5.3) million. Income grew as the insurance service result remained excellent and especially as the net investment income increased from year 2022.

Insurance service result decreased by 3.9% to EUR 13.5 (14.1) million in 2023. The result was especially affected by increased insurance service expenses as a result of increase in losses on onerous contracts. Insurance revenue remained stable despite the subtle decrease in the volume of guaranty insurance portfolio. The combined ratio (IFRS) was 28.7% (26.2). As in the period of comparison, the profitability of insurance operations was very good.

Net investment income grew to EUR 4.7 (-8.5) million. Net investment income significantly exceeded the level seen in the corresponding period last year, as the market interest rates levelled since the inflation lowered faster than expected, and the start of the war in Ukraine and the surge in market interest rates depressed investment markets during the period of comparison.

Other expenses amounted to EUR 1.5 (0.6) million. Other expenses include the proportion of the company's expenses that is not related to insurance operations, such as variable personnel expenses.

Operating profit amounted to EUR 16.8 (4.6) million. The result at fair value before tax was EUR 20.6 (-7.4) million.

Insurance operations

Garantia's insurance revenue decreased by 3.9% in 2023 and amounted to EUR 19.0 (19.1) million. The decrease in insurance revenue was mainly a result of lower volume of the guaranty insurance portfolio.

Guaranty insurance exposure contracted by 6.0 % in 2023 and amounted to EUR 1,749 (1,862) million at the end of the year. The guaranty insurance exposure contracted, as new underwriting was not entirely sufficient to cover the amortisation of existing exposures.

Of the total guaranty insurance exposure, EUR 1,397 (1,343) million, or 80% (72), was made up of consumer exposure and EUR 352 (519) million, or 20% (28), of corporate exposure. The consumer exposure includes residential mortgage guaranties and rent guarantees underwritten to private households. The corporate exposure includes corporate loan guaranties, commercial bonds, and other business-related guarantees underwritten to corporates and other organisations.

Insurance service expenses amounted to EUR 4.9 (4.3) million in 2023. Insurance service expenses were mainly increased due to losses on onerous contracts. Claims ratio (IFRS) for 2023 remained low at 4.5% (2.1) although it increased due to losses on onerous contracts. Expense ratio (IFRS) slightly increased to 21.5% (20.6).

Net expenses from reinsurance contracts amounted to EUR 0.5 (0.7) million during the review period. Reinsurance ratio (IFRS) stood at 2.7% (3.5).

Garantia's combined ratio (IFRS) was 28.7% (26.2) in 2023. The profitability of insurance operations in 2023 was very good.

Investment operations

Net income from investment operations amounted to EUR 4.7 (-8.5) million in 2023, and mainly consisted of interest income, fair value changes and realized gains and losses. The change in the fair value of investment assets recognised in comprehensive income before taxes was EUR 5.7 (-10.1) million. Hence, the return on investments at fair value was 6.9% (-11.2).

The market interest rate levelled in the last quarter of 2023 which affected the investment market widely. Stock markets were fuelled by the risen optimism and the return on fixed-income products turned back positive. Equity prices rose in the US and the S&P500 index rose 24.2% in 2023. Lowered inflation allowed ECB to stop rate hikes until further notice and market rates started to lower at the end of the year. Euribor 12 which is used as a reference rate for most of the mortgages in Finland, ended up to 3,5% which was 0,2 pp. higher as year before. Credit spreads tightened slightly during 2023.

At the end of the review period, the fair value of Garantia's investment portfolio was EUR 164 (155) million. In addition to accumulated investment returns and insurance cashflow, the value of the investment portfolio was affected by the EUR 10 million dividend payment to the parent company in the first quarter.

Risk position

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

In guaranty insurance operations, credit risk refers to the risk of the guaranteed counterparty being unable to meet its contractual obligations towards the beneficiary of the guaranty. The amount of credit risk is mainly dependent on the creditworthiness of the guaranteed counterparties and the amount of any counter-collateral. The market risks regarding investment operations consist of interest, equity, property, currency and counterparty credit risks affecting the value and return of investment assets.

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

Consumer exposures amounted to EUR 1,397 (1,343) million at the end of September and represented 80% (72) of the total guaranty insurance exposure. The consumer exposures are made up of residential mortgage guaranties and rent guarantees underwritten to private households. The residential mortgage guaranty is a supplementary collateral underwritten to cover a housing loan. The rent guarantee protects landlords against tenants defaulting on their lease contract obligations.

Most of the consumer exposure is made up of the residential mortgage guaranty portfolio, the risk position of which did not see any material changes during the first nine months of the year. The portfolio is well diversified with respect to counterparty, geographical location of collateral property and underwriting year, and the creditworthiness of the counterparties in the portfolio is very good on average. The credit risks of the portfolio are in addition limited by means of an excess-of-loss portfolio reinsurance arrangement.

Corporate exposure amounted to EUR 352 (519) million at the end of the review period and represented 20% (28) of the total guaranty insurance exposure. The corporate exposure is made up of corporate loan guarantees, commercial bonds, and other business-related guarantees. The guaranteed companies in the corporate portfolio mainly include medium and large Finnish companies and other organisations. The credit risks in the portfolio are, in addition to risk selection, managed by applying reinsurance, collaterals and risk-mitigating contractual arrangements.

The share of corporate exposures with investment grade ratings of AAA…BBB- amounted to 31.1% (23.0), and the share of exposures rated BB- or better made up 71.4% (67.0) of all rated corporate exposures. The share of exposures with weak ratings of C+ or lower remained low at 2.8% (2.2). The creditworthiness of the corporate counterparties in the company's guaranty insurance portfolio has remained good on average, despite the weakened economic environment.

The principal industry sectors in the corporate portfolio were wholesale trade at 20.8% (15.6), manufacturing at 19.1% (23.8), construction at 12.3% (17.2), financial and insurance services at 11.7% (13.1) and water and sewage services 10.3% (9.4). The shares of other industry sectors were all less than 10%.

In investment operations, the risk level remained stable. At the end of the review period, fixed-income investments (incl. cash) made up 86.6% (88.2), equity & private equity investments 12.0% (10.4) and real estate investments 1.4% (1.4) of the investment portfolio. The majority of the fixed income investments was made up of investments in bonds of Nordic companies, credit institutions and insurance companies with strong creditworthiness. The proportion of investment grade-rated fixed-income investments was 61.2% (68.8). The modified duration of the fixed-income investments was 2.4 (2.3).

Credit rating

On 14th December 2023, Standard & Poor's Global Ratings (S&P) affirmed the credit rating of A- with stable outlook for Garantia Insurance Company.[1]

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

Shareholding in Aktia Bank Plc

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

Shareholding in Aktia Bank Plc, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	-	-	-
Performance fees	-	-	-
Investment operations	-0.4	-1.5	-75.3%
Income	**-0.4**	**-1.5**	**-75.3%**
Operating profit	**-0.4**	**-1.5**	**-75.3%**
Profit before tax	**-0.4**	**-1.5**	**-75.3%**

During the financial year 2023, the shareholding generated EUR -0.8 (-2.0) million in changes in fair value and EUR 0.4 (0.5) million in dividend income. The closing price for Aktia's share at the end of the financial year was EUR 9.42 (31 December 2022: 10.22), and the market value of the shareholding was EUR 9.2 (10.0) million.

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 2023, Taaleri's non-strategic investments totalled EUR 26.4 (25.2) million. The change in the portfolio during the period is mainly due to the EUR 2.3-million capitalisation of Turun Toriparkki Oy and its change in value, the exit from Taaleri Infra Ky and other changes in the portfolio's fair value. The most significant negative change in fair value during the period, total EUR -2.9 million, was recorded from Alisa Bank Plc's shares in the Group's other comprehensive income items. The Group investments are presented in further detail under segment information on page 79.

Other, EUR million	1.1.-31.12.2023	1.1.-31.12.2022	Change, %
Continuing earnings	1.9	2.4	-18.6%
Performance fees	-	-	-
Investment operations	4.1	10.2	-59.7%
Income	**6.1**	**12.6**	**-52.0%**
Operating profit	**0.5**	**5.5**	**-90.9%**
Profit before tax	**3.4**	**8.3**	**-59.5%**
Full-time permanent personnel, at the end of the period	14	16	-12.5%

Non-strategic investments, EUR million	31.12.2023	31.12.2022	Change, %
Investments and receivables, fair value	**26.4**	**25.2**	**4.4%**
Real estate	22.7	16.4	38.4%
Other investments	3.7	8.9	-58.3%

In the financial year 2023, the income of the Other group totalled EUR 6.1 (12.6) million, consisting of continuing earnings of EUR 1.9 (2.4) million and net income from investment operations of EUR 4.1 (10.2) million. The EUR 0.9 million return recognised from the exit from Taaleri Infra I Ky and the EUR 3.0 million in unrealised changes in fair value and exchange rate changes had an impact on the net income from investment operations in the financial period. The most significant positive change in value of EUR 3.3 million was recognised due to the successful refinancing of Taaleri's associated company Turun Toriparkki Oy. The net income from investment operations in the corresponding period included an earn-out of EUR 6.7 million for the Finsilva holding sold in 2016 and, as a result of a transaction involving the shares of Ficolo Ltd owned by Taaleri Datacenter Ky, a profit of EUR 7.5 million for an associated company consolidated into the Taaleri Group.

Operating expenses were EUR 5.6 (7.1) million, of which personnel costs amounted to EUR 3.1 (3.4) million. The operating profit of the Other group in the financial year 2023 was EUR 0.5 (5.5) million. .

Statement of non-financial information

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

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

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

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

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

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

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

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

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

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

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

Changes in Group structure

During the financial year 2023, Taaleri Plc and Taaleri Investments Ltd sold part of their holdings in Taaleri Energia Ltd to key personnel in the renewable energy business. The Taaleri Group's joint ownership of Taaleri Energia Ltd and its subgroup decreased to 76.2 (79.4) percent. In addition, Taaleri Oyj's shareholding in Taaleri Real Estate Ltd changed during the period, when Taaleri Plc first sold and later in the period acquired company's shares from key persons in the real estate business. At the end of the period, Taaleri Plc owned 100.0 (80.0) percent of Taaleri Real Estate Ltd.

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

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 2023

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

Decisions of Taaleri Plc's Annual General Meeting

The General Meeting adopted the financial statements for the 2022 financial period, granted the members of the Board of Directors and the CEO discharge from liability and approved the Remuneration Report for governing bodies.

Deciding on dividend distribution

The General Meeting decided according to the proposal of the Board of Directors that a dividend of EUR 0.70 per share be paid based on the balance sheet adopted for the financial year ended 31 December 2022. The dividend was paid to shareholders who on the dividend record date of 17 April 2023 were entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The dividend was paid on 24 April 2023.

Deciding on the remuneration of members of the Board of Directors

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

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

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

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

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

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

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

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

Election of the chairman and deputy chairman of the Board of Directors
The General Meeting decided to elect Juhani Elomaa as the Chairperson of the Board and Hanna Maria Sievinen as Deputy Chairperson of the Board.

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

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

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

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

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

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

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

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

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

This authorisation cancels the authorisation to purchase the company's own shares issued at the General Meeting of 6 April 2022.

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

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

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

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

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

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

The authorisation is valid until the end of the next Annual General Meeting, however no longer than 30 June 2024.

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

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

"§ 10 Notice to the general meeting of shareholders

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

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

In other respects, the Articles of Association remained unchanged.

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

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

Decisions regarding the organisation of Taaleri Plc's Board of Directors
Hanna Maria Sievinen, Petri Castrén and Jouni Takakarhu were elected as members of the Board of Directors' Audit Committee. The Board of Directors elected Hanna Maria Sievinen as Chairperson of the Audit Committee.

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

Changes in Taaleri's management

On 16 August 2023, Taaleri announced that Titta Elomaa, a member of the Executive Management Team of Taaleri Plc and CEO of Garantia Insurance Company, had announced that she would resign from her duties as CEO of Garantia. She has been responsible for Garantia's operations since 2018. Elomaa continued in her position in the Executive Management Team of Taaleri Plc and as the CEO of Garantia until the end of 2023. At the same time, it was announced that the Board of Directors of Garantia Insurance Company Ltd had decided to appoint Henrik Allonen, M.Sc. (Econ.), as CEO of the company as of 1 January 2024. At the same time, he became a member of Taaleri Plc's Executive Management Team.

On 6 October 2023, Taaleri announced that Minna Smedsten, Taaleri's CFO, had resigned and would move on to a new position outside the company. She has worked at Taaleri since 2013. Smedsten left her positions as Taaleri's CFO and member of the Executive Management Team in December 2023. After the end of the review period, on 12 January 2024, Taaleri announced that Taaleri had on that day appointed Ilkka Laurila as the Group's CFO and a member of the Executive Management Team. He took up his position on 6 February 2024.

On 21 November 2023, Taaleri announced that the director of Taaleri's real estate business changes. The former director Essi Sten left her position and Taaleri Group's Executive Management Team on that day. The company appointed Mikko Krootila to the position and as a member of the Executive Management Team as of 1 January 2024.

On 4 December 2023, Taaleri announced that Taaleri's Head of Investor Relations, Sustainability and Communications Siri Markula has resigned and is moving to a new position outside the company. She has worked at Taaleri since January 2021. Markula will leave her position and Taaleri's Executive Management Team in February 2024.

Taaleri's personnel

The number of permanent full-time employees in the Group at the end of the financial year was 111 (106). The number of permanent full-time employees in the Private Asset Management segment was 78 (72) and in the Strategic Investments segment 19 (18). The number of permanent full-time employees in the Other group was 14 (16). 95% (96) of the personnel were employed in Finland.

In 2023, Taaleri Group's personnel costs totalled EUR 16.1 (14.0) million, consisting of fixed personnel costs of EUR 11.5 (10.3) million and variable personnel costs of EUR 4.7 (3.7) million.

Incentive schemes
At the end of the review period, Taaleri had in force the CEO's stock option plan, two share-based incentive schemes for the Group's key personnel and an employee share savings plan.

No new share-based incentive schemes were launched during the review period, but the Board of Directors of Taaleri Plc resolved on the target group, allocations, performance criterion and targets for the performance period 1 August 2023–31 July 2026 of the Group's key employee performance share plan launched in 2021.

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.

On August 16, 2023, Taaleri Plc's Board of Directors decided on the launch of the earning period 2023–2026. The main terms and conditions of the performance share plan were published in detail in the stock exchange release dated 17 June 2021. The plan includes three performance periods lasting three years each. Contrary to what was announced on 17 June 2021, the last performance period is between 1 August 2023 and 31 July 2026. During the performance period 2023–2026, the plan's target group includes approximately 10 key employees, including some of the members of the Group's Executive Management Team. The potential reward of the plan from the performance period 2023–2026 is based on the total shareholder return of the Taaleri Plc share. The rewards to be paid based on the performance period 2023–2026 correspond to the value of approximately 140,000 Taaleri Plc shares in maximum total, also including the portion to be paid in cash. The potential reward will be paid after the end of the performance period in autumn 2026. The reward will be paid partly in company shares and partly in cash.

CEO's option plan

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

Employee Share Savings Plan: Plan period 2022–2025

On May 6, 2022, Taaleri Plc's Board of Directors decided on a new share-based incentive for the employees of Taaleri Plc and its subsidiaries. The aim of the plan is to encourage employes to acquire and own Taaleri shares, and it is intended to align the interests of the shareholders and the employees as well as to increase employees' motivation and long-term commitment to the company. The Employee Share Savings Plan (ESSP) consists of plan periods that commence every second year. Taaleri's Board of Directors will decide on each plan period and its details separately. In the plan period 2022–2025, Taaleri Plc's employ-ees 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.

Shares and share capital

Taaleri's share on Nasdaq Helsinki

1–12/2023	No of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
TAALA	2,748,751	28,121,671	12.94	8.27	10.23	8.99

* Volume weighted average

Taaleri's share has been listed on Nasdaq Helsinki, among mid-cap companies, since 2016. The trading code is TAALA. At the end of the review period, the company had 11,382 (31.12.2022: 10,201) shareholders.

On 31 December 2023, Taaleri Plc's shareholders' equity was EUR 125,000.00 and the company had 28,350,620 registered shares.

Share repurchase program

Taaleri announced on 19 December 2023, that the Board of Directors of Taaleri Plc has resolved to start repurchasing the company's own shares based on the authorization given by the Annual General Meeting held on 13 April 2023. The maximum number of the company's own shares to be repurchased is 200,000 shares, corresponding to approximately 0.71 per cent of all the shares in the company. The maximum amount to be used for the share repurchase is EUR 1,900,000. The shares will be repurchased using the company's unrestricted equity. The shares will be repurchased through public trading organized by Nasdaq Helsinki Ltd at the market price as per the time of repurchase.

The repurchase of own shares started on 20 December 2023 and ends on 10 April 2024 at the latest. The company can acquire the shares for use as part of the company's incentive schemes, or it can decide to cancel any or all of the repurchased shares. When the program started, the total number of shares in Taaleri Plc was 28,350,620. When the program started, the company held 45,000 of its own shares, which corresponded to 0.16 per cent of all shares.

On 31 December 2023, the company held 65,027 (45,000) own shares, which corresponds to 0.23 percent of all shares. During the fiscal year 2023, a total of 20,027 shares were acquired, which corresponds to 0.07 percent of all shares. A total of EUR 175,141.02 was paid for the 20,027 shares acquired, which has been recorded as a reduction of the parent company's and the Group's equity.

Shareholders by sector 31.12.2023

Sector	Shares	Of shares, %
Private companies	9,259,406	32.7%
Financial and insurance corporations	2,035,322	7.2%
Public sector organizations	22,437	0.1%
Non-profit institutions	14,689,191	51.8%
Households	250,401	0.9%
Nominee registrations and direct foreign shareholders	2,093,863	7.4%
Total	**28,350,620**	**100.0%**

Shareholders by the number of shares held 31.12.2023

Number of shares	Shareholders	Of shareholders, %	Shares	Of shares, %
1–100	5,147	45.2%	237,892	0.8%
101–500	3,899	34.3%	1,017,398	3.6%
501–1,000	1,110	9.8%	868,825	3.1%
1,001–5,000	842	7.4%	1,742,180	6.1%
5,001–10,000	164	1.4%	1,242,033	4.4%
10,001–50,000	165	1.4%	3,380,439	11.9%
50,001–100,000	22	0.2%	1,562,089	5.5%
100,001–500,000	25	0.2%	5,453,214	19.2%
500,001–	8	0.1%	12,846,550	45.3%
Total	**11,382**	**100.0%**	**28,350,620**	**100.0%**

Ten biggest shareholders 31.12.2023

Shareholder	Shares	Of shares, %
1. Veikko Laine Oy	3,248,582	11.5%
2. Hermitage Oy Ab	2,920,308	10.3%
3. Elomaa Juhani	1,793,690	6.3%
4. Vakuutusosakeyhtiö Henki-Fennia	1,461,592	5.2%
5. Haaparinne Karri Erik	1,452,223	5.1%
6. Swiss Life Luxembourg S.A.	712,877	2.5%
7. Mathur Ranjit	513,000	1.8%
8. Lampinen Petri Juhani	438,000	1.5%
9. Ahlström Invest B.V	400,000	1.4%
10. Lombard International Assurance S.A	321,885	1.1%
Total	**13,262,157**	**46.8%**
Nominee registrations	**889,378**	**3.1%**

Shares owned by the Board of Directors 31.12.2023

The shareholdings include organisations 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 31.12.2023

The shareholdings include organisations with controlling interests.

Shareholder		Shares	Of shares and voting rights, %
MD, Garantia Insurance Company Ltd	Titta Elomaa	54,868	0.2%
CEO	Peter Ramsay	43,478	0.2%
CFO	Minna Smedsten	31,863	0.1%
Head of Sales	Mikko Ervasti	14,980	0.1%
Director, Bioindustry	Tero Saarno	1,763	0.0%
Head of Communications and IR	Siri Markula	1,289	0.0%
Total		**148,241**	**0.5%**

Flaggings during financial year 2023

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

Share price development

The chart represents the price development of Taaleri's share since listing from April 20, 2013, to December 31, 2023:

Capital adequacy

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

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

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

Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency strengthened during 2023, thanks to an increase in basic own funds and a reduced solvency capital requirement. At the end of 2023, the company's basic own funds amounted to EUR 109.2 (105.3) million, and the solvency capital requirement (SCR) amounted to EUR 44.4 (45.5) million. The solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 245.7% (231.3).

The solvency capital requirement decreased due to lesser solvency capital requirements for underwriting risk, market risks of investment assets.

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

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 realisation of the Group's strategic and operative goals, as well as to oversee that the principles approved by the Taaleri Plc Board of Directors are complied with.

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

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

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

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

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

Taaleri's risk management and risk position are described in more detail in Note 36 to the financial statements.

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

Geopolitical risks and tensions such as the war of aggression started by Russia in Ukraine and the conflict in the Middle East continue to cause uncertainty in the operating environment. Since Taaleri had no business operations or investments in Russia or Ukraine, the war did not have a direct impact on our business. However, the war may increase the country risk in Finland and cause uncertainty among investors, but Finland's Nato membership brought stability to the situation. The tightening of monetary policy by central banks has curbed inflation, slowed down economic growth and stopped the rise in interest rates. Inflation and the increased price levels of raw materials can be seen in the costs of project development and funds' investees.

The result of Private Asset Management segment is influenced by the development of assets under management, which depends among other things on the progress of private equity fund projects, the development of capital markets, the success of the own fundraising and the success of the cooperation with Aktia. Profit development is also influenced by the realisation of performance fees and the success of own investment projects.

Garantia's guaranty insurance business and investment activities have a major impact on Taaleri's operational income and capital adequacy. Garantia's risk position is described in more detail on page 60.

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

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 in strategy period of 2021-2023 include:
- Continuing earnings growth at least 15 percent
- Operating profit at least 25 percent of income
- Return on equity at least 15 percent.

Dividend policy in strategy period 2021-2023: The company's goal is to distribute to its shareholders at least 50 percent of the profit for the financial year as well as the capital that the company does not need for growth investments or to fulfil its targets for solvency.

Material events after the financial period

On 12 January 2024, Taaleri announced that Taaleri had on that day appointed Ilkka Laurila as the Group's CFO and a member of the Executive Management Team. He took up his position on 6 February 2024.

On 24 January 2024, Taaleri announced that the Board of Directors of Taaleri Plc has resolved to establish a new share-based incentive plan for the company's CFO. The aim of the new plan is to align the objectives of the shareholders and the CFO in order to increase the value of Taaleri in the long-term as well as to retain the CFO at the company and offer him a competitive reward plan that is based on investing and accumulating the company's shares. The plan consists of one matching period starting on 6 February 2024 and ending on 6 February 2027. In the plan, it is possible to earn matching shares from a matching period of three years.

On 1 February 2024, Taaleri announced that Taaleri's Shareholders' Nomination Board proposes to the next Annual General Meeting, which is planned to be held on 10 April 2024, that the number of members of the Board of Directors will be six (6), and that Juhani Elomaa, Hanna Maria Sievinen, Elina Björklund and Petri Castrén are re-elected as Board members and Juhani Bonsdorff and Leif Frilund are elected as new members of the Board, Juhani Elomaa is elected as the Chairperson of the Board and Hanna Maria Sievinen as the Deputy Chairperson of the Board. Tuomas Syrjänen and Jouni Takakarhu have announced that they will no longer be available for the election of Board members.

Dividend proposal of the Board of Directors

The Board of Directors proposes that a dividend of EUR 1.00 per share, a total of EUR 28,285,593 will be paid for the financial year 2023. The dividend proposal is to distribute EUR 0.50 as a dividend based on the profit for the period of continuing operations, and EUR 0.50 as a dividend based on the sale of the wealth management operations. The parent company's distributable funds were EUR 129,588,048.17, which includes EUR 10,180,208.95 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 12 April 2024. The dividend payment date proposed by the Board of Directors is 19 April 2024.

No dividend is paid to the shares held by the parent company. The amount of the proposed dividend distribution is based on the number of shares outstanding at the balance sheet date. The actual dividend payment is determined based on the number of shares outstanding on the record date.

Helsinki, 14 February 2024
Taaleri Plc
Board of Directors

Key figures

The Group

Unless otherwise stated, the key figures regarding the Consolidated Income Statement presented in the table below have been calculated on the basis of the Group's Consolidated Income Statement, which applies IFRS standards. The key figures regarding the Consolidated Income Statement presented in the explanatory part of this Board of Directors' Report have been calculated on the basis of the Group's segment reporting, unless otherwise stated.

Taaleri has implemented the IFRS 17 Insurance Contracts standard on 1 January 2023, and the adjusted comparative financial information for 2022 was published on 30 March 2023. The figures for 2022 in the key figures table below are adjusted comparative figures, but the figures for 2021 are not adjusted and apply the previous IFRS 4 standard.

	2023	2022	2021
Income, EUR 1,000	65,629	56,752	72,629
Operating profit (-loss), EUR 1,000	31,921	27,347	28,785
- as percentage of income	48.6%	48.2%	39.6%
Net profit for the period, EUR 1,000	26,546	21,302	136,126
- as percentage of income	40.4%	37.5%	187.4%
Basic earnings per share, EUR	0.81	0.73	4.81
Diluted earnings per share, EUR	0.79	0.71	4.71
Return on equity % (ROE)	13.0%	10.0%	75.5%
Return on equity at fair value % (ROE)	13.9%	4.4%	75.3%
Return on assets % (ROA)	8.7%	6.9%	46.6%
Cost/income ratio	54.3%	56.7%	58.9%
Price/earnings (P/E)	11.1	15.4	2.3
Full-time permanent personnel, at the end of the period	111	106	104
Full-time permanent personnel, average	112	103	138
Equity ratio -%	67.8%	66.9%	71.8%
Net gearing -%	-11.2%	-15.7%	-16.9%
Equity/share, EUR	7.29	7.10	8.06
Dividend or distribution of funds /share, EUR [1)]	1.00	0.70	2.20
Dividend or distribution of funds / earnings, % [1)]	123.1%	96.2%	45.8%
Effective dividend yield, % [1)]	11.1%	6.3%	19.6%
Loan receivables, EUR 1,000	5,142	6,243	6,021

	2023	2022	2021
Number of shares at the end of period [2)]	28,285,593	28,305,620	28,305,620
Average number of shares [2)]	28,305,267	28,305,620	28,305,620
Share average price, EUR	10.23	11.37	10.15
- highest price, EUR	12.94	14.82	12.50
- lowest price, EUR	8.27	8.97	7.80
- closing price, EUR	8.99	11.18	11.20
Market capitalisation, EUR 1,000 [2)]	254,287	316,457	317,023
Shares traded, thousands	2,749	5,606	7,826
Shares traded, %	10%	20%	28%

[1)] Distribution of funds EUR 1.00 per share for the financial year 2023 represents Board of Directors' proposal for a divided for the result of the financial year 2023. Distribution of funds EUR 2.20 per share for the financial year 2021 is distributed as follows: Annual General Meeting's decision for the result of the financial year 2021 EUR 1.20 per share and an additional dividend and return of capital of EUR 1.00 per share distributed on 8 June 2021.

[2)] 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.

Taaleri has implemented the IFRS 17 Insurance Contracts standard on 1 January 2023, and the adjusted comparative financial information for 2022 was published on 30 March 2023. The figures for 2022 in the key figures table below are adjusted comparative figures. Key figures for the year 2021 of insurance operations alone are not presented in tabular form due to a lack of comparability.

EUR 1,000	2023	2022
Insurance service result	**13,549**	**14,102**
Insurance revenue	19,010	19,102
Insurance service expenses	-4,942	-4,330
- of which incurred claims	-1,197	-1,182
- of which other insurance administrative expenses	-3,248	-3,089
- of which losses on onerous contracts	-471	-228
- of which changes in liability of incurred claims	813	1,019
- of which insurance acquisition costs	-839	-849
Net expenses from reinsurance contracts	-520	-670
Net finance income and expense from insurance	-14	-409
Net income from investment operations	4,738	-8,453
Other income	37	13
Income	**18,310**	**5,252**
Other expenses	-1,484	-646
Operating profit	**16,826**	**4,607**
Allocation of financing expenses	-1,900	-1,900
Profit before tax	**14,926**	**2,707**
Change in fair value of investments	5,655	-10,141
Profit before tax at fair value	**20,581**	**-7,434**
Claims ratio (IFRS), %	4.5%	2.1%
Expense ratio (IFRS), %	21.5%	20.6%
Reinsurance ratio (IFRS), %	2.7%	3.5%
Combined ratio (IFRS), %	28.7%	26.2%
Return on investments at fair value, %	6.9%	-11.2%
Investment portfolio, fair value, MEUR	164	155
Insurance exposure, EUR million	1,749	1,862
Solvency ratio (S2), % [1)]	245.7%	231.3%

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

Alternative performance measures

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

Return on equity (ROE), %	Profit for the period x 100 / Total equity (average of the beginning and end of the year)
Return on equity at fair value %, (ROE)	Total comprehensive income for the period x 100 / Total equity (average of the beginning and end of the year)
Return on assets (ROA), %	Profit for the period x 100 / Balance sheet total (average of the beginning and end of the year)
Cost/income ratio, %	Fee and commission expense + interest and other financing expense + administrative expenses + depreciation + other operating expenses / Total income + share of associates' profit or loss
Price/Earnings (P/E)	Price of share at the end of the period / Earnings/share
Equity ratio, %	Total equity x 100 / Balance sheet total
Gearing ratio, %	(Interest-bearing liabilities - cash and cash equivalents) x 100 / Total equity
Equity/share, EUR	Equity attributable to ordinary shareholders of the parent company / Number of shares at end of period - repurchased own shares
Dividend/share, EUR	Dividend payable for the financial period x 100 / Weighted average number of ordinary shares outstanding - repurchased own shares
Dividend/earnings, %	Dividend/share x 100 / Basic earnings per share
Effective dividend yield, %	Dividend/share x 100 / Price of share at the end of the period
Market capitalization	Number of shares at end of financial period, less repurchased own shares, multiplied by stock exchange price at end of financial period
Shares traded, %	Shares traded during the financial period x 100 / Weighted average number of ordinary shares outstanding

Key figures for insurance operations

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

Group Financial Statements

Consolidated income statement

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
Fee and commission income	3	27,654	42,945
Net income from insurance	4	18,273	5,240
Insurance service result		13,549	14,102
Net finance expenses from insurance contracts		-14	-409
Net income from investment operations		4,738	-8,453
Net gains or net losses on trading in securities and foreign currencies	5	-989	5,454
Income from equity investments	6	9,388	1,816
Interest income	7	1,925	1,139
Other operating income	8	9,378	156
TOTAL INCOME		**65,629**	**56,752**
Fee and commission expense	9	-8,252	-9,848
Administrative expenses			
Personnel costs	10, 42	-16,409	-14,497
Other administrative expenses	11	-5,789	-4,773
Depreciation, amortisation and impairment of tangible and intangible assets	12, 48	-472	-1,193
Other operating expenses	13, 48	-5,114	-3,056
Expected credit losses from financial assets measured at amortised cost	14	-607	166
Share of associates' profit or loss	21, 45	2,935	3,797
OPERATING PROFIT		**31,921**	**27,347**
Interest and other financing expenses	15, 48	-1,224	-953
Income tax expense	16	-4,150	-5,092
PROFIT FOR THE PERIOD		**26,546**	**21,302**

Consolidated statement of comprehensive income

EUR 1,000	Note	1.1.–31.12.2023	1.1.–31.12.2022
Profit for the period		**26,546**	**21,302**
Items that may be reclassified to profit or loss	17		
Translation differences		-83	42
Changes in the fair value reserve		5,655	-10,141
Income tax		-1,131	2,028
Items that may be reclassified to profit or loss in total		**4,442**	**-8,071**
Items that may not be reclassified to profit or loss	17		
Changes in the fair value reserve		-3,126	-3,986
Income tax		625	99
Items that may not be reclassified to profit or loss in total		**-2,501**	**-3,887**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**28,487**	**9,344**
Profit for the period attributable to:			
Owners of the parent company		22,985	20,597
Non-controlling interests		3,562	706
Total		**26,546**	**21,302**
Total comprehensive income for the period attributable to:			
Owners of the parent company		24,925	8,638
Non-controlling interests		3,562	706
Total		**28,487**	**9,344**

Earnings per share for profit attributable to the shareholders of the parent company		**1.1.–31.12.2023**	**1.1.–31.12.2022**
Basic earnings per share, profit for the period	18	0.81	0.73
Diluted earnings per share, profit for the period	18	0.79	0.71

Consolidated balance sheet

Assets, EUR 1,000	Note	31.12.2023	31.12.2022
Receivables from credit instutions	19, 23, 24, 37, 39	38,302	46,817
Receivables from the public and general government	20, 23, 24, 37, 39	5,142	6,243
Shares and units	21, 23, 24, 37, 39	38,708	44,462
Participating interests	21, 23, 24, 45	12,884	3,708
Insurance assets		160,875	153,043
Reinsurance contract assets	34	325	526
Investments	22, 23, 24, 40	160,551	152,517
Intangible assets	25	572	355
Goodwill		347	347
Other intangible assets		225	8
Tangible assets	26, 48	2,406	421
Owner-occupied properties		2,022	83
Other tangible assets		384	338
Other assets	27	17,163	13,210
Accrued income and prepayments	28	26,742	28,451
Deferred tax assets	32	5,116	3,208
		307,911	**299,918**

Liabilities, EUR 1,000	Note	31.12.2023	31.12.2022
LIABILITIES		**99,265**	**99,397**
Liabilities to the public and general government	23, 24, 37, 39	-	410
Insurance contract liabilities	34, 41	45,616	46,544
Other liabilities	23, 30, 37, 48	4,944	1,454
Accrued expenses and deferred income	23, 31	17,327	19,185
Deferred tax liabilities	32	16,491	16,933
Subordinated debt	23, 24, 33, 37, 39	14,886	14,870
EQUITY CAPITAL	**35**	**208,646**	**200,521**
Share capital		125	125
Reserve for invested unrestricted equity		18,831	18,831
Fair value reserve		-11,262	-13,285
Translation difference		-59	23
Retained earnings or loss		175,516	174,631
Profit or loss for the period		22,985	20,597
Non-controlling interest		2,511	-400
		307,911	**299,918**

Consolidated statement of cash flows

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from operating activities:		
Operating profit (loss)	31,921	27,347
Depreciation	610	845
Change in goodwill	-138	348
Other adjustments		
Changes in fair value of investments	-8,546	7,118
Other adjustments	-945	3,276
Interest and other financing expenses	-806	-936
Cash flow before change in working capital	22,096	37,998
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-670	-2,347
Increase (-)/decrease (+) in current interest-free receivables	-24	-10,469
Increase (+)/decrease (-) in current interest-free liabilities	-10,673	5,006
Cash flow from operating activities before financial items and taxes	10,729	30,188
Direct taxes paid (-)	-4,335	-1,798
Cash flow from operating activities (A)	**6,394**	**28,391**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-871	10
Investments in subsidiaries and associated companies net of cash acquired	2,502	7,849
Other investments	2,970	-9,173
Cash flow from investing activities (B)	**4,601**	**-1,314**

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from financing activities:		
Changes in share-based incentives	442	359
Transactions with non-controlling interests	1,404	-224
Increase in non-current liabilities	-	410
Payments to acquire entity's shares	-175	-
Dividends paid and other distribution of profit		
To parent company shareholders	-19,814	-33,967
To non-controlling shareholders	-1,366	-93
Cash flow from financing activities (C)	**-19,510**	**-33,515**
Increase/decrease in cash and cash equivalents (A+B+C)	-8,515	-6,438
Cash and cash equivalents at beginning of period	46,817	53,255
Cash and cash equivalents at end of period	38,302	46,817
Net change in cash and cash equivalents	-8,515	-6,438

Changes in group equity capital

EUR 1,000	Share capital	Fair value reserve	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
31.12.2022	**125**	**-13,285**	**18,831**	**23**	**195,228**	**200,922**	**-400**	**200,521**
Total comprehensive income for the financial period		2,023		-83	22,985	24,925	3,562	28,487
Earnings for the period					22,985	22,985	3,562	26,546
Other comprehensive income items		2,023		-83		1,940		1,940
Distribution of profit					-21,601	-21,601	-771	-22,372
Dividend EUR 0.70/share					-19,814	-19,814		-19,814
Distribution of profit for subgroup [1]					-1,787	-1,787	-771	-2,558
Purchase of own shares					-175	-175		-175
Share-based payments payable as equity					435	435		435
Transactions with non-controlling interests [1]					1,636	1,636	118	1,754
Other					-8	-8	3	-5
31.12.2023	**125**	**-11,262**	**18,831**	**-59**	**198,500**	**206,134**	**2,511**	**208,646**
31.12.2021	**125**	**-1,285**	**18,831**	**-18**	**212,782**	**230,435**	**-687**	**229,747**
Changes to previous periods [2]					-979	-979	-217	-1,196
Implementation of IFRS 17 standard					-2,154	-2,154		-2,154
1.1.2022	**125**	**-1,285**	**18,831**	**-18**	**209,650**	**227,302**	**-905**	**226,398**
Total comprehensive income for the financial period		-12,000		42	20,597	8,638	706	9,344
Earnings for the period					20,597	20,597	706	21,302
Other comprehensive income items		-12,000		42		-11,959		-11,959
Distribution of profit					-33,967	-33,967	-93	-34,060
Dividend EUR 1.20/share					-33,967	-33,967		-33,967
Distribution of profit for subgroup						-	-93	-93
Share-based payments payable as equity					-848	-848		-848
Transactions with non-controlling interests [1]					-158	-158	-109	-267
Other					-46	-46		-46
31.12.2022	**125**	**-13,285**	**18,831**	**23**	**195,228**	**200,922**	**-400**	**200,521**

[1] Further information on Note 43

[2] Changes to previous periods include exchange rate adjustments of balance sheet items

Segment information

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

Private Asset Management

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

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

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

Continuing management fee income and more non-recurring performance fees from private equity funds are the most significant types of income in the Private Asset Management segment. Income and expenses for own projects are recognized in the financial year when the outcome of the project can be assessed reliably. The renewable energy business also includes wind farm operation and maintenance services, which provide annual fees, and other private asset management businesses also include mandate-based fee income. The expenses of the Private Asset Management -segment mainly consist of personnel expenses and commission expenses as well as other administrative expenses.

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

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

Strategic Investments

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

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

Other

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

Segment information - Earnings

1.1.-31.12.2023, EUR 1,000	Continuing operations					
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	24,374	18,132	6,242	13,572	1,926	39,872
Performance fees	1,489	-	1,489	-	-	1,489
Investment operations	16,471	17,226	-755	4,377	4,131	24,979
Total income	**42,335**	**35,359**	**6,976**	**17,948**	**6,057**	**66,340**
Fee and commission expense	-6,495	-4,226	-2,269	-	-81	-6,576
Personnel costs	-11,634	-7,647	-3,987	-1,422	-3,084	-16,140
Direct expenses	-8,694	-6,644	-2,050	-62	-2,401	-11,157
Depreciation, amortisation and impairment	-29	45	-74	-	54	25
Impairment losses on loans and other receivables	-565	-565	-	-	-41	-607
Operating profit	**14,918**	**16,322**	**-1,404**	**16,464**	**503**	**31,885**
Operating profit, %	**35.2%**	**46.2%**	**neg**	**91.7%**	**8.3%**	**48.1%**
Interest and other financing expenses	-426	-425	-	-	-740	-1,166
Allocation of financing expenses	-1,721	-1,222	-499	-1,900	3,621	-
Profit before taxes and NCI	**12,771**	**14,674**	**-1,903**	**14,564**	**3,383**	**30,719**
Change in fair value of investments	-98	-98	-	5,655	-3,126	2,431
Profit before taxes and NCI at fair value	**12,673**	**14,576**	**-1,903**	**20,220**	**257**	**33,150**

1.1.-31.12.2022, EUR 1,000	Continuing operations					
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	20,699	14,559	6,140	13,706	2,366	36,770
Performance fees	19,365	10,326	9,040	-	-	19,365
Investment operations	2,485	869	1,617	-9,915	10,241	2,812
Total income	**42,550**	**25,754**	**16,796**	**3,791**	**12,607**	**58,947**
Fee and commission expense	-8,338	-5,285	-3,053	-	-351	-8,689
Personnel costs	-10,027	-5,818	-4,209	-559	-3,447	-14,033
Direct expenses	-5,175	-3,114	-2,062	-87	-3,247	-8,510
Depreciation, amortisation and impairment	-385	-20	-366	-	-9	-395
Impairment losses on loans and other receivables	-	-	-	-	-17	-17
Operating profit	**18,624**	**11,518**	**7,106**	**3,145**	**5,535**	**27,304**
Operating profit, %	**43.8%**	**44.7%**	**42.3%**	**83.0%**	**43.9%**	**46.3%**
Interest and other financing expenses	-24	-23	-1	-	-892	-916
Allocation of financing expenses	-1,804	-1,278	-527	-1,900	3,704	-
Profit before taxes and NCI	**16,796**	**10,217**	**6,578**	**1,245**	**8,347**	**26,388**
Change in fair value of investments	41	42	-	-10,141	-3,986	-14,085
Profit before taxes and NCI at fair value	**16,837**	**10,259**	**6,578**	**-8,896**	**4,361**	**12,302**

Reconciliations

Reconciliation of total income, EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
Total income of segments	66,340	58,947
Share of associates' profit or loss allocated to total income of segments	-2,935	-3,797
Transit items eliminated in segment reporting	2,224	2,096
Transfer of impairments to or out of total income	-	-495
Consolidated total income	**65,629**	**56,752**

Reconciliation of operating profit, EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
Profit before taxes and NCI at fair value	33,150	12,302
Change in fair value of investments	-2,431	14,085
Interest and other financing expenses (excl. IFRS 16)	1,224	953
IFRS 16 Leases [1]	-22	7
Consolidated operating profit	**31,921**	**27,347**

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

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

Private Asset Management segment's investments, EUR 1,000	Investment type	Purchase price 31.12.2023	Fair value 31.12.2023	Holding 31.12.2023
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	10,973	10,158	7.0%
Taaleri SolarWind II	Shares and participations	2,658	3,010	0.9%
Taaleri Debt Ky	Shares and participations	1,500	2,079	15.0%
Taaleri SolarWind III	Shares and participations	1,139	1,176	1.1%
Bioindustry investments				
Fintoil Oy	Shares and participations	3,000	4,800	24.0%
Tracegrow Ltd	Shares and participations	1,992	1,365	7.7%
Tracegrow Ltd	Loan	200	210	-
WasteWise Group Oy	Shares and participations	3,650	3,509	34.1%
Taaleri Biocoal Development Ky	Shares and participations	1,500	1,437	12.4%

Strategic Investments, EUR 1,000	Investment type	Purchase price 31.12.2023	Fair value 31.12.2023	Holding 31.12.2023
Aktia Bank Plc	Shares and participations	10,000	9,180	1.3%

Non-strategic investments, EUR 1,000	Investment type	Purchase price 31.12.2023	Fair value 31.12.2023	Holding 31.12.2023
Real estate investments				
TT Canada RE Holdings Corporation	Loan	6,729	10,710	-
Sepos Oy	Shares and participations	2,834	734	30.0%
Sepos Oy	Loan	1,946	2,008	-
Turun Toriparkki Oy	Shares and participations	8,503	8,091	39.3%
Other investments				
Alisa Bank Plc	Shares and participations	5,460	2,623	17.3%

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

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	Loan	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%

Notes for the Consolidated Financial Statements

Accounting principles for the Consolidated Financial Statements

1 Corporate information

Taaleri Plc is a Finnish public limited liability company. It is domiciled in Helsinki, Finland and its registered office is at Kasarmikatu 21 B, 00100 Helsinki. Taaleri Plc's shares are listed on the Nasdaq Helsinki stock exchange. Taaleri Plc and its subsidiaries form the Taaleri Group ("Taaleri" or "the Group"). The Taaleri Group has two business segments: Private Asset Management and Strategic Investments. The Private Asset Management segment consists of renewable energy, real estate and bioindustry businesses. The Strategic Investments segment consists of Garantia Insurance Company Ltd. The Group's subsidiaries engaging in business are: Taaleri Private Equity Funds Ltd Group, Taaleri Energia Ltd Group, Taaleri Investments Ltd Group, Taaleri Bioindustry Ltd Group, Taaleri Real Estate Ltd and Garantia Insurance Company Ltd. In addition, Taaleri has ten associated companies (see list of Group companies in accordance with the financial statements of the parent company). Taaleri's principal place of business is Finland, but it has also offices in Budapest, Luxembourg and Madrid. The operations of Taaleri are monitored by the Finnish Financial Supervisory Authority, as the Group includes companies engaged in the business referred to in the Act on Alternative Fund Managers and in the business of insurance companies. At the end of financial year 2023 Taaleri forms an insurance company group according to chapter 26 of the Insurance Companies Act (521/2008), which is subject to group supervision according to that chapter.

2 Summary of key accounting policies for the financial statements

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

2.1 Basis of preparation

The consolidated financial statements of Taaleri have been prepared according to the International Financial Reporting Standards (IFRS). In the preparation of the financial statements, the IAS and IFRS standards and the SIC and IFRIC interpretations which were valid on 31 December 2023 have been followed. IFRS refers to the standards and interpretations which have been approved in accordance with Regulation (EC) No. 1602/2002 of the European Parliament and of the Council.

The consolidated financial statements have been prepared over 12 months for the financial period of 1 January–31 December 2023. The Board of Directors of Taaleri Plc approved the consolidated financial statements for public release on 14 February 2024. Shareholders have the right to approve or reject the financial statements at the Annual General Meeting held after the release of the financial statements.

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

The preparation of financial statements according to IFRS requires certain key accounting estimates to be used. In addition, it requires that members of the management use judgement when applying the accounting policies. Section 2.17 offers a more detailed description on complex matters that require judgement, and assumptions or estimates that have a material impact on the Group financial statements.

2.2 Consolidation principles

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

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

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

Subsidiaries or associates acquired during the financial period are consolidated from the date on which the Group obtained control or significant influence, and subsidiaries or associates sold are correspondingly consolidated until the date on which control or significant influence is lost. If required, adjustments are made to the financial statements of subsidiaries so that their accounting policies correspond with those of the Group. Profits and losses of associated companies are usually consolidated based on the financial statements prepared based on the local accounting regulations according to the company's domicile. In the financial year 2023, this has been the procedure for every associated company consolidated using the equity method.

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

2.3 Business combinations and goodwill

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

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

Any contingent consideration is recognised at fair value on the acquisition date. A contingent consideration which has been classified as an asset or liability, is a financial instrument and is within the scope of IFRS 9 (Financial Instruments), is measured at fair value, with any resulting gain or loss recognised either in profit or loss or in other comprehensive income in accordance with that IFRS. If a contingent consideration is not within the scope of IFRS 9, it is accounted for according to the applicable IFRS. A contingent consideration classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Goodwill is recognised at the original acquisition cost, which corresponds to the amount that the consideration transferred and any non-controlling interest in the acquired business, exceeds the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the fair value of the acquired net assets exceeds the total transferred contribution, the Group will reassess whether it has correctly identified all the assets acquired and liabilities assumed, and it will review the procedures used to measure the amounts to be recognised at the acquisition date. If the fair value of the acquired net assets, even after the reassessment, exceeds the total transferred contribution, profit is recognised through profit or loss.

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

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

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

2.4 Segment reporting

Taaleri has two reportable segments: Private Asset Management, which is divided into Renewable energy and Other private asset management, and Strategic Investments, which includes Garantia and Taaleri's shareholdings in Aktia Bank Plc. The Other group presents the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments.

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

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

Segment reporting follows the Taaleri Group's accounting policies for financial statements in other respects, but segment reporting does not apply division of lease expense to depreciation and interest expense according to IFRS 16 Leases -standard. In addition, business transactions may be classified differently in segment reporting than how they are presented in the consolidated income statement. In connection with segment reporting, reconciliation calculations are presented for the differences between segment reporting and the consolidated income statement.

2.5 Foreign currency items

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

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

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

2.6 Financial assets and liabilities

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

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

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

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

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

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

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

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

Investments in equity instruments are measured at fair value through profit or loss, meaning that changes in fair value, dividends, interest income, foreign exchange rate gains and losses as well as sales gains and losses are recognised in profit or loss.

At the time of initial recognition of an equity instrument, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognised in other comprehensive income and will not later be recycled to profit or loss. In this case, dividends received 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. This group includes limited partner contributions to such limited partnerships related to Taaleri's private asset management business that are not actual private equity fund investments, as well as equity investments in companies that are not considered to be closely related to the Group's strategy.

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

Financial assets are derecognised when the Group has lost its contractual right to receive cash flows or moved the risks and profits outside the Group to a significant extent.

Cash and cash equivalents, which correspond to the Receivables from credit institutions item in the Group's balance sheet, comprise call deposits and short-term fixed deposits.

Financial liabilities

At the time of initial recognition, the Group's financial liabilities are classified into those measured at fair value through profit or loss and those measured at amortised cost. At the end of the financial year, the Group had no financial liabilities measured at fair value through profit or loss.

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

Fair value measurement

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

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

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

Level 3 includes instruments, the fair value of which is measured based on other than observable significant input data. Level 3 instruments mainly consist of unquoted equity investments. The value of these instruments is based on the best information available in the prevailing conditions. 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.

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

Impairment

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

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

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

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

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

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

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

2.7 Insurance contracts

Insurance operations in Taaleri consists entirely of Garantia's guarantee insurance operations.

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

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

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

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

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

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

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

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

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

Discount rates	1 y	2 y	3 y	4 y	5 y	6 y	7 y	8 y	9 y	10 y
2023	3.76%	3.14%	2.83%	2.70%	2.66%	2.67%	2.71%	2.75%	2.80%	2.85%
2022	3.37%	3.57%	3.53%	3.48%	3.45%	3.45%	3.46%	3.48%	3.49%	3.51%

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

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

Depending on insurance contract portfolio, the risk adjustment determined with cost of capital method corresponds to confidence level of 76-80% assuming it had been calculated directly from cashflow distribution.

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

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

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

The liability for incurred clams includes the capital value of future claims payments from claims that have already been incurred, and a risk adjustment reflecting the uncertainty of these cash flows. The future claims also include the estimated effects of claims recourse recoveries. The liability for claims incurred includes an estimate of claims incurred that have come to the company's awareness and claims that have not yet come to the company's awareness but have already incurred. Claims that have not yet come to the company's awareness have been estimated for each insurance contract portfolio using the calculation method in accordance with the Finnish Insurance Companies Act, which the company applies in the financial statements in accordance with the Finnish GAAP, and according to which estimates have historically been larger than realised claims.

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

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

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

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

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

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

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

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

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

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

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

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

Effect on opening Group balance sheet 1 January 2022

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

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

2.8 Tangible assets

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

The residual values and useful lives of assets are reviewed on every closing date, and they are changed as required. If the carrying amount of an asset is higher than the estimated recoverable amount, the carrying amount is immediately reduced to correspond to the recoverable amount. The gain or loss arising from the derecognition of an asset is included in profit or loss. Gains are recognised in Other operating income and losses in Depreciation and impairment. Gains or losses are determined as the difference between the net disposal proceeds and the carrying amount of the asset. If there are indications that a tangible asset is impaired, the assets recoverable amount is estimated. If the recoverable amount is less than the assets carrying amount, the carrying amount is reduced to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs of disposal and its value in use.

2.9 Intangible assets

Other intangible assets
Intangible assets are recognised on the balance sheet if their acquisition cost can be measured reliably, and it is probable that future economic benefits associated with the assets will flow to the company. Other intangible assets are carried on the balance sheet at cost less any accumulated depreciation and accumulated impairment losses. Development costs for software not owned or controlled by the company, such as cloud computing services, are not capitalised. If the control of the acquired cloud computing service is not transferred to the company, the expense will not be capitalised as an intangible asset in accordance with IAS 38. In this case, the cloud computing service is treated as a service contract and the costs do not generally constitute an asset to be recognised in the balance sheet, but the expense is recognised as an expense when the service is received. The implementation costs related to the implementation of such cloud computing services are recognised as an advance payment and recognised as operative expense when the service is received, if the implementation is performed by the cloud computing service provider, or the supplier's subcontractor, and the implementation costs are not distinct services from the software. In other cases, the implementation costs associated with deploying the cloud computing service are expensed as soon as the service is received.

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

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

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

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

2.10 Lease agreements

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

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, and the exercise price of a purchase option reasonably certain to be exercised, and payments of penalties for terminating a lease, if the lease term reflects exercising the option to terminate. Lease liabilities are recognised in Other liabilities and interest expenses in the profit or loss line item Interest and other financing expenses. The present value of lease payments is measured using the incremental borrowing rate, which is based on the best available information, such as the currently negotiated loan or discussions with bank partners.

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

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

Taaleri has subleased the premises in which it is the main tenant in the financial years 2023 and 2022.

2.11 Employee benefits

Long-term remuneration of management and other personnel
The Group has share-based long-term personnel remuneration programs, based on which the persons who belong to the programs can receive a remuneration settled in Taaleri's shares or in cash for their work performed during the vesting period. Depending on the execution method, these remuneration programs are recognised either as equity or as share-based transactions paid in cash.

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

The estimated number of shares to be paid based on share-based remuneration programs is reviewed quarterly. The possible effects of adjustments made to the original estimates are recognised in the income statement as Personnel costs, and the corresponding adjustment is made in equity.

Pensions

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

2.12 Contingent liabilities

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

2.13 Income taxes and deferred taxes

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

Deferred taxes are calculated on temporary differences between the carrying amount and taxable value. However, deferred tax liabilities are not recognised on the original recognition of goodwill. Deferred tax assets are recognised up to the amount at which it is likely that taxable income will be generated in the future, against which the temporary difference can be utilised. The Group's most significant temporary differences arise from the difference in the valuation of Insurance contract liabilities between the application of Finnish accounting standards and IFRS 17, and from the measurement of investments at fair value. Deferred taxes are calculated using the tax rates regulated by the closing date or tax rates which have been approved in practice before the closing date.

2.14 Revenue recognition principles

Revenue recognition principles for Private Asset Management

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

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

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

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

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

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

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

Revenue recognition principles for insurance activities
Revenue recognition principles for insurance activities have been described in Section 2.7 Insurance contracts All income from insurance activities is presented in Net income from insurance, apart from changes in fair value from financial assets measured at fair value through other comprehensive income, which are presented in the statement of comprehensive income.

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

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

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

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

2.15 Shareholders' equity

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

2.16 Operating profit and income

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

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

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

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

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

Valuation of Garantia's insurance contract liabilities
The measurement of Garantia's insurance contract liabilities according to IFRS 17 Insurance Contracts includes several factors that involve management's judgement and uncertainty.

The most significant uncertainties are related to the estimation of future claims cashflows, and to the estimation of the amount of the adjustment for non-financial risk reflecting the variation in the claims cashflows. Uncertainty is also associated with the selection of the interest rate curve applied in cashflow discounting, and the measurement of the liquidity premium, as well as the assessment of future other insurance service expenses. In the evaluation of the future claims cashflows of the liability for the remaining coverage, Taaleri uses the ratio of claims incurred for the last ten (10) years to the guarantee insurance exposure per insurance contract portfolio, and a forecast of the development of the guarantee exposure. Similarly, in the evaluation of future other insurance service expenses, Taaleri uses the ratio of other insurance service expenses of the last three (3) years to the guarantee exposure per insurance contract portfolio, and a forecast of the development of the guarantee exposure. The assumptions are updated annually at the time of the balance sheet date, and the forecast at the time of reporting is used as the best estimate. The table below presents at the company level the ranges of estimated claims cashflows and other insurance service expenses used in the financial statements.

The assumptions materially affecting the valuation of insurance contract liabilities	2023	2022
The ratio of gross claims cashflows to the gross exposure, %	0.03–0.26	0.07–0.26
The ratio of other insurance service expenses to the gross exposure, %	0.06–0.55	0.07–0.39

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

Financial assets and liabilities

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

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

Performance fees in the Private Asset Management segment

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

Unfinished projects of the Private Asset Management segment

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

Share-based employee benefit programs

Management's judgement has been applied when measuring the fair value of share-based employee benefit programs and option programs and in evaluating the expenditure of the programs. Deferred tax assets have also been recorded for the expenses recorded from share-based incentive schemes.

Business combinations and goodwill

The values of businesses acquired through business combinations are based on estimated future development, estimated cash flows and the discount rate used. Goodwill is tested annually for impairment. The recoverable amount defined in impairment testing is often based on the value in use, the calculation of which requires estimates of future cash flows and the discount rate used. More detailed information on goodwill is provided in Note 25 Intangible assets.

In 2015, Taaleri acquired Garantia Insurance Company Ltd, which writes guarantee insurances. At the time of acquisition, Taaleri valued the assets and liabilities of the acquired company according to its best estimate of their fair value, and the fair value thus determined by Taaleri for the company was significantly higher than the consideration paid. Determining the fair value of the acquired company's assets and liabilities involved significant estimates made by the management, because the potential future losses of the guarantee insurance business are associated with great uncertainty, especially in poor market situations. Taaleri recorded a negative goodwill of EUR 28.6 million from the acquisition in 2015, which was recognised in the profit or loss, but this does not mean that the insurance contracts written at the time of the acquisition could not result in losses in the future. At the time of acquisition, the company was not aware of claims that the company would not have taken into account in its balance sheet, and according to IFRS, general unallocated provisions cannot be made.

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

Group's control in structured entities

When assessing the Group's control generated by investments made in structured entities, the Group's ability to affect relevant activities and its exposure to variable returns are evaluated. The assessment of control is subject to judgement. The assessment of control is done in more detail, when the Group's share in the structured entity's net assets and returns exceeds 20 percent. The investee is consolidated as a subsidiary at the latest, when the Group's exposure to variable returns is significant and and a connection is established between variable income and power.

Uncertainties arising from climate and sustainability risks
Taaleri has taken into account the uncertainty caused by climate change in the preparation of the financial statements. The effects of the prevailing circumstances have been assessed in the estimates that require management's judgment and in the related key uncertainties. The uncertainties related to climate and sustainability risks are described in more detail in Note 36 Group's Internal Control and Risk Management Principles.

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

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

2.18 Applying new and revised standards and new interpretations

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

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

IFRS 17 Insurance Contracts
IFRS 17 Insurance Contracts was issued on 18 May 2017. The standard was endorsed by the EU on 19 November 2021 and it became applicable on 1 January 2023. IFRS 17 was issued as a replacement for IFRS 4 Insurance Contracts.

The accounting principles according to the new standard and the impact caused by the application of the standard on the Group's opening balance sheet on January 1, 2022 are described in more detail in section 2.7 Insurance contracts.

2.19 New and revised standards to be applied later

Several new standards and amendments to and interpretations of standards will only be adopted later than in the financial periods beginning 1 January 2023, and they have not been applied in the preparation of these consolidated financial statements. Any IFRS standard or IFRIC interpretation already published but not yet valid is not expected to have a material impact on the Taaleri Group.

Notes to the Income Statement

3 Fee and commission income

1.1.-31.12.2023, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	25,396	18,611	6,785	-	769	26,165
Performance fees	1,489	-	1,489	-	-	1,489
Total	**26,885**	**18,611**	**8,274**	**-**	**769**	**27,654**

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**

During the financial year 2023, a total of EUR 1.5 (17.8) million in performance fees were recognised in the income statement. In 2023, the amounts recognised as performance fees have been recognised at the time of their realisation. In 2023 no performance fees was recognised based on the management's estimate. In the comparison period, EUR 10.8 million of recognised performance fees was based on the management's conservative estimate. On the balance sheet date of December 31, 2023, Taaleri had unrealised performance fees previously recognised in fee and commission income totaling EUR 14.2 (16.2) million. For further information, see Note 28 Accrued income and prepayments.

4 Net income from insurance

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Insurance revenue		
Amounts relating to changes in liabilities for remaining coverage		
CSM recognized for services provided	12,324	11,128
Change in risk adjustment for non-financial risk for risk expired	1,934	2,816
Expected incurred claims	1,995	2,042
Expected other insurance service expenses	2,291	2,423
Premium experience adjustments	-74	351
Recovery of insurance acquisition cash flows	540	342
Insurance revenue total	**19,010**	**19,102**
Insurance service expenses		
Incurred claims	-1,197	-1,182
Changes in liabilities for incurred claims	813	1,019
Incurred other insurance service expenses	-3,248	-3,089
Losses on onerous contracts	-471	-228
Insurance acquisition cash flows	-839	-849
Insurance service expenses total	**-4,942**	**-4,330**
Net expenses from reinsurance contracts	-520	-670
Insurance service result	**13,549**	**14,102**

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Net finance income and expense from insurance		
Net finance income and expense from insurance	-33	-401
Interest accreted to insurance contracts	-284	-48
Effect of changes in financial assumptions through P/L	58	-314
Other	193	-40
Net finance expenses from reinsurance contracts	20	-8
Interest accreted to reinsurance contracts	19	-4
Other	1	-4
Net finance income and expense from insurance	**-14**	**-409**

Net finance income and expenses from insurance amounted to EUR 0.0 (0.4) million and the total return from the company's investments at fair value amounted to EUR 4.7 (-8.5) million.

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Net income from investment operations		
Financial assets at fair value through other comprehensive income	**893**	**-1,442**
Interest income	2,373	1,876
Profit or loss from sales	-896	-3,487
Others	-585	170
- of which change in expected credit loss	-585	170
Financial assets at fair value through profit or loss	**3,845**	**-7,012**
Financial assets that need to be measured at fair value through profit or loss	**3,845**	**-7,012**
Interest income	1,204	1,061
Change in fair value	1,980	-8,214
From dividends	478	84
Profit or loss from sales	258	-115
Others	-76	172
Net income from insurance investment operations	**4,738**	**-8,453**
Net income from insurance total	**18,273**	**5,240**

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

Net gains or net losses on trading in securities, EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
From financial assets measured at fair value through profit or loss		
Financial assets that need to be measured at fair value through profit or loss	-446	4,760
Total	**-446**	**4,760**

Net gains or net losses on trading in securities and foreign currencies, EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Net gains or net losses on trading in securities by type		
From shares and units	-446	4,760
Sales profit and loss	939	5,798
Changes in fair value	-1,385	-1,038
Net gains or let losses on trading in securities, total	-446	4,760
Net gains or net losses on trading in foreign currencies	-543	695
Total	**-989**	**5,454**

6 Income from equity investments

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Financial assets that need to be measured at fair value through profit or loss	415	620
Dividend income	419	586
Profit or loss from divestments	-4	34
From assets classified as held for sale	-	1,244
Changes in fair value	-	1,244
From associated companies	-	10
Profit or loss from divestments	-	10
From group companies	8,973	-58
Profit or loss from divestments	8,973	-58
Total	**9,388**	**1,816**

Profit or loss from divestments of group companies in 2023 mainly consist of the sale of a subsidiary named Taaleri Development Holdings Sarl. For further information, see Note 44 Sale of a subsidiary.

7 Interest income

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
From receivables from credit institutions	216	13
From receivables from the public and general government	1,707	1,113
From net investments in leases	-	12
Other interest income	2	1
Total	**1,925**	**1,139**

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

8 Other operating income

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Billed expenses recorded as income	3,550	84
Income from Private Asset Management segment's projects	5,503	-
Other income	325	72
Total	**9,378**	**156**

9 Fee and commission expense

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Private Asset Management fee and commission expenses	8,251	9,839
Other commission expenses	-	9
Total	**8,252**	**9,848**

10 Personnel costs

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Wages, salaries and fees	13,369	11,644
Whereof variable fees	3,459	2,607
Pension expenses from defined contribution plans	1,989	1,862
Share-based payments	435	511
Payable in cash or equity	435	511
Social security contributions	616	480
Total	**16,409**	**14,497**

11 Other administrative expenses

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
ICT expenses	2,118	2,082
Voluntary personnel related costs	919	653
Marketing and communication expenses	662	617
External administrative expenses	807	690
Other expenses	1,283	731
Total	**5,789**	**4,773**

12 Depreciation, amortisation and impairment on tangible and intangible assets

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Intangible assets		
Planned depreciation	62	-
Goodwill impairment	1	348
Negative goodwill	-139	-
Tangible assets		
Planned depreciation	548	845
Total	**472**	**1,193**

13 Other operating expenses

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Premises and other rental expenses	208	108
External services	3,451	1,774
Fees paid to the company's auditors	388	352
Auditing fees	338	274
Tax services	-	19
Other	50	60
Other expenses	1,067	822
Total	**5,114**	**3,056**

14 Expected credit losses

EUR 1,000	Amortised cost	At fair value through other comprehensive income[1]	Total
ECL 1.1.2023	1,255	290	1,545
Additions due to initial issue and purchases	53	64	117
Deductions due to derecognitions	-11	-47	-58
Changes in risk parameters	565	568	1,133
Recognised in profit or loss	**607**	**585**	**1,192**
ECL 31.12.2023	**1,862**	**875**	**2,737**

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**

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

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

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Received payments related to loans that have been written-off	-	-
Change in ECL	-607	1,664
Realized credit losses	-	-1,498
Expected credit losses from financial assets measured at amortised cost recognised in profit or loss	**-607**	**166**

15 Interest and other financing expense

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
Interest expenses from other liabilities		
From receivables from credit institutions	-42	125
From liabilities to the public and general government	422	19
From subordinated debts	769	768
Other interest expenses	76	41
Total	**1,224**	**953**

16 Income taxes

EUR 1,000	1.1.–31.12.2023	1.1.–31.12.2022
From profit for the financial period	6,344	2,921
Taxes from previous periods	662	68
Deferred taxes	-2,856	2,107
Total	**4,150**	**5,096**

Reconciliation of taxes on the income statement with profit before taxes	1.1.–31.12.2023	1.1.–31.12.2022
Operating profit (profit before taxes)	31,921	27,347
Interest and other financing expenses	-1,224	-953
Taxes calculated at the tax rate of the parent company (20%)	6,139	5,279
Different tax rates on foreign subsidiaries	37	103
Tax-free income	-1,591	-909
Non-deductible expenses	299	24
Impairment of goodwill	-28	-
The use of taxable losses confirmed previously	-	125
Unbooked deferred tax receivables from taxable losses	-250	-152
Share of the profits of associated and joint venture companies with taxes deducted	-554	774
Taxes from previous financial periods	-31	-68
Other items	129	-85
Taxes on the income statement	**4,150**	**5,092**

The effective tax rate in 2023 was 14% (2022: 19%).

17 Other comprehensive income items

Taxes concerning other comprehensive income

	1.1.–31.12.2023			1.1.–31.12.2022		
EUR 1,000	**Pre-tax**	**Tax effect**	**After taxes**	**Pre-tax**	**Tax effect**	**After taxes**
Changes in the fair value reserve	2,529	-506	2,023	-14,127	2,127	-12,000
Items that may be reclassified to profit or loss	5,655	-1,131	4,524	-10,141	2,028	-8,113
Items that may not be reclassified to profit or loss	-3,126	625	-2,501	-3,986	99	-3,887
Translation differences	-83	-	-83	42	-	42
Total	**2,446**	**-506**	**1,940**	**-14,085**	**2,127**	**-11,959**

18 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the company's shareholders by the weighted average of the number of shares outstanding, with the exception of repurchased own shares (Note 35 Equity).

EUR 1,000	**1.1.–31.12.2023**	**1.1.–31.12.2022**
Profit for the period attributable to the owners of the parent company	22,985	20,597
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,305	28,306
Basic earnings per share, EUR	**0.81**	**0.73**

Diluted earnings per share

Earnings per share adjusted for the dilution effect are calculated by adjusting the weighted average of the number of outstanding shares so that all diluting potential ordinary shares are assumed to be exchanged for shares. The group's dilutive potential ordinary shares arise from share-based incentive programs paid in shares or cash and from the CEO's option program, and they are taken into account from the grant date, when calculating diluted earnings per share.

	1.1.–31.12.2023	**1.1.–31.12.2022**
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,305	28,306
The dilutive effect of share options (1,000 pcs)	727	523
The weighted average of the number of shares when calculating the diluted earnings per share (1,000 pcs)	29,033	28,828

EUR 1,000	**1.1.–31.12.2023**	**1.1.–31.12.2022**
Profit for the period attributable to the owners of the parent company	22,985	20,597
The weighted average of the number of shares when calculating the diluted earnings per share (1,000 pcs)	29,033	28,828
Diluted earnings per share, EUR	**0.79**	**0.71**

Notes to the Balance Sheet

19 Receivables from credit institutions

EUR 1,000	31.12.2023	31.12.2022
Repayable on demand	24,302	46,817
From domestic credit institutions	18,091	45,152
From foreign credit institutions	6,211	1,665
Other than repayable on demanded	14,000	-
From domestic credit institutions	14,000	-
Total	**38,302**	**46,817**

Receivables from credit institutions correspond to the Group's total cash and cash equivivalents. Receivables other than those payable on demand are short-term deposits.

20 Receivables from the public and general government

EUR 1,000	31.12.2023	31.12.2022
Other than repayable on demanded		
Companies and housing associations	4,653	4,335
Households	-	231
Foreign	489	1,678
Total	**5,142**	**6,243**

The Group has subordinated receivables amounting to EUR 0.3 (0.3) million. Information about expected credit losses from receivables measured at amortised cost is presented in Note 14. The maturities of receivables are presented in Note 37.

21 Shares and units

Shares and units, EUR 1,000	31.12.2023	31.12.2022
Fair value through profit or loss	35,941	38,185
Fair value through other comprehensive income	2,768	6,277
Total	**38,708**	**44,462**
- of which publicly quoted	11,894	15,623
- of which shares in funds	-	-

Participating interests, EUR 1,000	31.12.2023	31.12.2022
Acquisition cost	15,517	7,009
Share of the associates' profits, and other changes in the value of associated companies	-2,634	-3,301
Total	**12,884**	**3,708**
Total	**51,592**	**48,170**

The share of associates' profit or loss in 2023 includes an impairment loss on the shares of Sepos Oy totaling EUR 0.2 million and in 2022 totaling EUR 2.3 million.

22 Insurance assets, investments

Insurance assets, EUR 1,000	31.12.2023	31.12.2022
Investments		
Loans and other receivables	126,578	117,210
Shares and units	33,973	35,307
Total	**160,551**	**152,517**

23 Classification of financial assets and liabilities

Financial assets and liabilities 31.12.2023, EUR 1,000		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [2)]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Receivables from credit institutions [1)]	38,302	-	-	-	-	38,302	38,302
Receivables from the public and general government	3,824	-	-	-	1,318	5,142	5,142
Shares and units	-	2,768	-	35,941	-	38,708	38,708
Insurance assets, investments	-	-	104,123	29,935	26,493	160,551	160,551
Other financial assets	-	-	-	-	-	42,226	
Financial assets total	**42,126**	**2,768**	**104,123**	**65,876**	**27,811**	**284,930**	
Participating interests						12,884	
Other than financial assets						10,097	
Assets in total 31.12.2023						**307,911**	

Financial liabilities	At fair value through profit or loss	Other liabilities	Total	Fair value
Subordinated debt	-	14,886	14,886	15,154
Other financial liabilities	-	16,392	16,392	
Financial liabilities total	**-**	**31,278**	**31,278**	
Other than financial liabilities			67,987	
Liabilities in total 31.12.2023			**99,265**	

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

[2)] At the time of initial recognition of an equity instrument, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognised in other comprehensive income and will not later be recycled to profit or loss. In this case, dividends received 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. This group includes limited partner contributions to such limited partnerships related to Taaleri's private asset management business that are not actual private equity fund investments, as well as equity investments in companies that are not considered to be closely related to the Group's strategy. On 31 December 2023, the fair value of equity instruments that are specifically valued at fair value through other comprehensive income items was EUR 2.8 (31.12.2022 6.3) million. The investments belonging to the group have not produced dividend income in the financial periods presented. During the presented financial periods, no investments belonging to the group have been sold or otherwise written off the balance sheet.

Financial assets and liabilities 31.12.2022, EUR 1,000		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [2)]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Receivables from credit institutions [1)]	46,817	-	-	-	-	46,817	46,817
Receivables from the public and general government	3,861	-	-	-	2,383	6,243	6,243
Shares and units	-	6,277	-	38,185	-	44,462	44,462
Insurance assets	-	-	88,155	36,606	27,755	152,517	152,517
Other financial assets	-	-	-	-	-	38,163	
Financial assets total	**50,677**	**6,277**	**88,155**	**74,792**	**30,138**	**288,202**	
Participating interests						3,708	
Other than financial assets						8,008	
Assets in total 31.12.2022						**299,918**	

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

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

2) At the time of initial recognition of an equity instrument, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognised in other comprehensive income and will not later be recycled to profit or loss. In this case, dividends received 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. This group includes limited partner contributions to such limited partnerships related to Taaleri's private asset management business that are not actual private equity fund investments, as well as equity investments in companies that are not considered to be closely related to the Group's strategy. On 31 December 2023, the fair value of equity instruments that are specifically valued at fair value through other comprehensive income items was EUR 2.8 (31.12.2022 6.3) million. The investments belonging to the group have not produced dividend income in the financial periods presented. During the presented financial periods, no investments belonging to the group have been sold or otherwise written off the balance sheet.

24 Fair value of financial instruments

Fair value of assets 31 December 2023, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions	-	38,302	-	38,302
Receivables from the public and general government	-	4,345	797	5,142
Shares and units	11,868	-	26,840	38,708
Insurance assets, investments	153,071	-	7,480	160,551
Total	**164,939**	**42,647**	**35,118**	**242,703**

Fair value of liabilities 31 December 2023, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Subordinated debt	-	15,154	-	15,154
Total	**-**	**15,154**	**-**	**15,154**

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

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

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.–31.12.2023	1.1.–31.12.2022
Fair value January 1	37,417	32,982
Purchases	3,603	6,123
Sales and deductions	-4,905	-1,888
Change in fair value - income statement	-797	833
Change in fair value - comprehensive income statement	-200	-633
Fair value at end of period	**35,118**	**37,417**

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.–31.12.2023	1.1.–31.12.2022
Net income from insurance	237	765
Net gains or net losses on trading in securities and foreign currencies	-1,034	68
Total	**-797**	**833**

25 Intangible assets

EUR 1,000	31.12.2023	31.12.2022
Goodwill	347	347
Other intangible assets	225	8
IT systems and software	-	2
Other long-term expenses	225	6
Total	**572**	**355**

2023	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2023	696	760	1,456
Increases	1	287	288
Disposals	349	-	349
Acquisition cost 31 December 2023	348	1,047	1,396
Accumulated depreciation, amortisation and impairment 1 January 2023	349	753	1,102
Depreciation during the financial period	-	70	70
Impairments	1	-	1
Disposals	349	-	349
Accumulated depreciation, amortisation and impairment 31 December 2023	1	823	824
Book value 1 January 2023	347	8	355
Book value 31 December 2023	**347**	**225**	**572**

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

Goodwill allocation and impairment testing

On 31 December 2023 the goodwill amounted to EUR 0.3 (0.3) million, which was allocated entirely to the Strategic Investments segment.

On 31 December 2021 the goodwill amounted to EUR 0.7 million, of which EUR 0.3 million was allocated to the Private Asset Management segment and EUR 0.3 million to the Strategic Investments segment. During the financial year of 2022, Taaleri decided to wind down the infrastructure business that was part of the Private Asset Management segment. As a result of the decision, Taaleri Group wrote down of the goodwill arising from the acquisition of Taaleri Infra I GP Oy in 2021 of EUR 0.3 million. Taaleri Infra I GP Oy was eventually dissolved during 2023.

In impairment testing, the recoverable amount of the unit is determined based on its value in use. Cash flow forecasts are based on predictions for a three-year period. Cash flows after the forecast period are extrapolated using an even 0.5% growth factor, which is assessed as being suitable for a growing business. Future cash flows are discounted using the weighted average cost of capital, which was 11.5 percent. Parameters used in determining the discount rate (risk-free interest, risk coefficient, risk premium and capital structure) are based on factors observed in companies engaged in similar or competing business and on the prevailing market conditions at the end of September 2023. The impairment testing of goodwill did not lead to recognition of impairment losses.

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

26 Tangible assets

EUR 1,000	31.12.2023	31.12.2022
Other tangible assets	2,406	421
Total	**2,406**	**421**

	2023	2022
Acquisition cost 1 January	5,293	5,174
Increases	2,585	119
Decreases	51	-
Acquisition cost 31 December	7,827	5,293
Accumulated depreciation, amortisation and impairment 1 January	4,872	4,025
Depreciations during the financial period	549	847
Accrued depreciation, amortisation and impairment 31 December	5,421	4,872
Book value on 1 January	421	1,149
Book value on 31 December	**2,406**	**421**

27 Other assets

EUR 1,000	31.12.2023	31.12.2022
Fee and commission income receivables	5,919	3,714
Other	11,245	9,496
Total	**17,163**	**13,210**

28 Accrued income and prepayments

EUR 1,000	31.12.2023	31.12.2022
Interest receivables	6,448	4,503
Tax receivables	366	546
Development projects	847	2,242
Contract assets from unrealised performance fees	14,173	16,173
Other accrued income	4,907	4,988
Total	**26,742**	**28,451**

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

Contract assets from unrealised performance fees at the balance sheet date were EUR 14.2 million according to management's estimate, and consisted of performance fees from Taaleri Wind II and III Funds. Taaleri started preparations for exiting the funds during 2023. In evaluating the amount of unrealised performance fees at the balance sheet date, Taaleri has utilised the performance fee estimate accorsing to the most current net asset valuation methodology of the Funds, as well as a fund-specific discount factor that reflects the volatility of the estimated performance fee and the timing uncertainty associated with the exit of the fund. Taaleri generally applies a discount factor for unrealised performance fees, which varies between 30-50% depending on the fund and the case. Taaleri reviews unrealised performance fees semi-annually and models the probabilities of factors related to their realisation and the final amount of performance fees.

29 Liabilities to the public and general government

EUR 1,000	31.12.2023	31.12.2022
Other liabilities to the public and general government	-	410
Total	**-**	**410**

30 Other liabilities

EUR 1,000	31.12.2023	31.12.2022
Accounts payable	505	740
Accounts payable - purchases of financial instruments	248	-
Tax account liabilities	488	317
Lease liabilities	2,192	277
Other liabilities	1,511	121
Total	**4,944**	**1,454**

31 Accrued expenses and deferred income

EUR 1,000	31.12.2023	31.12.2022
Accrued personnel costs	1,683	1,202
Accrued interest	154	154
Accrued tax	3,034	1,721
Other accrued expenses	12,456	16,108
Total	**17,327**	**19,185**

32 Deferred tax assets and liabilities

Deferred tax assets, EUR 1,000	31.12.2023	31.12.2022
From employment benefits	198	111
From financial assets measured at fair value through other comprehensive income	642	52
From tax loss carryforwards	2,741	2,451
From other temporary differences between taxation and accounting	1,282	454
From other IFRS adjustments	253	141
Total	**5,116**	**3,208**

Deferred tax liabilities, EUR 1,000	31.12.2023	31.12.2022
From financial assets recorded at fair value in profit or loss	1,022	639
From financial assets measured at fair value through other comprehensive income	178	96
From the difference in valuation of insurance contracts	12,849	13,428
From other IFRS adjustments	2,442	2,770
Total	**16,491**	**16,933**

33 Subordinated debts

EUR 1,000	31.12.2023	31.12.2022
Tier 2 bond	14,886	14,870
Total	**14,886**	**14,870**

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.

34 Notes on insurance contracts

34.1 Reconciliation of the liabilities for remaning coverage and incurred claims for insurance contracts

31.12.2023	**Liabilities for remaining coverage**				
EUR 1,000	Net liabilities excluding loss component	Acquisition cost asset	Loss component	**Liabilities for incurred claims**	**Total**
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-45,025	-	-1,000	-520	-46,544
Net opening liabilities relating to insurance contracts	**-45,025**	**-**	**-1,000**	**-520**	**-46,544**
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective approach	7,007	-	-	-	7,007
Contracts under the fair value transition approach	45	-	-	-	45
Other contracts	11,958	-	-	-	11,958
Total insurance revenue	**19,010**	**-**	**-**	**-**	**19,010**
Insurance service expenses					
Incurred claims and insurance administrative expenses	-	-	-	-4,444	-4,444
Changes that relate to past service: Adjustments to liabilities for incurred claims	-	-	-	813	813
Losses on onerous contract	-	-	-471	-	-471
Amortisation of insurance acquisition cash flows	-540	-	-	-	-540
Impairment of acquisition cost asset	-	-299	-	-	-299
Total insurance service expenses	**-540**	**-299**	**-471**	**-3,631**	**-4,942**
Net finance income and expense from insurance					
Net finance income and expense from insurance through PL	-79	-	-1	47	-33
Total net finance income and expense from insurance	**-79**	**-**	**-1**	**47**	**-33**
Total changes in statement of profit and loss and OCI	**18,391**	**-299**	**-473**	**-3,585**	**14,035**
Cash flows during the period					
Premiums received	-18,340	-	-	-	-18,340
Claims paid	-	-	-	819	819
Insurance administrative expenses paid	-	-	-	3,397	3,397
Acquisition cost paid	717	299	-	-	1,016
Total cash flows during the period	**-17,622**	**299**	**-**	**4,216**	**-13,107**
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-44,256	-	-1,472	112	-45,616
Net closing liabilities relating to insurance contracts	**-44,256**	**-**	**-1,472**	**112**	**-45,616**

31.12.2022	Liabilities for remaining coverage				
EUR 1,000	Net liabilities excluding loss component	Acquisition cost asset	Loss component	**Liabilities for incurred claims**	**Total**
Opening insurance contract assets	-	-	-	-	-
Opening insurance contract liabilities	-38,821	-	-826	-1,527	-41,175
Net opening liabilities relating to insurance contracts	**-38,821**	**-**	**-826**	**-1,527**	**-41,175**
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective approach	9,297	-	-	-	9,297
Contracts under the fair value transition approach	-	-	-	-	-
Other contracts	9,805	-	-	-	9,805
Total insurance revenue	**19,102**	**-**	**-**	**-**	**19,102**
Insurance service expenses					
Incurred claims and insurance administrative expenses	-	-	-	-4,272	-4,272
Changes that relate to past service: Adjustments to liabilities for incurred claims	-	-	-	1,019	1,019
Losses on onerous contract	-	-	-228	-	-228
Amortisation of insurance acquisition cash flows	-342	-	-	-	-342
Impairment of acquisition cost asset	-	-507	-	-	-507
Total insurance service expenses	**-342**	**-507**	**-228**	**-3,253**	**-4,330**
Net finance income and expense from insurance					
Net finance income and expense from insurance through PL	-283	-	54	-173	-401
Total net finance income and expense from insurance	**-283**	**-**	**54**	**-173**	**-401**
Total changes in statement of profit and loss and OCI	**18,477**	**-507**	**-174**	**-3,426**	**14,371**
Cash flows during the period					
Premiums received	-25,400	-	-	-	-25,400
Claims paid	-	-	-	1,257	1,257
Insurance administrative expenses paid	-	-	-	3,177	3,177
Acquisition cost paid	719	507	-	-	1,226
Total cash flows during the period	**-24,681**	**507**	**-**	**4,433**	**-19,741**
Closing insurance contract assets	-	-	-	-	-
Closing insurance contract liabilities	-45,025	-	-1,000	-520	-46,544
Net closing liabilities relating to insurance contracts	**-45,025**	**-**	**-1,000**	**-520**	**-46,544**

34.2 Reconciliation of the components of insurance contract liabilities

31.12.2023			CSM			
EUR 1,000	**Estimation of present value of future cash flows**	**Risk adjustment for non-financial risk**	Modified retrospective approach	Fair value approach	Other	**Total**
Opening insurance contract assets	-	-	-	-	-	-
Opening insurance contract liabilities	-2,098	-6,423	-8,746	-3	-29,274	-46,544
Net opening liabilities relating to insurance contracts	**-2,098**	**-6,423**	**-8,746**	**-3**	**-29,274**	**-46,544**
Changes in the statement of profit or loss and OCI						
Changes related to current services						
CSM recognized in profit and loss	-	-	3,724	8	8,592	12,324
Change in risk adjustment for risk expired	-	1,974	-	-	-	1,974
Experience adjustments	-22	-62	-	-	-	-84
Changes related to future services						
Contracts initially recognised in the period	13,518	-1,478	-	-	-12,271	-232
Changes in estimates that adjust CSM	-636	254	-47	-8	437	-
Changes in estimates that result in onerous contracts or reversal of losses on onerous underlying contracts	-697	-30	-	-	-	-727
Changes that relate to past service						
Changes to incurred claims	746	67	-	-	-	813
Insurance service result	**12,909**	**724**	**3,677**	**-**	**-3,242**	**14,068**
Net finance income and expense from insurance						
Insurance finance expenses through profit and loss	417	-	-107	-	-343	-33
Net finance income and expense from insurance	**417**	**-**	**-107**	**-**	**-343**	**-33**
Total changes in statement of profit and loss and OCI	**13,326**	**724**	**3,570**	**-**	**-3,585**	**14,035**
Total cash flows						
Premiums received	-18,340	-	-	-	-	-18,340
Claims paid	819	-	-	-	-	819
Insurance administrative expenses paid	3,397	-	-	-	-	3,397
Acquisition cost paid	1,016	-	-	-	-	1,016
Total cash flows	**-13,107**	**-**	**-**	**-**	**-**	**-13,107**
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	-1,879	-5,699	-5,177	-3	-32,859	-45,616
Net closing liabilities relating to insurance contracts	**-1,879**	**-5,699**	**-5,177**	**-3**	**-32,859**	**-45,616**

31.12.2022

EUR 1,000	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM Modified retrospective approach	CSM Fair value approach	CSM Other	Total
Opening insurance contract assets	-	-	-	-	-	-
Opening insurance contract liabilities	-888	-6,759	13,906	-	19,621	25,879
Net opening liabilities relating to insurance contracts	**-888**	**-6,759**	**13,906**	**-**	**19,621**	**25,879**
Changes in the statement of profit or loss and OCI						
Changes related to current services						
CSM recognized in profit and loss	-	-	4,760	-	6,369	11,128
Change in risk adjustment for risk expired	-	2,838	-	-	-	2,838
Experience adjustments	601	-49	-	-	-	552
Changes related to future services						
Contracts initially recognised in the period	18,442	-2,325	-	-	-16,734	-617
Changes in estimates that adjust CSM	-949	-187	527	-	610	-
Changes in estimates that result in onerous contracts or reversal of losses on onerous underlying contracts	-145	-3	-	-	-	-148
Changes that relate to past service						
Changes to incurred claims	956	63	-	-	-	1,019
Insurance service result	**18,905**	**336**	**5,286**	**-**	**-9,755**	**14,772**
Net finance income and expense from insurance						
Insurance finance expenses through profit and loss	-374	-	-130	-	102	-401
Net finance income and expense from insurance	**-374**	**-**	**-130**	**-**	**102**	**-401**
Total changes in statement of profit and loss and OCI	**18,531**	**336**	**5,157**	**-**	**-9,653**	**14,371**
Total cash flows						
Premiums received	-25,400	-	-	-	-	-25,400
Claims paid	1,257	-	-	-	-	1,257
Insurance administrative expenses paid	3,177	-	-	-	-	3,177
Acquisition cost paid	1,226	-	-	-	-	1,226
Total cash flows	**-19,741**	**-**	**-**	**-**	**-**	**-19,741**
Closing insurance contract assets	-	-	-	-	-	-
Closing insurance contract liabilities	-2,098	-6,423	-8,749	-	-29,274	-46,544
Net closing liabilities relating to insurance contracts	**-2,098**	**-6,423**	**-8,749**	**-**	**-29,274**	**-46,544**

34.3 Reconciliation of the assets for remaning coverage and incurred claims for reinsurance contracts

31.12.2023	**Assets for remaining coverage**			
EUR 1,000	Excluding loss-recovery component	Loss-recovery component	**Assets for incurred claims**	**Total**
Opening reinsurance contract assets	99	39	389	526
Opening reinsurance contract liabilities	-	-	-	-
Net opening assets relating to reinsurance contracts	**99**	**39**	**389**	**526**
Changes in the statement of profit or loss and OCI				
Net expenses from reinsurance contracts				
Allocation of reinsurer premium paid	-528	-	-	-528
Amounts recoverable for claims and other expenses	-	-	-	-
Changes that relate to past service: Adjustments to assets for incurred claims	-	-	-7	-7
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	15	-	15
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Total net expenses from reinsurance contracts	**-528**	**15**	**-7**	**-520**
Net finance expenses from reinsurance contracts				
Net finance income and expense from reinsurance through PL	18	-	1	20
Total net finance expenses from reinsurance contracts	**18**	**-**	**1**	**20**
Total changes in statement of profit and loss and OCI	**-510**	**15**	**-6**	**-500**
Cash flows during the period				
Premiums paid to reinsurers	454	-	-	454
Recoveries received from reinsurance	-	-	-155	-155
Total cash flows during the period	**454**	**-**	**-155**	**299**
Closing reinsurance contract assets	43	54	228	325
Closing reinsurance contract liabilities	-	-	-	-
Net closing assets relating to reinsurance contracts	**43**	**54**	**228**	**325**

31.12.2022	Assets for remaining coverage			
EUR 1,000	Excluding loss-recovery component	Loss-recovery component	**Assets for incurred claims**	**Total**
Opening reinsurance contract assets	160	14	1,155	1,329
Opening reinsurance contract liabilities	-	-	-	-
Net opening assets relating to reinsurance contracts	**160**	**14**	**1,155**	**1,329**
Changes in the statement of profit or loss and OCI				
Net expenses from reinsurance contracts				
Allocation of reinsurer premium paid	-494	-	-	-494
Amounts recoverable for claims and other expenses	-	-	-	-
Changes that relate to past service: Adjustments to assets for incurred claims	-	-	-201	-201
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	25	-	25
Effect of changes in the risk of reinsurers non-performance	-	-	-	-
Total net expenses from reinsurance contracts	**-494**	**25**	**-201**	**-670**
Net finance expenses from reinsurance contracts				
Net finance income and expense from reinsurance through PL	-3	-	-5	-8
Total net finance expenses from reinsurance contracts	**-3**	**-**	**-5**	**-8**
Total changes in statement of profit and loss and OCI	**-497**	**25**	**-206**	**-678**
Cash flows during the period				
Premiums paid to reinsurers	435	-	-	435
Recoveries received from reinsurance	-	-	-560	-560
Total cash flows during the period	**435**	**-**	**-560**	**-125**
Closing reinsurance contract assets	99	39	389	526
Closing reinsurance contract liabilities	-	-	-	-
Net closing assets relating to reinsurance contracts	**99**	**39**	**389**	**526**

34.4 Reconciliation of the components of reinsurance contract assets

31.12.2023			CSM			
EUR 1,000	**Estimation of present value of future cash flows**	**Risk adjustment for non-financial risk**	Modified retrospective approach	Fair value approach	Other	**Total**
Opening reinsurance contract assets	339	65	122	-	-	526
Opening reinsurance contract liabilities	-	-	-	-	-	-
Net opening assets relating to reinsurance contracts	**339**	**65**	**122**	**-**	**-**	**526**
Changes in the statement of profit or loss and OCI						
Changes related to current services						
CSM recognized in profit and loss	-	-	-115	-	-413	-528
Change in risk adjustment for risk expired	-	-34	-	-	-	-34
Experience adjustments	35	-	-	-	-	35
Changes related to future services						
Contracts initially recognised in the period	-400	-	-	-	400	-
Changes in estimates that adjust CSM	-107	10	97	-	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	15	-	-	15
Changes that relate to past service						
Changes to incurred claims	-2	-5	-	-	-	-7
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Total net expenses from reinsurance contracts	**-475**	**-29**	**-3**	**-**	**-13**	**-520**
Net finance expenses from reinsurance contracts						
Net finance income and expense from reinsurance through PL	4	-	2	-	13	20
Total net finance expenses from reinsurance contracts	**4**	**-**	**2**	**-**	**13**	**20**
Total changes in statement of profit and loss and OCI	**-470**	**-29**	**-1**	**-**	**-**	**-500**
Total cash flows						
Premiums paid to reinsurers	454	-	-	-	-	454
Recoveries received from reinsurance	299	-	-	-	-	299
Total cash flows	**753**	**-**	**-**	**-**	**-**	**753**
Closing reinsurance contract assets	168	36	121	-	-	325
Closing reinsurance contract liabilities	-	-	-	-	-	-
Net closing assets relating to reinsurance contracts	**168**	**36**	**121**	**-**	**-**	**325**

31.12.2022

EUR 1,000	Estimation of present value of future cash flows	Risk adjustment for non-financial risk	CSM Modified retrospective approach	Fair value approach	Other	Total
Opening reinsurance contract assets	1,084	108	137	-	-	1,329
Opening reinsurance contract liabilities	-	-	-	-	-	-
Net opening assets relating to reinsurance contracts	**1,084**	**108**	**137**	**-**	**-**	**1,329**
Changes in the statement of profit or loss and OCI						
Changes related to current services						
CSM recognized in profit and loss	-	-	-99	-	-399	-497
Change in risk adjustment for risk expired	-	-25	-	-	-	-25
Experience adjustments	28	-	-	-	-	28
Changes related to future services						
Contracts initially recognised in the period	-400	-	-	-	400	-
Changes in estimates that adjust CSM	-62	5	57	-	-	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts	-	-	25	-	-	25
Changes that relate to past service						
Changes to incurred claims	-178	-23	-	-	-	-201
Effect of changes in non-performance risk of reinsurers	-	-	-	-	-	-
Total net expenses from reinsurance contracts	**-612**	**-43**	**-17**	**-**	**1**	**-670**
Net finance expenses from reinsurance contracts						
Net finance income and expense from reinsurance through PL	-7	-	1	-	-1	-8
Total net finance expenses from reinsurance contracts	**-7**	**-**	**1**	**-**	**-1**	**-8**
Total changes in statement of profit and loss and OCI	**-620**	**-43**	**-16**	**-**	**-**	**-678**
Total cash flows						
Premiums paid to reinsurers	435	-	-	-	-	435
Recoveries received from reinsurance	-560	-	-	-	-	-560
Total cash flows	**-125**	**-**	**-**	**-**	**-**	**-125**
Closing reinsurance contract assets	339	65	122	-	-	526
Closing reinsurance contract liabilities	-	-	-	-	-	-
Net closing assets relating to reinsurance contracts	**339**	**65**	**122**	**-**	**-**	**526**

34.5 Effect of insurance contracts initially recognised in the period

1.1.-31.12.2023

Insurance contracts, EUR 1,000	**Non-onerous contracts issued**	**Onerous contracts issued**	**Total**
Estimates of present value of cash inflows	16,239	173	16,413
Estimates of present value of cash outflows	-2,695	-200	-2,895
- Of which insurance acqustion cash flows	-709	-	-709
- Of which claims and other insurance service expenses payable	-1,985	-200	-2,185
Estimates of present value of cash flows	**13,545**	**-27**	**13,518**
Risk adjustment for non-financial risk	1,473	5	1,478
CSM	12,271	-	12,271
Losses recognised on initial recognition	**200**	**32**	**232**

1.1.-31.12.2022

Insurance contracts, EUR 1,000	**Non-onerous contracts issued**	**Onerous contracts issued**	**Total**
Estimates of present value of cash inflows	22,801	332	23,133
Estimates of present value of cash outflows	-4,026	-665	-4,691
- Of which insurance acqustion cash flows	-720	-	-720
- Of which claims and other insurance service expenses payable	-3,306	-665	-3,970
Estimates of present value of cash flows	**18,775**	**-332**	**18,442**
Risk adjustment for non-financial risk	2,312	13	2,325
CSM	16,734	-	16,734
Losses recognised on initial recognition	**272**	**345**	**617**

1.1.-31.12.2023

Reinsurance contracts, EUR 1,000	**Non-onerous contracts issued**	**Onerous contracts issued**	**Total**
Estimates of present value of cash inflows	-	-	-
Estimates of present value of cash outflows	-	-400	-400
Estimates of present value of cash flows	**-**	**-400**	**-400**
Risk adjustment for non-financial risk	-	-	-
CSM	-	-400	-400
Reinsurance contract assets on initial recognition	**-**	**-**	**-**
Reinsurance contract liabilities on initial recognition	**-**	**-**	**-**

1.1.-31.12.2022

Reinsurance contracts, EUR 1,000	**Non-onerous contracts issued**	**Onerous contracts issued**	**Total**
Estimates of present value of cash inflows	-	-	-
Estimates of present value of cash outflows	-	-400	-400
Estimates of present value of cash flows	**-**	**-400**	**-400**
Risk adjustment for non-financial risk	-	-	-
CSM	-	-400	-400
Reinsurance contract assets on initial recognition	**-**	**-**	**-**
Reinsurance contract liabilities on initial recognition	**-**	**-**	**-**

34.6 Illustration of recognition of the contractual service margin

31.12.2023, EUR 1,000	**Insurance contracts**	**Reinsurance contracts**	**Total**
Year 0-1	10,897	55	10,952
Year 1-3	15,001	65	15,066
Year 3-5	7,909	-	7,910
Year 5-7	3,352	-	3,352
Year 7-10	870	-	870
Year 10+	9	-	9
Contractual service margin total at the end of the period	**38,038**	**121**	**38,159**

31.12.2022, EUR 1,000	**Insurance contracts**	**Reinsurance contracts**	**Total**
Year 0-1	10,920	60	10,980
Year 1-3	14,763	61	14,824
Year 3-5	7,847	-	7,847
Year 5-7	3,490	-	3,490
Year 7-10	995	-	995
Year 10+	8	-	8
Contractual service margin total at the end of the period	**38,023**	**122**	**38,145**

35 Equity

Share capital

The company's share capital on 31 December 2023 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. Trading in Taaleri Plc's shares are traded on the Nasdaq Helsinki main market. The shares' trading code is "TAALA" and ISIN code FI4000062195.

All shares issued have been paid for in full. The Group uses share-based incentive schemes, for which further information is presented on the notes concerning personnel and management. The company has not issued convertible bonds or other than the above-mentioned special rights.

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

Other authorisations

The General Meeting of 13 April 2023, 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 cancelled the authorisation to purchase the company's own shares issued at the General Meeting of 6 April 2022.

The General Meeting of 13 April 2023, decided to authorise the Board of Directors to decide on the issue of new shares and the assignment of treasury shares in the possession of the company and/or the issuance of option rights or other special rights entitling to shares, as referred to in Chapter 10, Section 1 of the Finnish Companies Act, on the following terms:

The Board of Directors may issue new shares and assign treasury shares in the possession of the company up to a maximum of 2,500,000 shares, corresponding to 8.82% of all the company's shares. The new shares may be issued and the treasury shares possessed by the company may be assigned and/or option rights or other special rights entitling to shares may be issued to the company's shareholders in proportion to their ownership of shares or deviating from the shareholder's pre-emptive subscription right in a private placement, if there is a weighty financial reason for it from the point of view of the company, such as using the shares as consideration in potential corporate acquisitions or other arrangements that are part of the company's business operations, or to finance investments or as part of the company's incentive scheme. The Board of Directors may also decide on a free-of-charge share issue to the company itself. The new shares and/or option rights or other special rights entitling to shares may be issued and the shares possessed by the company may be assigned either against payment or without payment. A private placement may only be without payment if there is an especially weighty reason for it from the point of view of the company and taking into account the benefit of all its shareholders. The Board of Directors will decide on all other factors related to share issues and the assignment of shares and decide on all terms and conditions of the option rights and other special rights entitling to shares. The authorisation is valid until the end of the next Annual General Meeting, however no longer than 30 June 2024. This authorisation cancelled the authorisation regarding the share issue issued at the General Meeting on 6 April 2022.

Share repurchase program

Taaleri announced on 19 December 2023, that the Board of Directors of Taaleri Plc has resolved to start repurchasing the company's own shares based on the authorization given by the Annual General Meeting held on 13 April 2023. The maximum number of the company's own shares to be repurchased is 200,000 shares, corresponding to approximately 0.71 per cent of all the shares in the company. The maximum amount to be used for the share repurchase is EUR 1,900,000. The shares will be repurchased using the company's unrestricted equity. The shares will be repurchased through public trading organized by Nasdaq Helsinki Ltd at the market price as per the time of repurchase.

The repurchase of own shares started on 20 December 2023 and ends on 10 April 2024 at the latest. The company can acquire the shares for use as part of the company's incentive schemes, or it can decide to cancel any or all of the repurchased shares. When the program started, the total number of shares in Taaleri Plc was 28,350,620. When the program started, the company held 45,000 of its own shares, which corresponded to 0.16 per cent of all shares.

On 31 December 2023, the company held 65,027 (45,000) own shares, which corresponds to 0.23 percent of all shares. During the fiscal year 2023, a total of 20,027 shares were acquired, which corresponds to 0.07 percent of all shares. A total of EUR 175,141.02 was paid for the 20,027 shares acquired, which has been recorded as a reduction of the parent company's and the Group's equity.

Changes in number of shares 2023	Total
Number of shares 1 January 2023	28,350,620
Number of shares 31 December 2023	28,350,620
Number of votes 31 December 2023	28,350,620

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

Issuer's reserves within equity

The following are descriptions of the reserves within equity.

Reserve for invested non-restricted equity

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

Translation differences

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

Fair value reserve

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

Changes in the Fair value reserve 2023	At fair value through other comprehensive income		
EUR 1,000	Shares and units	Insurance assets	Total
Fair value reserve 1 January 2023	-3,551	-9,734	-13,285
Changes in fair value	-3,126	6,240	3,114
Changes in expected credit losses	-	-585	-585
Deferred taxes	625	-1,131	-506
Fair value reserve 31 December 2023	-6,052	-5,210	-11,262

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

Notes concerning Risk Position

36 Group's internal control and risk management principles

1. Group's internal control and risk management

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

The aim of internal control is to support and promote business by systematically taking care of risk control of the Group and its companies and functions, by reviewing, mapping and monitoring risks, and handling the probability and consequences of their occurrence in an appropriate manner. Internal control is an integrated part of the operational management of Taaleri Group, and includes an independent Risk Control Function, risk management operations in the businesses, Compliance Function that monitor compliance with regulations and internal guidelines and Internal Audit.

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

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

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

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

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

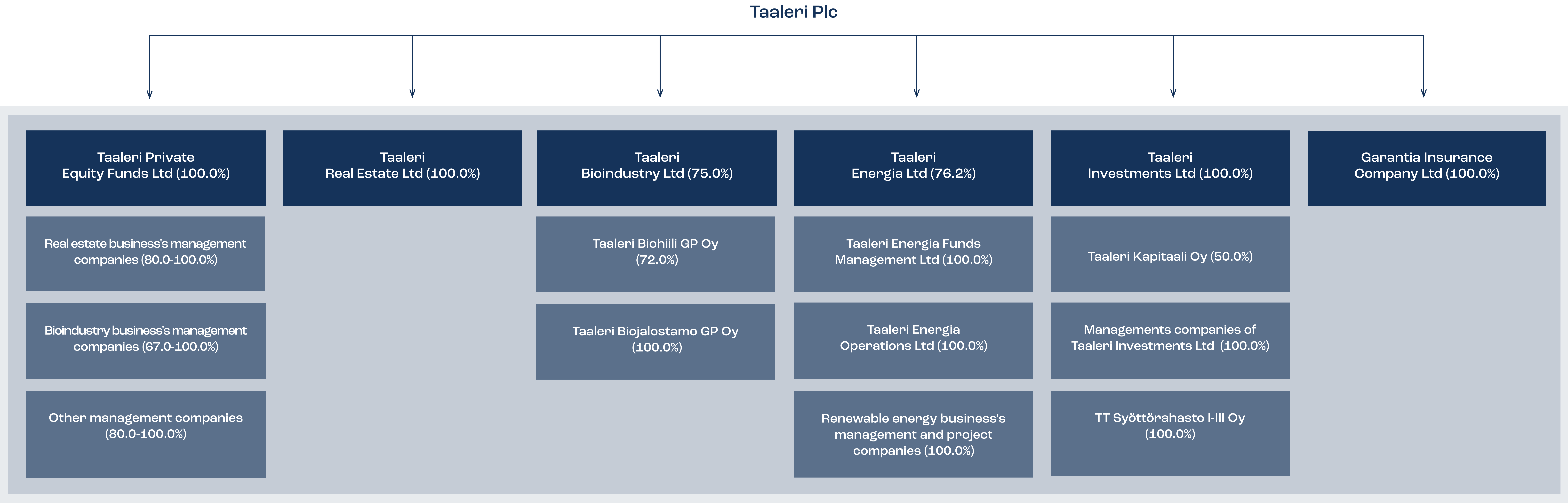
Risk management is based on a systematic process. Risks affecting Group's results, capital adequacy and liquidity are continuously monitored by the Risk Control Function and Finance Functions. Operational and business risks are regularly assessed, at least once a year, in risk reviews aiming to identify, assess, measure and treat risks that could affect the achievement of the Group's objectives and the amount of own capital.

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

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

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

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.



Continuity plans

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

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

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

The continuity plans are annually reviewed. The Group Risk Manager is responsible for drafting the continuity plans and organising their annual updates. Taaleri Group's Executive Management Team approves the continuity plan for Group operations, and the management of business operations approves the detailed continuity plans for each business.

2. Internal control organisation

The Board of Directors of Taaleri Plc takes care of the Group's corporate governance and the appropriate organization of its operations, which includes organizing and maintaining adequate and effective internal control framework.

In matters concerning internal control and risk management, the highest decision-making body is the Board of Directors of Taaleri Plc, which is responsible for:

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

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

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

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

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

Internal control framework and operating procedures

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

2nd line of defence consist of the Group Legal, Risk Control and Compliance Functions. Compliance Function works in cooperation with persons responsible for risk & compliance in the businesses. They develop and maintain the internal control framework and procedures and perform control activities that are independent of the business operations.

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

Picture: Three Lines of Defence

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

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

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

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

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

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

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

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

3. Capital management

Risk capacity and risk appetite

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

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

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

Capital management

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

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

4. Key risks and risk management of Taaleri's private asset management business and Group's investment operations

Strategic risk and business risk

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

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

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

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

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

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

The strategic risks of the bioindustry business are especially related to the long-term functionality and profitability of the technologies selected as investees. Before making investments, the business conducts an in-depth analysis of the technology related to the potential investee, which aims to mitigate strategic risk.

The strategic risks of the real estate business are especially related to changes in the real estate market. Regional valuations or valuations of different property types can change significantly for various reasons.

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

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

Credit risk

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

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

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

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

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

Liquidity risk

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

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

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

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

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

Market risk

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

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

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

The real estate business is particularly affected by changes in the real estate market and the interest rate market. Apartment prices and the general rent level directly affect the returns of real estate funds. Fluctuations in the interest rate market directly affect the loan costs of real estate funds and indirectly the values of apartments, and through these, the valuations of the funds. Changes in the interest rate market can be protected with various interest hedging methods, which provide predictability to the funds' loan management costs. On the other hand, a general rise in the price level can improve returns in some funds if rent increases are tied to the cost-of-living index.

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

Potential significant changes in exchange rates for non-euro area investments can affect the return on that investment.
In addition to bank accounts, Taaleri Group's liquidity buffer may be partially invested in short-term interest instruments and is therefore exposed to market risks.

At Taaleri Group, market risk stress testing is carried out in the form of a sensitivity analysis regarding interest rate risk and price risk, the effect of which is examined on the Group's profit or loss and equity.

The sensitivity analysis of market risk is presented in Note 39.

Operational risk

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

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

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

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

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

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

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

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

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

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

Climate risks are examined through four IPCC climate change scenarios (RCP 2.6., RCP 4.5., RCP 6.0., and RCP 8.5.) and are evaluated according to the probability and effectiveness of their economic impacts. Identified risks related to climate change and weather, such as acute and chronic weather and temperature fluctuations, can affect, for example, the yield of Taaleri's funds due to changes in the capital and operating costs of the funds, and the production of facilities and the value of Taaleri's holdings. Potentially negative effects on business are also caused by transition risks, such as tightening regulation, changes in the operating environment, and the changing needs and preferences of stakeholders. Climate change prevention and adaptation also create many opportunities for Taaleri to develop projects and investment products that reduce the effects of climate change. Our strategy, which focuses on sustainable development and positive impact, helps us adapt to climate risks in a preventive manner. In addition, Taaleri has set a net zero goal for its direct and indirect emissions by 2050.

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

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

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

5. Key risks and risk management at Garantia Insurance Company

Insurance risk

Insurance risk means a risk of loss arising from inadequate assumptions concerning pricing and technical provisions or an unfavorable change in the value of insurance liabilities. In guaranty insurance, the insurance risk mostly consists of credit risk, i.e., the inability of the guaranteed counterparty to meet its contractually defined financial or operational obligations to the beneficiary. This may be the result of a default by the guaranteed counterparty (default risk,) or the guaranteed counterparty may fail to fulfil a contractual obligation on time (delivery risk). Credit risk is also considered to include the counterparty risk of the reinsurers or parties providing other counter guaranties, which results from the default of the reinsurer or the party providing other counter guaranties, and the value change risk, which is caused by changes in the fair value of the collateral.

The aim in the management of insurance risk related to guarantee insurance i.e., credit risk is to ensure that negative profit impacts arising from client and counterparty risks remain at acceptable levels, and that the returns on the insurance operations are adequate relative to the risks taken. In guaranty insurance, credit risks are reduced by means of client selection, active management of client relationships, monitoring of changes in the clients' operations, pricing, diversification and also typically through reinsurance, contract terms and collateral and covenant arrangements. Central to the management of credit risks is the process of underwriting insurance policies, which is controlled by the credit risk policy, reinsurance policy and decision-making system approved by the Board of Directors and the complementary process descriptions and guidelines on credit risk assessment, auditing of distribution partners, pricing, collateral, and covenants approved by the Executive Management Team. The risk management function monitors the functioning and quality of the insurance process. In addition to the daily insurance process, credit risks are identified and assessed at least once a year with a risk survey compiled in conjunction with annual planning.

The level of insurance risk is measured by the economic capital model, by the solvency capital requirement (SCR) including and excluding the capital add-on, and by S&P's insurance capital model. The insurance risk's economic capital is defined separately for each contract by mainly using the Basel II Internal Ratings-Based Approach, which considers the exposure at default (EAD), counterparty or instrument credit rating (probability of default, PD), duration, and loss-given default (LGD), which depends on counter-collateral, recoveries and reinsurance. The economic capital model also includes concentration risk. Garantia regularly assesses its economic capital model and the functionality of the parameters used in the calculation of the amount of economic capital.

Counterparty credit risks are assessed, in addition to economic capital model, on the basis of counterparty credit rating, gross insurance exposure, proportion reinsured and the amount and type of other collateral, uncovered exposure, covenants and a possible risk client status. The credit risk exposure of the insurance portfolio is assessed based on gross exposure, proportion reinsured and other collateral, and uncovered exposure and economic capital figures by product group, rating class, industry, average maturity of exposure, claims incurred in relation to earned premiums and insurance exposure. The insurance risk position is monitored and reported to the Executive Management Team and the Board of Directors every month.

Quantitative information on insurance risks and insurance contract liabilities are presented in Note 41.

Investment risks

The company's investments are used to cover the technical provisions and the equity capital, and their primary purpose is to secure the liquidity of insurance operations, even in years with exceptionally high claims. Garantia's investment activities are long-term, and the objective is primarily to secure capital and achieve stable and steadily increasing asset growth. Investment risks are made up of market risks, counterparty credit risk and liquidity risk.

Market risk means the possibility of losses or an unfavorable change in the economic situation due (directly or indirectly) to the fluctuation in the market prices and volatility of assets, liabilities, and financial instruments. Changes in prices affect the value of investment assets and annual returns. The principal market risks are equity risk, interest rate risk, currency risk and property risk. The counterparty credit risk of investments is made up of credit spread risk and counterparty credit risk. Credit spread risk describes the risk arising from changes in the credit spread, i.e., the difference between risky interest rate instruments and comparable risk-free interest rate instruments. Counterparty risk means the risk of default pertaining to the contractual counterparty.

The main aim in the management of investment risks is to keep the negative profit impacts arising from investments and the changes in the values of investments at acceptable levels in the long term, to ensure that investment returns are adequate in relation to the risks taken and to safeguard the company's liquidity. Garantia follows the principle of prudence defined in the Insurance Companies Act in its investment activities. Assets are only invested in the type of assets where the company is able to identify, measure, monitor, manage, control and report the related risks. Investment activities should aim to ensure the security, convertibility into cash, rate of return and availability from location of investments, and to consider the nature of insurance agreements and the interests of the insured.

Investment risks are managed through effective diversification of the investments by asset class, sector, geographical area, credit category and counterparty, and by ensuring adequate liquidity of the investments. Central to the management of investment risks is the daily implementation of investment activity, which is controlled by the investment plan and decision-making powers approved by the Board of Directors. In addition to the daily investment activities and monthly reporting, investment, risks are assessed at least once a year with a risk survey compiled in conjunction with the annual planning.

Capital requirements for investment risks are measured by means of the economic capital model, the Solvency Capital Requirement (SCR) and S&P's insurance capital model. In the economic capital model, investment risks are measured on an instrument-specific basis with Value-at-Risk calculation models for equity risk, currency risk, interest rate risk and credit risk. The credit risk with fixed income and private equity investments is defined according to the internal ratings-based method based on Basel II which considers the amount of investment, the instrument's credit rating, the loss-given default and duration. In addition to economic capital, investment risks are measured based on asset class, by country, credit category, counterparty, modified duration, interest rate sensitivity and the amount of foreign currency-denominated investments. The investment risk position is monitored and reported to the Executive Management Team and the Board of Directors every month.

Quantitative information on insurance investment risks is presented in Note 40.

Operational risks

Operational risks mean the risk of loss resulting from deficient or faulty processes, human error, systems, or external events.

The successful management of operational risks helps to ensure that the company's operations are properly organized and that the risks do not cause any unexpected direct or indirect financial losses. Garantia is determined to maintain and strengthen a corporate culture that is positively disposed towards management of operational risks and internal control by continuously providing personnel with training and guidelines.

In order to manage the operational risks, it is important to identify and evaluate risks as well as to ensure the adequacy of the control and management methods. The principal tools in the management of operational risks are risk reviews of each unit at least once a year, continuous registration of operational risks, identification of corrective measures and the monitoring and reporting of these, continuity planning, principles for outsourcing, the planning and implementation of new products, knowing your customer (KYC), prevention of money laundering and terrorist financing, process descriptions and other working instructions and operating guidelines.

The extent of the operational risks is measured by the solvency capital requirement (SCR) and the amount of economic capital employed by operational risks, which is determined on the basis of the annual risk reviews. Actual risk events and near misses are monitored and registered, the corrective measures concerning these are specified and the implementation of the measures is followed. Operational risks are reported to the Executive Management Team and Board of Directors on a quarterly basis.

Concentration risks

Concentration risk means all risk exposures with a loss potential that is large enough, upon materialization, to threaten the solvency or financial position of an insurance company. The principal concentration risk in Garantia's business operations arises from the concentration risk of direct and indirect credit and counterparty risk in guaranty and investment operations. Garantia's total exposures contain large, individual credit risk concentrations specific to certain counterparties and industry sectors. In addition, Garantia's guaranties and investments are concentrated in Finland. The selection of guaranty insurance and investment targets and the continuous monitoring of changes in the situation of counterparties is emphasized above all in the management of the credit concentration risk. Concentration risk is measured and assessed in the economic capital model. The company has also set specific regularly monitored risk limits for counterparty and industry sector concentrations.

Other risks

Strategic risks are the risks that result from changes in the operating and competitive environment, slow reaction to changes, selection of the wrong strategy or business model, or the unsuccessful implementation of a strategy. Reputational and regulatory risks are strategic risks. 'Reputational risk' means the risk that unfounded or founded unfavorable publicity related to the company's business operations or relations weakens confidence in the company. Reputational risk is usually a consequence of a materialized operational or compliance risk, which results in the deterioration of the company's reputation among its customers and other stakeholders. Regulatory risk means the risk that changes in laws or regulations will materially weaken the company's ability to carry out its business operations.

The principal method in the management of strategic risks is a systematic and continuous operational planning and monitoring process, which makes it possible to identify and assess potential risks in the operating, competitive and regulatory environment, to update the strategy and manage the measures to treat risks. Reputational risk is managed proactively and in the long term by operating in accordance with Garantia's values, observing regulation and the Code of Conduct confirmed by the Board of Directors and by communicating openly and equitably with different stakeholders. Strategic risks are monitored and assessed at least once a year with a risk review compiled in conjunction with the annual planning.

Compliance risks are the risks pertaining to legal or administrative consequences, economic losses or loss of reputation that result from the failure of the company to comply with laws, decrees, or other regulations applicable to its operations. Legislative changes are actively monitored, and ongoing projects are regularly reported to the Board of Directors. The survey of risks conducted at Garantia in conjunction with annual planning also includes the identification and assessment of regulatory risks and the definition and monitoring of development measures to reduce the risks. Providing the personnel with guidelines and training is also central to managing compliance risks.

Sustainability risk refers to environmental responsibility, social responsibility or corporate governance-related events or circumstances that, should they arise, may have a negative impact on the value of the company's investments assets or insurance liability. In Garantia's business operations, notable sustainability risks are present in investment operations and guaranty insurance operations. In these operations, the sustainability risks mainly relate to the sustainability of the activities of individual corporate counterparties. These risks are assessed in conjunction with underwriting and investment decision-making. Sustainability risks are monitored and assessed also in the risk review compiled in the course of annual planning. The amount of sustainability risks inherent in Garantia's operations is estimated to be minor. For instance, the company does not have exposure from industry sectors or companies with exceptionally high levels of sustainability issues.

Liquidity risk means the risk that an insurance company are unable to convert their investments or other assets into cash in order to meet their financial obligations that fall due for payment. Liquidity risk is limited at Garantia as premiums written are collected before claims are paid and the largest individual payments are insurance compensation payments to beneficiaries or the distribution of profit/repayment of capital to shareholders, and the payment dates for these payments are usually known well in advance. Garantia has no financial liabilities. The key tools for managing liquidity risk in Garantia are maintaining a sufficient amount of cash to handle daily payments and the liquidity of the investment portfolio. On the balance sheet date, a total of 91.4 (85.9) per cent of Grantia's investment portfolio was estimated to be liquidable within three banking days.

Principles of internal control and risk management

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

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

Organization, responsibilities, and control of risk management

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

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

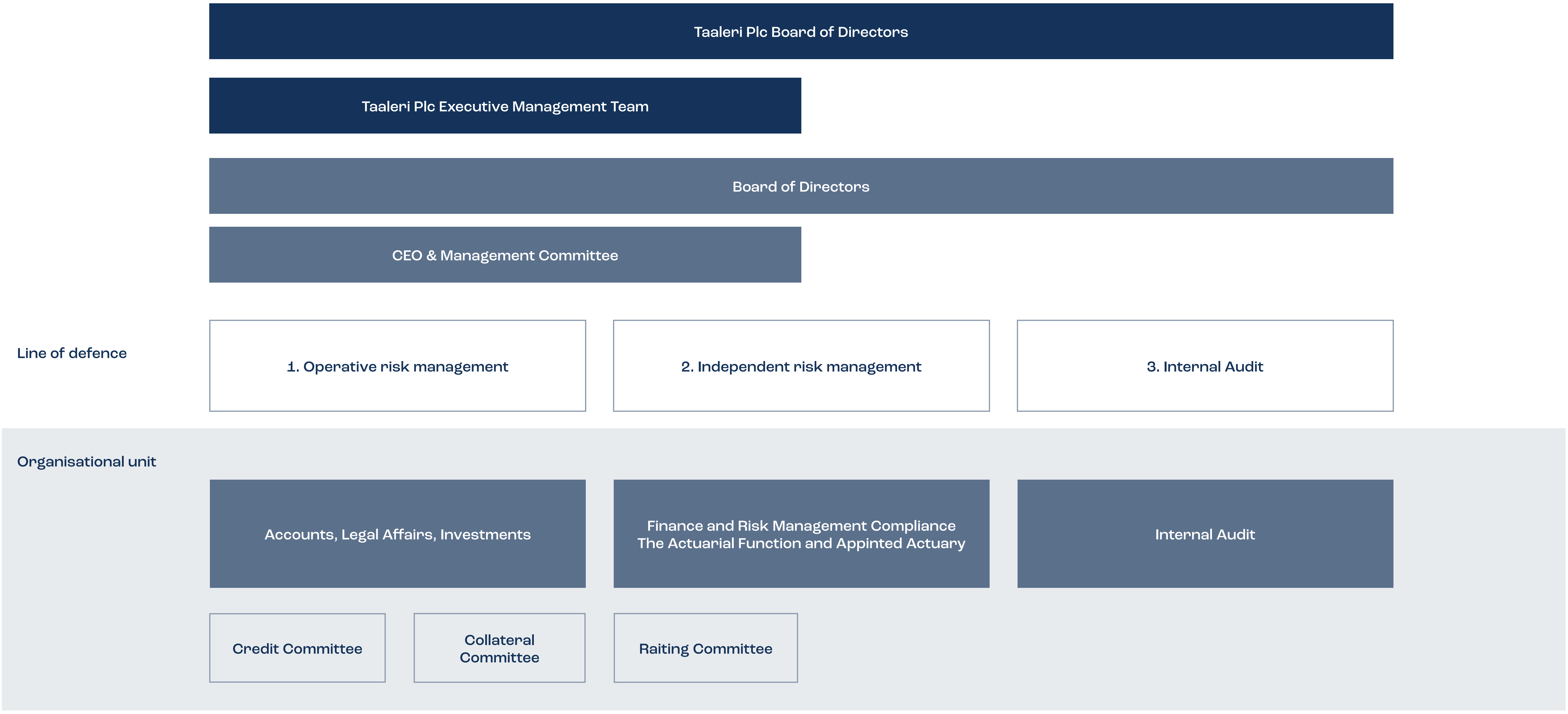
External control is the responsibility of the auditors and supervisory authorities. The organizational structure of Garantia's risk management is depicted below.

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

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

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

Organisational structure of Garantia's risk management



Tasks

- Applies the risk management framework and guidelines
- Operational monitoring
- Makes risk decisions

- Supports top management in arranging risk management
- Responsible for conditions for risk management and control
- Owns the risk management framework
- Steering and development of risk decision process
- Risk and capital calculation
- Risk monitoring

- Inspects and assesses the risk management framework and its application

Picture: Organizational structure of Garantia's risk management

Rating Committee is responsible for approving credit ratings and for ensuring the quality and effectiveness of the ratings process. The Collateral Committee and Rating Committee report to the CEO and the Credit Committee reports to the Board of Directors.

The units in Garantia's organization that are responsible for risk control carry out independent risk assessments and ensure that company guidelines, acts and other legal provisions are complied with, and thus form a so-called independent risk management function. The task of the independent risk management function is to assist the Board of Directors and other functions to ensure efficient risk management, to monitor the functioning of the risk management system and the company's general risk profile, to report on exposure to risks and advise the Board of Directors in risk management matters, to identify and assess developing risks and to ensure the appropriateness of the risk models used to measure risks. The independent risk management function reports to Garantia's Board of Directors and CEO.

Internal audit is an assessment, verification and consulting function that is independent of the company's operational activities. The task of Internal Audit is to support the company's management in the achievement of targets by providing a systematic approach to the assessment and development of the adequacy and efficiency of the organization's risk management, control, management, and administration processes. Internal audit's activities are based on an action plan that is compiled annually. Internal Audit reports on its observations, conclusions, and recommendations to the Boards of Directors of Taaleri Plc and Garantia.

Risk management process

Garantia's risk management process is made up of the following areas:

- Operational planning;
- Capital management;
- Risk appetite;
- Identification and assessment of risks;
- Measurement of risks; and
- Control, treatment and reporting of risks.

Garantia's operational planning is made up of long-term (about 3-year) strategic planning and short-term (1-year) annual planning. Operational planning is based on an analysis of the operating environment, the competitive environment, the company's own operations and also on the Taaleri Group strategy. Profit and solvency scenarios, and stress tests, risk review results, and a risk and solvency assessment are used to define the company's goals, projects supporting the achievement of these goals and risk appetite. Every year, the actuary presents the statements required by the Insurance Companies Act to the Board of Directors to support operational planning. The strategy and annual plan, including the company's own risk and solvency assessment, are confirmed by its Board of Directors, and the entire personnel are involved in its preparation.

Garantia's goal is to be a reliable partner and the company maintains strong solvency to ensure the continuity and stability of its operations. The Board of Directors has set Garantia's target level for capitalization above the statutory solvency capital requirement, the minimum capital requirement required by credit rating agency Standard & Poor's for an AAA credit rating, and the economic capital model defined at a confidence level of 99.5%. Garantia only distributes dividends or returns capital to the owner when this does not put the A credit rating or the internal solvency target levels of Garantia at risk. The purpose of capital management is to ensure in a proactive way that the company has adequate capital reserves for exceptional situations. The principal means to maintain balance between risks, and actual capitalization is to ensure profitable business operations and active risk management. If an imbalance is detected, balance is restored with management of profit and risk position, by refraining from dividend payments or by acquiring new capital.

Risk appetite means the amount and type of risks that the company is prepared to take in order to achieve the targets set for its business. Garantia has moderate risk appetite, and this is defined through risk-taking limits and risk indicators. The Board of Directors approves the risk-taking limits and risk indicators annually as part of the capital plan (solvency limits), credit risk policy (concentration risks and risk-taking limits concerning insurance operations), reinsurance policy (risk-taking limits concerning reinsurance) and the investment plan (risk-taking limits concerning investment activities).

Constant identification and assessment of risks in the business and operating environment are part of Garantia's risk and solvency management process. The principal risks associated with Garantia's business operations are credit risks arising from guaranty operations, investment risks regarding assets covering technical provisions and shareholders' equity, strategic risks, and operational and compliance risks. The identification and assessment of risks are described separately for each risk below.

Garantia defines and assesses its capital requirement and measures the risk of its business operations with three different Value-at-Risk-based risk indicators. The primary indicator used in the steering of operations, measurement of risk and assessment of capital adequacy is economic capital ("Internal risk capital") at a confidence level of 99.5%. When estimating its capital requirement, the company also uses the solvency capital requirement (SCR) based on the Solvency II standard formula at a confidence level of 99.5% including the capital add-on and the minimum capital requirement corresponding to the AAA credit rating that is in accordance with the S&P's Insurance Capital Model. In addition to VaR-based risk indicators, Garantia measures, monitors and assesses the risks of its business operations and their development with other quantitative and qualitative risk indicators. The measurement of risks is described separately for each risk below.

Garantia's monitoring and reporting of risk and solvency position is divided into internal and external monitoring and reporting. External reporting means the information published for all stakeholders and reporting to the authorities. Garantia also reports on its operations to external credit rating agency Standard & Poor's. Internally, the risk and solvency position is reported to Garantia's Executive Management Team and Board of Directors at least once a month and quarterly to the Board of Directors of the Taaleri Group. The target of internal monitoring and reporting is to ensure that the company's risk and solvency position are within the limits of risk appetite.

37 Maturity spread of financial assets and liabilities

Financial assets 31.12.2023, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Receivables from credit institutions	38,302	-	-	-	-	38,302
Receivables from the public and general government [1]	10	2,466	1,766	691	-	4,932
Other financial assets	21,796	-	-	-	-	35,969
Interest	3,794	761	238	76	-	4,869
Financial assets total	**63,901**	**17,400**	**2,004**	**767**	**-**	**84,072**

Financial liabilities 31.12.2023, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Subordinadet debt	-	-	-	15,000	-	15,000
Other financial liabilities	5,040	9,820	1,608	-	-	16,468
- of which lease liabilities	208	606	1,608	-	-	2,423
Interest	-	750	3,750	-	-	4,500
Financial liabilities total	**5,040**	**10,570**	**5,358**	**15,000**	**-**	**35,968**

[1] The maturity of financial assets are shown at their original value before impairments.

The maturity spread for insurance assets and liabilities is presented in Notes 40 and 41.

Financial assets 31.12.2022, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Receivables from credit institutions	46,817	-	-	-	-	46,817
Receivables from the public and general government [1]	624	2,729	1,792	752	-	5,897
Other financial assets	26,794	-	-	-	-	33,843
Interest	42	3,068	94	4	-	3,209
Financial assets total	**74,276**	**12,847**	**1,886**	**757**	**-**	**89,766**

Financial liabilities 31.12.2022, EUR 1,000	< 3 months	3–12 months	1–5 years	5–10 years	> 10 years	Total
Liabilities to the public and general government	-	-	410	-	-	410
Subordinadet debt	-	-	-	15,000	-	15,000
Other financial liabilities	4,760	9,843	2,046	-	-	16,650
- of which lease liabilities	137	57	82	-	-	277
Interest	-	750	3,750	750	-	5,250
Financial liabilities total	**4,760**	**10,593**	**6,206**	**15,750**	**-**	**37,310**

[1] The maturity of financial assets are shown at their original value before impairments.

The maturity spread for insurance assets and liabilities is presented in Notes 40 and 41.

38 Changes in liabilities arising from financing activities

EUR 1,000	1.1.2023	Cash flows	Change in fair value	31.12.2023
Liabilities to the public and general government	410	-410	-	-
Subordinated debt	14,870	-	17	14,886
Total	**15,280**	**-410**	**17**	**14,886**

EUR 1,000	1.1.2022	Cash flows	Change in fair value	31.12.2022
Liabilities to the public and general government	-	410	-	410
Subordinated debt	14,854	-	16	14,870
Total	**14,854**	**410**	**16**	**15,280**

39 Market risk sensitivity analysis

A market risk sensitivity analysis has been prepared for the Group's significant market risks, which are interest rate risk and price risk. Sensitivity analyses are prepared by evaluating how each possible change in interest rate or prices might influence balance sheet items that are sensitive to them. The effect is calculated before taxes. Separate sensitivity analyses have been prepared for insurance assets and liabilities and are presented in Notes 40 and 41.

			31.12.2023		31.12.2022	
EUR 1,000	**Risk variable**	**Change**	**Effect on earnings**	**Effect on equity**	**Effect on earnings**	**Effect on equity**
Interest rate risk [1]	Interest	One percentage point	397	397	472	472
Price risk [2]						
Shares and units	Fair value	10%	3,594	3,871	3,819	4,446
Receivables from the public and general government	Fair value	10%	132	132	238	238

[1] In the interest rate risk sensitivity analysis financial assets and liabilities on the balance sheet with a variable interest rate have been taken into account.
[2] In the price risk sensitivity analysis financial instruments that are measured at fair value have been taken into account.

40 Quantitative information about insurance investment risks

Taaleri's insurance operations consist only of the business of Garantia Insurance Company Ltd. Below is a presentation of quantitative information from Garantia from 2022 and the comparison periods, based on the figures in Garantia's FAS financial statements.

Investment distribution at fair value, EUR million	31.12.2023	31.12.2022
Fixed income investments*	142	136
Equity investments	20	16
Real estate investments	2	2
Total	**164**	**155**

* Includes cash, bank balances and accrued interest. Fixed income investments mainly include bonds issued by Nordic corporations and credit institutions, and government bonds.

Investment sensitivity analysis, 31 December 2023

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	142.1	Change in interest rate	1%	2.8
Shares	14.4	Fair value	10%	1.2
Capital investments	7.5	Fair value	10%	0.6

The sensitivity analysis is based on Garantia's FAS financial statements. When calculating the effects of changes, the market valuationhas, however, been assumed before and after the change.

Investment sensitivity analysis, 31 December 2022

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	136.3	Change in interest rate	1%	2.5
Shares	10.8	Fair value	10%	0.9
Capital investments	7.6	Fair value	10%	0.6

The sensitivity analysis is based on Garantia's FAS financial statements. When calculating the effects of changes, the market valuationhas, however, been assumed before and after the change.

Fixed-income portfolio (excl. bond funds) by maturity and credit rating 31 December 2023

EUR million	< 1 year	1–3 years	3–5 years	> 5 years	Total	%
AAA...AA-	1.3	17.0	-	-	18.3	12.9%
A+...A-	0.3	-	-	8.5	8.7	6.1%
BBB+...BBB-	7.8	21.4	30.0	11.3	70.5	49.6%
BB+ or weaker	10.0	21.2	13.3	-	44.5	31.3%
Total	**19.3**	**59.7**	**43.4**	**19.7**	**142.1**	**100.0%**

Fixed-income portfolio (excl. bond funds) by maturity and credit rating 31 December 2022

EUR million	< 1 year	1–3 years	3–5 years	> 5 years	Total	%
AAA...AA-	0.3	21.8	-	-	22.1	15.5%
A+...A-	8.8	6.1	2.2	2.0	19.2	13.5%
BBB+...BBB-	3.5	21.7	22.1	5.3	52.6	37.0%
BB+ or weaker	-	26.6	14.3	1.6	42.5	29.9%
Total	**12.7**	**76.2**	**38.6**	**8.9**	**136.3**	**100.0%**

Maturity date is the end of the term to maturity. If the instrument includes a call option, maturity is the first possible call date. The rating of an instrument is an issuer rating or senior debt rating published by an external rating agency. If an external rating is not available, Garantia's internal credit rating is used.

41 Quantitative information about insurance risk and insurance liabilities

Taaleri's insurance operations consist only of the business of Garantia Insurance Company Ltd. Below is a presentation of quantitative information for Garantia. Garantia Insurance Co Ltd was merged with the Group on 1 April 2015.

Effects of insurance regulation norms

Established in 1993, Garantia Insurance Company Ltd is a private non-life insurance company specialising in guaranty insurance and supervised by the Finnish Financial Supervisory Authority. In accordance with the authorisation granted by the Financial Supervisory Authority, Garantia may offer insurance in the non-life insurance classes 14 Credit and 15 Suretyship. On the basis of its authorisation, the company may also engage in the reinsurance of such non-life insurance.

In addition to the Insurance Companies' Act (521/2008), Directive 2009/138 of the European Parliament and Comission (Solvency II), and the Comission (EU) Delegated Regulation 2015/35, Garantia's operations are regulated through decrees and standards set by the Financial Supervisory Authority and the European Insurance and Occupational Pensions Authority (EIOPA), and also through several other laws, decrees and instructions.

The Insurance Companies' Act regulates and sets insurance companies comprehensive requirements on capital adequacy, governance, risk management and reporting. Among the most central quantitative requirements are the Solvency Capital Requirement (SCR) and the Minimum Capital Requirement (MCR), that an insurance company must constantly fulfil with own funds sufficient both in terms of quality and quantity.

The following table presents a summary on the company's solvency position:

Solvency, EUR million	31.12.2023	31.12.2022
Basic own funds	109	105
Solvency Capital Requirement (SCR)	44	46
Minimum Capital Requirement (MCR)	11	11
Solvency, %	**246%**	**231%**

Garantia's basic own funds consist fully of unrestricted Tier 1 basic own funds. Garantia does not apply transition arrangements in defining its basic own funds and Garantia's own funds do not include items classified as ancillary own funds. Garantia does not use the matching adjustment or the volatility adjustment in the calculation of technical provisions. Garantia applies the standard formula in the calculation of the solvency capital requirement. Garantia does not use simplified calculation in the standard formula's risk modules or submodules, or company-specific parameters instead of the parameters of the standard formula. Garantia does not apply the transition arrangements of technical provisions or market risk calculations. Garantia's solvency capital requirement has included a capital add-on related to insurance risk set by the Financial Supervisory Authority as of 30 June 2018. The Financial Supervisory Authority assesses the amount of the capital add-on at least once a year. At the end of the financial year, the capital add-on amounted to EUR xx,x million (11,7). When making the add-on decision, the Financial Supervisory Authority acknowledged the capital requirement for insurance risk calculated as per Garantia's own economic capital model.

Gross insurance exposure by business line, EUR million	31.12.2023	31.12.2022
Consumer exposure	1,397	1,343
Corporate exposure	352	519
Total	**1,749**	**1,862**

Consumer exposure includes residential mortgage loan guaranties and rent guaranties, where insurance risk is attributable to credit risk of households. Corporate exposure is made up of corporate loan guaranties, commercial bonds and other guaranties, where insurance risk is attributable to credit risk of corporates and other organisations.

Reinsured share of insuracen exposures by business line, EUR million	31.12.2023	31.12.2022
Consumer exposure	20	20
Corporate exposure	12	28
Total	**32**	**48**

The company cedes reinsurace for the purpose of mitigating the credit risks arising from its primary insurance operations. The reinsurance arrangements in place include both quota share arrangements and excess-of-loss arrangements. All reinsurance counterparties are rated A of better.

Corporate insurance exposure by credit rating, EUR million	31.12.2023	31.12.2022
AAA...BBB-	103	113
BB...BB-	133	217
B+...B-	86	152
C+ or weaker	9	11
Rated exposure total	**332**	**492**
Other exposure	20	26
Corporate exposure total	**352**	**519**

Corporate insurance exposure by industry, EUR million	31.12.2023	31.12.2022
Manufacturing	63	117
Machinery and equipment industry (incl. repair)	33	53
Metals	3	25
Chemicals	16	22
Food	9	13
Other	2	4
Construction	41	85
Wholesale and retail trade	69	77
Finance and insurance	39	64
Water supply and waste management	34	46
Transport and logistics	22	29
Energy	21	20
Services	15	13
Information and communication	1	11
Other industries	26	30
Rated exposure total	**332**	**492**
Other exposure	20	26
Corporate exposure total	**352**	**519**

Other exposure consists of exposure where insurance risk is not directly attributable to the creditworthiness or industry sector of the counterparty. Hence, this exposure has not been rated. The industry classification is based on the classification taxonomy of Statistics Finland.

Maturity distribution of expected cashflows from insurance contract liabilities, EUR 1,000	31.12.2023	31.12.2022
Year 0-1	-810	-643
Year 1-2	-232	-631
Year 2-3	-45	-390
Year 3-4	-41	-123
Year 4-5	-2	-18
Year 5+	-526	-461
Total cash flow	**-1,656**	**-2,264**

Maturity distribution of expected cashflows from reinsurance contract assets, EUR 1,000	31.12.2023	31.12.2022
Year 0-1	-119	-240
Year 1-2	0	4
Year 2-3	0	0
Year 3-4	0	0
Year 4-5	0	0
Year 5+	0	0
Total cash flow	**-119**	**-235**

Sensitivity analysis of insurance operations 31 December 2023 Risk parameter	Change	Effect on profit/ loss, EUR 1,000	Effect on equity, EUR 1,000
Expeted claims	+50%	-676.0	-676.0
Expected administrative expenses	+10%	-272.6	-272.6
Cost of capital	+1%-p.	-222.4	-222.4
Discount rate	-1%-p.	70.7	70.7

Sensitivity analysis of insurance operations 31 December 2022 Risk parameter	Change	Effect on profit/ loss, EUR 1,000	Effect on equity, EUR 1,000
Expeted claims	+50%	-715.1	-715.1
Expected administrative expenses	+10%	-211.6	-211.6
Cost of capital	+1%-p.	-243.6	-243.6
Discount rate	-1%-p.	70.1	70.1

The sensitivity analysis has been prepared assuming as if the changes had happened on the last day of the reporting period. Other variables have been assumed to remain constant. The changes related to claims and expenses describe possible changes in estimates concerning future cash flows of insurance operations. The change in cost of capital is reflected in the change in the value of the risk adjustment for non-financial risks, as the risk adjustment for non-financial risk is valued using the cost-of-capital approach. The change in the discount rate describes sensitivity to insurance financial risks. The financial risks, incorporated in the discount rate, include the interest rate risk of insurance operations and the liquidity risk related to the illiquidity of cash flows from insurance contracts.

Development of cumulative claims according to the accident year

The tables illustrates how estimates of cumulative claims have developed over time on gross and net of reinsurance basis. Each table shows how the estimates of total claims for each accident year have developed over time and reconciles the cumulative claims amount to the amount included in the statement of financial position. The information is shown from the fiscal year of 2022 onwards since undertaking has applied modified retrospective approach and fair value approach for some of the insurance contracts.

31.12.2023	**Accident year**										
Gross of reinsurance, EUR 1,000 **Estimates of undiscounted gross cumulative claims**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
At the end of accident year	-	-	-	-	-	-	-	-	1,131	1,045	
1 year later	-	-	-	-	-	-	-	507	979	-	
2 year later	-	-	-	-	-	-	381	418	-	-	
3 year later	-	-	-	-	-	3,772	327	-	-	-	
4 year later	-	-	-	-	294	3,704	-	-	-	-	
5 year later	-	-	-	729	223	-	-	-	-	-	
6 year later	-	-	451	710	-	-	-	-	-	-	
7 year later	-	1,369	448	-	-	-	-	-	-	-	
8 year later	988	1,355	-	-	-	-	-	-	-	-	
9 year later	992	-	-	-	-	-	-	-	-	-	
Gross claims paid on accident years 2014-2023	-1,053	-1,448	-591	-742	-267	-3,660	-397	-473	-956	-1,218	-10,806
Gross undiscounted claims liability - accident years 2014-2023	-62	-93	-143	-32	-44	44	-70	-55	23	-172	-606
Gross undiscounted claims liability - accident years before 2014											-104
Other items*											598
Gross liabilities for incurred claims included in the statement of financial position											**-112**

* Other items include effect of discounting, risk adjustment and other insurance service expenses

31.12.2023	**Accident year**										
Net of reinsurance, EUR 1,000 **Estimates of undiscounted net cumulative claims**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**Total**
At the end of accident year	-	-	-	-	-	-	-	-	1,131	1,045	
1 year later	-	-	-	-	-	-	-	498	979	-	
2 year later	-	-	-	-	-	-	379	409	-	-	
3 year later	-	-	-	-	-	1,701	327	-	-	-	
4 year later	-	-	-	-	294	1,639	-	-	-	-	
5 year later	-	-	-	567	223	-	-	-	-	-	
6 year later	-	-	450	547	-	-	-	-	-	-	
7 year later	-	1,285	448	-	-	-	-	-	-	-	
8 year later	988	1,270	-	-	-	-	-	-	-	-	
9 year later	991	-	-	-	-	-	-	-	-	-	
Net claims paid on accident years 2014-2023	-1,053	-1,364	-591	-701	-267	-1,685	-397	-473	-956	-1,218	-8,705
Net undiscounted claims liability - accident years 2014-2023	-62	-93	-143	-154	-44	-46	-70	-64	23	-172	-827
Net undiscounted claims liability - accident years before 2014											-105
Other items*											592
Net liabilities for incurred claims included in the statement of financial position											**-340**

* Other items include effect of discounting, risk adjustment and other insurance service expenses

Other Notes

42 Notes concerning personnel and management

Number of personnel	2023 Average no.	2023 Change	2022 Average no.	2022 Change
Permanent full-time personnel	112	9	103	-35
Temporary or part-time personnel	9	-1	10	2
Total	**121**	**8**	**113**	**-33**

Share option plans and share based incentive schemes for key empoloyees

During 2023 expenses from options and other share based incentive schemes amounting to EUR 0.4 (0.5) million were recognised in personnel costs. More detailed information on options and other share based incentive schemes that were in effect on the balance sheet date or on the balance date of the comparison period, is presented below.

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. 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. Any reward earned for the earnings period 2021–2023 will be paid 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 potential reward will be paid approximately in March 2024.

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 some members of the Executive Management Team. 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.

On August 16, 2023, Taaleri Plc's Board of Directors decided on the launch of the earning period 2023–2026. The plans target group includes approximately 10 key employees, including some members of the Executive Management Team. The potential reward of the plan from the earning period 2023–2026 depends on the total shareholder return (TSR) of the Taaleri Plc share. The maximum reward of the plan is 140,000 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 September 2026.

Earning periods running during the financial year	Earning period 2021–2023	Earning period 2022–2024	Earning period 2023–2026
Initial amount, gross pcs	185,000	183,000	140,000
Initial allocation date	17.6.2021	14.12.2022	16.08.2023
Vesting date	28.02.2024	15.03.2025	15.09.2026
Maximum contractual life, yrs	2.7	2.3	3.2
Remaining contractual life, yrs	0.2	1.2	2.8
Number of persons at the end of reporting year	6	14	7
Payment method	Equity and cash, net settlement	Equity and cash, net settlement	Equity and cash, net settlement

Units outstanding of the whole plan	1.1.-31.12.2023	1.1.-31.12.2022
Outstanding at the beginning of the period	323,000	170,000
Granted during the period	110,000	193,000
Forfeited during the period	138,000	40,000
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**295,000**	**323,000**

CEO's option plan

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

Instrument	2022A	2022B	2022C	TOT/WA
Initial amount, pcs	100,000	100,000	100,000	300,000
The subscription ratio for underlying shares, pcs	1	1	1	
Initial excercise price, €	11.02	11.02	11.02	
Dividend adjustment	Yes	Yes	Yes	
Current exercise price, €	11.02	11.02	11.02	
Initial allocation date	9.5.2022	9.5.2022	9.5.2022	
Vesting date	1.2.2025	1.2.2026	1.2.2027	
Maturity date	31.1.2026	31.1.2027	31.1.2028	
Maximum contractual life, yrs	3.7	4.7	5.7	4.7
Remaining contractual life, yrs	2.1	3.1	4.1	3.1
Number of persons at the end of reporting year	1	1	1	
Payment method	Equity	Equity	Equity	

Units outstanding of the whole plan	1.1.–31.12.2023	1.1.–31.12.2022
Outstanding at the beginning of the period	300,000	-
Granted during the period	-	300,000
Forfeited during the period	-	-
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**300,000**	**300,000**
Excercisable at the end of the period	**-**	**-**

Employee Share Savings Plan: Plan period 2022–2025

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

Plan periods running during the financial year	Plan period 2022–2024
Initial amount, gross pcs	51,905
Initial allocation date	1.7.2022
Vesting date	30.6.2025
Maximum contractual life, yrs	3
Remaining contractual life, yrs	2
Number of persons at the end of reporting year	72
Payment method	Equity and cash, net settlement

Units outstanding	1.1.–31.12.2023	1.1.–31.12.2022
Outstanding at the beginning of the period	54,160	-
Granted during the period *)	-2,255	54,160
Forfeited during the period	3,537	-
Excercised during the period	205	-
Expired during the period	-	-
Outstanding at the end of the period	**48,163**	**54,160**

*) In the table, the number of units granted during 2022 was based on the total number of shares to be purchased during the entire saving period estimated on the basis of shares purchased with savings between July and September 2022. The savings period continued until June 2023. The table presents the number of shares granted during 2023 as the difference between the estimated and the final number of shares saved.

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 27,382 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.

Plan periods running during the financial year	Matching Share Plan 2022
Initial amount, gross pcs	27,382
Initial allocation date	4.11.2022
Vesting date	15.3.2026
Maximum contractual life, yrs	3.4
Remaining contractual life, yrs	2.2
Number of persons at the end of reporting year	1
Payment method	Equity and cash, net settlement

Units outstanding	1.1.–31.12.2023	1.1.–31.12.2022
Outstanding at the beginning of the period	-	-
Granted during the period	27,382	-
Forfeited during the period	-	-
Excercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	**27,382**	**-**
Excercisable at the end of the period	**-**	**-**

Determining fair value for instruments granted during period 2023

Employee Share Savings Plan: Plan Period 2022–2025

The fair value of the share based incentive is based on each share purchase made during the financial year 2023. The plan doesn't include any market based performance conditions. The fair value is expensed until vesting.

Matching Share Plan 2022

The fair value of the share based incentive has been determined at grant date (share purchase date). The plan doesn't include any market based performance conditions. The fair value is expensed until vesting.

Performance Share Plan 2021–2025, earning period 2023–2026

The fair values of the share based incentive has been determined at grant dates. The market condition in this case total share holder return has been taken into account when determining the fair value at grants and it will not be changed during the plan. The fair value is expensed until vesting.

Instrument	Plan period 2022–2025**	Matching Share Plan 2022	Earning period 2023–2026**
Share price at grant, €	10.44	11.04	9.54
Share price at reporting period end, €	8.99	8.99	8.99
Expected volatility, %*	-	-	29.12 %
Maturity, years	2.1	3.0	2.93
Risk-free rate	2.90 %	3.05 %	2.82 %
Expected dividends, €	1.56	1.81	2.24
Reduction in equity FMW (investment requirement)	1.2	1.81	-
Valuation model	-	-	Ultimate Binomial Model
Fair Value	7.65	7.41	0.86

* Expected volatility was determined by calculating the historical volatility of the Group`s share using monthly observations over corresponding maturity.
** The fair value and the parameters used to determine the fair value are presented as average.

43 Investments in subsidiaries

Changes in subsidiary shareholdings 2023

During the period, Taaleri Plc and Taaleri Investments Ltd sold part of their holdings in Taaleri Energia Ltd to key personnel in the renewable energy business. The Taaleri Group's joint ownership of Taaleri Energia Ltd and its subgroup decreased to 76.2 (79.4) percent. In addition, Taaleri Oyj's shareholding in Taaleri Real Estate Ltd changed during the period, when Taaleri Plc first sold and later in the period acquired company's shares from key persons in the real estate business. At the end of the period, Taaleri Plc owned 100.0 (80.0) per cent of Taaleri Real Estate Ltd.

During the period, Taaleri Energia Holdings Sarl sold all the shares it owned in Taaleri Energia Development Holdings Sarl, Global Evenor SL and Global Berserker SL. The transactions were carried out as part of the sale of the project development portfolio built for the Taaleri SolarWind III fund. More information about the sale is presented in Note 44 Sale of a subsidiary.

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 2022

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

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

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

Effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control, EUR 1,000	**2023**	**2022**
From an addition to the share owned in subsidiaries	-	-48
From a reduction in the share owned in subsidiaries without loss of control	1,636	-110
Net effect on equity	**1,636**	**-158**

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

The profit distribution of the subgroup, which has affected the equity attributable to the owners of the parent company

Taaleri Energia Ltd, a 76.17%-owned subsidiary of Taaleri Plc, distributed a dividend during the 2023 financial year. The dividend has not been distributed in proportion to the holdings of all the company's shares, but the dividend was only distributed to one of the company's two series of shares. The parent company Taaleri Plc owns 4.70% of the shares of the share series that received the dividend. The distributed dividend thus had the effect of reducing the equity attributable to the owners of the parent company. The size of the effect was EUR 1.8 million. In the shareholders' agreement updated in 2023, it has been agreed that in the future dividends will be paid to all share series with equal rights.

44 Sale of the subsidiary

Description of the sale of a subsidiary: Taaleri Energia Development Holdings Sarl

On July 5, 2023, Taaleri announced that the Taaleri SolarWind III Fund acquired a renewable energy project development portfolio from Taaleri Energia in connection with the first closing of the fund. In the transaction, Taaleri Energia Holdings Sarl, a subsidiary in the Taaleri Group, sold the shares of Taaleri Energia Development Holdings Sarl, which it fully owned and which was consolidated as a subsidiary to the Taaleri Group. In connection with the transaction, Taaleri Group recorded a total of EUR 8.3 million capital gain from the sale of the subsidiary in June 2023. The purchase price was revised in the third quarter of the year, and the amount of capital gain recorded is a total of EUR 8.9 million at the balance sheet date.

The capital gain recorded in the financial year 2023 is based on a partial and realised purchase price. 50% of the total consideration is conditional on the progress of the projects sold to the fund in the project development portfolio. In the deed of sale, it is agreed that if a certain number of projects progress to the construction phase, and a certain part of these projects are in the Central or Eastern European Economic Area, a conditional portion of the purchase price will be realised to be paid.

According to management's assessment at the balance sheet date, the realisation of the conditional purchase price is not likely, which is why the conditional portion has not been recorded. Taaleri recognises the conditional portion of the purchase price as revenue if, according to the management's assessment, its realisation is reasonably certain.

Details of the sale of the subsidiary: Taaleri Energia Development Holdings Sarl

Sale of the subsidiary, EUR 1,000	1.1.-31.12.2023
The consideration received in cash, the first 50% of the purchase price	8,269
Carrying amount of net assets sold	-676
Gain on sale before income tax	**8,945**
Income tax expense on gain	-
Gain on sale after income tax	**8,945**

45 Investments in associated companies

Changes in associated companies shareholdings 2023

On 31 December 2023 Taaleri had ten associated companies: Taaleri Datacenter Ky, Sepos Oy, Turun Toriparkki Oy, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Fintoil Oy, Taaleri SolarWind II SPV, Taaleri SolarWind III SPV, Masdar Taaleri Generation, and WasteWise Group Oy. None of these is considered material to the Group.

During the period, Taaleri Investments Ltd participated with EUR 2.3 million in the financing round of Turun Toriparkki Oy, but due to the new investors who joined the company, Taaleri's ownership in Turun Toriparkki Oy was diluted to 39.3 (59.2) percent.

WasteWise Group Oy's convertible bond previously held by Taaleri Investments Ltd, was converted into company's shares during the financial year, and in addition Taaleri Sijoitus Oy made a EUR 2.5 million additional investment in the company. Taaleri's shareholding in the company grew to 34.1 per cent with the additional investment, and from this point on, the company has been consolidated into the Taaleri Group as an associated company.

After Taaleri Energia Holdings Sarl sold all the shares it owned in Taaleri Energia Development Holdings Sarl, Domerel Nieruchomo ci Sp.z, which had previously been an associated company to Taaleri Group, also left the group.

Other associated companies, with the exception of Fintoil Oy, have been consolidated into the Group using the equity method. Regarding the capital investment made in Fintoil Oy, a decision has been made to value the associated company at fair value with effect on profit and loss in accordance with IFRS 9. During 2023, from the results of the review period of the associated companies and other changes in their equity, a total of EUR 2.9 million has been consolidated into the Group and presented in the line item ""Share of the result of associated companies"". Associated companies have no discontinued operations, and no items of comprehensive income that would have been consolidated into the Group.

Changes in associated companies shareholdings 2022

On 31 December 2022 Taaleri had nine associated companies: Taaleri Datacenter Ky, Sepos Oy, Turun Toriparkki Oy, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Fintoil Oy, Taaleri SolarWind II SPV, Masdar Taaleri Generation and Domerel Nieruchomo ci Sp.z. None of these is considered material to the Group.

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

Other associated companies, with the exception of Fintoil Oy, have been consolidated into the Group using the equity method. Regarding the capital investment made in Fintoil Oy, a decision has been made to value the associated company at fair value with effect on profit and loss in accordance with IFRS 9. From the financial year's results of the continuing operations of the associated companies, profits totaling EUR 3.8 million was consolidated in the Group during the period, which is presented in the item ""Share of associates' profit or loss"". The share of the result of associated companies in 2022 includes also an impairment loss on the shares of Sepos Oy totaling EUR -2.3 million. Associated companies have no discontinued operations, and no items of comprehensive income that would have been consolidated into the group.

46 Contingent liabilities

Commitments not recognised as liabilities, EUR 1,000	31.12.2023	31.12.2022
Total gross exposures of guaranty insurance	1,749,104	1,861,598
Guarantees [1]	1,875	-
Investment commitments	11,830	10,148
Credit limits (unused)	200	200
Total	**1,763,009**	**1,871,946**

[1] Taaleri has granted a guarantee in the amount of EUR 1.9 million to an entity outside the Group, but a full counter-guarantee has been received for the liability. Original guarantee EUR 1.9 million, however, has been included in the table above.

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

Taaleri has signed the Net Zero Asset Managers (NZAM) initiative, in which Taaleri, both as a company and for Taaleri's assets under management, commits to the goal of net zero greenhouse gas emissions by 2050 in accordance with the Paris Climate Agreement. Taaleri's interim target is to manage 75% of the assets under management in accordance with the initiative by 2030. Taaleri will report annually on the progress starting year 2023. Liabilities related to the initiative are not included in the table above.

47 Pension liabilities

Statutory pension cover for the company's employees and management is arranged through a TyEL insurance policy. Additional voluntary pension insurance has been taken out for the company's management. The company has no unrecognised pension liabilities. All the company's pension arrangements are defined contribution plans.

48 Leases

Right-of-use assets 2023, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2023	83	79	61	224
Increases	2,285	75	60	2,420
Remeasurements	49	4	-	53
Decreases	-	-	-51	-51
Depreciation	-395	-71	-16	-482
Book value 31 December 2023	2,022	88	55	2,165
Lease liablities 31 December 2023				2,192

Right-of-use assets 2022, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2022	746	94	61	901
Increases	21	58	18	96
Remeasurements	23	-	-	23
Depreciation	-706	-73	-17	-796
Book value 31 December 2022	83	79	61	224
Lease liablities 31 December 2022				277

Items recognised in profit and loss related to lease agreements, EUR 1,000	1.1.-31.12.2023	1.1.-31.12.2022
Interest expense	-58	-36
Depreciation	-482	-796
Interest income from sublease contracts	-	12
Costs related to short term agreements	-155	-168
Costs related to agreements concerning low value assets	-18	-27
Total	**-712**	**-1,015**

Interest expenses are recognized in interest and other financing expenses on the income statement. Interest income from sublease contracts are recognized in interest income on the income statement. Costs related to short term agreements and agreements concerning low value assets are recognised in other operating expenses.

Outgoing cash flows related to lease agreements amounted to EUR 0.8 (1.6) million in 2023. Income from subleasing of right-of-use assets in 2023 totaled EUR 0.1 (0.6) million.

49 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.

On 31 December 2023 the Chairman of the Board Juhani Elomaa was among the 10 largest shareholders of the company.

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

2023	Sales	Purchases	Receivables	Liabilities
Associated companies	646	-	2,307	-
Other related parties	15	10	15	-

2022	Sales	Purchases	Receivables	Liabilities
Associated companies	387	-	1,905	-
Other related parties	100	10	25	-

Management shareholdings

At the end of 2023, members of the company's Board of Directors and Group Executive Management Team owned a total of 2,259,069 of the company's shares, which corresponds to 8.0% of the shares and the voting rights attached to all shares. The shareholdings of the members of the company's Board of Directors and Group Executive Management Team in the company, including related party holdings:

Name	Position	Number of shares
Juhani Elomaa [1]	Chairman of the Board of Directors	2,133,909
Titta Elomaa [2]	Managing Director, Garantia Insurance Company Ltd	2,104,535
Peter Ramsay [3]	CEO	43,583
Minna Smedsten	CFO	31,863
Mikko Ervasti [4]	Head of Sales	14,980
Elina Björklund	Member of the Board of Directors	12,000
Hanna Maria Sievinen	Member of the Board of Directors	7,900
Tuomas Syrjänen	Member of the Board of Directors	7,782
Petri Castrén	Member of the Board of Directors	4,000
Tero Saarno	Director, Bioindustry	1,763
Siri Markula	Head of Communications and Investor Relations	1,289
Total		**2,259,069**
Total of share capital, %		**8.0%**

[1] Juhani Elomaa's shareholding consists of 2,133,909 shares, 340,219 of which are owned by their controlling entities or other related parties.
[2] Titta Elomaa's shareholding consists of 2,104,535 shares, 2,049,667 of which are owned by their controlling entities or other related parties.
[3] Peter Ramsay's shareholding consists of 43,583 shares, 38,895 of which are owned by their controlling entities or other related parties.
[4] Mikko Ervasti's shareholding consists of 14,980 shares, 5,419 of which are owned by their controlling entities or other related parties.

Fringe benefits of senior management

Senior management consists of the Board of Directors and the Group Executive Management Team[1]. Compensation paid or payable to them for their work consists of the following items:

EUR 1,000	2023	2022
Salaries, bonuses and other fringe benefits	2,708	4,331
Benefits to be paid at the end of employment	1,117	1,306
Total	**3,825**	**5,637**

[1] The composition of Taaleri's Executive Management Team has changed during the 2022 financial period. The benefits of those who left the Executive Management Team are included in the table from the time when they belonged to the Executive Management Team.

Parent Company's Financial Statements

Parent company's income statement

EUR	Note	1.1.–31.12.2023	1.1.–31.12.2022
Revenue	2	2,765,112	3,043,944
Other operating income		359,144	566,139
Personnel costs	3		
Wages and salaries		-2,131,077	-4,012,526
Social security expenses			
Pension expenses		-345,083	-350,325
Other social security expenses		7,005	-16,021
Personnel costs total		-2,469,154	-4,378,872
Depreciation, amortization and reduction in value			
Depreciation and amortization according to plan		-192,769	-113,152
Depreciation, amortization and reduction in value total		-192,769	-113,152
Other operating expenses	4	-5,004,213	-5,706,357
Operating profit (loss)		**-4,541,879**	**-6,588,298**
Financial income and expenses	5		
Income from group undertakings		11,429,963	15,308,421
Net income from other investments held as non-current assets			
From others		-357,273	-1,429,283
Other interest income and other financial income			
From group undertakings		1,340,227	1,769,354
From others		206,469	7,518
Reduction in value of investments held as current assets	6	-26,118	350
Interest and other financial expenses			
To others		-733,022	-893,356
Financial income and expenses total		11,860,246	14,763,005
Profit (loss) before appropriations and taxes		**7,318,367**	**8,174,707**
Appropriations	7		
Group contribution		2,455,000	6,500,000
Appropriations total		2,455,000	6,500,000
Income taxes	8		
Income taxes for the financial year		-	1,956
Defferd taxes		406,842	215,782
Income taxes total		406,842	217,739
Profit (loss) for the financial year		**10,180,209**	**14,892,446**

Parent company balance sheet

Assets	Note	31.12.2023	31.12.2022
Non-current assets			
Intangible assets			
Other intangible assets	9	317,277	162,340
Intangible assets total		**317,277**	**162,340**
Tangible assets			
Machinery and equipment	10	181,002	130,031
Tangible assets total		**181,002**	**130,031**
Investments			
Holdings in group undertakings	11, 18	76,155,191	76,136,357
Participating interests	11, 18	435,075	150,000
Other shares and similar rights of ownership	18, 19	11,840,368	15,542,884
Investments total		**88,430,634**	**91,829,240**
Non-current assets total		**88,928,912**	**92,121,612**
Current assets			
Long-term receivables			
Amounts owed by group undertakings	17, 18, 20	27,128,000	25,428,000
Loan receivables		1,139,191	230,753
Deferred tax assets	12	2,238,632	1,264,432
Long-term receivables total		**30,505,824**	**26,923,185**
Short-term receivables			
Amounts owed by group undertakings	17, 18	3,328,124	7,659,417
Other receivables		168,093	115,494
Prepayments and accrued income	13	770,690	423,916
Short-term receivables total		**4,289,121**	**8,198,826**
Cash and cash equivalents	18, 20	**19,977,294**	**29,367,127**
Current assets total		**54,772,239**	**64,489,138**
Assets total		**143,701,151**	**156,610,751**

Equity and liabilities	Note	31.12.2023	31.12.2022
Equity	14		
Equity capital		125,000	125,000
Reserve for invested unrestricted equity		19,156,293	19,156,293
Fair value reserve		-2,269,432	71,513
Retained earnings (loss)		100,251,546	105,348,175
Profit (loss) for the financial year		10,180,209	14,892,446
Equity total		**127,443,616**	**139,593,427**
Liabilities			
Long-term liabilities			
Bonds	15, 18, 20	14,886,201	14,869,688
Deferred tax liabilities	12	-	17,878
Long-term liabilities total		**14,886,201**	**14,887,566**
Accounts payable		33,473	285,309
Amounts owed to group undertakings	17	151,073	183,347
Other liabilities		174,194	236,352
Accruals and deferred income	16	1,012,594	1,424,749
Short-term liabilities total		**1,371,334**	**2,129,757**
Liabilities total		**16,257,535**	**17,017,324**
Equity and liabilities total		**143,701,151**	**156,610,751**

Parent company cash flow statement

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from operating activities:		
Operating profit (loss)	-4,541,879	-6,588,298
Depreciation	192,769	113,152
Income from group undertakings	11,429,963	15,308,421
Income from other investments held as non-current assets	419,062	545,755
Other interest income and other financial income	2,252,103	583,661
Interest and other financial expenses	-817,854	-835,183
Cash flow before change in working capital	8,934,163	9,127,509
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-2,639,247	9,907,368
Increase (-)/decrease (+) in current interest-free receivables	5,265,930	1,006,041
Increase (+)/decrease (-) in current interest-free liabilities	-758,424	385,853
Cash flow from operating activities before financial items and taxes	10,802,422	20,426,770
Direct taxes paid (-)	-	1,956
Cash flow from operating activities (A)	**10,802,422**	**20,428,726**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-398,675	-465
Investments in subsidiaries and associated companies	-304,506	-1,875
Other investments	-	-2,462,638
Cash flow from investing activities (B)	**-703,181**	**-2,464,978**

EUR	1.1.–31.12.2023	1.1.–31.12.2022
Cash flow from financing activities:		
Payments to acquire entity's shares	-175,141	-
Paid and received group contributions	500,000	6,000,000
Dividends paid and other distribution of profit	-19,813,934	-33,966,744
Cash flow from financing activities (C)	**-19,489,075**	**-27,966,744**
Increase/decrease in cash and cash equivalents (A+B+C)	-9,389,834	-10,002,996
Cash assets at the beginning of the financial period	29,367,127	39,370,123
Cash assets at the end of the financial period	19,977,294	29,367,127
Difference in cash assets	-9,389,833	-10,002,996

Notes to the Parent Company's Financial Statements

1 Accounting principles of the Parent Company's Financial Statements

Basis of preparation for parent company's financial statements
Taaleri Plc's financial statements have been prepared in accordance with the Finnish Accounting Act. The financial statements have been prepared over 12 months for the financial period of 1 January–31 December 2023.

Foreign currency items
Foreign currency transactions are recorded based on the exchange rate on the day of the transaction. Foreign currency receivables and liabilities outstanding at the end of the financial period are measured based on the exchange rate on the balance sheet date.

Tangible and intangible assets
Intangible assets are carried on the balance sheet at cost less any accumulated depreciation. ICT software costs, among other things are activated as other long-term expenditure. Tangible assets are carried on the balance sheet at cost less any accumulated depreciation. If, at the end of the financial period, the estimated recoverable amount from intangible or tangible assets is found to be fundamentally and permanently lower than their carrying amount, the difference is recorded in profit or loss as an impairment loss.

The depreciation plan is as follows:

- ICT software: Straight-line depreciation, 4 years
- Other intangible rights: Straight-line depreciation, 4 years
- Other long-term expenditure: Straight-line depreciation, 3 years
- Machinery and equipment: Straight-line depreciation, 4 years

Financial instruments
Taaleri Plc applies the alternative procedure permitted by Chapter 5, Section 2a of the Accounting Act and measures financial instruments at fair value. Therefore IFRS 9 is applied when classifying and measuring financial instruments, and the notes to the financial statements regarding financial instruments are also presented as required by IFRS standards.

The accounting principles of financial instruments have been presented in more detail in Note 2 of the Consolidated Financial Statements. In Taaleri Plc's financial statements, holdings in group undertakings and participating interests have been measured at acquisition cost or, if their probable fair value on the balance sheet date is lower, in the amount thereof.

When recognizing financial instrument purchase and sales transactions, the date of the transaction is used as the basis for recognition.

In Taaleri Plc's financial statements a financial asset is recognized in investments in non-current assets when the purpose of the financial instrument is to generate income continuously over several financial years. Taaleri Plc's investments in non-current assets consist of shares and participations acquired in long-term ownership and subordinated loan receivables.

Other financial assets are variable in nature. Receivables are classified as non-current if they fall due after more than 12 months. Current investments include cash, receivables and other financial assets that are temporarily in another form.

The bonds issued by Taaleri Plc are recognized in Bonds. Interest and transaction costs on loans are amortized over the term of the loans. Bonds are classified as long-term if they mature after more than 12 months.

Revenue recognition principles
Revenue includes the sale of services to Taaleri Group's subsidiaries. Revenue from services is recognized when the service is delivered.

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

Income taxes
Tax expenses consist of taxes based on the taxable income for the period, taxes for previous periods and deferred taxes. Taxes based on the taxable income for the period is calculated from the taxable income based on tax rates valid in Finland. Deferred taxes are calculated on temporary differences between the carrying amount and taxable value. Deferred tax assets are recognized up to the amount at which it is likely that taxable income will be generated in the future, against which the temporary difference can be utilized. Deferred taxes are calculated using the tax rates regulated by the balance sheet date or tax rates which have been approved in practice before the balance sheet date.

Notes to the Income Statement

2 Revenue

	1.1.–31.12.2023	1.1.–31.12.2022
Income from group undertakings	2,765,112	3,015,158
Other income	-	28,786
Total	**2,765,112**	**3,043,944**

3 Personnel costs

	1.1.–31.12.2023	1.1.–31.12.2022
Wages, salaries and fees	2,131,077	4,012,526
Pension expenses	345,083	350,325
Social security contributions	-7,005	16,021
Total	**2,469,154**	**4,378,872**

During the 2023 financial year, a total of EUR 1.0 (1.7) million in salaries and fees were paid to the Board of Directors and the CEO including the voluntary pension insurance. The amount for the comparison period includes EUR 0.9 million in compensation for the company's former CEO. During the financial year of 2023, the average number of personnel employed by the parent company was 15 (15).

The salaries and bonuses paid to the company's CEO in 2023 including fringe benefits, share-based incentive schemes and pension insurance amounted to EUR 0.7 (1.4) million. The amount for the comparison period includes EUR 0.9 million in compensation for the company's former CEO. If CEO's employment is terminated by the company, the CEO is entitled to severance pay corresponding to 12 months salary. The CEO is entitled to a statutory pension and his retirement age is determined within the framework of the statutory pension system. The company's CEO is entitled to a voluntary pension insurance paid for by the company, which cost was EUR 0.4 (0.1) million in 2023.

4 Other operating expenses

	1.1.–31.12.2023	1.1.–31.12.2022
Voluntary personnel expenses	679,368	494,829
Marketing and communication expenses	448,605	535,733
Premises and other leasing expenses	655,786	1,431,675
ICT expenses	1,291,904	1,277,612
Equipment rental and leasing	16,476	27,373
Fees paid to the company's auditors	214,998	185,053
Auditing fees	165,138	127,621
Tax services	-	-
Other	49,860	57,432
Group internal administrative services	390,985	226,385
Consultation and external expert services	565,155	613,291
Other operating expenses	740,936	212,262
Total	**5,004,213**	**5,004,213**

5 Financial income and expenses

	1.1.–31.12.2023	1.1.–31.12.2022
Income from group undertakings		
Dividends	10,374,189	15,308,421
Gaind and losses on disposals	1,055,774	-
Net income from other investments held as non-current assets		
From others		
Dividends	419,062	545,755
Fair value changes	-776,335	-2,005,038
Gains and losses on disposals	-	30,000
Other interest income and other financial income		
Interest income from group undertakings	1,340,227	1,769,354
Interest income from others	206,469	7,518
Reduction in value of investments held as current assets		
Expected credit losses	-26,118	350
Interest and other financial expenses		
To others		
Interest expenses from cash at bank	42,470	-123,581
Interest expenses from bonds issued	-748,729	-747,919
Other financial expenses	-24,946	-21,856
Total	**11,860,246**	**14,763,005**

6 Expected credit losses

	Amortised cost
ECL 1.1.2023	4,690
Additions due to purchases	30,809
Deductions due to derecognitions	-4,690
Changes in risk parameters	-
Recognised in profit or loss	26,118
ECL 31.12.2023	**30,808**

	Amortised cost
ECL 1.1.2022	5,040
Additions due to purchases	42
Deductions due to derecognitions	-392
Changes in risk parameters	-
Recognised in profit or loss	-350
ECL 31.12.2022	**4,690**

All financial assets subject to ECL calculations are on level 1, i.e. the credit risk has not increased significantly. There are no realised credit losses recognised in the presented financial periods.

	1.1.–31.12.2023	1.1.–31.12.2022
Expected credit losses from financial assets measured at amortised cost	-26,118	350
Recognised in profit or loss	**-26,118**	**350**

7 Appropriations

	1.1.–31.12.2023	1.1.–31.12.2022
Group contributions received	2,455,000	6,500,000
Group contributions paid	-	-
Total	**2,455,000**	**6,500,000**

8 Taxes

	1.1.–31.12.2023	1.1.–31.12.2022
From profit for the financial period	-	-
Taxes from previous periods	-	-1,956
Deferred taxes	-406,842	-215,782
Total	**-406,842**	**-217,739**

Notes to the Balance Sheet

9 Intangible assets

2023	IT systems	Total
Acquisition cost 1 January	364,601	364,601
Increases	287,106	287,106
Acquisition cost 31 December	**651,706**	**651,706**
Accumulated depreciation, amortisation and impairment 1 January	202,260	202,260
Depreciation during the financial period	132,169	132,169
Accrued depreciation 31 December	**334,429**	**334,429**
Carrying amount 1 January	162,340	162,340
Carrying amount 31 December	**317,277**	**317,277**

2022	IT systems	Total
Acquisition cost 1 January	364,136	364,136
Increases	465	465
Acquisition cost 31 December	**364,601**	**364,601**
Accumulated depreciation, amortisation and impairment 1 January	132,525	132,525
Depreciation during the financial period	69,736	69,736
Accrued depreciation 31 December	**202,260**	**202,260**
Carrying amount 1 January	231,611	231,611
Carrying amount 31 December	**162,340**	**162,340**

10 Tangible assets

2023	Machinery and equipment	Total
Acquisition cost 1 January	197,115	197,115
Increases	111,570	111,570
Acquisition cost 31 December	**308,686**	**308,686**
Accumulated depreciation, amortisation and impairment 1 January	67,084	67,084
Depreciation during the financial period	60,600	60,600
Accrued depreciation 31 December	**127,684**	**127,684**
Carrying amount 1 January	130,031	130,031
Carrying amount 31 December	**181,002**	**181,002**

2022	Machinery and equipment	Total
Acquisition cost 1 January	197,115	197,115
Increases	-	-
Acquisition cost 31 December	**197,115**	**197,115**
Accumulated depreciation, amortisation and impairment 1 January	23,667	23,667
Depreciation during the financial period	43,417	43,417
Accrued depreciation 31 December	**67,084**	**67,084**
Carrying amount 1 January	173,448	173,448
Carrying amount 31 December	**130,031**	**130,031**

11 Holdings in Group undertakings and participating interests

2023	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	76,136,357	250,002	76,386,359
Increases	92,250	285,075	377,325
Decreases	73,416	-	73,416
Acquisition cost 31 December	**76,155,191**	**535,077**	**76,690,268**
Changes in value 1.1.	-	-100,002	-100,002
Changes in value during the financial period	-	-	-
Changes in value 31 December	**-**	**-100,002**	**-100,002**
Carrying amount 1 January	76,136,357	150,000	76,286,357
Carrying amount 31 December	**76,155,191**	**435,075**	**76,590,266**

2022	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	76,134,482	3,247,626	79,383,983
Increases	1,875	-	1,875
Decreases	-	2,997,624	2,997,624
Acquisition cost 31 December	**76,136,357**	**250,002**	**76,386,359**
Changes in value 1.1.	-	-100,002	-100,002
Changes in value during the financial period	-	-	-
Changes in value 31 December	**-**	**-100,002**	**-100,002**
Carrying amount 1 January	76,134,482	3,147,624	79,282,106
Carrying amount 31 December	**76,136,357**	**150,000**	**76,286,357**

Taaleri Plc's subsidiaries and poarticipating interests are listed in the attachment of the parent company's financial statements..

12 Deferred tax assets

Deferred tax assets	31.12.2023	31.12.2022
From unused tax losses	2,232,471	1,263,494
From expected credit losses	6,162	938
Total	**2,238,632**	**1,264,432**

Deferred tax liabilities	31.12.2023	31.12.2022
From financial assets measured at fair value through fair value reserve	-	17,878
Total	**-**	**17,878**

13 Prepayments accrued income

	31.12.2023	31.12.2022
Accrued interest	79,884	15,380
Other accrued income	690,806	408,536
Total	**770,690**	**423,916**

14 Increases and decreases in equity during the financial year

	1.1.2023	Increase	Decrease	31.12.2023
Share capital	125,000			125,000
Reserve for invested non-restricted equity	19,156,293			19,156,293
Fair value reserve	71,513		-2,340,945	-2,269,432
Retained earnings (loss)	120,240,621		19,989,075	100,251,546
Profit (loss) for the financial year		10,180,209		10,180,209
Total	**139,593,427**	**10,180,209**	**17,648,130**	**127,443,616**

Distributable non-restricted equity of the parent company on 31 December 2023	31.12.2023
Reserve for invested non-restricted equity	19,156,293
Retained earnings (loss)	100,251,546
Profit (loss) for the financial year	10,180,209
Total	**129,588,048**

Parent company 's restricted equity on December 31, 2023	-2,144,432

	1.1.2022	Increase	Decrease	31.12.2022
Share capital	125,000			125,000
Reserve for invested non-restricted equity	19,156,293			19,156,293
Fair value reserve	-	71,513		71,513
Retained earnings or loss	139,457,298		34,109,123	105,348,175
Profit (loss) for the period		14,892,446		14,892,446
Total	**158,738,591**	**14,963,959**	**34,109,123**	**139,593,427**

Distributable non-restricted equity of the parent company on 31 December 2022	31.12.2022
Reserve for invested non-restricted equity	19,156,293
Retained earnings (loss)	105,348,175
Profit (loss) for the financial year	14,892,446
Total	**139,396,914**

Parent company 's restricted equity on December 31, 2022	196,513

15 Bonds

	31.12.2023	31.12.2022
Long-term bonds		
Tier 2 bond	14,886,201	14,869,688
Total	**14,886,201**	**14,869,688**

Tier 2 bond

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

16 Accruals and deferred income

	31.12.2023	31.12.2022
Holiday pay liability	229,396	254,169
Accrued interest	154,110	154,110
Other accrued expenses	629,088	1,016,470
Total	**1,012,594**	**1,424,749**

17 Amounts owed by or to Group undertakings

	31.12.2023	31.12.2022
Current assets, long-term receivables		
Amounts owed by group undertakings		
Other assets	27,128,000	25,428,000
Current assets, short-term receivables		
Amounts owed by group undertakings		
Accounts receivables	654,834	972,837
Other assets	476,116	858,292
Prepayments and accrued income	2,197,174	5,828,288
Total	**30,456,124**	**33,087,417**

	31.12.2023	31.12.2022
Short-term liabilities		
Amounts owed to group undertakings		
Accounts payable	150,026	36,389
Other liabilities	1,047	146,958
Total	**151,073**	**183,347**

18 Classification of financial assets and liabilities

Financial assets and liabilities 31 December 2023, EUR 1,000		At fair value through fair value reserve		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3)]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		2,623,473		9,216,895		11,840,368	11,840,368
Current amounts owed by group undertakings					27,128,000	27,128,000	27,128,000
Current amounts owed by others	1,139,191					1,139,191	1,139,191
Cash and cash equivalents [1)]	19,977,294					19,977,294	
Other financial assets	3,666,717					3,666,717	
Financial assets total	**24,783,202**	**2,623,473**	**-**	**9,216,895**	**27,128,000**	**63,751,570**	
Participating interests						435,075	
Holdings in group undertakings						76,155,191	
Other than financial assets						3,359,315	
Assets in total 31 December 2023						**143,701,151**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2)]		14,886,201	14,886,201	15,154,110
Other financial liabilities		1,371,334	1,371,334	
Financial liabilities total	**-**	**16,257,535**	**16,257,535**	
Other than financial liabilities			-	
Liabilities in total 31 December 2023			**16,257,535**	

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 the time of initial recognition of an equity instrument, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognised in fair value reserve and will not later be recycled to profit or loss. In this case, dividends received 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 equity. This group includes limited partner contributions to such limited partnerships related to Taaleri's private asset management business that are not actual private equity fund investments, as well as equity investments in companies that are not considered to be closely related to the Group's strategy. On 31 December 2023, the fair value of equity instruments that are specifically valued at fair value through fair value reserve was EUR 2,623,473 (31.12.2022 5,549,654). The investments belonging to the group have not produced dividend income in the financial periods presented. During the presented financial periods, no investments belonging to the group have been sold or otherwise written off the balance sheet.

Financial assets and liabilities 31 December 2022, EUR 1,000		At fair value through fair value reserve		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3)]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		5,549,654		9,993,230		15,542,884	15,542,884
Current amounts owed by group undertakings					25,428,000	25,428,000	25,428,000
Current amounts owed by others	230,753					230,753	230,753
Cash and cash equivalents [1)]	29,367,127					29,367,127	
Other financial assets	7,839,463					7,839,463	
Financial assets total	**37,437,344**	**5,549,654**	**-**	**9,993,230**	**25,428,000**	**78,408,228**	
Participating interests						150,000	
Holdings in group undertakings						76,136,357	
Other than financial assets						1,916,166	
Assets in total 31 December 2022						**156,610,751**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2)]		14,869,688	14,869,688	15,154,110
Other financial liabilities		1,928,627	1,928,627	
Financial liabilities total	**-**	**16,798,315**	**16,798,315**	
Other than financial liabilities			219,009	
Liabilities in total 31 December 2022			**17,017,324**	

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

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

[3)] At the time of initial recognition of an equity instrument, the management may make an irrevocable choice concerning a procedure according to which changes in fair value are recognised in fair value reserve and will not later be recycled to profit or loss. In this case, dividends received 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 equity. This group includes limited partner contributions to such limited partnerships related to Taaleri's private asset management business that are not actual private equity fund investments, as well as equity investments in companies that are not considered to be closely related to the Group's strategy. On 31 December 2023, the fair value of equity instruments that are specifically valued at fair value through fair value reserve was EUR 2,623,473 (31.12.2022 5,549,654). The investments belonging to the group have not produced dividend income in the financial periods presented. During the presented financial periods, no investments belonging to the group have been sold or otherwise written off the balance sheet.

19 Fair value hierarchy of financial assets

Financial instruments measured at fair value

2023	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	9,212,660			9,212,660
- Fair value through fair value reserve	2,623,473		4,235	2,627,708
Current amounts owed by group undertakings		27,128,000		27,128,000
Total	**11,836,133**	**27,128,000**	**4,235**	**38,968,368**

2022	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	9,988,995		4,235	9,993,230
- Fair value through fair value reserve			5,549,654	5,549,654
Current amounts owed by group undertakings		25,428,000		25,428,000
Total	**9,988,995**	**25,428,000**	**5,553,889**	**40,970,884**

Levels of hierarchy

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

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

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

20 Maturity analysis of financial assets and liabilities

31.12.2023	< 3 months	3-12 months	1-5 years	5-10 years	Total
Current amounts owed by group undertakings		6,500,000		20,628,000	**27,128,000**
Current amounts owed by others			1,170,000		**1,170,000**
Cash and cash equivalents [1]	19,977,294				**19,977,294**
Bonds [1]				15,000,000	**15,000,000**

31.12.2022	< 3 months	3-12 months	1-5 years	5-10 years	Total
Current amounts owed by group undertakings			3,000,000	22,428,000	**25,428,000**
Current amounts owed by others	235,443				**235,443**
Cash and cash equivalents [1]	29,367,127				**29,367,127**
Bonds [1]				15,000,000	**15,000,000**

[1] The maturity of financial assets and liabilities are shown at their original value before impairments.

Notes concerning Guarantees and Contingent Liabilities

21 Guarantees and contingent liabilities

Off balance sheet items	31.12.2023	31.12.2022
Unused loan commitments to group companies	500,000	780,000
Total	**500,000**	**780,000**

22 Pension liabilities

Statutory pension cover for the company's employees and management is arranged through a TyEL insurance policy. Additional voluntary pension insurance has been taken out for the company's management. The company has no unrecognised pension liabilities.

23 Leasing and other rental liabilities

31.12.2023	< 1 year	1–5 years
Leasing payments	15,775	65,274
Rental liabilities	764,442	1,656,290
Total	**780,217**	**1,721,565**

31.12.2022	< 1 year	1–5 years
Leasing payments	15,314	53,947
Rental liabilities	378,052	2,139,196
Total	**393,366**	**2,193,143**

List of accounting journals

During 1.1.2023-31.12.2023	
Income statement	in electronic form
Balance sheet	in electronic form
Journal	in electronic form
General ledger	in electronic form
Purchases ledger	in electronic form
Salary bookkeeping	outsourced

Document types and means of storage

During 1.1.2023-31.12.2023		
TITO / JRT01	Bank statements	in electronic form in Netsuite
PT / JRT01	General ledger entries	in electronic form in Netsuite
INV01	Sales invoices	in electronic form in Netsuite
BILL	Purchase invoices	in electronic form in Netsuite
ERT01	Travel expense entries	in electronic form in Netsuite

Subsidiaries and associated companies

Parent company	Registered office	Business ID	Group ownership
Taaleri Plc	Helsinki	2234823-5	

Parent company's direct shareholdings	Registered office	Business ID	Group ownership	
Taaleri Bioindustry Ltd	Helsinki	3266590-4	75.00%	
Taaleri Energia Ltd	Helsinki	2772984-6	76.17%	
Taaleri Real Estate Ltd	Helsinki	3207236-7	100.00%	
Taaleri Private Equity Funds Ltd	Helsinki	2264327-7	100.00%	
Taaleri Investments Ltd	Helsinki	2432616-0	100.00%	
Taaleri SolarWind III GP Oy [1]	Helsinki	3324068-4	45.00%	new
Garantia Insurance Company Ltd	Helsinki	0944524-1	100.00%	

Subgroup of Taaleri Bioindustry Ltd	Registered office	Business ID	Group ownership
Taaleri Biohiili GP Oy	Helsinki	3151705-3	72.00%
Taaleri Biojalostamo GP Oy	Helsinki	3115228-5	100.00%

Subgroup of Taaleri Investments Ltd	Registered office	Business ID	Group ownership
Taaleri Datacenter GP Oy	Helsinki	2859905-1	100.00%
Taaleri Kapitaali Oy	Helsinki	2772994-2	50.00%
Galubaltis GP Oy	Helsinki	2840499-8	100.00%
Taaleri Telakka GP Oy	Helsinki	2743458-9	100.00%
Taaleri Varustamo GP Oy	Helsinki	2870420-2	100.00%
TT Syöttörahasto GP Oy	Helsinki	2504070-3	100.00%
TT Syöttörahasto II GP Oy	Helsinki	2677052-1	100.00%
TT Syöttörahasto III GP Oy	Helsinki	2637390-5	100.00%

[1] Exceptional financial period, first financial period shortened/lengthened

Subgroup of Taaleri Private Equity Funds Ltd	Registered office	Business ID	Group ownership	
Taaleri Afrikka Rahaston hallinnointiyhtiö Oy	Helsinki	2606112-7	100.00%	
Taaleri Afrikka Rahasto II GP Oy	Helsinki	2772992-6	100.00%	
Taaleri Asuntorahasto VIII GP Oy	Helsinki	3161704-6	80.00%	
Taaleri Aurinkotuuli Feeder GP Oy	Helsinki	3155769-6	100.00%	
Taaleri Aurinkotuuli II GP Oy	Helsinki	2948690-5	100.00%	
Taaleri Bioindustry Fund I GP Oy	Helsinki	3226348-9	67.00%	
Taaleri Bioindustry VC Fund I GP Oy [1)]	Helsinki	3352418-5	100.00%	new
Taaleri Kasvurahastot I GP Oy	Helsinki	3011817-3	100.00%	
Taaleri Kiertotalous GP Oy	Helsinki	2745010-8	100.00%	
Taaleri Kiinteistökehitysrahaston hallinnointiyhtiö Oy	Helsinki	2689264-1	100.00%	
Taaleri Metsärahasto III hallinnointiyhtiö Oy	Helsinki	2652535-8	100.00%	
Taaleri Oaktree Syöttörahaston hallinnointiyhtiö Oy	Helsinki	2442491-6	100.00%	
Taaleri Rauman Asuntorahaston hallinnointiyhtiö Oy	Helsinki	2373394-4	100.00%	
Taaleri Tallikiinteistöt GP Oy	Helsinki	2921262-1	100.00%	
Taaleri Tonttirahaston hallinnointiyhtiö Oy	Helsinki	2669135-6	100.00%	
Taaleri Tonttirahasto II GP Oy	Helsinki	2781839-8	100.00%	
Taaleri Tuulitehtaan hallinnointiyhtiö Oy	Helsinki	2382657-7	80.00%	
Taaleri Tuuli II Feeder GP Oy	Helsinki	3155719-4	100.00%	
Taaleri Tuuli III Feeder GP Oy	Helsinki	3155720-7	100.00%	
Taaleri Tuulirahasto IV GP Oy	Helsinki	2990792-5	100.00%	
Taaleri Velkarahastot I GP Oy	Helsinki	3133283-3	100.00%	
Taaleri Vuokrakoti GP Oy	Helsinki	2787453-3	100.00%	
Taaleri Velkarahastot I GP Oy	Helsinki	3133283-3	100,00%	
Taaleri Vuokrakoti GP Oy	Helsinki	2787453-3	100,00%	

1) Exceptional financial period, first financial period shortened/lengthened

Subgroup of Taaleri Energia Ltd	Registered office	Business ID	Group ownership	
Taaleri Energia Funds Management Ltd	Helsinki	2833245-3	100.00%	
Taaleri Energia Operations Ltd	Helsinki	2710646-2	100.00%	
Taaleri Debt GP Oy	Helsinki	3222158-8	100.00%	
Taaleri Aurinkotuuli GP Oy	Helsinki	2787459-2	100.00%	
Taaleri Tuulitehdas II hallinnointiyhtiö Oy	Helsinki	2623494-8	100.00%	
Taaleri Tuulitehdas III GP Oy	Helsinki	2748305-7	100.00%	
Oltavan Tuulipuisto GP Oy	Helsinki	2992126-8	100.00%	
Murtotuulen Tuulipuisto GP Oy	Helsinki	2994201-8	100.00%	
Isonevan Tuulipuisto GP Oy	Helsinki	3167933-5	100.00%	
Taaleri Energia Holding S.a.r.l.	Luxemburg	B223063	100.00%	
Taaleri Energia North America LLC	Delaware, USA	6716103	100.00%	
Taaleri Solarwind II GP S.a.r.l.	Luxemburg	B232448	100.00%	
Taaleri Solarwind III GP S.a.r.l. [1)]	Luxemburg	B272636	100.00%	
Taaleri Energia Iberia SL	Madrid	B88293139	100.00%	
Eldorado Solar Power Holding LLC	USA	0803524720	100.00%	new
Deville Holding LLC	USA	0803524735	100.00%	new

1) Exceptional financial period, first financial period shortened lengthened

Associated companies, consolidated using equity method	Registered office	Business ID	Group ownership	
Sepos Oy	Helsinki	2614256-8	30.00%	
Taaleri Datacenter Ky	Helsinki	2842816-4	21.28%	
Turun Toriparkki Oy	Turku	2034713-2	39.31%	
Munkkiniemi Group Oy	Helsinki	2910063-8	47.00%	
Hernesaaren Kehitys Oy	Helsinki	2953535-9	33.32%	
Taaleri SolarWind II SPV Sarl	Luxemburg	B234588	50.00%	
Taaleri SolarWind III SPV Sarl	Luxemburg	B276690	45.00%	new
Masdar Taaleri Generation	Belgrad, Serbia	21511501	50.00%	
WasteWise Group Oy	Helsinki	2763131-2	34.07%	new

Associated companies, consolidated as investments	Registered office	Business ID	Group ownership
Fintoil Oy	Helsinki	2871605-1	24.0%

Signatures for the Financial Statements and the Report of the Board of Directors

Helsinki 14th February 2024

Juhani Elomaa
Chairman of the Board of Directors

Hanna Maria Sievinen
Vice Chairman of the Board of Directors

Elina Björklund
Member of the Board of Directors

Petri Castrén
Member of the Board of Directors

Tuomas Syrjänen
Member of the Board of Directors

Jouni Takakarhu
Member of the Board of Directors

Peter Ramsay
Chief Executive Officer

The auditor's note

Our auditor's report has been issued today.

Helsinki, 14th February 2024

Ernst & Young Oy
Authorized audit firm

Johanna Winqvist-Ilkka
Authorised Public Accountant

Auditor’s report

To the Annual General Meeting of Taaleri Plc

Report on the Audit of the Financial Statements

Opinion
We have audited the financial statements of Taaleri Plc (business identity code 2234823-5) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company’s balance sheet, income statement, statement of cash flows and notes.

In our opinion
- the consolidated financial statements give a true and fair view of the group’s financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU.
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion
We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of fee and commission income *We refer to the point 2.14 in Accounting principles for the Consolidated Financial Statements and the note 3.* Fee and commission income in the consolidated financial statements consists of continuing earnings and performance fees including, among others, management fees and performance fees related to private equity fund operations. Fee and commission income in the consolidated financial statements amounted to 27,7 million euros, of which 1,5 million euros were performance-based fees. Revenue recognition of fee and commission income was determined to be a key audit matter and the revenue recognition of performance-based fees a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2), because the timing and quantity of performance-based fee revenue recognition includes management assumptions and estimates.	To address the risk of material misstatement in respect of revenue recognition our audit procedures included, among other things, assessing the compliance of the Group's accounting policies over revenue recognition of the fees and commissions with applicable accounting standards. We also assessed processes and identified key controls relating to revenue recognition of fee and commission income. We tested the sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level in order to test that the fees and commissions have been recognized in a right accounting period and they are in compliance with the corresponding agreements. In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.
Implementation of the IFRS 17 standard, including valuation of insurance contract liabilities and formation of insurance service result *We refer to the point 2.7 in Accounting principles for the Consolidated Financial Statements and notes 4, 34, 36 and 41.* The company applies the IFRS 17 standard retrospectively starting from 1.1.2023 and applies the general model in the valuation of insurance contracts. In transition to the standard, the company has mainly applied the full retrospective approach and modified retrospective approach. The insurance contract liabilities in the consolidated financial statements amounted to 45,6 million euros, which is divided into liability for remaining coverage 45,7 million euros and liability for incurred claims -0,1 million euros. Of the total insurance contract liabilities, 38,0 million euros derives from the contractual service margin at the balance sheet date. The amount of insurance service result in the consolidated financial statements was 13,5 million euros, which is divided into insurance premium income of 19,0 million euros, of which 12,3 million euros derives from the contractual service margin recognized for the service produced during the period, and insurance service expenses of 4,9 million euros. Implementation of the IFRS 17 standard, as well as the valuation of the insurance contract liabilities and the formation of insurance service result, was determined to be a key audit matter. Valuation of insurance contract liabilities and recognition of the contractual service margin included in the insurance service result was determined to be a significant risk of material misstatement as referred to in EU Regulation No 537/2014 point (c) of Article 10(2), because the valuation of the insurance contract liabilities and recognition of contractual service margin includes management assumptions and estimates.	To address the risk of material misstatement in respect of valuation of insurance contract liabilities and recognition of contractual service margin our audit procedures included, among other things, assessing the processes related to accounting and identifying key controls. During the audit, we also evaluated the methods used in the calculations and the assumptions and estimates made by management. We involved our internal actuarial specialist in the audit. In relation to the implementation of the standard, our audit procedures included, among other things, the evaluation and testing of key transition methods described in accounting principles for the consolidated financial statements, as well as assessing and testing the insurance contract portfolios and groups. For insurance contract liabilities and insurance service result, our audit procedures included, among other things, testing the input data used in the calculations, the evaluation of future cash flows related to groups of insurance contracts, and testing the recognition of contractual service margin and risk adjustment. In addition, we also assessed the adequacy of disclosures related to IFRS 17 included in consolidated financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement
We were first appointed as auditors by the Annual General Meeting in 2007, and our appointment represents a total period of uninterrupted engagement of 17 years. Taaleri Plc has been a Public Interest Entity since April 1st 2016.

Other information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions based on assignment of the Audit Committee
We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the distributable funds is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 14.2.2024

Ernst & Young Oy
Authorized Public Accountant Firm

Johanna Winqvist-Ilkka
Authorized Public Accountant

Annual report 2023

TAALERI

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