TAALERI

Annual report

2021

Annual report 2021

Taaleri in brief

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

Through our private equity funds, we create, for example, wind and solar power, biofuels and affordable rental homes. Our experience has taught us that sustainability and profitability thrive side by side.

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

We are a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010, and we joined the Net Zero Asset Managers initiative in 2021.

Key figures 2021

Segment reporting, continuing operations (2020 figures in parentheses)

Income	Operating profit, %	Return on equity
69.7 MEUR (40.0 MEUR)	44.2 % (30.8 %)	75.0 % (10.0 %)

Earnings per share*	Growth of continuing earnings	Assets Under Management 31 DEC 2021
4.81 EUR / share (0.45 EUR / share)	13.5 % (n.a.)	2.2 BEUR (1.7 BEUR)

*for the profit of the period

TAALERI

Private Asset Management
- TAALERI Energia
- TAALERI Real Estate
- TAALERI Bioindustry

Strategic Investments
- GARANTIA

Highlights of the year

10 March
Taaleri announces sale of its wealth management operations to Aktia and beginning of a cooperation that supports both companies' strategies

16 March
Taaleri revises its strategy and updates its long-term financial targets

23 March
Taaleri holds its first Capital Markets Day

30 April
Taaleri completes the sale of its wealth management operations to Aktia and recognises a capital gain of approximately EUR 110 million

28 May
The Extraordinary General Meeting decided on the payment of additional dividend and on equity repayment

9 June
Taaleri's SolarWind II fund exceeds its target size with final close commitments of EUR 354 million

29 June
Taaleri launches private equity fund Taaleri Infra I

8 July
Taaleri executes the sale of Taaleri Housing Fund VI successfully

25 October
Taaleri Plc's CEO changes

29 October
Taaleri ceases to be a financial and insurance conglomerate

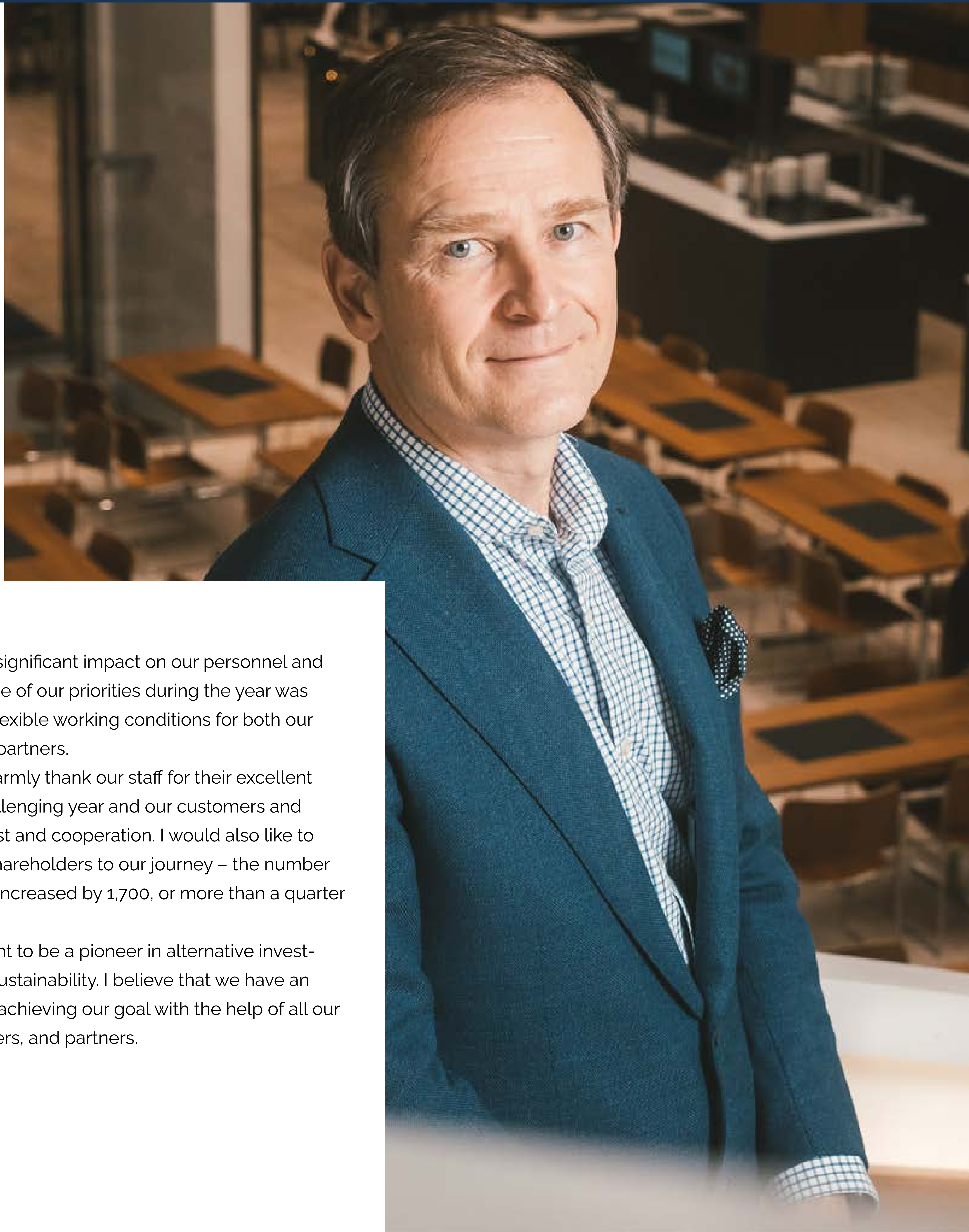
1 December
Peter Ramsay starts as CEO of Taaleri Group

14 December
Taaleri launches Europe's first private equity fund focusing on bioindustry

29 December
Taaleri Housing Fund VIII raised EUR 58 million in its first round of funding

CEO review

New beginning



Sustainable development and renewable energy were put at the heart of Taaleri's renewed strategy. In 2021, we achieved the best result in our history, EUR 136.1 million, among other things due to the sale of the wealth management operations.

The year 2021 was very significant for Taaleri. The sale of the wealth management operations and the renewal of the Group's strategy were historic milestones in our story. We are now a company specializing in private equity funds focusing on renewable energy and other alternative investments.

In our renewed strategy, we put sustainable development and renewable energy at the heart of our operations. In practice, this means that we create private equity funds that create not only financial returns but also positive and sustainable impacts on the environment and society. Examples of these benefits are the emission reductions generated by renewable energy, which replaces fossil energy sources, and the resource savings generated by bioindustry products, which replace virgin materials.

Alongside these major changes, we strongly developed our business. In the Private Asset Management segment, we advanced previously launched products in accordance with our strategic roadmap, launched new private equity funds and co-investments, and expanded our mandate business. In the Strategic Investments segment, Garantia Insurance Company Ltd progressed according to its strategy, strengthening its mortgage guaranty portfolio, supported by an expanded distribution channel and a good market situation. In addition, the exit from non-strategic investments progressed rapidly.

Financially, the year 2021 was the best in Taaleri's history. The Group's profit for the financial year, including the profit from the sale of the wealth management operations, was EUR 136.1 million. Income from our continuing operations increased to EUR 69.7 million and operating profit to EUR 30.8 million, corresponding to 44 percent of income. The assets under management increased to EUR 2.2 billion.

The year 2021 was already the second year marked by the coronavirus pandemic. As the pandemic progressed and returned in waves, we got better at living with it. Our business and operating environment developed mainly positively despite the pandemic. The coronavirus and the restrictions it caused had a more significant impact on our personnel and the way we work. One of our priorities during the year was to ensure safe and flexible working conditions for both our employees and our partners.

I would like to warmly thank our staff for their excellent work during the challenging year and our customers and partners for their trust and cooperation. I would also like to welcome our new shareholders to our journey – the number of our shareholders increased by 1,700, or more than a quarter over the past year.

We at Taaleri want to be a pioneer in alternative investments focusing on sustainability. I believe that we have an excellent chance of achieving our goal with the help of all our employees, customers, and partners.

Peter Ramsay
CEO

Advancing our strategy

Sustainability and impact at the heart of the strategy

Taaleri renewed its strategy after the divestment of the wealth management operations in March 2021. In future, our growth will be driven primarily by private equity funds focusing on renewable energy and other alternative investments. Our vision is to be a Nordic forerunner in alternative investments focusing on sustainability.

In reshaping our strategy, we put sustainability and impact at the heart of it. Our more than a decade of experience with renewable energy, for example, has shown that we can create a positive impact on the environment and society at the same time, as well as economic returns for investors.

Our current business is focused on renewable energy, real estate and bioindustry. Our private equity funds invest in sustainable sites, whose lifecycle we manage from site development, construction and management to divestment.

The implementation of our strategy is supported by three strong pillars: our end-to-end expertise, our integrated way of working, and our unique product offering across multiple asset classes.

Taaleri has four strategic priorities. Below, for each of the strategic priorities, we outline how we advanced it in 2021:

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 2021, we launched three private equity funds in all, and they are all classified as Article 8 or 9 products under the EU's Sustainable Finance Disclosure Regulation, i.e. they promote ESG characteristics or only make sustainable investments.

Taaleri Bioindustry I fund, launched at the end of the year, was one of Finland's first private equity funds to be classified as dark green, i.e. funds under Article 9. The fund only makes sustainable investments in projects that, for example, contribute substantially to climate change mitigation. All our renewable energy funds are also classified as Article 9 funds.

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. At the same time, this increases our resources and we can hire the best experts to ensure a good return for our investors.

Taaleri's largest private equity fund, Taaleri SolarWind II, which invests in wind and solar power, reached final close commitments of EUR 354 million in the summer. During the year, the fund made numerous investments in wind farms and solar energy projects and, at the end of the year, most of the commitments had been invested. Once the commitments of the SolarWind II fund have been invested, Taaleri Energia will be able to launch the next fund, which is intended to double the amount of the investment commitments.

At the end of the year, Taaleri Energia secured EUR 44 million in funding to accelerate its project development. The acceleration of project development is intended to ensure high-quality investment targets for the private equity funds managed by Taaleri and thereby ensure the continuation of business growth.

In other private equity businesses, we invested in the growth and development of operations. We launched new private equity funds in bioindustry, real estate and infrastructure businesses. In addition, we expanded the real estate business to include mandates, which increases the amount of assets under management.

At Garantia Insurance Company Ltd, we continued to promote a strategy based on a scalable business model, risk pooling and an extensive distribution network, which reflected in Garantia's record result.

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

We started a strategic partnership with Aktia, which opened a significant distribution channel for our products. We also invested in our own sales to domestic institutional customers. In addition, we prepared to strengthen our sales organization to expand the distribution of our products abroad.

4.
We optimise return on capital and balance sheet usage

We increase the efficiency of our use of capital and distribute to shareholders the capital that the company does not need for growth investments or to fulfil its targets for solvency. Taaleri distributed a dividend of EUR 0.32 per share for 2020. In addition, we distributed EUR 1.00 per share to shareholders in June.

Taaleri's long-term financial targets are:

	2021
Growth in continuing earnings at least 15 per cent	13.5%
Operating profit at least 25 per cent of income	44.2%
Return on equity: at least 15 per cent	75.0%

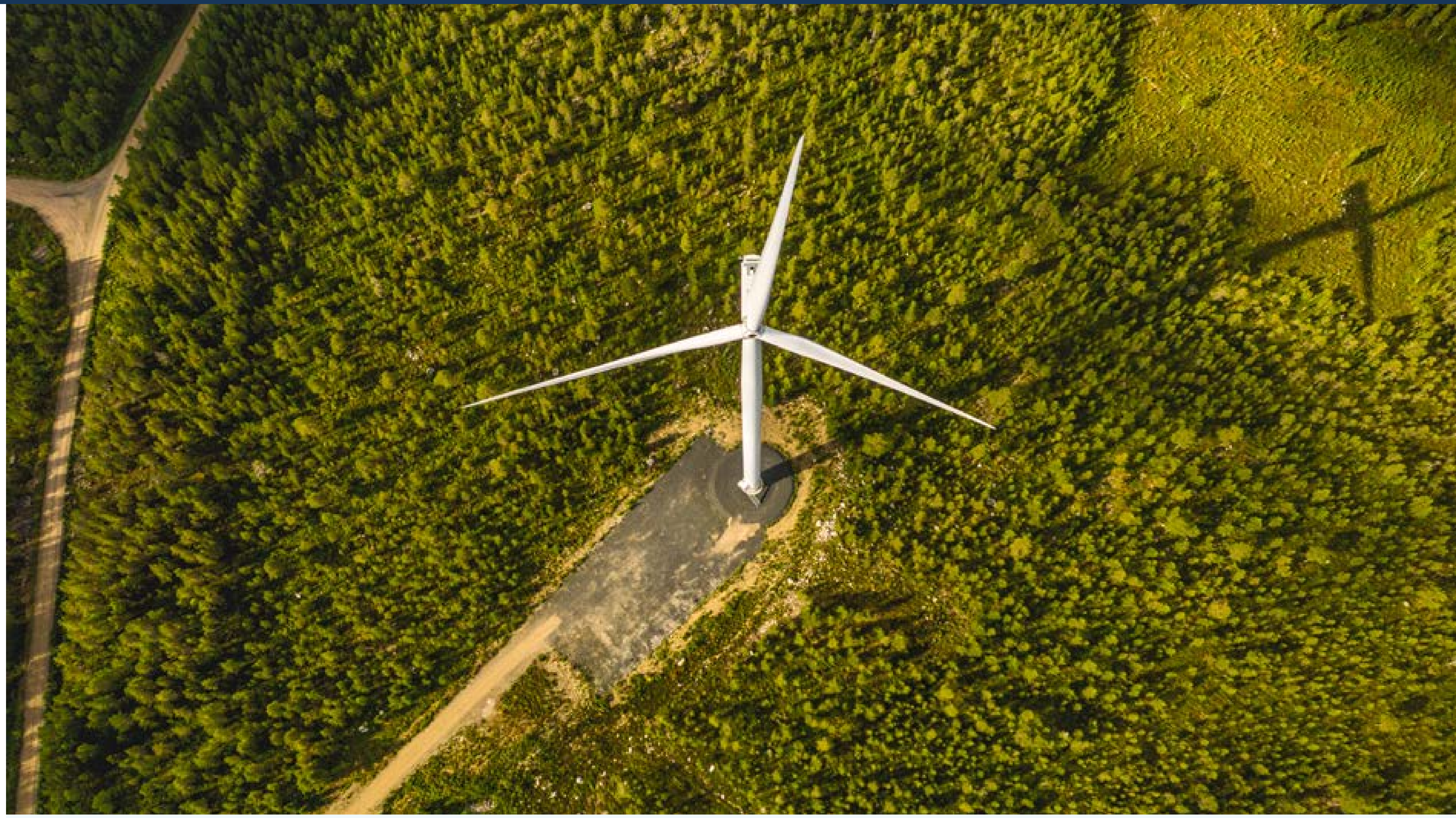
Dividend policy

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

Operating environment and megatrends

Alternative investments becoming more popular

The alternative asset classes offered by Taaleri's investment products grew in popularity in 2021, and the trend is expected to continue. The company's operating environment developed mainly positively despite the uncertainty caused by the COVID-19 pandemic.



The alternative asset classes offered by Taaleri's investment products grew in popularity in 2021, and the trend is expected to continue. In a survey by Preqin, a specialist in the data and valuation of alternative investment products, 81% of investors expected to increase their investments in alternative asset classes towards 2025.

The popularity of alternative investments is influenced, among other things, by low interest rates and the growth of institutional and private assets. In addition, sustainability and impact have become very important requirements for more and more investors. The EU's Sustainable Finance Disclosure Regulation also guides both investors and financial actors towards sustainable investments. The impact-oriented investment products that Taaleri pioneeringly offers meet this demand.

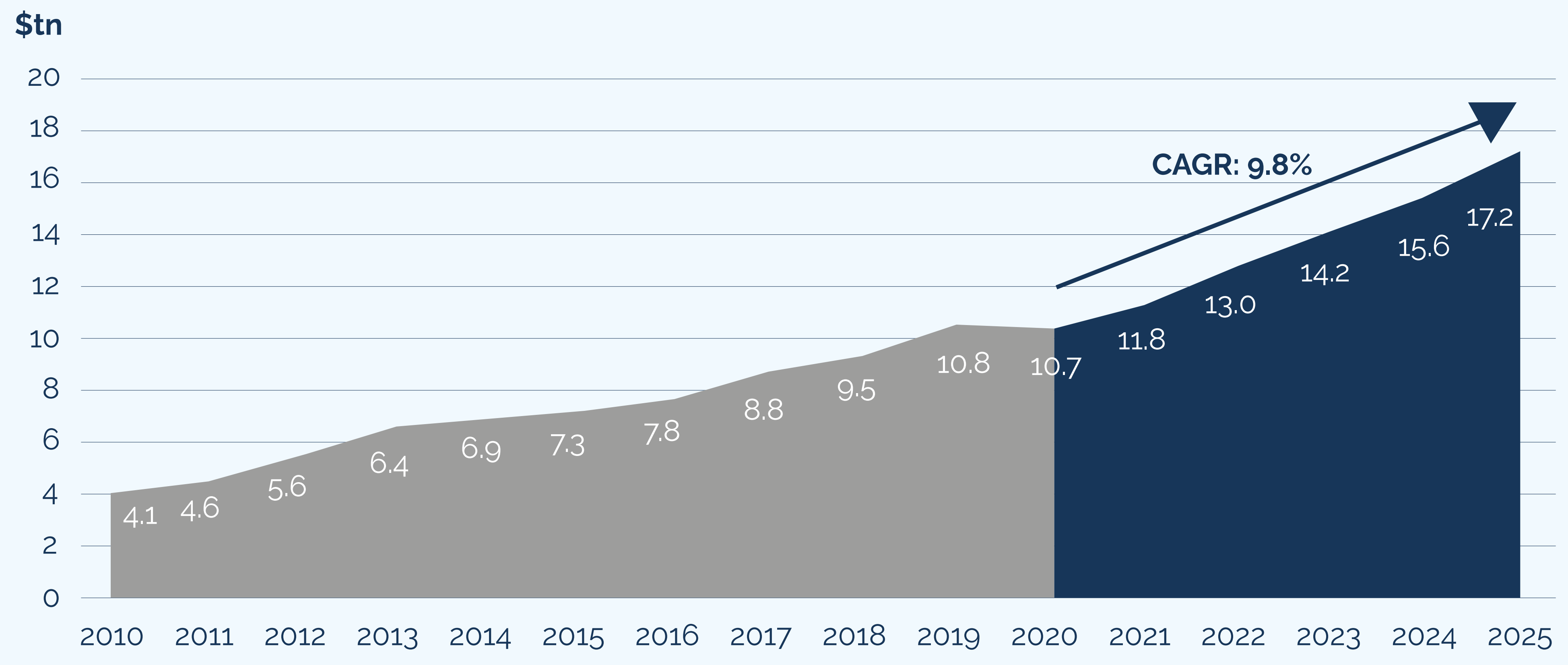
Positive developments despite the pandemic

The operating environment of Taaleri's continuing operations developed positively during 2021 despite the uncertainty caused by the COVID-19 pandemic.

The global transition to renewable energy and the general increase in energy prices supported the operating environment for renewable energy. The global increase in the cost of raw materials and delays in supply chains caused by the COVID-19 pandemic may affect the progress of development and other projects, but this is estimated to be temporary.

The attractiveness of real estate as an investment continues to be sustained by relatively low interest rates and its ability to protect against inflation. Financing for real estate investments is relatively easy to obtain. The position of residential real estate continues to be strong, although

Assets under management in alternative asset classes*



*2020 figure is annualized based on data to October. 2021-2025 are Preqin's forecasted figures. | Source: Preqin the increased supply of rental housing, especially in Greater Helsinki, has slightly depressed occupancy rates and slowed the rise in rents. Despite this, a large amount of new capital is expected to flow into housing investments also in the near future. Foreign players are expected to remain interested in the Finnish real estate market during 2022, while domestic fund managers will continue to grow their portfolios. Interest in real estate investing is also growing among private investors and savers.

Bioindustry is a new, high-growth market that became public in 2021, for example thanks to new, sustainable textile fibres. The business environment offers significant opportunities, and investors are very interested in the industry, which offers impressive and innovative solutions for sustainable development. Due to the interest, there were also signs of increased competition in the investment landscape of companies in the industry.

The operating environment and market situation of Garantia Insurance Company Ltd remained steady during 2021, and the housing market situation further improved. The credit standing of both consumers and corporate customers remained good despite the pandemic, and no significant changes occurred in the risk position of our guaranty insurance portfolio. The positive development of the housing market is expected to continue.

Megatrends affecting Taaleri's operating environment

Climate change

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

Electrification

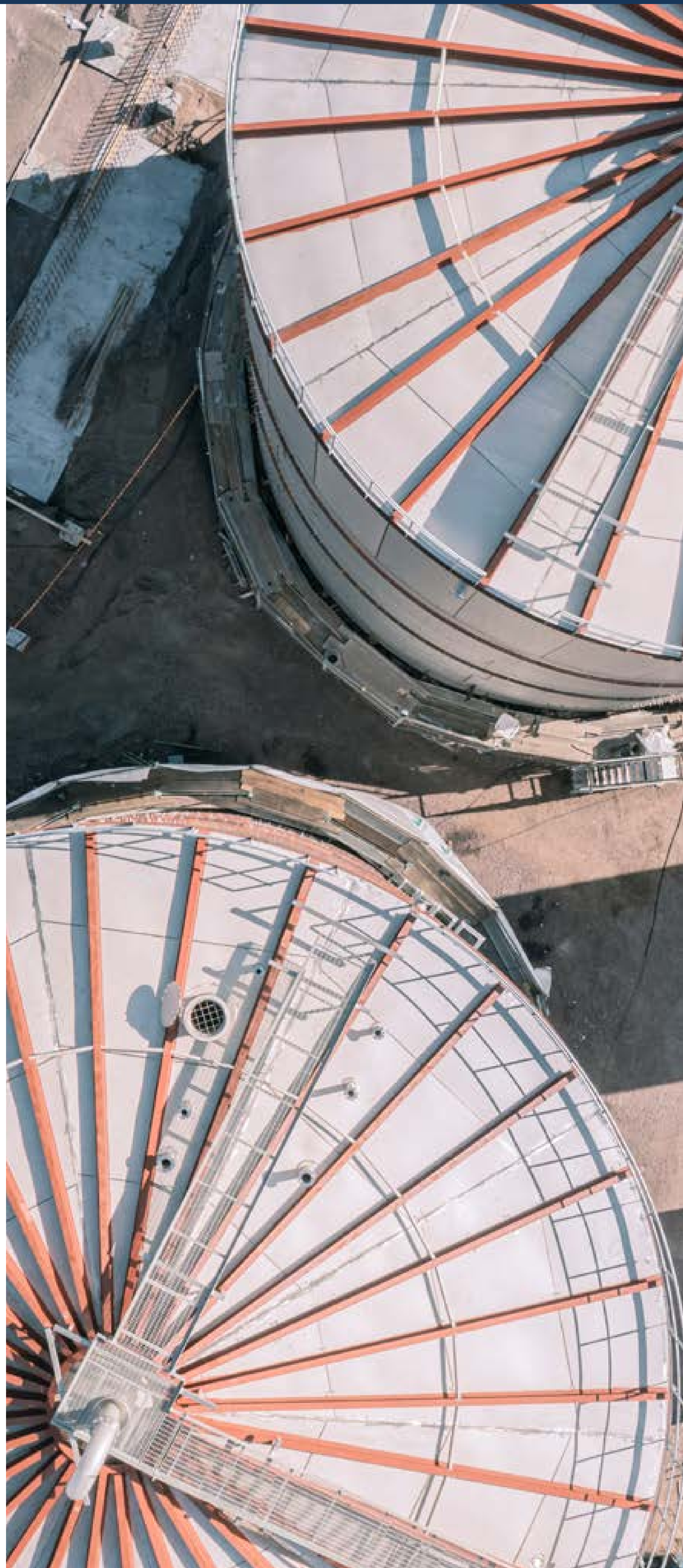
Electricity has a key role to play as the world moves towards zero emissions. Electrification of energy systems can significantly reduce CO_2 emissions and help meet climate targets, but at the same time electricity needs will increase significantly. In order to achieve emission reductions, electricity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

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 globally. By 2050, nearly 70% of the world's population will live in cities. In Finland, too, the population will continue to seek out growth centres in the future, even though the COVID-19 pandemic has had a temporary reducing impact on migration. Urbanisation increases the need for new housing, and also supports the popularity of renting.



Business and impact

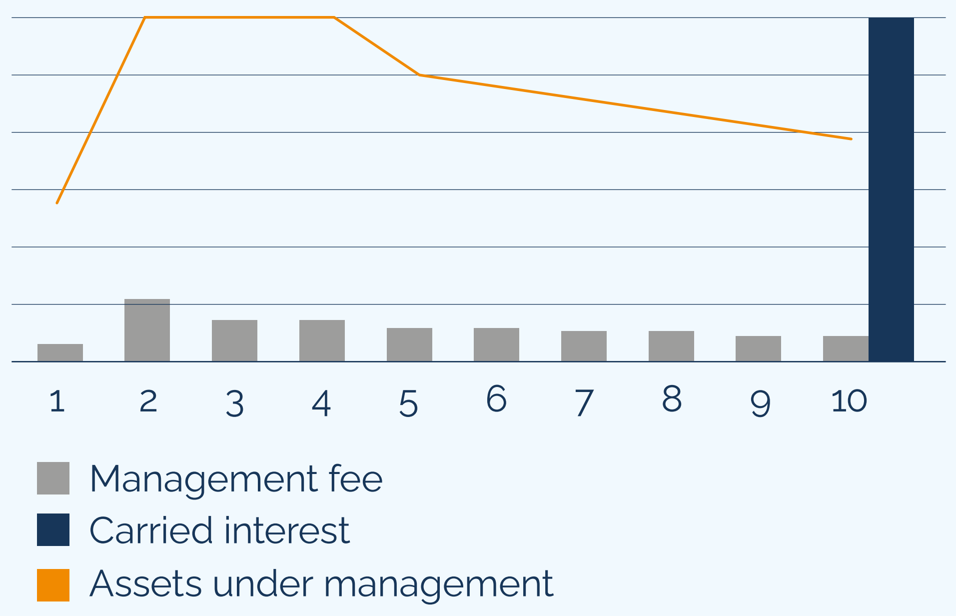
Private equity funds in the ramp-up and growth phase

The core business of the renewed Taaleri is private equity funds focusing on alternative asset classes. Among our businesses, renewable energy has progressed to a stage where we can scale its operations with the next private equity fund. In the real estate and bioindustry businesses, we focus on the development and ramp-up of operations.

After the divestment of the wealth management operations in 2021, Taaleri focused on the growth and ramp-up of private equity operations. The development and expansion of new private equity funds requires time and front-loaded investments, which is reflected in Taaleri's results over the current strategy period.

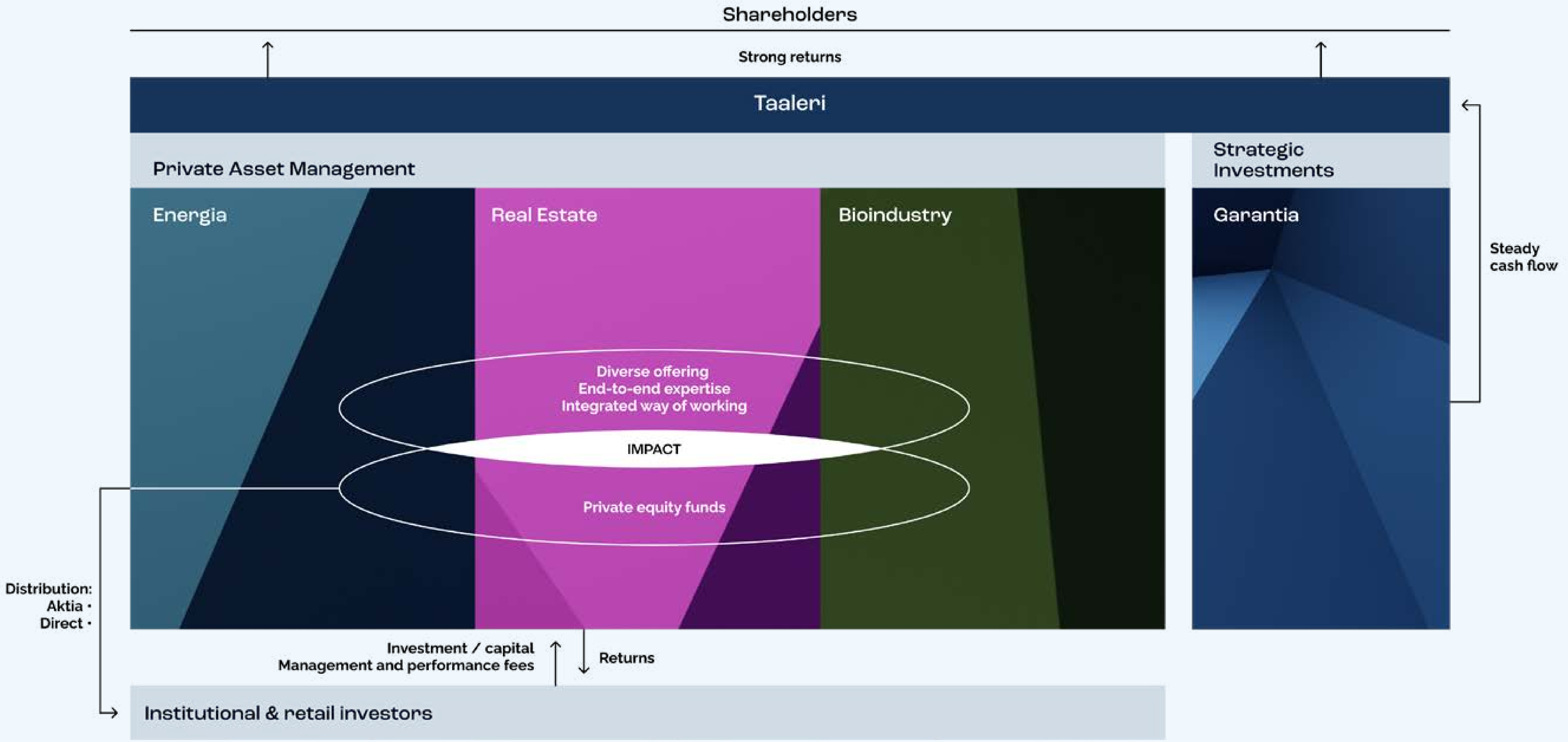
At the end of 2021, the assets under management in the Private Asset Management segment amounted to EUR 2.2 billion, and their earnings to EUR 31.5 million during the year. Of these, EUR 20.1 million consisted of continuing earnings and the rest of carried interest. Different funds have slightly different earning models, which consist of management fees and carried interest. Typically, the fund's carried interest is earned in full or to a large extent in connection with the fund exit (see picture on the right).

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



In new private equity funds, the management fee is 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 carried interest in accordance with the fund's rules. The carried interest is generally realised upon the exit of the entire fund.

Taaleri's business model



Business model

Our business operations emphasise the three pillars of our strategy:

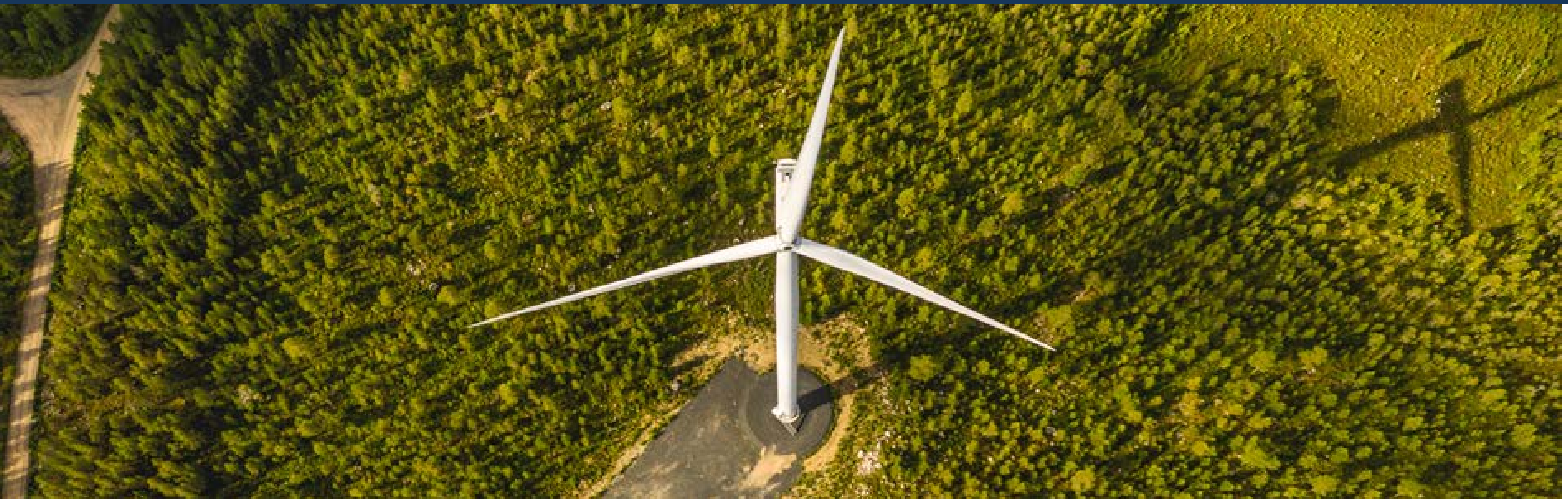
- Integrated way of working: Strong track record in connecting capital, ideas, talent and entrepreneurship
- End-to-end expertise: Robust capabilities to develop, build, manage and exit investments
- Diverse offering in impact and renewables: Unique product offering across multiple asset classes

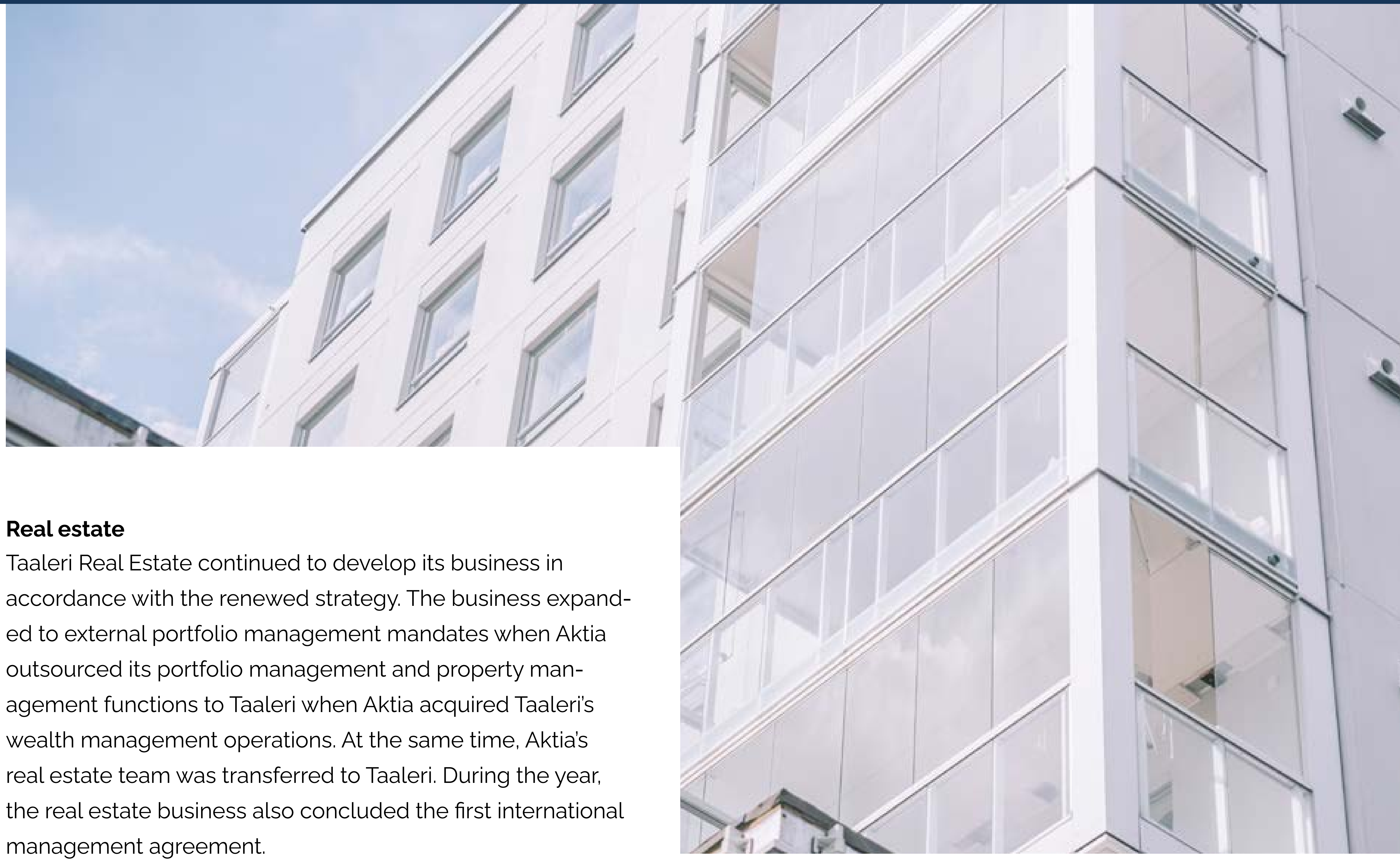
By combining our integrated way of working with our end-to-end expertise, we can have a positive impact on both the environment and society.

The emission reduction achieved with our renewable energy funds was 375,800 tonnes carbon dioxide equivalent (tCO2e) in 2021. The cumulative realized emission reduction of these funds by 31 December 2021 was 2.1 million tCO2e. The calculations are based on project-based data and are calculated using the methodology of the European Investment Bank.

Taaleri Rental Home fund had built a total of 521 affordable rental homes in Finland by the end of 2021 and it is building 237 homes. All of Taaleri's housing funds had built a total of 1,008 rental homes in Finland by the end of 2021.

Through its guaranty insurance operations, Garantia was enabling approximately 13,000 new homes in Finland in 2021.





Private Asset Management segment

The businesses of Taaleri's Private Asset Management segment are at different development phases. Our international renewable energy team manages five private equity funds and has a 2.8-GW wind and solar portfolio in Europe, the US and the Middle East. In the real estate business, Taaleri is a pioneer of housing funds in Finland, but Taaleri Real Estate has existed as its own business since 2021. Bioindustry started as a new business in the Private Asset Management segment in 2021.

Renewable energy

Taaleri Energia's business proceeded according to plan with the focus on investments in the Taaleri SolarWind II fund and in the final closing.

The Taaleri SolarWind II fund, which invests in industrial-scale production facilities, raised EUR 354 million, exceeding its target size. A significant amount of the fund's commitments has already been invested. The fund has made a total of nine investments in ready-to-build wind farms in Finland, Norway, the US, Poland, Lithuania and one in a ready-to-build solar farm in Spain. The remaining commitments of the fund are very likely to be made in Spain and Southeastern Europe.

The Taaleri SolarWind II fund has invested in projects developed by Taaleri Energia in Finland and Texas. During the second part of the year, Taaleri Energia secured EUR 44 million in funding to accelerate its project development in all its target markets. In this way, it aims to ensure that the private equity funds under its management will continue to receive high-quality investments in the future.

One of the highlights of the year was the refinancing of the Taaleri Wind II and Wind III funds in October. The refinancing of individual project financing packages significantly enhances the value of the investments.

Real estate

Taaleri Real Estate continued to develop its business in accordance with the renewed strategy. The business expanded to external portfolio management mandates when Aktia outsourced its portfolio management and property management functions to Taaleri when Aktia acquired Taaleri's wealth management operations. At the same time, Aktia's real estate team was transferred to Taaleri. During the year, the real estate business also concluded the first international management agreement.

During the early part of the year, the real estate business conducted an extensive international tender for the sale of Taaleri Housing Fund VI, which was executed very successfully in July for the purchase price of approximately EUR 145 million. The fund almost doubled the capital invested by its investors.

In the third quarter, Taaleri Real Estate launched the Taaleri Housing Fund VIII, the first fund established jointly by Taaleri and Aktia. It raised EUR 58 million in the first closing. The fund is a real estate private equity fund classified as an Article 8 product under the EU's Sustainable Finance Disclosure Regulation, and as such is a pioneer in the Finnish real estate market.

The infrastructure team, transferred to Taaleri in connection with the transaction between Aktia and Taaleri, launched its first fund in the second quarter.

Bioindustry

During 2021, Taaleri launched its bioindustry business and put together a technically oriented and capable investment team.

At the end of the year, Taaleri Bioindustry launched the Taaleri Bioindustry I Fund, the first private equity fund in Europe to focus purely on bioindustry projects. It is also one of Finland's first private equity funds to be classified as dark green, i.e. funds compliant with Article 9 of the EU's Sustainable Finance Disclosure Regulation. The fund only makes sustainable investments in projects that, for example, contribute substantially to climate change mitigation. The fund invests in industrial-scale production facilities that can accelerate the scaling of bioindustry production. Products can be, for example, bio- and recycled fibres, organic fertilisers, functional biomaterials and recycled materials to replace virgin products.

In addition to the private equity fund, the bioindustry business has two large investment and development projects in which we have invested both ourselves and together with investors. One is Fintoil Oy, which is building a tall oil biorefinery in Hamina scheduled to start in 2022. The second is Joensuu Biocoal Oy, which is building a torrefied biomass production plant to be completed in Joensuu in 2023. A number of Finnish family-owned investment companies have also invested in the project.

Strategic Investments segment

Garantia Insurance Company

In line with its strategy, Garantia continued to modernize collateral practices, providing customers easy and cost-effective guaranty solutions. The company made its best full-year result in its history with an operating profit of EUR 22.0 million. Both net income from guaranty insurance operations and earned premiums increased by about 20 percent compared to the previous year. The combined ratio describing the profitability of insurance operations was 34.8 percent, while claims incurred remained low. Garantia's net income from investment operations more than quadrupled to EUR 10.3 million.

In October 2021, the international credit rating agency Standard & Poor's confirmed Garantia's rating as A- with a stable outlook, which demonstrates the reliability and strong solvency of Garantia.

Personnel

Attention to wellbeing at work

Taaleri employees as a whole were doing well during the second year of the pandemic, but support was needed for stress reduction and recovery. Wellness coaching and a flexible hybrid work model aim to help personnel to balance work and recovery.

As an expert organisation, Taaleri is as competent and skilled as its employees. One of the pillars of our strategy implementation is our deep end-to-end expertise in developing, building, managing and exiting investments. That is why it is critical for us to recruit people who are right for us, to keep them at Taaleri and to give them the opportunity to improve themselves.

A challenging year

The year 2021 was a challenging one for Taaleri employees. In addition to the continuing COVID-19 pandemic, the year was marked by the sale of the wealth management operations to Aktia. The tasks related to the sale and changes in the reshaped company caused a lot of work, especially during the spring and summer.

In the summer, we commissioned an extensive wellbeing survey for our staff. The results revealed that our strengths include work capacity, life management, health and a sense of capability. However, there were challenges in time management, recovery and sleep. Based on the results, some of employees were offered the opportunity to seek solutions to the situation together with occupational health care.

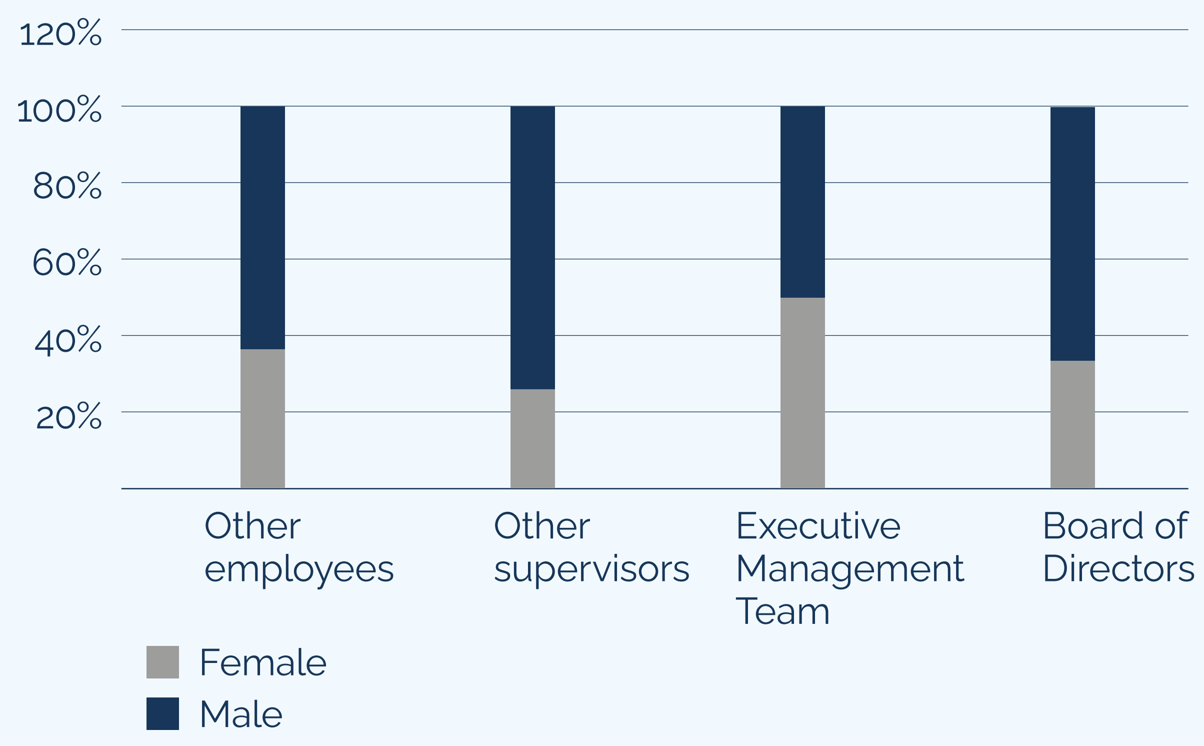
Focus on wellbeing at work

In the autumn, we started group-wide wellness coaching, the purpose of which is to provide tools for improving wellbeing both in personal life and in the organisation. The coaching included online coaching for all staff, customised coaching for supervisors, and group coaching for management. The coaching will continue in 2022.

We decided to start monitoring the development of wellbeing at work with a Pulssi survey conducted four times a year. The first one was in November 2021, and on the basis of it, the staff's ability to work was good overall and they considered work very meaningful, but the mental strain of the work emerged as a challenge.

Employee categories and Board of Directors by age group

Employee categories and Board of Directors by gender



Introducing a hybrid work model

During the year, we closely monitored the Government's COVID-19 guidelines and updated our own guidelines based on them. Our goal was to ensure that everyone was able to work safely even if the employee wanted to work in the office. We succeeded in this because, according to our information, no COVID-19 infections occurred in our office, and there were only two occasions of exposures.

In the autumn, when the pandemic seemed to be receding, we released our new hybrid work model. According to the model, Taaleri employees work primarily at the office, but can also work remotely. With hybrid work, we want to help employees balance their work and personal lives so that the burden is reduced.

Creating a new culture

After the sale of wealth management operations, Taaleri is a very different company than it was previously. That's why we launched a corporate culture project in the fall to map out our current culture and define our target culture and values. In the definition of contemporary culture, an online survey was conducted for all personnel and most of the personnel were interviewed either in group interviews or individually. Once the target culture and values are defined in early 2022, they will be brought into our day-to-day doing as defined in the project.

An attractive employer

Taaleri is an attractive employer, which shows when recruiting new colleagues. In 2021, there were 20–60 applicants for each open position, allowing us to choose the most suitable candidate. We did not use headhunting services for these recruitments but, if necessary, we may use them to support the process.

Remuneration supports strategy implementation

Our remuneration primarily comprises a fixed total salary and variable short- 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.

During the year, we prepared new remuneration policies that include sustainability and ESG objectives. Our aim is to include a concrete goal related to sustainability and ESG in the short-term goals of each employee as early as in 2022.

The aim of increasing training

Taaleri staff complete the regulatory online training as soon as they are recruited, and thereafter on an annual basis, which is supervised. In addition, each business determines its team's training needs annually and implements them. In the future, the aim is to increase the training offering, for example, to support supervisory and sustainability work.

Management

Board of Directors

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

Chairperson of the Board of Directors, member of the Board since 2019
Independent of major shareholders of the company
Shares in Taaleri Plc on 31 December 2021: 1,793,690 pcs

Juha Laaksonen
b. 1952
BA

Deputy Chairperson of the Board, member of the Board since 2013
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2021: 0 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 2021: 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 2021: 4,000 pcs

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

Member of the Board since 2016
Independent of the company and its major shareholders
Shares in Taaleri Plc on 31 December 2021: 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 2021: 7,782 pcs

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

Management

Executive Management Team

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

CEO
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2021: 10,054 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 2021: 45,554 pcs

Janne Koikkalainen
b. 1971
LL.M.

General Counsel
Employed by Taaleri since 2007
Shares in Taaleri Plc on 31 December 2021: 5,006 pcs

Siri Markula
b. 1972
M.Soc.Sc.

Head of Communications and IR
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2021: 0 pcs

Kai Rintala
b. 1975
PhD Construction Management

Director, Renewable Energy
Employed by Taaleri since 2016
Shares in Taaleri Plc on 31 December 2021: 0 pcs

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

Director, Bioindustry
Employed by Taaleri since 2021
Shares in Taaleri Plc on 31 December 2021: 5 pcs

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

CFO
Employed by Taaleri since 2013
Shares in Taaleri Plc on 31 December 2021: 23,313 pcs

Essi Sten
b. 1973
LL.M., eMBA

Director, Real Estate
Employed by Taaleri since 2020
Shares in Taaleri Plc on 31 December 2021: 0 pcs

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

Sustainability management

New strategy also renewed sustainability work

Our new strategy and the increased need for integrated sustainability management and comprehensive reporting guided our development work in 2021. The implementation of EU-level regulation on financial sector sustainability and sustainable development is particularly topical for us. More information on this topic can be found in our first published GRI content index on pages 23–29.

Our sustainability themes guide our sustainability work and its management. The definition of our sustainability themes prepared in 2021 takes into account the environmental and social impacts of our operations, the related economic impacts and the expectations of our stakeholders.

Our key sustainability themes are:

- A positive impact on the environment and society – long-term value creation
- Responsibility through operations and functions – a front-runner in ESG
- Attractiveness and engaging experts
- Responsible partnerships

Of the UN Sustainable Development Goals, we promote the following goals in particular: 7: Affordable and clean energy, and 9: Industry, innovation and infrastructure.

The refinement of our sustainability themes into material topics is described in 'Disclosure 3-1' and 'Disclosure 3-2' of the GRI content index of this annual report. This is the first time we have reported in accordance with the international GRI (Global Reporting Initiative) standards for sustainability reporting, and we have sought to take into account its guidelines for reporting and determining material topics so that the 'in accordance' level is met.

Ensuring timeliness and increasing accuracy on material topics and their impacts is also relevant in 2022 as we further develop our way of working and respond to evolving obligations in legislation and frameworks.

We committed to the NZAM initiative in our climate work

Compliance linked to strategy

From the point of view of compliance and pioneering, the implementation of EU-level regulation is particularly topical for Taaleri. For example, we are actively monitoring the development of obligations and guidelines related to the EU's Sustainable Finance Strategy and regulatory components for sustainable finance and sustainability reporting, in particular from the perspective of alternative fund managers and insurance companies.

In 2021, we updated Group, business and product-level documents in accordance with the regulations that came into force. For example, we introduced and published Taaleri Plc's Sustainability Policy and Sustainability Risk Policy, as well as Taaleri Private Equity Funds Ltd's Responsible Investment Policy and the updated Taaleri Energia ESG Policy. We supplemented these obligations in several business and product-specific materials. For example, for funds classified as sustainable investments (Article 9) or as products that promote environmental or social characteristics (Article 8) under the EU's Sustainable Finance Disclosure Regulation, we provided information to investors using the taxonomy classification system. We will continue to specify and publish sustainability information for all our products and investments.

We see the increase in the expectations of the authorities and other stakeholders as supporting our strategy to put sustainable development and renewable energy at the heart of our operations.

Taaleri's commitment to the Net Zero Asset Managers (NZAM) initiative was published in connection with the UN Climate Change Conference (COP26) in November 2021. Established in 2020, NZAM comprised 220 organisations by the end of 2021 and represents approximately 60% of the world's assets under management (AuM).

Taaleri's commitment applies to the entire assets under management in our Private Asset Management segment. We believe that by focusing on renewable energy and other sustainable alternative investments, we will be able to achieve our net zero emissions target well ahead of the commitment deadline in 2050.

In accordance with the NZAM guidelines, we will continue to publish information about the milestone we have set and our progress, as well as the actions we have taken together with investor networks, other companies and our customers to achieve net zero emissions and manage climate risks. We link the work we do in our private equity funds to the broader climate and sustainability work at Taaleri.

For Taaleri, climate risk and opportunity management is important in terms of predictability of business operations, providing high-quality investments and social impact. In our analysis and disclosure of these, we will make greater use of general frameworks, such as the EU taxonomy criteria focusing on social impacts and objectives and the TCFD (Task Force on Climate-Related Financial Disclosures) framework promoting the consideration of the economic perspective.

Development through cooperation and sharing of responsibilities

Sustainability guides the entire operations of Taaleri, its personnel and administration, as outlined in our Sustainability Policy and illustrated on right.

Sustainability topics on the agenda of the Executive Management Team and/or the Board of Directors in 2021 included defining a sustainability roadmap and targets in accordance with our new strategy and linking it to remuneration, ensuring compliance and resourcing, developing policies and guidelines, introducing a new whistleblowing channel and several issues related to the wellbeing, values, commitment and development of our personnel.

The current focus of our sustainability work is to continue implementing the Sustainability Policy approved in 2021 through, for example, training, support and analysis. To ensure the implementation of our new commitments, in particular, in 2022 we will deepen, for example, our work on climate change and human rights, which will include further analysis of the funds' greenhouse gas emission profiles and climate risks, as well as human rights impact assessments. We actively explore how we can better manage and report on different emerging ESG themes.

During the past year, we cooperated with several external parties. We participated in the Sustainable Finance Working Group and events of the Finnish Venture Capital Association. In addition, we made an appearance at a FIBS network event and prepared a podcast series to be published in 2022 together with partners. We utilised external experts, for example, to provide support for the implementation of new legislation, to identify material issues and to model the impact and societal relevance of our operations.

As a signatory of the UN Principles for Responsible Investment (UNPRI), we reported again within the framework. Exceptionally, for reasons not attributable to Taaleri, the UNPRI results for 2021 will not be published until summer 2022, and the reporting round for 2022 will be skipped. Taaleri's previous UNPRI report for 2020 is available on our website. In the future, the UNPRI modules we report on will differ from the previous reporting rounds, as the focus of our operations has been updated due to the transaction. In the UNPRI results for 2020, we received the highest possible A+ rating in the Strategy & Governance and Infrastructure modules. These modules will continue to be relevant to Taaleri.

Sustainability management roles and responsibilities in Taaleri Group and related administrative structures.

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.

The boards of directors of the businesses and investment targets also have obligations and roles that guide sustainability work.

Executive management

In Taaleri Plc's Executive Management Team, the Head of Communications and IR is responsible for sustainability at the Group level and reports to the CEO.

Business directors ensure that internal and external obligations are met in respect of their own business.

Committees and specialists

The ESG Committee of Taaleri Plc is responsible for Taaleri's sustainability planning, implementation, responsibility assignment and for promoting the flow of information. During 2021, the ESG Committee consisted of 17 specialists and managers from the Group's various functions and was chaired by Taaleri Plc's ESG Manager and the Head of Communications and IR.

Investment committees, for example, also have business-specific 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.

Personnel figures

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

- The figures cover year 2021: Due to a significant transaction we made in 2021, we do not report data from previous years. We will continue to collect data so that we can report comparable time series in the future.
- The figures include persons employed by Taaleri's continuing operations: The figures do not include employees in the wealth management business Taaleri sold on 30 April 2021. This is in line with our general approach to sustainability reporting (GRI Disclosure 2-2).
- Gender breakdown (Female / Male): Based on personal identification number. We will continue to explore legal and technical possibilities to collect data and also report GRI's 'other reported / unreported' category.
- Regional breakdown (Helsinki / Other): Helsinki has our headquarters and the largest number of employees.
- Age distribution (<30 years / 30-50 years /> 50 years): Based on GRI's guidelines.
- Possible omissions compared to the GRI's requirements are presented in the GRI Content Index of this annual report.

Employees by gender, headcount (Disclosure 2-7) *

31 December 2021	Female	Male	Total
Number of employees	45	76	121
Number of permanent employees	42	73	115
Number of temporary employees	3	3	6
Number of non-guaranteed hours employees	1	3	4
Number of full-time employees	39	70	109
Number of part-time employees	6	6	12

Employees by region, headcount (Disclosure 2-7) *

31 December 2021	Helsinki	Other	Total
Number of employees	102	19	121
Number of permanent employees	96	19	115
Number of temporary employees	6	0	6
Number of non-guaranteed hours employees	4	0	4
Number of full-time employees	92	17	109
Number of part-time employees	10	2	12

* Full-time equivalent (FTE) number of employees is for female 43 and male 75, and in Helsinki 100 and other regions 18.

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

2021	Female	Male	Total
New employee hires	10	23	33
Employee turnover	6	9	15

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

2021	Helsinki	Other	Total
New employee hires	31	2	33
Employee turnover	15	0	15

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

2021	< 30 years	30-50 years	> 50 years	Total
New employee hires	12	16	5	33
Employee turnover	9	3	3	15

Parental leave by gender (Disclosure 401-3)

2021	Female	Male	Total
Employees that took maternity/paternity/parental leave	4	7	11

* New employee hires: Includes two (2) temporary summer employees and one (1) temporary CEO.
Employee turnover: Includes two (2) temporary summer employees and one (1) temporary CEO and two (2) employees who did not work in 2021 (non-gurantee hours agreement made before 2021).

Percentage of employees per employee category by gender (Disclosure 405-1)

31 December 2021	Female	Male	Total
Board of Directors	33%	67%	100%
Executive Management Team	50%	50%	100%
Other supervisors	26%	74%	100%
Other employees	37%	63%	100%

Percentage of employees per employee category by age group (Disclosure 405-1)

31 December 2021	< 30 years	30-50 years	> 50 years	Total
Board of Directors	0%	33%	67%	100%
Executive Management Team	0%	75%	25%	100%
Other supervisors	0%	74%	26%	100%
Other employees	24.5%	63.8%	11.7%	100%

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

2021	Total
Executive Management Team	0.89
Other supervisors	0.66
Other employees	0.84

** The figures do not take into account salary information that is not reported to the Finnish income register or the severance pay of the CEO.

GRI Content Index

Statement of use	Taaleri Plc has reported in accordance with the GRI Standards for the period 1 January - 31 December 2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Note: There are currently no applicable GRI sector standards available for Taaleri.

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
General disclosures						
GRI 2: General Disclosures 2021	Disclosure 2-1 Organizational details	Taaleri Plc Annual report 2021, Financial statements: Notes to the consolidated financial statements 31 December 2021 (1. Corporate Information)				
	Disclosure 2-2 Entities included in the organization's sustainability reporting	Sustainability reporting comprises Taaleri's continuing operations and thus the wealth management operations presented as discontinued operations are excluded from the sustainability reporting. This follows the logic presented in the financial statements. The wealth management operations are not presented in sustainability reporting due to materiality and availability of information. On April 30, 2021, Taaleri completed the sale of the wealth management operations to Aktia. Taaleri Plc Annual report 2021, Financial Statements: Segment Information; Notes to the consolidated financial statements 31 December 2021 (1. Corporate Information)				
	Disclosure 2-3 Reporting period, frequency and contact point	Similarly to the consolidated financial statements, the sustainability report has been prepared for a period of 12 months from 1 January to 31 December 2021, with the publication date being 15 March 2022. For more information on the sustainability report, please contact Karoliina Laine, Sustainability/ESG Manager, and Siri Markula, Head of Communications and IR (e-mail: firstname.lastname@taaleri.com).				
	Disclosure 2-4 Restatements of information	N/A - no restatements of information from previous reporting periods.				
	Disclosure 2-5 External assurance	N/A - the sustainability reporting, referred to in this GRI Content Index, has not been externally assured. Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 8 our general statement regarding assurance)				
	Disclosure 2-6 Activities, value chain and other business relationships	Taaleri Plc Annual report 2021, Financial statements: Notes to the consolidated financial statements 31 December 2021 (1. Corporate Information) Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 3, 10, 13) Taaleri webpage sections: Taaleri Energia; Taaleri Real Estate; Taaleri BioTaaleri Bioindustry; Taaleri Kapitaali; Garantia				
	Disclosure 2-7 Employees	Taaleri Plc Annual report 2021, Administration and management: Personnel figures				
	Disclosure 2-8 Workers who are not employees	N/A - we have not recognized using such labor.				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
	Disclosure 2-9 Governance structure and composition	Taaleri webpage sections: Board of Directors and Committees Document Archive on Taaleri's webpage: Taaleri Plc Corporate governance statement 2020 (p. 4-11) Taaleri Plc Sustainability Policy 2021 (p. 7-8); Taaleri Plc Annual report 2021, Administration and management: Sustainability management; Management (Board of Directors; Executive Management Team)				
	Disclosure 2-10 Nomination and selection of the highest governance body	Taaleri webpage sections: Board of Directors and Committees Document Archive on Taaleri's webpage: Taaleri Plc Corporate governance statement 2020 (p. 3-7, 9) Taaleri Plc Annual report 2021, Administration and management: Management (Board; Executive Management Team)				
	Disclosure 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 statement 2020 (p. 3-4)				
	Disclosure 2-12 Role of the highest governance body in overseeing the management of impacts	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 1, 6-8, 15-16); Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2021 (p. 1, 5); Taaleri Plc Corporate governance statement 2020 (p. 5-6, 10); Taaleri Energia ESG Policy 2021 (p. 4, 7); Taaleri Bioindustry Code of Conduct 2022 (p. 1, 4); Taaleri Bioindustry ESG Principles 2022 (p. 1, 4); Taaleri Private Equity Funds Ltd Responsible investment policy 2021 (p. 3, 5) Taaleri webpage sections: Board of Directors and Committees				
	Disclosure 2-13 Delegation of responsibility for managing impacts	See locations mentioned above in Disclosure 2-12, especially: Taaleri Plc Annual report 2021, Administration and management: Sustainability management (Sustainability management roles and responsibilities in Taaleri Group and related administrative structures) Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 7-8)				
	Disclosure 2-14 Role of the highest governance body in sustainability reporting	The Report of the Board of Directors includes sections Sustainability and A statement of non-financial information. In addition, the Board has reviewed and approved the sustainability themes as part of the approval of the Sustainability Policy. In general, The Executive Management Team is responsible for reporting.				
	Disclosure 2-15 Conflicts of interest	Document Archive on Taaleri's webpage: Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Policy 2021 (p. 14-15); Taaleri Energia Code of Conduct 2019 (p. 4-5); Taaleri Bioindustry Code of Conduct 2022 (p. 6-7); Taaleri Plc Corporate governance statement 2020 (p. 4-5, 7, 10-11)				
	Disclosure 2-16 Communication of critical concerns	Critical concerns are communicated to the management and the board in accordance with the processes described in the information linked below. In 2021, no such cases were dealt with. Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 7-8); Taaleri Plc Code of Conduct: Taaleri Plc Corporate governance statement 2020 Taaleri webpage sections: Whistle blowing (a new channel to be introduced in H1/2022)				
	Disclosure 2-17 Collective knowledge of the highest governance body	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Corporate governance statement 2020 (p. 6-7, 15)				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
	Disclosure 2-18 Evaluation of the performance of the highest governance body	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 7-9); Taaleri Plc Corporate governance statement 2020 (p. 6-8, 13-14) Taaleri webpage sections: Remuneration Taaleri Plc Annual report 2021, Administration and management: Personnel				
	Disclosure 2-19 Remuneration policies	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 8); Taaleri Plc Corporate governance statement 2020 (p. 6, 8-9) Taaleri webpage sections: Remuneration Taaleri Plc Annual report 2021, Administration and management: Personnel				
	Disclosure 2-20 Process to determine remuneration	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 8); Taaleri Plc Corporate governance statement 2020 (p. 6, 8-9) Taaleri webpage sections: Remuneration General meetings Taaleri Plc Annual report 2021, Administration and management: Personnel				
	Disclosure 2-21 Annual total compensation ratio	Contextual information is available in the disclosures above and on the right.	a-b	Information unavailable/ incomplete	Due to the transaction and the change of the CEO, and to ensure comparability, we do not report the ratio of the annual total compensation for the organization's highest-paid individual to the median annual total compensation for all other employees, or the ratio of the percentage increase of these figures compared to the previous year. Background information on these figures will be published in our remuneration report and we intend to report on the matter in accordance with the GRI in the future.	
	Disclosure 2-22 Statement on sustainable development strategy	Taaleri Plc Annual report 2021, Taaleri in 2021: CEO review Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 1, 3, 16)				
	Disclosure 2-23 Policy commitments	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 1, 4-5, 7-8, 16); Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2021; Taaleri Energia Code of Conduct 2019; Taaleri Bioindustry Code of Conduct 2022; Taaleri Energia ESG Policy 2021; Taaleri Bioindustry ESG Principles 2022; Taaleri Private Equity Funds Ltd Responsible investment policy 2021				
	Disclosure 2-24 Embedding policy commitments	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 6-8, 11-14); Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2021 (p. 3, 5); Taaleri Energia Code of Conduct 2019 (p. 3, 5); Taaleri Bioindustry Code of Conduct 2022 (p. 3-4); Taaleri Energia ESG Policy 2021 (p. 3-7); Taaleri Bioindustry ESG Principles 2022 (p. 3-4); Taaleri Private Equity Funds Ltd Responsible investment policy 2021 (p. 2-4)				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
	Disclosure 2-25 Processes to remediate negative impacts	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 8, 12); Taaleri Plc Code of Conduct; Taaleri Plc Sustainability Risk Policy 2021 (p. 3, 5); Taaleri Energia Code of Conduct 2019 (p. 3-6); Taaleri Bioindustry Code of Conduct 2022 (p. 4, 5, 8); Taaleri Energia ESG Policy 2021 (p. 5-6); Taaleri Bioindustry ESG Principles 2022 (p. 3, 5, 7, 9); Taaleri Private Equity Funds Ltd Responsible investment policy 2021 (p. 2-4) Taaleri Plc Annual report 2021, Board of Directors' report: A statement of non-financial information Taaleri webpage sections: Whistle blowing (a new channel to be introduced in H1/2022)				
	Disclosure 2-26 Mechanisms for seeking advice and raising concerns	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 7-8); Taaleri Plc Code of Conduct Taaleri Plc Annual report 2021, Board of Directors' report: A statement of non-financial information Taaleri webpage sections: Whistle blowing (a new channel to be introduced in H1/2022)				
	Disclosure 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.				
	Disclosure 2-28 Membership associations	Taaleri webpage sections: Memberships and Commitments Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 5)				
	Disclosure 2-29 Approach to stakeholder engagement	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 4-7) Taaleri Plc Code of Conduct Taaleri webpage sections: Whistle blowing (a new channel to be introduced in H1/2022)				
	Disclosure 2-30 Collective bargaining agreements	19,8% the Group's employees are covered by collective bargaining agreements. The collective agreements mainly cover Garantia's employees. For all Group employees (including those not covered by collective bargaining agreements), the terms and conditions of employment, such as working hours and salary and working conditions, are determined in the agreements in accordance with the Finnish law.				
Material topics						
GRI 3: Material Topics 2021	Disclosure 3-1 Process to determine material topics	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Policy 2021 (p. 3); Taaleri Plc Sustainability Risk Policy 2021				
	Disclosure 3-2 List of material topics	The four sustainability themes we identified in 2021 and material topics included in these are presented in this table below. Note: The material topics are represented through the reported GRI and Taaleri's own topic disclosures/indicators in the sections corresponding to the sustainability themes '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'. These differ from the previous year due to the development of reporting and the transaction as well as the renewed strategy. Background information above in section 'Disclosure 3-1' (Sustainability Policy p. 3; Sustainability management).				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
Positive impact on the environment and society – longterm value creation						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Risk Policy 2021 (p. 3-5); Taaleri Plc Sustainability Policy 2021 (p. 4, 6, 10-14); Taaleri Energia ESG Policy 2021 (p. 3, 5-7); Taaleri Bioindustry ESG Principles 2022 (p. 5-9); Taaleri Private Equity Funds Ltd Responsible investment policy 2021 (p. 3-4) Taaleri Plc Annual report 2021, Administration and management & Business with an impact: Sustainability management & Contributing to the strategy				
The EU SFDR (2019/2088) ja taxonomy (2020/852) regulations / Taaleri: Contribution to the EU's objectives and product classification	Products in the Private Asset Management segment which have been classified as sustainable investment (Article 9) and promoting environmental or social characteristics (Article 8)	In 2021, we launched one new Article 9 fund (Taaleri Bioindustry I) and two Article 8 funds (Taaleri Housing Fund VIII, Taaleri Infra I). In addition, we classified all of our renewable energy funds as Article 9. We also continued classifying our other funds, and disclosed their current status to the investors. Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy; Sustainability management).	Publishing classifications of all funds	Information unavailable/ incomplete	Information has not been published for all closed funds that are no longer accpeting new investments. This is planned to be done in 2022.	
Net Zero Asset Managers (NZAM) initiative / Taaleri: Contribution to the Net Zero initiative and emissions of the core business	Share of assets under management (AuM) in the Private Asset Management segment which have zero emissions (acknowledging scope 1 and scope 2 greenhouse gas emissions and scope 3 greenhouse gas emissions as material)	Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy; Sustainability management). Note: According to the NZAM, the interim target should be set for 2030 at the latest, clarifying the steps to achieve net zero emissions by 2050. The interim target should take into account the conditions set by the Intergovernmental Panel on Climate Change (IPCC) to stay within 1.5 ˚ C warming - meaning being in line with the global target of 50% reduction in CO2 emissions by 2030. The target must take into account at least direct emissions of energy produced and purchased by the investment targets (scope 1 and scope 2) as well as in material respects other indirect emissions that are related to the operations more broadly (scope 3). In order to achieve this target, emissions must primarily and systematically be prevented from occurring. Reliable means of compensation can be used for so-called residual emissions to further achieving of the target.	(Numerical) indicators reflecting the baseline, current state and interim target	Information unavailable/ incomplete	(Numerical) indicators reflecting the baseline, current state and interim target have not yet been determed at the Group level for our company which renewed in 2021 due to a transaction. This is planned to be done in 2022.	
EIB Project Carbon Footprint Methodologies / Taaleri: Emission avoidance or reduction achieved through our core business	Avoidance or reduction of greenhouse gas emissions caused by our Private Asset Management segment's products	The emission reduction achieved with our renewable energy funds was 375,800 tCO2e in 2021. The cumulative realized emission reduction of these funds by 31 December 2021 was 2.1 million tCO2e. In addition, we monitor for example forecasts for the life cycle of the production facilities. The calculations are based on project-based data and are calculated using the methodology of the European Investment Bank. Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy; Sustainability management) ja Taaleri Energia websites.	Private Asset Management segment's products other than renewable energy	Information unavailable/ incomplete	The information has not been comprehensively compiled and analyzed in other business units than Taaleri Energia yet. The scope of the indicator is planned to be expanded to at least some of the other business units' investment targets in 2022.	
Taaleri: Impact development	Data on environmental and social impact (other than the avoided or reduced emissions mentioned above)	The net impact of our renewable energy portfolio in 2021 is estimated to be strongly positive (54%), consisting of project-specific estimates (36-83%). Our renewable energy funds were estimated to be strongly aligned with the UN Sustainable Development Goals (SDGs) 7, 9 and 11 (100%) as well as aligned with the goals 13 and 8 (50% and 25%). They have not been deemed to be misaligned with any of the 17 goals. (Data from Upright) The mentioned SDGs: 7. Affordable and clean energy 9. Sustainable industry, innovation and infrastructure 11. Sustainable cities and communities 13. Climate action Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy, Sustainability management).	(Numerical) indicators reflecting the current state at the Group level	Information unavailable/ incomplete	(Numerical) indicators reflecting the current state have not yet been comprehensively compiled and analyzed at the Group level for our company which renewed in 2021 due to a transaction. This and determining more accurate indicators is planned to be done in 2022.	
Responsibility through operations and functions – a frontrunner in ESG						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Risk Policy 2021 (p. 3-5); Taaleri Plc Sustainability Policy 2021 Taaleri Plc Annual report 2021, Administration and management & Business with an impact & Board of Directors' report: Sustainability management & Contributing to the strategy & A statement of non-financial information				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
Taaleri: Sustainability criteria in remuneration	Fulfillment of set indicators and obligations	In 2021, we did not identify any violations of the sustainability principles that would have resulted in denial or limiting performance bonuses/variable remuneration. Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy; Sustainability management) as well as 'Disclosure 2-19' and ' Disclosure 2-20'.	Strategic ESG targets	Information unavailable/ incomplete	From 2022 onwards, we will also set strategic ESG targets that will be taken into account in short-term remuneration (STI) throughout the Group. Information on the set indicators and their performance is planned to be published in the future.	
Taaleri: Performance in ratings	Peer-review results	In 2021, external peer reviews were conducted in particular through the PRI (Principles for Responsible Investment), the Reputation & Trust Survey, and Upright's Net Impact modeling. We will also utilize and report on other key peer reviews where possible. PRI: Taaleri received the same or higher results from the latest PRI results in 2020 compared to the median results of the benchmarks in all areas except for one (Fixed Income-SSA), which is no longer relevant for our company which renewed due to the 2021 transaction. Taaleri's evaluation report is available online: www.taaleri.com/ (note p. 3 Summary Scorecard). Reputation & Trust: Taaleri scored well in all areas of the reputation structure (responsibility, governance, financial performance, leadership, innovation, dialogue, products & services, workplace) in the Reputation & Trust survey for retail investors. Our results in the responsibility area exceed the average of all benchmark companies and were rated as excellent among the respondents who own Taaleri's shares. General information about the study is available online: t-media.fi/luottamus-maine/ Upright: The net impact profile of Taaleri Plc is available online when logging in to the website of an external service provider: inderes.fi/fi/yhtiot/taaleri. General information on the modeling is available online: uprightproject.com/. Taaleri Plc did not participate in the creation of its profile in 2021 or commissioned the work. However, Taaleri commissioned Upright to model net impact, SDG and EU metrics for certain funds at the end of 2021. The analysis of modeling and the utilization of data, for example in reporting, will be continued. The net impact of the renewable energy funds and their impact on the SDGs is estimated to be strongly positive. Background information above in the sustainability theme's section 'Disclosure 3-3' (Sustainability Policy, Sustainability management) and on row ' Taaleri: Impact development'.				
Attractiveness and engaging experts						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Risk Policy 2021 (p. 5); Taaleri Plc Sustainability Policy 2021 (p. 8); Taaleri Plc Code of Conduct Taaleri Plc Annual report 2021, Administration and management: Personnel; Sustainability management				
GRI 401: Employment 2016	Disclosure 401-1 New employee hires and employee turnover	Taaleri Plc Annual report 2021, Administration and management: Personnel figures				
	Disclosure 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	In many respects, we offer the same benefits to the part-time and fixed-term employees as to the permanent and full-time employees employed by Taaleri, regardless of their location. Such benefits include, for example, insurance and a lunch and wellbeing benefit. For those on a short fixed-term employment, we offer slightly limited benefits. We pay salary from maternity, paternity or parental leave for a certain period if the length of the employee's employment meets the criteria of our internal guidelines. We provide at least the statutory pension arrangements and parental leave as well as occupational health care for all employees.				
	Disclosure 401-3 Parental leave	Taaleri Plc Annual report 2021, Administration and management: Personnel figures	a, c-e	a. Legal prohibitions c-e. Confidentiality constraints / Information unavailable/incomplete	a. We are unable to report the numbers of employees entitled to parental leave, as we are not entitled to collect this information comprehensively (for example, due to the EU GDPR Data Protection Regulation, only cases reported by the employee come to our attention). c-e. Due to the small number of such individuals, we do not publish the information. In addition, comparable information is not available for the previous year due to the transaction.	
GRI 405: Diversity and Equal Opportunity 2016	Disclosure 405-1 Diversity of governance bodies and employees	Taaleri Plc Annual report 2021, Administration and management: Personnel figures				
	Disclosure 405-2 Ratio of basic salary and remuneration of women to men	Taaleri Plc Annual report 2021, Administration and management: Personnel figures				
GRI 406: Non-discrimination 2016	Disclosure 406-1 Incidents of discrimination and corrective actions taken	No cases or suspicions of discrimination were identified during the reporting period.				

GRI standard / other source	Disclosure	Location	Omission			GRI sector standard ref. no.
			Requirement(s) omitted	Reason	Explanation	
Responsible partnerships						
GRI 3: Material Topics 2021	Disclosure 3-3 Management of material topics	Taaleri Plc Annual report 2021, Administration and management: Sustainability management Document Archive on Taaleri's webpage: Taaleri Plc Sustainability Risk Policy 2021 (p. 3, 5); Taaleri Plc Sustainability Policy 2021 (p. 4-7); Taaleri Plc Code of Conduct; Taaleri Energia Code of Conduct 2019 (p. 5-6); Taaleri Bioindustry Code of Conduct 2022 (p. 5); Taaleri Energia ESG Policy 2021; Taaleri Bioindustry ESG Principles 2022; Taaleri Private Equity Funds Ltd Responsible investment policy 2021				
Taaleri: Partners' commitment and performance	Partners' commitment to and performance in key sustainability requirements	Background information above in the sustainability theme's section 'Disclosure 3-3'.	(Numerical) indicators reflecting the current state	Information unavailable/ incomplete	(Numerical) indicators reflecting the current state have not yet been comprehensively compiled and analyzed at the Group level for our company which renewed in 2021 due to a transaction. This and determing more accurate indicators is planned to be done in 2022.	

Note: Relevant information sources include but do not necessarily limit to the locations mentioned. We are further developing clarity of the information presented from GRI consistency perspective..

Topics in the applicable GRI Sector Standards determined as not material

Topic	Explanation
n/a (Note: There are currently no applicable GRI sector standards available for Taaleri)	
n/a	n/a

Information for investors

In 2021, Taaleri held the first Capital Markets Day in the company's history in March, after the company announced the sale of its wealth management operations and the renewal of its strategy. The aim of the event was to increase investors' understanding of the company's renewed strategy and business and of the company as an investment target.

Taaleri began reporting its results on a quarterly basis instead of semi-annually. In connection with each earnings announcement, the company organized an analyst conference as a webcast, which was open to all who were interested. In addition, Taaleri participated in investor events for both institutional and private investors in Finland.

The number of Taaleri's shareholders increased by more than a quarter during 2021 to approximately 7,700.

Analyst coverage

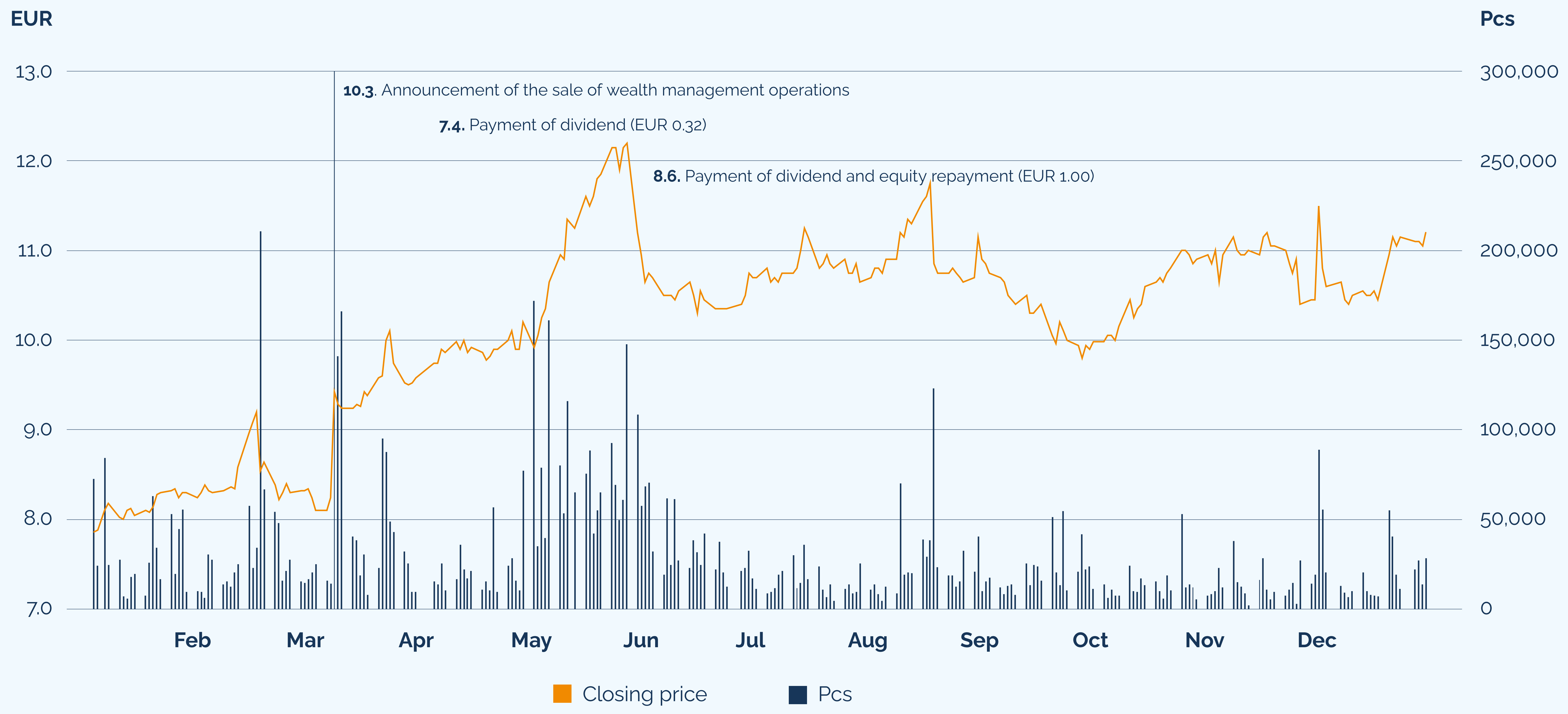
At the end of 2021, Taaleri was followed by Danske Bank, Inderes and Nordea. Analysts' reports and contact information for analysts can be found at https://www.taaleri.com/en/investors/share/share-analysis.

Taaleri's interim reports in 2022

- Interim Statement, Jan–Mar 2022, May 6, 2022
- Half-Year Financial Report, Jan–Jun 2022, August 19, 2022
- Interim Statement, Jan–Sep 2022, November 4, 2022

Taaleri's Annual General Meeting will be held on Wednesday, April 6, 2022.

Taaleri's share price development 1 January–31 December 2021



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

The Report of the Board of Directors and Financial Statements 2021

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The Report of the Board of Directors 1 January–31 December 2021

Highlights of the financial year

Taaleri had a year of great changes – Profit for the financial year EUR 136.1 million was the best in the company's history due to the sale of the wealth management operations

January–December 2021, segment reporting, continuing operations

- The income according to the segment reporting grew by 74.1% to EUR 69.7 (40.0) million, mostly due to changes in the fair value of investment operations and performance fees.
- Continuing earnings grew by 13.5% to EUR 40.7 (35.9) million. The continuing earnings of the Private Asset Management segment grew by 8.7% to EUR 20.1 (18.5) million, and the continuing earnings of the Strategic Investments segment by 20.2% to EUR 17.6 (14.6) million.
- Performance fees accumulated at record levels being EUR 11.4 (1.0) million and investment operations generated EUR 17.6 (3.2) million.
- According to segment reporting, operating profit was EUR 30.8 (12.3) million, corresponding to 44.2% (30.8) of income.
- The operating profit from discontinued operations for January-April was EUR 3.3 (January–December 2020: 8.5), including EUR 1.6 million of costs related to the sale of the wealth management operations.

January–December 2021, IFRS reporting, continuing operations

- Income from continuing operations in accordance with IFRS amounted to EUR 72.6 (34.0) million and operating profit to EUR 28.8 (9.6) million. A total of EUR 2.1 million in non-recurring expenses were attributed to the divestment of the wealth management operations.
- The operating profit of discontinued operations totalled EUR 116.1 (11.0) million, which consists of a profit of EUR 111.1 million from the sale of the wealth management operations and EUR 5.0 million of net operating profit from the wealth management operations in January–April.
- The profit for the financial year from continuing and discontinued operations was EUR 136.1 (13.0) million.
- Earnings per share were EUR 0.75 (0.11) for continuing operations, EUR 4.06 (0.35) for discontinued operations and EUR 4.81 (0.45) for the profit of the period.
- The Extraordinary General Meeting decided on 28 May 2021 to pay an additional distribution of assets of EUR 1.00 per share.
- The Board of Directors proposes a dividend of EUR 1.20 per share for 2021.

On April 30, 2021, Taaleri completed the sale of its wealth management operations to Aktia and recognized a tax-free gain of EUR 111.1 million on the transaction. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations.

Group key figures

	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Earnings key figures, continuing operations in segment reporting			
Continuing earnings, MEUR	40.7	35.9	13.5%
Income, MEUR	69.7	40.0	74.1%
Operating profit, MEUR	30.8	12.3	149.8%
Operating profit, %	44.2%	30.8%	
Profit for the period in consolidated income statement, MEUR	136.1	13.0	>100.0%
Return on equity, %	75.0%	10.0%	
Balance sheet key figures			
Equity ratio, %	72.1%	49.7%	
Other key figures, continuing operations in segment reporting			
Cost/income ratio excluding investment operations, %	77.9%	83.6%	
Cost/income ratio, %	58.3%	77.0%	
Permanent, full-time personnel in continuing operations, at the end of the period	104	92	13.0%
Assets under management in Private Asset Management segment, BEUR	2.2	1.7	34.6%
Guaranty insurance portfolio, BEUR	1.7	1.8	

There are differences in the figures in the Group's consolidated income statement and segment reporting due to the application of IFRS 5. In the consolidated income statement (p. 52), intra-group income and expenses between discontinued and continuing operations have been eliminated. In segment reporting, income and expenses between discontinued and continuing operations are presented as transactions outside the Group. The earnings figures in the explanatory section in this Report of the Board of Directors represents the Group's continuing operations according to segment reporting, unless otherwise stated. The chosen presentation will improve the comparability of segment reporting in the coming years.

Taaleri has changed the definition of operating profit as of the 2021 financial statements. The interest and other financing expenses has been moved down the income statement below the Operating profit. In Taaleri's view, the chosen presentation is more in line with market practice and after the change, the Operating profit subtotal in the income statement better reflects Taaleri's operative profit. The change in presentation has no effect on the result for the financial year. The presentation of data for the comparison period has been adjusted accordingly.

Review by CEO Peter Ramsay

Taaleri's last quarter of 2021 was very strong. The group income was EUR 29.4 million and the operating profit was 50%, as significant performance fees, strong investment income and more than 16% growth in continuing earnings boosted operating profit to EUR 14.7 million.

We can be very pleased with 2021, a year of big changes. We sold our wealth management operations to Aktia in the spring, renewed our strategy and developed our private asset management business in line with our plans. We focus on renewable energy and other alternative investments that create not only financial returns but also positive and sustainable impacts on the environment and society. The launch of the Taaleri Bioindustry I fund at the end of the year is an important step in this direction.

The income from continuing operations in 2021 grew to EUR 69.7 million and operating profit grew to EUR 30.8 million, representing 44% of income. The Group's profit for the financial period, including the profit from the sales of the wealth management operations, was EUR 136.1 million. The assets under our management grew to EUR 2.2 billion.

In the Private Asset Management segment, during the last quarter we prepared and launched new funds and promoted the projects in the funds in investment phase. In line with the nature of the private asset management business, we will make early-stage investments in the growth of the business during the current year. Income will begin to accrue once a new fund is successfully launched, and the first round of fundraising is completed.

The largest business in the Private Asset Management segment, the renewable energy business, completed four international investments in the Taaleri SolarWind II fund and the refinancing of the Taaleri Wind II and Wind III funds during the last quarter, which increased the funds' performance fee potential to an estimated EUR 20 million. In addition, Taaleri Energia raised EUR 44 million to accelerate project development and secure quality investments for future funds.

In the real estate business, the newest fund, Taaleri Housing Fund VIII, raised EUR 58 million in its first round of funding. The fund is the first to be set up jointly by Taaleri and Aktia. The fund launched its investment activities at the beginning of 2022. In addition, during the last quarter we recognized EUR 3.9 million in net performance fees from the sale of Taaleri Housing Fund VI, which was completed in the summer. It has been decided to merge the infrastructure business, which previously operated as its own business, with the real estate business as of February 2022.

As a European pioneer, the bioindustry business launched a fund, which focuses on industrial-scale bioindustry projects that promote sustainable development. Taaleri Bioindustry I was one of Finland's first private equity funds to be classified as dark green, i.e., funds compliant with Article 9 of the EU's Sustainable Finance Disclosure Regulation.

In the Strategic Investments segment, Garantia continued its very strong business and achieved its best full-year result in its history with an operating profit of EUR 22.0 million. In the last quarter, net income from guaranty insurance operations increased by 45% and the combined ratio describing the profitability of insurance operations was 39.9%, while claims incurred remained low.

2021 was the second year of the coronavirus pandemic, and we got better at living with it. I would like to warmly thank our staff for their excellent work during a challenging year, and our customers and partners for their trust and cooperation. I would also like to welcome our new shareholders to our journey - the number of our shareholders increased by 1,700, or more than a quarter, over the past year.

We at Taaleri want to be a pioneer in alternative investments focusing on sustainability. I believe that we have an excellent chance of achieving our goal with the help of all our employees, customers, and partners.

Outlook and financial targets

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

Taaleri's long-term targets include:

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

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

Operating environment and market prospects

Taaleri's operating environment developed positively during the last quarter of 2021. In the coronavirus pandemic, the omicron variant, which was much more infectious than previous variants but caused a milder form of the disease, spread worldwide. This has led to new restrictions, but the impact on Taaleri's business has been relatively limited. Uncertainty about central bank actions, the growth of geopolitical risks, and concerns about rising inflation and interest rates may cause stock markets to fluctuate.

The alternative asset classes offered by Taaleri's investment products grew in popularity in 2021, and the trend is expected to continue. The popularity of alternative investments is influenced, among other things, by low interest rates and the growth of institutional and private assets. In addition, sustainability and impact have become very important requirements for investors. Also, among other things, the EU's Sustainable Finance Disclosure Regulation is guiding both investors and financial actors towards sustainable investments.

The operating environment of renewable energy remained good during the review period. The global transition to renewable energy and a general energy price rise support the operating environment, and we expect the solar and wind power market in

The EU's Sustainable Finance Disclosure Regulation is guiding both investors and financial actors towards sustainable investments.

particular to continue to grow well. The global rise in the price of raw materials and delays in logistics chains can affect the progress of projects and development projects. However, this is expected to be a temporary phenomenon.

The attractiveness of real estate as an investment continues to be sustained by relatively low interest rates and its ability to protect against inflation. Financing for real estate investments is relatively easy to obtain. The position of residential real estate continues to be strong, although the increased supply of rental housing, especially in Greater Helsinki, has slightly depressed occupancy rates and slowed the rise in rents. Despite this, a large amount of new capital is expected to flow into housing investments also in the near future. Foreign players are expected to remain interested in the Finnish real estate market during 2022, while domestic fund managers will continue to grow their portfolios. Interest in real estate investing is also growing among private investors and savers.

In the bioindustry business, the operating environment offers significant opportunities, and the sector is attracting much investor interest, as sustainability and ESG considerations are becoming a threshold issue in investment discussions. The rise of bioindustry in the public eye and to the selection the financial sector's investment products means that competition for projects is intensifying. At the same time, new companies as potential investments have emerged in different segments of the market.

The operating environment and market situation of Garantia Insurance Company Ltd remained steady during the review period, and the housing market situation has continued its positive development. The creditworthiness of both consumers and corporate customers has remained good despite the COVID-19 pandemic, and no significant changes have occurred in the risk position of our guaranty insurance portfolio. Investment markets developed well during the period. The positive development of the housing market is expected to continue.

The sale of wealth management operations

Taaleri announced on 10 March 2021 to sell its wealth management operations to Aktia Bank Plc by the agreement signed at the same date. As part of the transaction, the companies agreed to a cooperation that supports the strategies of both companies, in which Aktia will sell Taaleri's alternative investment products to its customers. In the transaction Taaleri's wealth management operations were transferred to Aktia, including Taaleri Wealth Management Ltd, Taaleri Fund Management Company Ltd, Taaleri Tax Services Ltd and Evervest Ltd. Approximately 100 employees of Taaleri transferred to Aktia, and five employees of Aktia's real estate and infrastructure business shifted to Taaleri. Taaleri also acquired business operations for the portfolio management of Aktia's special investment fund investing in real estate as well as the Aktia Infra I Ky fund. The agreement also stipulates that Taaleri will act as the portfolio manager for Aktia's special investment funds investing in real estate in the future.

On 30 April 2021 Taaleri Plc completed the sale of its wealth management operations to Aktia. The divested business was sold at its enterprise value (excluding liabilities and cash) of EUR 120 million. Aktia paid EUR 10 million of the purchase price by directing 974,563 new Aktia shares to Taaleri, changes in fair value of which are reported in segment reporting under Strategic Investments segment. In addition, Taaleri received the net cash of the divested operations, EUR 3.7 million, and dividends paid by Taaleri Wealth Management Ltd to Taaleri Plc during the beginning of the year, totaling EUR 7.2 million. Taaleri recognized a gain of EUR 111.1 million on the sale in the second quarter of 2021. The transaction involved in January-December non-recurring expenses of EUR 2.1 million, presented in accordance with IFRS as part of continuing operations in consolidated income statement. Liabilities related to the transaction are described in more detail in the note Discontinued operations and the sale of the subsidiary.

The sale of the wealth management operations had significant effects on the strategy, regulation, administration and earnings development of the entire Taaleri Group. Taaleri renewed its strategy in the spring and will focus on private equity funds focusing on renewable energy and other alternative investments. Taaleri's regulatory framework changed significantly with the sale of the investment services business, and according to the decision issued by the Financial Supervisory Authority on 29 October 2021, Taaleri no longer forms the RaVa conglomerate. In the future, the parent company's operations will be regulated especially by the requirements of a listed company and the regulations of the Financial Supervision Authority concerning the company's licensed subsidiaries.

Financial result

Continuing earnings, income, and operating profit

Group's continuing operations in segment reporting, EUR million	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	**40.7**	**35.9**	**13.5%**
Private Asset Management	20.1	18.5	8.7%
Strategic Investments	17.6	14.6	20.2%
Other	3.0	2.7	9.4%
Income	**69.7**	**40.0**	**74.1%**
Private Asset Management	31.0	21.9	41.4%
Strategic Investments	30.3	17.2	76.4%
Other	8.4	0.9	>100.0%
Operating profit	**30.8**	**12.3**	**149.8%**
Private Asset Management	7.5	6.2	20.2%
Strategic Investments	24.4	11.9	105.0%
Other	-1.0	-5.8	n/a

The Group's share of the result of associated companies is taken into account in the segment income. Segment information is presented on pages 56–58.

January–December 2021

During the review period, the Group's income from continuing operations grew by 74.1% to EUR 69.7 (40.0) million. The continuing earnings grew by 13.5% to EUR 40.7 (35.9) million. The performance fees of continuing operations were EUR 11.4 (1.0) million and the earnings from investment operations were EUR 17.6 (3.2) million.

The Group's operating profit from continuing operations was EUR 30.8 (12.3) million, corresponding to 44.2% (30.8) of the income from continuing operations. The Group's operating expenses of continuing operations were EUR 38.9 (27.7) million, of which personnel costs amounted to EUR 19.0 (13.3) million.

In the consolidated income statement, which applies the IFRS 5 standard, the income from continuing operations totalled EUR 72.6 (34.0) million. The net income from insurance operations totalled EUR 27.9 (17.1) million, consisting of net income from guaranty insurance operations of EUR 17.6 (14.6) million and net income from investment operations of EUR 10.3 (2.5) million. The return on investment of insurance operations at fair value was 6.1% (1.8). In the consolidated income statement, the profit of continuing operations was EUR 21.2 (3.2) million, the profit of discontinued operations was EUR 114.9 (9.8) million, the profit for the period was EUR 136.1 (13.0) million and the Group's comprehensive income was EUR 135.8 (12.8) million.

Balance sheet, investments, and financing

The balance sheet structure of Taaleri Group changed significantly as a result of the divestment of the wealth management operations. During the year 2021, Taaleri's equity strengthened by EUR 96.6 million to EUR 229.7 million. Taaleri distributed a total of EUR 37.4 million to shareholders during the second quarter and reorganised its financing in May.

At the end of the financial year, the Group's cash and cash equivalents totalled EUR 53.3 (25.8) million, and Taaleri Group's balance sheet total was EUR 318.7 (267.8) million. The investments were EUR 221.5 (194.8) million, corresponding to 69.5% (72.7) of the Group's balance sheet total. The liabilities of the Group totalled EUR 89.0 (134.8) million, of which interest-bearing liabilities were EUR 14.9 (64.7) million. The bond of EUR 35.0 million due in December 2021 was redeemed on 28 May 2021, and debts to credit institutions of EUR 12.4 million were repaid in May.

Profit for the financial period attributable to owners of the parent company was EUR 136.1 (12.9) million. Equity at end of the review period was EUR 229.7 (133.1) million, with an equity ratio of 72.1% (49.7). The Group's return on equity for the period was 75.0% (10.0), in which the sale of the wealth management operations having a significant positive impact.

Business segments, continuing operations

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 57.

Private Asset Management

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

Private Asset Management, EUR million	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	20.1	18.5	8.7%
Performance fees	11.4	1.0	>100.0%
Investment operations	-0.5	2.4	n/a
Income	**31.0**	**21.9**	**41.4%**
Operating profit	**7.5**	**6.2**	**20.2%**
Allocation of financing expenses	-2.3	-2.5	-8.1%
Operating profit after the financing expenses	**5.2**	**3.7**	**38.9%**
Permanent, full-time personnel, at the end of the period	67	47	43.0%

Private Asset Management segment's investments, EUR million	31.12.2021	31.12.2020	Change, %
Investments and receivables, fair value	**34.1**	**23.6**	**44.8%**
Renewable energy	16.9	10.1	68.3%
Real estate	6.5	9.0	-27.9%
Bioindustry	6.8	4.0	68.9%
Other investments	3.9	0.5	690.0%

Group investments supporting the core business and the development of the businesses reported under 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 58.

Renewable energy

Renewable energy, EUR million	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	15.2	14.3	6.4%
Performance fees	6.2	1.0	>100.0%
Investment operations	0.6	2.1	-70.7%
Income	**22.0**	**17.4**	**26.5%**
Operating profit	**7.6**	**6.6**	**15.5%**
Allocation of financing expenses	-1.5	-1.7	-7.8%
Operating profit after the financing expenses	**6.1**	**4.9**	**23.5%**
Permanent, full-time personnel, at the end of the period	36	32	12.5%
Assets under management, EUR billion	1.2	1.1	

January–December 2021

The continuing earnings of the renewable energy business grew during the period by 6.4% to EUR 15.2 (14.3) million, and performance fees of EUR 6.2 (1.0) million were recognized. The income increased by 26.5% to EUR 22.0 (17.4) million. The operating expenses totalled EUR 14.4 (10.8) million, of which fee and commission expenses were EUR 5.0 (4.3) million and personnel costs EUR 6.1 (4.3) million. The fixed personnel costs were EUR 4.3 (3.1) million and the variable personnel costs were EUR 1.8 (1.2) million. The increase in fixed personnel costs is mainly due to the increase in the number of employees, and of the variable personnel costs, a total of EUR 0.4 million were allocated to the previous financial year. The operating expenses for the second quarter of the year also include a write-down of the advance payment of EUR 0.5 million. The operating profit for the renewable energy business was EUR 7.6 (6.6) million, corresponding to 34.5% (37.8) of income.

The Taaleri SolarWind II fund reached investment commitments of EUR 354 million in the last fundraising round that ended in June. During the financial year, the fund invested in two wind farms in Finland, a solar energy project in Spain and three wind power projects in Lithuania. The projects under construction for the Taaleri SolarWind II fund in Finland, Norway, Poland, and the United States progressed according to plan during the financial year.

During the last quarter, the renewable energy business also completed the refinancing of the Taaleri Wind II and Taaleri Wind III funds, which significantly increased the return potential of the funds, and the funds returned a significant portion of the investor's original capital invested. At the same time, Taaleri's estimate of the funds' performance fee potential under the current market conditions increased to approximately EUR 20 million, of which EUR 5.4 million of unrealized performance fee adjusted by the discount factor and based on a conservative scenario, was recognized in the 2021 financial year.

In addition, Taaleri Energia secured EUR 44 million in financing in the last quarter of the year to accelerate project development and also to secure quality investment opportunities for future funds.

Other private asset management

Other private asset management, EUR million	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	4.9	4.2	16.6%
Performance fees	5.2	0.0	>100.0%
Investment operations	-1.2	0.3	n/a
Income	**9.0**	**4.5**	**98.5%**
Operating profit	**-0.2**	**-0.4**	**60.1%**
Allocation of financing expenses	-0.7	-0.8	-8.9%
Operating profit after the financing expenses	**-0.9**	**-1.2**	**25.5%**
Permanent, full-time personnel, at the end of the period	31	15	108.0%
Assets under management, EUR billion	1.0	0.6	

January–December 2021

The continuing earnings of Taaleri's real estate, bioindustry and other businesses increased by 16.6% to EUR 4.9 (4.2) million during the financial year, and performance fees amounted to EUR 5.2 (0.0) million. The income almost doubled to EUR 9.0 (4.5) million. The operating expenses totalled EUR 9.2 (4.9) million, of which fee and commission expenses were EUR 3.9 (2.7) million and personnel costs EUR 3.7 (1.2) million. The operating profit was EUR -0.2 (-0.4) million.

The real estate business expanded to external portfolio management mandates during the financial year in connection with the wealth management operations transaction with Aktia. In July, the real estate business completed very successfully the sale of Taaleri Housing Fund VI and, in the same connection, the real estate business concluded the first international management agreement. A performance fee of EUR 5.2 million was recognized on the sale during the financial period. The real estate business continued to grow its investment-stage funds during the financial year and several new properties were acquired in three closed-end private equity funds and in the special investment fund Aktia Asunnot+. Furthermore, other closed-end private equity funds in the exit phase sold their real estate holdings. Taaleri Housing Fund VIII, the first private equity fund established jointly by Taaleri and Aktia, raised EUR 58 million in its first round of funding, which ended at the end of the financial year.

The bioindustry business was launched at the beginning of the financial year and its core team was recruited during the first half of the year. During the financial year, the bioindustry business focused on launching its first investment products and identifying investment opportunities for these products. Taaleri's investment of EUR 2.0 million in Tracegrow Ltd, made in June, will accelerate the launch of the bioindustry business by offering a potential investment for the first bioindustry fund. In addition, Taaleri's Biorefinery co-investment's investment and Taaleri's associated company Fintoil secured EUR 80 million in debt financing in June. At the end of the financial year, the bioindustry business launched its first private equity fund, Taaleri Bioindustry I, which is classified as a dark green private equity fund under Article 9 of the EU Disclosure Regulation, and started the sale of a co-investment project in Joensuu Biocoal Oy.

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.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	17.6	14.6	20.2%
Performance fees	-	-	-
Investment operations	12.7	2.5	>100.0%
Income	**30.3**	**17.2**	**76.4%**
Operating profit	**24.4**	**11.9**	**105.0%**
Allocation of financing expenses	-1.8	-1.7	2.2%
Operating profit after the financing expenses	**22.6**	**10.2**	**122.6%**
Permanent, full-time personnel, at the end of the period	22	22	0.0%

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.-31.12.2021	1.1.-31.12.2020	Change, %
Net income from guaranty insurance operations	17.6	14.6	20.2%
- of which Earned premiums, net	17.9	14.9	20.0%
- of which Claims incurred, net	-0.3	-0.3	12.5%
Net income from investment operations	10.3	2.5	>100.0%
Other income	0.0	0.0	32.7%
Revenue	**27.9**	**17.2**	**62.5%**
Operating expenses	-5.9	-5.3	11.9%
Operating profit	**22.0**	**11.9**	**85.0%**
Allocation of financing expenses	-1.8	-1.7	2.2%
Operating profit after the financing expenses	**20.2**	**10.2**	**99.1%**
Return on investments at fair value, %	-1.0	0.2	n/a
Result at fair value before tax	19.3	10.4	86.0%
Permanent, full-time personnel, at the end of the period	22	22	0.0%

Garantia [1]	31.12.2021	31.12.2020	Change, %
Claims ratio, %	1.7%	1.8%	-0.1%-p.
Expense ratio, %	33.1%	35.5%	-2.4%-p.
Combined ratio, %	34.8%	37.3%	-2.5%-p.
Return on investments at fair value, %	6.1%	1.8%	4.3%-p.

[1] The accounting principles for the claims ratio and the expense ratio have been amended, and the figures for the periods of comparison have been restated accordingly. The accounting principles for the financial ratios are presented on page 51.

Garantia	31.12.2021	31.12.2020	Change, %
Investment portfolio, fair value, MEUR	170	159	6.9%
Guaranty insurance portfolio, MEUR	1,695	1,817	-6.7%
Solvency ratio, %	219.2%	229.4%	-10.3%-p.
Credit rating (S&P)	A-	A-	-

January–December 2021

Garantia's revenue in January–December 2021 reached EUR 27.9 (17.2) million. The net income from guaranty insurance operations grew by 20.2 per cent to EUR 17.6 (14.6) million. Net income from investment operations grew to EUR 10.3 (2.5) million. The growth in net income from guaranty insurance operations was due to an increase in earned premiums. The net income from investment operations grew significantly, as in the period of comparison net income from investment was substantially depressed by the market reactions of the COVID-19 pandemic.

Operating expenses were EUR 5.9 (5.3) million, of which personnel expenses were EUR 3.7 (3.3) million. The operating profit was EUR 22.0 (11.9) million. The result at fair value before tax was EUR 19.3 (10.4) million. The combined ratio stood at 34.8 (37.3) per cent.

Insurance operations

Garantia's earned premiums grew 20.0 per cent in January-December 2021 compared to the corresponding period last year and amounted to EUR 17.9 (14.9) million. The increase in earned premiums was mainly attributable to the growth in residential mortgage guaranty operations. The growth in residential mortgage guaranty operations was significantly affected by the new distribution channel opened in the previous year, and the favourable market conditions of the housing market. Earned premiums from corporate exposure decreased as compared against the corresponding period last year, as the demand for corporate financing decreased in the review period. In addition, the demand for corporate financing was exceptionally strong in the period of comparison due to the increased uncertainty brought in by the COVID-19 pandemic.

Gross guaranty insurance exposure contracted 6.7 per cent during the financial year and amounted to EUR 1,695 (1,817) million at the end of December. The contraction in gross exposure has mainly been the result of the company's strategic decision to cease underwriting new construction sector related commercial bonds as of 1 January 2020. However, the volume of consumer exposure grew as the strategy progressed according to plan.

Claims incurred in January-December amounted to EUR 0.3 (0.3) million. Claims ratio was 1.7 (1.8) per cent, and the ratio of claims, as a percentage of the guaranty insurance exposure[2)], was 0.04 (0.03) per cent. The level of claims incurred in the review period remained low.

The expense ratio increased in January-December to 33.1 (35.5) per cent and the combined ratio stood at 34.8 (37.3) per cent.

[2)] The ratio of claims as a percentage of total guaranty insurance exposure is based on Garantia's FAS accounts. The total guaranty insurance exposure figure used is that from the end of the review period.

Investment operations

Net income from investment operations amounted to EUR 10.3 (2.5) million in the financial year, mainly consisting of interest income and fair value changes. The change in the fair value of investment assets recognized in comprehensive income before taxes was EUR -1.0 (0.2) million. Hence, investment income at fair value totalled EUR 9.3 (2.7) million, resulting in a return of 6.1 (1.8) per cent. Investment market development was favourable in the review period. In addition, the returns in the period of comparison were significantly negatively affected by the market reactions caused by the spreading of the COVID-19 pandemic. At the end of the year, the investment portfolio was valued at EUR 170 (159) million.

Risk position

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

The risk position of Garantia's insurance operations has remained stable. Of the company's gross guaranty insurance exposure of EUR 1,695 (1,817) million at the end of the financial year, EUR 1,130 (972) million, or 67 (54) per cent, was made up of consumer exposures, and EUR 565 (844), or 33 (46) per cent, of corporate exposures. The consumer exposures include residential mortgage guarantees and rent guarantees, where underwriting risk relates to the credit risk of households. The corporate exposures are made up of corporate loan guaranties, commercial bonds, and other business-related guaranties, where underwriting risk relates to the credit risk of companies and other organizations.

Regarding the risk position of the consumer exposures, the company's residential mortgage guaranty portfolio plays a central part. No significant changes concerning the risk position of the residential mortgage guaranty portfolio took place during the year. The portfolio is well diversified by counterparty, geographical location of collateral property and underwriting year. The counterparties in the residential mortgage guaranty portfolio have on average very good creditworthiness. In addition, the credit risks of the portfolio are limited by the means of an excess-of-loss portfolio reinsurance arrangement.

The share of corporate exposures with investment grade ratings of AAA…BBB- was 20.6 (15.6) per cent., and exposures rated BB- or better made up 78.4 (73.2) per cent of rated corporate exposures. The share of exposures with weak ratings of C+ or lower remained near levels seen in the previous year and stood at 3.9 (3.7) per cent. The creditworthiness of the company's corporate counterparties has remained good.

The principal industry sectors in the corporate exposure portfolio were manufacturing at 28.3 (24.7) per cent, construction at 25.6 (35.4) per cent and wholesale and retail trade at 10.4 (8.1) per cent. The shares of other industry sectors were all less than ten per cent each. 40.6 (48.8) per cent of the construction sector exposure is reinsured.

Garantia has in 2017 received information that a matter concerning a potential insurance event and a related claim has become pending in the Helsinki District Court. The amount of the claim is EUR 5 million, with added penalty interest and legal expenses. The claim concerns a pension fund, a guaranty insurance customer of Garantia, that was placed in liquidation in 2011, and subsequently declared bankrupt in 2018. The court proceedings are currently ongoing in the district court. Garantia considers the claim unfounded, and hence no provision for an outstanding claim has been booked.

The risk level of investment operations was slightly increased compared to the previous year by increasing the share of equity and private equity investments in the investment portfolio. At the end of the year, fixed income investments made up 83.2 (86.4) per cent, equity & private equity investments 15.9 (12.5) per cent and real estate investments 0.9 (1.1) per cent of the investment portfolio (incl. cash and bank balances). Fixed income investments mainly consist of investments in bonds of Nordic companies and credit institutions with strong creditworthiness. The proportion of investment grade rated fixed income investments was 73.4 (61.4) per cent of all fixed income investments. The modified duration of bond investments was 3.9 (3.5).

Credit rating

On 11 October 2021, the credit rating agency Standard & Poor's (S&P) confirmed Garantia Insurance Company Ltd.'s credit rating at A- with stable outlook[3]. Neither the credit rating nor the rating outlook changed from the previous.

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.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	-	-	-
Performance fees	-	-	-
Investment operations	2.4	-	n/a
Income	**2.4**	**-**	**n/a**
Operating profit	**2.4**	**-**	**n/a**
Operating profit after the financing expenses	**2.4**	**-**	**n/a**

April–December 2021

Taaleri's shareholding in Aktia Bank Plc was received on 30 April 2021 as part of the transaction amount as a result of the sale of the wealth management operations. The shareholding produced EUR 1.1 (0.0) million in October-December and EUR 2.4 (0.0) million in April-December of change in fair value and dividends.

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

Other

The group Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. On 31 December 2021, Taaleri's non-strategic investments totalled EUR 23.7 (30.5) million. The Group investments are presented in further detail under segment information on page 58.

Other, EUR million	1.1.-31.12.2021	1.1.-31.12.2020	Change, %
Continuing earnings	3.0	2.7	9.4%
Performance fees	-	-	-
Investment operations	5.4	-1.8	n/a
Income	**8.4**	**0.9**	**>100.0%**
Operating profit	**-1.0**	**-5.8**	**82.2%**
Operating profit after the financing expenses	**0.7**	**-4.8**	**n/a**
Permanenet, full-time personnel, at the end of the period	15	28	-47.1%

Non-strategic investments, EUR million	31.12.2021	31.12.2020	Change, %
Investments and receivables, fair value	**23.7**	**30.5**	**-22.3%**
Real estate	12.9	11.3	13.6%
Other investments	10.8	19.1	-43.5%

January–December 2021

In the period, the income of the Other group totalled EUR 8.4 (0.9) million, consisting of continuing earnings of EUR 3.0 (2.7) million and earnings from investment operations of EUR 5.4 (-1.8) million. The Other group's operating expenses were EUR 9.4 (6.7) million, of which personnel costs amounted to EUR 5.6 (4.5) million. Excluding the one-off payments related to the termination of the former CEO's contract, of EUR 1.8 million in personnel costs, Other group's personnel expenses decreased from the comparison period. External interest and finance costs were EUR 2.3 (3.2) million with the funding reorganisation. The operating profit of the Other group in the period was EUR -1.0 (-5.8) million.

In May, Taaleri prematurely redeemed its bond maturing in December and repaid its bank loan, and in June, Taaleri announced the new share incentive scheme to the Group's key personnel.

During the financial year, Taaleri reduced its holding in several non-strategic investments. During the review period, Mobify Invoices Oy, a subsidiary of Taaleri, was completely divested, which reduced the number of employees in the group by 6 persons from the beginning of June. The Group recognized a total loss of EUR 0.6 million from the divestment. Taaleri reduced its shareholdings in Inderes Plc and Betolar Plc in connection with their listings and sold its holding in Oima Oy. During the second half of the year, Taaleri recognized of these a total of EUR 6.9 million in realised capital gains and fair value gains.

Discontinued operations

The wealth management operations were sold to Aktia on 30 April 2021. Wealth management operations are assets classified as held for sale, and Taaleri reports the business as discontinued operations in accordance with IFRS 5. Wealth management operations provide wealth management services and a wide range of investment products for private individuals and corporate customers.

Discontinued operations, EUR million	**1.1.-31.12.2021**	**1.1.-31.12.2020**	**Change, %**
Wealth management fees	10.7	29.3	-63.6%
Performance fees	4.5	6.1	-27.2%
Investment operations	0.4	0.0	100.0%
Income	**15.6**	**35.5**	**-56.1%**
Operating profit of the business	**3.3**	**8.5**	**-61.2%**
Group's gain on the sale	111.1	0.0	100.0%
Operating profit the discontinued operations	**114.4**	**8.5**	**>100.0%**
Permanent, full-time personnel, at the end of the period	-	103	-100.0%

The periods presented in the table are not fully comparable with each other because the wealth management operations were consolidated in the Taaleri Group until 30 April 2021. In the table, the January-December 2021 period includes four months and the corresponding period twelve months.

January–December 2021

The income of wealth management operations classified as discontinued operations in January–April 2021 was EUR 15.6 (January–December 2020 EUR 35.5) million. The continuing earnings of wealth management were EUR 10.7 (January–December 2020 EUR 29.3) million. The performance of Taaleri's investment funds was excellent, and performance fees accrued from several funds in January–April totalled EUR 4.5 (January–December 2020 EUR 6.1) million. Operating expenses of discontinued operations in January–April totalled EUR 12.3 (January–December 2020 EUR 27.0) million, of which fee and commission expenses amounted to EUR 1.9 (January–December 2020 EUR 3.9) million and personnel costs to EUR 7.1 (January–December 2020 EUR 11.9) million. The operating expenses of discontinued operations include direct costs related to the divestment of wealth management operations in the January–April period amounting to EUR 1.6 (January–December 2020 EUR 1.6) million. The operating profit for January–April was EUR 3.3 (January–December 2020 EUR 8.5) million.

Sustainability

In the last quarter of 2021, the publication of our Net Zero Asset Managers (NZAM) commitment and the introduction of the first Group-wide sustainability policy were particularly timely in our sustainability work. The NZAM commitment applies to all assets under management in our Private Asset Management segment and supports the climate work of our entire Group. The sustainability policy applies to all Taaleri Group employees and members of management and the Board of Directors. The policy is also available to external stakeholders on our website.

We also developed fund-specific EU regulatory disclosures, business-specific sustainability principles, partnership guidance documents, project-specific operating principles, group-level sustainability reporting and strategic sustainability objectives as part of our short-term remuneration policy and promoted the introduction of a new whistleblowing reporting channel. We will publish more information on these in early 2022 in our Annual Report and on our website.

We promoted cooperation on sustainability issues, among other things, internally through regular meetings of the ESG Committee and externally through participation in the Finnish Venture Capital Association's Sustainable Finance Working Group and by presenting at an event organized by the association. Our activities aim to ensure compliance, and to improve, for example, the analysis of our investments and data collection. Taaleri's Executive Management Team, Audit Committee and Board of Directors discussed, among other things, compliance and the content of the Group's sustainability policy at their meetings.

Changes in group structure

During the financial year of 2021 Taaleri Plc sold its wealth management operations to Aktia Bank Plc. In the transaction, Taaleri Wealth Management Ltd, Taaleri Fund Management Company Ltd, Taaleri Tax Services Ltd and Evervest Ltd were transferred to Aktia. For further information, see Note 47 Discontinued Operations and the Sale of the subsidiary. In addition, Taaleri Investment Ltd sold its entire holding of 61.8 per cent in Mobify Invoices Oy.

In connection with the sale of Taaleri's wealth management operations, Taaleri Private Equity Funds Ltd acquired from Aktia Bank Plc its shares in Taaleri Infra I GP Ltd (formerly Aktia Infra Rahasto GP Ltd), a total of 80.0 per cent of the company's shares. Taaleri Plc established Taaleri Real Estate Ltd during the financial year and sold 20.0 per cent of the company to the key personnel in the real estate business. Additionally, during 2021, there were acquired and established some management - and project companies under Taaleri Private Equity Funds Ltd and Taaleri Energia Ltd. In two project companies acquired, Taaleri Energia holds 50.0 per cent and Surazo Sp.z o.o. and Domerel Nieruchomo ci Sp.z, have been consolidated into the Group as associated companies from the date of acquisition.

Changes in group management

During the financial year 2021, Taaleri supplemented its Executive Management Team to strengthen the implementation of the company's renewed strategy. As of June 17, 2021, Tero Saarno, Director of Taaleri's Bioindustry business, and Siri Markula, who is responsible for Communications, Investor Relations, Sustainability and Marketing, were appointed to the Group's Executive Management Team.

On 25 October 2021, Taaleri Plc announced that the Group's CEO Robin Lindahl had left his post and the Board of Directors has appointed Peter Ramsay, M.Sc. (Econ.), as the new CEO as of 1 December 2021. Lindahl left the company's operational management immediately. As of 25 October, Karri Haaparinne, former Deputy CEO of Taaleri and one of the founders of the company, was appointed as Taaleri's interim CEO. Ramsay has been a member of Taaleri's Board of Directors since March 2021, and he resigned from this position immediately after the appointment.

Annual general meetings 2021

Taaleri Plc's annual general meeting was held on 25 March 2021 and extraordinary general meeting on 28 May 2021 in Helsinki.

Decisions of Taaleri Plc's annual general meeting

The general meeting adopted the financial statements for the 2020 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 0.32 per share be paid based on the balance sheet adopted for the financial year ended 31 December 2020. The dividend will be paid to shareholders who on the dividend record date of 29 March 2021 are entered as shareholders in the company's shareholder register held by Euroclear Finland Ltd. The dividend was paid on 7 April 2021.

Deciding on the remuneration of members of the Board of Directors

The general meeting decided that the members of the Board of Directors be paid annual remuneration as follows:

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

The general meeting decided that the members of the audit committee will be paid a meeting-specific fee of EUR 1,000 to the chairman of the audit committee and EUR 500 to each other member of the audit committee. The annual remuneration will cover the entire term of office and committee work.

The annual general meeting decided additionally that travel, and accommodation expenses of the members are paid against invoices when the meeting of the Board of Directors and the committees takes place outside members' domicile.

Deciding on the number of members and the members of the Board of Directors
The general meeting decided that the number of the members of the Board of Directors be set as seven (7). The current members of Board of Directors, Elina Björklund, Petri Castrén, Juhani Elomaa, Juha Laaksonen, Hanna Maria Sievinen and Tuomas Syrjänen, were re-elected to the Board of Directors. Further, Peter Ramsay was elected as a new member of the Board. The members of the Board of Directors were elected for a term ending at the end 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 chairman of the Board of Directors and Juha Laaksonen as a deputy chairman.

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 Ulla Nykky, Authorised Public Accountant, continues as the auditor with principal responsibility.

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

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

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

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

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

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

The Board of Directors has the right to decide on other matters concerning the repurchase of shares. This authorisation is valid for 18 months from the date of the close of the annual general meeting. This authorisation cancels the authorisation to purchase the company's own shares issued at the general meeting of 18 May 2020.

Authorising the Board of Directors to decide on share issue
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 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 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 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 financial 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.

The authorisation is valid until the end of the next annual general meeting, however no longer than 30 June 2022.

This authorisation cancels the authorisation issued at the general meeting on 18 May 2020.

Decisions regarding the organisation of Taaleri Plc's Board of Directors
Hanna Maria Sievinen, Juhani Elomaa, Petri Castrén and Peter Ramsay were elected as members of the Board of Directors' Audit Committee. The Board of Directors elected Hanna Maria Sievinen as Chairman 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 Chairman of the Remuneration Committee.

Decisions of Taaleri Plc's extraordinary general meeting

The extraordinary general meeting decided according to the proposal of the Board of Directors that a dividend of EUR 0.40 per share be paid out and an equity repayment of EUR 0.60 per share be paid out from the reserve of invested unrestricted equity. The dividend and equity repayment were paid on June 8, 2021, to the registered shareholders in Taaleri Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 1 June 2021.

Taaleri's personnel

The continuing operations of the Group employed 104 (92) permanent full-time employees at the end of the financial year of 2021. There were 67 (47) permanent full-time employees in the Private Asset Management segment and 22 (22) in Strategic Investments segment. The permanent full-time employees in the Other group were 15 (28) at the end of the period. Of the personnel, 97 (97) per cent were employed in Finland.

During October-December, the personnel costs of the continuing operations of the Group totalled EUR 7.1 (5.0) million, of which fixed personnel costs totalled EUR 3.4 (2.8) million. Personnel costs for Taaleri Group's continuing operations in January-December were EUR 19.0 (13.3) million, of which fixed personnel expenses were EUR 12.1 (9.4) million.

Incentive schemes

Taaleri has two share-based incentive schemes for the Group's key personnel.

The 2017 share-based incentive scheme for key personnel consists of three three-year earnings periods. At the beginning of each period, the Board of Directors has decided on the earnings criteria and has set the performance targets. The potential rewards from the scheme in every earnings period are based on the total return of Taaleri Plc's share. The first earnings period expired on 31 October 2020 as worthless and the rewards paid for the second earnings period ended on 31 October 2021 corresponded to 102,790 Taaleri Plc shares, including the portion paid in cash. The rewards to be paid for the third earnings period 2019–2022 correspond to a maximum of 243,455 Taaleri Plc shares, including the portion to be paid in cash. The reward is paid partly in company shares and partly in cash. If the key employee's employment or managerial relationship ends before the reward is paid, the reward will generally not be paid. In connection with the sale of the wealth management operations, Taaleri Plc's Board of Directors decided to proportionate the shares earned through the incentive scheme to the persons belonging to the wealth management operations sold.

The 2021 share-based incentive scheme for key personnel consists of three three-year earnings periods. The Board of Directors decides on the scheme's earnings criteria and the targets to be set for each earnings period at the beginning of each earnings period. The reward of the scheme in the first earnings 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 the spring of 2024, partly in company shares and partly in cash. 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 gross rewards to be paid for the earning period 2021–2023 correspond to a maximum total value of 185,000 Taaleri Plc shares, including the portion to be paid in cash.

During the financial year, the company also had a share-based incentive scheme for the company's CEO. In the scheme, the CEO acquired the company's shares for at least EUR 200.000. The share-based incentive scheme was a one-off, five-year scheme, and the earnings period was 1 June 2019-15 June 2024. The earnings period included three measuring periods, which commenced at the beginning of the earnings period and ended on 15 September in years 2022, 2023 and 2024. Any reward earned under the scheme was be based on Taaleri Plc's total shareholder return (TSR). The reward corresponded at the establishment to the value of no more than 249.000 Taaleri Plc shares, including the part to paid in cash. On October 25, 2021, Taaleri Plc's Board of Directors decided to pay 148,006 shares to Taaleri Plc's CEO. The total payable is EUR 1 709 464.68 of which EUR 854 732.35 was paid during the financial year of 2021.

Shares and share capital

Taaleri's share on Nasdaq Helsinki

1–12/2021	No of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
TAALA	7,825,864	79,421,917	12.50	7.80	10.15	11.20

* Volume weighted average

Taaleri's share has been listed on Nasdaq Helsinki, among mid-cap companies, since 2016. The trading code is TAALA. On 31 December 2021, the company possessed 45,000 (45,000) treasury shares.

On 31 December 2021, Taaleri Plc's shareholders' equity was EUR 125,000.00 and the company had 28,350,620 registered shares.

Flaggings during January–December 2021

On 7 May 2021 Taaleri Plc received an announcement under Chapter 9, Section 5 of the Finnish Securities Market Act, according to which the total number of Taaleri Plc shares owned by Swiss Life (Luxembourg) S.A. and its funds decreased below five (5) per cent of the share capital of Taaleri Plc on 3 May 2021.

Shareholders by sector 31.12.2021

Sector	Shares	Of shares, %
Private companies	9,527,592	33.6%
Financial and insurance corporations	2,055,343	7.2%
Public sector organizations	30,837	0.1%
Non-profit institutions	14,132,839	49.9%
Households	226,317	0.8%
Nominee registrations and direct foreign shareholders	2,377,692	8.4%
Total	**28,350,620**	**100.0%**

Shareholders by the number of shares held 31.12.2021

Number of shares	Shareholders	Of shareholders, %	Shares	Of shares, %
1–100	3,415	44.4%	161,823	0.6%
101–500	2,509	32.6%	658,859	2.3%
501–1,000	749	9.7%	594,134	2.1%
1,001–5,000	627	8.1%	1,363,984	4.8%
5,001–10,000	153	2.0%	1,164,649	4.1%
10,001–50,000	186	2.4%	3,866,191	13.6%
50,001–100,000	23	0.3%	1,644,765	5.8%
100,001–500,000	25	0.3%	5,817,385	20.5%
500,001–	8	0.1%	13,078,830	46.1%
Total	**7,695**	**100.0%**	**28,350,620**	**100.0%**

Ten biggest shareholders 31.12.2021

Shareholder	Shares	Of shares, %
1. Veikko Laine Oy	3,248,582	11.5%
2. Oy Hermitage Ab	2,920,308	10.3%
3. Elomaa Juhani	1,793,690	6.3%
4. Vakuutusosakeyhtiö Henki-Fennia	1,525,155	5.4%
5. Haaparinne Karri	1,453,223	5.1%
6. Swiss Life Luxembourg S.A.	890,394	3.1%
7. Mathur Ranjit	513,000	1.8%
8. Lampinen Petri	496,000	1.8%
9. AC Invest Five B.V.	464,792	1.6%
10. Lehto Vesa	330,000	1.2%
Total	**13,635,144**	**48.1%**
Nominee registrations	**939,815**	**3.3%**

Shares owned by the Board of Directors 31.12.2021

The shareholdings include organizations with controlling interests.

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

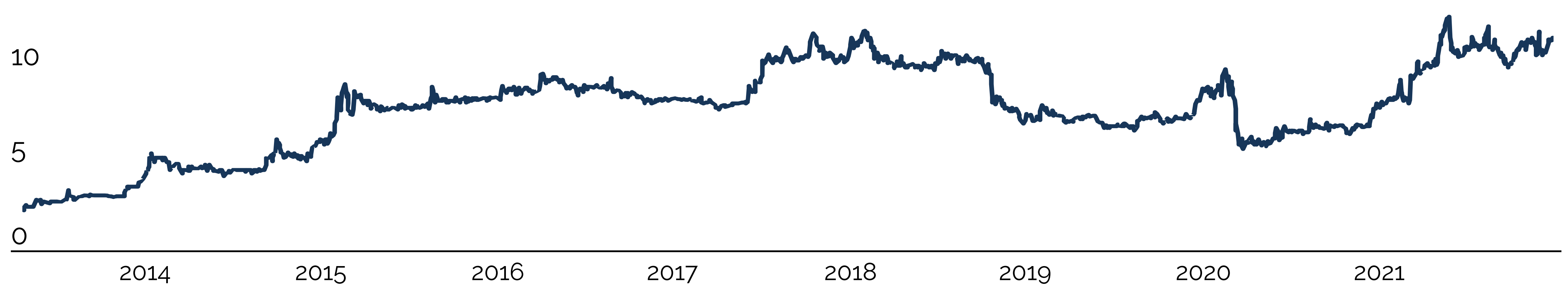
Shares owned by the Group Executive Management Team 31.12.2021

The shareholdings include organizations with controlling interests.

Shareholder		Shares	Of shares and voting rights. %
CEO. Garantia Insurance Company Ltd	Titta Elomaa	45,554	0.2%
CFO	Minna Smedsten	23,313	0.1%
Group CEO	Peter Ramsay	10,054	0.0%
General Counsel	Janne Koikkalainen	5,006	0.0%
Director. Bioindustry	Tero Saarno	5	0.0%
Total		**83,932**	**0.3%**

Share price development

The chart represents the price development of Taaleri's share since listing from April 20, 2013, to December 31, 2021.



Capital adequacy

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

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

Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency decreased slightly from the previous year. The company's basic own funds amounted to EUR 117.0 (114.1) million at the end of December. Solvency capital requirement was EUR 53.4 (49.7) million. The solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 219.2 (229.4) per cent.

Basic own funds grew due to accumulated profits and the increases in the fair values of investment assets. Basic own funds include the foreseeable dividend distribution as a deduction, the amount of which increased when compared against the previous year.

Most of the growth in the solvency capital requirement was attributable to the increased capital requirement for market risks. The capital requirement for market risks was especially augmented by the increased market value of the investment portfolio of the company, and increased equity and foreign exchange risks. The growth in the solvency capital requirement was on the other hand restricted by a decrease in the capital add-on and increases of diversification benefits and loss absorbing capacity.

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

Risk management and risk position

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

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

Taaleri Group's risks are divided into five main categories: strategic and business risk, credit risk, liquidity risk, market risk and operational risk (including compliance risk). The principles of Taaleri's risk and capital adequacy management are described in note 39 to the financial statements.

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

Segment-specific risks

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

Private Asset Management segment

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

The main risks of Taaleri's private equity fund operations consist mainly of operational risks 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 fee and the success of own investment projects. On the other hand, private equity fund management fees are based on long-term contracts that bring in a steady cash flow.

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

Strategic Investments segment

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

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

Other group

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

Short term risks and concerns

The coronavirus pandemic will continue to cause uncertainty in 2022, with the more infectious but less severe variant spreading globally. The economic response to the pandemic has contributed to a significant degree of uncertainty about the development of capital markets and the economy. Uncertainty about central bank actions, the growth of geopolitical risks, and concerns about rising inflation and interest rates may cause stock markets to fluctuate. However, the global economy should continue to grow as the lockdown measures caused by the pandemic ease. The most significant external uncertainties affecting the Group's operating profit are changes in the operating and regulatory environment and the development of the global and especially the Finnish economy.

Taaleri's operating environment developed positively during the last quarter of 2021. In the coronavirus pandemic, the omicron variant, which was much more infectious than previous variants but caused a milder form of the disease, spread worldwide. This has led to new restrictions, but the impact on Taaleri's business has been relatively limited. Uncertainty about central bank actions and concerns about rising inflation and interest rates have caused fluctuations in stock markets.

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 and the success of the cooperation with Aktia. Profit development is also influenced by the realization 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 38.

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

Taaleri's risks and risk management are described in more detail in note 39 to the financial statements.

A 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 renewable energy, real estate, bioindustry and other businesses. The Garantia Insurance Company, part of Taaleri's Strategic Investments segment, has investment activities, and we also invest Taaleri's own assets.

Handling Taaleri's sustainability issues include environmental, social, and employee-related matters, respect for human rights and anti-corruption and bribery matters. We also define other or more specific relevant sustainability themes for our operations. In this definition, we take into account the environmental and social impact of our activities, the related economic impacts and the expectations of stakeholders. Depending on the business areas and products, the focus of our key sustainability issues and policies for managing them varies.

We publish information on the sustainability themes that are material to our business, including the risks, opportunities, key performance indicators and policies, and the results of their implementation, for example in the form of our policies, principles, and Annual Report. These include the Code of Conduct, Sustainability Policy, Sustainability Risk Policy (all will be also available in English on our website later in 2022) developed and created during the review period, and the information provided in accordance with the GRI Reporting Standard in the 2022 Annual Report, which will be published later in the spring.

In our Code of Conduct and our Sustainability Policy, we have defined a common way of working for our company. In our Sustainability Risk Policy, we describe Taaleri's view on different sustainability risks, how they are taken into account in different businesses and what risk management tools are applied to sustainability risks. We also have complimentary principles and guidelines in place, for example, on a business-specific basis.

Our due diligence processes include, for example, 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 good governance matters.

The key sustainability risks we have identified relate for example to the physical and transition risks of climate change regarding our investments, human rights risks regarding our supply chain, and the implementation of good governance in our operations overall. The management of sustainability risks is integrated into Taaleri's overall risk management, which is described in this Report of the Board of Directors in the section Risk management and risk position, in the section Short-term risks and concerns, and in the mentioned notes to the financial statements.

Key performance indicators include, for example, general metrics describing good governance and our employees' engagement and equality, as well as Taaleri-specific metrics describing our material themes and impacts, such as emissions reductions achieved through our private equity funds and progress towards our net zero emissions target, We report this information in more detail in our Annual Report in accordance with the GRI, in the periodic reports of alternative investment funds in accordance with the EU's disclosure and taxonomy regulations and in accordance with the Net Zero Asset Managers initiative in the next (2023) UN Principles for Responsible Investment (UNPRI) reporting.

We are not aware of any cases during the reporting period where the above-described policies have not been followed. We monitor compliance with the policies through, among other things, the whistleblowing channel and remuneration processes. Our whistleblowing channel was available to Taaleri employees and it will be open to external stakeholders in the future. With regard to remuneration, we have a policy of not paying or of limiting performance bonuses/variable remuneration if an individual's performance has not met or complied with Group- and/or business-specific sustainability principles. In the future, we will take for example strategic sustainability objectives more broadly into account in remuneration.

Material events after the financial period

Taaleri's Shareholders' Nomination Board proposes to the next Annual General Meeting, which is planned to be held on 6 April 2022, that the number of members of the Board of Directors will be six (6), and that Juhani Elomaa, Hanna Maria Sievinen, Tuomas Syrjänen, Elina Björklund and Petri Castrén are re-elected as Board members and Jouni Takakarhu is elected as new member of the Board, Juhani Elomaa is elected as the Chairperson of the Board and Hanna Maria Sievinen as the Deputy Chairperson of the Board.

Dividend proposal of the Board of Directors

The Board of Directors proposes that a dividend of EUR 1.20 per share, a total of EUR 33,966,744.00 will be paid for the financial year 2021. The dividend proposal is to distribute EUR 0.40 as a dividend based on the profit for the period of continuing operations, and EUR 0.80 as a dividend based on the sale of the wealth management operations. The parent company's distributable funds were EUR 158,613,591.09, which includes EUR 138,692,090.36 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 11 April 2022. The dividend payment date proposed by the Board of Directors is 20 April 2022.

Helsinki, 16 February 2022
Taaleri Plc
Board of Directors

Key figures

The Group

The key figures regarding the consolidated income statement presented in the table below have been calculated on the basis of the Group's consolidated income statement, which applies IFRS 5, and the result of discontinued operations is reported separately from income and expenses from continuing operations. The key figures for the comparison period 2020 have been adjusted accordingly. The key figures for the comparison period 2019 have not been adjusted and the result of discontinued operations is not reported separately from income and expenses from continuing operations. The key figures regarding the consolidated income statement presented in the explanatory part of the Report of the Board of Directors have been calculated on the basis of the Group's segment reporting, unless otherwise stated.

	2021	2020	2019
Income, EUR 1,000	72,629	33,950	67,208
Operating profit (-loss), EUR 1,000	28,785	9,649	19,600
- as percentage of income	39.6%	28.4%	29.2%
Net profit for the period, EUR 1,000	136,126	12,961	11,479
- as percentage of income	187.4%	38.2%	17.1%
Basic earnings per share, EUR	4.81	0.45	0.39
Diluted earnings per share, EUR	4.71	0.44	0.38
Return on equity % (ROE)	75.0%	10.0%	9.3%
Return on equity at fair value % (ROE)	74.8%	9.9%	10.6%
Return on assets % (ROA)	46.4%	4.8%	4.5%
Cost/income ratio	58.9%	81.0%	74.7%
Cost/income ratio excluding investment operations	80.7%	84.4%	83.7%
Price/earnings (P/E)	2.3	17.9	21.5
Permanent, full-time employees, at the end of the period	104	200	184
Permanent, full-time employees, average	138	192	186
Equity ratio -%	72.1%	49.7%	46.6%
Net gearing -%	-16.7%	29.3%	37.0%
Equity/share, EUR	8.14	4.74	4.45
Dividend or distribution of funds /share, EUR [1]	2.20	0.32	0.16
Dividend or distribution of funds / earnings, % [1]	45.8%	70.4%	40.9%
Effective dividend yield, % [1]	19.6%	3.9%	1.9%
Loan receivables, EUR 1,000	6,021	6,699	8.294
Conglomerate's capital adequacy ratio, % [4]	-	181.5%	207.4% [3]

	2021	2020	2019
Financing sector capital adequacy ratio, % [4]	-	37.9%	35.3%
Number of shares at the end of period [2]	28,305,620	28,305,620	28,305,620
Average number of shares [2]	28,305,620	28,305,620	28,305,620
Share average price, EUR	10.15	7.26	7.37
- highest price, EUR	12.50	9.76	8.64
- lowest price, EUR	7.80	5.82	6.66
- closing price, EUR	11.20	8.12	8.42
Market capitalization, EUR 1,000 [2]	317,023	229,842	238,333
Shares traded, thousands	7,826	4,104	3,020
Shares traded, %	28%	14%	11%

[1] Distribution of funds EUR 2.20 per share for the financial year 2021 is distributed as follows: Board of Directors' proposal 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.

[3] Capital adequacy ratio includes the Board of Director's dividend proposal for 2019, of which the Board of Directors has decided on 18 February 2021 not to distribute EUR 4.5 million.

[4] According to the decision of the Financial Supervisory Authority on 29 October 2021, Taaleri no longer forms a RaVa conglomerate, and Taaleri no longer reports the conglomerate's solvency ratio. Investment services business is no longer part of Taaleri Group starting 1.5.2021 and therefore Taaleri does not report its financing sector capital adequacy anymore.

Insurance operations key figures

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

EUR 1,000	2021	2020	2019
Net income from insurance	**17,561**	**14,614**	**12,045**
Earned premiums, net	17,865	14,885	13,406
Claims incurred, net	-304	-270	-1,361
Other income	**44**	**33**	**14**
Net income from investment operations	**10,315**	**2,534**	**9,208**
Operating expenses	**-5,907**	**-5,281**	**-6,393**
Allocation of financing expenses	**-1,775**	**-1,738**	**-2,163**
Operating profit after the financing expenses	**20,237**	**10,163**	**12,712**
Change in fair value of investments	**-967**	**195**	**1,837**
Profit before taxes and non-controlling interests	**19,270**	**10,359**	**14,549**
Combined ratio, %	34.8%	37.3%	55.1%
Claims ratio, %	1.7%	1.8%	12.1%
Expense ratio, %	33.1%	35.5%	43.0%
Return on investments at fair value, %	6.1%	1.8%	8.1%
Solvency ratio (S2), % [1)]	219.2%	229.4%	231.8%
Insurance exposure, EUR million	1,695	1,817	1,837
Permanent, full-time employees, at the end of the period	22	21	25
Permanent, full-time employees, average	21	21	25

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

Key figures accounting principles

Basic earnings per share, EUR

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

Diluted earnings per share, EUR

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

Alternative performance measures

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

Return on equity (ROE), %

$$\frac{\text{Profit for the period x 100}}{\text{Total equity (average of the beginning and end of the year)}}$$

Return on equity at fair value %, (ROE)

$$\frac{\text{Total comprehensive income for the period x 100}}{\text{Total equity (average of the beginning and end of the year)}}$$

Return on assets (ROA), %

$$\frac{\text{Profit for the period x 100}}{\text{Balance sheet total (average of the beginning and end of the year)}}$$

Cost/income ratio, %

$$\frac{\text{Fee and commission expense + interest and other financing expense + administrative expenses + depreciation + other operating expenses}}{\text{Total income + share of associates' profit or loss}}$$

Cost/income ratio, % excluding investment operations

$$\frac{\text{Fee and commission expense + interest and other financing expense + administrative expenses + depreciation + other operating expenses}}{\text{Fee and commission income + net income from guaranty insurance operations + interest income + other operating income}}$$

Price/Earnings (P/E)

$$\frac{\text{Price of share at the end of the period}}{\text{Earnings/share}}$$

Equity ratio, %

$$\frac{\text{Total equity x 100}}{\text{Balance sheet total}}$$

Gearing ratio, %

$$\frac{\text{(Interest-bearing liabilities - cash and cash equivalents) x 100}}{\text{Total equity}}$$

Equity/share, EUR

$$\frac{\text{Equity attributable to ordinary shareholders of the parent company}}{\text{Number of shares at end of period - repurchased own shares}}$$

Dividend/share, EUR

$$\frac{\text{Dividend payable for the financial period x 100}}{\text{Weighted average number of ordinary shares outstanding - repurchased own shares}}$$

Dividend/earnings, %

$$\frac{\text{Dividend/share x 100}}{\text{Basic earnings per share}}$$

Effective dividend yield, %

$$\frac{\text{Dividend/share x 100}}{\text{Price of share at the end of the period}}$$

Conglomerate's capital adequacy ratio, %

$$\frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's minimum requirement of total capital base}}$$

Total capital in relation to risk-weighted items

$$\frac{\text{Total Capital (TC)}}{\text{Risk-weighted items (Total risk)}}$$

Common equity tier in relation to risk-weighted items

$$\frac{\text{Common Equity Tier (CET1)}}{\text{Risk-weighted items (Total risk)}}$$

Market capitalization

Number of shares at end of financial period, less repurchased own shares, multiplied by stock exchange price at end of financial period

Shares traded, %

$$\frac{\text{Shares traded during the financial period x 100}}{\text{Weighted average number of ordinary shares outstanding}}$$

Key figures for insurance operations

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

Group Financial Statements

Consolidated income statement

EUR 1,000	Note	1.1.–31.12.2021	1.1.–31.12.2020
Continuing operations			
Fee and commission income	3	32,211	14,615
Net income from insurance	4	27,875	17,149
From guaranty insurance operations		17,561	14,614
From investment operations		10,315	2,534
Net gains or net losses on trading in securities and foreign currencies	5	8,038	369
Income from equity investments	6	2,163	-1,610
Interest income	7	1,475	1,710
Other operating income	8	867	1,717
Total income		**72,629**	**33,950**
Fee and commission expense	9	-8,325	-1,584
Administrative expenses			
Personnel costs	10, 45	-20,674	-13,878
Other administrative expenses	11	-5,295	-4,177
Depreciation, amortisation and impairment of tangible and intangible assets	12, 51	-788	-769
Other operating expenses	13, 51	-4,615	-3,863
Expected credit losses from financial assets measured at amortised cost	14	-2,235	-105
Impairment losses on loans and other receivables		-649	-
Share of associates' profit or loss	48	-1,263	74
Operating profit		**28,785**	**9,649**
Interest and other financing expenses	15, 51	-2,362	-3,294
Income tax expense	16	-5,199	-3,181
Profit from continuing operations		**21,224**	**3,174**
Discontinued operations			
Profit from discontinued operations (attributable to owners of the parent company)	47	114,902	9,786
Profit for the period		**136,126**	**12,961**

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

Consolidated statement of comprehensive income

EUR 1,000	Note	1.1.–31.12.2021	1.1.–31.12.2020
Profit for the period		**136,126**	**12,961**
Items that may be reclassified to profit or loss	17		
Translation differences		71	-325
Changes in the fair value reserve		-967	195
Income tax		193	-39
Items that may be reclassified to profit or loss in total		**-703**	**-169**
Items that may not be reclassified to profit or loss	17		
Changes in the fair value reserve		441	6
Income tax		-88	-2
Items that may not be reclassified to profit or loss in total		**353**	**4**
Total comprehensive income for the period		**135,775**	**12,796**
Profit for the period attributable to:			
Owners of the parent company		136,088	12,871
Non-controlling interests		38	89
Total		**136,126**	**12,961**
Total comprehensive income for the period attributable to:			
Owners of the parent company		135,737	12,707
Non-controlling interests		38	89
Total		**135,775**	**12,796**
Earnings per share for profit attributable			
Basic earnings per share, continuing operations	18	0.75	0.11
Diluted earnings per share, continuing operations	18	0.73	0.11
Basic earnings per share, discontinued operations	18	4.06	0.35
Diluted earnings per share, discontinued operations	18	3.98	0.34
Basic earnings per share, profit for the period	18	4.81	0.45
Diluted earnings per share, profit for the period	18	4.71	0.44

Consolidated balance sheet

Assets, EUR 1,000	Note	31.12.2021	31.12.2020
Receivables from credit instutions	19, 25, 26, 40, 42	53,255	25,786
Receivables from the public and general government	20, 25, 26, 40, 42	6,021	6,699
Debt securities	21, 25, 26, 40, 42	-	1,498
Shares and units	22, 25, 26, 40, 42	41,546	21,971
Assets classified as held for sale	23, 42	5,246	5,357
Participating interests	22, 25, 26, 40, 41	8,889	9,248
Insurance assets	24, 25, 26	168,973	160,410
Insurance receivables		3,119	3,705
Investments		165,854	156,705
Intangible assets	27	711	6,437
Goodwill		696	5,097
Other intangible assets		15	1,340
Tangible assets	28, 51	1,149	2,944
Owner-occupied properties		746	2,427
Other tangible assets		403	517
Other assets	29	13,669	14,455
Accrued income and prepayments	30	16,921	11,399
Deferred tax assets	35	2,343	1,646
		318,723	**267,849**

Liabilities, EUR 1,000	Note	31.12.2021	31.12.2020
Liabilities		**88,975**	**134,781**
Liabilities to credit institutions	25, 26, 31, 40, 42	-	14,939
Debt securities issued to the public	25, 26, 32, 40, 42	-	34,937
Insurance liabilities	24, 25, 26	39,421	34,676
Other liabilities	25, 33	3,318	5,401
Accrued expenses and deferred income	25, 34	14,172	14,623
Deferred tax liabilities	35	16,580	15,366
Derivative contracts	36	630	-
Subordinated debt	37	14,854	14,839
Equity capital	38	**229,747**	**133,068**
Share capital		125	125
Reserve for invested non-restricted equity		18,831	35,814
Fair value reserve		-1,285	-864
Translation difference		-18	-89
Retained earnings or loss		76,694	86,344
Profit or loss for the period		136,088	12,871
Non-controlling interest		-687	-1,134
		318,723	**267,849**

Consolidated statement of cash flows

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from operating activities:		
Operating profit (loss)	28,785	9,649
Depreciation	788	769
Other adjustments		
Changes in fair value of investments	-9,784	2,645
Other adjustments	1,061	69
Interest and other financing expenses	-2,362	-3,294
Cash flow before change in working capital	18,487	9,838
Change in working capital		
Increase (-)/decrease (+) in loan receivables	500	1,760
Increase (-)/decrease (+) in current interest-free receivables	-8,348	8,519
Increase (+)/decrease (-) in current interest-free liabilities	7,066	331
Cash flow from operating activities before financial items and taxes	17,705	20,448
Direct taxes paid (-)	-3,774	-1,323
Cash flow from operating activities from continuing operations	**13,931**	**19,125**
Cash flow from operating activities from discontinued operations	115,339	12,000
Cash flow from operating activities (A)	**129,270**	**31,125**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-360	684
Investments in subsidiaries and associated companies net of cash acquired	-1,186	-2,750
Other investments	-10,830	-14,891
Cash flow from investing activities from continuing operations	**-12,376**	**-16,957**
Cash flow from investing activities from discontinued operations	-382	-1,635
Cash flow from investing activities (B)	**-12,759**	**-18,593**

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from financing activities:		
Changes in synthetic options	-1,479	897
Transactions with non-controlling interests	29	-199
Decrease in debt securities issued to the public	-35,000	-
Increase in non-current liabilities	-	20,000
Decrease in non-current liabilities	-15,000	-31,000
Dividends paid and other distribution of profit		
To parent company shareholders	-37,363	-4,529
To non-controlling shareholders	-228	-1,017
Cash flow from financing activities from continuing operations	**-89,042**	**-15,848**
Cash flow from financing activities from discontinued operations	-	-
Cash flow from financing activities (C)	**-89,042**	**-15,848**
Increase/decrease in cash and cash equivalents (A+B+C)	27,469	-3,315
Cash and cash equivalents at beginning of period	25,786	29,102
Cash and cash equivalents at end of period	53,255	25,786
Net change in cash and cash equivalents	27,469	-3,315

Changes in group equity capital

EUR 1,000	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
1.1.2021	**125**	**-864**	**35,814**	**-89**	**99,215**	**134,202**	**-1,134**	**133,068**
Total comprehensive income for the financial period		-421		71	136,088	135,737	38	135,775
Earnings for the period					136,088	136,088	38	136,126
Other comprehensive income items		-421		71		-351		-351
Distribution of profit			-16,983		-20,380	-37,363	-228	-37,591
Dividend EUR 0.72/share					-20,380	-20,380		-20,380
Return of capital EUR 0.60/share			-16,983			-16,983		-16,983
Distribution of profit for subgroup						-	-228	-228
Share-based payments payable as equity					-2,168	-2,168		-2,168
Transactions with non-controlling interests [1]					29	29	635	663
Other					-2	-2	2	0
31.12.2021	**125**	**-1,285**	**18,831**	**-18**	**212,782**	**230,435**	**-687**	**229,747**
31.12.2019	**125**	**-935**	**35,814**	**236**	**90,671**	**125,911**	**-182**	**125,729**
Changes to previous years		-89			89	-		-
1.1.2020	**125**	**-1,024**	**35,814**	**236**	**90,760**	**125,911**	**-182**	**125,729**
Total comprehensive income for the financial period		160		-325	12,871	12,707	89	12,796
Earnings for the period					12,871	12,871	89	12,961
Other comprehensive income items		160		-325		-165		-165
Distribution of profit					-4,529	-4,529	-1,017	-5,546
Dividend EUR 0.16/share					-4,529	-4,529		-4,529
Distribution of profit for subgroup						-	-1,017	-1,017
Share-based payments payable as equity					897	897		897
Transactions with non-controlling interests [1]					-153	-153	-49	-202
Other					-631	-631	24	-606
31.12.2020	**125**	**-864**	**35,814**	**-89**	**99,215**	**134,202**	**-1,134**	**133,068**

[1] Further information on note 46

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

1.1.-31.12.2020. EUR 1,000	Continuing operations					
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	18,530	14,318	4,212	14,647	2,707	35,885
Performance fees	985	965	20	-	-	985
Investment operations	2,429	2,127	302	2,534	-1,795	3,169
Total income	**21,944**	**17,410**	**4,533**	**17,182**	**913**	**40,038**
Fee and commission expense	-7,014	-4,294	-2,720	-228	-950	-8,192
Personnel costs	-5,524	-4,278	-1,246	-3,340	-4,450	-13,314
Direct expenses	-3,145	-2,216	-929	-1,676	-1,135	-5,956
Depreciation, amortisation and impairment	-57	-36	-21	-37	-34	-128
Impairment losses on loans and other receivables	-	-	-	-	-105	-105
Operating profit	**6,203**	**6,585**	**-383**	**11,901**	**-5,761**	**12,342**
Operating profit, %	**28.3%**	**37.8%**	**neg**	**69.3%**	**neg**	**30.8%**
Interest and other financing expenses	-3	-4	1	-	-3,222	-3,225
Allocation of financing expenses	-2,465	-1,676	-789	-1,738	4,202	-
Operating profit after the financing expenses	**3,734**	**4,905**	**-1,171**	**10,163**	**-4,781**	**9,117**
Change in fair value of investments	-3	-	-3	195	-26	167
Profit before taxes and NCI	**3,732**	**4,905**	**-1,174**	**10,359**	**-4,807**	**9,284**

Reconciliations

Reconciliation of total income, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
Total income of segments	69,715	40,038
Share of associates' profit or loss allocated to total income of segments	1,263	-74
Transactions between continuing and discontinued operations [1]	-2,061	-6,013
Transit items eliminated in segment reporting	1,393	-
Transfer of impairments to investment operations in total income	2,318	-
Consolidated total income	**72,629**	**33,950**

Reconciliation of operating profit, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
Total earnings of segments before taxes and NCI	28,007	9,284
Change in fair value of investments and	526	-167
Interest and other financing expenses (excl. IFRS 16)	2,362	3,294
IFRS 16 Leases [2])	-11	-15
Transactions between continuing and discontinued operations [1]	23	-927
Direct costs related to the sale of the discontinued operations [3]	-2,122	-1,643
Change in accouning principles not restated for 2020 figures in segment reporting	-	-177
Consolidated operating profit	**28,785**	**9,649**

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

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

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

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

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

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

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

Private asset management -segment's investments, EUR 1,000	Investment type	Purchase price 31.12.2020	Fair value 31.12.2020	Holding 31.12.2020
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	8,872	8,872	7.0%
Real estate investments				
Sepos Oy	Shares and participations	2,500	2,439	30.0%
Turun Toriparkki Oy	Shares and participations	3,502	3,026	48.2%
Munkkiniemi Group Oy	Shares and participations	5	303	47.0%
Munkkiniemi Group Oy	Loan	2,360	2,409	-
Bioindustry investments				
Fintoil Oy	Shares and participations	3,425	3,425	27.4%

Non-strategic investments, EUR 1,000	Investment type	Purchase price 31.12.2020	Fair value 31.12.2020	Holding 31.12.2020
Real estate investments				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,908	29.5%
TT Canada RE Holdings Corporation	Loan	6,729	7,687	-
Other investments				
Inderes Ltd	Shares and participations	448	1,463	10.8%
Fellow Finance Plc	Shares and participations	2,974	5,357	25.9%
Fellow Finance Plc	Loan	1,500	1,508	-
Taaleri Telakka Ky	Shares and participations	3,430	3,293	16.1%

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.

Notes to the Consolidated Financial Statements 31 December 2021

Accounting policies of 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. The company'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, bioindustry and other businesses. The Strategic Investments segment consists of Garantia Insurance Company Ltd. The Group's subsidiaries engaging in business are: Taaleri Private Equity Funds Ltd Group, Taaleri Energia Ltd Group, Taaleri Investments Ltd Group and Garantia Insurance Company Ltd. In addition, Taaleri has eleven associated companies (see Group companies in accordance with the financial statements of the parent company). Taaleri's principal place of business is Finland, but it has also offices in Luxembourg, Spain, and Kenya. The operations of Taaleri are monitored by the Finnish Financial Supervisory Authority, as the Group includes companies engaged in the business referred to in the Act on Alternative Fund Managers and in the business of insurance companies. Taaleri Group formed until 29 October 2021 a financing and insurance conglomerate (RaVa conglomerate) and, therefore, was within the scope of the Finnish Act on the Supervision of Financial and Insurance Conglomerates. The RaVa conglomerate dissolved by a decision of the Finnish Financial Supervisory Authority on October 29, 2021, after Taaleri sold Its wealth management operations to Aktia on 30 April, 2021.

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 2021 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 2021. The Board of Directors of Taaleri Plc approved the consolidated financial statements for public release on 16 February 2022. Shareholders have the right to approve or reject the financial statements at the Annual General Meeting held after the release of the financial statements.

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

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

2.2 Consolidation principles

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

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

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

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

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

2.3 Business combinations and goodwill

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

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

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

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

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

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

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

2.4 Segment reporting

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

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

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

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

- The division of lease expense to depriciation and interest expense according to IFRS 16 Leases -standard is not applied in the segment reporting.
- There are differences in the figures in the Group's consolidated income statement and segment reporting due to the application of IFRS 5. In the consolidated income statement, intra-group income and expenses between discontinued and continuing operations have been eliminated. In segment reporting, income and expenses between discontinued and continuing operations are presented as transactions outside the Group. In addition, the consolidated income statement in the period from 1 January to 31 December 2021 includes EUR 2.1 million (in the period from 1 January to 31 December 2020 EUR 1.6 million) direct costs related to the sale of the discontinued operations, which are presented in the segment reporting as part of the discontinued operations. The earnings figures in the explanatory section of the Report of the Board of Directors attached to the Group Financial Statements represents the Group's continuing operations according to segment reporting, unless otherwise stated. The chosen presentation will improve the comparability of segment reporting in the coming years.

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

2.5 Non-current assets held for sale and discontinued operations

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

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

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

On March 10, 2021, Taaleri announced the sale of the wealth management operations and on 30 April 2021, that it has completed the sale. Taaleri applies the requirements of IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in the classification, presentation, and recognition of sale of the wealth management operations. Taaleri reports the wealth management operations as discontinued operations as of the Q1 2021 interim statement. The result of discontinued operations is reported separately from income and expenses from continuing operations in the consolidated income statement, and the comparison period has been adjusted accordingly. Intra-group income and expenses between continuing and discontinued operations have been eliminated. The balance sheet has not been adjusted for previous periods.

2.6 Foreign currency items

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

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

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

2.7 Financial assets and liabilities

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

Financial assets

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

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

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

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

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

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

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

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

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

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

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

Financial liabilities
At the time of initial recognition, the Group's financial liabilities are classified into those measured at fair value through profit or loss and those measured at amortized cost. At the end of the financial year 2021, the Group has one financial liability measured at fair value through profit or loss, which is a derivative contract. The Group had no financial liabilities measured at fair value through profit or loss in the 2020 financial period.

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

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

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

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

Level 3 includes instruments, the fair value of which is measured based on other than observable significant input data. Level 3 instruments mainly consist of unquoted equity investments. The value of these instruments is based on the best information available in the prevailing conditions. Often, they are recognized at acquisition cost or price details are obtained from third parties. A significant amount of managerial judgement is included in these measurements. Note 26 offers a more detailed description of the measurement methods applied to Level 3 instruments.

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

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

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

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

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

The credit risk is deemed to have increased significantly if the counterparty's credit rating declines as follows:
- From investment grade, or rating classes AAA…BBB-, to rating class BB- or lower;
- From rating classes BB+…BB- to rating class B- or lower:
- From rating classes B+…B- to rating class C or lower.

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

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

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

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

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

Claims paid include claims paid during the financial period, regardless of the date of loss occurrence. Claims paid also include income from the recovery of recourse receivables, and expenses arising from the collection of such receivables. According to guarantee insurance agreements, the insurance company generally has the right of recourse after a claim has been paid.

Therefore, claims paid can be adjusted by the amount of the relevant recourse receivable. Recourse receivables from insurance claims are recognized in Garantia's accounting records at probable values that are calculated based on best possible information available on the evaluation date. The valuation of recourse receivables is updated regularly. The provision for outstanding claims includes the claims that have occurred during or before the financial period and that have not yet been paid.

Reinsurance receivables

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

Adequacy testing for liabilities associated with insurance contracts

On the balance sheet date, the adequacy of the insurance liabilities recognized on the balance sheet is evaluated. The testing is based on current estimates of future cash flows from insurance contracts. According to the adequacy test performed on the balance sheet date 31 December 2021, the liabilities are at a sufficient level.

2.9 Tangible assets

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

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

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

2.10 Intangible assets

Other intangible assets

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

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

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

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

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

Goodwill

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

2.11 Lease agreements

The Group as lessee

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

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

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

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

Taaleri has subleased the premises in which it is the main tenant in the financial year 2021.

2.12 Employee benefits

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

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

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

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

2.13 Contingent liabilities

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

2.14 Income taxes and deferred taxes

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

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

2.15 Revenue recognition principles

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

The main income of Taaleri's private asset management business is generated from private equity funds and co-investment projects managed by Taaleri.

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

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

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

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

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

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

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

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

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

Interest income and expenses on interest bearing assets and liabilities are recognized on an accrual basis. On receivables, the difference between the acquisition cost and the nominal value is recognized in interest income on an accrual basis, and on liabilities the difference is recognized in interest expenses on an accrual basis. The difference between the nominal value and acquisition cost of fixed-rate bonds is recognized in interest income and expenses over the loan term on an accrual basis. The effective interest method has been applied to the recognition of interest income and expenses over the agreement term. When calculating the effective interest rate, the expected life of the financial instrument and the future cash flows are estimated based on all contractual terms. Received commissions, transaction costs and possible premiums or discounts, which are an integral part of the effective interest rate of the financial instrument, have been taken into account when recognizing interest income and expenses.

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

2.17 Operating profit and income

The IAS 1 (Presentation of Financial Statements) standard does not define the concept of operating profit. Taaleri has changed the definition of operating profit as of the 2021 financial statements.

Following the sale of the wealth management operations, Taaleri's business no longer includes the investment services business. Due to the change in the Group's business, Taaleri has decided to change the order of the consolidated income statement items so that the item Interest expenses has been moved down the income statement below the Operating profit -subtotal and the item has been renamed Interest and other financial expenses. The content of the financial statement line item or the size of the item has not changed. Interest and other financial expenses for continuing operations in the period from 1 January to 31 December 2021 were EUR 2.4 million and in the period from 1 January to 31 December 2020 EUR 3.3 million. In Taaleri's view, the chosen presentation is more in line with market practice and after the change, the Operating profit -subtotal in the income statement better reflects Taaleri's operative profit. The change in presentation has no effect on the result for the financial year. The presentation of data for the comparison period has been adjusted accordingly.

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

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

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

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

Taaleri has taken into account the uncertainty in the preparation of the financial statements due to the coronavirus pandemic. The effects of the prevailing circumstances have been assessed in the estimates that require management's judgment and in the related key uncertainties. According to management's judgement coronavirus pandemic has not had a significant impact on the financial statements or items subject to estimations.

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

The measurement of the liabilities associated with the guaranty insurance operations offered by Garantia involve several factors and uncertainties subject to judgement. In addition to assumptions concerning the external operating environment, the evaluation is mainly based on the insurance mathematical analysis of its loss statistics. The managerial judgement is particularly required to define risks and the capital required for business operations, to price risks according to profitability and solvency objectives, to fulfil the obligations required by insurance agreements and to evaluate provisions for outstanding claims caused by loss events that have already occurred. According to management's judgement coronavirus pandemic has not had a significant impact on the measurement of the liabilities associated with the guaranty operations.

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

Management's judgment has been used in determining and measuring the identifiable assets acquired and liabilities assumed acquired by the companies acquired in 2018, Evervest Oy and Suomen Vuokravastuu Oy, which has affected the amount of goodwill recognized. Evervest Oy was sold from the Group during the financial year 2021.

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. The possible effects of the coronavirus pandemic have been considered on the estimated cash flows in goodwill impairment testing. This has not had a significant impact on the outcome of the impairment testing. More detailed information on goodwill is provided in Note 27.

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

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

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. Funds including unfinished project have been measured at their acquisition cost. 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.

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

Managerial judgement has been applied when measuring the fair value of synthetic options, and the amount recognized in profit or loss, from share-based payment schemes. Hence, deferred taxes from the synthetic options have been recognized in profit or loss and on the balance sheet. The coronavirus pandemic has not had a significant impact on entries arising from share-based payment schemes.

Deferred taxes have been recognized from the equalization provision of Garantia, the amount of which is based on calculation principles approved by the Financial Supervisory Authority, loss statistics confirmed by the management and estimated future losses which involve judgement. Managerial judgement is needed when comparing the current period's loss ratio with the long-term expected average, on the basis of which the equalization amount is either increased or decreased through profit or loss, which has a direct impact on the amount of deferred tax liabilities. The coronavirus pandemic has not had a significant impact on the measurement of equalization amount.

2.19 Applying new and revised standards and new interpretations

Starting from 1 January 2021, 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.

Treatment of the costs related to cloud computing services

In April 2021, the IFRS Interpretation Committee (IFRIC) adopted a final agenda decision on the treatment of development expenses related to purchased cloud services (IAS 38 Intangible assets). The agenda includes clarifications of the type of development expenses that can be activated as an intangible asset. According to the new interpretation, the expenses for developing systems that a company does not own or manage, such as cloud computing services, must not be activated.

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

Taaleri has changed its accounting principles to reflect the agenda decision, and as a result, Taaleri's balance sheet for the comparison period has changed as follows:

EUR 1,000	31.12.2020 Before	Change	31.12.2020 After
Intangible assets	6,775	-338	6,437
Accrued income and prepayments	11,237	162	11,399
Deferred tax assets	1,611	35	1,646
Other assets	248,367		248,367
Assets total	**267,990**	**-141**	**267,849**
Equity	133,209	-141	133,068
Other equity	33,852		33,852
Retained earnings or loss	86,344		86,344
Profit or loss for the period	13,012	-141	12,871
Liabilities	134,781		134,781
Equity and liabilities total	**267,990**	**-141**	**267,849**

The change has not had an effect on earnings per share in 2020 or 2021, expressed to two decimals.

2.20 New and revised standards to be applied later

Several new standards and amendments to and interpretations of standards will only be adopted later than in the financial periods beginning 1 January 2021, and they have not been applied in the preparation of these consolidated financial statements. It is expected that the following revisions will have some impact on Taaleri's financial statements.

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

According to the preliminary assessment, Taaleri intends to apply the general model in accordance with IFRS 17 (Building Block Approach, BBA) in the valuation of all insurance contracts, and to divide the insurance contracts into four portfolios according to the product groups applied in its business. The portfolio division is based on the similarity of the risks and the fact that the contracts are managed jointly. According to the preliminary assessment, Taaleri intends to apply a modified retrospective approach to the majority of its insurance contracts and a full retrospective approach to some groups of insurance contracts granted in the past few years. Taaleri intends to apply a fair value approach to one portfolio of insurance contracts for a small number of contracts granted before 2018.

According to the preliminary assessment, the adoption of the standard is not expected to have a material impact on the Group's result for the financial year or the Group equity.

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

Notes to the Income Statement

3 Fee and commission income

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

1.1.–31.12.2020, EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	12,405	10,666	1,739	-	1,226	13,631
Performance fees	985	-	985	-	-	985
Total	**13,390**	**10,666**	**2,724**	**-**	**1,226**	**14,615**

During the financial year 2021, a total of EUR 11.4 (1.0) million in performance fees were recognized in the income statement, of which EUR 5.4 (0.0) million is based on the management's conservative estimate and is unrealized at the balance sheet date. On December 31, 2021, Taaleri has unrealized performance fees recognized in fee and commission income totaling EUR 5.4 (0.0) million. For further information, see Note 30 Accrued income and prepayments.

4 Net income from insurance

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Earned premiums, net		
Premiums written	25,142	18,988
Reinsurers' share	-532	-243
Change in provision for unearned premiums	-6,520	-3,395
Reinsurers' share	-225	-465
Total	**17,865**	**14,885**
Claims incurred, net		
Claims paid	-1,739	-1,080
Reinsurers' share	843	547
Change in provision for outstanding claims	1,965	592
Reinsurers' share	-1,373	-329
Total	**-304**	**-270**
Net income from investment operations		
Financial assets at fair value through other comprehensive income	**3,610**	**2,326**
Interest income	2,034	1,878
Profit or loss from sales	1,714	518
Others	-138	-70
- of which change in expected credit loss	44	-70
Financial assets at fair value through profit or loss	**6,705**	**208**
Financial assets that need to be measured at fair value through profit or loss	**6,705**	**208**
Change in fair value	5,540	-1,102
Interest income	1,093	1,622
From dividends	-	-
Profit or loss from sales	-92	-77
Others	164	-234
Total	**10,315**	**2,534**
Net income from insurance, total	**27,875**	**17,149**

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.–31.12.2021	1.1.–31.12.2020
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	7,480	833
Total	**7,480**	**833**

Net gains or net losses on trading in securities and foreign currencies, EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Net gains or net losses on trading in securities by type		
From shares and units	8,109	833
Sales profit and loss	3,413	133
Changes in fair value	4,697	700
From derivative instruments	-630	-
Changes in fair value	-630	-
Net gains or let losses on trading in securities, total	7,480	833
Net gains or net losses on trading in foreign currencies	558	-463
Total	**8,038**	**369**

6 Income from equity investments

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
From financial assets recognised at fair value in profit or loss	521	557
Dividend income	-	71
Profit or loss from divestments	521	485
From assets classified as held for sale	-111	-2,309
Changes in fair value	-111	-2,309
From associated companies	-100	-
Profit or loss from divestments	-100	-
From group companies	1,854	142
Profit or loss from divestments	1,854	142
Total	**2,163**	**-1,610**

The gain on the sale of the wealth management operations classified as a discontinued operations has been recognized as part of the result of discontinued operations. See Note 47 Discontinued operations and the sale of a subsidiary.

7 Interest income

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Interest income from other loans and receivables		
From receivables from the public and general government	1,359	1,537
From Debt securities	57	86
From net investments in leases		
Other interest income	38	86
Total	**1,475**	**1,710**

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

8 Other operating income

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Rental income	5	5
Income from wind projects	553	1,642
Other income	310	70
Total	**867**	**1,717**

9 Fee and commission expense

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Private Asset Management fee and commission expenses	7,918	1,243
Other commission expenses	407	342
Total	**8,325**	**1,584**

10 Personnel costs

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Wages, salaries and fees	14,886	11,057
- whereof variable fees	4,498	3,434
Pension expenses - from defined contribution plans	2,059	1,522
Share-based payments	2,899	991
Payable in cash	2,899	991
Social security contributions	830	308
Total	**20,674**	**13,878**

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

11 Other administrative expenses

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
ICT expenses	2,223	1,873
Marketing and communication expenses	633	750
Other expenses	2,439	1,554
Total	**5,295**	**4,177**

12 Depreciation, amortisation and impairment on tangible and intangible assets

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Intangible assets		
Planned depreciation	12	36
Tangible goods		
Planned depreciation	776	732
Total	**788**	**769**

13 Other operating expenses

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Premises and other rental expenses	394	261
External services	3,061	2,571
Equipment rental and leasing	73	95
Fees paid to the company's auditors	357	311
Auditing fees	272	203
Tax services	-	30
Other	85	79
Other expenses	731	625
Total	**4,615**	**3,863**

14 Expected credit losses

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

EUR 1,000	Amortised cost	At fair value through other comprehensive income [1]	Total
ECL 1.1.2020	658	434	1,092
Additions due to purchases	38	79	118
Deductions due to derecognitions	-6	-53	-59
Changes in risk parameters	-	44	44
Recognised in profit or loss	**32**	**70**	**102**
ECL 31.12.2020	**691**	**504**	**1,195**

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

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

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Received payments related to loans that have been written-off	50	60
Change in ECL	-2,229	-32
Realized credit losses	-56	-133
Expected credit losses from financial assets measured at amortised cost recognised in profit or loss	**-2,235**	**-105**

15 Interest and other financing expense

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Interest expenses from other liabilities		
From liabilities to credit institutions	359	963
From receivables from credit institutions	187	13
From debt securities issued to the public	1,057	1,573
From subordinated debts	752	746
Other interest expenses	8	-1
Total	**2,362**	**3,294**

16 Income taxes

EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
From profit for the financial period	5,273	3,548
Taxes from previous periods	3	226
Deferred taxes	-77	-594
Total	**5,199**	**3,181**

Reconciliation of taxes on the income statement with profit before taxes, EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Operating profit (profit before taxes)	28,785	9,649
Interest and other financing expenses	-2,362	-3,294
Taxes calculated at the tax rate of the parent company (20%)	5,285	1,271
Tax-free income	-842	-73
Non-deductible expenses	851	943
The use of taxable losses not previously booked	-20	1
Unbooked deferred tax receivables from taxable losses	-110	-203
Share of the profits of associated and joint venture companies with taxes deducted	253	15
Taxes from previous financial periods	-3	226
Tax elimination difference for discontinued operations	-211	973
Other items	-3	29
Taxes on the income statement	**5,199**	**3,181**

The effective tax rate in 2021 was 20% (2020: 25%).

17 Other comprehensive income items

Taxes concerning other comprehensive income

	1.1.–31.12.2021			1.1.–31.12.2020		
EUR 1,000	**Pre-tax**	**Tax effect**	**After taxes**	**Pre-tax**	**Tax effect**	**After taxes**
Changes in the fair value reserve	-526	105	-421	201	-41	160
Items that may be reclassified to profit or loss	-967	193	-774	195	-39	156
Items that may not be reclassified to profit or loss	441	-88	353	6	-2	4
Translation differences	71	-	71	-325	-	-325
Total	**-456**	**105**	**-351**	**-124**	**-41**	**-165**

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 38 Equity).

EUR 1,000	**1.1.–31.12.2021**	**1.1.–31.12.2020**
Profit from continuing operations attributable to the owners of the parent company	21,186	3,085
Profit from discontinued operations attributable to the owners of the parent company	114,902	9,786
Total	**136,088**	**12,871**
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,306	28,306
Basic earnings per share, continuing operations, EUR	**0.75**	**0.11**
Basic earnings per share, discontinued operations, EUR	**4.06**	**0.35**
Basic earnings per share, EUR	**4.81**	**0.45**

Diluted earnings per share

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

EUR 1,000	**1.1.–31.12.2021**	**1.1.–31.12.2020**
Profit from continuing operations attributable to the owners of the parent company	21,186	3,085
Profit from discontinued operations attributable to the owners of the parent company	114,902	9,786
Total	**136,088**	**12,871**
Weighted average number of ordinary shares outstanding (1,000 pcs)	28,306	28,306
The dilutive effect of share options (1,000 pcs)	599	777
The weighted average of the number of shares when calculating the diluted earnings per share (1,000 pcs)	**28,905**	**29,083**
Diluted earnings per share, continuing operations, EUR	**0.73**	**0.11**
Diluted earnings per share, discontinued operations, EUR	**3.98**	**0.34**
Diluted earnings per share, EUR	**4.71**	**0.44**

Notes to the Balance Sheet

19 Receivables from credit institutions

EUR 1,000	31.12.2021	31.12.2020
Repayable on demand	53,255	25,786
From domestic credit institutions	52,770	25,729
From foreign credit institutions	485	57
Total	**53,255**	**25,786**

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

20 Receivables from the public and general government

EUR 1,000	31.12.2021	31.12.2020
Other than repayable on demanded		
Companies and housing associations	4,865	4,822
Households	467	946
Foreign	688	932
Total	**6,021**	**6,699**

The group has subordinated receivables amounting to EUR 0.8 (3.2) million. Information about impairment losses is presented in note 14 to the income statement. The maturity dates of receivables are presented in note 40.

21 Debt securities

EUR 1,000	31.12.2021	31.12.2020
Other than those issued by general government		
Available for sale		
Other debt securities (not publicly quoted)	-	1 498
Total	**-**	**1 498**

22 Shares and units

Shares and units, EUR 1,000	31.12.2021	31.12.2020
Fair value through profit or loss	40,567	21,474
Fair value through other comprehensive income	979	497
Total	**41,546**	**21,971**
- of which publicly quoted	15,972	38
- of which shares in funds	-	617

Participating interests, EUR 1,000	31.12.2021	31.12.2020
Acquisition cost	10,549	9,513
Share of the associates' profits	-1,660	-265
Total	**8,889**	**9,248**
Total	**50,435**	**31,219**

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

23 Assets classified as held for sale

Assets classified as held for sale, EUR 1,000	31.12.2021	31.12.2020
Investments in associated companies	5,246	5,357
Yhteensä	**5,246**	**5,357**

As Taaleri's associated company Fellow Finance Plc was listed on the First North exchange in October 2018, Taaleri Plc decided to reclassify the holding as an asset held for sale. Taaleri Plc has promoted actively and continuously the sale. Fellow Finance Plc and Evli Bank Plc announced on 14 July 2021 that Fellow Finance Plc and Evli Pankki Plc's banking business will merge. Taaleri's holding in the new Fellow Bank will be 17.6 per cent. The implementation of the arrangement requires the approval of both companies' extraordinary general meetings and several authority authorisations and approvals. The arrangement is intended to be carried out in full during the first half of 2022. Fellow Finance Plc is part of Other group.

24 Insurance assets and liabilities

Insurance assets, EUR 1,000	31.12.2021	31.12.2020
Investments		
Loans and other receivables	137,169	134,970
Shares and units	28,685	21,735
Total	165,854	156,705
Receivables		
Arising out of direct insurance operations	1,894	1,244
Arising out of reinsurance operations	1,225	2,460
Total	3,119	3,705
Total	**168,973**	**160,410**

Insurance liabilities, EUR 1,000	31.12.2021	31.12.2020
Provision for unearned premiums	36,667	30,147
Claims outstanding	2,408	4,373
Liabilities arising out of direct insurance operations	294	56
Liabilities arising out of reinsurance operations	53	100
Total	**39,421**	**34,676**

25 Classification of financial assets and liabilities

Financial assets and liabilities 31 December 2021, 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]	53,255					53,255	53,255
Receivables from the public and general government	3,355				2,666	6,021	6,021
Shares and units		979		40,567		41,546	41,546
Insurance assets			98,844	44,819	22,191	165,854	165,854
Other financial assets						25,366	
Financial assets total	**56,610**	**979**	**98,844**	**85,386**	**24,857**	**292,042**	
Participating interests						8,889	
Other than financial assets						17,792	
Assets in total 31.12.2020						**318,723**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Derivative contracts	630		630	630
Subordinated debt		14,854	14,854	15,526
Other financial liabilities		15,168	15,168	
Financial liabilities total	**630**	**30,022**	**30,651**	
Other than financial liabilities			58,324	
Liabilities in total 31 December 2021			**88,975**	

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

[2] At initial recognition the Group's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2021 the fair value of non-strategic investments was EUR 979 thousand (31 December 2020 EUR 497 thousand), of which none paid dividends in 2021 or 2020. No non-strategic investments were derecognised during the financial period.

Financial assets and liabilities 31 December 2020. EUR 1.000		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Receivables from credit institutions [1]	25.786					25.786	25.786
Receivables from the public and general government	2.764				3.935	6.699	6.699
Debt securities	1.498					1.498	1.508
Shares and units		497		20.857	617	21.971	21.971
Insurance assets			100.348	39.717	16.640	156.705	156.705
Other financial assets						20.309	
Financial assets total	**30.048**	**497**	**100.348**	**60.575**	**21.191**	**232.969**	
Participating interests						9.248	
Other than financial assets						25,632	
Assets in total 31 December 2020						**267,849**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Liabilities to credit institutions		14.939	14.939	15.000
Debt securities issued to the public [2]		34.937	34.937	35.485
Subordinated debt		14.839	14.839	15.154
Other financial liabilities		16.349	16.349	
Financial liabilities total	**-**	**81.063**	**81.063**	
Other than financial liabilities			53.717	
Liabilities in total 31 December 2020			**134.781**	

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

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

[3] At initial recognition the Group's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus. dividend yields are recognised in profit or loss. but changes in fair value. foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2021 the fair value of non-strategic investments was EUR 979 thousand (31 December 2020 EUR 497 thousand). of which none paid dividends in 2021 or 2020. No non-strategic investments were derecognised during the financial period.

26 Fair value of financial instruments

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

Fair value of liabilities 31 December 2021, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Liabilities to credit institutions		630		630
Subordinated debt		15,526		15,526
Total	**-**	**16,156**	**-**	**16,156**

Fair value of assets 31 December 2020, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Receivables from credit institutions		25.786		25.786
Receivables from the public and general government		5.964	735	6.699
Debt securities		1.508		1.508
Shares and units	654		21.317	21.971
Insurance assets	151.610		5.095	156.705
Total	**152.264**	**33.258**	**27.147**	**212.670**

Fair value of liabilities 31 December 2020, EUR 1,000	Level 1	Level 2	Level 3	Fair value total
Liabilities to credit institutions		15.000		15.000
Debt securities issued to the public		35.485		35.485
Subordinated debt		15.154		15.154
Total	**-**	**65.639**	**-**	**65.639**

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, stocks and debt securities. Shares in private equity funds are mainly measuered at the latest fair value received from the management company. Unquoted shares are measured at fair value using discounted cash flow analysis or, if it is determined that fair value cannot be measured reliably, at acquisition cost.

Reconciliation of assets categorised within level 3, EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Fair value January 1	27,147	13,907
Purchases	9,810	4,343
Sales and deductions	-2,707	-615
Change in fair value - income statement	1,493	635
Change in fair value - comprehensive income statement	475	6
Transfers to level 1	-3,236	-
Change of associated company or subsidiary to an investment	-	8,872
Fair value at end of period	**32,982**	**27,147**

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.–31.12.2021	1.1.–31.12.2020
Net income from insurance	1,473	21
Net gains or net losses on trading in securities and foreign currencies	20	614
Total	**1,493**	**635**

27 Intangible assets

EUR 1,000	31.12.2021	31.12.2020
Goodwill	696	5,097
Other intangible assets	15	1,340
IT systems and software	15	1,340
Total	**711**	**6,437**

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

2020	Goodwill	Other intangible assets	Total
Acquisition cost 1 January 2020	5,097	6,629	11,726
Increases	-	875	875
Acquisition cost 31 December 2020	5,097	7,504	12,601
Accumulated depreciation, amortisation and impairment 1 January 2020	-	5,355	5,355
Depreciation during the financial period	-	809	809
Accumulated depreciation, amortisation and impairment 31 December 2020	-	6,164	6,164
Book value 1 January 2020	5,097	1,274	6,371
Book value 31 December 2020	**5,097**	**1,340**	**6,437**

Goodwill allocation and impairment testing

On 31 December 2021 the goodwill amounted to EUR 696 thousand, of which EUR 349 thousand is allocated to the Private Asset Management segment and EUR 347 thousand to the Strategic Investments segment. On 31 December 2020 the goodwill amounted to EUR 5,097 thousand, of which EUR 4,750 thousand was allocated to the then Wealth Management segment and EUR 347 thousand to the then Insurance segment.

In impairment testing, the recoverable amount of the unit is determined based on its value in use. Cash flow forecasts are based on predictions for a four-year period. Cash flows after the forecast period are extrapolated using an even 0.5% growth factor, which is assessed as being suitable for a growing business. Future cash flows are discounted using the weighted average cost of capital, which is 10.8 percent for the Private Asset Management segment and 11.3 percent for the Strategic Investments segment. Parameters used in determining the discount rate (risk-free interest, risk coefficient, risk premium and capital structure) are based on factors observed in companies engaged in similar or competing business and on the prevailing market conditions at the end of September 2021. 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.

28 Tangible assets

EUR 1,000	31.12.2021	31.12.2020
Other tangible assets	1,149	2,944
Total	**1,149**	**2,944**

	2021	2020
Acquisition cost 1 January	8,084	8,008
Increases	360	76
Transfer to non-current assets classified as available-for-sale	3,271	-
Acquisition cost 31 December	5,174	8,084
Accumulated depreciation, amortisation and impairment 1 January	5,140	3,573
Depreciations during the financial period	776	1,567
Transfer to non-current assets classified as available-for-sale	1,892	-
Accrued depreciation, amortisation and impairment 31 December	4,025	5,140
Book value on 1 January	2,944	4,435
Book value on 31 December	**1,149**	**2,944**

29 Other assets

EUR 1,000	31.12.2021	31.12.2020
Fee and commission income receivables	5,734	7,100
Other	7,935	7,355
Total	**13,669**	**14,455**

30 Accrued income and prepayments

EUR 1,000	31.12.2021	31.12.2020
Pension and employer insurance premiums	12	23
Interest receivables	3,527	2,776
Tax receivables	184	252
Development projects	3,917	4,478
Contract assets from unrealized performance fees	5,374	-
Other accrued income	3,907	3,869
Total	**16,921**	**11,399**

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

Contract assets from unrealized performance fees at the balance sheet date were EUR 5.4 million according to management's estimate. Management has utilized several scenarios in estimating the amount of unrealized performance fees. Management has decided to use a conservative scenario in estimating the amount of all unrealized performance fees at the balance sheet date. In addition, a discount factor of 50.0 per cent has been used to calculate the amount of unrealized performance fees to reflect the volatility of the estimated performance fee and the timing uncertainty associated with the exit of the fund. Taaleri reviews unrealized performance fees semi-annually and models the probabilities of factors related to their realization and the final amount of performance fees.

31 Liabilities to credit institutions

EUR 1,000	31.12.2021	31.12.2020
Other liabilities to credit institutions	-	14,939
Total	**-**	**14,939**

32 Debt securities issued to the public

EUR 1,000	31.12.2021	31.12.2020
Publicly issued bonds	-	34,937
Total	**-**	**34,937**

Taaleri Plc has issued a bond of EUR 35 million in 2016 that was listed on the Nasdaq HEL Corporate Bond market.
In May 2021 Taaleri Plc exercised its right to redeem prematurely its outstanding 4.250% Senior Bond due 20 December 2021 issued in 2016. The bond was redeemed in full on 28 May 2021 in accordance with the terms and conditions of the bond. Further information about the bond programme can be found on the company's website (only in Finnish): www.taaleri.com/sijoittajat/taaleri-sijoituskohteena/velkasijoittajat.

Taaleri Plc bond 01/2016	
Bond organiser(s):	Danske Bank Oyj
Bond capital and currency:	EUR 35,000,000.00
Number of bond shares:	35,000
Priority position of bond:	Same as issuer's other unsecured commitments
Settlement of bond:	Euroclear Finland Ltd:s value-share system
Unit size of bond shares:	EUR 1,000.00
Minimum subscription of bond:	EUR 100,000.00
Date of issue:	20.12.2016
Date of maturity:	20.12.2021
Repayment amount:	Nominal value of bond capital
Date(s) of repayment:	20.12.2021
	The bond will be repaid in one instalment
Interest:	Fixed interest, 4.25% p.a. Interest payment dates: Each year on 20 December, beginning 20 December 2017 and ending 20.12.2021
Basis of interest calculation:	Actual/actual (ICMA)
Assumed banking day:	Following
Issuing agent and payment agent:	Danske Bank Oyj
Bond ISIN code:	FI4000232970

33 Other liabilities

EUR 1,000	31.12.2021	31.12.2020
Accounts payable	1,415	1,403
Fee and commission liabilities	105	981
Tax account liabilities	232	144
Lease liabilities	1,490	2,759
Other liabilities	76	114
Total	**3,318**	**5,401**

34 Accrued expenses and deferred income

EUR 1,000	31.12.2021	31.12.2020
Accrued personnel costs	1,373	2,503
Cash settled share options	855	89
Accrued interest	154	203
Accrued tax	2,009	3,442
Other accrued expenses	9,782	8,387
Total	**14,172**	**14,623**

35 Deferred tax assets and liabilities

Deferred tax assets, EUR 1,000	31.12.2021	31.12.2020
From employment benefits	210	339
From unused tax losses	1,989	1,222
From other IFRS adjustments	144	85
Total	**2,343**	**1,646**

Deferred tax liabilities, EUR 1,000	31.12.2021	31.12.2020
From financial assets recorded at fair value in profit or loss	1,146	674
From financial assets measured at fair value through other comprehensive income	435	470
From insurance equalisation provision	14,086	14,222
From other IFRS adjustments	914	-
Total	**16,580**	**15,366**

36 Derivative contracts

Derivative risks

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

The option granted is a call option on shares of Inderes Plc that Taaleri holds. At the balance sheet date, Taaleri holds 50,364 Inderes Plc shares and all of the shares held are accompanied by a unilateral call option on the part of Inderes Plc. The option is valid until June 30, 2022. Taaleri has committed to restrictions on the transfer of the number of shares subject to the option. The shares subject to the option have been valued at fair value and presented under Shares and units. The option has been valued at fair value and presented as a separate agreement under Derivative contracts.

EUR 1,000	31.12.2020			
	Nominal value of underlying, gross	Fair value	Asset	Liability
Held for trading				
Equity-linked derivatives				
Options granted	-	-	-	-
Derivative contracts, total	**-**	**-**	**-**	**-**

37 Subordinated debt

EUR 1,000	31.12.2021	31.12.2020
Tier 2 bond	14,854	14,839
Total	**14,854**	**14,839**

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.

38 Equity

Share capital

The company's share capital on 31 December 2021 was EUR 125,000 and the amount of shares 28,350,620. The company's shares do not have a nominal value. Trading in Taaleri Plc's shares are traded on the Nasdaq Helsinki main market. The shares' trading code is "TAALA" and ISIN code FI4000062195.

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

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

Other authorisations

The general meeting of 25 March 2021 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 18 May 2020.

The general meeting of 25 March 2021 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 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 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 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 financial 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. The authorisation is valid until the end of the next annual general meeting, however no longer than 30 June 2022. This authorisation cancels the authorisation issued at the general meeting on 18 May 2020.

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

Changes in number of shares 2020	Total
Number of shares 1 January 2020	28,350,620
Number of shares 31 December 2020	28,350,620
Number of votes 31 December 2020	28,350,620

Issuer's reserves within equity

The following are descriptions of the reserves within equity.

Reserve for invested non-restricted equity

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

Translation differences

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

Fair value reserve

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

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

Changes in the fair value reserve 2020	At fair value through other comprehensive income		
EUR 1,000	Loans and receivables certificates	Stocks, shares and funds	Total
Fair value reserve 31 December 2019	-21	-915	-935
Changes to previous period	-	-89	-89
Fair value reserve 1 January 2020	-21	-1,004	-1,024
Changes in fair value	6	266	271
Changes in expected credit losses	-	-70	-70
Deferred taxes	-2	-39	-41
Fair value reserve 31 December 2020	-17	-847	-864

Notes concerning Risk Position

39 Group's internal control and risk management principles

1. Group's internal control and risk management

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

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

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

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

In Taaleri Group, risk is defined as the effect of uncertainty on objectives. Risk is seen as two-sided; it can be a 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).

Risk control and management aims to safeguard 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 confirms the Group's common objectives and targets, and approves the principles for internal control and risk management.

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

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

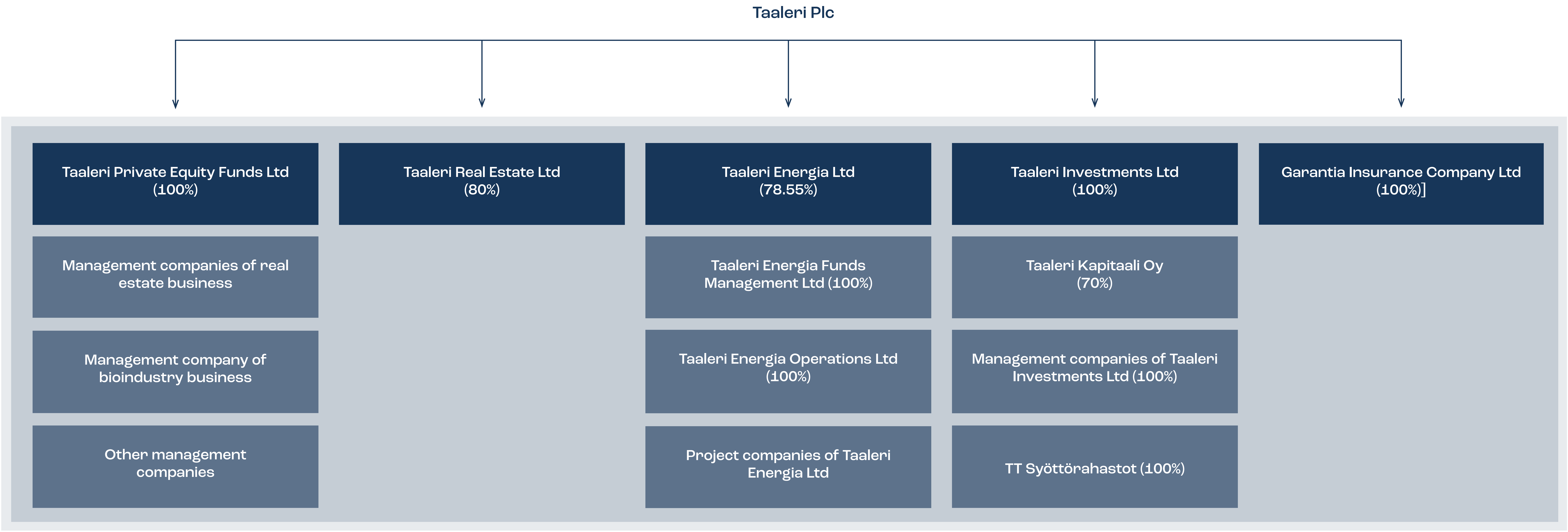
Laws and regulations concerning Taaleri Group
Taaleri is a financial group, whose parent company, Taaleri Plc, is listed on Nasdaq Helsinki's main market. The Taaleri Group comprises two business segments: Private Asset Management and Strategic Investments. Private Asset Management consists of renewable 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 the supervision of the FSA.

Taaleri Group operates under the Limited Liability Companies Act, Insurance companies Act and Act on Alternative Fund Managers. Prior to the sale of its investment management operations, Taaleri operated under the Act on the Supervision of Financing and Insurance Conglomerates (699/2004), known as the RaVa-act, according to which the Group formed a Financial Conglomerate. As the Group then owned an investment management subsidiary holding a license for investment management activities, the Investment Services Act, Credit Institutions Act, EU Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR) were also applied to the Group.

The FSA decided on 29.10.2021, that the Act on the Supervision of Financing and Insurance Conglomerates is no longer applicable to Taaleri Group as, since the sale of the investment management activities, the Group does not have an investment services firm, which was a prerequisite for forming a financial conglomerate. In addition, the Investment Services Act, Credit institutions Act, CRD and CRR are no longer applicable to Taaleri Group.

Taaleri Group forms an insurance group in accordance with Chapter 26 of the Insurance Companies Act, which is supervised by the Financial Supervision Authority.



2. Internal control organization

The Board of Directors of Taaleri Plc take 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.

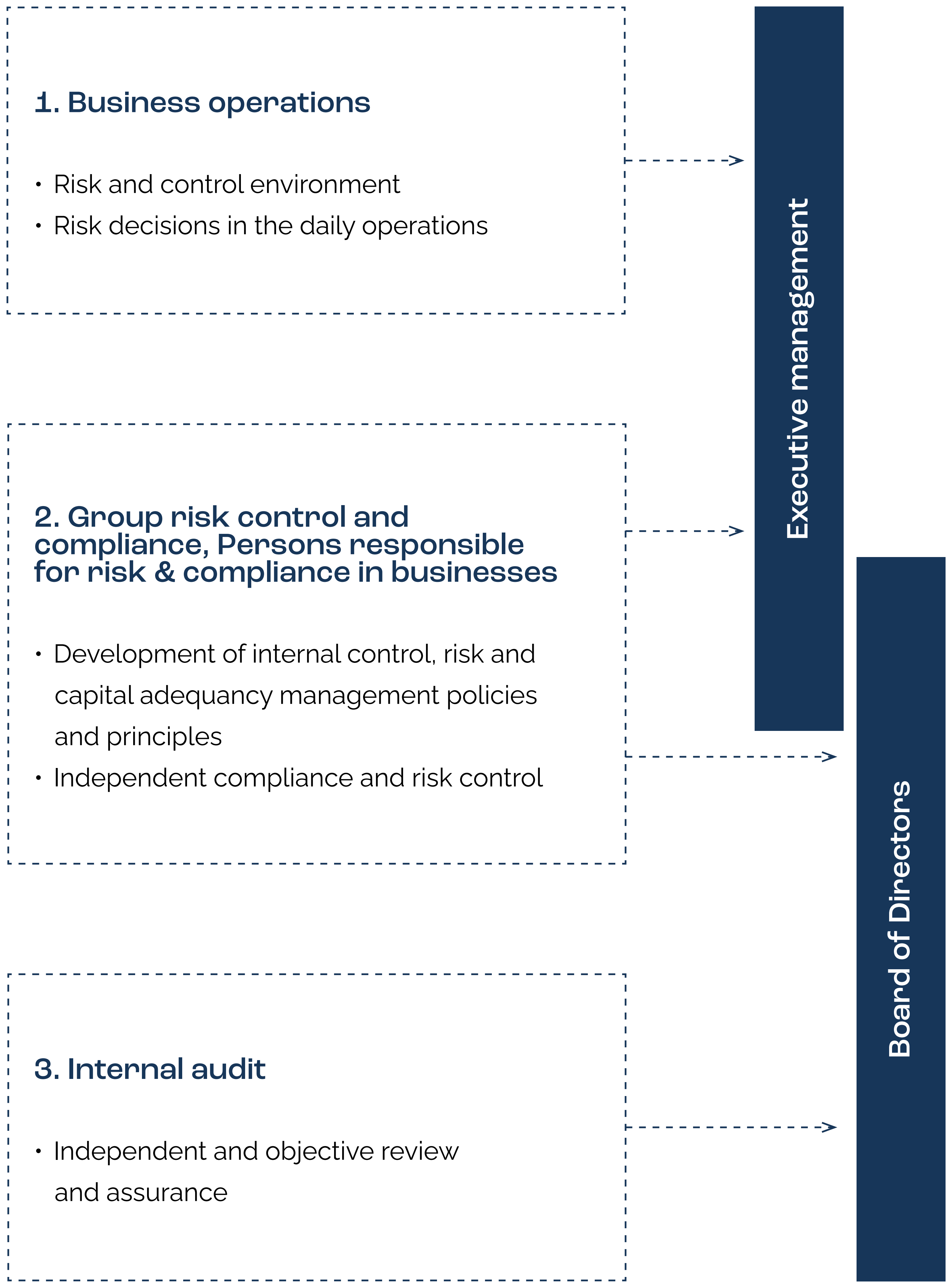
In matters concerning internal control and risk management, the highest decision-making body is the Board of Directors of Taaleri Plc, which is responsible for:

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

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

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

Internal control framework and operating procedures



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

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

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

The Group's Executive 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 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 a group risk officer and the persons responsible for risk control and compliance in the businesses. The risk control function:

- 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's Executive 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 Executive Management Team, Audit Committee, and 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 Executive Management Team, the Board's Audit Committee, and the Board of Directors.

Group Compliance consists of the Group General Counsel and the persons responsible for compliance in the businesses. The main tasks of Group Compliance are to:

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

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

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

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

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

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

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

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

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

Continuity plans

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

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

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

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

3. Capital management

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

Taaleri Group's attitude towards risk-taking is based on careful consideration of adequate risk/return relationship.

Taaleri Plc's Board of Directors has decided that the Group may not in its activities take a risk that exceeds the agreed risk appetite.

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 even in exceptional circumstances. The Group's capital structure, i.e., how the Group's financing is organized and how it is divided into debt and equity, is regularly monitored in connection with balance sheet management. The Group's strategic objective is to have at least 30 per cent equity ratio and a 15 per cent return on equity over the long term. The development of the Group's net gearing is also monitored.

Taaleri Plc 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 issued a EUR 15 million Tier 2 bond to further strengthen its own funds.

4. Key risks and risk management of the Private Asset Management segment

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

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

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

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

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

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

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

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

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

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

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 to customers are the largest source of credit risk, but credit risk also arises from other receivables, such as fee receivables from customers, liquid assets and investments, and off-balance sheet assets, such as issued guarantees and commitments made on behalf of the Group or Group companies.

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

In Taaleri Group, credit risk is encountered from Garantia's guarantee insurance operations, from investments made by the parent company Taaleri Plc and Taaleri Investments Ltd, from loans granted and from 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 their 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 Board of Directors. The aim is to always diversify both credit risk and counterparty risk to more than one counterparty, depending on the market and the situation.

Liquidity risk

'Liquidity risk' is the risk associated with the availability of refinancing that arises when the maturities of the receivables and liabilities are different. Liquidity risk also arises if receivables and liabilities are too concentrated on individual counterparties. Taaleri's liquidity is monitored daily and Taaleri has credit account that it can utilize 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 out 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 Executive Management Team and 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. 'Commodity risk' refers to the effect of changes in commodity prices.

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

In the renewable energy business, the energy price risk can also affect the value of the energy projects being developed and the profits of the energy funds. However, a significant part of the energy price risk is mitigated with fixed price energy contracts.

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

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

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

Operational risk

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

In Taaleri, operational risks are primarily managed by developing internal processes and by providing good operating instructions and adequate training of personnel. The aim is to reduce the losses due to operational risks by reducing the likelihood and impact of the risks and reducing the company's vulnerability if the risk is realized. 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 insurance cover is assessed annually.

Efforts are made to manage the risks caused by malpractice 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 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, Taaleri's personnel identify and assess the key operational risks in the 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 organization of operational risk management and the methods for assessing, monitoring, and reporting operational risk to the Board of Directors and the Financial Supervisory Authority.

5. Key risks and risk management of the insurance operations In Garantia

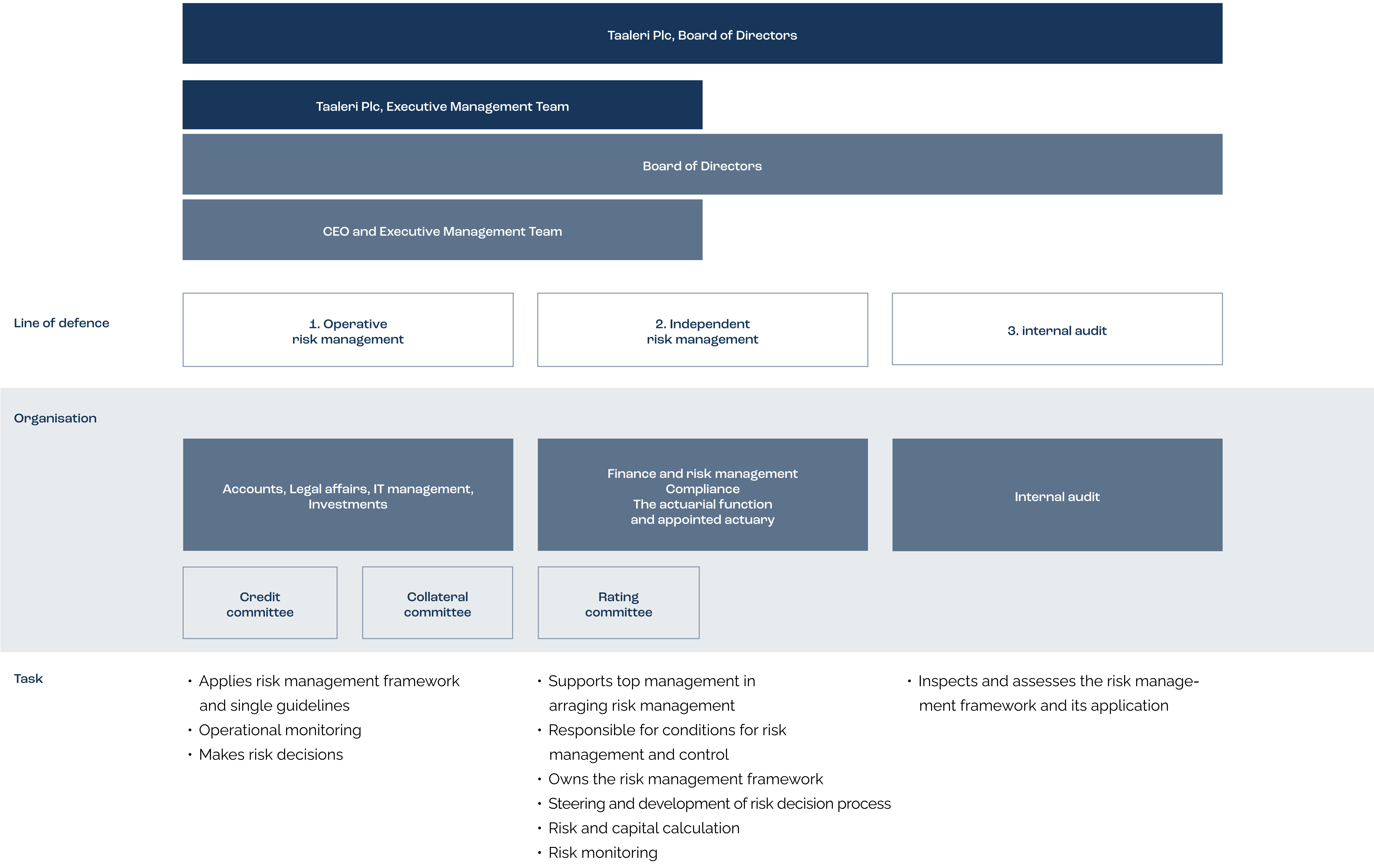
The company's risk management and solvency management are based on Garantia's values, Code of Conduct, strategy, and business objectives. The purpose of risk management is to support the achievement of the company's objectives by identifying the company's threats and opportunities and ensuring that they 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

The organisation of Garantia's risk management



1) (Units that take business risks in their operations by processing insurance policies, 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.

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

The units in Garantia's organization that are responsible for risk control carry out independent risk assessments and ensure that company guidelines, acts and other legal provisions are complied with, and thus form a so-called independent risk 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 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 has set Garantia's target level for capitalization above the statutory solvency capital requirement, the minimum capital requirement required by credit rating agency Standard & Poor's for an AAA credit rating, and the economic capital model defined at a confidence level of 99.5%. Garantia only distributes dividends or returns capital to the owner when this does not put the A-credit rating or the internal solvency target levels of Garantia at risk. The purpose of capital management is to ensure in a proactive way that the company has adequate capital reserves for exceptional situations. The principal means to maintain balance between risks, and actual capitalization is to ensure profitable business operations and active risk management. If an imbalance is detected, balance is restored with management of profit and risk position, by refraining from dividend payments or by acquiring new capital.

Risk appetite means the amount and type of risks that the company is prepared to take in order to achieve the targets set for its business. Garantia has moderate risk appetite, and this is defined through risk-taking limits and risk indicators. The Board of Directors approves the risk-taking limits and risk indicators annually as part of the capital plan (solvency limits), credit risk policy (concentration risks and risk-taking limits concerning insurance operations), reinsurance policy (risk-taking limits concerning reinsurance) and the investment plan (risk-taking limits concerning investment activities).

Constant identification and assessment of risks in the business and operating environment are part of Garantia's risk and solvency management process. The principal risks associated with Garantia's business operations are credit risks arising from guaranty operations, investment risks regarding assets covering technical provisions and shareholders' equity, strategic risks, and operational and compliance risks. The identification and assessment of risks are described separately for each risk below.

Garantia defines and assesses its capital requirement and measures the risk of its business operations with three different Value-at-Risk-based risk indicators. The primary indicator used in the steering of operations, measurement of risk and assessment of capital adequacy is economic capital ("Internal risk capital") at a confidence level of 99.5%. When estimating its capital requirement, the company also uses the solvency capital requirement (SCR) based on the Solvency II standard formula at a confidence level of 99.5% including the capital add-on and the minimum capital requirement corresponding to the AAA credit rating that is in accordance with the S&P's Insurance Capital Model. In addition to VaR-based risk indicators, Garantia measures, monitors and assesses the risks of its business operations and their development with other quantitative and qualitative risk indicators. The measurement of risks is described separately for each risk below.

Garantia's monitoring and reporting of risk and solvency position is divided into internal and external monitoring and reporting. External reporting means the information published for all stakeholders and reporting to the authorities. Garantia also reports on its operations to external credit rating agency Standard & Poor's. Internally, the risk and solvency position is reported to Garantia's Executive Management Team and Board of Directors at least once a month and quarterly to the Board of Directors of the Taaleri Group. The target of internal monitoring and reporting is to ensure that the company's risk and solvency position are within the limits of risk appetite.

Insurance risk

Insurance risk means a risk of loss arising from inadequate assumptions concerning pricing and technical provisions or an unfavorable change in the value of insurance liabilities. In guaranties, the insurance risk mostly consists of credit risk, i.e., the inability of the guaranteed counterparty to meet its contractually defined financial or operational obligations to the insured party. This may be the result of 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 the party providing other counter guaranties, which results from the default of the reinsurer or the party providing other counter guaranties, and the value change risk, which is caused by changes in the fair value of the collateral.

The aim in the management of insurance risk related to guarantee insurance i.e., credit risk is to ensure that negative profit impacts arising from client and counterparty risks remain at acceptable levels, and that the returns on the insurance operations are adequate relative to the risks taken. In guaranty insurance, credit risks are reduced by means of client selection, active management of client relationships, monitoring of changes in the clients' operations, pricing, diversification and also typically through reinsurance, contract terms and collateral and covenant arrangements. Central to the management of credit risks is the process of underwriting insurance policies, which is controlled by the credit risk policy, reinsurance policy and decision-making system approved by the Board of Directors and the complementary process descriptions and guidelines on credit risk assessment, auditing of distribution partners, pricing, collateral, and covenants approved by the Executive Management Team. The risk management function monitors the functioning and quality of the insurance process. In addition to the daily insurance process, credit risks are identified and assessed at least once a year with a risk survey compiled in conjunction with annual planning.

The level of insurance risk is measured by the economic capital model, by the solvency capital requirement (SCR) including and excluding the capital add-on, and by S&P's insurance capital model. The insurance risk's economic capital is defined separately for each contract with internal ratings-based approach according to Basel II, which considers the exposure according to default (EAD), counterparty or instrument credit rating (probability of default, PD), duration, and loss-given default (LGD), which depends on counter-collateral, the collection of recourse receivables and reinsurance. The economic capital model also includes concentration risk. Garantia regularly assesses its economic capital model and the functionality of the parameters used in the calculation of the amount of economic capital.

Credit risks specific to clients and groups of connected clients are assessed with the following indicators in addition to economic capital model: client's rating and background variables, gross insurance exposure, proportion reinsured and the amount and type of other collateral, uncovered exposure, covenants and risk client status. The credit risk exposure of the insurance portfolio is assessed with the following indicators: gross exposure, proportion reinsured and other collateral, and uncovered exposure and economic capital figures by product group, rating class, industry, average maturity of exposure, claims incurred in relation to earned premiums and insurance exposure. The insurance risk position is monitored and reported to the Executive Management Team and the Board of Directors every month.

Quantitative information on insurance risks and technical provisions are presented in note 43.

Actuarial assumptions

Under the Insurance Companies Act, insurance companies must adopt prudent calculation criteria for determining the technical provisions. The value of the technical provisions must always be sufficient that the company can be reasonably assumed to be able to manage its commitments.

The provision for unearned premiums is determined as 'pro rata parte temporis'. The proportion of the premiums written of the valid insurance policies allocated to future financial years is determined on guarantee level. The outstanding claims provision consists of known and unknown claims. The individual claims due after the closing date are allocated on a claims basis as part of the known outstanding claims. A proportion of the premiums written accrued by the company during a financial year is allocated to outstanding claims unknown to the company on the closing date as part of unknown outstanding claims, using a specific coefficient. Actual technical provisions are not discounted.

Investment risks

The company's investments are used to cover the technical provisions and the equity capital, and their primary purpose is to secure the liquidity of insurance operations, even in years with exceptionally high claims. Garantia's investment activities are long-term, and the objective is primarily to secure capital and achieve stable and steadily increasing asset growth. Market-, counterparty- (credit risk) and liquidity risk are the risks affecting the investment activities.

'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 credit risk of investments is made up of counterparty risk and credit spread risk. 'Counterparty risk' means the risk of default pertaining to the contractual counterparty. 'Credit spread risk' describes the difference in the price of risky interest rate instruments and risk-free interest rate instruments, in other words, the risk arising from a change in the credit margin.

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. 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 44.

Operational risks

Operational risks mean the risk of loss resulting from deficient or faulty processes, human error, systems, or external events.

The successful management of operational risks helps to ensure that the company's operations are properly organized and that the risks do not cause any unexpected direct or indirect financial losses. Garantia is determined to maintain and strengthen a corporate culture that is positively disposed towards management of operational risks and internal control by continuously providing personnel with training and guidelines.

In order to manage the operational risks, it is important to identify and evaluate risks as well as to ensure the adequacy of the control and management methods. The principal tools in the management of operational risks are risk reviews of each unit at least once a year, continuous registration of operational risks, identification of corrective measures and the monitoring and reporting of these, continuity planning, principles for outsourcing, the planning and implementation of new products, knowing your customer (KYC), prevention of money laundering and terrorist financing, process descriptions and other working instructions and operating guidelines.

The extent of the operational risks is measured by the solvency capital requirement (SCR) and the amount of economic capital employed by operational risks, which is determined on the basis of the annual risk reviews. Actual risk events and near misses are monitored and registered, the corrective measures concerning these are specified and the implementation of the measures is followed. Operational risks are reported to the Executive Management Team and Board of Directors on a quarterly basis.

Other risks

Strategic risks are the risks that result from changes in the operating and competitive environment, slow reaction to changes, selection of the wrong strategy or business model, or the unsuccessful implementation of a strategy. Reputational and regulatory risks are strategic risks. 'Reputational risk' means the risk that unfounded or founded unfavorable publicity related to the company's business operations or relations weakens confidence in the company. Reputational risk is usually a consequence of a materialized operational or compliance risk, which results in the deterioration of the company's reputation among its customers and other stakeholders. Regulatory risk means the risk that changes in laws or regulations will materially weaken the company's ability to carry out its business operations.

The principal method in the management of strategic risks is a systematic and continuous operational planning and monitoring process, which makes it possible to identify and assess potential risks in the operating, competitive and regulatory environment, to update the strategy and manage the measures to treat risks. Reputational risk is managed proactively and in the long term by operating in accordance with Garantia's values, observing regulation and the Code of Conduct confirmed by the Board of Directors and by communicating openly and equitably with different stakeholders. Strategic risks are monitored and assessed at least once a year with a risk review compiled in conjunction with the annual planning.

Compliance risks are the risks pertaining to legal or administrative consequences, economic losses or loss of reputation that result from the failure of the company to comply with laws, decrees, or other regulations applicable to its operations. Legislative changes are actively monitored, and ongoing projects are regularly reported to the Board of Directors. The survey of risks conducted at Garantia in conjunction with annual planning also includes the identification and assessment of regulatory risks and the definition and monitoring of development measures to reduce the risks. Providing the personnel with guidelines and training is also central to managing compliance risks.

'Concentration risk' means all types of risks that could lead to such large losses that would endanger the solvency or financial position of insurance or reinsurance companies. The principal concentration risk in Garantia's business operations arises from the concentration risk of direct and indirect credit and counterparty risk in guaranty and/or investment operations. Garantia's total exposures comprise a large, individual group of connected clients and industry-specific credit risk concentrations. In addition, Garantia's guaranties and investments are concentrated in Finland. The selection of clients and investment targets and the continuous monitoring of changes in the situation of clients are emphasized above all in the management of credit concentration risk. Concentration risk is measured and assessed in the economic capital model with a separate concentration risk model and with risk limits specific to groups of connected clients.

Liquidity risk means the risk that insurance and reinsurance companies 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.

40 Maturity spread of financial assets and liabilities

Financial assets 31.12.2021, EUR 1,000	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Receivables from credit institutions	53,255					53,255
Receivables from the public and general government [1]	360	2,272	3,492	1,466		7,589
Other financial assets	16,343		9,023			25,366
Interest	24	478	658	19		1,179
Financial assets total	**69,981**	**2,750**	**13,173**	**1,486**	**-**	**87,389**

Financial liabilities 31.12.2021, EUR 1,000	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Derivative contracts		630				630
Subordinadet debt				15,000		15,000
Other financial liabilities	4,804	7,925	2,284			15,014
- of which lease liabilities	319	971	195	5		1,490
Interest		750	3,000	2,250		6,000
Financial liabilities total	**4,804**	**9,305**	**5,284**	**17,250**	**-**	**36,643**

[1] The maturity of financial assets are shown at their original value before impairments.

The maturity spread for insurance assets and liabilities is presented in Notes 43 and 44.

Financial assets 31.12.2020, EUR 1,000	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Receivables from credit institutions	25,786					25,786
Receivables from the public and general government [1]	6	954	4,632	1,212		6,804
Debt securities			1,500			1,500
Other financial assets	12,767		7,543			20,309
Interest	5	316	832	5		1,157
Financial assets total	**38,564**	**1,270**	**14,507**	**1,217**	**-**	**55,558**

Financial liabilities 31.12.2020, EUR 1,000	<3 months	3–12 months	1–5 years	5–10 years	>10 years	Total
Liabilities to credit institutions [1]	2,500	12,500				15,000
Debt securities issued to the public [1]		35,000				35,000
Subordinadet debt				15,000		15,000
Other financial liabilities	6,787	7,881	1,478			16,146
- of which lease liabilities	319	961	1,478			2,759
Interest	150	2,331	3,000	3,000		8,481
Financial liabilities total	**9,756**	**58,673**	**5,956**	**18,000**	**-**	**89,627**

[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 43 and 44.

41 Changes in liabilities arising from financing activities

	1.1.2021	Cash flows	Change in fair value	31.12.2021
Liabilities to credit institutions	14,939	-15,000	61	-
Debt securities issued to the public	34,937	-35,000	63	-
Subordinated debt	14,839	-	15	14,854
Total	**64,715**	**-50,000**	**139**	**14,854**

	1.1.2020	Cash flows	Change in fair value	31.12.2020
Liabilities to credit institutions	25,929	-11,000	10	14,939
Debt securities issued to the public	34,875		62	34,937
Subordinated debt	14,825		14	14,839
Total	**75,629**	**-11,000**	**86**	**64,715**

42 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 43 and 44.

			31.12.2021		31.12.2020	
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	536	536	262	262
Price risk [2]						
Shares and units	Fair value	10%	4,057	4,155	2,147	2,197
Receivables from the public and general government	Fair value	10%	267	267	394	394
Assets classified as held for sale	Fair value	10%	525	525	536	536
Derivative contracts	Fair value	10%	63	63	-	-

[1] In the interest rate risk sensitivity analysis financial assets and liabilities on the balance sheet with a variable interest rate have been taken into account.
[2] In the price risk sensitivity analysis financial instruments that are measured at fair value have been taken into account.

43 Quantitative information about insurance risk and technical provisions

Taaleri's insurance operations consist only of the business of Garantia Insurance Company Ltd. Below is a presentation of quantitative information for Garantia. Garantia Insurance Co Ltd was merged with the Group on 1 April 2015.

Trend in claims incurred, EUR 1,000	Claims paid	Change in provision for outstanding	Claims incurred	%, of insurance exposure	Claims ratio, %
2021	-1,270	592	-677	0.04%	3.80%
2020	-855	263	-592	0.03%	4.00%
2019	-336	-1,282	-1,618	0.09%	12.2%
2018	427	355	783	-0.05%	-6.4%
2017	-343	-736	-1,079	0.07%	10.1%
2016	-934	-240	-1,174	0.09%	12.4%
2015	-1,421	-71	-1,492	0.13%	15.1%
2014	-569	157	-412	0.03%	3.7%
2013	-2,526	121	-2,405	0.18%	22.2%
2012	-1,772	504	-1,268	0.09%	11.7%

The development of claims incurred is based on Garantia Insurance Company Ltd's FAS financial statements.

Claims paid include the share of reinsurers, recovery of claims and operating expenses allocated to claims operations. Change in provision for outstanding claims includes the share of reinsurers.

Insurance exposure by product groups, EUR million	31.12.2021	31.12.2020
Consumer exposure	1,130	972
Corporate exposure	565	844
Total	**1,695**	**1.817**

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.

Corporate insurance exposure by credit rating, EUR million	31.12.2021	31.12.2020
AAA...BBB-	109	126
BB+...BB-	306	462
B+...B-	94	186
C+ or weaker	21	30
Rated exposure total	**530**	**803**
Other exposure	34	41
Corporate exposure total	**565**	**844**

Corporate insurance exposure by industry, EUR million	31.12.2021	31.12.2020
Manufacturing	150	198
Machinery and equipment industry (incl. repair)	61	81
Metals	42	43
Chemicals	22	21
Food	19	25
Other	7	29
Construction	136	285
Wholesale and retail trade	55	65
Water supply and waste management	37	33
Transport and logistics	35	57
Finance and insurance	29	60
Energy	26	22
Services	15	22
Information and communication	13	15
Other industries	32	47
Rated exposure total	**530**	**803**
Other exposure	34	41
Corporate exposure total	**565**	**844**

Other exposure consists of exposure where insurance risk is not directly attributable to the creditworthiness or industry sector of the counterparty. Hence, this exposure has not been rated. The industry classification is based on the classification taxonomy of Statistics Finland.

Technical provisions (FAS), EUR 1,000	31.12.2021	31.12.2020
Provision for unearned premiums	36,559	29,815
Provision for claims outstanding	1,718	2,310
Known provision for claims outstanding	467	1,373
Unknown provision for claims outstanding	1,250	937
Equalisation provision	70,432	71,109
Total	**108,708**	**103,234**

Provision for unearned premiums and claims outstanding by estimated maturity 31 December 2021

EUR 1,000	<1 year	1–2 years	2–3 years	>3 years	Total
Provision for unearned premiums	11,494	7,498	5,762	11,805	36,559
Provision for claims outstanding	1,718	-	-	-	1,718
Total	**13,212**	**7,498**	**5,762**	**11,805**	**38,277**

Provision for unearned premiums and claims outstanding by estimated maturity 31 December 2020

EUR 1,000	<1 year	1–2 years	2–3 years	>3 years	Total
Provision for unearned premiums	10,000	5,852	4,523	9,439	29,815
Provision for claims outstanding	2,310				2,310
Total	**12,310**	**5,852**	**4,523**	**9,439**	**32,125**

The duration of the cash flow distribution of technical provision excluding equalization provision is 2.8 (2.7) years.

Sensitivity analysis of insurance operations 31 December 2021

Risk parameter	Total amount, EUR 1,000	Change in risk parameter	Effect on equity, EUR 1,000	Effect on combined ratio, percentage point
Premium revenue	17,865	increases by 10%	1,429	improves 3.2pp
Claims incurred	677	increase by 10%	-	weakens 0.4pp
Large claim, EUR 10 million	-	EUR 10 million	-	weakens 56.0pp
Operating expenses	-5,657	increase by 10%	-453	weakens 3.2pp

Sensitivity analysis is based on Garantia Insurance Company Ltd's FAS financial statements.

Sensitivity analysis of insurance operations 31 December 2020

Risk parameter	Total amount, EUR 1,000	Change in risk parameter	Effect on equity, EUR 1,000	Effect on combined ratio, percentage point
Premium revenue	14,885	increases by 10%	1,191	improves 3.4pp
Claims incurred	592	increases by 10%	-	weakens 0.4pp
Large claim, EUR 10 million	-	EUR 10 million	-	weakens 67.2pp
Operating expenses	5,030	increases by 10%	-402	weakens 3.4pp

Sensitivity analysis is based on Garantia Insurance Company Ltd's FAS financial statements.

44 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 2017 and the comparison periods, based on the figures in Garantia's FAS financial statements.

Investment distribution at fair value, EUR million	31.12.2021	31.12.2020
Fixed income investments*	142	138
Equity investments	27	20
Land and buildings	2	2
Total	**170**	**159**

* Includes cash and bank balances. Fixed income investments include mainly bonds issued by Finnish corporates and Nordic banks.

Investment sensitivity analysis, 31 December 2021

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	141.8	Change in interest rate	1%	4.3
Shares	21.1	Fair value	10%	1.7
Capital investments	7.6	Fair value	10%	0.6

The sensitivity analysis is based on Garantia's FAS financial statements. When calculating the effects of changes, the market valuationhas, however, been assumed before and after the change.

Investment sensitivity analysis, 31 December 2020

Investment class	Investments at fair value, EUR million	Risk parameter	Change	Effect on equity, EUR million
Bonds	137.7	Change in interest rate	1%	3.8
Shares	15.6	Fair value	10%	1.2
Capital investments	6.1	Fair value	10%	0.5

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 2021

EUR million	<1 year	1–3 years	3–5 years	>5 years	Total	%
AAA...AA-	2.9	-	5.3	6.5	14.7	10.4%
A+...A-	0.5	14.8	2.5	2.7	20.5	14.5%
BBB+...BBB-	-	9.9	27.0	32.0	68.9	48.6%
BB+ or weaker	3.2	8.1	20.1	6.3	37.7	26.6%
Total	**6.6**	**32.9**	**54.9**	**47.5**	**141.8**	**100.0%**

Fixed-income portfolio (excl. bond funds) by maturity and credit rating 31 December 2020

EUR million	<1 year	1–3 years	3–5 years	>5 years	Total	%
AAA...AA-	0.5	-	4.6	-	5.1	3.7%
A+...A-	0.8	8.1	6.5	2.8	18.3	13.3%
BBB+...BBB-	-	12.1	21.0	28.2	61.3	44.5%
BB+ or weaker	5.7	23.4	18.9	5.1	53.1	38.6%
Total	**7.0**	**43.6**	**51.0**	**36.1**	**137.7**	**100.0%**

Maturity date is the end of the term to maturity. If the instrument includes a call option, maturity is the first possible call date. The rating of an instrument is an issuer rating or senior debt rating published by an external rating agency. If an external rating is not available, Garantia's internal credit rating is used.

Other notes

45 Notes concerning personnel and management

	2021		2020	
Number of personnel	**Average no.**	**Change**	**Average no.**	**Change**
Permanent full-time personnel	138	-55	192	6
Temporary part-time personnel	8	-3	11	2
Total	**146**	**-57**	**203**	**8**

Share option plans and share based incentive schemes for key employees

During 2021 expenses from options and other share based incentive schemes amounting to EUR 2.9 (1.0) million were recognised in personnel costs.

Share option plan 2015
The 2015 incentive scheme expired on 31 December 2020.

On 28 October 2015, the Board of Directors of Taaleri Plc decided on a share-based incentive scheme for the Group's key employees. Under the incentive scheme, key persons are issued synthetic option rights, and a potential bonus will be paid in 2019–2020 in cash. The company's Board of Directors may oblige a key employee to acquire company shares comprising up to 50% of the bonus. The payment in cash aims to cover tax and tax-like payments incurred by key employees from bonuses. If the employment of a key employee ends before 2018, in principle no bonus will be paid. The Board of Directors may oblige that person to purchase Taaleri shares, and to set a possible one-year limitation period for the shares. At the moment of granting, the bonuses paid based on the incentive scheme will correspond to the value increase of a total of no more than about 800,000 Taaleri Plc shares, including the part paid in cash. The given value of a share was set at EUR 9.00, which will be reduced by dividends distributed and by capital repayments before the usage date. The final value of a share will be the average price weighted by transaction amounts concluded in the 20 trading days prior to the synthetic option excercise date.

On the date of granting of 25 February 2016, the fair value of an option was set at EUR 1.77, on 12 May 2016 at EUR 2.07, on 22 June 2016 at EUR 1.80, on 16 December 2016 at EUR 1.36 and on 30 October 2017 at EUR 2.83. Because the recipient of an option is not entitled to receive dividends or capital repayments during the earnings period, the dividends expected have been deducted from the share price on the date of granting when setting the fair value.

The fair value of the payments to be settled in cash were reassessed on each reporting day up to the end of 2017. On 1 January 2018 the amendments to IFRS 2 came into force and since then the expense is recognised according to the initial date of granting until the end of the earnings period.

Options outstanding (number of options)	1.1.–31.12.2021	1.1.–31.12.2020
Outstanding at the beginning of the period	-	545,000
Returned during the period	-	25,000
Exercised during the period	-	92,000
Expired during the period	-	427,500
Outstanding at the end of the period	**-**	**-**
Excercisable at the end of the period	**-**	**-**

Share based incentive scheme 2017
On 30 October 2017, the Board of Directors of Taaleri Plc decided on a share-based incentive scheme for the Group's key employees. The scheme consists of three three-year earnings periods, namely 1.11.2017–31.10.2020, 1.11.2018–31.10.2021, and 1.11.2019–31.10.2022. At the beginning of each period, the Board of Directors has decided on the earnings criteria and has set the performance targets. Approximately twenty persons, including the members of the Group Executive Management Team, are part of the scheme. The potential rewards from the scheme in every earnings period are based on the total return of Taaleri Plc's share.

The first earnings period expired on 31 October 2020 as worthless. The rewards paid for the earnings period 2018–2021 corresponded to 102,790 Taaleri Plc shares, including the portion paid in cash.

The rewards to be paid for the earnings period 2019–2022 correspond to a maximum of 243,455 Taaleri Plc shares, including the portion to be paid in cash. The reward is paid partly in company shares and partly in cash. The purpose of the cash contribution is to cover taxes and tax-like payments arising from the remuneration to the key personnel. If the key employee's managerial or employment relationship ends before the reward is paid, the reward will generally not be paid. In connection with the sale of the wealth management operations, Taaleri Plc's Board of Directors decided to proportionate the shares earned through the incentive scheme to the persons belonging to the wealth management operations sold.

On the date of granting on 30 October 2017, the fair value of a unit was set at EUR 5.07, on 29 October 2018 at EUR 0.11 and on 30 October 2019 at EUR 1.65. Because the recipient of a unit is not entitled to receive dividends or capital repayments during the earnings period, the dividends expected have been deducted from the share price on the date of granting when setting the fair value.

Units outstanding	1.1.–31.12.2021	1.1.–31.12.2020
Outstanding at the beginning of the period	408,156	552,044
Returned during the period	14,166	-
Exercised during the period	253,990	6,888
Expired during the period	-	137,000
Outstanding at the end of the period	**140,000**	**408,156**
Excercisable at the end of the period	**-**	**-**

Share based incentive scheme 2021

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 earnings periods: calendar years 2021–2023, 2022–2024 and 2023–2025. The Board of Directors decides on the scheme's earnings criteria and the targets to be set for each earnings period at the beginning of each earnings period.

The reward of the scheme in the earnings 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 the spring of 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 correspond 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 earnings period 2021–2023 include approximately 10 key personnel, including some members of the Executive Management Team.

Units outstanding	1.1.–31.12.2021	1.1.–31.12.2020
Outstanding at the beginning of the period	-	-
Granted during the period	170,000	-
Outstanding at the end of the period	**170,000**	**-**
Excercisable at the end of the period	**-**	**-**

CEO's share based incentive scheme

On 19 June, 2019, Taaleri Plc's Board of Directors decided on the establishment of a share-based incentive scheme for the company's then CEO. In the scheme, the CEO acquired the company's shares for at least EUR 200,000. The share-based incentive scheme was a one-off, five-year scheme, and the earnings period was 1 June 2019-15 June 2024. The earnings period included three measuring periods, which commenced at the beginning of the earnings period and ended on 15 September in years 2022, 2023 and 2024. Any reward earned under the scheme was be based on Taaleri Plc's total shareholder return (TSR). The reward corresponded at the establishment to the value of no more than 249,000 Taaleri Plc shares, including the part to paid in cash. On October 25, 2021, Taaleri Plc's Board of Directors decided to pay 148,006 shares to Taaleri Plc's CEO for the share-based incentive plan and to reimburse distributions in 2020 and 2021. From the share-based incentive scheme, a total payable is EUR 1,709,464.68 of which EUR 854,732.35 was paid during the financial year of 2021.

Determining fair value

In order to determine fair value, the Group uses the Black-Scholes model in option arrangements in which there are no special conditions for creating rights, ie. the 2013 and 2015 share option plans. The expected volatility is determined based on the actual price development of the parent company's shares, taking into account the validity period of the options still remaining. The fair value of shares in these option arrangements, based on which the shares are granted, is based on the quoted share price. Since 1 January 2018 the recongnised expenses are based on the valuation at the time the rights were granted. The valuations of synthetic options and share based incentive schemes on 31 December 2018 are based on accrued expenses based on fair values up until 1 January 2018, and from then on based on the valuations on the day the rights were granted. The excpected actualisation rate is determined based on the future share price estimated using the Capital Asset Pricing Model, where Taaleri's company specific beta coefficient and the market risk is used. The risk free rate is based on government loans.

Share options 2015, assumptions used	granted 2/2016	granted 5/2016	granted 6/2016	granted 12/2016
Weighted price of shares on the date of granting, EUR	8.76	9.18	8.78	8.31
Share price on 31 December 2020	8.12	8.12	8.12	8.12
Share price on 31 December 2019	8.42	8.42	8.42	8.42
Original issue price, EUR	9.00	9.00	9.00	9.00
Dividend-adjusted issue price, EUR	7.86	7.86	7.86	7.86
Expected volatility, %	24.4%	24.4%	24.4%	24.4%
Validity period on date of granting, years	4.9	4.6	4.5	4.0
Risk-free interest, %	0.04%	0.04%	0.04%	-0.52%
Fair value of option at the time of granting, EUR	1.77	2.07	1.80	1.36

Share Options 2015, assumptions used	granted 10/2017
Weighted price of shares on the date of granting, EUR	10.75
Share price on 31 December 2020	8.41
Share price on 31 December 2019	8.42
Original issue price, EUR	9.00
Dividend-adjusted issue price, EUR	7.86
Expected volatility, %	23.4%
Validity period on date of granting, years	3.17
Risk-free interest, %	-0.43%
Fair value of option at the time of granting, EUR	2.83

Share based incentive scheme 2017, assumptions used	granted 10/2017	granted 10/2018	granted 10/2019
Maximum value on the date of granting, EUR	1,717,200	1,629,540	1,537,605
Share price on 31 December 2021	11.20	11.20	11.20
Share price on 31 December 2020	8.12	8.12	8.12
Allocation price of share	10.60	8.23	7.27
Expected actualisation rate	59.15%	1.49%	25.74%
Discount rate	10.0%	10.0%	10.0%

CEO share based incentive scheme 2019, assumptions used	granted 6/2019
Maximum value on the date of granting, EUR	1,752,960
Share price on 31 December 2021	11.20
Share price on 31 December 2020	8.12
Allocation price of share	7.04
Expected actualisation rate	26.61%
Discount rate	10.0%

Share based incentive scheme 2021, assumptions used	granted 6/2021
Maximum value on the date of granting, EUR	3,145,000
Share price on 31 December 2021	11.20
Allocation price of share	11.00
Expected actualisation rate	34.50%
Discount rate	-0.66%

46 Investments in subsidiaries

Changes in subsidiary shareholdings 2021

During the financial year of 2021 Taaleri Plc sold its wealth management operations to Aktia Bank Plc. In the transaction, Taaleri Wealth Management Ltd, Taaleri Fund Management Company Ltd, Taaleri Tax Services Ltd and Evervest Ltd were transferred to Aktia. For further information, see Note 47 Discontinued Operations and the Sale of the subsidiary. In addition, Taaleri Investment Ltd sold its entire holding of 61.8 per cent in Mobify Invoices Oy.

In connection with the sale of Taaleri's wealth management operations, Taaleri Private Equity Funds Ltd acquired from Aktia Bank Plc its shares in Taaleri Infra I GP Ltd (formerly Aktia Infra Rahasto GP Ltd), a total of 80.0 per cent of the company's shares. The company belongs to the infrastructure business that started operations at Taaleri and thus belongs to the Private Asset Management segment. The purchase price, including the contingent consideration, was EUR 350.0 thousand the and the full purchase price was paid in cash. At the time of the acquisition, Taaleri Infra I GP Ltd's assets were EUR 1.3 thousand and consisted entirely of cash. The company had no debt at the time of acquisition. Goodwill of EUR 348.7 thousand was recorded and is based on the expertise of the persons transferred to Taaleri in the transaction. The company has been consolidated into the Taaleri Group as of April 30, 2021. Goodwill arising on the transaction will be tested annually.

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

Changes in subsidiary shareholdings 2020

During 2020 Taaleri divested its holding in wind farm project located in Texas, USA, by reducing its holding in TGE Taaleri LLC and its subsidiary TG East Wind Project LLC to seven (100.0) per cent. In addition, during 2020 Taaleri acquired all of the non-controlling interests in Taaleri Veropalvelut Oy and at the end of the financial year Taaleri's holding in Taaleri Veropalvelut Oy was 100.0 (95.0). Taaleri Sijoitus Oy's holding in Mobify Invoices Oy decreased to 61.82 (68.00) percent with the share issue.

Additionally, during 2020, there were established and merged some management - and project companies under Taaleri Pääomarahastot, Taaleri Sijoitus and Taaleri Energia.

Effects on the equity attributable to owners of the parent of any changes in its ownership interest in a subsidiary that do not result in a loss of control, EUR 1,000	**1.1.-31.12.2021**	**1.1.-31.12.2020**
From an addition to the share owned in subsidiaries	-	-246
From a reduction in the share owned in subsidiaries without loss of control	29	93
Net effect on equity	**29**	**-153**

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

47 Discontinued operations and the sale of the subsidiary

Description of the sale of discontinued operations

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

Profit from discontinued operations

Profit from discontinued operations, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
Income	15,578	35,456
Expenses	-10,603	-24,439
Operating profit	**4,975**	**11,017**
Income tax expense	-1,205	-1,231
Profit after income tax of discontinued operations	**3,769**	**9,786**
Gain on sale of the subsidiary after income tax	111,133	-
Profit from discontinued operations	**114,902**	**9,786**

Net cash flows from discontinued operations are presented in Consolidated statement of cash flows.

Details of the sale of the subsidiary

Sale of the subsidiary, EUR 1,000	1.1.-31.12.2021	1.1.-31.12.2020
Consideraion received in cash	113,680	-
Consideration received in shares	10,000	-
Total disposal consideration	**123,680**	**-**
Carrying amount of net assets sold	12,548	-
Gain on sale before income tax	**111,133**	**-**
Income tax expense on gain	-	-
Gain on sale after income tax	**111,133**	**-**

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

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

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

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

48 Investments in associated companies

Changes in associated companies shareholdings 2021

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

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

Changes in associated companies shareholdings 2020

On 31 December 2020 the group had nine associated companies; Fellow Finance Plc, Hernesaaren Kehitys Oy, Munkkiniemi Group Oy, Taaleri Datacenter Ky, Fintoil Oy, Taaleri SolarWind II SPV, Turun Toriparkki Oy, Masdar Taaleri Generation and Sepos Oy. None of these is considered material to the group. The associated companies, except for Fellow Finance Plc and Fintoil Oy, are consolidated using the equity method. Fellow Finance Plc is classified as held for sale (see Note 23). Venture capital investment committed to associated company Fintoil is decided to measure at fair value through profit or loss in accordance with IFRS 9. A profit of 73 thousand euros from continuing operations of the associated companies has been recognised in the Group in the income statement item 'Share of associates' profit or loss'. The associated companies have neither discontinued operations nor comprehensive income items.

During the reporting period Taaleri acquired a 30.0 percent share in Sepos Oy after which it is consolidated as associated company. In addition, Taaleri's holding in Taaleri Datacenter Ky decreased to 29.5 per cent and holding in Fintoil Oy increased to 27.4 per cent.

49 Contingent liabilities

Commitments not recognised as liabilities, EUR 1,000	31.12.2021	31.12.2020
Total gross exposures of guaranty insurance	1,694,866	1,816,527
Guarantees	-	2,000
Investment commitments	7,008	4,658
Pledged securities	-	15,000
Credit limits (unused)	200	10,200
Total	**1,702,074**	**1,848,385**

Garantia has in 2017 received information that a matter concerning a potential insurance event and a related claim has become pending in the Helsinki District Court. The amount of the claim is EUR 5 million, with added penalty interest and legal expenses. The claim concerns a pension fund, a guaranty insurance customer of Garantia, that was placed in liquidation in 2011 and subsequently declared bankrupt in 2018. The court proceedings are currently ongoing in the district court. Garantia considers the claim unfounded, and hence no provision for an outstanding claim has been booked.

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. The disposal consideration will depend in part on the business of the coming years. The deed of sale related to the sale of the wealth management operations includes special business-related liabilities to Taaleri of up to EUR 36 million, as well as industry-related general and compliance responsibilities. No contingent receivable or liability has been recognized for the contingent consideration, as Taaleri does not consider it probable that the contingent consideration will be realized. Liabilities related to the transaction are not included in the table above. For further fetails, please see Note 47 Discontinued operations and sale of the subsidiary.

50 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.

51 Leases

Right-of-use assets 2021, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2021	2,427	127	97	2,651
Increases	1,204	142	68	1,413
Remeasurements	12	6	-	18
Decreases	-2,056	-83	-87	-2,226
Depreciation	-842	-96	-17	-955
Book value 31 December 2021	746	94	61	901
Lease liablities 31 December 2021				1,490

Right-of-use assets 2020, EUR 1,000	Office spaces	Cars	Equipment	Total
Book value 1 January 2020	3,622	220	128	3,971
Increases	4	31	-	35
Remeasurements	12	-	-	12
Decreases	-	-7	-	-7
Depreciation	-1,212	-117	-31	-1,359
Book value 31 December 2020	2,427	127	97	2,651
Lease liablities 31 December 2020				2,759

Items recognised in profit and loss related to lease agreements, EUR 1,000	1.1.–31.12.2021	1.1.–31.12.2020
Interest expense	-69	-68
Depreciation	-717	-647
Interest income from sublease contracts	20	-
Costs related to short term agreements	-238	-296
Costs related to agreements concerning low value assets	-43	-31
Total	**-1,048**	**-1,041**

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 1,399 (1,028) thousand euros in 2021. Income from subleasing of right-of-use assets in 2021 totaled EUR 362 (0) thousand.

52 Related party disclosures

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

The following belong to the company's related parties:

1) Someone who, by virtue of shareholding, options or convertible bonds has or may have at least 20 percent of the company's stocks or shares, or the voting rights attached to them, or a corresponding shareholding or voting right in an organisation belonging to the group, or in an organisation exercising control in the company, unless the significance of the company that is the subject of ownership is minor in terms of the whole group.

2) A member and deputy member of the Board of Directors, CEO and Deputy CEO, and somebody in a similar position in a company as referred to in point 1.

3) The children and spouse of someone as referred to in point 2, or someone in a marital relationship with that person.

4) An organisation and foundation in which an above-mentioned person, either alone or with another person, has control as specified in Chapter 1, Paragraph 5 of the Accounting Act.

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

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

On 31 December 2021 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

2021	Sales	Purchases	Receivables	Liabilities
Associated companies	301	-	1,841	-
Other related parties	279	-	3,819	-

2020	Sales	Purchases	Receivables	Liabilities
Associated companies	761	-	4,713	-
Other related parties	200	-	5,002	-

Management shareholdings

At the end of 2020, members of the company's Board of Directors and Group Management Team owned a total of 2,147,721 of the company's shares, which corresponds to 7.6% of the shares and the voting rights attached to all shares. The shareholdings of the members of the company's Board of Directors and Senior Management Team in the company, including related party holdings:

Name	Position	Number of shares
Juhani Elomaa [1]	Chairman of the Board of Directors	2,144,595
Titta Elomaa [2]	Managing Director, Garantia Insurance Company Ltd	2,095,221
Minna Smedsten	CFO	23,313
Peter Ramsay	CEO	10,054
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
Janne Koikkalainen	General Counsel	5,006
Petri Castrén	Member of the Board of Directors	4,000
Tero Saarno	Director, Bioindustry	5
Total		**2,214,655**
Total of share capital, %		7.8%

[1] Juhani Elomaa's shareholding consists of 2,144,595 shares, 350,905 of which are owned by their other related parties.
[2] Titta Elomaa's shareholding consists of 2,095,221 shares, 2,049,667 of which are owned by their 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	2021	2020
Salaries, bonuses and other fringe benefits	5,281	2,364
Benefits to be paid at the end of employment	1,361	1,004
Total	**6,642**	**3,368**

[1] The composition of Taaleri's Executive Management Team has changed during the 2021 and 2020 financial periods. The benefits of those who left the Executive Management Team are included in the table from the time when they belonged to the Executive Management Team.

Parent company's financial statements

Parent company's income statement

EUR	Note	1.1.–31.12.2021	1.1.–31.12.2020
Revenue	2	3,418,107	2,421,019
Other operating income		361,985	4,642
Personnel costs	3		
Wages and salaries		-7,747,868	-2,629,797
Social security expenses			
Pension expenses		-518,599	-379,072
Other social security expenses		-186,058	-22,843
Personnel costs total		-8,452,525	-3,031,712
Depreciation, amortization and reduction in value			
Depreciation and amortization according to plan		-74,086	-7,105
Other operating expenses	4	-5,422,480	-3,128,290
Operating profit (loss)		**-10,168,999**	**-3,741,446**
Financial income and expenses	5		
Income from group undertakings		143,062,109	9,000,000
Net income from other investments held as non-current assets			
From others		2,342,700	386,560
Other interest income and other financial income			
From group undertakings		1,504,480	1,358,153
From others		63,889	92,113
Reduction in value of investments held as current assets	6	3,311	-94
Interest and other financial expenses			
From others		-2,305,286	-3,263,500
Financial income and expenses total		144,671,203	7,573,231
Profit (loss) before appropriations and taxes		**134,502,204**	**3,831,785**
Appropriations	7		
Group contribution		3,000,000	5,500,000
Income taxes	8		
Income taxes for the financial year		528	-66,603
Defferd taxes		1,189,358	19
Income taxes total		1,189,886	-66,584
Profit (loss) for the financial year		**138,692,090**	**9,265,201**

Parent company's balance sheet

Assets, EUR	Note	31.12.2021	31.12.2020
Non-current assets			
Intangible assets			
Other intangible assets	9	231,611	3,553
Intangible assets total		**231,611**	**3,553**
Tangible assets			
Machinery and equipment	10	173,448	0
Tangible assets total		**173,448**	**0**
Investments			
Holdings in group undertakings	11, 18	76,134,482	77,942,995
Participating interests	11, 18	3,147,624	3,153,624
Other shares and similar rights of ownership	18, 19	11,998,268	23,130
Other receivables	18, 19, 20	0	2,360,000
Investments total		**91,280,374**	**83,479,750**
Non-current assets total		**91,685,433**	**83,483,303**
Current assets			
Long-term receivables			
Amounts owed by group undertakings	18, 20	35,314,450	31,944,000
Loan receivables		251,321	306,035
Deferred tax assets	12	1,191,029	1,670
Long-term receivables total		**36,756,799**	**32,251,706**
Short-term receivables			
Amounts owed by group undertakings	18	7,356,292	4,332,484
Other receivables		41,819	81,723
Prepayments and accrued income	13	280,124	169,756
Short-term receivables total		**7,678,235**	**4,583,963**
Investments	18, 20		
Other investments		**0**	**1,497,738**
Investments total		**0**	**1,497,738**
Cash and cash equivalents	18, 20	**39,370,123**	**1,735,620**
Current assets total		**83,805,158**	**40,069,026**
Assets total		**175,490,590**	**123,552,329**

Equity and liabilities, EUR	Note	31.12.2021	31.12.2020
Equity	14		
Equity capital		125,000	125,000
Reserve for invested unrestricted equity		19,156,293	36,139,665
Retained earnings (loss)		765,208	11,879,914
Profit (loss) for the financial year		138,692,090	9,265,340
Equity total		**158,738,591**	**57,409,919**
Liabilities			
Long-term liabilities			
Bonds	15, 18, 20	14,853,985	14,839,051
Long-term liabilities total		**14,853,985**	**14,839,051**
Short-term liabilities			
Bonds	15, 18, 20	0	34,936,919
Liabilities to credit institutions	16, 18, 20	0	14,938,748
Accounts payable		290,502	142,355
Amounts owed to group undertakings		32,649	38,922
Other liabilities		146,623	68,664
Accruals and deferred income	17	1,428,240	1,177,752
Short-term liabilities total		**1,898,014**	**51,303,359**
Liabilities total		**16,751,999**	**66,142,410**
Equity and liabilities total		**175,490,590**	**123,552,329**

Parent company's cash flow statement

EUR	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from operating activities:		
Operating profit (loss)	-10,168,999	-3,741,446
Depreciation	74,086	7,105
Income from group undertakings	134,880,182	9,000,000
Income from other investments held as non-current assets	516,561	742,819
Other interest income and other financial income	69,521	86,108
Interest and other financial expenses	-2,210,225	-3,339,110
Cash flow before change in working capital	123,161,127	2,755,477
Change in working capital		
Increase (-)/decrease (+) in loan receivables	-956,082	-4,694,000
Increase (-)/decrease (+) in current interest-free receivables	-1,660,110	320,716
Increase (+)/decrease (-) in current interest-free liabilities	537,704	106,280
Cash flow from operating activities before financial items and taxes	121,082,638	-1,511,527
Direct taxes paid (-)	528	-16,647
Cash flow from operating activities (A)	**121,083,166**	**-1,528,174**
Cash flow from investing activities:		
Investments in tangible and intangible assets	-475,592	0
Investments in subsidiaries and associated companies	-109,652	-156,000
Other investments	1,500,000	0
Cash flow from investing activities (B)	**914,756**	**-156,000**

EUR	1.1.–31.12.2021	1.1.–31.12.2020
Cash flow from financing activities:		
Decrease in Debt securities issued to the public	-35,000,000	0
Increase (+) in non-current liabilities	0	20,000,000
Decrease (-) in non-current liabilities	-15,000,000	-31,000,000
Paid and received group contributions	3,000,000	5,500,000
Dividends paid and other distribution of profit	-37,363,418	-4,528,899
Cash flow from financing activities (C)	**-84,363,418**	**-10,028,899**
Increase/decrease in cash and cash equivalents (A+B+C)	37,634,503	-11,713,073
Cash assets at the beginning of the financial period	1,735,620	13,448,693
Cash assets at the end of the financial period	39,370,123	1,735,620
Difference in cash assets	37,634,503	-11,713,073

Notes to the parent company's financial statements

1 Accounting policies 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 2021.

Taaleri Plc's financial statements for the previous financial year 1 January–31 December 2020 were prepared in addition to Finnish Accounting Act in accordance with the Act on Investment Services, the Ministry of Finance decree on the financial statements of an investment service company and guidelines of the Finnish Financial Supervisory Authority concerning accountancy, financial statements, and annual reports in the financial sector. The basis for preparation for Taaleri Plc's financial statements has changed, as Taaleri Plc is no longer a holding company of an investment firm at the balance sheet date 31 December 2021.

The change in the basis of preparation has caused a change in the presentation of the income statement and balance sheet. The presentation of the statements for the financial year from 1 January to 31 December 2021 complies with Finnish Accounting Act. The data for comparison period have been adjusted accordingly.

In the financial statements of Taaleri Plc for the financial period 1 January to 31 December 2020, IFRS 9 was applied when classifying and measuring financial instruments. The company continues the same accounting principle and applies the alternative procedure permitted by Chapter 5, Section 2a of the Accounting Act and measures financial instruments at fair value.

In other respects, Taaleri Plc's accounting policies for the financial period from 1 January to 31 December 2020 have substantially complied with Finnish Accounting Act. Thus, the change in the basis of preparation has not caused any other material changes to Taaleri Plc's accounting policies in addition to those described above.

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. 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. On December 31, 2020, Taaleri Plc's current investments included an investment in a bond that was not intended as non-current asset. The bond has been sold during the financial year of 2021.

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 of the parent company

2 Revenue

	1.1.–31.12.2021	1.1.–31.12.2020
Income from group undertakings	3,315,600	2,416,032
Other income	102,507	4,988
Total	**3,418,107**	**2,421,019**

3 Personnel costs

	1.1.–31.12.2021	1.1.–31.12.2020
Wages, salaries and fees	7,747,868	2,629,797
Pension expenses	518,599	379,072
Social security contributions	186,058	22,843
Total	**8,452,525**	**3,031,712**

During the 2021 financial period, a total of eur 2,597 (1,148) thousand in salaries and fees were paid to the board of directors, the ceos and deputy ceo including the voluntary pension insurance. Due to the change of the ceo during the financial year, the company's former ceo robin lindahl, was paid eur 1,367 thousand, and at the end of the financial year eur 855 thousand are still unpaid. During the financial period, the average number of personnel employed by the parent company was 15 (17). The salaries and bonuses paid to the company's current and previous ceo in 2021 including fringe benefits, share-based incentive scheme and pension insurance amounted to eur 2,112 (731) thousand. If ceo's employment is terminated by the company, the ceo is entitled to severance pay corresponding to 12 months salary. The ceo is entitled to a statutory pension and his retirement age is determined within the framework of the statutory pension system. The company's ceos are entitled to a voluntary pension insurance paid for by the company, which cost was eur 346 (180) thousand in 2021.

4 Other operating expenses

	1.1.–31.12.2021	1.1.–31.12.2020
Voluntary personnel expenses	772,473	338,804
Marketing and communication expenses	349,258	238,780
Premises and other leasing expenses	977,349	26,732
ICT expenses	790,303	131,565
Equipment rental and leasing	67,942	65,106
Fees paid to the company's auditors	163,095	109,356
Auditing fees	129,580	100,378
Tax services	0	0
Other	33,515	8,978
Group internal administrative services	46,538	171,314
Consultation and external expert services	1,256,366	1,457,245
Other operating expenses	999,155	589,389
Total	**5,422,480**	**3,128,290**

5 Financial income and expenses

	1.1.–31.12.2021	1.1.–31.12.2020
Income from group undertakings		
Dividends	21,200,000	9,000,000
Gaind and losses on disposals	121,862,109	0
Net income from other investments held as non-current assets		
From other investments held as non-current assets		
Dividends	419,062	0
Fair value changes	1,875,144	-1,288
Interest income	48,493	387,989
Other interest income and other financial income		
From group undertakings		
Interest income	1,504,480	1,358,153
From other		
Interest income	63,889	91,971
Reduction in value of investments held as current assets		
Expected credit losses	3,311	-94
Interest and other financial expenses		
To others		
Interest expenses from liabilities to credit institutions	-257,762	-743,475
Interest expenses from cash at bank	-178,656	-11,246
Interest expenses from bonds issued	-1,728,997	-2,235,941
Other financial expenses	-139,871	-272,838
Total	**144,671,203**	**7,573,231**

On March 10, 2021, Taaleri announced the sale of the Wealth Management business to Aktia. The transaction was completed on April 30, 2021 and the parent company recognized a tax-free capital gain of EUR 121.9 million in the transaction, which is recognized in Income from shares in companies of the same group. Further information on the sale of the Wealth management business from the Group's perspective is provided in Note 47 to the consolidated financial statements.

6 Expected credit losses

	Amortised cost
ECL 1.1.2021	8,352
Additions due to purchases	0
Deductions due to derecognitions	-3,311
Changes in risk parameters	0
Recognised in profit or loss	-3,311
ECL 31.12.2021	**5,040**

	Amortised cost
ECL 1.1.2020	8,258
Additions due to purchases	94
Deductions due to derecognitions	0
Changes in risk parameters	0
Recognised in profit or loss	94
ECL 31.12.2020	**8,352**

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.–31.12.2021	1.1.–31.12.2020
Expected credit losses from financial assets measured at amortised cost	3,311	-94
Recognised in profit or loss	**3,311**	**-94**

7 Appropriations

	1.1.–31.12.2021	1.1.–31.12.2020
Group contributions received	3,000,000	5,500,000
Group contributions paid	0	0
Total	**3,000,000**	**5,500,000**

8 Taxes

	1.1.–31.12.2021	1.1.–31.12.2020
From profit for the financial period	0	68,619
Taxes from previous periods	-528	-2,016
Deferred taxes	-1,189,358	-19
Total	**-1,189,886**	**66,584**

Notes to the balance sheet of the parent company

9 Intangible assets

2021	IT systems	Total
Acquisition cost 1 January	85,659	85,659
Increases	278,477	278,477
Acquisition cost 31 December	**364,136**	**364,136**
Accumulated depreciation, amortisation and impairment 1 January	82,106	82,106
Depreciation during the financial period	50,419	50,419
Accrued depreciation 31 December	**132,525**	**132,525**
Carrying amount 1 January	3,553	3,553
Carrying amount 31 December	**231,611**	**231,611**

2020	IT systems	Total
Acquisition cost 1 January	85,659	85,659
Increases	0	0
Acquisition cost 31 December	**85,659**	**85,659**
Accumulated depreciation, amortisation and impairment 1 January	75,001	75,001
Depreciation during the financial period	7,105	7,105
Accrued depreciation 31 December	**82,106**	**82,106**
Carrying amount 1 January	10,658	10,658
Carrying amount 31 December	**3,553**	**3,553**

10 Tangible assets

2021	Machinery and equipment	Total
Acquisition cost 1 January	0	0
Increases	197,115	197,115
Acquisition cost 31 December	**197,115**	**197,115**
Accumulated depreciation, amortisation and impairment 1 January	0	0
Depreciation during the financial period	23,667	23,667
Accrued depreciation 31 December	**23,667**	**23,667**
Carrying amount 1 January	0	0
Carrying amount 31 December	**173,448**	**173,448**

11 Holdings in group undertakings and participating interests

2021	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	77,942,995	3,153,624	81,096,620
Increases	9,550	100,002	109,552
Decreases	1,818,064	6,000	1,824,064
Acquisition cost 31 December	**76,134,482**	**3,247,626**	**79,382,108**
Changes in value 1.1.	0	0	0
Changes in value during the financial period	0	-100,002	-100,002
Changes in value 31 December	**0**	**-100,002**	**-100,002**
Carrying amount 1 January	77,942,995	3,153,624	81,096,620
Carrying amount 31 December	**76,134,482**	**3,147,624**	**79,282,106**

2020	Holdings in group undertakings	Participating interests	Total
Acquisition cost 1 January	77,942,995	2,997,624	80,940,620
Increases	0	156,000	156,000
Decreases	0	0	0
Acquisition cost 31 December	**77,942,995**	**3,153,624**	**81,096,620**
Carrying amount 1 January	77,942,995	2,997,624	80,940,620
Carrying amount 31 December	**77,942,995**	**3,153,624**	**81,096,620**

Taaleri Plc's subsidiaries and participating interests are listed in the attachment of the parent company's financial statements.

12 Deferred tax assets

	31.12.2021	31.12.2020
From unused tax losses	1,190,021	0
From expected credit losses	1,008	1,670
Total	**1,191,029**	**1,670**

13 Prepayments accrued income

	31.12.2021	31.12.2020
Accrued interest	13,176	67,044
Tax accruals	0	0
Other accrued income	266,947	102,712
Total	**280,124**	**169,756**

14 Increases and decreases in equity during the financial year

	1.1.2021	Increase	Decrease	31.12.2021
Share capital	125,000			125,000
Reserve for invested non-restricted equity	36,139,665		16,983,372	19,156,293
Retained earnings (loss)	21,145,254		20,380,046	765,208
Profit (loss) for the financial year	0	138,692,090		138,692,090
Total	**57,409,919**	**138,692,090**	**37,363,418**	**158,738,591**

Distributable non-restricted equity of the parent company on 31 December 2021	**31.12.2021**
Reserve for invested non-restricted equity	19,156,293
Retained earnings (loss)	765,208
Profit (loss) for the financial year	138,692,090
Total	**158,613,591**

Parent company's restricted equity on December 31, 2021 125,000

	1.1.2020	Increase	Decrease	31.12.2020
Share capital	125,000			125,000
Reserve for invested non-restricted equity	36,139,665			36,139,665
Retained earnings or loss	16,408,813		4,528,899	11,879,914
Profit (loss) for the period	0	9,265,340		9,265,340
Total	**52,673,478**	**9,265,340**	**4,528,899**	**57,409,919**

Distributable non-restricted equity of the parent company on 31 December 2020	**31.12.2020**
Reserve for invested non-restricted equity	36,139,665
Retained earnings (loss)	11,879,914
Profit (loss) for the financial year	9,265,340
Total	**57,284,919**

Parent company's restricted equity on December 31, 2020 125,000

15 Bonds

	31.12.2021	31.12.2020
Long-term bonds		
Tier 2 bond	14,853,985	14,839,051
Short-term bonds		
Bond issued in 2016	0	34,936,919
Total	**14,853,985**	**49,775,970**

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.

Bond issued in 2016

Taaleri Plc has issued a bond of EUR 35 million in 2016 that was listed on the Nasdaq HEL Corporate Bond market. In May 2021 Taaleri Plc exercised its right to redeem prematurely its outstanding 4.250% Senior Bond due 20 December 2021 issued in 2016. The bond was redeemed in full on 28 May 2021 in accordance with the terms and conditions of the bond.

16 Liabilities to credit institutions

	31.12.2021	31.12.2020
Short-term liabilities to credit institutions	0	14,938,748
Total	**0**	**14,938,748**

17 Accruals and deferred income

	31.12.2021	31.12.2020
Holiday pay liability	212,043	298,508
Accrued interest	154,110	202,816
Accrued tax	0	50,659
Other accrued expenses	1,062,088	625,769
Total	**1,428,240**	**1,177,752**

18 Classification of financial assets and liabilities

Financial assets and liabilities 31 December 2021		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		4,235		11,994,033		11,998,268	11,998,268
Current amounts owed by group undertakings	14,106,450			21,208,000		35,314,450	35,314,450
Current amounts others	251,321					251,321	251,321
Current investments						0	
Cash and cash equivalents [1]	39,370,123					39,370,123	
Other financial assets	7,425,340					7,425,340	
Financial assets total	**61,153,234**	**4,235**	**0**	**33,202,033**	**0**	**94,359,502**	
Participating interests						3,147,624	
Holdings in group undertakings						76,134,482	
Other than financial assets						1,848,982	
Assets in total 31 December 2021						**175,490,590**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2]		14,853,985	14,853,985	15,154,110
Liabilities to credit institutions			0	
Other financial liabilities		1,752,628	1,752,628	
Financial liabilities total	**0**	**16,606,613**	**16,606,613**	
Other than financial liabilities			145,386	
Liabilities in total 31 December 2021			**16,751,999**	

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

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

[3] At initial recognition the company's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2021 the fair value of non-strategic investments was EUR 4,235 (4,235), of which none paid dividends in 2021 or 2020. No non-strategic investments were derecognised in 2021 or 2020.

Financial assets and liabilities 31 December 2020		At fair value through other comprehensive income		At fair value through profit or loss			
Financial assets	**Amortised cost**	**Equity instruments [3]**	**Others**	**Equity instruments**	**Others**	**Total**	**Fair value**
Non-current investments		4,235		2,378,896		2,383,130	2,383,130
Current amounts owed by group undertakings	15,444,000			16,500,000		31,944,000	31,944,000
Current amounts others	306,035					306,035	306,035
Current investments	1,497,738					1,497,738	
Cash and cash equivalents [1]	1,735,620					1,735,620	
Other financial assets	4,407,221					4,407,221	
Financial assets total	**23,390,614**	**4,235**	**0**	**18,878,896**	**0**	**42,273,745**	
Participating interests						3,153,624	
Holdings in group undertakings						77,942,995	
Other than financial assets						181,965	
Assets in total 31 December 2020						**123,552,329**	

Financial liabilities	**At fair value through profit or loss**	**Other liabilities**	**Total**	**Fair value**
Bonds [2]		49,775,970	49,775,970	50,639,315
Liabilities to credit institutions		14,938,748	14,938,748	15,000,000
Other financial liabilities		1,377,034	1,377,034	
Financial liabilities total	**0**	**66,091,751**	**66,091,751**	
Other than financial liabilities			50,659	
Liabilities in total 31 December 2020			**66,142,410**	

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

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

[3] At initial recognition the company's non-strategic investments are specifically classified as measured at fair value through profit or loss. Thus, dividend yields are recognised in profit or loss, but changes in fair value, foreign exchange rate gains and losses as well as sales gains and losses are recognised in other comprehensive income. These are not later recycled to profit or loss. The classification as a non-strategic investment is made instrument-by-instrument by management. Non-strategic investments include small investments in limited partnerships associated to Taaleri's private equity funds and equity investments in private companies not directly associated to Taaleri's business strategy. On 31 December 2021 the fair value of non-strategic investments was EUR 4,235 (4,235), of which none paid dividends in 2021 or 2020. No non-strategic investments were derecognised in 2021 or 2020.

19 Fair value hierarchy of financial assets

Financial instruments measured at fair value

2021	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	11,994,033			11,994,033
- Fair value through other comprehensive income			4,235	4,235
Current amounts owed by group undertakings		21,208,000		21,208,000
Total	**11,994,033**	**21,208,000**	**4,235**	**33,206,268**

2020	Level 1	Level 2	Level 3	Total
Non-current investments				
- Fair value through profit or loss	18,896	2,360,000		2,378,896
- Fair value through other comprehensive income			4,235	4,235
Current amounts owed by group undertakings		16,500,000		16,500,000
Total	**18,896**	**18,860,000**	**4,235**	**18,883,130**

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

31.12.2021	<3 months	3–12 months	1–5 years	5–10 years	Total
Current amounts owed by group undertakings		6,450	14,100,000	21,208,000	**35,314,450**
Current amounts owed by others		76,784	179,577		**256,361**
Cash and cash equivalents [1]	39,370,123				**39,370,123**
Bonds [1]				15,000,000	**15,000,000**

31.12.2020	<3 months	3–12 months	1–5 years	5–10 years	Total
Non-current investments			2,360,000		**2,360,000**
Current amounts owed by group undertakings			15,444,000	16,500,000	**31,944,000**
Current amounts owed by others			312,125		**312,125**
Current investments			1,500,000		**1,500,000**
Cash and cash equivalents [1]	1,735,620				**1,735,620**
Bonds [1]		35,000,000		15,000,000	**50,000,000**
Liabilities to credit institutions [1]	2,500,000	12,500,000			**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 of the parent company

21 Guarantees and contingent liabilities

Guarantees and contingent liabilities	31.12.2021	31.12.2020
Pledged securities	0	15,000,000
Credit limits (unused)	0	5,000,000
Total	**0**	**20,000,000**

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

31.12.2021	< 1 v.	1–5 v.
Leasing payments	29,507	62,337
Rental liabilities	1,266,866	1,363,581
Total	**1,296,374**	**1,425,918**

31.12.2020	< 1 v.	1–5 v.
Leasing payments	69,993	34,356
Total	**69,993**	**34,356**

List of accounting books used

List of accounting journals	
Income Statement	in paper form
Balance sheet	in paper form
Journal	in paper form
General ledger	in paper form
Purchases ledger	in electronic form
Salary bookkeeping	outsourced

Document types and means of storage		
TITO	Bank statements	in paper form
NRD	Nordea bank statements	in paper form
DANSKE	Danske Bank statements	in paper form
OTHER	Other bank statements	in paper form
EL	Electronic purchase invoices	in electronic form
M2	Travel expense entries	in electronic form
PT	General ledger entries	in paper form
JT	Accrual entries	in paper form
MT	Memo vouchers	in paper form

All bookkeeping material is kept at the company's own premises as required by law.

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 Energia Ltd	Helsinki	2772984-6	78.55%
Taaleri Private Equity Funds Ltd	Helsinki	2264327-7	100.00%
Taaleri Real Estate Ltd [1)]	Helsinki	3207236-7	80.00%
Taaleri Investments Ltd	Helsinki	2432616-0	100.00%
Garantia Insurance Company Ltd	Helsinki	0944524-1	100.00%

Subgroup of Taaleri Investments Ltd	Registered office	Business ID	Group ownership
Taaleri Biohiili GP Oy	Helsinki	3151705-3	100.00%
Taaleri Biojalostamo GP Oy	Helsinki	3115228-5	100.00%
Taaleri Datacenter GP Oy	Helsinki	2859905-1	100.00%
Taaleri Geoenergia GP Oy	Helsinki	2808431-4	100.00%
Taaleri Kapitaali Oy	Helsinki	2772994-2	70.00%
Galubaltis GP Oy	Helsinki	2840499-8	100.00%
Taaleri Merenkulku GP Oy	Helsinki	2766357-6	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 VI hallinnointiyhtiö Oy	Helsinki	2481017-1	100.00%
Taaleri Asuntorahasto VIII GP Oy	Helsinki	3161704-6	73.00%
Taaleri Aurinkotuuli Feeder GP Oy	Helsinki	3155769-6	100.00%
Taaleri Aurinkotuuli II GP Oy	Helsinki	2948690-5	100.00%
Taaleri Bioindustry Fund I GP Oy [1]	Helsinki	3226348-9	67.00%
Taaleri Infra I GP Ltd	Helsinki	3152206-3	80.00%
Taaleri Kasvurahastot I GP Oy	Helsinki	3011817-3	100.00%
Taaleri Kiertotalous GP Oy	Helsinki	2745010-8	100.00%
Taaleri Kiinteistökehitysrahaston hallinnointiyhtiö Oy	Helsinki	2689264-1	100.00%
Taaleri Linnainmaankulman hallinnointiyhtiö Oy	Helsinki	2413559-1	100.00%
Taaleri Metsärahaston hallinnointiyhtiö Oy	Helsinki	2512332-2	100.00%
Taaleri Metsärahasto III hallinnointiyhtiö Oy	Helsinki	2652535-8	100.00%
Taaleri Oaktree Syöttörahaston hallinnointiyhtiö Oy	Helsinki	2442491-6	100.00%
Taaleri Porin Asuntorahaston hallinnointiyhtiö Oy	Helsinki	2364138-8	100.00%
Taaleri Päiväkotikiinteistöt GP Oy	Helsinki	2993761-4	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 Tuulirahasto IV GP Oy	Helsinki	2990792-5	100.00%
Taaleri Tuuli II Feeder GP Oy	Helsinki	3155719-4	100.00%
Taaleri Tuuli III Feeder GP Oy	Helsinki	3155720-7	100.00%
Taaleri Aurinkotuuli Feeder GP Oy	Helsinki	3155769-6	100.00%
Taaleri Velkarahastot I GP Oy	Helsinki	3133283-3	100.00%
Taaleri Vuokrakoti GP Oy	Helsinki	2787453-3	100.00%

Subgroup of Taaleri Energia Ltd	Registered office	Business ID	Group ownership
Taaleri Energia Funds Management Ltd	Helsinki	2833245-3	100.00%
Taaleri Energia Operations Ltd	Helsinki	2710646-2	100.00%
Taaleri Aurinkotuuli GP Oy	Helsinki	2787459-2	100.00%
Taaleri Tuulitehdas II hallinnointiyhtiö Oy	Helsinki	2623494-8	100.00%
Taaleri Tuulitehdas III GP Oy	Helsinki	2748305-7	100.00%
Oltavan Tuulipuisto GP Oy	Helsinki	2992126-8	100.00%
Murtotuulen Tuulipuisto GP Oy	Helsinki	2994201-8	100.00%
Isonevan Tuulipuisto Oy	Helsinki	3167933-5	100.00%
Taaleri Energia Holding S.a.r.l.	Luxemburg	B223063	100.00%
Taaleri Development Holding S.a.r.l. [1]	Luxemburg	B258303	100.00%
Taaleri Energia North America LLC	Delaware, USA	6716103	100.00%
Taaleri Solarwind II GP S.a.r.l.	Luxemburg	B232448	100.00%
Global Evenor SL	Madrid	B88293154	100.00%
Taaleri Energia Iberia SL	Madrid	B88293139	100.00%
Global Berserker SL	Madrid	B88365135	100.00%
Eldorado Solar Power Holding LLC [1]	USA	0803524720	100.00%
Deville Holding LLC [1]	USA	0803524735	100.00%

Associated companies, consolidated using equity method	Registered office	Business ID	Group ownership
Fellow Finance Plc	Helsinki	2568782-2	25.75%
Sepos Oy	Helsinki	2614256-8	30.00%
Taaleri Datacenter Ky	Helsinki	2842816-4	22.60%
Turun Toriparkki Oy	Turku	2034713-2	48.15%
Munkkiniemi Group Oy	Helsinki	2910063-8	47.00%
Hernesaaren Kehitys Oy	Helsinki	2953535-9	33.32%
Taaleri SolarWind II SPV Sarl	Luxemburg	B234588	50.00%
Masdar Taaleri Generation	Belgrad, Serbia	21511501	50.00%
Surazo Sp. z.o.o.	Puola	882961	50.00%
Domerel Nieruchomo ci Sp.z	Puola	430352	50.00%

Associated companies, consolidated as investments	Registered office	Business ID	Group ownership
Fintoil Oy	Helsinki	2871605-1	24.2%

[1] Exceptional financial period, first financial period shortened/lengthened

Signatures for the Financial Statements and the Report of the Board of Directors

Helsinki 16th February 2022

Juhani Elomaa
Chairman of the
Board of Directors

Juha Laaksonen
Vice Chairman of the
Board of Directors

Elina Björklund
Member of the
Board of Directors

Petri Castrén
Member of the
Board of Directors

Hanna Maria Sievinen
Member of the
Board of Directors

Tuomas Syrjänen
Member of the
Board of Directors

Peter Ramsay
Chief Executive
Officer

The Auditor's note

Our auditor's report has been issued today.

Helsinki, 16th February 2022

Ernst & Young Oy
Authorized audit firm

Ulla Nykky
Authorised Public Accountant

Auditor's report (Translation of the Finnish original)

To the Annual General Meeting of Taaleri Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Taaleri Plc (business identity code 2234823-5) for the year ended 31 December, 2021. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 13 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition of fee and commission income *We refer to the point 2.15 in Summary of key accounting policies on the financial statements and the note 3.* Fee and commission income in the consolidated group accounts comprise continuing earnings and performance fees including, among others, management fees and performance fees related to private asset management operations. Fees and commission income in the consolidated group accounts amounted to 32,2 million euros, of which 11,4 million euros were performance-based fees. Revenue recognition of fee and commission income was determined to be a key audit matter and the revenue recognition of performance-based fees a significant risk of material misstatement referred to in EU Regulation No 537/2014 point (c) of Article 10(2), because the timing and quantity of performance-based fee revenue recognition includes management assumptions and estimates.	To address the risk of material misstatement in respect of revenue recognition our audit procedures included, among other things, assessing the compliance of the Group's accounting policies over revenue recognition of the fees and commissions with applicable accounting standards. We also identified and tested the key controls relating to revenue recognition of performance-based fees. We tested the sales cutoff with analytical procedures. We supplemented our procedures with test of details on a transaction level in order to test that the fees and commissions have been recognized in a right accounting period and they are in compliance with the corresponding agreements. In addition, we also assessed the adequacy of disclosures relating to the fee and commission income of the group.
Valuation of the provision for unearned premiums and claims outstanding *We refer to the point 2.8 in Summary of key accounting policies on the financial statements and note 24.* At the balance sheet date 31.12.2021 the value of insurance liabilities amounted to 39,4 million euros. The amount comprises mostly provisions from unearned premiums and claims outstanding relating to the guaranty services of the group. The assessment of technical provisions was determined to be a key audit matter because it includes management assumptions and estimates relating to future amounts to be paid and still unknown claims.	Our audit procedures included, among other things, the assessment of the process relating to the identification and evaluation of the provisions as well as identification of key controls. In connection with the audit, we also assessed the methodologies and assumptions used. We involved our own internal actuarial specialist to assist us in assessing the estimates and assumptions used. We also assessed the adequacy of disclosures relating to insurance liabilities.
The sale of wealth management operations *We refer to the point 2.5 in Summary of key accounting policies on the financial statements and note 47.* On 30 April 2021 Taaleri Plc completed the sale of its wealth management operations to Aktia Pankki Oyj. The sales price for the divested business totaled 123,7 million euros. A sales gain of 111,1 million euros was recognized in Group and 121,9 million euros in the parent company. The agreement also stipulates that Aktia will in future sell investment products of Taaleri. The sale of the wealth management operations was determined to be a key audit matter, because the operations sold presented a significant portion of Group operations. The recognized sales gain was significant in both the parent company and the Group.	Our audit procedures included the assessment of the determination and recognition of the sales gain in both the parent company and in the group. We also assessed the adequacy of disclosures in Group accounts related to the discontinued operations according to IFRS 5. Our audit procedures also included the assessment of the co-operative agreement made with Aktia and the assessment of the appropriate accounting treatment of the agreement.

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.

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 International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement
We were first appointed as auditors in 2007 by the Annual General meeting, and our appointment represents a total period of uninterrupted engagement of 15 years. Taaleri Plc has been a Public Interest Entity since April 1st 2016.

Other information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 16 February 2022

Ernst & Young Oy
Authorized Public Accountant Firm

Ulla Nykky
Authorized Public Accountant

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